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KEY MEASURES INTRODUCED BY FINANCE LAW 2026

The CLS & Strategy team is pleased to share with you a summary of the key measures introduced by Finance Law 2026, and wishes you an enjoyable read.



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Finance Law 2026 (the "FL26") is a key reference text for businesses, investors and taxpayers, as it sets the government's budgetary priorities and updates the tax framework applicable in Algeria. Published in the Official Gazette on 31 December 2025, it introduces a series of adjustments and measures that may impact day-to-day taxation, investment decisions, as well as certain compliance obligations and reporting practices.

This edition focuses in particular on targeted developments in taxes and duties, the revision of specific regimes, the introduction or refinement of incentive measures, and the continued rollout of simplification and digitisation initiatives.

Through this publication, we provide a clear, structured and impact-focused analysis to support stakeholders in understanding the new provisions and anticipating their implications, depending on sectors and taxpayer profiles.

We wish you an excellent read and remain at your disposal for any discussion, further insights or support in assessing how these provisions may affect your situation.

PROVISIONS RELATING TO VALUE ADDED TAX ("VAT")

The mechanism provided for in Article 23 of the Turnover Tax Code (Code des Taxes sur le Chiffre d'Affaires, "CTCA") has been supplemented by the new provisions of Article 53 of the Finance Law 2026 ("FL26") to broaden the scope of eligible transactions as follows:

- Rehabilitation and servicing/utility connection works relating to legacy residential real estate assets;
- Catering and accommodation services provided by healthcare establishments for the benefit of patients;
- Vocational training, explicitly covering the related services as well as catering and accommodation provided to trainees by the relevant establishments; and
- Passenger transport by bus, on the same footing as rail passenger transport.

<u>VAT exemption for electricity and gas infrastructure contracts, with an "exempt procurement" mechanism</u>

To support the development of strategic infrastructure, Article 92 of FL26 revises the mechanism set out in Article 143 of Finance Law 2025 (FL25) by establishing a VAT exemption on goods, materials, works and services included in infrastructure and investment contracts intended exclusively for:

- the production, transmission, distribution and marketing of electricity; and
- the transmission, distribution and marketing of gas by pipeline.

The text also provides for an exempt procurement regime (acquisition en franchise), under the terms and conditions set out in Articles 43 to 49 of the CTCA, for goods, materials, works and services acquired by contracting partner companies directly with the project owner (maître d'ouvrage) and used exclusively for the performance of those contracts. The regime applies until 31 December 2026.

In addition, an exceptional right to a refund of VAT credits is introduced for acquisitions made VAT-inclusive where turnover has been invoiced exclusive of VAT for a period not covered by the exempt procurement regime (which applies from 1 January 2025). Refund claims must be filed no later than 31 December 2026. In practice, impacted companies will need to secure contractual eligibility, maintain a robust documentary trail, and ensure project-level traceability—particularly regarding evidence of exclusive use, VAT-exclusive invoicing, and the completeness of refund files.

<u>End of VAT and customs duty exemptions linked to the COVID-19 scheme for certain medical inputs and equipment</u>

Following the end of the public health emergency phase, Article 106 of FL26 repeals Article 36 of Supplementary Finance Law 2020 (LFC 2020), as amended by Article 22 of Supplementary Finance Law 2021 (LFC 2021), which provided an exceptional VAT and customs duty exemption for certain pharmaceuticals, medical devices, detection equipment and inputs related to the COVID-19 response. A return to the standard regime is confirmed, with such items becoming subject to VAT and customs duties as from 1 January 2026.

MEASURES RELATING TO FOREIGN COMPANIES

<u>Clarification of the "deemed distributed income" regime applicable to profits of branches of non-resident companies</u>

Under Article 6 of FL26, the legislator amends paragraph 9 of Article 46 of the Direct Taxes and Similar Taxes Code (Code des Impôts Directs et Taxes Assimilées, "CIDTA") to clarify the treatment of distributed income arising from profits earned in Algeria by a non-resident company through a branch or any other professional installation for tax purposes.

Previously, Article 46-9 referred to "profits transferred" to the head office of a foreign non-resident company by its branch or other professional installation in Algeria. In practice, this wording could suggest that exposure to the distribution tax was conditional upon an actual transfer of profits abroad (i.e., the taxable event being the transfer itself).

