

## **What Are the Measures for the Best Fiscal Policy in Albania?**

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**Abstract:** *Albania is a country in transition and after the communism period it has been in a difficult path for overcoming many social, political and economic difficulties. This paper emphasizes the importance of fiscal policy such as government spending and tax collection to foster and promote economic growth and to reduce the poverty. This research paper will be focused on the effectiveness of fiscal policy and the taxation system of this developing country. Albania is currently using a flat tax system where this tax is 20% for consumption and 10% for income.*

*The aim of this paper is to examine the relationship between fiscal policy and economic growth which is measured by GDP per capita. Through the regression analysis, it will be defined which policy, government spending or tax collection, has a better and stronger effect on the economy.*

*The main points of this study are related to the analysis of what are the effects of government activities on the economic growth? What is the fiscal policy in Albania during the last decade? Is the tax system effective and profitable? Can Albania be a potential place for investment and doing business?*

**Keywords:** *Government spending, tax system, economic growth, investment, business.*