

# Algeria: Tax system

## Corporate Taxes

Tax Base For Resident and Foreign Companies

VAT is levied on economic activity carried out in Algeria regardless of residency.

### *Tax Rate*

IBS - for the production of goods	19%
IBS - for building activities, public works and hydraulics, as well as tourist and thermal activities, excluding travel agencies	23%
IBS - for other activities	26%

Tax Rate For Foreign Companies

IBS, the tax on company profits, is levied on all Algerian-sourced profits, including income of representative agents of foreign companies and income of companies that do not have an establishment or representative agent but realize a complete cycle of commercial activities.

Capital Gains Taxation

Long term capital gains are taxed as ordinary income at the corporate income tax rate (Impôt sur le Bénéfice des Sociétés, or IBS). Deductions apply when the capital has been held for a certain period of time.

Main Allowable Deductions and Tax Credits

Expenses are deductible for depreciation, amortisation, reserves, rents for premises and equipment, wages, etc. Some non-deductible expenses include fines, gifts, subsidies and restaurant, hotel and entertainment expenses not directly linked to the business. Consult the [National Society of Algerian chartered accountant](#) to find out more.

Incentives are further available for qualifying investments that are declared to the National Agency for Investment Development (ANDI), such as investments to acquire assets included in the creation of new activities, to participate in the share capital of an Algerian company and to take over privatisation activity. Exemptions could apply to VAT, IBS or the Tax on Professional

Activity (TAP). Specific rates depend on whether the investment qualifies in the general regime or the derogatory regime (which requires contribution from the Algerian state).

#### Other Corporate Taxes

Some other significant taxes include the Tax on Professional Activity (TAP) of 2% of turnover (or 3% for companies engaged in the transport of hydrocarbons), Apprenticeship Tax of 2%, Training Tax of 2% and Registration Duties on sales of shares and goodwill at 2.5% and 5% respectively. Social contributions paid by the employer amount to 26% of gross salaries.

#### Other Domestic Resources

[Consult Doing Business Website](#), to obtain a summary of the taxes and mandatory contributions.

#### ***Country Comparison For Corporate Taxation***

	Algeria	Middle East & North Africa	United States	Germany
Number of Payments of Taxes per Year	27	19	10.6	9
Time Taken For Administrative Formalities (Hours)	385	221	175	218
Total Share of Taxes (% of Profit)	72.7	32.1	43.9	48.8

Source: Doing Business - 2016.

Note: \*The Greater the Index, the More Transparent the Conditions of Transactions. \*\*The Greater the Index, the More the Manager is Personally Responsible. \*\*\* The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. \*\*\*\* The Greater the Index, the Higher the Level of Investor Protection.

#### **Accounting Rules**

## **Accounting System**

### Accounting Standards

The [Act 07-11 of 25 November 2007](#) on the financial accounting system has ended the rule of the national accounting plan dating from 1975. This law, which is in force as of 2010, aims to harmonize the Algerian accounting plan with [the international standards \(IFRS\) of the IASB](#). New accounting standards largely based on these IFRS have been officially adopted.

### Accounting Regulation Bodies

[National Popular Assembly](#), Website of the National Popular Assembly.

### Accounting Law

[Law n° 07-11 \(25 November 2007\)](#) on the Algerian accounting and financial system.

### Difference Between National and International Standards (IAS/IFRS)

Companies will have to draw up their accounts in conformity with IAS/IFRS standards.

### Accounting News

[Algerian accounting news](#)

## **Accounting Practices**

### Tax Year

The tax year begins on 1 January and finishes on 31 December of the same year.

### Accounting Reports

Accounting structure includes: the balance sheet, the income statement, the cash-flow statement, the statement of change in shareholders' equity and an appendix.

### Publication Requirements

Monthly and Annual declarations are compulsory:

- A monthly declaration of tax paid in cash or deducted at source. Before the 21st of every month, each company must make a monthly declaration, [series GN50](#), if they belong to the Real regime.
- An annual declaration of company profits (IBS: tax on company profits). Before 1 April of every year, each company must make an annual declaration of its profits, series [E N6](#), to the tax office it comes under.

Large companies have to pay provisional tax three times a year: 20 March, 20 June, 20 November.

Companies are no longer required to close their books by 31 December if that is not compatible with their activities according to the new accounting framework. This provision still has to be accepted by the tax authority.

## **Accountancy Profession**

### Accountants

The accountant is responsible for the legal obligations of the company as regards accounting.

The chartered accountant certifies company accounts.

