

New territorial reform and its effects on the administration and management of local taxes in the Tirana Municipality —

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Abstract

Local government has an enormous role in a country's economy. They practice functions and competencies through which they regulate and administer their proper functioning in accordance with law, national and regional politics. In Albania have been a lot of

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reforms and administrative-territorial divisions, which have failed to make a real decentralization of service delivery to citizens. The new territorial reform approved by law 115/2014 "For the administrative-territorial division of local units in the Republic of Albania" aimed to increase the managerial skills of local government units, to increase capacity for a qualified staff, to increase local revenues and to provide better services to citizens and coverage of necessary services. Reforms needs time and involve a process that cant be carried out without the consultation and consensus of all parties included. In the Albanian context, territorial reform is an advantage because through good organization and management, increase the opportunities to integrate into the European Union. This study aims to analyze the effects brought by the new territorial reform in the administration and management of Local Taxes, and Fees in the Municipality of Tirana, the way how unification of data in a single tax system influenced the fulfillment of this goal and the role of human resources in the process of reform implementation. The methodology of this study is based of data collected from semi-structured interviews with the directors of Human Resources and IT department in Directorate of Local Taxes and Fees in the Municipality of Tirana and also focus groups with employees of two departments.

Keywords: *Administrative-territorial reform, local revenues, data unification, human resources.*

1. Introduction

The need for administrative-territorial reform was based on the analysis of several key factors such as demographic movements in Albania, the need for efficiency in the realization of local revenues and also in the performance of local public services.

To implement a new administrative-territorial division, the consultation processes should be done with local communities, but also with representatives of local government, because it is a constitutional obligation but also to bring positive results to the population.

The fragmentation of the territory, as well as the small local government units are listed as the main reasons for the inefficiency in the provision of services and the failure to achieve the objectives of the reform.

As a result of the need for new territorial reform automatically comes the need to adopt and change the legal framework such as. Law no. 139/2015 "On Local Self-Government" as well as other necessary bylaws. This law regulates the organization and functions of local government, thus eliminating the previous communes' existence, which were transformed into administrative units, as an

integral part of the newly created municipalities, leading to the division into 12 regions and 61 municipalities.

Changes in the legal framework at the municipal level consisted in the changing of the Municipal Council decisions, initially with VKB 59, dated 30.12.2015 through which changed the organization of local taxes and fees, including the new administrative units. Then at the beginning of 2018 was approved VKB 132, dt 07.03.2018 which emphasized on the building tax and calculation according to the reference price based on the location of the building, thus aiming at differentiated charging for each taxpayer.

By being part of Directorate of Local Taxes and Fees staff and moreover part of implementation process of the Territorial Administrative Reform in this directorate, the idea to make this study, came naturally.

This paper analyzes the importance of good governance local system, and moreover the effectiveness in maximum quality providing services for the community. During the analysis, we studied the effectiveness of the new territorial reform and its effects on good administration and collection of revenues from local taxes and fees, the effects on the provided services centralization and the reduction of operational costs.

2. Literature review

Local tax system in Albania

Municipalities and tax authorities apply their fiscal rights and responsibilities for local taxes, in accordance with the Law no. 9632 “On tax procedures in the Republic of Albania”, as amended, and any other act for tax system in the Republic of Albania insofar as the latter do not contradict this law and the law “On local self-government”.³

The procedure of collection and administration of local taxes and fees is based on Law no. 9632, dated 30.10.2006, “On the local tax system”, with relevant amendments, as well as in Law no. 9920, dated 19.05.2008 “On tax procedures in the Republic of Albania”.

Planning revenues from local taxes and fees

The revenues of municipalities/communes are generated mainly by local taxes and fees, for which local units have full legal authority to set the tax level above the indicative or indicator which is determined by law. The modalities for changing

³ Law no. 9632 dated 30.10.2006 On the local tax system as amended

the tax level, determining the manner of collection, etc., are defined in Law no. 9632, dated 30.10.2006, “On the local tax system” with relevant amendments and in Law no. 9920, dated 19.5.2008 “On tax procedures in the Republic of Albania”.

