

# Profile——The People's Democratic Republic of Algeria

## (Algeria for short)

### I . Jurisdiction Background :

The People's Democratic Republic of Algeria, located in north-west Africa, is the largest country in Africa, with a land area of 2.38 million square kilometres. Algeria's economy is one of the largest in Africa, and the oil and gas industry is the mainstay of the Algerian national economy. The official language is Arabic and Tamazight (Art. 3 and 4 of the constitution) , Arabic is the language that is widely spoken. Islam is the state religion, the capital is Algiers, and the currency is the Algerian dinar.

### II . Organizational Structure :

Algeria has a territorial system of taxation and has set up provincial tax bureaux in the provinces and districts to manage tax collection. The General Directorate of Taxes, which is subordinate to the Ministry of Finance, is responsible for the administration of national taxes, the drafting of national tax laws, decrees and collection and management systems, the organisation of national revenues, and the use of tax levers for macroeconomic control of the economy. The Directorate-General of Taxes is composed of a department for tax regulations, a department for tax collection and administration, a department for tax disputes, a department for the organisation of information, a department for the management of resources and a department for auditing and research. In addition, the Directorate-General of Taxes has set up local tax bureaux in nine wilayas (provinces), namely, Alger, Blida, Oran, Sétif, Chlef, Annaba, Constantine, Ouargla and Béchar, which are responsible for tax collection in all **58 wilayas of the country (law n° 19-12 of 11 December 2019)**.

### III. Current Tax System :

The current tax system in Algeria is based on income tax as the main tax, supplemented by other taxes. The main taxes include:

Corporate income tax, **Additional corporate income tax (Art. 9 LFC 2021)**, individual income tax, value-added tax, domestic consumption tax, customs duty, tax on petroleum products, property tax, inheritance tax, registration tax and stamp duty. Collection methods include withholding at source, which is mainly applicable to salaries and interest income, and fact-finding, which is mainly applicable to all other types of income.

### IV. Overview of tax preference policies :

The tax incentives of the Finance Act 2024 (LF 2024 , which enacted on 31 December 2023) meet a socio-economic objective, aimed in particular at preserving citizens' purchasing power and improving the business climate, by encouraging productive savings and investment. Announced the abolition of the Tax on Professional Activity (TAP) (Arts. 14 et 24 LF 2024) :

#### ◆ Special single taxation system (IFU):

Revision of the rate of the single flat-rate tax (IFU), applicable to activities carried

out under the status of **The self-employed person** (Art. 18 LF 2024):

In order to encourage self-entrepreneurship in Algeria, LF 2024 revised downwards the rate of IFU applicable to activities eligible for auto-entrepreneur status, from 5% to 0.5%.

Exemption from IFU for turnover from the collection and sale of raw milk (Art. 20 LF 2024):

In order to support and encourage the Algerian dairy industry, the 2024 Finance Act extended the exemption from IRG and IBS to IFU on turnover from the collection and sale of raw milk.

#### ◆ VAT :

Extension of the application of the reduced rate of VAT on sales of recovered waste (Art.35 LF 2024):

The provisions of the Finance Act 2024 have extended application of the reduced VAT rate of 9%, applicable to recoverable aluminium, iron, wood, glass, cardboard and plastic waste, to recoverable waste paper, rubber, end-of-life tyres, used motor oil, gearbox oil and lubricating oil, edible oils and fats and lead accumulators.

Temporary VAT exemptions for certain consumer products (Art. 65 LF 2024) :

With the aim of preserving the purchasing power of citizens, the LF 2024 introduced a VAT exemption, applicable until VAT, applicable until 31 December 2024, to operations:

- The import and sale of dried vegetables and rice intended for human consumption;
- Sale of locally produced fresh fruit and vegetables, eggs for consumption, broiler chickens and turkeys.

Exemption from VAT for ordinary and superior flour and semolina (Art. 34 LF 2024):

The LF 2024 granted a VAT exemption for sales transactions involving ordinary and superior flour and semolina, regardless of their intended use.

Extension of the VAT exemption granted to transactions relating to the supply of internet services (Art. 70 LF 2024):

In order to encourage access to fixed-line internet, the provisions of the 2024 Finance Law have extended the exemption from VAT, until 31 December 2026.

#### ◆ Corporate Income Tax (IBS) And Individual Income Tax (IRG) :

Granting of tax incentives to promote the development of the financial market, encouraging companies to use it to cover their financing needs (Arts. 67 and 68 LF 2024) :

❖ Renewal for a period of five (05) years, from 1 January 2024, of the exemption from IBS or IRG, of :

- Income from shares and similar securities listed on the stock exchange or bonds and similar with a maturity of five years or more, listed on a stock exchange or

traded on an organised market, as well as those from shares or units in UCITS ;

- Income and capital gains from the sale of bonds, similar securities and Treasury bonds assimilated Treasury bonds, listed on a stock exchange or traded on an organised market, with a maturity of at least five (05) years, issued during a period of five (05) years.

This exemption applies throughout the period of validity of the security issued during this period ;

- Term deposits in banks for a period of five (5) years or more.

- ❖ Grant for a period of three (03) years, from 1 January 2024, of a reduction in (IBS) for companies whose ordinary shares are listed on the stock exchange, equal to the opening rate of the share capital on the stock exchange.