This was particularly sensitive given that branches/professional installations may, during the year, remit collected balances (cash flows/fund upstreaming) before the taxable result is determined. Those movements subsequently feed into the taxable result at year-end. Treating such interim transfers as a trigger could therefore create confusion between: (i) in-year cash movements and (ii) the net profit effectively recognised for the fiscal year.

FL26 replaces the concept of "profits transferred" with "net-of-tax profits realised in Algeria for a tax year," specifying that these are treated as deemed distributed income, irrespective of any actual transfer to the head office. In other words, the determining factor is no longer the transfer, but the realisation of net-of-tax profit in Algeria for the relevant year.

Inclusion of equipment in the taxable base of non-resident companies

To address contracting practices enabling certain non-resident companies to exclude a significant portion of remuneration for activities carried out in Algeria from the taxable base for Corporate Income Tax ("CIT") (Impôt sur le Bénéfice des Sociétés, "IBS"), Article 12 of FL26 supplements Article 140 of the CIDTA by introducing a new paragraph 5.

This new provision targets non-resident companies performing in Algeria under a single contract that simultaneously covers: (i) services, (ii) supply/delivery of equipment, and (iii) execution of works. The legislator specifies that taxable profit must include all profits realised in Algeria under tax law, including those relating to the supply of equipment—even where such equipment is (a) invoiced separately and/or (b) cleared through customs in the name of the local contracting party.

This responds to observed practices whereby certain operators isolate the "equipment" component of the overall price, have it invoiced separately by the foreign head office, and organise customs clearance in the name of the local counterparty. The measure aims to eliminate this competitive advantage, considered discriminatory vis-à-vis domestic companies, given that equipment costs often represent a substantial portion of "turnkey / EPC" project costs.

Accordingly, remuneration linked to equipment supplied under a single project contract remains part of the economic performance realised in Algeria and must therefore be included in the taxable base for CIT or Personal Income Tax ("PIT") (Impôt sur le Revenu Global, "IRG") as applicable. Consequently, the "equipment supply" component can no longer be excluded from the taxable base solely because of separate invoicing and/or customs clearance in the name of the local counterparty.

Clarification of tax compliance obligations for non-resident companies operating through a permanent establishment / professional installation

To remedy the lack of explicit statutory grounding regarding filing and compliance obligations applicable to foreign companies operating in Algeria through a permanent establishment (within the meaning of tax treaties) or any similar taxable presence, Article 13 of FL26 creates a new Article 153 ter within the CIDTA.

Although such establishments are treated as distinct for tax purposes, in practice they have typically complied with Algerian tax obligations under the same modalities as Algerian-law companies (notably under the "actual profit" regime), without this being formally codified in a dedicated CIDTA provision—creating uncertainty as to the precise scope and enforceability of obligations.

New Article 153 ter expressly sets out two layers of obligations:

- Subjecting such non-resident companies to the obligations applicable to corporate taxpayers taxed under the actual profit regime, as provided in Article 148 of the CIDTA (i.e., alignment with the standard compliance framework attached to that regime); and
- Subjecting them to the specific obligation under Article 161-1 of the CIDTA to submit to the managing tax office a copy of the contract concluded and any addenda, in connection with the place of taxation governing the taxpayer.

Removal of the option to elect the actual profit regime for foreign companies taxed by withholding

With a view to unifying the tax treatment applicable to a given foreign company and securing taxation of interventions carried out without a permanent professional installation in Algeria, Article 14 of FL26 repeals Article 156 bis of the CIDTA.

By way of reminder, Article 156 bis allowed foreign companies without a permanent professional installation in Algeria—normally taxable under the withholding tax regime provided in Article 156—to elect taxation under the actual profit regime. This election had to be made within 30 days of signing the contract (or addendum), with the competent tax authority depending on the contract's nature.

This led, in some cases, to a dual-regime situation within the same tax year for companies performing multiple contracts, with some falling under actual profit taxation and others simultaneously under withholding. By repealing the election, FL26 ensures a homogeneous application of the withholding tax regime for the entities concerned.

The measure is also justified on administrative and auditability grounds, as withholding tax is levied on a gross basis and collected by the Algerian debtor, simplifying tax monitoring for such operations.

Non-deductibility of "internal charges" between a permanent establishment and its head office (royalties, fees, interest, etc.)

To limit base erosion for permanent establishments and align domestic law with the treaty approach applicable to permanent establishment profits, Article 16 of FL26 supplements Article 169 of the CIDTA by introducing a new paragraph 6.