Local tax revenues include revenues from:

- building tax
- tax on agricultural land;
- land tax
- hotel accommodation tax;
- infrastructure impact tax from new constructions
- advertising tax
- temporary tax on educational infrastructure

Revenues from local fees include:

- cleaning fee
- fee for occupying public space

Collection and administration of local taxes and fees

The steps for the collection and administration of local taxes and fees are defined in Law no. 9632, dated 30.10.2006, “On the local tax system”, as amended “, Law no. 9920, dated 19.05.2008, “On tax procedures in the Republic of Albania”, Joint Instruction (Minister of Finance and Minister of Interior) no. 655/1, dated 06.02.2007 “On determining the uniformity of procedural standards and reporting of the local tax system”, Instruction of the Minister of Finance, no. 1, dated 12.1.2007 “On determining the activities that are treated as activities, trade or service, outpatient and procedures for their registration in the tax authority”, Instruction of the Minister of Finance no. 24, dated 02.09.2008, “On tax procedures in the Republic of Albania”, etc.

Central and local government in Albania

In the Constitution of the Republic of Albania, adopted in 1998, it is said that “Albania is a unitary state, whose government is organized at two levels, central and local”. There is an interdependence relationship between the two levels of government. In general, it is the central government bodies that make strategic decisions, which are then implemented by the local government bodies.

The organization of these powers is clearly defined in the Constitution of the Republic of Albania as well as in the relevant legal and regulatory framework

in Albania. The relations between the bodies of local government units and their relations with bodies of central government are based on the principle of subsidiarity and cooperation for solution of common problems⁴.

The executive power is divided into two levels: the central level or central government (government or council of ministers) and the peripheral level or local government which means governance according to territorial units of the state. In order to achieve successful governance, it is important to create a spirit of cooperation between two levels of government, the purpose of which is to provide better services to citizens.

This can be achieved by clearly defining their functions and responsibilities, ensuring autonomy and at the same time interdependence between the central and local level of government. Each of levels must be organized in such a way to ensure a government as close as possible to citizens. The realization of this relationship requires the implementation of several principles, among which is also the local autonomy. Through it, intended that the services pass from the central level to the local level, in order to provide services from the level closest to citizens.

Relations between central and local government

The relationships between central and local government are a key factor in local and national development, because ensures a synergy of efforts and brings successful decentralization. But this cooperation is achieved only when local units are strongly connected in political dialogue with the central government and cooperate with each other from one side, and from other side when central government is open for cooperation, builds reciprocal and fair relations, based on the principle of subsidiarity, in respect to the institutions' independence.

Although very necessary, cooperation and coordination between central and local government, remains problematic and oriented by political divisions. The years 2016 and 2017 have been years where the fund from the Regional Development Committee has been distributed unbalanced not only politically, but also in the relationship between large municipalities and small municipalities. Intergovernmental relations need to be improved through the establishment of institutional mechanisms for dialogue and decision-making, especially in the area of local finance.

Definitions of territorial reform

The Constitution of the Republic of Albania in article no. 8 point 2 stipulates that:

⁴ Law no. 8652, dated 30.07.2000 "On the Organization and Functioning of Local Government", Article no.4

“Administrative-territorial divisions of local government units are determined by law on the basis of common economic needs, interests and historical tradition. “Their borders cannot be changed without taking the opinion of the population living in them.”

Also, the European Charter of Local Autonomy in article no. 5 stipulates that:

“The protection of the territorial boundaries of local communities for any change of local territorial boundaries, the respective local communities should be consulted in advance, if necessary, through a referendum, where allowed by law.”

As noticed both of them decide the accent on the importance that should be given to the opinion of people because any change or reform has its direct impact on people.

Legal framework of administrative-territorial reform

The Intersectoral Strategy for Decentralization and Local Governance was approved by the Council of Ministers in 2015 and revised in 2018 and set the objectives of the decentralization process in Albania.

The Law no. 139/2015 “On Local Self-Government” regulated the organization and functioning of local government by eliminating municipalities which became administrative units like an integral part of newly created municipalities.

