



## Research Article

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# Harmonization of Value Added Tax in Albania and Countries of the Region: Challenges and Perspectives in the Context of European Integration

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### Abstract

Value Added Tax (VAT) is one of the main sources of budget revenue for most countries, including Albania and the countries of the region. As an indirect tax on consumption, VAT provides stable revenues for the state and directly affects the economic structure and market competitiveness. The approximation of VAT policies with international standards, in particular with the EU VAT Directive (2006/112/EC), is a key step in the European integration process for the Western Balkan countries.

In Albania, VAT was first implemented in 1996 and has undergone several reforms to increase efficiency and combat tax evasion. In addition to Albania, countries in the region (Kosovo, North Macedonia, Montenegro and Serbia) have similar VAT structures, but with differences in tax rates, exemptions and fiscal administration. In this sense, the paper aims to analyze the VAT system in Albania and compare it with countries in the region, identifying similarities, differences and key challenges. In this context, the study will address questions such as:

- How does VAT legislation differ between Albania and countries in the region?
- What are the factors that influence the collection of VAT revenues?
- How harmonized is the VAT of these countries with EU standards?
- What reforms could be undertaken to improve the VAT system?

Regional comparison is important, as the Western Balkan countries have similar economic structures and face common challenges, such as high informality and tax evasion. Furthermore, while some countries such as Serbia and Montenegro have advanced in EU accession negotiations, Albania and North Macedonia are still in the initial stages of this process. Analysing different experiences in the region can help identify best practices for a more efficient and transparent tax system.

To address this topic comprehensively, the study will be based on a combined methodology, including:

- Legal analysis, to compare VAT legislation in countries in the region;

- Statistical data to assess the contribution of VAT to budget revenues;
- Comparative studies, to understand changes in VAT rates and administration;
- Institutional reports, from international organizations such as the IMF, OECD and the European Commission.

**Keywords:** Value Added Tax, Albania, Region, Harmonization, Challenges and Perspectives, European Integration.

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