

**People's Democratic Republic of Algeria****Investor's Notebook****ANDI**[www.andi.dz](http://www.andi.dz)**National Agency of Investment Development**

Law relating  
to the promotion  
of investment



Measures for  
supporting  
investment



ANDI to  
support you



Investment funds



Responses to  
your questions








Notes

**Year 2017**

Algeria



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### **The Constitution Article on Investment**

" Art. 43. Paragraphs 1, 2 and 4: Freedom of investment and trade is recognized. It is applied within the framework of the law. The State is working to improve the business climate. It encourages, without discrimination, the companies development for the national economic development. The law prohibits monopoly and unfair competition. "







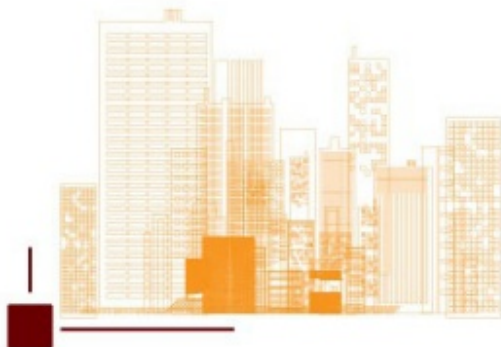
Algeria



Law relating to  
the promotion  
of investment

# LAW RELATING TO THE PROMOTION OF INVESTMENT

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**This document is a non-official translation of the Investment Promotion Law. It is intended only for the reading and comprehension facilitation in the English language and can not in any way serve as a basis for interpretation and / or legal claim.**

### **Law No. 16-09 of 29 Shawwal 1437 corresponding to August 3, 2016 relating to the promotion of investment**

The president of the Republic,

- Considering the Constitution, in particular Articles 43, 136, 138, 140 and 144;
- Considering Ordinance No. 75-58 of September 26th, 1975, amended and supplemented, on Civil Code;
- Considering Ordinance No. 75-59 of September 26th, 1975, amended and supplemented, on the Trade Code;
- Considering Ordinance No. 01-03 of Aouel Jumada Ethania 1422 corresponding to August 20th, 2001, amended and supplemented, on the development of the investment;
- Considering Ordinance No. 01-04 of Aouel Jumada Ethania 1422 corresponding to August 20th, 2001, amended and supplemented, on the organization, management and privatization of public economic enterprises;
- Considering Ordinance No. 03-11 of 27 Jumada Ethania 1424 corresponding to August 26th, 2003, amended and supplemented, on money and credit;
- Considering Ordinance No. 08-04 of Aouel Ramadhan 1429 corresponding to September 1st, 2008, amended and supplemented, establishing the terms and conditions of concession of land in the private domain of the State for the realization of investment projects;
- Considering Law No. 08-09 of 18 Safar 1429 corresponding to February 25th, 2008 on the code of civil and administrative procedure
- Considering Law No. 11-10 of 20 Rajab 1432 corresponding to June 22nd, 2011 on the municipality;
- Considering Law No. 12-07 of 28 Rabie El Aouel 1433 corresponding to February 21st, 2012 on the wilaya;
- Considering Law No. 13-08 of 27 Safar 1435 corresponding to December 30th, 2013 on finance law for 2014;
- Considering Law No. 15-18 of 18 Rabie El Aouel 1437 corresponding to December 30th, 2015 on finance law for 2016;

Further to the State Council opinion ;

Further to adoption by the Parliament;

Promulgates the law, the content of which is as follows:





## Chapter 1 SCOPE OF APPLICATION

**Article 1.** - This law is intended to set the scheme applicable to domestic and foreign investment in economic activities of goods production and services.

**Art. 2.** - It is understood by investment, within the meaning of this law:

1. Acquisitions of assets within the framework of creation of new activities, production capacity expansion and / or rehabilitation;
2. Investments in the capital of a company.

**Art. 3.** - The investments referred to by the provisions of this law, are made in compliance with laws and regulations, including those relating to environment protection, to regulated activities and professions and, in general, to the exercise of economic activities.

**Art. 4.** - To benefit from the advantages provided for by the provisions of this law, investments must be, prior to their implementation, subject to registration at the National Investment Development Agency referred to in Article 26 below.

Investment registration shall fixed by regulatory way.

## Chapter 2 THE ADVANTAGES

### Section 1 General provisions

**Art. 5.** - investments that benefit from the provisions of this chapter are new creation, production capacity expansion and/ or rehabilitation on activities and goods that are not subject to exclusion from advantages.

The lists of activities of goods and services excluded from advantages here below, referred to as the "negative list", are set by regulatory way.

In case of exercise of a mixed activity or many activities, only those eligible are qualified for the advantages of this law. The beneficiary holds for this purpose, an accounting allowing the isolation of the figures that corresponds to eligible activities.

The types of investments mentioned in paragraph 1 above, the modalities for applying the advantages to capacity expansion investments in production and / or rehabilitation and the thresholds





amounts required for investments other than creation, in order to benefit from advantages, are fixed by regulatory way.

**Art. 6.** - Are considered as investments within the meaning of Article 2 above, and eligible for benefits, goods, including those that are renovated, which constitute external contributions in kind, within the scope of activities of delocalization operations from abroad. The goods referred to in paragraph 1 above, are cleared by without the formalities of foreign trade and bank domiciliation. Also considered as investment eligible for benefits, goods that are subject to an exercise of purchase option by the lessee, within the framework of international leasing, provided that these goods are introduced, on national territory, in new condition. The modalities of application of this Article will be fixed by regulatory way.

**Art. 7.** - The advantages provided by this law include:

- Common advantages to all eligible investments;
- Additional advantages for privileged activities and / or activities generating employment;
- Exceptional advantages for investments of particular interest to the national economy.

**Art. 8.** - Notwithstanding the provisions of Ordinance No. 08-04 of Aouel Ramadhan 1429 corresponding to September 1st , 2008, as amended and supplemented, mentioned above, and subject to the special provisions for investments, referred to in Articles 14 and 17 below, investments registered in accordance with Article 4 above, which are not on the negative list, benefit automatically, from advantages for the realization provided by this law. Registration is done trough a by a certificate, issued forthwith, allowing the investor to claim at all the concerned administrations and agencies, the advantages to which he qualifies under the provisions of section 4 above . The modalities of application of this Article will be fixed by regulatory way.

**Art. 9.** - The real consumption of the advantages for the realization related to the investment is submitted to :

- The registration in the trade register;
- Possession of the taxpayer identification number;
- The actual tax system.

The implementing rules of this Article will, as necessary, be fixed by regulation.

**Art. 10.** - The benefit from advantages, granted for the operational period, provided by this law, takes place on the basis of a minutes of a statement of starting operation, established at the behest of



the investor, by the competent regional tax services.  
The modalities of application of this Article will be fixed by regulatory way.

**Art. 11.** - Any investor who considers himself aggrieved, in enjoying advantages, by an administration or a body, in charge for the implementation of this Law or being subject of a removal procedure or forfeiture, incurred under the provisions of Article 34 below, has a right of appeal, lodged at a commission whose composition, organization and operation are fixed by regulatory way, without prejudice to his rights of appeal to the competent jurisdiction.

## Section 2

### The common advantages to eligible investments

**Art. 12.** - In addition to fiscal, para-fiscal and customs incentives provided by the common law, the investments concerned by the advantages defined in Article 2 above, shall enjoy:

**1-** During the implementation phase: as referred to in Article 20 below, the following advantages:

- a- exemption from customs duties on imported goods, directly involved in the investment implementation;
- b- VAT exemption on goods and services, imported or acquired locally, directly involved in the investment implementation;
- c- exemption from the transfer tax, subject to payment, and land advertisement fees on all property acquisitions made as part of the investment concerned;
- d- exemption from registration fees, land advertisement tax and the state owned property remuneration on built and non built properties concessions, granted for the investment projects implementation. This benefit is applied for the minimum duration of the granted concession.
- e- Deduction of 90% on the annual rental fee amount set by the state property department for the investment implementation period;
- f- Exemption from land tax on real estate within the framework of the investment for a period of ten (10) years from the acquisition date;
- g- Exemption from registration duties on acts of corporations and capital increases.

**2-** During the operational phase: after the operation start up report, drawn up by the tax authorities at the behest of the investor, and for a period of three (3) years, the following advantages:

- a- Tax exemption on companies profits (IBS);
- b - Exemption from the tax on the turnover (TAP);
- c- 50% deduction on the annual rental fee amount set by the state property department .