The Law no. 139/2015 essentially does not bring radical changes in terms of the internal organization of municipalities because the role and the relationship between the council and chairman remains the same. The Law no. 115/2014 “On the administrative and territorial division of local government units in Albania” stipulated the administrative division into 12 regions and 61 municipalities. This law was supplemented by VKM no. 510, dated 10.6.2015 “On the procedures of rights and obligations transfer, assets, personnel, archives and other official documents for local government units affected by territorial administrative reorganization”. The new territorial reform brought changes in the decisions of the Municipal Council, for example VKB no. 59, dated 30.12.2015 was replaced by VKB 158, dated 26.12.2019 as a need to adapt to new territorial changes.

History of administrative-territorial division of Albania 1

912 - 1924

After the independence of Albania from Ottoman Empire, the Albanian government accepted the administrative organization sanctioned in “Appropriate

Canon of Civil Administration of Albania” promulgated on 22 November 1913, according to which the country was divided in prefectures headed by the prefect. Next were the sub-prefectures headed by the deputy prefect and the province led by the provincial. There were eight prefectures: Berati, Dibra, Durrësi, Elbasani, Gjirokastra, Korça, Shkodra and Vlora.

1925 – 1945

The organization and functioning of the local administration were determined according to the “Organic Law of the municipality” adopted in 1921 and later, with the Civil Code adopted in February 1928. The initial unit was the village headed by the mayor, who was generally elected by people of the village. The municipality was set up in cities or rural residential centers with over 200 families. The municipality was headed by a municipal council elected by the people every three years. The municipality was headed by a mayor elected by the people.

In 1928, the municipality was added as a unit of local administration. It included several villages and was headed by the mayor, next to whom stood the municipal council composed of village elders. The sub-prefecture was the administrative-territorial unit with civil administrative functions. In special periods the sub-prefecture received in some cases the name “district”. The prefecture was the largest local government unit headed by the prefect, who was appointed by Minister of Interior and approved by the President and then by the King. The prefect had executive functions.

The Administrative Council of the prefecture consisted of chiefs of offices and several members elected by the people for two years. The Administrative Council was decreed by the Minister of Interior. In 1927 Albania had 10 prefectures, 39 sub-prefectures, and 69 provinces with 2351 villages. In 1934 there were 10 prefectures, 30 sub-prefectures, 160 communes with 2351 villages. In 1940 there were 10 prefectures, 30 sub-prefectures, 23 municipalities, 136 communes and 2551 villages.

1945 - 1992

After the year 1945, many changes were made in the structure of administrative division .

In 1945 was preserved the administrative division with 10 prefectures and 61 sub-prefectures, but communes and municipalities were abolished.

In 1946 was made a new administrative division with 10 prefectures, 39 sub-prefectures and the locality was partially introduced.

In 1947 the locality took precedence by replacing the municipality. Thus, the division consisted by prefecture, district, locality with villages and towns.

In 1953 the county replaced the prefecture. This new division included ten regions: Shkodra, Tirana, Durrës, Elbasan, Vlora, Berat, Korça, Gjirokastra, Dibra and Kukës. The law stipulated the election of the County People's Council. Some 26 districts were assigned within the counties and each district had three or more localities.

In the middle of the '50s, the administrative-territorial division was reorganized into four regions: Elbasan, Gjirokastra, Korça, and Shkodra, with 3-4 districts in each region. Berat, Durrës, Fier, Kukës, Kruja, Lushnja, Mati, Peshkopia, Skrapari, Tirana, Tropoja, Vlora and Tirana came out separately at district level. The division continues with localities, villages and towns.

In July 1958, the county was abolished and 26 districts were created. The city of Tirana maintained district level. According to this division, there were 26 districts, 203 localities, 2655 villages, 39 cities and some of these had neighborhoods. After the year 1967 appears the new name of the united village. In addition to united villages that had territorial compactness, emerged united villages with territorial secession. This was related to economic organization of agricultural enterprises.

In 1968, there were 26 districts, 437 united villages, 2641 villages, 65 towns and 178 city neighborhoods. In 1990 there were 26 districts, 539 united villages, 2848 villages, 67 cities, 306 city neighborhoods. The city of Tirana consisted of 3 regions, which included several neighborhoods.

