

**Ministry of Finance**  
**General management of taxes**



**General Communiqué on  
main tax provisions  
the Finance Act 2020**



## I- INVESTMENT PROMOTION AND MEASURES

### SUPERVISION OF EXTERNAL FINANCING:

#### 1- Introduction of an exemption in IBS and VAT for commercial transactions by "Start-up" and creating an ecosystem of support and development funds "Start-up" (Art. 69 and 131 LF 2020)

As part of the diversification of the national economy and the implementation of a strategy to support the emergence of an ecosystem favorable to a development of "start-up"

the Finance Act 2020 has given

Exemption of IBS and VAT in favor of " *Start-up* ".

These advantages allow the accompaniment to start-up development stage and will contribute to their development.

The eligibility conditions *Start-up* and the modalities of its implementation are set by regulation.

With the same objective, the Finance Act 2020 introduced a special allocation fund treasure, entitled "Ecosystem Support and Development Fund" *startup* ". This is to support and assist " *start-up* " development stage and allow the development of an ecosystem conducive to their emergence.

The Fund is earnings by state grant, the product of quasi-taxes and all other resources and contributions.

#### 2- Creation of economic zones for development of territories

South Border and isolated regions, for the development of trade logistics, development of high technology and integrated industrial zones. (Art. 115 LF 2020)

As part of the economic development of the southern border areas and landlocked regions and given the depth of African Algeria, the Finance Act 2020 has created "economic development zones in the South border areas and landlocked regions "and" economic development areas of trade logistics and services "to position on the African market as a dynamic player and create, as well, platforms inter-African trade in the southern border areas (Tamanrasset and Illizi Tindouf).

To support also the use in the national economy, information and communication technologies (ICT) in particular, scanning and encourage

innovation in all economic fields, the Finance Act 2020 has created economic development zones of high technology.

Finally, to encourage and involve various players in the value chain and the development of subcontracting in the direction of creating an ecosystem, the Finance Act 2020 has created "integrated industrial zones."

The territorial distribution, the conditions for implementing and operating procedures and the benefits to be granted shall be defined by regulation.

## II-MEASURES TO EXTEND TRIM AND IMPROVEMENT OF STATE OF FINANCIAL RESOURCES AND LOCAL

**1- Reinstitution of the arrangement considering corporate earnings did not subject to allocation to the social fund of the company within a period of three (3) years, as distributed income subject to a withholding tax rate of 15% withholding (Art.15 LF 2020 )**

In order to secure additional resources to the treasury and fight harder against the phenomenon of tax evasion, the provisions of section 15 of the Finance Act 2020 were reinstated through Article 46-8 of the Code of direct taxes and similar taxes, the provision considering the profits of companies not having been the subject of allocation to the social fund of the company within three (03) years, as distributed income, stating that benefits which he is concerned, those of 2016 and next year.

**2- Redevelopment of the tax regime applicable to remuneration from occasional activities of an intellectual nature (Art.17 LF 2020)**

In order to equitably bear the tax burden on taxpayers, and reduce at the same time procedures related to reporting requirements, the provisions of Article 17 of the 2020 Finance Act have made a change to Article 104 CIDTA of the effect of establishing a new withholding rate at the source in terms of IRG equal to 15% withholding tax without application of abatement applicable to all earnings from all other casual activities to nature intellectual.

Also, the same provisions have eliminated the threshold of two million DA for the annual amount of remuneration beyond which the tax loses its final nature.

This amendment is justified by the fact that currently the tax rate of 10% applicable to income derived from the consulting business under Article 675 of CIDTA, remains low especially as a significant number of companies used this type of stakeholders, in consideration for their services provided, they receive high wages subject to this paradoxically lower tax rate.

### 3- Introduction of the court fee for registration applicable in the issuance of citizenship certificates and criminal records (Art. 32 LF 2020)

The provisions of Article 32 of the 2020 Finance Act reintroduced the court fee on the registration certificate of nationality and criminal record.

Acts, cited below, prepared by the clerks are now subject to legal registration fee which is paid by affixing a removable revenue stamp corresponding to the rate of 30 DA.

Moreover, the nationality certificates and criminal records issued electronically are exempt from this tax.

### 4- Increase from 500 to 1,000 AD the amount of the applicable tax on securities individual or collective transport issued to residents for an international journey for every traveler with a passport if traveling abroad by road or rail. (Art.34 LF 2020)

The provisions of Article 34 of the 2020 Finance Act have raised from 500 to 1,000 AD the amount of tax applicable in the securities of individual or collective transport issued to residents for an international journey for every traveler with a passport traveling abroad by road or rail.

### 5- Bearing the stamp duty rates applicable when issuing or renewal of foreign resident cards (Art.37 LF 2020)

The provisions of Article 37 of the 2020 Finance Act brought redevelopment to Article 141 of the stamp code to the effect of revised upwards stamp duty rates applicable for the issuance or renewal maps of resident foreigners, as follows:

- DA 6000 (instead of 3000 AD) for cards issued for a period of two (2) years;
- 30,000 Da (instead de15.000 DA) for cards issued for a period of ten (10) years.

In case of loss or deterioration of the foreign resident card, issuance of a duplicate results in the payment of a tax of 3,000 dinars (instead of 1000 AD) to

the two cards (2) years and 6,000 DA (instead of 3.000 DA) for cards of ten (10) years, in addition to raised renewal rights.

**6 Bearing the stamp duty rates applicable when issuing  
or renewal of special permits issued to foreigners in gainful employment on the national territory  
(Art.38 LF 2020)**

The provisions of section 38 of the Finance Act 2020 brought a change to Article 142 of the stamp code to the effect of up to 30,000 DA (instead of 10.000 DA) the stamp duty rate applicable when issuing or renewing special permits issued to foreigners in gainful employment in the country.

The same provision provides for the substitution of the phrase "foreign exercising a commercial, industrial or craft" with "foreign gainful employment" to include in the scope of this article foreign persons wishing to exercise the professions.

