

Algeria Payroll & Tax Overview

A GUIDE TO DOING BUSINESS IN ALGERIA 2017



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1.0 Key Country Facts and Public Holidays

1.1 Official Language

The official Language is Arabic.

1.2 Currency

The official Currency is Algerian Dinar (DZD).

There are no requirements that employees be paid in Algerian dinars.

1.3 Country Dial code

The country dial code is +213

1.4 Country abbreviation

The country abbreviation is DZ.

1.5 Statutory Filing Payment Methods

Employers are required to withhold taxes in accordance with Algerian tax rates and thresholds.

1.6 National Minimum wage

Employers with 50 or more employees must pay each employee at least 7,500 naira per month. In March 2011, the minimum wage was increased to 18,000 naira per month, but this minimum wage has yet to be implemented nationwide.

1.7 Filing Deadlines

Employers are required to make monthly tax returns for employees and to remit taxes by the 20th of the month following the month in which remuneration was paid.

Employers with less than 10 employees can report quarterly and tax returns must be filed by the 20th day following the end of a quarter. Employers and individuals are required to submit annual taxes returns on or before April 30 of each year.

1.8 Fiscal year

Jan. 1 through Dec. 31.

1.9 Time Zone

Central European Time Zone UTC+01:00

2017	Holiday name	Holiday type
1 May	May Day	National Holiday
5 July	Eid al-Fitr	National Holiday
8 July	Eid al-Fitr	National Holiday
5 July	Independence Day	National Holiday
13 September	Eid al-Adha	National Holiday
14 September	Eid al-Adha	National Holiday
3 October	Muharram	National Holiday
11 October	Day of Achura	National Holiday
1 November	Anniversary of the Revolution	National Holiday
12 December	The Prophet's Birthday	National Holiday

2.0 Business and Culture in Algeria

2.1 Establishing as an Employer

In Algeria, the way business works is based not only on formal relations but also on one's capacity to build up an "address book", which is very useful when prospecting, and especially when planning to set up in the country. Courtesy, mutual confidence and respect are much appreciated qualities. It is important to keep its commitments, to increase personal visits and to exercise great rigor.

Take an appointment at least 2 or 3 weeks ahead of time.

It is better to be recommended by someone who personally knows the person with whom you want to do business.

It is important to know if the partner is a woman or a man, because you will have to adjust your behavior accordingly.

Avoid July and August which are periods when people often take their holidays. Moreover, the month of Ramadan is not a good time for business meetings.

Shake hands with the person you are meeting and greet her/him by name putting Madame or Monsieur before it. In the presence of a woman, nod (with a smile) and wait for her to hold out her hand for you to shake; avoid prolonging eye contact and avoid, too, asking personal questions. For women visiting Algeria, men may sometimes refuse to shake your hand; do not be offended, it is a sign of respect.

Negotiations can be long and patience is essential. It is not uncommon to have to wait 2 years before reaping the benefit of your prospection.

During the visit, it is important to maintain eye contact with the person with whom you speak.

2.2 Employment

The Labor Law in Algeria is administered by the Ministry of Labor, Employment and Social Security, the labor Law covers holidays, leave, hours of work, minimum wage, overtime, termination pay and wage payments. The Labor Law does not cover an employee's compensation or retirement plan, these are covered under social taxes.

The Normal working week in Algeria is a five-day 40 hour week which runs from Sunday – Thursday as Algeria has observed a Friday and Saturday as a weekend. , any hours worked beyond the 40 hours is paid as overtime. Payment can be no less than an additional 50 percent of the standard daily wage for overtime worked during a workday.

Employers must not require female workers to work during the night period, from the hours of 9pm to 5am.

Non-residents only are taxed on Algerian sourced income. Generally, non-residents are subject to both income taxes and social insurance taxes at the same rates as residents.

3.0 Visas and Work Permits

3.1 Visas

Requirements for Entry:

- **Passport** valid for at least six months
- Visa

Prior to traveling, obtain a visa from an Algerian embassy or consulate.

