

1. GENERALITIES

[1] Organization of public authorities

From 1962 -the date of Algeria's independence- to 1988, Algeria's politics has known a unique party system with a socialist centralized administration of the national economy. During that period, the State exerted a complete control on essential economic activities by means of monopolies over the economic fields of industrial, agricultural or services. This strict control has concerned the management of the public enterprises as well.

Thanks to a financially sound situation due to the increase of oil income, these political-economic choices have allowed the Algerian State to grant considerable credits towards investments and the essential infrastructures of the country.

For about one decade, the effort to modernize the economy was sustained by the petroleum added values before the collapse of hydrocarbon prices led the State to start a process towards a progressive withdrawal from earlier commitments in the economic field .

At the beginning of 1988 a profound reform of the Algerian economy was launched. It aimed to :

- (1) Restore the classic criteria of enterprise management through numerous financial monetary banking and social measures ; and
- (2) Orientate the country towards the market economy favouring foreign investments.

[2] Administrative organization

Algeria is a unitary State for the management of public matters. It adopts a system of administrative decentralisation. The administrative territorial divisions are the Department (Wilaya) and the Communes. These two categories constitute local authorities having juridical personality and financial autonomy.

A department code (Code of the Wilaya) and a Commune Code determine the economic, social and cultural attributes of these local communities. These powers are implemented by elected local assemblies (communal assembly, or assembly of the Wilaya).

The Commune is the basic cell of the State. By virtue of law, it holds the essential competencies concerning civil status, social action and public health. To achieve these actions, specific fiscal resources (local taxes) are allocated annually by the State to the communal budget.

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The department – called Wilaya - constitutes the second territorial entity having competencies regarding the economic and cultural development. The State exerts legal control over Commune and Department administrative action and deliberations through its approval. The Prefect, called Wali , represents the State and exerts his tutelage over both the Departments and Communes.

[3] Legal environment

[a] Legislation

After independence in 1962, the French-origin legislation in force was continued. Discriminatory clauses or those contrary to national sovereignty were repealed.

It was in 1966 that the civil and penal legislation was issued under the form of codes (Code of Civil law, Code of criminal law, and Code of Civil Procedure and Code of Criminal Procedure). The French civil and penal law in effect very profoundly inspired civil and penal legislation during that period.

The Commercial Code was issued in 1975, and the Customs Code in 1978.

Later on, several important laws were promulgated under the designation “Code”, particularly, the Maritime Code, the Property Code, the Communal Code and the Code of Public Markets. Finally, in 1984 the Family Code was adopted. It fixes the legal rules relating to marriage, divorce, filiation, tutelage and inheritance. The set of these rules was not included in the Civil Code.

[b] Judiciary organization

There are two levels of jurisdiction and the Supreme Court (cassation-quashing lower court decisions) and the Conseil d’Etat, the highest administrative jurisdiction.

The jurisdiction of first instance is the Tribunal, which is competent in all matters except for administrative disputes. In its different sections, it deals with civil, commercial and labor disputes as well as infringements and offences. Appeals lie to a Court except for administrative matters, which include primarily disputes between the State, the Department or the Commune, on one side, and other parties, on the other side.

The Supreme Court plays a role of cassation regarding the decisions of the Court for civil, commercial and penal matters. The Conseil d’Etat plays a role of appeal concerning the administrative trials.

[c] Arbitration

[i] Domestic arbitration

In the Algerian Code of Procedure, internal arbitration is governed by Book VIII (art. 442 to 458). Until 1988, when it was abrogated, the Ordinance of 17 June 1975 constrained public enterprises from resorting to arbitration in case of conflicts with other public enterprises or national companies.

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The Algerian law governs the enforcement of the award as follow. The award is made enforceable by either the president of the court under whose jurisdiction it has been delivered or by the president of the court of the place of the enforcement if the seat of the court is situated abroad.

Appeal against a decision which refuses the recognition or the enforcement of an award may be subjected to an action for cancellation initiated within one month from its notification. Appeal and action for cancellation can be attacked before the Supreme Court.

In this context, the judiciary jurisdictions had not competency to deal with an other public or national company.

In practice, this type of arbitration has not been enforce effectively.

[ii] International arbitration

While the Algerian State has always shown the greatest caution towards the international arbitration, the necessities of the international trade and the practice of the international economic contracts have led to complete review of this attitude.