In case of loss or damage of said card, issuance of a duplicate, resulting in the payment of a fee established for this purpose, and whose price is set at 15,000 dinars.

**7- Increase from 11 to 22 AD the price of the additional tax on products  
Smoking and use of proceeds resulting from such increase in favor of the Trust Account No. 302133,  
entitled "National Social Security Fund" (Art.106 LF 2020)**

In order to ensure better management of the health policy, specifically to meet the needs of financing increasingly important chronic diseases and those related to the consumption of tobacco products (lung cancer, diseases cardiovascular, etc ...), more frequent in recent years, the provisions of section 106 of the Finance Act for 2020 rose to 11 to 22 DA the price of the additional tax on tobacco products.

As such, and given the impact of diseases related to tobacco consumption expenditure of social security, it would be more equitable to also benefit, social security agencies responsible for funding health insurance benefits and that, by raising its share of proceeds from the tax aroused.

The additional revenue expected from this increase will be paid especially the "National Social Security Fund" to enable it to cope with increasing costs generated by the management of its tasks.

#### 8- Reduction of 80 to 30% of the rate of abatement applicable on the amount

contracts related charges on the use of software provided under the withholding tax in respect of IRG or IBS, (Art. 18 and 21 LF 2020)

The provisions of Articles 18 and 21 of the Finance Act 2020 respectively made a change to Articles 108 and 156-2 of CIDTA, in effect revise downwards 80 to 30% of the rate of abatement applicable on the amount of fees related to contracts for the use of imported computer software, provided under the withholding tax in respect of IRG or IBS.

The reduction in the abatement rate in question is motivated by the fact that it does not benefit the Algerian user.

According to the tax legislation in force, foreign companies are subject to a withholding tax rate of 24%. The real rate after applying the 80% reduction is 4.8%. For cons, the Algerian companies are taxed at higher rates following the various tax treaties, thus maintaining this level of benefit is no longer justified.

#### 9- Reduction in the rate of financial advance from 50 to 30% granted under the procedure for reimbursement of VAT credits (Art.47 LF 2020)

The provisions of Article 47 of the 2020 Finance Act has reduced from 50 to 30% the rate of financial advance granted under the procedure for reimbursement of VAT credits.

#### 10- Remove the allowance of 25% for TAP granted for BTPH the sector (Art. 24 LF 2020)

The provisions of section 24 of the Finance Act 2020 abolished the allowance of 25% given to activities in the building sector and public and hydraulic works (BTPH) on the grounds that it no longer its purpose because the tax authority has initiated structural and functional reforms, consisting in particular in the establishment of an information system allowing it to have the information in an automatic way with some jurisdictions and public institutions related to buildings and areas of public and hydraulic works.

### 11- Submission of sales transactions electronically to

VAT and application of the reduced rate of 9% of the said operations tax (Art. 39 and 41 LF 2020)

To adapt our tax system to the various upheavals that knows the consumer society now and make adequate in relation to the reality of electronic commerce and thus reduce the risks of non-optimal for this type of trade taxation, the provisions Articles 39 and 41 of the Finance Act 2020 provided for the submission of sales transactions electronically to VAT implementation and 9% of the reduced rate of this tax those transactions.

It should be noted that the transactions in question relate to online sales of digital goods and certain services supplied by electronic means used and exploited in Algeria. This applies also when the delivery is made by a taxable person established outside Algeria.

This measure is justified by the fact that electronic commerce involves both the hardware and intangible, and that traditional tax systems have a limit when it comes to the application of digitized products sold electronically

To this end, it becomes essential to have a tax system whose vision is to ensure the neutrality and fairness between the different forms of commerce.

### 12- Submission of income from the rental of rooms for

holiday celebration or organizing meetings, seminars and meetings to plan professional benefits (Art.13 LF 2020)

To understand, at best, revenue from the rental of rooms for the holiday celebration or organizing meetings, seminars and meetings, the provisions of section 13 of the Finance Act 2020 brought a redevelopment the provisions of Article 12 of CIDTA, the effect of subjecting the revenues from the rental of rooms for the celebration of festivals and organizing meetings, seminars and meetings to the taxation of business profits.

The redevelopment of the taxation of income in question involved since the activity giving rise to the rental of rooms for the celebration of festivals or

organizing meetings and others, is considered a exerted a regular activity.

### 13- Submission of income from the distribution of profits with

submitted to IBS, a withholding tax rate of 15% of this tax and excluding revenues from the distribution of benefits specifically exempted from the plate of IBS (Art.19 and 20 LF 2020)

The procedure of taxation of this income category, the provisions of Articles 19 and 20 of the Finance Act 2020 were planned submission revenues from the distribution of profits have been subject to IBS, a withholding tax rate of 15% of this tax and the exclusion of income from the distribution of benefits specifically exempted from the plate of IBS .

With the implementation of this measure to differentiate the taxation of income from the distribution of profits from those specifically exempted, the tax authorities will have to deal effectively with tax evasion.

### 14- Aligning personal income from the

distribution of profits, having been subjected to IBS, those of companies liable to IBS and excluding revenues from the distribution of benefits specifically exempted from the attitude of the IRG (Art.16 LF 2020)

This measure forms part of the alignment of taxation of personal income from the distribution of profits have been subject to tax on corporate profits as well as legal persons, to deduction at source of WRI at 15% and excluding revenues from the distribution of benefits specifically exempted from the attitude of the IRG.

### 15- Limiting the deductibility of expenses related to the medical promotion

pharmaceutical and parapharmaceutical to 1% of sales  
annual sales and excluding the deductibility of earnings used to calculate tax, fees paid by a  
company instead of a third party unrelated to the activity (Art. 22 LF 2020 )

The tax legislation in force has listed a number of non-deductible expense deduction or the deduction is limited to a certain amount to such gifts, donations and grants.



However, certain costs borne by businesses operating in the pharmaceutical sector are wrongly deducted and originating, inter alia, a commitment to renovation spending storefronts pharmacies, the provision of free drug samples, while the latter are reimbursed by social security and the management of travel and travel for healthcare professionals (doctors, pharmacists, etc.).