If you are a U.S. citizen seeking residency in Algeria, you must show proof that you have registered with the U.S. Embassy by printing out and providing the confirmation page.

Dual Nationality: Algeria does not always recognize dual nationality, particularly for citizens traveling on an Algerian passport.

If you have Israeli entry stamps in your passport, you may experience difficulties.

3.2 Work Permits

Foreign workers who wish to work in Algeria under a contract that is less than three months need temporary work authorisation. (this can only be renewed once a year). After receiving temporary work authorisation and a work visa, a work permit is required. (a work permit is valid for up to two years and is renewable).

4.0 Tax and Social Security

4.1 Tax

Taxable Income (DZD)	Tax Rate
0 to 120,000	0%
120,001 to 360,000	20%
360,001 to 1,440,000	30%
Over 1,440,001	35%

It is a tax that applies on the income of individuals (natural person) and those of partnerships.

The tax is applied to the turnover excluding VAT of natural or legal person. The tax rate is set at 2%. The tax base consists of the total revenues raw professional or excluding VAT turnover when it comes of taxpayers subject to this tax, made in Algeria during the year.

4.2 Tax Registration

Employers must file for company registration with the commercial registry within two months of the formation of the company and register for income tax with the local Tax office.

4.3 Social Security

Social insurance is administered by the National Fund for Recovery of Social Security Contributions (CNRSS) on behalf of The Social Insurance Fund for Employees (CNAS), the National Pension (CNR) and the National Unemployment Insurance Fund (CNAC).

5.0 Compliance

5.1 Employer Registration

Employers are required to submit an application for employee membership for social security within 10 days following the hiring of the employee.

Forming an Algeria company only requires foreigners to i) appoint one director ii) one shareholder and pay up a minimum share capital of US\$1,000 (DZD100,000). Our Clients do not have to travel to complete the Algerian company formation procedures and corporate bank account opening and our Firm can also assist to find a professional passive local shareholder.

5.2 Starters/Registration

Foreign investments are required to be made through a partnership in which one or more local shareholders resident in Algeria must hold at least 51% of the shares (the "51/49 rule").

Algerian companies must be incorporated before a notary public and the articles of association have to be drafted in Arabic. Setting up a company in Algeria remains a relatively lengthy and burdensome process. The main documents required by notaries to incorporate a company are a notarized commercial lease at the address of the head office, a bank certificate proving that the foreign investor has paid its cash contribution, a certificate of registration, a copy of the articles of association, as well as copies of identity documents and birth certificates of the company's legal representatives. Certain of these documents must be legalized and, as the case may be, translated by a sworn translator.

5.3 Leavers/De-registration

There is no statutory severance pay in the Labour Law.

6.0 Statutory Absence/Payments

6.1 Annual Leave

All employees are entitled to two and a half days of annual leave per month, up to a maximum total of 30 days per year.

6.2 Bereavement Leave

In the event of a bereavement of a family member an employer must grant three days leave to attend the funeral.

6.3 Maternity Leave

A woman is entitled to 14 weeks of paid maternity leave.

6.4 Paternity Leave

A father is entitled to three days of leave following the birth of their baby.

6.5 Sick Leave

In the event of Sick Leave an employee is entitled to 50% percent of their salaried income in the first 15 days of sick leave, from the 16th day of sickness or in the event of hospitalisation the employer must pay 100% of the salary.

7.0 About This Payroll and Tax Overview

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7.2 Disclaimer

Every effort has been made to ensure that all information in this booklet is correct at the time of publication. This information should be used as reference only and not as a sole source of decision making.

7.3 The Global Payroll Association

Global Payroll Association is the first international payroll association of its kind. We are a central hub for 'all-things payroll'. A one-stop-shop supplying comprehensive directories, interactive training and in-depth country resources. We are here to help you with your global payroll needs, no matter how complex, connecting you with the world's leading experts and offering a forum to network with other like-minded global professionals.

Global Payroll Association welcomes international payroll, HR and financial professionals of all levels.

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