



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

The 4th Belt and Road Initiative Tax Administration Cooperation Forum

— Improving Tax Environment





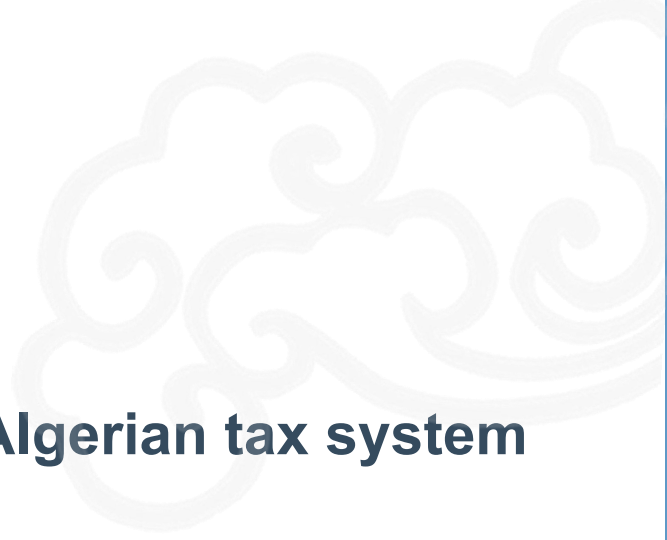
BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

REDUCING TAX BURDEN FOR CORPORATIONS AND INDIVIDUALS



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- 02 Measures aiming to reducing tax burden
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Plan



1. OVERVIEW ON THE ALGERIAN TAX SYSTEM





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The Algerian tax system consists of various taxes, divided into six (06) Tax Codes:

01

Code of Direct Taxes and Assimilated Taxes

- The Global Income Tax (IRG): which applies on net categorical income, in seven categories / progressive scale ;
- The Corporate Income Tax (IBS): which applies on profits / proportional rate according to the type of activity ;
- The Professional Activity Tax (TAP): which applies on corporations and physical persons incomes.
- The Unique Flat Tax (IFU): which applies on small activities Turnover.

02

Code of Taxes on Turnover

- The Value Added Tax (VAT) ;
- The Domestic Consumption Tax (TPP);
- The Petroleum Products Tax.



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The Algerian tax system consists of various taxes, divided into six (06) Tax Codes:

03

Code of Indirect Taxes

- Alcohol ;
- Precious metals;
- Tobacco and tobacco products.

04

Code of Registration

- The taxes applicable to the operations concerned by the registration formalities (Notarial contracts on sale and real estate transaction, etc.

05

Code of Stamp

- For civil and judicial acts.

06

Code of Tax Procedures

- All tax procedures related to the control and the tax litigation.



2. MEASURES AIMING TO REDUCING TAX BURDEN





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Measures aiming to reducing The tax Burden on Profits

- ❑ Exclusion of non commercial professions, from the taxable base of the Professional Activity Tax (TAP) ;
- ❑ Exclusion of producers, from the taxable base of the Professional Activity Tax (TAP) ;
- ❑ Reduction of the rate of the Professional Activity Tax (TAP), from 2 to 1.5% ;
- ❑ Establishment of a reduced rate of 10% of the Corporation Profits Tax (IBS), applicable to reinvested profits ;
- ❑ Reducing the Corporate Profits Tax (IBS) concerning companies with shares traded on the stock exchange, equal to the rate of opening their capital on the stock exchange for a period of 3 years, starting from the first of January 2021.



Measures aiming to reducing Tax Burden on Profits

- Revision of the deduction thresholds of certain expenses, for the determination of the taxable income, namely:
 - Upwarding the ceiling used as a basis for the calculation of the depreciation annuities of passenger vehicles, from 1.000.000 DZD to 3.000.000 DZD ;
 - Advertising gifts: 1.,000 DZD per unit instead of 500 DZD , within the limit of a total amount of 500.000 DZD.

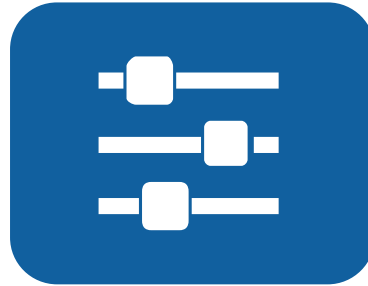
For the
determination of
the Taxable income

- Increase of the amount of donations and subsidies for tax deduction purposes from 2.000.000 DZD to 4.000.000 DZD annually ;
- Allowance of the deduction of rent expenses and maintenance and repair costs of passenger vehicles, limited at 20.000 DZD.



Measures aiming to reducing Tax Burden on Profits

- Exemption of incubators from the Global Income Tax (IRG), the Corporation Profits Tax (IBS) as well as the Professional Activity Tax (TAP), for a period of 02 years, from the date of obtaining the “incubator” label ;



- Exemption of startups from the Global Income Tax (IRG), the Corporation Profits Tax (IBS) or the Unique Flat Rate Tax (IFU), as well as the Professional Activity Tax (TAP), for a period of 4 years, with an additional year in case of renewal of the “startup” label ;
- Exemption from VAT and application of the reduced customs taxes rate of 5%, of the equipment acquired by startups, during the activity implementation phase ;



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Measures aiming to reducing Tax Burden on Profits

- ❑ Exemption from the Global Income Tax (IRG), of the income that was used to acquire shares in the capital of companies producing goods, works or services ;
- ❑ Exemption from the Global Income Tax (IRG), of the income derived from export operations.



3. MEASURES AIMING TO SIMPLIFYING TAX PROCEDURES





Measures aiming to simplifying tax procedures



1

Preferring digital procedures and
minimizing administrative documents
and procedures.



Measures aiming to simplifying tax procedures



2

Adding transparency and legal security

3

Strengthening the guarantees granted to taxpayers in the field of tax control and disputes.



4. INVESTMENT INCENTIVES





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Investment incentives New Law on investment



**Digital
contact**

**Unique front
office**

as a unique
interlocutor



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Investment incentives New Law on investment

Investments can fall under one of the following incentive regimes :

- ☑ The incentive regime for **priority sectors** ;
- ☑ The incentive regime for areas to which the State **grants particular interest** ;
- ☑ The incentive regime for investments with a **structuring character**.



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Investment incentives New Law on investment

Various exemptions and reductions are granted :

- ✔ Customs taxes and VAT on imported goods ;
- ✔ Ownership transfer Tax, Registration Tax, and Real Estate Advertising Tax, for all acquisitions intended for the implementation of projects ;
- ✔ Corporation Profits Tax (IBS) and Professional Activity Tax (TAP) for **03 to 05 years, or even 10 years** of operations depending on the investment incentive regime.



5. INCENTIVES FOR SCIENTIFIC RESEARCH, INNOVATION, AND COMPETENCY DEVELOPMENT FOR THE BENEFIT OF CORPORATIONS





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Incentives for Scientific Research, Innovation, And Competency Development For the Benefit of Corporations

- ❑ Raising the deductible amount of expenses spent in the field of research and development in the institution, from 10% to **30%** of profit, within the limit of **200.000.000 DZD** instead of 100.000.000 DZD previously provided ;
- ❑ This measure was also attached to expanding the scope of application of the right to deduction, to expenses spent within the framework of open innovation programs, carried out with companies bearing the “**startup**” or “**incubator**” label ;

**Thank you for
your attention**