In order to deal with these abuses and the amount of which has taken an alarming strongly impacting the tax base, the provisions of section 22 of the Finance Act 2020 brought a reorganization in Article 169 of CIDTA , the effect of limiting the deductibility of expenses related to the medical pharmaceutical promotion and para 1 % Of annual turnover.

Also, the same article makes it clear that spending on advertising in all its forms and the launch costs of products, including fall in the category of expenses of medical advancement.

Just as this measure provides for the exclusion of the deduction of income tax expenses supported by a company instead of a third person without this support has link with the company's business and is justified in economic terms (increase in turnover and profits of the company).

Indeed, supported by a pharmaceutical company renovation costs of a pharmacy or supply free of metal storage equipment or other has no direct connection with any activity of production and marketing of pharmaceutical or parapharmaceutical.

#### 16- Application of a penalty of 500 DA for lack of production

Gen 50 ° statement marked "nil" by tax obligation in terms of duties and taxes will owe the defaulting taxpayer and not by declaration (Art.30 LF 2020)

To further enhance the level of compliance in terms of monthly tax returns with the requirements related to the implementation of the information system "jibaya'tic" the provisions of section 30 of the Finance Act 2020 brought a change in Article 360 of CIDTA in order to clarify that the penalty imposed 500 AD following the failure to produce the declaration Gen # 50 marked "nil" is applied by tax obligation in terms of duties and taxes which will owe the defaulting taxpayer, not statement.

#### 17- Institution of the principle of concurrency of the declaration and payment in respect of VAT and other taxes declared monthly (Art.48 and 95 LF 2020)

In order to reduce the risk of loss of tax revenue and allow the tax collector to devote to the recovery of charges issued by assessment, the provisions of section 48 of the Finance Act 2020 brought a redevelopment in Article 76-1 of the CTCA, in effect eliminate tax provisions that were introduced by section 17 of the Finance Act 2016 relating to the ability to return without payment in respect of VAT one hand, and the restoration of the old provisions providing the coincidence of declarations and payment of the tax declaration series Gen # 50 which acts as remittance advice slip the other.

In the same vein, the provisions of section 95 of the Finance Act 2020 repealed the provisions of Article 56 of the Finance Act 2016, providing for the filing of monthly returns for different taxes without payment fee due is concurrent, and to return to the same principle as that provided on VAT namely, the coincidence of the declaration and the payment.

### III- MANAGEMENT MEASURES ON IMPORTS OF GOODS AND SERVICES:

#### 1- Redevelopment rate of debit tax (s.67 LF 2020)

In order to increase tax revenues of the state, particularly in this sensitive period, the provisions of section 67 of the Finance Act 2020 brought a change in Article 2 of the Complementary Finance Law 2005, as amended and supplemented, for the purpose of redeveloping rates of debit tax as follows:

- **4% (instead of 3%)** the amount of clearance for imports of services.
- **0.5% (instead of 0.3%)** the amount of import to request opening of a domiciliation file an import operation of goods or merchandise for resale in the state;
- **1%** for import operations conducted under the CKD / SKD without the amount of tax is less than 20,000 DA;

It is specified that the current state of legislation, the debit fee is payable in two levels ie 0.3% applicable on import transactions of goods and goods for resale in the state and 3% on the import operations services.

## 2- Increase from 30 to 60% rate of ICT applicable to vehicles

supercars and extending its scope to certain other types of vehicles (Art.43 LF 2020)

The provisions of Article 43 of the 2020 Finance Act have made a change to Article 25 of CTCA in effect up to 30 to 60% rates of ICT applicable to vehicles of big cars.

Moreover, the same provisions have planned the extension of the scope of this charge to certain other types of vehicles and to cover motor vehicles piston spark ignition (gasoline) engine over 1800 cm<sup>3</sup>

and automotive piston compression ignition (diesel) engine over 2000 cm<sup>3</sup>.

## 3- Limiting the displacement of imported cars with tax benefits under the VAT and customs duties (Article 112 LF 2020)

To prevent and fight effectively against the phenomenon of fraud against the import of vehicles (Diversion of benefits to non eligible persons there), the provisions of section 112 of the Finance Act 2020 limited the displacement of imported vehicles in accordance with Articles 202 amended and supplemented the Customs Code, 59 amended and supplemented by the Finance Act 1979 amended 178-16 and completed the supplementary budget law for 1983 and 110 amended the Finance Act for 1990 before tax benefits under the VAT and duties customs.

For this purpose, the displacement of vehicles affected by the said advantages, will now be the one:

- less than or equal to 1800 cm<sup>3</sup> for motor vehicles, reciprocating piston engine, spark ignition (petrol);
- less than or equal to 2000 cm<sup>3</sup> for motor vehicles, reciprocating piston engine, compression ignition (diesel).

The limitation of displacement and fixed, allows widely importing a wide range of vehicles whose characteristics perfectly meet the needs of this category of people.

Regarding vehicles, including displacements exceed the threshold laid down, they are considered luxury vehicles and even to some as upscale. To this end, it makes sense to import under the legislative framework by common law (with payment of duties and taxes).

- 4- Subordination of the import of the chemical called "Auro cyanide ", within the tariff subheadings 2843.30.10.00 and No. 2843.30.90.00, in all chemical forms, prior approval of the tax administration (Art.104 LF 2020)

As it stands, the import of the gold-cyanide as a dangerous product is subject to prior authorization from the Ministry of Mines. This product is presented as a solution enriched with fine gold at a rate of 68.2% (24 carats), used in the treatment of gold ore.

To flush out all forms of fraudulent practices inherent in the use of the chemical "Auro cyanide," the provisions of section 104 of the Finance Act 2020 have subordinated import the product in question under tariff subheading No. 2843.30.10.00 and 2843.30.90.00, in all chemical forms, prior approval of the tax authorities.

With the introduction of this new procedure, the tax authorities will effectively control the destination and the exact use of this type of chemical.

