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## LAW<sup>1</sup>

**No. 7512, dated 10.08.1991**

### **ON SANCTIONING AND PROTECTION OF PRIVATE PROPERTY, FREE INITIATIVE, INDEPENDENT PRIVATE ACTIVITIES AND PRIVATIZATION**

*(Amended by Law No. 7653, dated 23.12.1992)<sup>2</sup>  
(Amended by Law No. 7723, dated 21.6.1993)  
(Amended by Law No. 7925, dated 19.4.1995)  
(Amended by Decree No. 1616, dated 20.9.1996)<sup>3</sup>  
(Amended by Decree No. 1632, dated 1.11.1996)  
(Amended by Law No. 8333, dated 23.4.1998)  
(Amended by Normative Act No. 1, dated 4.4.2002)<sup>4</sup>  
(Amended by Law No. 8884, dated 24.4.2002)<sup>5</sup>  
(Amended by Law No. 9070, dated 22.5.2003)  
(Amended by Law No. 9250, dated 1.7.2004)  
(Amended by Law No. 9491, dated 13.3.2006)  
(Amended by Law No. 9755, dated 14.6.2007)*

In order to establish a new economic order and to effectuate the transition from a system of centralized and state-controlled economy to an economic system based on free market principles, pursuant to Articles 10, 11, 12 and 16 of Law No. 7491, dated 29.4.1991 "On the main constitutional provisions", upon the proposal of the Council of Ministers

### **THE PEOPLE'S ASSEMBLY OF THE REPUBLIC OF ALBANIA**

#### **DECIDED:**

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<sup>1</sup> This law is repealed upon the entry into force of the Law no. 9901, dated 14.4.2008 "On traders and trade companies".

<sup>2</sup> Law No. 7653, dated 23.12.1992 is repealed by Decree no. 1632, dated 1.11.1996.

<sup>3</sup> Decree No. 1616, dated 20.9.1996, is repealed by Decree no. 1632, dated 1.11.1996.

<sup>4</sup> In the Law No. 7512, dated 10.8.1991, the words "Ministry of Public Economy and Privatization" are substituted by the words "Ministry of Economy".

<sup>5</sup> In the Law No. 7512, dated 10.8.1991, the words "Ministry of Public Economy and Privatization" are substituted by the words "Ministry of Economy".

### **Article 1**

In the Republic of Albania, private property, free initiative, independent private activities, business, foreign investment, the right to receive and give loans, the right to hire and be hired, and the privatization of state property and the entire process of transition of the economy of the Republic of Albania from a state planned and controlled economy to a free market economy are sanctioned and protected.

### **Article 2**

*(Amended by Decree No. 1616, dated 20.9.1996)*

*(Amended by Decree No. 1632, dated 1.11.1996)*

Local or foreign, public or private, natural and legal persons exercise their activity in accordance with the legislation in force in the Republic of Albania.

### **Article 3**

All sectors of the economy are free to privatize and exercise private activities, including enterprises, institutions and other state entities, with all of the following fields of activity being transferred to private property: industry, handicraft, agriculture, construction, transport banking services, domestic and foreign trade, communal services, life, scientific, cultural and artistic research services, advocacy, charity, foundations and other potential areas.

State-owned enterprises or other units of special importance in the national economy: energy and mineral, petroleum and gas industry, postal services, telecommunications, forests and water, motorways and railways, seaports, airports, air and railway transport may be privatized in special cases by law.

State-owned enterprises and entities referred to in the second paragraph of this Article are free to establish joint ventures with foreign capital according to the laws in force.

### **Article 4**

Private local or foreign, natural or legal persons, exercise private economic activity by their own financial means, loans, shares and other forms.

### **Article 5**

*(Amended by Law No. 7723, dated 21.6 1993)*

*(Repealed by Law No. 9755, dated 14.6.2007)*

The entities mentioned in Article 2 of this Law acquire the capacity to act upon their registration in the district court where they exercise their activity.

In order to make the registration, they submit an application to the court, which includes the scope of the activity and partnerships, companies, etc., as well as the contract or agreement of the statute of their activity, and they submit the relevant permits issued by competent bodies, as determined by the Council of Ministers.

The court shall send a copy of its respective decision, within 10 days from the date the decision has become final, to the financial institution of its jurisdiction and then register the immovable properties of the entities.

When the court, by a reasoned decision, does not accept the application, the entities are entitled to appeal within 10 days from the announcement of the decision at the second instance court, whose decision is final.

When the court fails to act within 10 days of the submission of the application, the permit is considered automatically approved.

### **Article 6**

Private local or foreign, natural or legal persons, who exercise their activities according to this law set their own prices and tariffs on production and services on the basis of supply and demand.

The Council of Ministers, by special decision, sets the maximum limits of prices and tariffs for commodities and services on which competition is limited due to monopoly situations or difficulties and apparent shortages in the supply of the market and for some goods and services of indispensable need for the population. This decision shall remain in force up to one (1) year from the date of its announcement.