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**Art. 13.** - Investments in localities, whose list shall be defined through regulatory way, within the South and Highlands regions and in any other area whose development requires special contribution of the State, benefit from:

**1.** During the implementation phase: in addition to the benefits mentioned in paragraph 1, subparagraphs a, b, c, d, f and g of Article 12 above:

a- partial or total support by the State, after the Agency's assessment, of expenditures concerning infrastructure works needed to the implementation of investment;

The modalities of application of the above subparagraphs (a), are fixed by regulatory way.

b- Reduction of the annual rental fee amount set by the state property department, on the land concession, for the investment projects implementation:

- To the symbolic dinar per square meter (m<sup>2</sup>) for a period of ten (10) years and 50% of the annual rental fee amount beyond this period for investments located in localities within the Highlands and other areas whose development requires special contribution of the State;

- To the symbolic dinar per square meter (m<sup>2</sup>) for a period of fifteen (15) years and 50% of the annual rental fee amount beyond this period for investment projects implemented in the regions of the South.

**2-** During the operational phase: the advantages provided in paragraph 2, subparagraphs a and b of Article 12 above, for a period of ten (10) years from the date of starting operation determined by an operation start up report, drawn up by the tax authorities, at the behest of the investor.

**Art. 14.** - Notwithstanding the provisions of Article 8 above, the granting of advantages to investments whose amount is equal to or exceeds five billion dinars (5,000,000,000 DA) is subject to the prior approval of the National Council the investment referred to in Article 18 of Ordinance No. 01-03 of Aouel Jumada Ethania 1422 corresponding to August 20th, 2001, as amended and supplemented, hereinabove.

The modalities of application of this Article will be fixed by regulatory way.

### Section 3

#### **Additional advantages for privileged activities and / or activities generating employment**

**Art. 15.** - The advantages specified in Articles 12 and 13 above are not exclusive to special tax and financial incentives, established





by the legislation in force in favor of tourism activities, industrial activities and agricultural activities.

The coexistence of advantages of the same kind established by the legislation in force, with those provided by this Law does not give rise to cumulative application of considered advantages. In this situation, the investor benefits from the most advantageous incentives.

**Art. 16.** - The duration of the operating advantages granted in favor of investments made outside the areas referred to in Article 13 above, is increased from three (3) to five (5) years when they give rise to the creation of more than one hundred (100) permanent jobs during the period from the investment registration date to the completion of the first year of the operation phase, at the latest. The modalities of application of this Article will be fixed by regulatory way.

## Section 4 Exceptional advantages

for the benefit of investments presenting a particular interest for the national economy.

**Art. 17.** - Investments that benefit from exceptional advantages, which are established by way of negotiated agreement between the investor and the agency acting on behalf of the state, are investments presenting a particular interest to the national economy.

The agreement is concluded by the agency after approval by the National Investment Council.

The qualification criteria of the investments referred to in paragraph 1 above, as well as the content and treatment procedures of exceptional advantages granting application file are fixed by regulatory way.

**Art. 18. - 1.** The exceptional advantages referred to in Article 17 above, may carry along:

a) an extension of the duration of the operational period advantages referred to in Article 12 above for a period of up to ten (10) years;

b) the granting, according to the legislation in force, of exemptions or reduction of customs duties, taxes, and any other imposition with fiscal character, granting of subsidies, aids or financial supports, as well as any facilitation measures likely to be granted, during the implementation period, for an agreed duration, pursuant to the provisions of Article 20 below.

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**2.** The national investment Council has the authority to grant, on terms fixed by regulatory way, and for a period not exceeding five (5) years, exemptions or reductions of duties and taxes including the added value tax applied on the price of produced goods within the scope of the emerging industrial activities.

Pursuant to the modalities that are fixed in Articles 43 and following the Code of taxes on the turnover, goods and materials, used in the production of goods benefiting from the tax exemption on the value added, benefit of duty free purchases scheme, according to the provisions of paragraph above.

**3.** The advantages of for the implementation period, provided in this article may, after approval of the National Investment Council, according to the terms and conditions fixed by regulatory way, be transferred to the contractors of the beneficiary investor, responsible for implementation of the investment, on behalf of the latter.

The modalities of setting the level and the nature of the advantages, provided by this Article shall be determined on the basis of an evaluation grid established by way of regulation.

**Art. 19.** - The advantages referred to in Article 18 above, are added to those that can be obtained, under Articles 12, 13, 15 and 16 above, in accordance with Article 8 above.

### Chapter 3 DURATION OF THE IMPLEMENTATION

**Art. 20.** - The investments referred to in Articles 1 and 2 above must be achieved within a duration, previously agreed with the agency. The duration of implementation starts to run from the date of registration, provided for in Article 4 above; it is focused on the registration certificate, referred to in Article 8 above.

The achievement duration may be extended according to the terms fixed by regulatory way.

### Chapter 4 GUARANTEES GRANTED TO INVESTMENTS

**Art. 21.** - Subject to any bilateral, regional and multilateral agreements signed by the Algerian State, foreign individuals and legal entities receive fair and equitable treatment as regards the rights and obligations attached to their investments.

**Art. 22.** - The impact of revisions or abrogation concerning this Law, which may occur in the future, do not apply to the investment made under the influence of this law, unless the investor specifically requests.



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**Art. 23.** - In addition to the rules governing the expropriation, the investments may not, except in cases provided by law, be subject to requisition through administrative way.

The requisition and expropriation lead to a just and fair compensation.

**Art. 24.** - Any dispute arising between the foreign investor and the Algerian state, resulting from the fact of the investor or from an action taken by the Algerian government against him, shall be submitted to Algerian courts territorially competent, unless bilateral or multilateral agreements signed by Algeria, on conciliation and arbitration or agreement with the investor, stipulating an arbitration clause enabling the parties to agree on an compromise by ad hoc arbitration.

**Art. 25.** - Investments made from contributions in the capital in cash, imported by the banking channel and denominated in a freely convertible currency, regularly quoted by the Bank of Algeria and transferred to the latter, the amount of which is equal to or higher than minimum thresholds, determined according to the overall cost of the project under rules fixed by regulatory way, benefit from the transfer guarantee of the invested capital and the income from it.

The reinvestment in a capital of profits and dividends, which are declared transferable in accordance with the laws and regulations, are admitted as external inputs.

The transfer of guarantee as well as the minimum thresholds referred to in paragraph 1 above, apply to contributions in kind, made according to the law, provided that they are of external origin and that they are subject to an assessment, in accordance with the rules and procedures governing the establishment of companies.

The transfer guarantee under paragraph 1 above also concerns the real net product from the sale and liquidation of foreign investment, even if the amount is greater than the capital initially invested.

## Chapter 5 ORGANS OF INVESTMENT

**Art. 26.** - The National Agency of Investment Development, known by abbreviation ANDI, created by Article 6 of Ordinance No. 01-03 of Aouel Jumada Ethania 1422 corresponding to August 20th, 2001, amended and supplemented, referred to above, is a public administrative institution endowed with a moral personality and financial autonomy, responsible, in coordination with relevant agencies and organizations, of:



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- The investment registration;
- The promotion of investment in Algeria and abroad;
- The promotion of local opportunities and potentials;
- The facilitation of business practice, monitoring of the incorporation of companies and implementation of projects;
- The assistance and guidance to investors;
- The information and awareness within the business community;
- The qualification of the projects referred to in Article 17 above, their assessment and the establishment of the Investment Agreement to be submitted to the approval of the National Investment Council;
- The contribution to the management, in accordance with the law, of the investment support expenses;
- The management of projects portfolio that are previous to this law and those referred to in Article 14 above.

The organization and functioning of the Agency are fixed through regulatory way.

The agency receives for the treatment of investment projects, both through its own services and the management centers listed below, a fee, the amount and terms of perception of which are set by regulation.

**Art. 27.** - It is created at the Agency, four (4) centers gathering all departments that are authorized to provide the necessary services for the creation of enterprises, their support, their development and the realization of projects :

- The advantages management center, in charge of managing, excluding those assigned to the agency, advantages and other incentives set up to investment, by the legislation in force;
- The formalities fulfillment center, in charge of providing services related to constitutive formalities of companies and implementation of projects;
- The Support center for the creation of companies in charge of assisting and supporting the creation and development of enterprises;
- The center of territorial Promotion, in charge for the promotion of opportunities and local potentialities. The decisions of the members of these centers are opposable to the administrations of their origin.