Regarding the mode of application of these provisions, they shall be fixed by regulation.

## IV SIMPLIFIED AND HARMONIZATION

### TAX PROCEDURES

#### 1- Redevelopment of the single flat tax regime (IFU), particularly through:

- *The exclusion of legal persons from the scope of IFU field:*

The Finance Act 2020 removed the provisions of Article 136 of CIDTA that exclude companies and cooperatives submitted to the IFU, the tax scope on corporate profits (IBS) ( **Art 6 LF 2020 - Art. 136 CIDTA**)

- *The downward revision of the tax threshold to IFU:*

Now, are subject to the rules of the IFU, natural persons engaged in industrial, commercial, craft and handicraft cooperatives whose annual sales figure does not exceed **fifteen million dinars (15 million DA)** instead of thirty million dinars (30 million DA).

**(Art 8 LF 2020 - Art 282 ter CIDTA.):**

- ***The revision of the eligibility criteria to the regime of IFU:***

The Finance Act 2020 has excluded certain activities which, by their nature, are incompatible with this regime to be in final reserved for small traders which is sure to increase tax revenues because of their liability to IBS or WRI as appropriate, TAP and VAT.

**(Art 8 LF 2020 - Art 282 ter CIDTA.):**

Activities excluded from this tax regime can be summarized in the following:

1. real estate development activities and land subdivision;
2. Import activities of goods and goods for resale in the state;
3. purchasing activities resale in the state exercised under the conditions of large, as provided under Article 224 of CIDTA;
4. The activities of the concessionaires;
5. The activities of clinics and private health and the medical laboratories;
6. Restoration activities and classified hotels;
7. refiners and recyclers of precious metals, manufacturers and dealers of gold and platinum structures;
8. Public works, hydraulic and buildings.

It is specified that the IFU scheme remains applicable for the establishment of the tax due for the first year in which the expected turnover limit for this speed is exceeded. This assessment is made in view of these overruns. This regime also remain applicable for the following year.

- ***Simplifying the tax mode IFU ( Art. 51 LF 2020 - Art. 2 CPF)***

The Finance Act 2020 amended Article 2 of the CPF in order to redevelop the establishment of the tax base of those within the IFU and that, through the establishment of a bilateral agreement establishing the level of annual sales for a period of two years between the taxpayer and the tax authorities. As a reminder, IFU was established unilaterally liquidated and paid by the taxpayer himself.

Under Article 2 of the CPF, the tax placed to address taxpayer under the administration of the single flat tax regime, by registered letter with acknowledgment of receipt, notification of IFU's assessment notice for each year of the fixed period.

The applicant has a period of thirty (30) days from the date of receipt of such notification, either to send its acceptance or to make observations indicating the numbers he would accept.

In case of acceptance or failure to reply within the deadline set, the notified revenues are used for the establishment of the single flat tax.

If the taxpayer does not accept foundations that were definitely notified, the taxpayer retains the right, after the evaluation of the bases, ask reducing the tax by a contentious claim, as provided for sections 71 to 90 of the CPF.

- ***Revision of the frequency of application of the special declaration IFU (G12) in the setting 1<sup>st</sup> February each year ( Art. 50 LF 2020 - Art. 1<sup>st</sup> CPF)***

Following the adjustments made to the tax mode IFU, the Finance Act 2020 revised the schedule for subscription of the annual return (G12) by fixing the **1<sup>st</sup> February each year**.

- ***The removal of the requirement for new taxpayers to purchase before December 31 of the year of the beginning of their activity reporting G No. 12 and perform spontaneously the amount of the due IFU.***  
**(Art 52 LF 2020 - Art. 3a of the CPF.)**

The Finance Act 2020 repealed the provisions of Article 3a of the CPF, providing for new taxpayers, an obligation to take before 31 December of the year of the beginning of their activity the declaration under article 1<sup>st</sup> CPF (G12) and perform spontaneously the amount of the due IFU.

The package of the mounting procedure for new taxpayers under Articles 17 and 17a of the CPF.

- ***The redevelopment of the procedure for termination of tax bases in the IFU ( Art. 53 and 54 LF 2020 - Art. 12 and 13 of the CPF)***

The Finance Act 2020 introduced in the CPF an Article 12 providing for the assessment of tax bases in the IFU, may be terminated by the tax authorities or the taxpayer.

The termination of tax bases in the IFU must be done before 1<sup>st</sup> April of the second year of the biennium to which it was concluded.

Furthermore, section 54 of the Finance Act 2020 amended the provisions of Article 13 of the CPF in order to provide that, subject to the provisions of Article 282 quater of the direct tax code and tax assimilated the IFU's plan may be terminated by the tax authorities on the basis of duly substantiated information when the turnover, adjusted through it exceeds the threshold of 15 million dinars.

- ***The reinstatement of the regularization of tax bases in the IFU (Art 55 LF 2020 -.. Art 14)***

The Finance Act 2020 has created the Article 14 in the CPF to provide that where the turnover of one of the years of the fixed period is superior to 20% of revenue retained without exceeding the threshold 15,000,000 DA, it is carried out an adjustment on the basis of the actually achieved.

- ***The reinstatement of the Lapse of procedure of the package (. 56 and Art 57 LF 2020 - Art 15 of the CPF.)***

The Finance Act 2020 provides that the IFU lapses when the amount was fixed on the basis of inaccurate information or where inaccuracy is found in the documents whose production or required to be kept by law.

There shall, as provided in Article 2 of the CPF, the establishment of a new assessment if the taxpayer meets the requirements to meet this plan.

- ***The reinstatement of the package modification procedure (. 58 and Art 59 LF 2020 - Art 16 CPF.)***

The flat-rate assessment concluded during the first year of the fixed period for which it is attached.

It can be modified in case of business or new legislation change.

- ***The reinstatement of the package fixing procedure for new taxpayers. (Articles 60 and 61 LF 2020 -.. Art 17 and 17a of the CPF)***

The Finance Act 2020 has created sections 17 and 17a at the CPF in order to introduce the package of the mounting procedure for new taxpayers.

