



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Tax Administration Theme Day

Third Event

30 November 2022



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

ALGERIAN TAX ADMINISTRATION PRESENTATION

Mr. LOUMI Chaâbane

Deputy Director of corporate taxation
General Directorate of Taxes-Algeria

Mr. CHERCHARI Ahmed

Deputy Director in Charge of Inspection
General Directorate of Taxes-Algeria



CONTENTS

01 / Algerian Tax policy

02 / Tax services and tax administration system

03 / Tax incentives for investments



Part 01

Tax policy



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Algerian Tax policy



01

Current tax policy

02

Tax policy : main current options



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

1. Current tax policy :

- Choice of broadening the tax base rather than increasing or creating taxes through :
 - ✓ Granting of tax advantages for new investments, including in the event of the extension of production capacities, for start-ups, etc.;
 - ✓ Inclusion of informal activities in the formal;
 - ✓ Strengthening of tax controls on both national transactions and international transactions between related entities (transfer pricing);
- Encouragement of export activities, out of hydrocarbons activities: source of additional foreign exchange, but with **marginal direct tax revenue**;

Quid, sufficiency of these measures ??



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

1. Current tax policy (continuation):

- Implementation of specific taxes for certain activities or products :
 - ✓ Activities with negative externalities on public health (tobacco tax, excises duties), on the environment (environmental taxes), etc.;
 - ✓ Internal Tax Consumption on specific products, etc.);
 - ✓ Activities or products benefiting from State subsidies (Tax on Petroleum Products), including those benefiting to non-residents (vehicle exit tax from the territory (Finance Law 2021)···;

- Increase taxes for certain targeted products or activities, specifically new ones : eg. sales through electronic platforms.



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

1. Current tax policy (continuation):

- Improvement of the level of tax collection :
 - ✓ due through out the year;
 - ✓ due from previous years (remainders to be collected).



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Preliminary conclusion:

Even with a continuous and sustained effort to increase taxation, the gap to be filled remains significant. Hence the need to work on the expenditure side and the targeting of subsidies.



2. Tax policy : main current options.

- Need to revise the tax information management system for more targeted controls;
- Ongoing action for the assessment of tax gap.



Part 02

Tax services and Tax administration system



A- TAX SERVICES



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

A- Tax Services :



01

Implementation of the information system « SI-JIBYA'TIC» beside « Mousahamatic application » allows to:

- Carry out operations at home with the tax administration and avoid physical travel to present tax declarations;
- Access to the tax administration 24 hours a day, 7 days a week;
- Access and consult filed taxpayer's declaration forms;
- Pay online and visualize tax situation.

02

Implementation of the Quality of Service Referential (QSR) aims to:

- Professionalizing the front-desk functions in the tax administration;
- Optimizing of telephone reception and the management of the physical reception;
- Responding to letters and emails and handling tax claims ;
- Free downloading of tax forms;

03

Tax Procedures Symplication by :

- Simplification of administrative formalities relating to administrative acts (permanent action in terms of tax declaration and payment).

04

Providing online services:

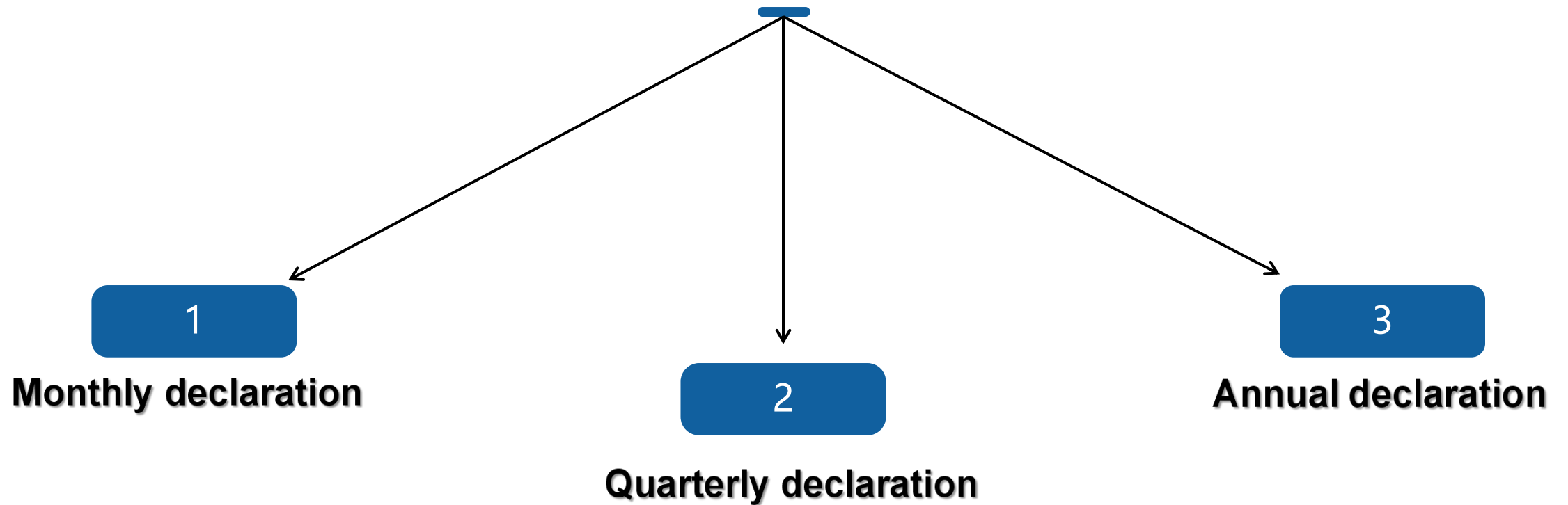
- Proving Tax Registration Number (TRN) and authentication of TRN of providers and clients;
- Updating of tax documentation through the tax administration web site (legislations, regulations, etc).



B- TAX ADMINISTRATION SYSTEM



1. Tax declaration process





2. Tools available to taxpayers



2.1. Declaration Tools

A) Paper-based declaration forms: (at the Tax Collector “cashier”)

- **Monthly declaration** : for taxpayers subjected to real profits regime;
- **Quarterly declaration** : for specific taxpayers (rights amount under 150.000 DA) ;
- **Annual declaration** as follows:
 - *taxpayers subjected to Unique flat-Tax regime;*
 - *nature persons who realize a professional profits or agricultural activities;*
 - *nature persons subjected to real profits regime + Tax Balance sheet + employees salaries and wages;*
 - *legal persons « corporate entities » subjected to real profits regime + Tax Balance sheet + employees salaries and wages.*

B) Electronic declaration:

Via the Information system called (SI-JIBAYATIC), and *SGF* portals covering all of the DGI's business activities related to Taxation filed.



2.2. Payment Tools

1

- **Payment** at the Tax collection service
« Cashier of the Tax Centers (CDI-CPI)
by cash or check means ;
- **Payment** (by Credit Card) through an application
(*Moussahamatic*), for taxpayers managed by tax
department not implemented with Information
System.

2

Online Payment (withholding from bank
account) for the Large Taxpayers
Directorate (DGE)



3. Tax Adjustment for tax base and for payment



Failing in tax declaration and payment in the required delay will lead taxpayers to tax adjustment and the application of tax penalties.



Part 03

Tax incentives



A- Tax incentives provided under the new investment law (2022)



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

1. Investment definition



01

The acquisition of assets, tangible or intangible, entering directly in the activities of production of goods and services, within the framework of the creation of new activities, the extension of production capacities and/or the rehabilitation of the production tool.