The powers, organization and functioning of these centers are fixed through regulatory way.

## Chapter 6 MISCELLANEOUS DISPOSITIONS

**Art. 28.** - In addition to the advantages provided for by the provisions of this Law, investments may benefit from aid and support provided by the Trust account No. 302-124 entitled "National Fund



for SME upgrading, investment support and promotion of industrial competitiveness. "

**Art. 29.** - The assets composing the technical capital, acquired during the period of advantages, for the purposes of the requirements of the activity exercise of the registered investment, may be subject of transfer, subject to authorization issued, as appropriate, by the agency or the territorially competent center of advantages management.

The purchaser is committed to the structure in question, quoted in paragraph above, to honor all obligations undertaken by the initial investor and having allowed the granting of those advantages, otherwise, these benefits are withdrawn.

However and under reserve of refund, as appropriate, of all or part of the advantages consumed, shall be subject to declaration at the agency or the territorially competent management center, sales of isolated assets.

Any sale without notification or permission is considered as misappropriation of privileged destination and liable to the penalties provided for the case, by the customs and tax legislation. The modalities of application of this Article shall be fixed through regulatory way.

**Art. 30.** - Notwithstanding the provisions of Article 29 above, the State has a right of preemption on any sale of shares or of social shares carried out by or for the benefit of foreigners.

The exercise of the preemptive right shall be fixed through regulatory way.

**Art. 31.** - It is an indirect sale of Algerian law company, sold at 10% or more, of shares or social shares of foreign company holding shares in the first mentioned.

The indirect sale of Algerian company which was granted benefits or facilities during the implantation period, gives rise to information of the Council of State Shareholdings.

The percentage mentioned above concerns the sale in one or more combined operations for the benefit of the same purchaser. The non-respect of the formality referred to in paragraph 2 above, or motivated objection, formulated by the Council of State Shareholdings, within a period of one (1) month from the receipt of the information on the sale, confers to the State a preemptive right on a proportion of the share capital, corresponding to that of transfer abroad, without exceeding the part of the transferee in the share capital of the Algerian law company.

The exercise modalities of the preemptive right shall be fixed through regulatory way.



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**Art. 32.** - Investments enjoying the advantages granted under this Act, are followed up during the period of exemption.

The following-up exercised by the agency is realized through guidance and assistance to investors as well as by collecting various statistical information on the progress of the project.

The investor is required to provide the agency with all the information, needed for the performance by the latter, of the following up task entrusted to the agency.

The modalities for collecting the project advancement information, the obligations for investors for the following up task and the penalties for failure to obligations in return for the granted advantages are fixed through regulatory way.

**Art. 33.** - For the following up, administrations and organizations involved in the implementation of the incentive system, provided by this Law, are responsible for ensuring, in accordance with their duties and during the legal period of depreciation of assets, acquired through the privileged tax regime, the proper fulfillment by the investor of his obligations for the granted advantages.

Notwithstanding the provisions of the paragraph above, and excluded the land granted in the private domain of the State, which obey their own rules, land and buildings acquired through privileged tax regime, are subject to the same following up operation, for a period corresponding to the longest period of amortization, for the other goods.

Goods imported or acquired locally, through the preferential tax regime, provided by this Law, shall, except for the non-transferability taking away, kept by the investor for a period fixed through regulatory way.

The modalities of application of this Article shall be fixed through regulatory way.

**Art. 34.** - In case of non-compliance with obligations arising under this Law or the commitments made by the investor, the advantages are withdrawn, without prejudice to the penalties provided by law. Investments falling under paragraph above are subject, as appropriate, of a decision of advantages withdrawal or revocation proceedings.

The modalities of application of this Article shall be fixed through regulatory way.

## Chapter 7

### TRANSITIONAL AND FINAL PROVISIONS

**Art. 35.** - Are maintained the rights, acquired by the investor, regarding the advantages and other rights he enjoys by virtue of the previous legislation to the present law, establishing incentives for investment.





Investments, benefiting from the advantages provided by the laws relating to the promotion and development of the investment, prior to this Law, and all subsequent texts, remain governed by the laws under which they were declared, until expiry of the duration of those benefits.

**Art. 36.** - While awaiting the establishment of the centers referred to in Article 27 above, the provisions of this Law and the effects induced by the transition period are supported by the decentralized one stop if the agency, established by Ordinance No. 01-03 Aouel of Jumada Ethania 1422 corresponding to August 20th, 2001, referred to above, as amended and supplemented, on the development of investment.

**Art. 37.** - Are abrogated the provisions of Ordinance No. 01-03 of Aouel Jumada Ethania 1422 corresponding to August 20th, 2001, amended and supplemented, on the development of the investment, except Articles 6, 18 and 22.

Are also abrogated article 55 of the Law No. 13-08 of 27 Safar 1435 corresponding to December 30th, 2013 on finance law for 2014.

**Art. 38.** - Notwithstanding the provisions of Article 35 above, the regulatory texts of Ordinance No. 01-03 of Aouel Jumada Ethania 1422 corresponding to August 20th, 2001, amended and supplemented, on the development of investment, remain in force until the promulgation of implementing regulations provided for by this law.

**Art. 39.** - This act will be published in the Official Journal of the Democratic Republic of Algeria.

Done at Algiers, 29 Shawwal 1437 corresponding to August 3rd , 2016.

**Abdelaziz BOUTEFLIKA.**







# MEASURES FOR SUPPORTING INVESTMENT

- 1- Measures for companies support
- 2- Measures in favour of sectors
- 3- Measures for the national production promotion





## 1. MEASURES FOR COMPANIES SUPPORT

### 1.1 Reduction of the wage and social security contributions

- Exemption from of the global contribution applied for any employer who engages training or professional development actions for his workers. The global contribution of social security is supported by the National Fund for unemployment insurance for up to three (3) months;
- An employer recruiting jobseekers enjoys from a 20% reduction of his social security contribution share for each job seeker recruited for a period equal to at least twelve (12) months;
- Support by the State of the employers' social security share set at 7% of the gross remuneration in favor of the employers and master craftsmen who recruit within the framework of the Assistance Plan to the professional integration (DAIP);
- Granting for three (3) years of a monthly subsidy of 100 DA, to any employer for each recruitment when the employment contract is concluded for an indefinite period;
- Support by the National Fund for unemployment insurance of the contribution differential resulting from reductions and the employment subsidy;
- State contribution to wages within the framework of an employment integration contract for the recruitment of young people being in insertion contracts, in public and private companies. The contribution is paid for three (3) years for graduates integration contracts, two (2) years for professional integration contracts and one (1) year for training - integration contracts;
- Reduction from the employers' social security contribution share for each jobseeker recruited, for employers who are up to date with their social security contributions and who recruit for a period of at least twelve (12) months, Jobseekers regularly registered with employment agencies, these allowances are progressive according to the north, highlands and south regions of the country;

The employer shall benefit from this reduction as long as the employment relationship is maintained, within a maximum of three (3) years. The contribution differential resulting from the reduction is supported by the State budget.

### 1.2 Taxes Relief and investment incentives.

- Reduction of 15% from the companies profits Tax (IBS) for SMEs located in the wilaya eligible for the highlands aid fund;



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- Reduction of 20% from the companies profits Tax IBS for SMEs located in the wilaya eligible for the south aid fund;
- Exemption from the Tax on the turnover (TAP) for transactions carried out between member companies under the same corporate group and the elimination of the deduction limitation allowed for expenses;
- Temporary Exemption from the companies profits Tax IBS for a period of five ( 05 ) years, from the activity start up for venture capital companies in order to develop these financial instruments for companies;
- Reduction of 50 % of the Total Income Tax (IRG) and the companies profits Tax (IBS) for the investments in the wilayas of Adrar, Illizi, Tindouf and Tamanrasset for a period of five ( 05 ) years;
- Rearrangement of the allowed reductions for determining taxable profits to the companies profits Tax (IBS);
- Customs Clearance authorization for renovated production lines;
- Temporary exemption from IBS or IRG and the TAP during five (5) years for investments in some industrial sector, and 3% reduction of interest rate applied to bank loans for f investments in certain industrial sector.