Starting from 1945, at the levels of organization of administrative-territorial division in the village, united village, localities, cities, districts and regions, popular councils were established that were elected by people with a 3-year mandate. Also, in each unit there were executive structures under the auspices of the councils.

1992 - 2003

In 1992, based on article no.1 of Law no. 7572, dated 10.06.1992 "On organization and functioning of local government", the Council of Ministers made, in June 1992, changes in administrative-territorial division and identified 36 districts, 44 municipalities and 313 communes. At the district municipality and commune level were set up local councils elected by people and mayors and communes. Then based on Law no. 7608, dated 22.09.1992 "For prefectures", were created 12 prefectures, as units headed by the prefect appointed by Council of Ministers. Each prefecture included 2-4 districts.

From 1992 to 2000 were made some partial changes in administrative-territorial division without structural changes. After 1992, municipalities were established on a basis city. In special cases they include a town and villages. Municipalities usually include villages. In special cases there are municipalities that include a city.

In 2000, Albania had 36 districts, 65 municipalities and 309 communes. In 2000, with law no. 8653, dated 31.07.2000, the districts were abolished, as administrative

units. The Law Administrative-Territorial Division of Local Units of July 2000 brought the amalgamation of 36 districts created 12 districts.

2014

The year 2014 marked a historic turning point in the administrative-territorial organization of Albania. On 31 July 2014, the Assembly of Albania approved the Law no. 115/2014 “On the administrative-territorial division of local government units in Republic of Albania”. New territorial division put an end to extreme administrative fragmentation of country, already organizing territory and local government in only 61 municipalities.

Stages of Territorial Administrative Reform development

Short term phase (2015-2016) includes some immediate actions and measures, which can be achieved in e short term. The main focus of reform at this stage is placed on the review of entire existing legal framework, especially the Law on Organization and Functioning of Local Government, as well as adoption of Law on Local Finance. This phase also includes 16 key priority actions of both legislative and institutional nature.

Medium term phase (2017-2018)

At this stage, related important issues to implementation of new territorial-administrative reform, consolidation of new local units and consolidation of local government capacities.

Long-term phase (2019 -2020)

Policies and actions at this stage will be guided by the implementation of the legal framework and reforms drafted in the previous stages and the medium-term review of the strategy. At this stage, actions are aimed fulfilling and verifying final goal of the strategy for increasing efficiency at the local level and strengthening local government.

The positive and negative sides of territorial reform

Each reform addresses different issues in a specific sector, but administrative-territorial reform aims to reform a governing power, in this case local government, including the budget, investments and public services, reconstruction of roads, schools, hospitals, or highest priority public services.

In the case of Albania, the first and publicly identified shortcoming of administrative-territorial reform is firstly that it did not derive from an extensive

consultation process and extended in time, and secondly, it did not follow the criteria affirmed by European practices.

Defining elections as the starting point for reform to take effect led to a political implementation of reform (lack of cooperation between the majority and the opposition) rather than a managerial and administrative implementation. This is reflected in fact that Law “On Local Self-Government” and Law “On Local Self-Government Finance” entered into force on January 30, 2016 and June 2017, respectively, while new municipalities were constituted in September 2015, after the local elections.

For example, in Hungary, Poland or Czech Republic, territorial reforms have followed a decentralizing line to break away from the centralist tradition deeply ingrained in the state administrative system. (Swianiewicz, 2010)

In Albania, the Commission for Territorial Reform conducted its activity in a period of 3 months, from January 20 to April 20, 2014, while Law no. 115/2014 “On the administrative-territorial division of local government units in the Republic of Albania” was approved on 31.07.2014 to be effective after the local elections of June 2015.

In European countries, the process lasted approximately 10-20 years and the starting point of process was the establishment of a Commission on Administrative Structure, which had primarily task of analyzing whether or not a territorial reform was necessary, which was necessary.

Another feature of reform is guarantee for the citizens that territorial administrative reform will not result in taxes increase, but in performance of services increase. Based on the report “On the administrative-territorial division of local government units in the Republic of Albania”, results that the new configuration of administrative boundaries in municipality is not based on clear and specific criteria.

