

## TIWB Programme N° F0001-2015

Host Administration:  
**Albania/ Drejtoria E Përgjithshme E Tatimeve**

Partner Administration:  
**Italy/ Agenzia della Entrata**

Programme Dates:  
**January 2015 – December 2015**

In 2015, a tax audit expert from the Italian Revenue Agency (Agenzia della Entrata) assisted the Transfer Pricing Unit of the General Albanian Taxation Directorate (Drejtoria E Përgjithshme E Tatimeve) in tax audit risk assessment and a tax audit addressing international tax, transfer pricing and exchange of information issues.

The Italian tax expert worked closely together with the auditors of the Albanian Transfer Pricing Unit through 'learning-by-doing' throughout the course of one year. The Expert provided advice and guidance regarding the selection of Albanian resident group companies of Multinational Enterprises (MNE's) and the topics to be audited (this involved the practical use of a financial database for the risk analysis). In addition, the Expert, together with the tax auditors of the Transfer Pricing Unit, performed a tax audit of a large Albanian taxpayer - specifically addressing transfer pricing and international tax issues.

The tax audit has been completed and resulted in a transfer pricing adjustment for 2014 equalling 7% of the EBIT (Earnings Before Interest and Taxes) of the Albanian resident subsidiary of a MNE. The company also decided to modify its transfer pricing policy based on the audit findings. Furthermore, the Albanese audit experts gained increased confidence in, insight and knowledge of handling the international tax issues of MNE's (including the use of financial databases for risk analysis and auditing purposes). Another important element was the applied transparency in communication between tax authorities and taxpayer, aimed at encouraging and enhancing the tax payers compliance.

Both Albania and Italy strongly believe and feel that the 'learning-by-doing' is of importance for tax audit departments for use in applying the international tax rules and transfer pricing guidelines in practise. The Agenzia della Entrata of Italy has indicated that it would again be willing to provide one or more of its tax audit experts within the framework of the TIWB initiative.