Indeed, the regime IFU will be granted to new taxpayers that from 1<sup>st</sup> January of the year following the start of operations and provided they have at least three (03) months of exercise.

Otherwise, they will not be admitted to the scheme until 1<sup>st</sup> January of the second year of their business.

Moreover, the new taxpayers are required to take a special statement of revenue (G No. 12) and discharge, Quarterly and so

spontaneous, the amount of the IFU due under the revenue actually realized business.

Finally, new taxpayers can opt for taxation according to the real profit regime, when subscribing to the declaration of existence.

- ***The reintroduction of the claims submission deadline on the assessment of turnover of taxpayers placed under IFU (Art 62 LF 2020 -.. Article 72 of the CPF)***

The Finance Act 2020 has reintroduced the deadline for submission of claims relating to the evaluation of the turnover of taxpayers placed under the IFU's regime set at six (06) months from the date of notification final of the notice of assessment.

- ***The revision of the terms of payment of IFU: (Art 11 LF 2020 - Art. 365 of CIDTA.)***

Taxpayers subject to the IFU must pay the tax due to the tax authorities as follows:

- Total payment of IFU, corresponding to revenues arrested between 1<sup>st</sup> and July 31 of each year;
- Payment split IFU by paying between 1<sup>st</sup> and 31 July, 50% of the single flat tax (IFU).

For the remaining 50%, the payment is made in two equal installments of 1<sup>st</sup> to 15 September and from 1 to 15 December.

When the payment deadline falls on a legal holiday, the payment is postponed to the following working day.

If the turnover exceeds 20% of sales stopped, the additional tax to be paid back in support of the annual statement of revenue (G No. 12).

When the tax authority is in possession of elements décelant reporting deficiencies, it can rectify the bases adopted in accordance with the procedure under Article 19 of the CPF.

Adjustments and operated, are established by assessment with application of tax penalties for failure declaration, under Article 282 of undecies CIDTA.

Taxpayers who achieved a turnover exceeding the tax threshold to IFU, at the end of the year following that of this threshold is exceeded, are paid to the real profit regime. ( **Art. 8 LF 2020 - Art. 282 quater of CIDTA**)

Where a taxpayer simultaneously operates in the same locality or in different localities, several institutions, shops, stores, workshops, each is considered a separate operating company doing in all cases subject to taxation. ( **Art. 8 LF 2020 - Art. 282 quinquès**)



- **The elimination of the minimum tax under the IFU. (S 8 and 12 LF 2020 - art Octies 282 and 365a of CIDTA)**
- **The abolition of the exemption of the IRG, the distributions made to shareholders or holders of shares of the companies under the single flat tax. (Art 5 LF 2020 - Art. 107a of CIDTA)**
- **The creation in Title II of the third part of a CIDTA Section 7 "Income Tax surcharges and fines" (Art 9 and 10 LF 2020 - nonies sections 282, 282 decies, 282 and 282 undecies duodecies)**

**at) Supplements for reporting delay for taxpayers who have not signed their annual returns (G No. 12) after expiry of the period as follows:**

- 10% if the delay does not exceed one (01) months;
- 15% if the delay exceeds one (01) months but not exceeding two (02) months.
- 20% when the delay exceeds two (2) months. ( **Art. 282 nonies of CIDTA**)

At the expiration of two (02) months, the taxpayer is taxed automatically, accompanied by a 25% increase, after being given notice by registered letter with acknowledgment of producing a within thirty (30) days.

However, if the return is filed within thirty (30) days mentioned above, the increase is reduced to 20%. ( **Art. 282 decies CIDTA**)

**b) Supplements for inadequate reporting or event maneuvers fraudulent:**

The reporting deficiencies, inaccuracies or cases of fraud, subject to adjustment by the administration, are subject to the penalties provided for in Article 193 of CIDTA. ( **Art. 282 undecies of CIDTA**).

**vs) Fines for failure to keeping purchases and sales records**

Failure to record keeping, specified in Article I of the Tax Procedure Code, entails the application of a fine of ten thousand dinars (10.000 DA). ( **Art 282 duodecies of CIDTA**).

2- Reintroduction of the regime of controlled declaration for the benefit of persons engaged in non commercial professions (Art 2, 3 and 4 and 17 LF 2020)

Section 2 of the Finance Act 2020 created the items 22 to 29 in the direct tax code and taxes assimilated (CIDTA) in order to set up a specific tax regime in favor of carrying on activities liberal.

Indeed, taxpayers who receive non-commercial or similar benefits are, regarding the method for determining the profit to retain in tax bases on total income (IRG), subject to the rules **Controlled statement of net income**.

- **Definition of Non-commercial profits:**

Non-commercial profits are the profits of the professions, and from offices whose holders do not have to be traders and all occupations, lucrative farms and sources of profits that are not linked to another category of profits or revenues .

These benefits also include:

- based revenues collected by authors writers or composers and their heirs or legatees;
- The products produced by the inventors under either the grant of operating licenses of their patents, or the sale or concession of trademarks, manufacturing processes or formulas.

- **Determining taxable profit to WRI**

The profit to be considered in the base of the IRG is formed by the excess of total revenue over expenses necessitated by the practice of the profession, subject to the provisions of Articles 141 and 169 of CIDTA.

In addition, the taxable income to the IRG into account gains or losses from the realization of active elements used in the practice of the profession and any benefits received in return for the cessation of the performance of the professional or transfer of a customer.

It also reflects the net capital gains realized during the transfer for consideration of securities and corporate rights.

Deductible expenses include:

- The rent of the business premises;
- The taxes and professional taxes borne definitively by the taxpayer;

- Depreciation performed according to the rules applicable in respect of income from industrial and commercial activities.

In cases licensing of exploitation of a patent or disposal of a manufacturing process or formula by the inventor himself, it is applied on the revenue or the sale price abatement 30% to reflect the costs incurred for the implementation of the invention, when the actual costs have not been deductible for the establishment of tax.