Another element that has been overlooked is geo-cultural criterion. In terms of the principle local autonomy respecting, the territorial administrative reform was done regardless citizens volition, violating Article no. 5 of European Charter of Local Self-Government “Protection of Territorial Borders of Local Communities”.

In this new configuration, Municipalities face two main challenges:

-*First*, with a new and unknown territory that turns out to be outside the administrative extension of the municipalities, due to the rugged terrain in the northern areas (Shkodra). In the case of Tirana (residents of former municipalities of Tirana cross territory of the Municipality of Kamza to reach Municipality of Tirana).

- *Secondly*, with new and problematic competencies, because the allocated funds are not in proportion to budget that municipalities really need to exercise their functions.

Another factor that has affected the incomplete implementation of reform is the lack of monitoring and non-performance of duties by the Agency for Implementation of Administrative Reform, established by VKM no. 83, dated 28.1.2015.

Methodology

In order to determine the most appropriate research method, were taken into consideration research objectives, time period available for study realization as well as the possibilities to provide accurate and valid data. Given that the new territorial reform has been implemented in a few years, there are no studies to refer. Occurring in this situation, this research work is based on the legal framework, assessment reports and articles.

The research method used is *qualitative research*.

The instruments used for data collection are *semi-structured interviews* and *focus groups*. Focus groups gave me the opportunity as a researcher to study the ways used by Directorate of Local Taxes and Fees in the Municipality of Tirana to implement the government policies. Through focus groups was possible also to understand the role of each employee involved in the process of new territorial reform implementation.

The research was done with employees and directors of General Directorate of Local Taxes and Fees in Municipality of Tirana. Data were collected through semi-structured interviews with the Director of Statistics and IT Department and also with Director of Human Resources Department. After realization of these interviews, it was deemed necessary to establish focus groups with employees of two different Departments, concretely with 10 members of Field Verification Inspectors and with 10 members of Tax Liability Assessment Specialists.

Semi-structured interview questions were open and contained 8 questions, but during the interview, in addition to the set of prepared questions, arise new questions which were not foreseen.

The focus groups had a set of basic questions and further the conversation came naturally. During the interviews and focus groups, were kept notes which were transcribed and then analyzed.

Limitations of the study

The limitation of this study is lack of studies because since the new territorial reform has been created and till now can't find studies in this field which can be referred.

Data collection

Territorial reform, referring to the principles and guidelines of the Constitution and the European Charter of Local Autonomy, has aimed at creating material opportunities and financial means to carry out the functions and competencies transferred from them. Timely implementation of local revenue collection while respecting the legal framework of the local government revenue and expenditure plan promotes the economic development of a country.

TABLE 1. Structure of revenues from local taxes and fees

Kind of taxes and fees	2015	2016	2017
Small Business Tax	805,108,700	295,725,890	163,949,158
Hotel tax	49,521,180	68,922,730	82,017,654
Infrastructure Impact Tax	600,756,790	1,357,787,100	3,466,070,090
Building tax	1,132,201,700	1,509,565,970	1,694,585,956
Tax of agricultural land	12,982,640	16,233,090	23,893,749
Tax of ad	237,553,410	343,960,750	352,682,264
Fee for administrative services	689,493,040	842,414,150	1,250,590,439
Fee for occupying public space	122,445,250	300,581,530	357,226,712
Fee for local public services (waste, greenery)	881,074,650	1,595,036,000	1,731,547,286
TOTAL	4,531,139,375	6,330,229,226	9,122,565,325

Reference: www.financatvendore.al

Table no. 1 presents the realization of local revenues from local taxes and fees for the years 2015-2016-2017. If we refer to the data reflected in this table and make an analysis of the realization of local revenues from local taxes and fees for 2016, it is noticed that they have increased 1.79 billion ALL or 39.7% compared to the year 2015. While for 2017 they have increased 2.78 billion ALL or 44.1% compared to 2016.

Local revenues have been increased from year to year as a result of the implementation of the new territorial reform and the ways that have been used for the administration and collection of these revenues by the Directorate of Local Taxes and Fee.

If we make an analysis of which tax has influenced the increase of revenues, we will notice that the infrastructure impact tax marks the highest level of realization of revenues from local taxes and fees.