As a matter of fact , the decree-law no 93-09 of April 25,1993 has allowed the corporate bodies of public law - in practice essentially the public sector companies - the possibility to include an international commercial arbitration clause in the contracts they conclude with foreign partners.

This decree-law of April 25,1993 lays down not only a certain number of rules governing the definition of the international arbitration but the validity of the arbitration convention in form and in substance as well.

Thus, according to the Algerian law , is considered as international the arbitration related to the interest linked to the international commerce of which one of the parties at least has its registered office abroad.

Under this form, the drawing up in writing of the arbitration convention constitutes a sine qua non condition for its validity.

Concerning the substance , the arbitration convention must be conform either to the law of the two parties agreed to submit to or to the law applicable to the contract concerned by the litigation or finally to the Algerian law.

The classical rules of the international arbitration are taken by the Algerian law concerning the choice of the arbitrator-or the arbitrators-the objection to an arbitrator, the competence of the court of arbitration ,the modes of proofs and effects linked to the award.

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It is to be noted that Algeria is a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

[iii] Algerian-French Arbitration Agreement

The Arbitration Agreement (Reglement d'arbitrage algero-francais) of 27 March 1983 subjects disputes between Algerian public operators and the French enterprises to an arbitration court. The pronounced sentence arbitration is final and both parties pledge to execute it and to renounce the right to make any appeal.

[4] Legal professions

In Algeria three legal professions exist. These are that of lawyer, that of notary public and that of bailiff. To pursue these professions, a university degree in law is necessary.

[a] Lawyer

The lawyer practices a liberal and independent profession that aids the work of justice, the respect of the rule of law and the guaranty of the defence of the citizen's right and liberties (1st. art. of the lawyer's status).

The lawyer counsels, defends, assists and represents defendants in a court of justice. He legally benefits from immunities and legal protection that ensure his independence. On the other hand, the lawyer is obliged to respect the professional deontology rules under the control of his peers elected within the Bar Council.

[b] Notary Public

The notary is a public officer in charge of establishing legal proceedings and public acts (contracts, procès-verbaux) for which the law demands the authentic form, and those for which the parties want to use this form. He also has a duty of acting as counselor to parties when they enter conventions or agreements.

A national chamber of notaries supervises the respect of the rules and the practice of the profession.

[c] Bailiff

The bailiff is also a public officer in charge of notifying judicial or extra-judicial acts, and of the execution of judiciary decisions and of acts, and executory decisions. He may also establish affidavits at the individuals' request.

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A national chamber of bailiffs supervises the respect of the rules and practice of the profession.

[5] Trade Register

The Commercial Code and the law relating to the Trade Register govern commercial companies properly constituted by an authentic act. The legal representative of the company authorized to ask for it requests the registration for the Trade Register.

The officer in charge of the Trade Register delivers a registration receipt for the registry after obtaining assurances as to the conformity of the commercial form of the company to the legal prescriptions, the availability of the capital and the existence of real offices of the company.

The registration in the Trade Register allows the free exercise of commercial activity. It is followed by obligatory legal publicity, whose aim is to inform the public.

No monopoly of business or exclusiveness of the economic activity can be provided by the status commercial company or by the registration in the Trade Register.

Foreign companies carrying on any activities in Algeria are obliged to comply with registration in the Trade Register.

2. FOREIGN INVESTMENT REGULATION

After a period of more than two decades marked by a persistent reserve towards foreign investment, Algeria, which has adopted in turn the rules of market economy, now tends to define a policy of encouraging foreign capital to be invested in the country.

Within this framework, Algeria has ratified the Articles of Agreement of the Multilateral Investment Guarantee Agency (MIGA) done in Seoul on 11 October 1985. It has also ratified the Washington Agreement of 1965 on the International Centre for the Settlement of Investment Disputes (ICSID).

These ratifications can be regarded as a guarantee given to foreign investors for equitable justice in case of a dispute arising in respect of investments carried out in Algeria.

[1] Principles

The participation of the foreign capital in economic development is considered in two ways- either by direct investment carried out by the foreign enterprise or by investment by the mediation of joint venture companies formed between the foreign partner and the Algerian company, private or public.

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In principle, the participation rate of the foreign capital is not limited. However, it cannot exceed 49 per cent in those Algerian public enterprises that have a strategic role. This concerns, essentially, the enterprises belonging to the hydrocarbon sector.