Under this paragraph, amounts paid by a permanent establishment (or any other professional installation for tax purposes) to the enterprise's head office (or any of its offices), other than reimbursements of actual costs, are not deductible in determining the taxable result. This includes payments characterised as royalties, fees or similar payments (including for the use of patents or other rights), commissions for specific services or management activities, and interest on sums lent to the permanent establishment/professional installation.

This limitation reflects the generally adopted approach for permanent establishments conducting "internal dealings" within the same enterprise (head office ↔ permanent establishment or between permanent establishments of the same enterprise). The related charges are viewed as "notional" and non-deductible given the absence of separate legal personality.

The restriction is also supported by the approach of the UN Model Tax Convention, which informs certain treaties concluded by Algeria; the insertion into the CIDTA aims to provide an explicit legal basis in Algerian tax law.

Practically, Article 169-6 requires a strict distinction between: (i) reimbursements of actual costs (potentially deductible) and (ii) intra-enterprise royalties, fees, management/service commissions and interest, whose deductibility is expressly excluded for determining taxable profit in Algeria.

Rules for payment of tax on deemed distributed profits of non-resident companies

To fill a gap in procedural rules, Article 28 of FL26 creates a new section within the CIDTA governing payment modalities for the tax on deemed distributed profits realised by non-resident companies, by introducing a new Article 356 quinquies.

This article provides that non-resident companies must calculate and pay the tax relating to deemed distributed profits referred to in Article 46-9 of the CIDTA under the same conditions and deadlines as those applicable to payment of the CIT final settlement balance.

The measure aligns filing and payment timelines for this specific tax with the CIT settlement calendar, to secure collection and standardise execution modalities.

Reporting of trusts and foreign legal arrangements and enhanced penalties (foreign company)

Further to transparency requirements targeting beneficial owners, Article 117 of FL26 introduces an obligation to file an electronic declaration for trusts and similar arrangements constituted abroad. The administrator must declare—within 30 days of taking office—information relating to the creation, amendment or termination of the arrangement, the terms of the arrangement, the full identity of the beneficial owners, and the fair market value as at 1 January of assets, rights and capitalised income according to the criteria linking them to Algeria for tax purposes.

Failure to declare triggers a fine of DZD 2,000,000, and a fine of DZD 200,000 per error, omission or inaccuracy (capped at DZD 2,000,000). The settlor and beneficiaries established in Algeria are jointly and severally liable for payment.

From a compliance standpoint, groups and intermediaries exposed to such arrangements—whether as administrators, counterparties or relationship actors—will need processes to identify beneficial owners, collect and retain supporting documentation, and value assets, given the sanction level and joint liability mechanism.

Prior authorisation for transfers of shares in strategic sectors

Article 164 of FL26 strengthens the framework governing transfers of shares/units in Algerian companies operating in strategic sectors. Any transfer benefiting a foreign person (individual or legal entity), or an Algerian company majority-controlled by foreign interests, is now subject to prior authorisation by the competent authorities.

Article 164 amends and reinforces Article 52 of Supplementary Finance Law 2020 (LFC 2020) relating to transfers in companies operating in strategic sectors within the meaning of Article 50 of that law. Henceforth, any transfer of shares/units held in the capital of an Algerian-law company operating in a strategic sector, carried out for the benefit of a foreign person or an Algerian-law company directly or indirectly controlled by foreign interests, requires prior authorisation. Other provisions of the article remain unchanged.

MEASURES RELATING TO REAL ESTATE INCOME, CAPITAL GAINS AND DIVIDENDS

Introduction of a deemed cost base where proof of acquisition price is unavailable for real estate capital gains

To address practical difficulties faced by taxpayers when computing taxable capital gains for older assets or situations where the acquisition/creation price cannot be evidenced, Article 9 of FL26 amends and supplements Article 78 of the CIDTA relating to disposals for consideration of real estate (built or unbuilt) and real property rights.

Taxable capital gain remains the positive difference between the disposal price (reduced by duly justified duties, taxes and costs borne by the seller) and the acquisition price or creation value, increased by duly justified acquisition, maintenance and improvement costs.

Where the asset derives from a gift or inheritance, the fair market value at the date of

transfer replaces the acquisition value for capital gain computation.

FL26 specifically addresses cases where no acquisition/creation price is recorded or retained. In such circumstances, the lack of an objective reference could lead to a determination perceived as unfounded or challengeable.

To frame such cases, Article 78 introduces a deemed rule whereby the acquisition/creation value is set at 40% of the sale price where the acquisition value cannot be determined for tax computation purposes. This effectively standardises the taxable capital gain at 60% of the disposal price, facilitating settlement of the tax due on realised real estate capital gains.