Revenues from this tax contributed 3.4 billion ALL to the local budget in 2017, a significant increase compared to the level of this tax in 2016 and even

more if we compare it before the reform. The performance in the revenues from this tax shows a revival of the construction activity as a result of the increase in the number of construction permits issued by the municipalities nationwide. Taxes for buildings, fees for public services provided by the municipality (cleaning, greenery, public lighting) and fees for administrative services occupy a significant place in the realization of total revenues.

TABLE 2. Number of employees

	2015	2016
Old municipalities	59	-
Directorate of Taxes and Fees	152	250
Reference : Database of Directorate of Taxes and Fees + Database of Old local units		

Administrative and Territorial Reform was expected to be accompanied with a reduction in administrative costs as a result of the consolidation of 373 administrative units in only 61 municipalities and an increase in public investment spending. The new administrative division changed the way of organization local government institutions.

Table no. 2 reflects the number of old municipalities employees in 2015, and the number of Directorate of Local Taxes and Fees employees compared to 2016.

The number of old municipal units for local taxes employees in 2015 was 59 employees in total. These employees in 2016 were transferred to the Directorate of Local Taxes and Fees, by increasing the total number of employees from 152 in 2015 to 250 employees in 2016, which means that the number of employees has increased cause of the expansion of the administration territory but also to improve the quality of service to citizens.

TABLE 3. Salary of employees

	Kashar	Directorate of Taxes and Fees
Salary	37,000 all	57,000 all
Reference: Database of Directorate of Taxes and Fees + Database of Old local units		

Table no. 3 reflects the monthly salary for an employee of the Kashar local unit before the territorial reform and after employment in the Directorate of Local Taxes and Fees. If we make a analyze of level salary, for these employees, it has increased 54% compared to the monthly salary that these employees have received in the Kashar local unit.

In conclusion, the new administrative-territorial reform brought an increase employees number, and consequently an increase in expenditures for employees' salaries. Meanwhile, the increase in the number of employees bring an increase quality of service delivery to citizens as problems are solved in a shorter time and service is better, and the revenue collection is higher. The realization of more revenue collection from Directorate of Local Taxes and Fees reflects a lower debt value.

Prior to the territorial reform, the deadline for resolving taxpayer problems was 30 days from the date of request submission. After the territorial reform due to the improvement of the quality of service by Directorate of Local Taxes and Fees, the subjects have the opportunity to send a request to the portal <https://taksat.dpttv.gov.al/> and receive a response within 5 days.

TABLE 4. Collection of Old local units
DEBT VALUE from Directorate of Taxes and Fees

Old local units	Number of debtors	Debt value in 2015	Debt value in 2016
Ndroq	1	20,120 all	0
Petrelë	56	5,383,790 all	3,338,730.78 all
Baldushk	1	5,376 all	0
Zall Herr	1	7,440 all	0
Bërzhitë	12	833,330 all	558,010 all
Farkë	48	1,885,820 all	656,743.64 all
Kashar	1269	128,132,116.50 all	82,583,416.09 all
Vaqarr	935	7,828,203 all	5,468,157.89 all
Pezë	5	42,238 all	40,688 all
Dajt	5	395,843 all	256,383 all
Total	2333	144,534,276.50 all	92,902,129.40 all
Reference: Database of Directorate of Taxes and Fees + Database of Old local units			

In the initial stage of the territorial reform implementation process, all of Old local units submitted to the Directorate of Taxes and Fees the lists of debtors with the value of debit accumulated over the years until 2015. After the registration of Old local units subjects in the *Directorate of Taxes and Fees* system, for each one was registered the debit value accumulated to old local units.

As it can be seen in table no. 4, the Commune of Kashar the highest debt value, while the lowest value was the Commune of Baldushk. At the end of 2016, the General Directorate of Local Taxes and Fees collected about 36% of the total debt value. This debt value has been collected as a result of the work of verification

inspectors but also from austerity measures imposed by the Debt Management Sector at General Directorate of Local Taxes and Fees.