Not included in the base of the IRG, the amounts collected as fees, fees, copyright and inventors in respect of literary, scientific, artistic or cinematographic, by artists, writers, composers and inventors.

- ***Obligations of taxpayers subject to the regime of controlled declaration:***

Taxpayers subject to the regime of controlled declaration are required to take, **later April 30th each year, a special declaration stating the amount of their exact net profit, supported by the necessary justifications.**

They must keep a log book, and initialed by the manager service and served daily, with no white or deletions, which recounts the details of their income and business expenses.

They must, in addition, hold a supported paper vouchers corresponding, with the date of acquisition or creation and the cost of the affected items in the exercise of their profession, the amount of depreciation taken on these items, and the price and the date of disposal of such items.

They must keep records and all supporting documents until the end of the tenth year following the recording of revenues and expenses. These records must be produced at the request of a tax officer not below the rank of inspector.

### 3- Revision of the device governing the declaration of transfer funds abroad (Art.23 LF 2020 - Art 182b of CIDTA.)

The Finance Act 2020 has redesigned the device governing the modalities for establishing the fund transfer certificates in order to clarify that:

- the sums involved in the delivery of funds abroad transfer certificate are those undergoing or enjoying tax exemption or reduction under the Algerian tax law or conventional tax provisions.

For this purpose, only the amounts relating to commercial transactions (imports of services, works ...) or resulting from economic transactions (transfer of dividends, liquidation bonuses ...) are affected by this legal requirement.

Are, therefore, excluded other transfers such as the cost of treatment abroad, scholarships for training abroad, registration fees for seminars ... etc;

- the certificate issued by the tax authorities is a document that is not a tax clearance. Taxpayers affected are likely to be subject to control and stabilize post under the control actions statutory tax services.

#### 4- Establishment of a new rate of VAT 0% (Art 42 LF 2020-23 bis CTCA)

In order to simplify the management of procurement of goods and services benefiting from the VAT exemption for both the tax authorities and taxpayers, the Finance Act 2020 introduced in the tax code on turnover a new VAT rate of 0%.

This rate applies to products acquisitions, goods and services benefiting from relief or exemption from VAT made by companies under the Major Companies.

This measure takes effect as of April 1, 2020, for companies under the Major Companies and will be extended to the whole country as of January 1, 2021.

The implementation of this provision shall be effected through the dematerialization of exchanges between administrations and entities, electronic data on goods and services purchased duty or exempt, through the adaptation of Identification Number fiscal (NIF) and, replacing the exemption certificates and VAT exemption.

Finally, it should be noted that the institution of this new rate will not generate new tax obligations to the taxpayers concerned.

#### 5- Fixing the period of limitation of claims credit

VAT for taxpayers partial, no later than April 30 of the year following the year of the credit Constitution (Art.46 LF 2020 - Art 50a of CTCA.)

The Finance Act 2020 has set the deadline for the application of VAT refunds for taxpayers partial no later than April 30 and this, as well as the subscription period for the annual statement of results.

Indeed, the real situation on VAT can not be known until the end of the year since the final proportion is determined according to the actual operations carried out.

The final proportion shall be communicated to the department administering tax file no later than March 25 of the year following that of the transactions. Therefore, the time for filing the refund request coincides henceforth from 1<sup>st</sup> January 2020, with the underwriting of the annual declaration of results, ie by 30 April.

#### 6 Alignment of the filing date of the declaration of income and property

centralization of related declarations at the structure to which the taxpayer (Art.14 LF 2020 - Art. 42-3 of CIDTA)

As part of the continued action of harmonizing deadlines for subscription of tax returns, the Finance Act 2020 has set the filing date of the declaration of land revenue **later than 20 months after the receipt of the rent** and that, as of the date of filing of all periodic tax returns (monthly or quarterly).

For this purpose, the amount of tax due is paid to the tax office to which the taxpayer no later than 20 months after the receipt of the rent.

Otherwise the term agreed in the contract, the tax on the rent is due on the 20th of each month. This applies even if the operator or occupant does not pay the rent.

Moreover, the tax on rents received in advance is due the 20th of the month following the month of their receipt.

Finally, and in order to simplify and cut red tape, the Finance Act 2020 has centralized all statements at the CDI or CPI, as appropriate, including with regard to land revenues that are currently reported the location of the property.

#### 7- Harmonization of deadlines for payment of the liquidation balance under

IRG and IBS and authorization against taxpayers who change their place of establishment, to pay subsequent installments at the new connecting structure (Art.28 and 29 LF 2020-355 and 356 CIDTA )

To meet the requirements of information "JIBAYATIC" system first, and harmonize the deadlines for payment of the balance of the other winding, the Finance Law for 2020 set a single deadline for settlement of the liquidation balance under IRG and IBS, namely, at the latest, the 20th of the month following the closing date of the annual return.

Furthermore and in order to bring the taxpayer to the administration and to simplify the procedures of assessment and collection, the Finance Act 2020

allowed taxpayers who change their place of establishment, to pay subsequent installments to the tax collector of the new structure which they belong instead of the one authorized to receive the first installment.

#### 8- Alignment of IBS liquidation balance payment period for

Taxpayers under the DGE to that laid down in Article 356 of CIDTA (Art.63 LF 2020 - Art 164 of the CPF.);

The Finance Act 2020 amended the provisions of Article 164 of the CPF in order to fix the deadline for payment of the IBS liquidation balance for taxpayers under the DGE, no later than 20 months following the date of the presentation of the annual declaration and that, just as that provided for in Article 356 of CIDTA.

The balance payment is done through opinion-deposit slip (series GN ° 50).

It should be recalled that before the 1<sup>st</sup> January 2020, the liquidation balance was declared and paid on or before the day of delivery of the annual statement (series GN 4).

#### 9- Removing provisions on the separation of the act of declaration of rights spot than their liquidation (Art 48 LF 2020 - Art 76 of CTCA.)