The industrial sectors eligible for these benefits are:

Steel and metallurgical industries, hydraulic binders, electric and household appliances, industrial chemicals and pharmaceuticals, mechanical and automotive, aeronautics, shipbuilding and repair, advanced technologies, agri-food industry, textiles and clothing, leather and derivatives, furniture industry.

- Customs duties, VAT and taxes having equivalent effect on R&D equipment locally purchased or imported, when these companies established a R&D department.

### 1.3 Tax burdens relief and incentives for export intended investment

- Customs duties and VAT exemption on imported goods intended to be processed for export;
- Customs duties exemption and duty free purchase of goods, acquired by the exporter, and which are intended to be re-exported or to be incorporated in the products manufacture, composition or packaging, intended for export as well as the services directly related to the export operation;

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- the Fund for the promotion of exports support of expenditure related to external markets surveys, participation in fairs and exhibitions, prospecting external markets, the transportation costs to the export of perishable products;

- IBS permanent exemption concerning exports operation generating currencies, namely:

- sale transactions and services intended for the export.

These exemptions are granted in proportion to the turnover realized in currencies. To enjoy from these measures the companies must present to the competent tax authorities, a document attesting the payment of receipts in currencies to a bank established in Algeria;

- Customs duties exemption and duty free purchase of goods, which are intended to be incorporated in the products manufacture, composition or packaging, intended for export as well as the services directly related to the export operation.

#### 1.4. Incentives related to the financing aspect

- Granting of unpaid loans varying according to the cost of greenfield investment not exceeding:

- 25% of the investment total cost when it is less than or equal to two (2) million dinars;

- 20% of total cost of the investment when it is more than two (2) million dinars, less than or equal to five (5) million dinars;

- Granting of unpaid loans to 22% when the investments are implemented in specific areas or in the wilaya of the South and the Highlands;

- Granting of bank credit not exceeding 70% of the total investment;

- Eligibility of the bank loans on the bonus investment credit set up at :

- 75% of the debtor rate applied by banks and financial institutions for investments made in agriculture, water resources and fisheries;

- 50% of the debtor rate applied by banks and financial institutions for investments made in all other sectors when the investments of the unemployed person (s) promoter (s) are located in specific areas, or in the wilaya of the South and Highlands and the rate subsidies provided for here above shall be raised to 90% and to 75% of the debtor rate applied by banks and financial institutions.

The beneficiaries of credit support only the differential of non subsidized interest rates.



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- Granting a low interest rate of loans granted by banks to SMEs. Creation and activity expansion
  - Algiers - Oran and Annaba: 0.25%
  - Wilayas of the south and the highlands and 1.5%
  - Other wilayas: 1%
- the Treasury makes available for the state banks, a long-term financing for companies. The first granted allocation is about 100 billion DA;
- The maximum level of the financial guarantee provided by the Guarantee Fund for SMEs has increased from 50 to 250 million DA;
- Setting up of investments funds for wilayas, in charge of contributing in the SME's share capital;
- Reinforcement of the classical banking system for financing through the development of leasing for SMEs, SMLs and which provides a favorable environment with attractive tax benefits for equipment investment financing;
- Establishment of interbank companies of asset and debt recovery management. These mechanisms are intended to reduce disputes on debts and boost credit to investors;
- The Treasury Support, to the power bill for economic activities outside agriculture in the wilayas of the South with retroactive effect to January 1, 2008;
- interest rate subsidy for granted banks credits to:
  - 60% for investments in the various sectors of activity
  - 80% for investments in agriculture, water and fisheries
  - 80% for investments in specific areas and in the wilayas of the South and highlands (investments in various sectors of activity).
  - 95% for investments in specific areas and in the wilayas of the South and highlands (investments in the agricultural, hydraulic and fishing sectors);
- A National Investment Funds crowdfunding may be granted for Joint-stock companies, whose share capital is more than 100 million DA. The contribution can be up to 34% of the equity;
- Acquisitions of equipment carried out by lessors within the framework of a financial lease contract with a promoter enjoying advantages provided for by the investment Ordinance, benefit from Customs duties exemption on non excluded goods directly involved in the investment project implementation.



## 2. MEASURES IN FAVOUR OF SECTORS

### 2. 1- Measures in favour of agriculture

- Creation of an interest-free credit "RFIG" for the benefit of farmers and breeders;
- Establishment of an ETTAHADI investment credit granted by the BADR in the context of the creation of new agricultural and livestock farms on uncultivated agricultural land belonging to private property and the private domain of the State;
- Alignment of local prices of grain delivered to the CCLS on world markets;
- Support to the development of production and milk collection
- Support for the production of meat (ovine and caprine, poultry, equine, cameline);
- Reinforced support to certain tree crops (olive, palm cultivation (dates), fruit trees);
- VAT exemption of rent payments within the framework of the credit contracts relating to the lease agricultural equipment produced in Algeria;
- Exemption from VAT of the combine harvesters manufactured in Algeria;
- Submission to the reduced rate of VAT at 7%:
  - Insecticides, fungicides, nematicides and herbicides used in agriculture;
  - agricultural plastic films;
- The application of the 7% VAT rate reduced on raw materials and products used in the manufacture of poultry-farm feed, as well as broiler chicken and eggs for consumption.

### 2.2. Measures in favour of tourism

- The trust fund support for tourism promotion and quality activities, of expenditure related to tourism promotion and other expenditure for tourism investment projects;
- Regarding IBS, exemption for a period of 10 years for tourism companies established by Algerian or foreign investors other than tourism and travel agencies as well as mixed-economy companies operating in the tourism sector ;
- Regarding IRG, exemption for a period of 10 years for tourism





companies established by Algerian promoters, other than tourism and travel agencies as well as mixed-economy companies operating in the tourism sector;

- Permanent exemption of TAP for tourism, hotel and thermal activities;
- Application, until 31-12-2019, of the reduced rate of 7% VAT for services related to tourist, hotel and spa activities, classified tourist catering, travel and rental of tourist transport vehicles;
- Granting of an interest rate reduction applied on bank loans granted for the implementation of investment projects and the modernization of tourist and hotel establishments.

### 3. MEASURES FOR THE NATIONAL PRODUCTION PROMOTION

- To grant a preference margin of 25%.to the products of Algerian origin and / or to the Algerian law companies whose capital is mainly owned by domestic residents.







# ANDI TO SUPPORT YOU

ANDI to  
support you

- 1- ANDI to support you
- 2- Statute
- 3- The missions of ANDI
- 4- The local representations of the ANDI
- 5- Actions carried out by ANDI



Algeria



## 1. ANDI to support you

Set up in the framework of first generation reforms in Algeria during the nineties, the Agency in charge of the investment has experienced evolutions aiming at adapting to changes of economic and social situation of the country. Initially APSI, Agency of Promotion, Support and Following-up of Investment from 1993 to 2001, then ANDI, National Agency of Investment Development, this governmental institution aims at promoting, accompanying and facilitating the investment.

Transition from APSI to ANDI resulted in changes of institutional and regulatory frameworks:

- Setting up of National Council of Investment, body under the authority of the Prime Minister, in charge of strategies and priorities for development;
- Setting up of regional structures of the Agency which contribute, through collaboration with local actors, to regional development in order to facilitate and simplify the investment process;
- establishment of interdepartmental committee of appeal in charge of receiving and deciding on investors complaints;
- Clarifying the roles of different interveners in the investment process;
- review of the investment incentive scheme;
- simplification for obtaining advantages.

## 2. Statute

The national Agency of investment development is a state-owned institution with administrative character, endowed with legal entity and with financial autonomy. This agency is under tutorship of the Minister in charge of the investment promotion and its prerogative is to receive the investment projects, undertaken in the various economic sectors, apart those from the upstream sectors of hydrocarbons, which are managed by a specific program.

## 3. The missions of ANDI

- The registration of investments;
- The promotion of investment in Algeria and abroad;
- The promotion of opportunities and territorial potentialities;
- The facilitation of business practice, the following-up of companies' establishment and projects achievement;





- The assistance, support and accompaniment of investors;
- The information and awareness within the business community;
- The qualification of the projects, their assessment and the establishment of the Convention of investment to be submitted to the approval of the National Council of investment;
- The contribution to the management, in accordance with the legislation in force, of expenditures to support investment.