[2] Nature of the authorized investments

Investments are authorized in almost all activities of production or services that are not strictly reserved to the State. The reserved sectors include hydrocarbons and the metallurgical, chemical and electrical energy industries.

[3] Protection of the foreign investments

[a] Existing regulation

The law of 14 April 1990 relating to Currency and Credit was promulgated in the framework of the progressive liberalization of the economy and its opening to the external capital to Algeria with a view to carry on activities of production or services.

A Regulation of 8 September 1990 of the Governor of the Bank of Algeria has defined the terms of capital transfer, and also of the repatriation by the investor of this capital, its profits and incomes.

This same Law of 14 April 1990 permits the opening of current accounts by foreign individuals or corporate bodies resident or not in the sense of the exchange legislation. A regulation of 20 February 1991, by the Governor of the Bank of Algeria, has set up the functioning clauses of these currency accounts whose essential characteristics are the free movement of funds, both their import or export.

Finally, the Law of 14 April 1990 encourages the establishment of foreign license holders and wholesalers guaranteeing the free importation in Algeria of goods for the resale as such. The proceeds of the sale after deduction of the taxes are authorized to be transferred abroad. This matter is governed by the Regulation of 8 September 1990 by the Bank of Algeria.

Concerning the hydrocarbons, special laws regard, in particular, the economy of joint venture companies for which the basic text, until now, remains the Law n° 86-14 of 19 August 1986 amended and completed by the Law n° 91-21 of 4 December 1991.

[b] Bilateral conventions

Algeria has concluded agreements with the Belgico-Luxemborgian Union and Italy on the encouragement and the reciprocal protection of the investments. These two conventions have been ratified on 5 October 1991.

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The agreements provide a protected and favorable treatment of the investments with benefit of the most favored nation clause. They guarantee the free transfer of income and other proceeds resulting from the investments.

In case a disagreement cannot be settled amicably, they foresee arbitration under the auspices of the International Centre for the Settlement of Investments Disputes (ICSID). The signatory States are bound to enforce the arbitral award, which has a final and obligatory character.

There are also bilateral agreements for reciprocal protection of investments with France (1994), Rumania (1994) Spain(1995), Emirate of Qatar and Jordan Kingdom (1997), Republic of Yemen, Malaysia, Greece, South Africa, Mozambique (2001), Indonesia, United Arab Emirates and Oman (2002) .

[c] Maghreb Convention for the Promotion and the Guaranty of the Investments.

Under the terms of a multilateral convention concluded in Algiers on 13 July 1990, the Maghrebine countries are willing to promote and guarantee the investments made by their nationals in the other signatory states.

The convention encourages capital investments between Maghrebine countries and provides financial and legal guaranties for the investors' benefit. It also organizes the solutions to eventual litigation arising under the terms of the convention.

[4] Partnership and Management Contract

[a] Partnership

By liberalizing considerably the transfer of foreign capital for financing economic activities, Law of 14 April 1990 not only direct investment by non-resident companies but by the minority or the majority participation in a joint venture company.

Foreign investment can be accomplished in all the economic sectors, none being expressly reserved to the State. Foreign investments must help to create jobs, to train the staff or to operate a technology transfer and to make patents, licenses and trademarks protected in Algeria profitable.

The law and the international conventions concluded by Algeria guarantee the free repatriation of capital and profits.

It is to be noted that a law which is under discussion will very soon revise the conditions of the setting up and management of joint venture companies and their taxation condition in view of a

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harmonization with the market economy. In fact, the former laws, which are formally still in effect go back to 1986 and bear the ancient choices of a centralized economic management and of a cautious approach towards the foreign investment.

[b] Management contract

Management contracts, essentially contracts of performing certain services, were introduced into Algerian legislation by the Law of 1 February 1989.

The management contract allows a partner whose reputation is well set to manage, using his label, all or part of the asset of a public economic enterprise or a joint venture company for whom he is acting.

This type of contract is beginning to be implemented in the hotel trade and must be extended to other sectors.

[c] Industrial and Trademark property rights protection

Patents for inventions and inventors' certificates are governed by a Decree Law dated 7 December 1993. The duration of patent and the inventor's certificate is 20 years starting from the day of the deposit. the validity remains subject to the payment of tax due.

Inventor's certificates or patents constituted in due form are also protected by penal law.

Either contractual or mandatory exploitation licenses for the patents are to be granted if it is established that in the four years following its deposit or three years from its delivery, the patent is either unexploited or insufficiently exploited. These exploitation licenses can be delivered de facto.