Reduction of the withholding tax rate on dividends received by resident individuals

To support savings and mobilise capital to finance the economy, Article 11 of FL26 amends Article 104 of the CIDTA by reducing the withholding tax rate applicable to income from shares/units and similar income (within the meaning of Articles 45 to 48 of the CIDTA) received by resident individuals.

Previously, such income was subject to a 15% withholding tax, final in discharge of further tax. FL26 reduces this rate to 10%, final in discharge, thereby lowering the tax burden on resident individuals receiving dividends.

MEASURES RELATING TO WEALTH TAX (ISF)

Digitalisation of ISF filing: four-year e-filing, self-assessment via Jibaya'tic and payment by individual assessment roll

To facilitate accessibility and settlement of the wealth tax ("ISF"), Article 23 of FL26 amends and supplements Article 281 undecies of the CIDTA to formalise digital filing.

Taxpayers within the scope of Article 274(1) and (2) of the CIDTA must now file electronically, via a dedicated e-filing portal, a declaration every four (4) years, no later than 30 April, covering the assets listed in Article 276 of the CIDTA. This formalises dematerialisation of an obligation previously fulfilled via Form G No. 37 filed with the local tax office.

The Jibaya'tic e-filing platform enables self-assessment of ISF through an automated calculation engine and provides that payment is made through an individual assessment roll.

This measure addresses frequent confidentiality issues in practice by allowing centralised filing regardless of the taxpayer's place of residence and asset location, with the objective of simplifying compliance, securing information and improving filing coverage.

Specific tax on yachts, pleasure boats and jet skis, with partial allocation to the CNR (ISF)

Article 107 of FL26 revamps the tax on the purchase of yachts and pleasure boats and expressly extends it to jet skis by rewriting Article 30 of Finance Law 2010.

A tonnage-based scale is set at:

- DZD 500,000 for 2 to less than 6 tons;
- DZD 800,000 for 6 to less than 10 tons;
- DZD 1,100,000 for 10 to less than 15 tons;
- DZD 1,400,000 for 15 to less than 20 tons; and
- DZD 1,700,000 from 20 tons.

Jet skis are subject to DZD 400,000. Proceeds are allocated 80% to the State budget and 20% to the CNR. Operators should secure tonnage determination, adapt commercial/registration documentation, and ensure robust self-assessment to avoid subsequent adjustments.

MEASURES RELATING TO THE SINGLE FLAT-RATE TAX (IFU)

Harmonisation of the IFU exit timing where multiple activities are carried out

Article 24 of FL26 amends Article 282 quinquies of the CIDTA, applicable to taxpayers subject to the Single Flat-Rate Tax ("IFU") who carry out multiple activities, to harmonise filing timelines when the IFU eligibility threshold is exceeded.

Previously, where the aggregate turnover from multiple activities exceeded the IFU threshold, the taxpayer moved to the actual profit regime for all activities from the year following the year of the overrun.

FL26 aligns Article 282 quinquies with Article 282 quater: where the DZD 8,000,000 threshold is exceeded by aggregating turnover across activities, the move to the actual profit regime takes place at the close of the year following the year of exceedance, for each relevant activity, under the same timeline as Article 282 quater.

This unifies the IFU exit calendar, removes ambiguity for multi-activity taxpayers, and secures application of the transition to the actual profit regime.

Repeal of the contractual IFU regime planned for 2026

Article 110 of FL26 removes the contractual IFU regime introduced by Articles 79 to 87 and 116 of FL25. The transition previously announced as from FY 2026 is abandoned in favour of maintaining the existing declarative regime, against the backdrop of technical constraints related to integration into the Jibaya'tic tax information system.

MEASURES RELATING TO THE TOBACCO SECTOR

Additional tax on tobacco products

Article 102 of FL26 increases the additional tax on tobacco products from DZD 65 to DZD 75 per pack.

Recalibration of the Domestic Consumption Tax ("TIC") on tobacco products

Regarding the Domestic Consumption Tax ("TIC"), tobacco taxation is restructured toward a more homogeneous and more dissuasive grid on certain segments. Article 25 of the CTCA is amended by Article 54 of FL26 as follows:

- For "cigarettes and shisha tobacco": a single fixed component of DZD 2,250/kg plus an ad valorem rate of 15%.
- For "smoking tobacco, snuff and chewing tobacco": a fixed component of DZD 781/kg, with the ad valorem rate increased to 15%.