#### 4. The local representations of the ANDI

The local Representation of the ANDI is set up to provide an optimal fluidity of investment process and to be the unique interlocutor of the investors. In addition to the executives of ANDI, it gathers the representatives of organizations and administrations intervening in the administrative process of a company implementation, such as the National Center of the Trade Register, Customs, Taxes, social security, etc. There you can get information, advice and assistance for your project achievement, carry out the formalities relating to the trade register and register your project of investment for obtaining the advantages.

**The local representation of the ANDI** is organized in four (4) centers gathering all the departments and entitled to provide the necessary services for the establishment of companies, their support, and their development as well as to the achievement of the projects. These centers are divided as follows:

- the advantages management centre, in charge of managing the investment incentives provided for by the legislation in force, except those entrusted to the agency;
- The formalities fulfilment centre, in charge of providing services related to companies constitutive formalities and to the projects achievement;
- The support centre for companies establishment, in charge of assisting and supporting companies establishment and development;
- The territorial promotion centre, in charge of the promotion of opportunities and local potentialities.

Being strong thanks to proven experience and expertise in investment promotion, ANDI obtained a place within international networks of investment promotion agencies and keeps cooperating namely with its European, Arab and Asiatic counterparts:

## Algeria



- WAIPA, world Association of Investment Promotion Agencies (IPA) which gathers more than 150 IPA throughout the world;
- ANIMA, euro-Mediterranean networks of the south bank of the Mediterranean , and of which ANDI is a founder member;
- ANIMA Investment Network, Association created in succession to ANIMA networks and extended to other European countries;
- AFRIPANET association of African agencies of investment promotion since 2010;
- Conclusions of many bilateral agreements and conventions with IPA aiming at exchanging experience and good practices concerning investment promotion.

In order to provide services in accordance with international standards, ANDI cooperates with various international institutions and bodies such as:

- CNUCED for advice and expertise, investment matter in Algeria;
- ONUDI for training and improving the Agency's executives namely in matter of promotion technics;
- World Bank (Banque Mondiale) through its contribution to co-operation work concerning the climate of the business improvement in Algeria;
- OECD within the framework of the MENA OECD initiative on the competitiveness.

## 5. Actions carried out by ANDI

Since its reorganization in 2008, ANDI achieved various actions, regarding the investment promotion, facilitation and following-up, the most important of which are:

### 1. Regarding the facilitation aspect:

**a.** "the online advantages granting application", a service which allows the investor to achieve the procedure of advantages application and obtaining, without additional expenses and within an extremely short time. By the end of the reform of the year 2016, this procedure will give place to the procedure of investment registration.

**b.** The Partnership Portfolio: a business matchmaking service, for the purpose of facilitating contacts between domestic and foreign promoters, wishing to establish investment partnerships. This service works from the collection of projects offers registered on line by the project owner himself, and listed in a database which is accessible through the Agency website.





## 2. Regarding the investments promotion:

the activity of ANDI is characterized by its participation and/or organisation through its central and/or local structures, to many economic events, organized in Algeria and/or abroad; participation to emissions, debates, discussions on investment, with the media of the written press and audio-visuals organs, organizing meeting with many foreign delegations and ambassadors accredited in Algeria. ANDI has, as well, developed an interactive web site (which wins the MED-IT Award for 2013 "administration" category, amongst three finalists), promotional tools and means (documents about economic and legal information, which are edited in several languages, CD-ROM, etc.) and a short movie (investment opportunities, business climate in Algeria, program of Public investments for the period 2010-2014, the fiftieth anniversary of the independence, etc.).

## 3. Regarding the following-up aspect:

ANDI has conducted the first following-up survey about the investment projects submitted to the agency, since the setting up of APSI. An operation launched in 2008, for data collecting, validating and consolidating, on the achievement of investment projects submitted to the Agency and this, through in consultation with its tax and customs partners, with an aim to providing in upstream information on the investment incentive mechanism efficiency.

## 4. Regarding the information aspect: For this purpose ANDI designed:

- An information system of the investment projects, submitted to its services; system connecting the decentralized structure (today local Representations) with the Head office, through an internet connection;
- A digital archiving of the investment files;
- A periodic magazine of information ANDI NEWS;
- An interconnection of the administrations concerned by the investment.





# INVESTMENT FUNDS

- 1- National investment funds
- 2- Investment Funds of Wilaya

Investment funds





## 1. THE NATIONAL INVESTMENT FUND

This fund results from the Algerian Development Bank restructuring, in order to promote new instruments necessary to the State intervention for the development financing. This action comes within the framework of the reform process completion of the financial and banking sector initiated by the State.

The FNI is responsible for financing from its own resources the private and public sector companies implementation and development by prioritizing the "profitability" and "management" of risk aspects, without obscuring the general interest in relation with the Government policy.

The FNI intervenes, namely, on the financing from its own resources of investment projects, through:

### a. Long-term Direct loans :

They are intended to financing, on preferential terms, projects of any kind (creation, enhancement of the existing rehabilitation...) of public or private sector that meet the criteria of the NIF and participating in development goals.

The fund intervenes exclusively on long term (more than 5 years) in Sectors with high development potential.

This offer comes as a supplement to the possibilities of financing by debt available on the financial center. So, the Fund intervenes firstly in co-financing with other lenders in particular in big projects or in sectors less privileged by Commercial banks.

### b. Participations :

In particular, in the capital of the small and medium-sized enterprises of the national private sector which wish it, in the activities sectors in connection with its strategic orientations. The Fund's investment criteria for equity participation are:

To be eligible, a project must meet all economic criteria for investment and at least has a positive substantial impact on economic development .These equity participation are limited to a period agreed between both parties concerned and intended to contribute in:

- creation, expansion or rehabilitation Investments;
- Operations intending to increase capital of domestic private companies concerned also in view of the partnership conclusion with a foreign operator, in accordance with relevant legislative measures.

Participation levels are fixed to 34% depending on terms in conformity with the statutes of the Fund, and established by agreement negotiated between the two parties.





### c. Guarantees granting :

- **On external credits**, At the request of Algerian economic operators, to banks and foreign financial institutions that have granted them loans, at a commission rate of 1% per annum of loans outstanding and semi-annual payment terms.
- **Commercial guarantees** For the benefit of national operators, by order of banks of goods and services foreign suppliers within the framework of the project implementation in Algeria. They include :
  - Tender guarantee through tenders covering the bidder failure;
  - Advance payment guarantee on supplying or on works;
  - Performance bond guarantee.

The guarantees are issued at a rate of 1% per annum (0.25% per indivisible quarter).

The NIF's offer is intended to companies, organizations and promoters in the public and private sectors. Projects submitted to the NIF for funding must meet the Fund objectives and must provide economic, financial and technical benefits and not have a negative impact on the environment.

Eight sectors are already targeted:

- Industry and industrial subcontracting;
- Construction and public works;
- Information, telecommunications and technological innovation;
- Agriculture and agri-food industries;
- Transport and logistics;
- Tourism;
- Financial services;
- Renewable energies.

## 2. INVESTMENT FUNDS OF WILAYA

Pursuant to provisions of the article 100 of the Ordinance relating to the complementary finance law 2009, the government has established 48 investment funds for all wilayas and the management of which, on behalf of the State, was entrusted, under agreements signed with the Ministry of Finance, to three (03) investment companies already operational, and to the subsidiaries of the two banks currently being set up.



### A. Territorial representation :

EL DJAZAIR ISTITHMAR	SOFINACE	FINALEP	FILIALE BNA	FILIALE BEA
Alger	Batna	El Bayadh	Béchar	Bordj Bou Arreridj
Annaba	Bejaia	Sétif	Boumerdes	Chlef
Biskra	Blida	Sidi Bel Abbes	Bouira	Ghardaia
Constantine	Oran	Skikda	Ouargla	Msila
Khenchla	Oum El-Bouaghi	Tipaza	Mascara	Saida
Tlemcen	Tiaret	Tizi-Ouzou	Tamanrasset	Relizane
Souk Ahras	Ain Defla	Djelfa	Tindouf	Tissemsilt
El-Oued	Mila	Adrar	Illizi	EL Taref
Jijel	Laghouat	Ain Temouchent		
Naâma	Tébessa	Mostaganem		
Guelma				
Médéa				

### B. The main provisions governing these investment funds are :

1. Mission : Financing projects owned by young promoters through equity participation in the capital of the SME.

2. Financing of each fund : by revolving allocation of 01 billion DA on a special affectation account of the Treasury.

3. Maximum level of intervention : a 49% contribution in the SME  
Upper limit to 100 million dinars unless dispensation by the Ministry of Finance.

