

## SUPPORT MEASURES FOR COMPANIES

The Algerian authorities have taken a series of measures intended to relieve businesses' cash flow in this period of significant economic slowdown.

These measures deal with tax, customs and banking facilities.

### TAX MEASURES

As part of the implementation of the flexibility measures adopted by the public authorities to support companies financially impacted by the health crisis that the country is currently going through, the tax administration has adopted the following measures.

#### 1. DEFERRAL OF TAX DECLARATIONS AND TAX PAYMENTS

##### 1.1 Taxpayers under the effective tax rate

###### 1.1.1 *Monthly declaration G n°50*

As a reminder, these taxpayers must subscribe to a monthly declaration G no. 50 on the 20th of each month following the month covered by the declaration. The declarations for the months of February and March can be subscribed by 20 May at the latest instead of 20 March and 20 April respectively.

Thus, on 20 May 2020 at the latest, the declarations for the months of February, March and April must be subscribed. The corresponding fees will also have to be paid at that time.

###### 1.1.2 *Annual reporting*

Annual profit and loss statements for the years ended 31 December 2019 must be filed no later than 30 June 2020 instead of 30 April 2020.

As a reminder, the payment of the balance for the liquidation of corporate income tax (IBS) must take place twenty (20) days following the date of subscription to the annual declaration. Consequently, the payment of the balance of IBS for the 2019 financial year should take place no later than 20 July.

##### 1.2 Taxpayers under the Large Corporate Division (DGE)

As a reminder, the following taxpayers report to the DGE:

- Companies operating in the hydrocarbons sector;
- Algerian permanent establishments of foreign companies;
- Capital companies and partnerships having opted for the tax regime for capital companies whose annual turnover is greater than or equal to 2 billion dinars;
- Associations of *de jure* or *de facto* companies, when the annual turnover of one of the member companies is greater than or equal to 2 billion dinars.

## **1.2.1 Monthly declaration**

Regarding declaration G no. 50, these are subject to the same provisions as those described above (Supra 1.1).

Taxpayers will continue to download and pay taxes owed.

## **1.2.2 Annual declaration**

With regard to the annual profit and loss statement, the subscription period is extended to 31 May 2020.

As a reminder, the payment of the IBS liquidation balance must take place twenty (20) days following the date of subscription to the annual declaration. Thus the payment of the balance of IBS must take place no later than 20 June 2020.

## **2. DEFERRAL OF THE PAYMENT OF FIRST IRG / IBS INTERIM PAYMENT**

The payment deadline for the first IRG / IBS instalment is extended to 20 June 2020 instead of 20 March 2020.

## **3. PAYMENT SCHEDULES**

In addition to the above measures which aim to delay the payment of taxes due, taxpayers have the option of requesting a schedule for payment of their tax debts in the event of cash flow difficulties.

Those who already benefit from a schedule to date can request a more favourable redevelopment in application of this measure.

For the benefit of such a schedule, it will be necessary to provide justification attesting to the cash flow difficulties.

These timing measures are, of course, cumulative with the aforementioned postponements.

## **4. SUSPENSION OF THE TAXATION OF NON-AFFECTED PROFITS**

Article 15 of the Finance Law for 2020 provides the application of the withholding tax of 15% to distributable profits for the 2016 financial year et. seq., that have not been allocated within 3 years following the date of their ascertainment.

As a reminder, 15% is the standard rate of withholding tax applicable to distributed income.

The tax administration has decided to suspend the application of this provision.

## **CUSTOMS MEASURES**

Measures have been taken by the government in order to facilitate the import of certain products but also to prohibit the export of other products.

Imports of food products and medical devices used to prevent and combat the effects of Covid-19 benefit from the "green corridor", i.e. an accelerated customs clearance procedure.

## SOCIAL CONTRIBUTION MEASURES

Employers, during this exceptional time, and regardless of their Wilayas, can settle instruments and payment orders for social security contributions to all of their structures (payment centre or collection service), without traveling to their affiliated agencies. These measures apply until further notice.

At the moment, no postponement of payment of social security contributions is planned; the charges due during this exceptional period remain due on the dates scheduled.

Declarations can be made online directly on the CNAS (national workers' social insurance fund) website and the portal dedicated to this purpose.

By a declaration dated 15 April 2020, the Minister of Labour, Employment and Social Security, in agreement with the Prime Minister, took the following measures:

- Extension of 30 days, that is to say, until 30 May of the deadline for payment to the CNAS of the social security contributions of salaried workers due in April;
- Extension until 30 September, initially scheduled for 30 June, of the deadline for payment of contributions by self-employed workers to CASNOS;
- Suspension of the increases in the previous late payment penalties for the payment of social security contributions, for a period of 6 months from April.

## BANKING FACILITIES

### *Foreign trade operations*

The Foreign Exchange Directorate, in a note intended to approve intermediary banks, specified that it is now possible to receive documents relating to imports electronically supported by a confirmation SWIFT from the bank sending the documents.

These documents received electronically can be used to complete all banking and customs formalities relating to imports.

### *Financing granted to companies*

By Instruction no. 05-2020 of 6 April 2020 relating to exceptional measures in order to lighten prudential provisions applicable to banks and financial establishments, the Bank of Algeria takes exceptional and cyclical measures to help businesses.

At their discretion, banks and financial institutions can postpone the payment of credit instalments reaching maturity, or reschedule the debts of their customers who have been impacted by the conjuncture induced by Covid-19.

In application of the aforementioned measure, public and private banks may arrange the repayments of the credits they have granted to the affected companies in exceptional circumstances.

Banks and financial institutions may also grant new loans to any borrower who has already benefited from these deferral or rescheduling measures.

In this context, the Professional Association of Banks and Financial Institutions instructed on 8 April 2020 the banks and financial institutions to consider the above instruction by taking the measures listed below

- Postpone and / or renew the maturities of loans due on 31 March 2020 and beyond;

- Reschedule unpaid debts on 31 March and beyond;
- Extend the time periods for using loans and deferred payments;
- Eliminate late payment penalties for debts due on 31 March 2020 and beyond;
- Maintain and / or renew operating loans.

To allow these facilities, the Bank of Algeria has reduced certain prudential provisions applicable to banks and financial institutions by reducing the liquidity ratio of banks and financial institutions to 60%.

Finally, banks and financial institutions are exempt from the obligation to constitute the safety cushion, set by the provisions of Article 4 of Regulation no. 2014-01 of 16 February 2014 relating to solvency coefficients applicable to banks and financial institutions.

These measures are time-bound, take effect from 1 March 2020 and continue until 30 September 2020.

It is during this period that companies must come forward to obtain the benefit of these facilities.



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