For reference, the prior wording distinguished "dark tobacco" and "blond tobacco" cigarettes for the fixed component (DZD 1,640 / 2,250 per kg) and applied an ad valorem rate of 10% to smoking tobacco (including shisha) as well as snuff and chewing tobacco.

MEASURES RELATING TO REGISTRATION DUTIES

Instalment payment of registration duty for preliminary real estate sale agreements

To secure the regime applicable to preliminary sale agreements relating to real estate, Article 40 of FL26 amends and supplements Article 252 of the Registration Code (Code de l'Enregistrement, "CE") by introducing instalment collection.

The legislator provides for payment in two stages of registration duty at a rate of 2.5% at each stage of completion:

- 2.5% upon signing the preliminary sale agreement; and
- 2.5% upon completion of the agreement (final deed).

If the agreement is terminated before performance, the termination deed is subject to a fixed duty of DZD 5,000. As the termination ends an unperformed commitment, it does not trigger proportional transfer duty; however, the initial 2.5% paid upon signing remains due and is not refunded.

This reform addresses divergences observed in practice where preliminary

agreements were sometimes treated as fixed-duty instruments. Article 252 therefore clarifies the tax characterisation of the preliminary agreement, harmonises registration practice, and establishes a coherent proportional scheme between commitment (preliminary agreement) and effective transfer (final deed).

Stamp duty on accreditation of real estate developers

Article 95 of FL26 increases the stamp duty payable for the issuance of the accreditation certificate for real estate developers by amending Article 57 of Finance Law 2007. The fee increases from DZD 10,000 to DZD 250,000, reflecting alignment with other accreditations and the one-off nature of the certificate.

Streamlining registration modalities for notarial deeds subject to fixed duty

To clarify and unify the framework applicable to registration of authentic instruments, Article 30 of FL26 amends Articles 9 and 15 of the CE to consolidate in a single provision the rules governing notarial deeds subject to fixed duty as defined by Article 3 of the CE.

The legislator specifies that deeds subject to fixed duty are registered on schedules of deeds accompanied by analytical extracts, without filing the deed itself. The list of deeds covered by this requirement will be established by ministerial order of the Minister of Finance.

In parallel, Article 15 sets out the treatment for other notarial deeds, specifying that deeds not covered by the "fixed duty" mechanism continue to be registered on certified copies consistent with the original, with the applicable filing and presentation formalities (paper or electronic).

The measure removes practical ambiguities, secures filing modalities, and strengthens normative coherence by consolidating within Article 15 the rules applicable to fixed-duty authentic instruments under Article 3 of the CE.

Reconfiguration of the regime for "by virtue of / as a consequence of" deeds: differentiated sanctions and intermediaries' liability

To reinforce deterrence in cases of repeat tax fraud, Article 31 of FL26 amends Article 120 of the CE by increasing the minimum tax penalty where the infringement concerns evaded duties.

In the event of repeat offences, the fines (tax and criminal) provided for the initial offence are doubled, and for evaded duties, the tax penalty is set at four times the amount of such duties. FL26 increases the statutory minimum for this penalty from DZD 5,000 to DZD 50,000, materially tightening the sanction regardless of the amount at stake.

Refocused sanction and clarified "by virtue of / as a consequence of" procedure

Article 33 of FL26 amends Article 123 of the CE to address two shortcomings of the prior regime: (i) a single DZD 100,000 sanction applied too broadly, and (ii) incomplete framing of the treatment of deeds established "by virtue of or as a consequence of" a deed not yet duly registered.

First, sanctions are now differentiated: the DZD 100,000 fine is limited to deeds transferring ownership drawn up without the required prior deed having been duly stamped or registered. For other deeds, a fixed fine of DZD 1,000 is introduced.

Second, FL26 confirms the authority of clerks, bailiffs and other authorities to draw up deeds "by virtue of or as a consequence of" and, correspondingly, imposes personal liability on notaries and bailiffs where the prior deed registration formality is not completed.

Finally, failure to comply no longer results in refusal to

register, avoiding a blocking effect on registration formalities. The measure maintains control logic while making sanctions more proportionate and the procedure more operational.