4. Forms of intervention : the equity participation can be made for the following cases:

- The risk capital for SME establishment;
- The development capital;
- The financing for shares restructuring, transfer and repurchase, held by another investment capital company with the aim of ensuring the sustainability of SMEs and to safeguard its jobs.

5. Eligible activities : Apart from the activities of trade and agriculture that are not eligible for this scheme, each investment company or bank will propose to the Ministry of Finance the activities to be supported.





6. Eligible legal forms of SME to be financed :

- SMEs having the Statutes of joint stock company "SPA";
- SMEs having the Statutes of Limited Liability Company "SARL".

7. Selection Criteria of financed projects :

- The project nature especially in terms of its technical feasibility and its market;
- The quality of the project business plan and financial profitability;
- The management quality;
- The contribution to the creation of employment;
- The contribution to regional economic development;
- The contribution in preserving the environment.

8. Monitoring of investments : The company of investment capital or the investment fund managing bank is obliged to have a representative in SME where it took a participation.

9. Reimbursement Fund : The exit from the investor capital in financed SMEs occurs 5 to 7 years from the date of acquisition.

Financial institution	Logo	Contacts details
El Djazair Istithmar		Head office: 45, Avenue des frères Abdesslami Kouba - Algiers, 4ème étage Tel: +213 (0)21 28 79 79 Fax: 021 28 79 79 Web site : <a href="http://www.eldjazair-istithmar.dz">www.eldjazair-istithmar.dz</a> E-mail : <a href="mailto:dg@eldjazair-istithmar.dz">dg@eldjazair-istithmar.dz</a>
SOFINANCES (Société Financière d'investissement, de participation et de placement)		Head office: 34, Avenue Mohamed Belkacemi Les Annassers - Algiers Tel : 021 47 66 00 à 03 Fax : 0 21 47 66 01 Web site : <a href="http://www.sofinance.dz">www.sofinance.dz</a> E-mail : <a href="mailto:info@sofinance.dz">info@sofinance.dz</a>
FINALEP SPA (Société Financière Algéro-Européenne de participation)		Head office: Route Nationale N° 11 villa Cheza - 16101 Slaoueli - Algiers Tel: 021 39 34 94 Fax: 021 39 20 20
BNA (Banque Nationale d'Algérie)		Head office: 8 Bd Emeslo Che Guevara - Algiers Tel : (021) 43 97 19 - (021) 43 95 40 (021) 43 99 98 Fax : (021) 43 94 94 Web site : <a href="http://www.bna.dz">www.bna.dz</a> E-mail : <a href="mailto:sec.dg@bna.dz">sec.dg@bna.dz</a>
BEA : (Banque Extérieure d'Algérie)		Head office: 48, Rue des Frères Bouadou Bir Mourad Rais - Algiers Tel : 023-56.92.99 / 34/33/36/39/40/41/99 023.56.93.10 Fax : 023 .56 .93.17 Web site : <a href="http://www.bea.dz">www.bea.dz</a>





# RESPONSES TO YOUR QUESTIONS

- 1- Establishment of a company in Algeria
- 2- Investment incentives and encouragement measures
- 3- Measures to protect investment



reponses to  
your questions



## INVEST IN ALGERIA: IT IS ENCOURAGED AND SUPPORTED

### 1- Establishment of a company in Algeria

#### Who can invest in Algeria ?

Any legal entity or natural person, resident or non resident.

#### What are the company's forms in Algeria?

Companies belonging to persons:

- Individual company;
- General partnership;
- Limited partnership;
- equity partnership.

Capital companies – minimum issued capital:

- Joint stock company: 1 000 000 Dinars;
- Limited liability company: unlimited;
- Single shareholder limited company: 100 000 Dinars;
- Partnership limited by shares: 1 000 000 Dinars.

#### What are constitutive procedures to establish a company?

company Setting up:

- Establishment of the company act in authentic form by a notary;
- Publication of memorandum of association in the official bulletin of legal advertisements;
- Registration in trade register within two months following the setting up of the company.

The trade register may be obtained within 24 hours on the basis of a file comprising the following documents:

A signed application, drawn up on forms provided by the Center of the Trade Register;

- The premises Proof, justifying its capacity to host a commercial activity;
- The receipt confirming the payment of stamp duty as provided by the law (4 000DA);
- The payment receipt of registration fees in the trade register, fixed by the legislation in force;
- A copy of the resident card for foreign people;
- The approval or authorization issued by the competent authorities for carrying out regulated activities;

For legal entities:





- A copy of the company statutes;
- A copy of the Company's statutes insertion notice in the Official Bulletin of Legal Announcements (BOAL).

*Investors will, soon, be able to fulfill the formalities for setting up their company through the online services of the Algerian portal of company setting up:*  
[www.jecreemonentreprise.dz](http://www.jecreemonentreprise.dz)

- Declaration of Existence

It must be made at the Inspectorate of Taxes territorially competent, within thirty (30) days from the beginning of the activity.

- Foreign trader card (if need be)

It is issued by services in charge of regulations of the territorially competent province. The application must be submitted, attached with the following documents:

- Copy of trade register of the legal entity established abroad;
- Copy of articles of association of the represented company, drawn up in authentic deed;
- Passport copy;
- Five (5) regulatory identity photos.

### **What are the basic principles of labour law?**

- Legal duration of work: full- time 40 hours per week, arranged according the employer's needs;
- Legal daily amplitude: 8 hours with one break hour including a half hour which is considered as working time;
- Guaranteed minimum wage: 18 000 DZD per month;
- Overtime pay: Increase of 50 % of the hourly wage with recovery of the day worked on a legal day of rest;
- Employment Contracts:
  - \* Open-ended contract;
  - \* Fixed term contract;
  - \* Contract of professional integration.

### **Is employment of foreigners authorised?**

Yes, subject to a work permit or authorisation.

### **What are the procedures concerning the employment of foreigners?**

#### **a. Procedure for obtaining work permit:**

An application is submitted to the concerned person's file is submitted by the employer to the National Agency of Employment

## Algeria



– Department of labour.  
The permit is generally given within two weeks.

**b. Procedure for obtaining resident's permit:**

An application is submitted to an administrative file is submitted to the territorially competent police station.

*Modalities of projects implementation  
initiated by foreign promoters.*

**What are the main rules governing foreign investment?**

- Investments initiated by foreign individuals or legal entities must be realized in partnership with one or several national resident investors, public or private, in which the Algerian partner must hold 51% of the partnership company capital.
- The indirect transfers (a transfer of 10% or more of shares, carried out in one or several operations cumulated for the benefit of a same purchaser) of Algerian law companies, having benefited from advantages during its implementation period, gives rise to inform the State shareholdings Council (CPE).

**Is the activities offshoring allowed and in which case does it give rise to the investment advantages granting ?**

Yes. activities offshoring is allowed.

Renovated old equipments imported under the conditions set by the regulations in force in the case of activities offshoring are eligible to the advantages, granted within the framework of investment incentives scheme. These goods are cleared, in exemption from the foreign trade and banking domiciliation formalities.

**How to find a partner for your investment project?**

The National Agency for Investment Development has developed a database called partnership portfolio. This portfolio is intended to collect investment projects, the promoters of which are looking for partners.

Operators wishing to register in this database may submit a description of their projects, as well as their expectations, in terms of partnership, according to the Project Sheet available to them in the web site of the Agency "[www.andi.dz](http://www.andi.dz)" at the "Partnership portfolio" section. The Agency, after treatment of this information will proceed to a restricted dissemination of some information and ensuring the confidentiality of the other.

The promoters may also consult the projects already registered by clicking on the second part of this section.





Registration to the partnership Portfolio is free.

## **The land related to investment :**

### **What are the categories of lands intended for investment?**

The lands availability for investment is present on two markets:

- the private market including land or property belonging to private owners and they are acquired on the land open market;
- the Institutional market regarding land in the private domain of the State, and is governed by the provisions of Ordinance 08-04 of September 1st, 2008, modified and completed, fixing the conditions and modalities for land concession in the private domain of the State for the investment projects implementation.

50 industrial parks spread out over 39 Wilayas will be made available to potential investors during the year 2017.