### **Article 7**

Private local or foreign, natural or legal persons provide the material-technical basis for the exercise of their activity, through contracts with the state sectors, directly in the free market, and through domestic or foreign legal or natural persons, according to the legislation in force for export-import.

### **Article 8**

*(Amended by Law No. 8333, dated 23.4.1998)*

The Ministry of Finance determines regulations for economic-financial documentation, methods of calculating fiscal contribution and terms for its settlement, and for the control of mandatory social insurance of private sector. It also determines the criteria for calculating profits for natural and legal persons, local and foreign who exercise private activity in Albania. Private natural and legal persons, local or foreign, maintain regular accounts and respective registers in accordance with the specific law.

### **Article 9**

Private local or foreign, natural or legal persons are entitled to open their relevant accounts at local and foreign banks in Albania and to conduct settlements through them.

Private natural and legal persons, local or foreign, submit their annual balance sheets and profit and loss accounts and file them at the finance institution of the jurisdiction where they exercise their activity.

### **Article 10**

*(Repealed by Decree No. 1616, dated 20.9.1996)*

*(Repealed by Decree No. 1632, dated 1.11.1996)*

Private partnership activity is established by the union of capitals of two or more Albanian or foreign individuals. Financial economic relations are regulated on the basis of a contract entered between them. The scope of activity, the capital paid out by each member, the share of each partner in the share with the given quota, the duration of the partnership and the manner of its liquidation and other elements are noted in the contract.

### **Article 11**

*(Repealed by Decree No. 1616, dated 20.9.1996)*

*(Repealed by Decree No. 1632, dated 1.11.1996)*

Private activity with commercial, production, service, etc. units or cooperatives, is exercised in accordance with the statute and the regulation adopted by them. In these documents, the measure of capital participation, the way of organization and conduct, the form of distribution of income among members, the rules of employment and payment of non-member employees, and other rules related to economic-financial obligations.

### **Article 12**

*(Repealed by Decree No. 1616, dated 20.9.1996)*

*(Repealed by Decree No. 1632, dated 1.11.1996)*

Various joint stock enterprises or companies, such as those created with monetary and material capitals, as appropriate, with one or more Albanian or foreign individuals, and with shares, and develop their activity on the basis of the incorporation contract, statute or regulations approved by them and which define the scope of activity, basic capital, administrative management, economic-financial, contractual, employment relations and other elements.

### **Article 13**

*(Repealed by Decree No. 1616, dated 20.9.1996)*

*(Repealed by Decree No. 1632, dated 1.11.1996)*

Joint ventures established between enterprises or state entities with foreign private entities, with private local or local and foreign entities, exercise their activity on the basis of the contract and the statute approved by them and the relevant legal provisions.

### **Article 14**

Private local or foreign, natural or legal persons may transfer to ownership or rent to other local or foreign, natural or legal persons, enterprises, units or various facilities according to a special contract entered between them.

Article 21 of this law governs the transfer to ownership or lease of grounds on which these facilities are built.

### **Article 15**

Private activity is exercised in conformity with the provisions in force for quality standards, control of measuring tools and measuring accuracy, hygiene, working conditions, technical safety, environment protection, etc., and controlled by state bodies in charge with duties in these areas.

### **Article 16**

*(Repealed by Decree No. 1616, dated 20.9.1996)*

*(Repealed by Decree No. 1632, dated 1.11.1996)*

The Ministry of Foreign Economic Relations, in cooperation with the Ministry of Economy, after the entry into force of this law and at the beginning of each year, determine the contingent of export-import goods.

### **Article 17**

Foreign persons exercising economic activity have the right to transfer outside the country capital and their profit share in foreign currency. Private natural or legal persons exercising economic activity under this law have the right to self-finance in ALL and in foreign currency. The exchange of Albanian currency with foreign currency and vice versa is made in accordance with the rate set by the State Bank of Albania or the free private currency market. Local or foreign, natural or legal persons, have the right to receive loans in ALL and in foreign currency from the State Bank of Albania or from other state or private, domestic or foreign banks.

### **Article 18**

Employment relations in private activities are governed by the contract freely entered between the parties. For issues not anticipated in the employment contract, the provisions of the labor legislation shall apply.

### **Article 19**

Hiring of employees is made by the private employer himself/herself, by registering them in the enterprise book, by notifying the labour bodies of the jurisdiction where he/she exercises the activity.

In private activity, employers are obliged to insure the employees who work for them. The latter enjoy all the rights under the law "On social insurance of the Republic of Albania".

### **Article 20**

Employees who may become redundant from the privatization process of the state sector are treated in accordance with the special provisions on social assistance.

### **Article 21**

*(Amended by Law No. 7653, dated 23.12.1992)*  
*(Amended by Decree No. 1632, dated 1.11.1996)*

Local or foreign, natural or legal persons have the right to purchase land for construction, to alienate such right to third parties and to rent land in conformity with the legal provisions in force.