MEASURES RELATING TO TAX PROCEDURES

Tax audit (verification of accounts): scope of documents and response deadline

To strengthen the effectiveness of tax audits, Article 72 of FL26 rewrites Article 20 of the Tax Procedures Code (Code des Procédures Fiscales, "CPF") by requiring, where such items exist, presentation of management accounts (analytical accounting), consolidated financial statements and combined accounts, and by setting a 30-day deadline to respond to written requests for information or supporting evidence. Companies will need a structured document mobilisation process and a response workflow capable of meeting the 30-day requirement.

Targeted audit and indirect profit transfers: deadlines and extensions

Where there are indications of indirect profit transfers, audits typically materialise through targeted requests for explanations and evidence. Previously, Article 20 bis of the CPF provided for extensions of on-site audits, but cross-references became ineffective following adjustments, weakening the mechanism's clarity.

Article 73 of FL26 updates Article 20 bis and sets a clear standard: the taxpayer has 30 days to respond to requests for explanations/justifications where items suggest indirect profit transfers within the meaning of Article 189 of the CIDTA; the on-site audit is extended accordingly. The text also provides for a one-year extension where the investigation requires external steps, notably information requests to foreign tax administrations.

Groups should be prepared to produce a consolidated response within 30 days (governance, documentation, validations) and to anticipate significant timeline extensions when the file involves external information exchange.

Valuation disputes: procedural rationalisation

Article 76 of FL26 supplements Article 38 quater of the CPF: in the absence of a response within the deadline, tacit acceptance must result in renewal of the bases via a final valuation notice and closure of the file.

Consistently, Article 77 of FL26 repeals Articles 38 quater A, 38 quater B and 38 quater D of the CPF, removing the wilaya-level conciliation commission in favour of the standard dispute pathway (prior administrative appeal then competent jurisdiction for registration duties). Companies will need to prioritise these notices and update dispute-response practices.

Control of instruments subject to proportional duty

Control of insufficient price/valuation for certain instruments subject to proportional duty remains exercisable over four (4) years. Article 76 of FL26 rewrites Article 38 quater G of the CPF, replacing obsolete cross-references with an articulation with Article 38 quater, without changing scope or limitation period. Robust valuation documentation should therefore be retained for four years.

Right of pre-emption: shorter deadline and clarified modalities

To reduce uncertainty on registered transactions and secure the effectiveness of the right of pre-emption, the regime is tightened around a shorter and more predictable timeline.

Under Article 79 of FL26 rewriting Article 38 quinquies of the CPF, the tax authorities have three (3) months from the date registration formalities are completed to exercise the right of pre-emption. The offer is refocused on the declared price and duly evidenced costs borne by the transaction. Exercise notice is secured via a bailiff or by registered letter with acknowledgement of receipt, and a limited list of exclusions frames cases where the right cannot be exercised.

Previously, Article 38 quinquies provided a one-year window and less structured notification/exclusion rules. Companies should reflect the shorter pre-emption window in closing mechanics (registration timing, conditions precedent, risk allocation clauses) and strengthen traceability of price and costs, which become central if pre-emption is exercised.

Ex officio assessment: failure to produce accounting records

Article 80 of FL26 amends Article 44 of the CPF to add a case of ex officio assessment where accounting records are not produced in accordance with Article 20-10 of the CPF, except in cases of force majeure. The shift to reconstructed bases becomes more immediate in case of documentary failure, requiring tighter control over availability of files and records during audits.

Statutory stay of payment: admissible guarantees as an alternative

To harmonise the regime applicable to taxpayers under the Large Enterprises Directorate with the standard statutory stay of payment under Article 74 of the CPF, Article 91 of FL26 supplements Article 173 of the CPF.

Previously, Article 173 allowed a stay upon referral to the central appeals commission either by paying again an amount equal to 20% of the contested duties and penalties remaining in dispute or by providing guarantees sufficient to secure collection.

FL26 clarifies that the taxpayer may benefit from Article 74 by providing appropriate guarantees to secure collection of the disputed duties and penalties, or by paying again 20% of those assessments. Companies will need to arbitrate between cash out and guarantees and anticipate lead times for implementing security interests to secure the collection suspension.

MEASURES RELATING TO START-UPS AND INCUBATORS

Adjustment and extension of tax benefits linked to the start-up label (start-up and incubator)

Article 100 of FL26 strengthens the regime for labelled start-ups by amending Article 69 of Finance Law 2020. The mechanism is clarified by confirming a tax exemption—depending on the situation—from PIT, CIT or IFU for four years from the date the label is obtained, with a possible extension of an additional two years upon label renewal.

Relevant entities should secure an audit trail for the label, monitor exemption periods, and align filings with the applicable tax regime, anticipating renewal conditions and timelines.