### **What are the bodies in charge of land management?**

- The concession is allocated to the investor on the Wali decision.

### **How a promoter can obtain land or other property to implement his investment?**

- Land assignment certificate : concession for 33 years, renewable twice;
- Assignment mode: By mutual agreement;
- Assignment modalities: concession allowed by a decision of the Wali, on the proposal of;
- Director of wilaya in charge of the investment, acting, whenever necessary, in relation with the directors of wilaya of the concerned sectors, for land in the State private domain, for the remaining assets of dissolved public enterprises, for the excess assets of public economic enterprises as well as for land within industrial and activity areas;
- The organism which manages the new town organization, for land located within the new town after approval of the Minister in charge from the town;
- The tourism development national agency for lands within a tourism expansion area and after the agreement of the Minister in charge of tourism;

Are excluded from this procedure:

- Agricultural land;
- Plots of land located within the mining perimeters;
- Plots of land located within hydrocarbons exploration and

## Algeria



exploitation perimeters and protection of electricity and gas structures perimeters;

- Plots of land for real estate and property promotion benefiting from state support;
- Plots of land located in the archaeological and cultural sites perimeters.

### **The financing of investment projects :**

#### **What are the possibilities for investment projects financing?**

The projects financing can be done through the private or public banks and financial institutions in Algeria, in number of 29.

There is, as well:

- An investment national fund, which participates up to 34% in the share capital of major projects;
- the investment funds of Wilayates, designed for SMEs financing, managed by five financial institutions throughout the country, which can participate up to 49% in share capital of SMEs.

The investor may also have recourse to institutions of financial guarantees such as CGCI the FGAR. The guarantee issued by the latter to banks and financial institutions in order to support the investment credits they grant to SMEs is similar to the State guarantee.

## **TO INVEST IN ALGERIA : THE MOST COMPETITIVE ADVANTAGES WHITIN THE REGION**

### **2- Investment incentives and encouragement measures**

#### **The tax system in Algeria :**

#### **What are the main taxes applied to companies within the framework of the common law?**

- Tax on the Companies Profits (IBS);
- Tax on the Total Income (IRG);
- Tax on the Professional Activity (TAP): tax on the turnover;
- Value Added Tax;
- Land Tax: Applied on the built and undeveloped properties, for residential, commercial or industrial use, according to a scale of calculation;
- Customs Duties;





## **What are the bodies involved in the advantages obtaining and the companies setting up support?**

### **What is ANDI?**

ANDI is a government agency in charge of the investment promotion in Algeria.

### **What is its role?**

Among the many missions of ANDI, we can mention those of:

- Promoting investment in Algeria;
- Registering investment requesting incentives;
- Assisting the investors in the implementation of investment projects.

### **What is the Investment National Council (CNI)?**

CNI is a board chaired by the Prime Minister and composed of various Ministers. This Board examines and decides namely about the advantages to be granted to investment projects according to their importance.

### **What are the projects that must be submitted to the Investment National Council?**

- Investment projects which exceed the amount of 5 000 000 000 dinars;
- The projects of national interest giving rise to an investment agreement.

### **Who takes benefits from advantages granted by investment promotion law?**

Any natural person or legal entity, resident or non-resident, wishing to set up a company of Algerian law, in an economic activity of producing goods or services that are not excluded.

The people having benefited from tax advantages, within the framework of different employment aids plans (ANSEJ, ANJEM and CNANC) may be eligible for investment encouragement system within the framework of ANDI after:

- . Expiration of the exemption period during the operational phase, granted within the framework of the employment aids plan;
- . Renunciation to benefits of the employment aids plan.



## **What are the activities that benefit from advantages related to investment encouragement plan?**

All economic activities of production of goods and services, except those excluded by the Law carried out within the framework of foreign and/or domestic investments.

## **Which types of investments are eligible to advantages?**

- Creation of new activity (Greenfield);
- Extension of production capacities by including supplementing investments;
- Rehabilitation.

## **Are the properties acquired in leasing, eligible to the advantages?**

Yes, properties being subjects of a taking up of the purchase option, by the lessee, within the framework of international leasing, are eligible to the advantages, provided that these goods are introduced as new, on the national territory.

## **What are the advantages granted by the investment promotion law?**

The investment projects may enjoy from tax and special taxation exemptions and reductions, depending on the project location, the carried out activity and the project impact on the economic and social development.

Three levels of advantages are provided:

- the common advantages to all eligible investments;
- the additional advantages to the privileged and/or jobs creating activities;
- the exceptional advantages to investments bringing a particular interest for the national economy.

## **Main granted advantages :**

**Level 1:** the common advantages to all eligible investments

### **A/ Projects implemented in the north**

a)- Implementation period:

a- exemption from customs duties on imported goods, directly involved in the investment implementation;

b- VAT exemption for goods and services, imported or acquired locally, directly involved in the investment implementation;

c- exemption from the transfer duty and land advertisement





fees on all property acquisitions made as part of the investment concerned;

d- Exemption from registration fees, land advertisement fees and the state owned property remuneration on built and non-built property, granted for the implementation of investment projects. This benefit is applied for the minimum duration of the granted concession;

e- Deduction of 90% on the annual rental fee amount, set by the service of domain for the investment implementation period;

f- Exemption from land tax on real estate within the framework of the investment for a period of ten (10) years from the acquisition date;

g- Exemption from registration duties on acts of corporations and capital increases.

b)- Exploitation period:

For a period of (3) years after the operation start up report, drawn up by the tax authorities at the behest of the investor:

a- Tax exemption on companies profits (IBS);

b - Exemption from the tax on the turnover (TAP);

c- 50% deduction on the annual rental fee amount set by the state property department.

**B/** Projects implemented in the South, the highlands and areas whose development requires a particular contribution de the State

a) Implementation period:

- Exemption from customs duties on imported goods directly involved in the investment implementation;

- VAT exemption on goods and services directly involved in the investment implementation, whether they are imported or purchased on the local market;

- exemption from transfer tax, subject to payment, on real estate acquisitions made within the framework of the investment;

- exemption from registration fees, land advertisement tax and the state owned property remuneration on built and non built properties concessions, granted for the investment projects implementation. This benefit is applied for the minimum duration of the granted concession;

- Exemption from land tax on real estate within the framework of the investment for a period of ten (10) years from the acquisition date;

- Exemption from registration duties on acts of corporations and capital increases;

- partial or total support by the State, after the Agency's assessment, of expenditures concerning infrastructure works needed to the implementation of investment;

## Algeria



- Reduction of the annual rental fee amount set by the state property department, on the land concession, for the investment projects implementation:

\* To the symbolic dinar per square meter (m<sup>2</sup>) for a period of ten (10) years and 50% of the annual rental fee amount beyond this period for investments located in localities within the Highlands and other areas whose development requires special contribution of the State;

\* To the symbolic dinar per square meter (m<sup>2</sup>) for a period of fifteen (15) years and 50% of the annual rental fee amount beyond this period for investment projects implemented in the regions of the South.

b- Exploitation period and for ten (10) years:

- Tax exemption on companies profits (IBS);

- Exemption from the tax on the turnover (TAP);

-50% deduction on the annual rental fee amount set by the state property department.

**Level 2:** additional advantages to the privileged and/or jobs creating activities

There are particular taxes and financial incentives introduced by the legislation in force, for tourist, industrial and agricultural activities, which can not be cumulated with the advantages of the Investment Promotion Law provisions. In this case the promoter benefits from the most advantageous incentive plan.

For investments, implemented out of areas to be promoted, and generating more than one hundred (100) permanent jobs, the duration of tax exemption during the exploitation period is five (5) years.

**Level 3:** exceptional advantages to investments bringing a particular interest for the national economy

a- Implementation period:

- All the common advantages for the implementation period;

- granting, according to the legislation in force, of exemptions or reduction of customs duties, taxes, and any other imposition with fiscal character, granting of subsidies, aids or financial supports, as well as any facilitation measures likely to be granted;

- Possibility, after the CNI agreement, of the implementation period advantages transfer from the investor to contracting parties, in charge of the investment implementation, for the investor.





b) exploitation period:

- extension for a period of up to ten (10) years, of the duration of the common advantages granted during the exploitation period;
- granting of the duty-free purchase scheme for goods and materials used in the production of goods benefiting from the value added tax exemption;
- Granting for a period not exceeding 5 years of exemptions or reductions of duties, taxes including VAT applied on the prices of goods produced within the framework of emerging industrial activities.