The trade and commercial marks are governed by an Ordinance of 19 March 1966. The deposit of the trademark is effected at the National Centre of the Trade Register and produces its effects for 10 years. This may be renewed.

Foreigners can take advantage of the clauses of the Ordinance since they fulfil the formalities it sets out.

Penal protection is afforded to trademarks officially registered and published. Civil actions are equally valid, so that the trademark owner may seek compensation from the wrongdoer.

Drawings, models and the denominations of origin are equally protected.

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3. FOREIGN COMPANIES REPRESENTATION

[1] Company liaison offices

Algerian law allows foreign enterprises to open so-called liaison offices. The matter is governed by inter-ministerial instructions dated 30 July 1986. These outline the offices' obligations. A liaison office cannot have commercial activities.

In practice, the foreign enterprise opens a liaison office in Algeria in the framework of a contract dealing with transactions, supplies or services to control the execution and to assure on site the fiscal, social and custom obligations linked with the concerned activity.

The liaison office also permits prospecting of and acquaintance with the Algerian market and it brings together the foreign enterprises and the economic operators, thus increasing thus the opportunities to carry out business in different activity sectors.

[2] Foreign bank branches agencies

Foreign banks can open agency offices in Algeria. The legal regime of the agency office is that of the liaison bureau. It does not, then, allow soliciting customers for the represented bank.

Foreign banks and financial institutions can also open branches in Algeria under the condition of reciprocal treatment. The concession is granted through a decision of the Governor of the Bank of Algeria.

4. COMMERCIAL COMPANIES LAW

[1] Commercial companies categories

The Algerian Code of Commerce, promulgated in 1975, amended by the Decree Law of 25 April 1993 specifies four types of companies:

The collective name company ; The limited sleeping partnership ; The limited liability company ; and The joint stock company.

[a] Collective name company

This type of company is composed of associates having the quality of tradesmen and registered in the Trade Register. The partners are equally responsible for the company obligations.

The creation of a collective name company, just like any other commercial company, is obligatorily linked to an authentic deed. This must be published in a legal announcement journal to inform others. The bankruptcy of a collective name company leads to its dissolution.

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[b] Limited sleeping partnership

The regime of this type of company resembles that of the collective name company.

The limited sleeping partners are responsible for the social debts only to the extent of the amount of their capital. This capital contribution cannot consist of industrial property.

The sleeping partner cannot undertake any act of external management. Otherwise, he may become jointly responsible with the other partners for social debts and commitments that result from prohibited acts.

The amendment of the statute of the sleeping partnership requires the agreements of all active partners and of the majority of the sleeping partners' capital.

The sleeping partnership is dissolved in case of the bankruptcy of one of the active partners except in the case where the other active partners decide the continuation of the company together.

[c] Limited liability company

The limited liability company is widespread and a popular commercial vehicle in Algeria. This can be explained by the ease of creating such companies.

The minimum number of member is at least two persons and the maximum is 20. Over this figure, the limited liability must be transformed into a company by shares. The minimum capital is 100,000 Dinars divided into shares of 1,000 Dinars.

A manager who enjoys, under the control of members, wide-ranging administrative powers leads the limited liability company.

When the Limited Liability Company consists of only one member, it is called Single Person Limited Liability Company (Entreprise Unipersonnelle à Responsabilité Limitée).

[d] Joint-stock company

The joint stock company should be constituted by at least seven shareholders. Its capital can neither be inferior to 5-million Dinars, if the company offers its shares to the public, nor to 1-million Dinars otherwise.

The board of directors of this company is composed of three to seven members elected by the shareholders. It constitutes the company's managing organ. The board of directors should own a number of shares representing at least 20 per cent of the share capital.

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The board of directors elects from its members a president who is responsible for the general managing of the company. He represents it in its relations with third parties.

Any increase or reduction of the share capital of this company is authorized by the extraordinary general assembly of the shareholders on the basis of a board of directors' report.

The company is supervised by an auditor appointed for three years out of a list of approved experts.

The joint stock company can by its statute or by decision of the general meeting during its existence be run by a managing committee composed of three to five members.

The managing committee performs its function under the supervision of the board of trustees. It is fully empowered to act in all circumstances through its president on behalf of the company.

The board of trustees exerts the permanent supervision of the company. Its members cannot be members of the managing committee.