The Finance Act 2020 has restored the old provisions of Article 76-1 of the CTCA, which provided the concurrence of the declaration and payment of VAT on the G50 declaration which acts at the same time, declaration and slip remittance advice.

Indeed, the old provisions were intended, simplification and the easing of the tax system, the dissociation of the act of declaration of rights of the cash liquidation and that, in order to adapt the legal framework governing tax practice the operational requirements of the solution for the new system Information "Jibaya'tic".

Also, this provision focuses on the return to strict compliance with reporting obligations and payment to the effect of preventing the one hand, the risk of loss of tax revenue, and allow the other hand, the accounting to devote recovery roles and hence parties may perform their tax after shipments or their flow rates by means of bonds or

Submissions condoned two, three or four months to maturity (existing system with regard to payment of VAT)  
cf. art 81 CTCA.

## V MEASURES OF NATIONAL SOLIDARITY

### 1- Redevelopment of taxation arrangements to heritage (Art.26 and 27 LF 2020)

In order to ensure a better distribution of the tax burden between citizens, the provisions of Article 26 and 27 of the Finance Act 2020 have made the redevelopment tax on wealth.

These are the following changes:

- **Liability mandatory tax assets of below items:**
  - the household furniture;
  - jewelry and precious stones, gold and precious metals;
  - other tangible property including:
    - receivables, deposits and guarantees;
    - insurance contracts in the event of death;
    - annuities.
  
- **Replacement rates of wealth tax by a single price:**

The tax rate on the assets is set at a rate of one per thousand (1 ‰) on goods worth over 100 million DA

- **Obligation of the annual subscription of the declaration Heritage:**

Taxpayers must subscribe annually at the latest on 31 March, a statement of their property to the tax inspection of their home.

The declaration by the indebted raised must be accompanied by payment of the tax due, based on the expected rate above. The back of the statement in lieu of note remittance advice.

The subscription default tax reporting on the assets within the period provided for in Article 281 *undecies*, results in an automatic taxation with application of a fine equal to twice the due rights. The automatic taxation procedure is applicable only if the taxpayer has not remedied within thirty (30) days of notification of a first warning.

- **Excluding tax scope Heritage property:**
  - inheritance liquidation proceedings;
  - constituting the main housing.
  
- **Breakdown of tax revenue on property as follows:**
  - 70%, the state budget;
  - 30% to municipal budgets.

**2- Exemption from VAT and customs duties, medical equipment and paramedic, introduced temporarily by staff of the medical profession, for the needs of surgical procedures, as voluntary activities in the southern regions (Article 113 LF 2020);**

With the aim to ensure better medical care of patients in the southern region, the provisions of section 113 of the Finance Act 2020 granted exemption on customs duties and tax added value for the medical equipment temporarily introduced in Algeria, including consumables and medicines, with a staff of medical non-resident for the purposes of surgeries performed as a volunteer in the southern regions.

The staff of the medical non-resident as well as medical equipment, consumables and medicines eligible for this exemption are defined by a ministerial order of the Minister of Finance and the Minister of Health.

**3- Rehabilitation, 1 to 2%, the rate of the solidarity levy applicable on the imports goods released for consumption in Algeria. and revenue from it to the CNR (Art 105 LF 2020.);**

In order to further reduce the deficit of the National Pension (CNR), the provisions of Article 105 of the 2020 Finance Act has raised the rate of the solidarity levy applicable on imports of goods for home use in Algeria of 1 to 2%, affected in favor of CNR.



## VI ENVIRONMENTAL PROTECTION AND ENERGY EFFICIENCY

### 1- Redevelopment of the energy efficiency tax (Art 64 LF 2020.);

The provisions of section 64 of the Finance Act 2020 introduced changes to the energy efficiency tax, in order to predict:

- redevelopment of progressive tax rates applicable and proportional to the energy efficiency tax as follows:

#### **Progressive rates:**

- **Locally made products:**

<b>Rate of has tax efficiency ed nergétique by class Energy E A ++, A + and A</b>			
	<b>B</b>	<b>vs</b>	<b>D to G</b>
5%	10%	15%	30%

- **Imports:**

<b>Rate of tax effi énergétique u By class ener ciency A ++, A + and A</b>			
	<b>B</b>	<b>VS</b>	<b>D to G</b>
5%	20%	30%	40%

#### **Rate proportional:**

The products run on electricity subject to specific rules for energy efficiency and do not have regulations on the classification and labeling energy are subject to the energy tax rate to fixed:

- 15% for the products manufactured locally.
- 30% for imports.

A deletion of the reference to the text of regulatory implementation of Article 71 of the Finance Act, 2017.

An application of the maximum tax rate set at 30% for local products and 40% for products imported for any offense concerning the rules for energy classification. Also, this offense she exposes offenders to pay a

fine equal to twice the value of the imported product or of the product produced locally.

## 2- Establishment of an annual tax on motor vehicles and machinery

wheelchair due to the occasion of signing the insurance contract by the owner of the vehicle or rolling machine. (Art 84 LF 2020.);

In the dual purpose holding one hand to protect the environment and therefore to fight against its harmful effects on public health and secondly, to generate additional resources to ensure a better distribution of resources, the provisions of section 84 of the Finance Act 2020 instituted a new annual tax on motor vehicles and moving machines. It is due to the occasion of signing the insurance contract by the owner of the vehicle or rolling machine. This fee covers a full twelve year (12) months; whatever the validity of the insurance contract.

The rates of this tax are fixed as follows:

- 1500 AD, for passenger vehicles.
- 3000 AD, for other vehicles and moving machines.

The amount of this fee does not include the tax base of value added tax (VAT). It is collected by insurers.

The proceeds of this tax is allocated as follows:

- 70% in favor of the State Budget;
- 30% in favor of the Solidarity Fund and Local Government Guarantee.

The implementation modalities of this tax are defined by regulation.