### **What are the areas to be developed?**

All the wilayates of the South, some wilayates of the highlands and some municipalities of some wilayates of the highlands, as follows.  
The South: Adrar, Biskra, Bechar, El Oued, Ghardaïa; Illizi; Laghouat; Ouargla, Tamanrasset, Tindouf.

The Highlands : Batna; Djelfa; El Bayadh; Khenchela; M'sila; Nâama; Saida; Tébessa; Tiaret.

The municipalities of the rest of the wilayate:

Bouira: Bordj Okhriss; Dechmia; Dirah; El hakimia; Hadjra Ezargua; Maamoura; Mezdour; Ridane; Sour El Ghozlane; Taguedite.

Bordj Bou Arreridj: Al yachir; Belimour; Bordj Bou Arreridj; El Ach; El Anaceur; El hamadia; El Ksour; Rabta.

Medea: Ain Boucif; Ain Ouksir; Aziz; Bouaichoune; Boughzoul; Chabounia; Chelalet El Adhaoura; Cheniguel; Derrag; Djouab; El Ouinet; Kef Lakhdar; Ksar El Boukhari; Meftah; Oum El Djallil; Ouled Maaref; Saneg; Sidi Damed; Sidi Zahar; Tafraout.

Mila: El Mechira; Oued Khalouf; Tadjenanet.

Oum El Bouaghi: Ain El Beida; Ain Zitoun; Behir Chergui; Berriche; Dhala; El belala; El Djazia; El Fajoudj Boughrara Saoudi; Fkirina; Meskiana; Oued Nini; Rahia; Zorg.

Setif: Ain Azel; Ain Lahdjar; Ain Oulmane; Beida Bordj; Boutaleb; El Oueldja; Hamma; Hammam Soukhna; Ouled Si Ahmed; Ouled Tebben; Rasfa; Salah Bey; Tella; Taya.

Sidi Bel Abbes: Ain Tidamine; Benachiba Chelia; Bir El Hammam; Chetouane Belaila; Dhaya; El Hacaiba; Hassi Dahou; Marhoum; Mcid; Merine; Mezaourou; Moulay Slissen; Oued Sbaa; Oued Sefioun; Oued Taourira; Ras El Ma; Redjem Demouche; Sidi Ali Ben Youb; Sidi Chaib; Tafissour; Taoudmout; Teghalimet; Telagh; Tenira. Souk Ahras: Bir Bouhouche; Drea; Mdaourouche; Oum El Adhaim; Oued Kebrit; Safel El Ouidane; Sidi Fredj; Terraghelet; Taoura.

Tlemcen: Ain Ghoraba; Ain Tallout; Azails; Béni Smiel; Béni Snous; Béni Bahdel; Béni Boussaid; El Aricha; El Bouihi; Elgor; Sebdou; Sidi Djilali.

## Algeria



Tissemsilt; Ammari; Bordj Emir Abdelkader; Khmisti; Layoune; Maacem; Ouled Bessem; Sidi Abed; Theniet El Had; Tissemsilt.

### **Is there any other advantages granted to investment by the regulation?**

Yes, in addition to the advantages instituted by the Law related to the Investment promotion, there are as well many advantages, applied within the framework of the common right, for various sector and activities.

### **Advantages granted for export activities :**

The main fiscal advantages granted to the exporting producers are:

- Direct Tax and Similar Taxes exemption;
- Tax on the turnover exemption;
- Companies profits tax exemption;
- Abolitions of the profits or income reinvestment condition, concerning sale transactions and services intended for the export
- These exemptions are granted in proportion to the turnover realized in currencies. To enjoy from these measures the companies must present to the competent tax authorities, a document attesting the payment of receipts in currencies to a bank established in Algeria;
- VAT exemption on exported goods;
- customs duties exemption and duty free purchase of goods, acquired locally or imported, and which are intended to be incorporated in the products manufacture, composition or packaging, intended for export as well as the services directly related to the export operation.

### **Can we combine the advantages of different support plans?**

The advantages granted by the law on investment promotion are not exclusive from special tax and financial incentives introduced by the legislation. However, in case of coexistence of advantages of the same nature, the investor benefits from the most advantageous incentives, without accumulation.

### **Procedure for obtaining advantages :**

#### **How to obtain the advantages?**

- Registration at the local representation of ANDI for investments whose amount is less than 5.000.000.000 DA;
- the CNI approval and then registration at the local representation





of the ANDI for investment;

- whose amount is greater than or equal to 5.000.000.000 DA;
- requesting the exceptional advantages;
- the advantages consumption during the implementation period and which are subject to:
- the registration in the trade register;
- the possession of the tax identification number;
- the real taxation system;
- the advantages consumption during the exploitation period and which are subject to the operation start up report, drawn up by the tax authorities at the behest of the investor.

## INVEST IN ALGERIA: GUARANTEES AND PROTECTIONS

### 3- Measures to protect investment

#### What are the conventions signed by Algeria on investment?

Algeria has signed 34 bilateral agreements on non-double taxation and 46 on reciprocal encouragement and protection of investments.

#### Is it possible to recourse to international arbitration in Algeria?

Yes. Algeria is member of New York Convention 1958 of International Center for Settlement of Investment Dispute between States and nationals of other States (ICSID) and United Nations Commission on International Trade Law (UNCITL).

#### What are the measures to protect foreign investment?

Foreign investment is protected through the membership of Algeria to various international conventions regarding guarantee and protection of investments, and the signing of several bilateral agreements on foreign investment, including 46 conventions on reciprocal encouragement and protection of investments.

- fair and equitable treatment as regards to the rights and obligations attached to investments made by foreign physical and legal persons;
- Intangibility of the acquired advantages in the case of the legal framework change;
- Protection of Industrial Property (trademarks, invention patents, designs and models, appellations of origin, diagrams of integrated circuits);
- Protection against administrative requisitions;
- Admission of profits and dividends declared transferable, as the external inputs, for reinvestment in capital;

## Algeria



- Possibility of capital and income transfer, according to the regulation in force;
- Possibility of the technical capital assets transfer, acquired during the advantages period.

### **Are capital transfers allowed?**

The investment code and the regulations of the Bank of Algeria No. 05-03 of June 06th, 2005, guarantee to foreign investors the right to transfer of dividends. This guarantee applies to the capital contributions in cash, in kind and the net products from the investments transfer and liquidation.

### **What are the transfer conditions?**

1. Capital contributions in cash shall be imported through the banking channel, in a freely convertible currency, regularly quoted by the Bank of Algeria. Their amount must be equal to or more than minimum thresholds, determined according to the overall project cost, in accordance with the regulations.

N.B : the reinvestment in capital, of profits and dividends that are declared transferable in accordance with the legislation and regulations in force, are admitted as external inputs.

Only dividends generated from economic activities goods and services production are eligible for transfer. Dividends arising from resale activity are not, unless significant investments are made.

2. The contributions in kind must be of external origin and be subject to an assessment, according to the rules and procedures governing the companies constitution.

3. The entity must duly prove that it has fulfilled all its tax obligations, including the payment of the withholding tax due in respect of the distribution of dividends. It must also prove that it has published the company accounts of the prior year.

### **What are the guarantees offered by the land concession?**

The concession gives to its beneficiary the right to obtain a building permit and allows him as well, to constitute, in favour of credit institutions, a mortgage affecting property right resulting from the concession and structures to be built on the granted land, as guarantees for loans obtaining, exclusively for project financing.



Algeria

**Where can we get other information?**

- Algerian portal for companies setting up :

[www.jecreemonentreprise.dz](http://www.jecreemonentreprise.dz)

- ANDI :

[www.andi.dz](http://www.andi.dz)

- Ministry of Industry and Mines :

[www.mdipi.gov.dz](http://www.mdipi.gov.dz)

- National Center of Trade Register :

[www.cnrc.org.dz](http://www.cnrc.org.dz)

- General tax directorate:

[www.mfdgi.gov.dz](http://www.mfdgi.gov.dz)

- General customs directorat :

[www.douane.gov.dz](http://www.douane.gov.dz)



**For those who see far Algeria is near**

**National Agency of Investment Development**



**[www.andi.dz](http://www.andi.dz)**

**Year 2017**