

RÉPUBLIQUE ALGÉRIENNE DÉMOCRATIQUE ET POPULAIRE

HOW TO ESTABLISH IN ALGERIA

Freedom of investment

Any resident or not resident investor (natural person or legal entity), interested by the opportunities of investment in Algeria, is allowed to establish in Algeria with an aim to:

- Create, in his proper name, a juridical entity governed by Algerian laws, constituted by 100 % of resident or non-resident capitals;
- Enter in partnership with one or more natural persons or legal entities governed by Algerian laws;
- Share, in kind or cash, an existing company's capital;
- Take over an activity within the framework of a total or partial privatization

Investment guaranties and protections:

- Intangibility of granted advantages;
- Capital and income transfer;
- Equal treatment for all investors;
- Bi or multilateral international agreements related to investment encouragement and protection;
- Possibility to recourse to international arbitration, In case of conflict, for Non-resident foreign investors.
- Non recourse to administrative requisition

Branches of activity:

- Goods and services production economic activities;
- Investments carried out within the framework of concession and/or license allowances

For any type of investment:

- Creation;
- Extension of production capacities;
- Rehabilitation;
- Restructuring;
- Participation in a company's capital in kind or cash;
- Resumption of activities within the framework of partial or total privatization.

Encouragement to invest

The ordinance n°01-03 related to investment development provides different advantages according to the localization and the nature of the investment

CHAPTER I. GENERAL SCHEME

ARTICLE 9: Besides the fiscal, Para fiscal, customs and excise incentives provided by the common law, investments, as defined in articles 1 and 2 here above, when realized in the terms and conditions of Article 13, may benefit from the following advantages

- Application of the customs duties reduced rate on imported equipment directly involved in the project implementation.
- VAT exemption on goods and services directly involved in the project's implementation.
- Transfer tax exemption, for valuable consideration, for all real estate purchases made for the specific purpose of the investment.

CHAPTER II. DEROGATORY SCHEME

ARTICLE 10: Shall benefit from specific incentives:

- Investments carried into effect in zones requiring a particular State's support for their development.
- Investments with a particular interest for the national economy, notably those using clean technologies likely to preserve environment, protect natural resources, save energy and lead to a sustainable development.

The zones referred to in paragraph 1, as well as investments referred to in paragraph 2 above, are defined by the National Investment Council referred to in Article 18.

ARTICLE 11: Investments in zones referred to in paragraph 1 of article 10 benefit from the following advantages:

- During the involvement implementation period:
- Transfer tax exemption for all real estate purchases, for valuable consideration, made for the specific purpose of the investment;
- Application of the fixed registration fee at the reduced rate of 2%0 for corporations and capital increases;
- After an evaluation made by the Agency the expenditure related to the infrastructure works required for the investment shall be partially or totally covered by the government;
- VAT exemption on goods and services directly inputted in the investment implementation, whether imported or purchased on the domestic market, when such goods and services are intended for operations subject to VAT application;
- Application of a reduced rate of customs duties on imported goods directly involved in the investment implementation.
- After the official operating starting-up:
- Exemption for a period of ten (10) years of effective activity from taxation on Corporate Profits (IBS), Gross Income Taxes (IRG) on distributed profits, contractual payments (VF) and Tax on Professional Activity (TAP);
- Exemption for ten (10) years, from the date of purchase, from land tax on real estate which is directly involved in investment;
- Granting additional incentives intended to improve and/or facilitate investment, such as the carry forward of losses and depreciation.

ARTICLE 12: Investments referred to in paragraph 2 of article 12 shall lead to a conventional agreement between the Agency, acting on behalf of the State, and the investor

- The agreements are concluded upon approval by the Investment National Council referred to in article 18 and shall be published in the official Gazette of the Democratic People's Republic of Algeria.
- The terms of this agreement shall be agreed upon, notably in case of the granting of a concession right or/and a license resulting in an investment eligible to these incentives

ARTICLE 13: Investments referred to in articles 1, 2 and 10 herein above shall be realized within a period of time previously determined by the Agency's decision. This delay starts from the notification date of the decision, unless specified otherwise by the Agency quoted in Article 6 herein above, fixing an additional delay.