Enterprises with public capital (formerly socialistic enterprises or national companies) are subject to special regulation.

- The economic State enterprises

Most of the state (public) enterprises have been transformed into joint stock companies in the framework of the economic reform and the progressive establishment of a market economy. These companies with exclusively public capital shares are subject to the rules of commercialism and no longer benefit from unlimited legal patrimonial public immunity.

The State now only guarantees these obligations in the same manner as any owner would be bound.

These new joint stock companies are subject to bankruptcy proceedings in case of durable lack of liquid assets due to a proven insolvency.

Nevertheless, in exceptional cases and to protect important interests concerning the national economy or defence or the regional equilibrium of employment, the State can proceed to the financial structural rearrangement of the enterprises in difficulty or otherwise continue its business.

The shares of the companies emanating from public capital are held and managed by companies managing transferable securities. These are so-called Holdings.

- Public Holding Companies (Sociétés de Gestion des Participations de l'Etat).

The Public Holding Companies, themselves joint stock companies, act as a fiduciary agents of the State. They manage the shares collectively and hold the capital of the economic public enterprises.

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The Public Holding Companies portfolio managers may dispose of the transferable shares belonging to the State and freely invest by taking shares in the other enterprise capital.

5. COMPANIES TAX SYSTEM

[1] Summary of the Algerian tax system

The tax system has undergone significant reform. The new regime has been in force since 1st January 1992.

The general economy of this reform aims at the modernization and simplification of the Algerian fiscal system. It consists in abandoning the scheduled income tax system doubled with a superposition tax in favor of a simple taxation of income whatever may be its nature or origin.

Value added tax (VAT) was also introduced. It is effectively in force since 1 April 1992.

The fiscal system distinguishes between individual's income and that of companies.

[A] Income tax for the individuals (I.R.G.)

[i] Principles

As a substitute for the former scheduled taxes, and the complementary tax on overall income, the reform in force since 1 January 1992, established a single tax on any income. It is called tax on the global income.

Individuals whose fiscal domicile is in Algeria are liable to the income tax for the individual. Those whose fixed domicile is outside Algeria are liable to individual income tax on the basis of their Algerian source income subject to international fiscal conventions.

[ii] Foreign individuals implementation

Sole proprietorships and the partnerships of foreign enterprise (excluding capital companies) are subject to income tax for the individual. A withholding system at the source operates.

The applicable rate is of 24 per cent of the amount collected in the context of markets or service contracts. This withhold at the source covers the professional activity tax (T.A.P.) and the Value Added Tax (T.V.A.).

It is withheld at the source by the Algerian co-contractor, who will submit it to the Algerian Treasury. When the taxpayer concerned by the income tax for the individual is domiciled abroad, the withholding at the source releases him from any further obligation.

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[iii] Fiscal domicile

The Algerian legislator has defined the applicability income tax for the individual with reference to the notion of fiscal domicile.

Fiscal domicile is based on the triple criteria of residency or stay, principal center of interests or professional activity. It is to be noted that the nationality of the taxpayer is not mentioned. Thus, the following are considered to have their domicile in Algeria:

- Individual who are owners of their dwellings or usufructuary;
- Leaseholders if the lease is for one year at least;
- Individuals whose principal place of business is in Algeria ;
- Individuals who use Algeria as a center of their principal interest; and
- Individuals who carry on a professional activity in Algeria.

[b] Companies profit taxation

To encourage economic activity under the partnership form and thus attract part of the savings into capital investment, the Algerian legislator has established a taxation system on profits made by the companies that provides fiscal exemptions and incentives. This particular regime, especially favors those who invest in sectors having priority in Algeria's economic agenda. Thus, some temporary exemptions have been granted to favor , for example, handicrafts, the development of tourism and the creation of joint venture companies in the tourism field or in sporting activities.

The general tax rate on the companies' profits is of 30 per cent. It is to be noted that reinvested profits are subject to a reduced rate of 15 per cent.

[c] Value Added Tax VAT

Value added tax VAT has been introduced in the Algerian fiscal system as of April 1, 1992. It applies to selling operations, construction works and the performing of services, having an industrial commercial or handicraft character achieved in Algeria. V. A.T. does not concern banking and insurance transactions. These are covered by a special tax that varies depending on whether it is dealt with a banking or an insurance activity.

VAT comprises two rates : 7 per cent and 17 per cent.

