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UPDATE

on COVID-19

The Belt and Road Initiative Tax
Administration Cooperation Mechanism

EDITOR'S NOTE:

At this critical moment in the world's fight against the COVID-19, the Special Edition of the BRITACOM Update on COVID-19 is issued, aiming to provide a platform for BRITACOM Council Members, Observers and other stakeholders to exchange views and share experience in responding to the outbreak. Issue 19 is an article of actions and measures provided by the Algerian Government to mitigate the negative impact of COVID-19. Later we will share more experience of tax administrations from countries and regions and views of international organizations and tax experts with you. If you would like to make contributions to the Special Edition, please contact us via email secretariat@britacom.org or britacom@163.com.

Mitigating Negative Impact of COVID-19 - Algeria

Globalization offers tremendous opportunities for global economy to grow and nations to significantly improve people's well-being. Countries are getting more interdependent, while showing more vulnerability to contagious diseases and health threats.

The COVID-19 pandemic harmed not only people's health and lives but also and especially daily life, economic activities and trade. A majority of economies all over the world are experiencing recession that may lead to the worst economic crisis the world had never seen in the past. Nevertheless, the multiple expressions of solidarity and diverse actions of assistance between nations while fighting together COVID-19 pandemic give hope that humanity will overcome swiftly the current crisis.

Since the first confirmed cases of COVID-19 were reported in Algeria on February 25th and March 1st (all imported cases), the outbreak resulted in nearly 9300 infections, 646 deaths and more than 5500 patients released from hospital. The situation is getting better control because of the drastic measures decided by the government, including total or partial lockdown of the cities all around the country. However, it results in a big economic impact that the Algerian government is tackling by an oriented policy and a number of measures dedicated particularly to small business and small and medium enterprises.

I. Monetary Measures

1. Postponement and/or renewal of maturities of credits due on/or after 31 March 2020;
2. Consolidation of unpaid debts not processed on 31 March 2020 or later;
3. Extension of the deadlines for using credits and deferrals of payment as well as the cancellation of late payment penalties due on March 31, 2020 and later;
4. Maintenance and/or renewal of operating credit lines;
5. Rescheduling of credits for the benefit of companies, public and private until September 2020.

II. Tax Measures

1. Deferral of monthly, quarterly and annual tax returns to the end of June 2020. The related payments are consequently postponed (to July 2020 or later);
2. Renewal of the deferral of the premiums (first instalment payment's) of Global Income Tax and Corporate Income Tax (IRG/IBS), to June 20, 2020;
3. Easing the payment schedules for taxpayers that are facing difficult financial circumstances;
4. Rescheduling of tax debts (for a period of over 36 months), and penalty rebates (graceful

discounts of late penalties);

5. Suspension of the taxation of unaffected profits (fiscal years 2016 and beyond);
6. Reduction of tax to encourage companies to donate and sponsor efforts dedicated to tackle Covid-19.

All these monetary and tax measures aim to safe guard the cash flow of the economic entities while the government has decided other measures to protect economic activities, support households and strengthen the national capacity in the tackling the spread of the disease, such as:

III. Customs Measures

Clearance facilitation of certain goods through a green circuit procedure. The procedure concerns mainly food products as well as medical devices and instruments used to prevent and combat the spread of COVID-19.

IV. Economic and Social Measures

1. Postponement of payments of social contributions;
2. Suspension of contractual deadlines and non-application of late financial penalties as of 21 March 2020, for all public procurement by the state, local authorities, public bodies and institutions;
3. Assuring the payment of wages and pensions for workers in the public and private sector;
4. Revaluation of the medical function.

The best ways to address the challenges that countries are facing under the pandemic and to overcome the current economic crises, relate to sharing experiences and adopting coordinated action, among the following:

- Strengthening international cooperation for joined efforts and sharing experiences (research and development, assistance...).
- Stressing on multilateralism and coordinated responses (regional multilateral banks may play a big role in addressing economic challenges).
- Focusing the efforts on closing the gap between countries on the development of digital economy.



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