## 3- Raising prices and revision of taxes of product allocations environmental (Art. 88-94 LF 2020) :

At the same goal of protecting the environment and strengthening the general tax resources of the state budget, the provisions of sections 88 to 94 of the Finance Act 2020 predicted the increase in the amount of certain environmental taxes and the change in their distribution rates.

These are the following:

- ***Raising the amount of tax on polluting or dangerous activities for the environment and change its rate distribution (Art 88 LF 2020.)***

The amount of the annual fee is set as follows:

- 360.000 DA for classified facilities including an activity, at least, is subject to authorization by the Minister for Environment, as provided by the regulations applicable to facilities classified for the protection of the environment, including the Executive Decree No. 06-198 of 31 May 2006 defining the regulations applicable to establishments classified for the environment ;
- 270.000 DA for classified facilities including an activity, at least, is subject to authorization of the Wali with territorial jurisdiction as provided by the regulations applicable to establishments classified for environmental protection, including the Executive Decree No. 06 -198 May 31, 2006 defining the regulations applicable to establishments classified for environmental protection;
- 60,000 AD, for classified facilities including an activity, at least, is subject to authorization of the president of the municipal people's congress territorial jurisdiction, as provided by regulations for classified establishments for the protection of the environment, including Executive Decree No. 06-198 of 31 May 2006 defining the regulations applicable to establishments classified for environmental protection;
- 27,000 AD, for classified facilities including an activity, at least, must be advised as provided by the regulations applicable to establishments classified for environmental protection, including the Executive Decree No. 06-198 of May 31, 2006 defining the regulations applicable to establishments classified for environmental protection;

For installations not using more than two (02) persons, the amount of the basic fee shall be as follows:

- 68,000 AD, for classified facilities subject to authorization from the Minister for the Environment;
- 50,000 DA for classified installations subject to authorization by the wali territorial jurisdiction;
- 9000 AD, for classified facilities subject to authorization of the president of the municipal people's congress territorial jurisdiction;
- 6000 AD, for classified facilities subject to declaration.

The proceeds of this tax is allocated as follows:

- 50% in the state budget;
- 50% National Environmental Fund and the coastline.
  
- ***Raising the amount of the tax incentive to destocking of industrial waste and changing its distribution rate (Art 89 LF 2020.)***

The new rate of tax incentive to destocking of industrial waste is set at 30,000 dinars per ton of stored industrial waste and / or hazardous.

The proceeds of this tax is allocated as follows:

- 46% to the state budget;
- 38% National Environmental Fund and the coast;
- 16% to the municipalities.
  
- ***Raising the amount of the tax incentive to destocking of waste from care activities of hospitals and clinics (Art 90 LF 2020.)***

The new amount of the fee is set at 60,000 DA / tonne.

The proceeds of this tax is allocated as follows:

- 50% National Environmental Fund and the coast;
- 30% in the state budget;
- 20% to municipalities
  
- ***Redevelopment distribution rate of the additional tax on air pollution from industrial sources (Art. 91 LF 2020)***

The new distribution of the amount of revenue from this tax is as follows:

- 50% in the state budget;
- 33% National Environmental Fund and the coast;
- 17% to the municipalities.
  
- ***Redevelopment distribution rate of the additional tax on industrial waste water (Article 92 LF 2020.)***

The new distribution of the amount of revenue from this tax is as follows:

- 34% in the state budget;
- 34% in common;

- 16% National Environmental Fund and the coast;
  - 16% National Water Fund.
- ***Raising the basic amount of the tax on oils, lubricants and lubricating preparations and modification of its distribution rate (Art 93 LF 2020.)***

The new rate of tax is set at 37,000 dinars per tonne on oils, lubricants and lubricating preparations, imported or manufactured in the national territory and whose use generates waste oils.

The proceeds of this tax is allocated as follows:

- 42% in the state budget;
  - 34% to the communes for oils, lubricants and lubricating preparations manufactured on national territory and for the benefit of the solidarity fund and guarantee of local authorities, for oils, imported lubricants and lubricating preparations;
  - 24% to the National Environment Fund and the coastline.
- ***Raising the basic amount of the specific tax on imported plastic bags and / or locally produced (Article 94 LF 2020.)***

The new rate of fee is set at 200 DA per kilogram, on plastic bags imported and / or locally.

#### **4- Upward revision of tariffs for garbage collection fee household (TEOM) (Art. 25 LF 2020)**

In order to improve the services provided to citizens by common hygiene, health, safety and environmental protection, particularly regarding the garbage collection, the Finance Act for 2020 revised to increase the rates of collection tax household refuse (TEOM), as follows:

- Between 1500 AD and 2000 AD by local for residential use;
- Between 4,000 and 14,000 DA DA by local professional, commercial, craft or assimilated;
- Between 10,000 and 25,000 DA DA by landscaped lot for camping and caravans;
- Between 22,000 and 132,000 DA DA by local, industrial, commercial, craft or assimilated producing larger quantities of waste than those of the above categories.

## VI-MEASURES FOR THE PURPOSE OF DEVELOPMENT OF DIGITAL TECHNOLOGIES

### 1- Introduction of the court fee for registration apply to licenses nationality and criminal records and exemption from this tax certificates issued electronically. (Art.32 LF 2020)

The Finance Act 2020 has reintroduced the court fee on the registration certificate of nationality and criminal record, which was abolished by the Finance Act 2015 and the amount is set at 30 DA.

The new rates of this tax are fixed as follows:

- Certificate of nationality: 30 DA.
- Criminal Record: 30 DA.

Moreover, the nationality certificates and criminal records issued electronically are exempt from this tax.

### 2- Institution of legal anchorage allowing individuals and entities CDI and CPI to take their tax returns and pay the taxes they owe electronically (Art.65 LF 2020);

Following the gradual production start of the new features of the information system "jibaya'tic" at the tax offices and tax centers nearby, the provisions of section 65 of the Finance Act 2020 has provided the establishment of a legal anchor allowing individuals and entities of CDI and CPI to take their tax returns and pay the taxes they owe electronically.

However, these provisions will be implemented gradually up until the deployment of the total IT solution at said centers.