Renewal of the exemption for labelled incubators (start-up and incubator)

Article 101 of FL26 makes the exemption attached to the incubator label renewable by amending Article 87 of Finance Law 2021. Whereas PIT/CIT exemption was previously granted for two years from label issuance with no express renewal mechanism, it becomes renewable upon each label renewal, subject to evaluation. Incubators should reinforce documentary governance and renewal-file readiness, as continuity of the benefit will

depend directly on the ability to substantiate label maintenance.

MEASURES RELATING TO CONTROLS AND RETENTION OF DIGITISED DATA: COMPLIANCE, ACCESS AND ARCHIVING

These provisions form a coherent framework across the full evidentiary lifecycle of systems: securing tools upstream, enabling effective audit access during verification, and preserving evidence over time.

- Compliance: Article 74 of FL26 inserts Article 20 ter into the CPF and requires a vendor undertaking attesting to the compliance of accounting software (immutability, security, retention, archiving) and, for cash register systems without invoicing, an undertaking or certificate in accordance with new Article 51 bis of the CTCA. These provisions take effect from 1 January 2027 (Article 109 of FL26).

- Access for audit purposes: Article 81 of FL26 creates Article 51 sexies of the CPF, requiring, upon request, disclosure of all code, data, processing and documentation relating to accounting, management or cash register software by publishers, operators or technical intermediaries. This obligation also takes effect from 1 January 2027 (Article 109 of FL26).

- Retention: Article 64 of the CPF is amended by Article 82 of FL26 to specify that digital documents must be retained for statutory periods and that processing subject to Article 20 ter controls, as well as related documentation, must be kept until the end of the sixth year following the year to which they relate.

Companies should anticipate a combined IT–tax workstream (vendor compliance, access clauses, confidentiality governance, archiving and traceability).

OTHER MEASURES

<u>Mandatory e-filing of the payroll statement and addition of the NIN</u>

Article 8 of FL26 amends Article 75-3 of the CIDTA relating to the payroll statement ("état des salaires", Form G No. 29). For taxpayers covered by tax offices equipped with the SI-JIBAYATIC system, the statement must now be filed mandatorily via e-filing. In addition, the required data for each beneficiary is expanded to include the definitive unique national identification number (NIN), alongside existing identification items. These changes support digitisation and improve reliability of payroll data.

<u>Overhaul of the training levy: semi-annual filing, broader eligible expenditure, and extension to student internships</u>

FL26 significantly revises the schemes for the continuous vocational training levy and apprenticeship levy by amending Articles 196 bis, 196 quater, 196 quinquies and 196 sexies of the CIDTA.

- Liability is triggered where the employer fails, on a semi-annual basis, to devote at least 1% of gross payroll to continuous vocational training actions and at least 1% to apprenticeship actions and/or funding student internships in the workplace.

- Article 196 quater is amended (via Article 19 of FL26) to introduce a semi-

annual recurring deadline for related filing obligations.

- For each levy, the rate corresponds to the differential between (i) the 1% threshold and (ii) the observed ratio of actual spending during the semester relative to gross semester payroll.

- A reallocation mechanism is retained: if the 1% minimum for apprenticeship is not met for duly justified reasons, the differential may be allocated to vocational training actions.

- Apprenticeship spending explicitly includes certain allowances paid to staff supervising apprenticeship actions (including where they intervene with public institutions for technical specialities).

- The apprenticeship levy now explicitly covers student internships, with a broader definition of eligible expenditure (bonuses, allowances, pre-salaries, supplies, professional clothing, tools, and costs directly or indirectly linked to apprenticeship/internship actions).

- Employers must declare and pay the levies for each closed semester via a special return acting as a payment notice, to be filed no later than the 20th day of the month following the relevant semester. Filing remains required even if no amount is due.

Toughening and redesign of criminal penalties for tax fraud: removal of amount-based gradation and aggravation based on complexity

Article 25 of FL26 amends Article 303 of the CIDTA so that criminal sanctions for tax fraud are no longer correlated with the amount of evaded duties. The prior approach aggravated penalties as evaded amounts increased, allowing relatively low penalties for modest amounts.

FL26 removes this mechanism and establishes a single baseline penalty for fraudulent manoeuvres aimed at avoiding (or attempting to avoid) the tax base or assessment of any tax, duty or levy: two (2) to five (5) years' imprisonment and a fine of DZD 2,000,000 to DZD 5,000,000 (or one of the two).

