

A PROGRESSIVE OR FLAT TAX – THE DEBATE THAT SEPARATES THE ALBANIAN IN TWO DIFFERENT PARTS

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Absract

Income tax and customs revenues are collected as all kinds of taxes that are implemented by the Central Government. These include 6 main categories: Value Added Tax, Income Tax, Excise, Personal Income Tax, Customs Duties and other National Taxes. Tax and customs revenues constitute the main voice in providing income to the State Budget. It should be noted that the change of each component item of customs and tax revenue, both in absolute and in the relative year-on-year have significantly affected fiscal policies that have been implemented in the respective periods. However, the leading provider of tax revenue continues to be the Value Added Tax (VAT) of 50%. The strategy of reforming the tax system was based on several key elements associated with VAT: VAT system wide basis and the standard rate of 20% (with a reduced rate of 10%), and a threshold exemption "within normal" for small businesses; This study attempts to assess the effects of fiscal policy to Gross Domestic Product (GDP) in Albania and how successful is the tax system in relation to the implementation of the Law on VAT. The study finds that VAT is necessary to continue to vigorously administered, increasing the use of available capacity and combat the disease the development of corruption. Also there is space for review of its rate application in our country.