The VAT taxation of the foreign enterprises with no stable establishment in Algeria is governed by particular regulations. They are under an obligation to accredit at the fiscal administration, a representative domiciled in Algeria of the foreign enterprise.

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The representative of the foreign enterprise is in charge of fulfilling the declaration obligations and the payment of the VAT due by the enterprise that he represents.

The VAT due by foreign individuals or corporate persons in regard to their service activities in Algeria is withheld at source by the organs that execute the payments subject to this tax.

The individual, company or association that undertakes the withholding at source is bound to deliver to the concerned enterprise a receipt on the amounts withheld for the benefit of the Treasury.

[2] Foreign companies taxation

Foreign companies benefit from a special regime in the sense that the taxation of profits of these companies is at a reduced rate. They pay at rates of :

- 30 per cent for their performed gross incomes in the construction works ; and
- 24 per cent of the amount collected in the context of dealings on the Algerian market relating to service performed where the foreign enterprise does not have a permanent professional establishment in Algeria. This tax is withheld at the source by the co-contractor.

The amounts collected by the foreign transportation companies are subject to the rate of 10 per cent when their country of origin submits the Algerian main enterprises to a taxation on this basis.

If the country of origin grants a more favourable treatment, then its transportation enterprises will receive similar treatment on a reciprocal basis.

The tax is withheld at source.

It is to be noted that the foreign companies may also choose to be subject to the normal regime of taxation of companies at a rate of 30 per cent on the basis of the real inputs and expenses relating to the contract performed or to the market they serve.

They should then maintain careful accounts of these expenditures and actual profit.

[3] Bilateral fiscal conventions

Algeria has concluded many bilateral fiscal conventions with both European and Maghrebine countries. It is equally a signatory for a multi-lateral fiscal convention.

The purpose of these conventions is to avoid double taxation, and to organize a reciprocal assistance for collecting fiscal debts or to prevent fiscal evasion and fraud.

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[a] Algerian-French fiscal convention of 7 April 2002.

The aims of this convention are to avoid double taxation, to prevent tax avoidance and fraud, and to establish reciprocal assistance rules concerning the collection of taxes.

Signed in Algiers on 17 October 1999 it was ratified by the Presidential Decree of 7 April 2002 and published in the Algerian official gazette on 10 April 2002.

Thus, the convention stipulates that the nationals, companies and other groups of a State will not be subject in the other State to taxes higher than those applied to the nationals, companies and other groups of the latter State being in an identical situation. The requirement for any discharge when exiting from a territory of one State is cancelled for the nationals of the other State.

Any fiscal discharge (Quitus fiscal) required for the nationals of a State while leaving the territory of the other State is cancelled .

For the rest the arrangements of the convention state the taxes they concern and define the principles aiming at avoiding the double fiscal taxation for the source income, benefit, profit, value added for the same person whose residency is situated in one of the States.

Finally, an administrative assistance between the fiscal authorities of the Algerian and French States is organized to exchange information dealing with fiscal matters and assistance for tax collection.

[b] Algerian-Italian convention of July 20, 1991.

Signed in Algiers on February 3 , 1991 and ratified by the Decree of July 20, 1991 (Algerian Official gazette n°35 of July 24, 1991) the Algerian-Italian fiscal convention aims at avoiding double taxation concerning income and wealth taxes and at preventing fiscal evasion and fraud.

Double taxation is avoided in the following way :

- In the case of succession, the income received by the resident of a signatory State gets for estates situated in the other State are taxed in this other State.
- Enterprise profits of a business of a signatory state are taxed only in this State ; and
- n the case of wages and salaries, the taxation is established in the State where the resident of the signatory state receives payment (unless exceptions apply).

The Algerian-Italian fiscal convention provides a non-discriminatory and equal treatment clause for their respective nationals who are in the same situation.

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The absence of the most favoured nation clause, and of any commitment of the signatory States to the other State's residents personal deductions, abatements and reduction for family charges that are provided to their own residents, should be noted.

An exchange of information is organized between Algeria and Italy to prevent fiscal evasion and fraud with strict respect of confidentiality except before in proceedings and before authorities where the information exchanged can be disclosed.

There is other Tax Agreements (Conventions fiscales) concluded between Algeria and Turkey (1994), Indonesia (1997), Oman (2002).

[c] Multi-lateral Maghrebine agreement

A convention between the Maghreb countries was signed in Algiers on July 23, 1990. It aims at avoiding double taxation and at defining the basis of mutual Cupertino in the field of income taxes and their collections.