A separate aggravation applies where fraudulent manoeuvres involve the circumstances referred to in Article 318 of the Criminal Procedure Code: five (5) to ten (10) years' imprisonment and a fine of DZD 5,000,000 to DZD 10,000,000 (or one of the two). Severity is therefore driven primarily by the modalities/complexity of the offence rather than the monetary amount.

FL26 also updates the procedural reference relating to imprisonment for debt (contrainte par corps) by replacing the former cross-reference with Articles 759 et seq. of the reorganised Criminal Procedure Code, while maintaining the mechanism's logic for pecuniary convictions and related tax claims.

Introduction of a stamp duty on issuance of an apostille certificate

Article 47 creates Article 142 sexies within the Stamp Duty Code (Code du Droit de Timbre, "CDT"), introducing a stamp duty of DZD 1,500 per issuance of an apostille certificate. The measure formalises a key formality for cross-border use of official documents, aligned with administrative modernisation and service improvement.

Exceptional voluntary tax regularisation

Article 93 of FL26 introduces an exceptional voluntary tax regularisation scheme, open until 31 December 2026, for Algerian-resident individuals and legal entities that are non-compliant vis-à-vis the tax authorities. Regularisation is carried out via a simplified return filed with the wilaya tax director, with a single final tax at 8%, no tax penalties on the regularised perimeter, and protection against prosecution regarding the declared amounts. Practical implementation details are to be set by regulation. Operationally, companies should secure eligibility, traceability of declared amounts and supporting documentation ahead of the fixed deadline.

Capped deduction for expenditures related to green hydrogen, reforestation and renewable energies

Article 103 of FL26 introduces an incentive allowing deduction from taxable profit of certain investment expenditures relating to green hydrogen, forestry/reforestation operations and renewable energy production/valorisation projects. The deduction is capped at an overall limit of 5% of taxable profit for the year, with modalities to be specified by regulation.

Extension of mandatory e-filing scope and introduction of e-payment

Article 111 of FL26 extends the scope of electronic filing by supplementing Article 67 of Finance Law 2017, subject to Article 169 ter of the CPF. The obligation covers taxpayers under the actual profit regime or the simplified regime for non-commercial professions attached to tax offices equipped with IT solutions, with e-payment enabled. Other taxpayers attached to those services may e-file and e-pay on an optional basis.

Creation of a national register of civil companies and filing obligations for notaries

Article 116 of FL26 creates, within the General Tax Directorate, a national register of civil companies and frames its electronic feeding. Notaries must transmit, via a dedicated portal, incorporation data and any updates within 30 days. Authorities delivering an approval/authorisation must also communicate corresponding data within the same timeframe. The regime includes a fine of DZD 50,000 per breach, and DZD 10,000 per error/omission/inaccuracy. Users of civil company vehicles should anticipate increased transparency and ensure consistency of reported information; notaries and authorities should secure collection, data quality and transmission processes to mitigate penalties.

Minimum R&D/innovation effort for large companies

Article 119 of FL26 requires Algerian-law companies with at least DZD 2 billion annual turnover to devote a minimum equal to 1% of taxable profit to R&D or innovation actions, including through open innovation with labelled start-ups or incubators. Spending may be made in the year or the following year under an undertaking attached to the annual tax return. If the threshold is not met, a levy is computed on taxable profit at a rate equal to the gap between 1% and the ratio of actual spending to taxable profit, with sectors and modalities to be set by regulation. Companies should implement R&D/innovation governance, ensure eligibility and analytical tracking, and anticipate potential tax impact at close.

Targeted easing of sanctions applicable to the pharmaceutical sector

Article 162 of FL26 amends Article 61 of Finance Law 2023 by refocusing the availability obligation for pharmaceutical establishments on basic pharmaceutical products under forecast programmes validated by the pharmaceutical authority. The

applicable penalty for non-compliance is reduced from 10% to 5% of forecast turnover for the relevant product, while maintaining the minimum threshold of DZD 1 million. Other obligations and sanctions remain unchanged.

Inclusion of micro-importation within the self-entrepreneur regime

Article 143 of FL26 makes taxpayers engaged in micro-importation eligible for self-entrepreneur status, with a simplified tax and customs regime including: a reduced customs duty of 5%, an exemption from VAT and other import taxes (including the solidarity contribution and the additional provisional safeguard duty), and an IFU of 0.5% per transaction, calculated on the customs value plus customs duties and a deemed margin of 30%.

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