## **V. Tax Collection and Administration**

The main functions of the General Directorate of Taxation are to formulate tax laws and regulations, to specify tax types and rates, to participate in tax-related studies, to negotiate international tax treaties and agreements, to conclude multilateral and bilateral tax agreements, to coordinate international and domestic tax systems, to formulate budgets for tax revenues, to define or simplify tax procedures related to tax administration, collection or litigation, to develop and deploy information systems, to set up interfaces and communication tools, dealing with tax disputes, combating tax fraud and tax evasion, ensuring the effective implementation of all tax activities, improving relations between the tax authorities and taxpayers, preparing tax reports and analysing the tax situation.

The provincial tax authorities, established in the provinces and districts, manage the tax administration, ensure the hierarchical authority of the tax centres and local tax centres, ensure compliance with regulations and tax legislation, monitor and control the actions of the services and the attainment of objectives, guide and assist taxpayers in the payment of their taxes, mediate in tax disputes, and facilitate the fulfilment of the tax obligations of the taxpayers.

In addition to this, Algeria has established regional tax administrations in the regions, which ensure the representation of the General Directorate of Taxes at the regional level, ensure the implementation of programmes and the fulfilment of the directives and decisions of the central administration, lead, direct, coordinate, evaluate and control the activities of the tax services of the wilayas within their jurisdiction, ensure compliance with the means, methods, criteria and procedures for the interventions of the tax services of the region, regularly draw up reports and summaries of the activities of the tax services of the region, and propose recommendations for the adjustment of the tax services. Activity reports and summaries, and make proposals on the adjustment of tax legislation. The regional tax authority is made up of four subdirectorates: the training subdirectorates, the organization and resources subdirectorates, the tax operations and collection subdirectorates, and the tax control and litigation subdirectorates.

The Government of Algeria has also set up a Tax Supervisory Authority, which is independent of the Directorate-General of Taxes, to oversee tax collection throughout the country.

## **VI. Taxpayer Services**

The Algerian National Directorate of Taxes is implementing a modernisation reform that focuses on the digitalisation of taxes through the Moussahama'tic portal project, which

aims to simplify administrative procedures by allowing online filing of tax returns and online payment of taxes. Taxpayers are required to apply for membership of the portal by contacting the local tax office to which they belong. After registering for membership, taxpayers can file tax returns and pay taxes online through the Moussahama'ttic.

The 'Moussahama'ttic' system operates in conjunction with the 'Jibaya'ttic' system that was launched by the DGT in November 2020 at various tax centres and is currently available to the Wilayas d'Oran, Chlef, Tipaza, Alger, Boumerdes, Tizi-Ouzou, M'sila, Mila, Ouargla, Illizi, Tamanrasset, Adrar, Tindouf, Bechar, and will be progressively deployed in other provinces.

To join the 'Jibaya'ttic' system, taxpayers must first make an appointment on the website of the Ministry of Finance (<https://www.mfdgi.gov.dz/index.php>), and then submit an application to the Direction des Grandes Entreprises (Direction des Grandes Entreprises), which is under the jurisdiction of the General Directorate of Taxes.

Direction des Grandes Entreprises (DGE) under the jurisdiction of the General Directorate of Taxes. Once the documents are submitted and the taxpayer receives the access code to his/her account, the taxpayer can file his/her tax return online at <https://www.mfdgi.gov.dz/services-pro-ar/declaration-et-paiement-en-ligne-ar>

## **VII. Tax Legislation Process**

Currently, The Algerian Ministry of Finance has developed the Finance Act 2024 (Loi de finance 2024), the Registration Code (Code de l'Enregistrement), the Sales Tax Code (Taxes sur le Chiffre d'Affaires), the Indirect Tax Code (Code des Impôts Indirects), the Code of Direct Taxes and Assimilated Taxes (Code des Impôts Directs et Taxes Assimilées), The Stamp Duty Act (Code de Timbre), and the Tax Procedure Act (Code des Procédures Fiscales), and Provincial Tax Authorities have been established in the provinces and districts to regulate tax collection. the Tax Procedure Act regulates the relationship between the tax authorities and taxpayers, their respective rights and obligations, the collection procedure and the litigation procedure in order to regulate the collection and payment of taxes. Since the 1992 tax reform, Algeria has been improving the application of its tax policy, coordinating the interests of the State and taxpayers through the leverage of taxation, advancing the development of strategic industries and important regions, and perfecting the mechanisms for the internal functioning of the market economy.

## **VIII. Future Tax Reform Plan**

In the medium-term budgetary framework (2024-2026), Algeria plans to seek a sustained improvement of the Algerian business environment through the development of new tax measures and the broadening of the tax base within the framework of tax reform. Resources will be mobilised to combat tax fraud and evasion, and procedures will be simplified to improve the quality and effectiveness of public expenditure.

## **IX. International tax cooperation :**

On 6 November 2006, the Government of the People's Republic of China and the

Government of the People's Democratic Republic of Algeria signed the Agreement between the Government of the People's Republic of China and the Government of the People's Democratic Republic of Algeria for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and On Capital in Beijing.

On 27 June, Algeria signed the Multilateral Convention on the Implementation of Measures Concerning Tax Treaties to Prevent Base Erosion and Profit Shifting at a signing ceremony held in Paris. Algeria became the 103rd jurisdiction to join the BEPS MLI.

Algeria has officially joined Advanced Training on Value Added Tax Fraud (ATAF) to become, the 43rd member of this forum.

**X. Others :** None.