

The recent introduction of an extraordinary tax for electricity producers in Albania could make it possible to raise at least 200 million euros to support the state budget and provide subsidies for citizens facing high energy bills.

Namely, in January, Albania introduced a temporary solidarity contribution related to the additional income of [Albanian electricity producers](#). The tax on unexpected income is set at a rate of 50 percent on excess income from the sale of electricity, if the price exceeds 8.5 lek per kWh, which corresponds to 73 euros per MWh.

[Electricity producers](#) must calculate excess revenue based on the average price in the previous year and a ceiling of 8.5 Lek per kWh.

This means that producers who sell their electricity on the free market, at a price higher than 73 euros per MWh, will pay a tax of 50 percent on the amount that exceeds this threshold.

The tax will apply retroactively throughout 2022, despite being introduced in January 2023.

While it is not yet clear how the tax could affect the market, more information regarding liquidity and electricity prices will likely be known after the [Albanian electricity exchange](#) becomes operational and day-ahead electricity trading begins later this year.

This means that private European energy companies such as Statkraft, Ayen, EVN and Verbund, which operate large hydroelectric plants in the country, will be taxed in the name of additional revenues for the whole of 2022 and 2023.

Nordic energy company Statkraft operates a 269 MW hydroelectric plant in the country, while Austria's EVN and Verbund operate the Ashta 1 and Ashta 2 hydroelectric plants with a total capacity of 53 MW.

Three domestic producers say that the new tax could provide at least 200 million euros in revenue for the state budget.

[Albania relies on hydroelectric generation](#) and imports to meet its annual electricity demand.

Albania is now doing what some **EU countries** have already done - imposing a tax on electricity producers to support its economy and mitigate the social impact of high energy prices in 2022.

Electricity producers were supposed to report their sales revenue by January 31. Additional income tax will be paid in two equal installments by March 31 and November 30 each year.

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