02

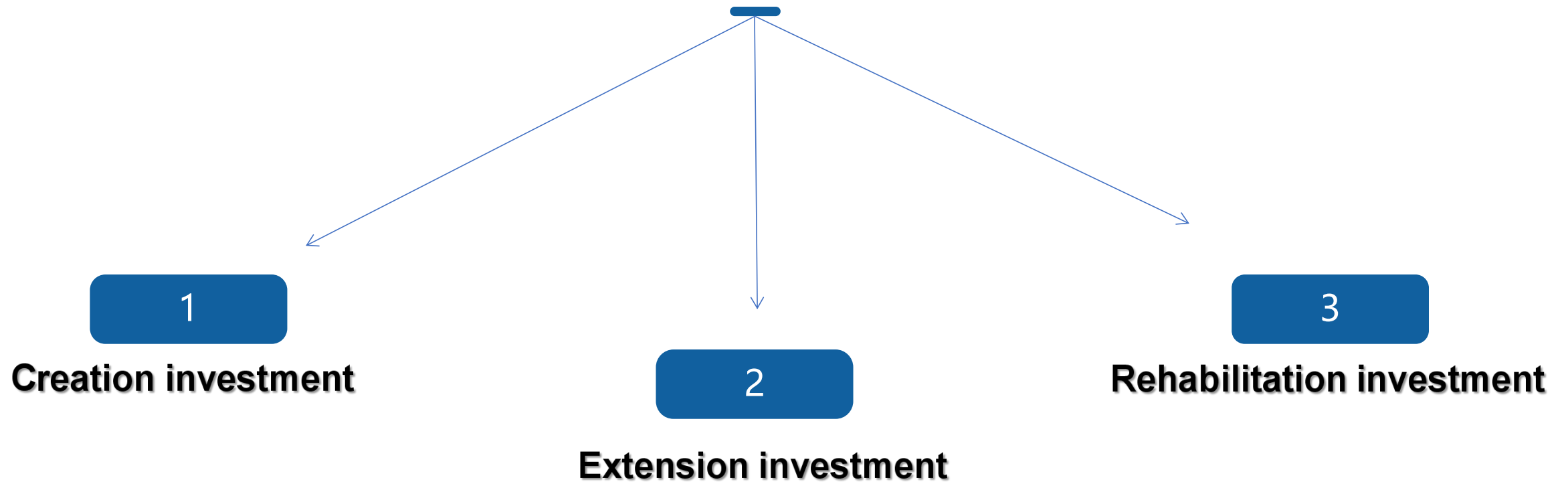
The participation in the capital of a company under the form of contributions in cash or in nature.

03

The relocation of activities from abroad.



2. Investment types





3. Tax advantages granted

Realization phase

- Customs duties exemption;
- VAT exemption;
- Exemption from Transfer and tax land registration on real estate acquisition or concession;
- Exemption from Recording rights and capital increasing tax;
- Exemption from property tax during 10 years.

Operating phase

Exemption from Tax on Professional Activities and Corporation Tax during:

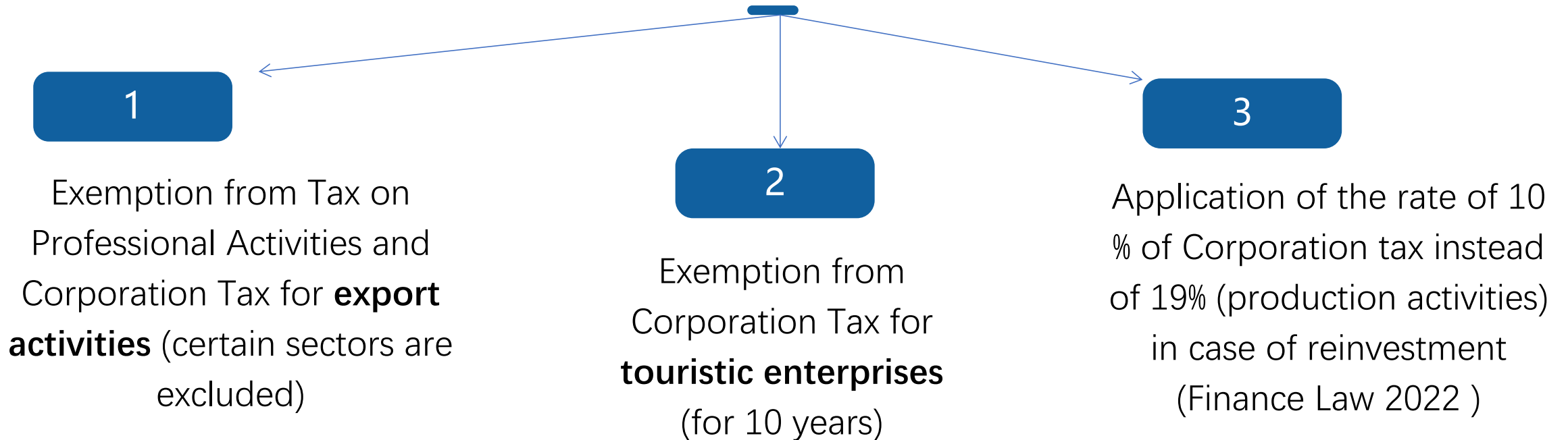
- 3 to 5 years, for **Sectors regime** ;;
- 5 to 10 years, for **Zone regime** ;;
- 5 to 10 years, for **Structuring investment regime**.



B- Tax incentives provided under the general regime



Tax advantages under the general regime





BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

THANK YOU