### **Article 22**

*(Amended by Decree No. 1616, dated 20.9.1996)*  
*(Amended by Decree No. 1632, dated 1.11.1996)*  
*(Amended by Law No. 9250, dated 1.7.2004)*

1. The transfer of state property to private property is conducted and organized by the Ministry of Privatizations. This Ministry determines the time, order and methods of privatization for all the objects subject to this process.

Exceptionally, the approval of the transfer of state property to private property for movable property is carried out by the body administering them.

2. The Ministry of Public Economy and Privatization, Ministries, other institutions directly subordinate by the Council of Ministers, relevant local government institutions accountable for administering state owned property, and the state owned enterprises or commercial companies lease state owned properties.

The Council of Ministers shall issue a decision to establish criteria for leasing state owned property.

### **Article 23**

*(Amended by Law No. 7925, dated 19.4.1995)*  
*(Amended by Decree No. 1616, dated 20.9.1996)*  
*(Amended by Decree No. 1632, dated 1.11.1996)*

The transfer of state property to private property is made through its sale by auction, public transfer of shares, direct transfer of shares to local or foreign, natural or legal persons, provisions of shares free of charge and in any other appropriate manner.

The assessment of state property shall be made on the basis of sub-legal acts issued by the Council of Ministers.

### **Article 24**

*(Repealed by Decree No. 1616, dated 20.9.1996)*  
*(Repealed by Decree No. 1632, dated 1.11.1996)*

The auction is organized and announced by the National Privatization Agency. It is open, free and equal to everyone. Auction participants must submit documents of various legally recognized forms, which certify their solvency.

Initially, only natural and legal persons with Albanian citizenship are eligible to participate in the auction. If the object is not sold at the second session of the auction, with the approval of the National Privatization Agency, foreign natural and legal persons participate in the auction. Evaluation and sale of the turnover means is made at current state wholesale prices at the time of sale. The owner declared by the auction wins the right of ownership with the full payment of the value of the object or partial payment of this value. When the payment becomes partial, the remainder of the object's value in the form of shares. The share of the object's value, which is distributed free of charge or sold to employees, is determined by the National Privatization Agency. The share of the object's value to be distributed free of charge should not exceed 30 percent of this value.

### **Article 25**

*(Amended by Decree No. 1616, dated 20.9.1996)*  
*(Amended by Decree No. 1632, dated 1.11.1996)*  
*(Amended by Law No. 9070, dated 22.5.2003)*  
*(Amended by Law No. 9491, dated 13.3.2006)*

The Ministry of Finance is the only body that executes the procedures for selling state property that is privatized, unless otherwise provided by law.

#### **Article 26**

Disputes over the relationship between state and private debtors and creditors, resulting at the time of the transfer of ownership of the enterprise or state-owned units in private property, are resolved by agreement between the parties and, when this is not achieved, are resolved by the court.

#### **Article 27**

Revenues realized from the transfer of state property to private property are transferred to the state budget.

#### **Article 28**

Foreign investments and private property of local or foreign, natural or legal persons, in the territory of the Republic of Albania cannot be expropriated or nationalized, nor can they be subject to other measures equivalent to nationalization or expropriation except for special cases in the interest of public use and always upon payment and with a full indemnity.

Indemnification, in the cases referred to in the first paragraph of this Article, shall be equal to the investment or the value of the expropriated or nationalized property on the day on which the expropriation of the party to be expropriated has been notified and this indemnity shall be paid without delay, together with accumulated bank interest until the day of payment. Indemnification is fully feasible and freely alienable. If the payment of the indemnity is delayed, the latter shall be paid in an amount that places the local or foreign, natural or legal person in a position not less favorable than the one it had, if that amount would be due on the date expropriation or nationalization. The conditions for the settlement of this indemnification should be set before the date of expropriation or nationalization.

#### **Article 29**

The legitimacy of expropriation or nationalization or any other equivalent measure, and the amount of indemnification may be subject to review by the court.

#### **Article 30**

The Decree no. 7476, dated 12.3.1991 "On the granting and protection of property and private activities" and all the other provisions that come into contradiction with this law, are abolished.

#### **Article 31**

This law enters into force immediately.



**Article 2**

*(Added by Law No. 7723, dated 21.6 1993)*

The entities specified in Article 1 that are registered in the court, within 2 months after the entry into force of this law, shall be provided with relevant permits and submit them to the court. Upon the expiry of this deadline, these entities lose their capacity to act.

**Article 2**

*(Added by Law No. 9491, dated 13.3.2006)*

The National Privatization Agency is dissolved and ceases to function as a central institution under the Minister of Finance.

Tirana, on 10.8.1991

**Promulgated by Decree No.22, dated 15.8.1991 of the Presidium of the Republic of Albania,  
Ramiz Alia**