Table 5. Unreported taxpayers from old local units

Old local units	Number of reported taxpayer by old local units	Number of taxpayer identified by Directorate of Taxes and Fees
Petrelë	357	14
Farkë	1,397	33
Pezë	1,348	5
Vaqarr	2,262	9
Dajt	3,034	27
Krrabë	135	0
Kashar	6,925	70
Zall-Herr	787	1
Shëngjergj	888	0
Ndroq	310	0
Zall-Bastar	1,309	4
Total	18,752	163
Reference : Database of Directorate of Taxes and Fees + Database of Old local units		

Table no. 5 presents the total number of active Taxpayer reported by each old local units that must be registered by Directorate of Local Taxes and Fees. For the identification of unreported taxpayers from the old local units, the Directorate of Local Taxes and Fees has reconciled with the National Business Center. The registration of these taxpayers in the system of the Directorate of Local Taxes and Fee was efficient in terms of revenue collection and administration.

4. Conclusions

The need for administrative-territorial reform was based on the analysis of several key factors including demographic movements, the need for efficiency in the realization of local revenues, including local taxes and fees, and the need to provide services efficiently for the citizens, which remains the biggest challenge of the municipalities in this reform. To realize a correct and efficient provision of these services, had to be done a reorganization of the administrative units, which had to cover with services the territory of one or more local units, and its depends from the needs of community.

Based on this, it is necessary to apply information technology to facilitate the provision of administrative services to citizens in a shorter time and better quality of service. From the beginning of the implementation process until now, a series of steps have been taken to set up the appropriate structures and enable a transparent and acceptable process for its organization. Territorial administrative reform should be seen as an instrument to improve governance, full and quality access of citizens to public services, local democracy and local economic development.

The purpose of study was to describe and evaluate the effects of the new territorial administrative reform to the good management and administration of the collection and revenues from local taxes and fees. This study helps to make an assessment of the strategies used by the Directorate of Local Taxes and Fees, to collect and administrate local taxes after the territorial administrative reform.

The contribution of human resources is very important in the process of revenue collection, but at the same time to provide quality and transparent service to taxpayers.

The employees' recruitment from old local units has brought its benefits in the whole process of revenue collection because these employees have had information about organization and operation of local taxes, and they have helped staff for data entry process and have been intermediaries in cases of lack of information from old local units. Inspectors recruited from old local units, had an important role in the process of identifying unreported taxpayers.

The increase of employees' number by 18.4% and the salaries by 54% led to the increase in salaries costs and operational costs for staff but in the same time avoided delays of taxpayers and increase the kind of services.

Despite the difficulties encountered, the new territorial administrative reform brought reduction of operational costs as result of staff reductions, but also the provision of more efficient and transparent services.

Recommendations

Although have passed 6 years since the beginning of implementation of the territorial reform there is still space for improvement in the provision of high quality and transparent services to citizens. Attention should also be paid to the local revenue collection process.

At the end of this paper I suggest some recommendations for the central government and for the General Directorate of Local Taxes and Tariffs Municipality of Tirana.

Recommendations for the central government

1. The progress of the implementation of the administrative-territorial reform should be analyzed in order to assess the access of the citizens of the former municipalities, peripheral and rural areas and based on the identified problems to examine the possibilities for a reorganization with or without changing the existing borders of the units. local self-government.
2. To review the legal acts that affect the new competencies of the municipalities as well as to undertake legal changes to strengthen the autonomy of the local government.
3. Extension of categorization according to areas and territorial units to other taxes for a fairer and more equal taxation as currently it is applied only to some taxes such as: Real Estate Tax, Advertising Tax, Occupancy Tax Public Space.
4. More efficient management of local finances: strengthening the technical and human capacities of the local administration for human resource planning, ensuring transparent and effective financial management as well as good administration of local revenues.
5. Development of technical skills of employees for designing new projects.
6. Provide a consolidated system for the training of administration employees.

Recommendations for the General Directorate of Local Taxes and Tariffs Municipality of Tirana

1. Online information exchange should be provided between institutions such as the State Cadastre Agency and the Tirana Regional Tax Directorate, in order to provide service to citizens in a shorter time and avoid bureaucracies.
2. Creating a digital archive to facilitate access to data for taxpayers.

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