6. Non resident exchange regulation

[1] Payment means importation

[a] Foreign currency account

Non resident travellers can freely import into Algeria foreign hard currency. They must declare it at their entry in the Algerian national territory. No limitation is set for the amount.

Since February 1991, foreign individuals and corporate persons, residents or non-residents can freely open hard currency accounts in the convertible currency of their choice. This hard currency account cannot have a negative balance. It can be credited either through currency import or through direct payment in hard currency or by means of convertible Dinars.

[b] Foreign account in convertible Algerian Dinars (CEDAC)

The foreign organisms established in Algeria and whose expenses should be executed through the importation of convertible currency (liaison bureau of foreign companies), can open a foreign account in convertible Algerian Dinars (CEDAC) in an Algerian bank.

The monetary system of a foreign account in convertible Algerian Dinars is similar to a foreign currency account, and allows the payment of any expense in Algeria directly in Dinars.

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[c] Re-exportation of foreign currencies

The unused currencies in Algeria belonging to foreigners and legally declared at the entry can be freely re-exported.

On the other hand, the available balance of the currency accounts can be transferred abroad or to another currency account or a CEDAC account.

7. EMPLOYMENT LAW

[1] Generalities

A foreigner can exercise an activity in Algeria subject to obtaining a work permit.

[2] Foreigner paid activity

The Law dated July 11, 1981 defines the employment conditions of foreign workers.

Except for the French and Tunisian nationals, for whom bilateral conventions between Algeria and France on one side, and Tunisia on the other side are implemented, a foreigner who is to perform a paid activity in Algeria should have a work permit or a temporary authorization to work.

A foreigner working in Algeria is, like Algerian nationals, subject to a mandatory affiliation to social insurance.

In application of the law related to social insurance, the benefit of the social allowances is granted to any affiliated individual with no distinction on the basis of nationality.

[3] Labour law and social security

Labour legislation in Algeria protects the rights of the worker.

Elaborated in the framework of the centralized management of the economy, labour legislation in Algeria grants the workers a protective regime guaranteeing a relative employment security and appreciable social coverage.

The legal duration is of 40 hours per week, and five working days.

Holidays with pay are allocated for 30 consecutive days per year.

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Although, no discrimination is allowed between male and female workers, the latter can chose to work half-time. Night work is forbidden for persons of both sexes under nineteen years of age.

A worker is granted legal protection against regular or abusive redundancies. This protection is guaranteed widely by the courts.

Concerning the social coverage, the social security regime with a mandatory application guarantees allowances in kind and cash to any worker who is temporarily or definitively unable to work.

The traditional insurance in this field concerning the matter are also considered :

- Health insurance which concerns the reimbursement of medical expenses and also allocation of a daily allowance in case of sick leave ;
- Maternity insurance that refunds expenses for pregnancy and giving birth ;
- Disability insurance with allowance of a pension to the employee obliged to leave his job on account invalidity ; and
- Insurance in case of death which concern allocation of a capital to the eligible persons ;

A temporary or permanent sickness pension paid by the national insurance department compensates work-injuries and occupational disease.

Finally , the old-age system provides granting of a pension to employees of sixty years of age (fifty-five years for women) that have qualified over a minimum fifteen-year working life .

8. BANKING AND STOCK EXCHANGE MARKET SYSTEM

The Algerian central bank (Banque d'Algérie) is an institution in charge of not only emitting currency, but regulating monetary circulation, credit distribution and the stock exchange market as well.

The banking system is based on the existence of five banks having public capital, the most important being the National Bank of Algeria (B.N.A).There is also a savings bank in charge of collecting small savings. Its object is mainly to grant loans to individuals to encourage the building of dwellings.

All the banks and credit institutions are subject to the regulations and norms established by the Banque d'Algérie which plays the role of the monetary authority.

Algerian law allows the opening of foreign bank branches and financial institutions.

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In addition, foreign banks and financial institutions are authorized to acquire shares in the capital of the Algerian banks and financial institutions. These two possibilities are subject to the reciprocity principle.

Concerning the stock market, the creation of a stock exchange institution is under way in order to permit the negotiation of shares of commercial companies.

Taking into account the progressive evolution of the Algerian economy towards the market economy, the establishment of the stock exchange market will take place over a certain period due to the lack of national experience in this particular field.

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