The auditor certifies the accounts carried out by the chartered accountant (for companies with more than 50 employees, joint-stock companies and public limited companies). The mission of Auditors is defined in a decision of the Minister of Finance on the proposal of the Governing Council of Chartered Accountants, Auditors and authorized accountants.

[The National Governing Council of Chartered Accountants](#) brings together the liberal professions of accountancy (experts, auditors...). It is responsible for setting up standards and issuing authorizations.

The National Council of Accountancy is an interministerial and interprofessional organization together with the Minister of Finance to enact the standards and rules of accounting. It is also responsible for the problems of application and interpretation of standards formulated by users.

### Professional Accountancy Bodies

[CRCECC](#), Governing Council of Chartered Accountants

Member of the International Federation of Accountants (IFAC)

Algeria is not a member of the International Federation of Accountants (IFAC).

## **Consumption Taxes**

### Nature of the Tax

Value added tax (VAT)

### Standard Rate

17%

### Reduced Tax Rate

A special reduced rate of 7% applies to products, commodities, merchandise and equipment related to printing, agricultural materials, traditional crafts and aquaculture products (excluding edible items).

#### Exclusion From Taxation

[The Algerian fiscal administration](#) provides the list of transactions exempted from VAT (TVA). Exports are generally exempt.

#### Method of Calculation, Declaration and Settlement

VAT is calculated on sales price of all economic activities conducted in Algeria, and must be filed on a monthly basis, with the payments due by the 20th day of the following month. In general, registration is required for entities with an annual turnover of more than DZD 100,000 for sales of goods and DZD 130,000 for the provision of services. For further details, see the [guide to VAT \(TVA\) drawn up by the Algerian fiscal administration. \(In french or in arabic only\)](#)

#### Other Consumption Taxes

A consumption tax (taxe intérieure de consommation) is levied on several products : on beer, tobacco and matches (with a tax rate defined per hl and kg) ; on salmon, coffee, some fruits, alcohol, all-terrain vehicles, etc. (with a rate that varies between 10 and 100%). For further information, [consult the pages of the fiscal administration's website on the area of application of the different consumption taxes](#) (in French only).

## Individual Taxes

#### Tax Base For Residents and Non-Residents

Residents are taxed on global income while non-residents are only taxed on income received in Algeria. Algerian-source income includes profits from Algerian securities, capital assets and farms.

#### ***Tax Rate***

Global income tax (IRG)	Progressive rate up to 35%
Up to DZD 120,000	0%
From DZD 120,001 to 360,000	20%
From DZD 360,001 to 1,440,000	30%
Over DZD 1,440,000	35%

## Allowable Deductions and Tax Credits

Deductions include personal allowances (such as social insurance contribution, alimony and qualifying insurance premiums), business expenses and other expenses such as maintenance allowance and interest paid on loans for a business purpose. Certain income from rented properties are exempted from taxes (for instance, rental for students). Spouses with a common fiscal home can deduct 10% of their income. For more details, consult the [tax agency](#).

## Special Expatriate Tax Regime

No special expatriate regime.

## Capital Tax Rate

Property Tax: from 3 to 10% charged, according to the property and/or the land value. Property tax is levied for the exclusive benefit of Commons.

Tax on Donations: 3%

Wealth Tax: 0-1.5% progressive rates according to the value of property.

## Double Taxation Treaties

Countries With Whom a Double Taxation Treaty Have Been Signed

[ANDI website](#), List of double taxation treaties signed by Algeria  
[Algerian Ministry of Finance](#), List of double taxation treaties signed by Algeria

## Withholding Taxes

Dividends: 10% for residents and 15% for non-residents (unless specified otherwise by a treaty).  
Dividends paid by an Algerian firm to another are exempt from withholding taxes.

Interest: 10% (unless specified otherwise by a treaty)

Royalties: 24% (unless specified otherwise by a treaty)

Technical service fee (withholding tax applied on service fees paid abroad by a local company to a foreign company): 24% (unless specified otherwise by a treaty)

Branch remittance tax (applied to a remittances by a permanent establishment to its foreign head office): 15% (unless specified otherwise by a treaty)

## Sources of Fiscal Information

### Tax Authorities

[Directorate-General of Taxes](#), DGI website (Tax Office)

[Algerian Ministry of Finance](#), Portal of the Ministry of Finance

### Other Domestic Resources

[Big Companies Directorate, or the Direction des Grandes Entreprises \(DGE\)](#)

### Country Guides

[PKF Guide to International Tax 2015 - Algeria](#)

Learn more about [Service Providers in Algeria](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).