

The Novel Coronavirus (COVID-19)
Guidance Document
ALGERIA

16 April 2020

COVID-19 Outbreak and Preventive Measures in Algeria

Amid the World Health Organization's declaration of the novel coronavirus ("COVID-19") as a pandemic in March 2020, the Algerian government implemented measures of social distancing beginning on 22 March 2020 upon the issuance of the Executive Decree No. 69-20 in order to prevent and combat the spread of COVID-19. The global economy has taken a hit from measures taken around the world to prevent the spread of COVID-19, and as could be expected, the Algerian economy is no exception. In Algeria there have been three key disturbances to the local economy: (1) a supply disturbance due the recession of the global economy, (2) a demand disturbance due to the household psychosis and change of consumption routines and, (3) a liquidity disturbance as the majority of central banks lower their key rates.

We summarize hereinafter the measures taken by the Algerian government and the impact it may have on your business. While these measures can be considered as emergency legislation, the aim of the government, as it appears from the below measures, is to keep the economy and businesses floating while safeguarding employment.

As the peak of the crisis is expected to hit Algeria sometime in the month of April, the public authorities are adjusting their policies to respond to the challenge and we expect more legislations and measures to come in the following weeks.

Social Distancing Measures

In addition to the escalating confinement measures, the State has suspended all types of passenger transport activities ranging from air services on the domestic network to collective taxi services and road transportation, including railways, with the exception of the transportation of staff at the expense of employers.

Tax Measures

The national tax authority (*Direction Générale Des Impôts*) ("DGI") has issued an official statement regarding the implementation of specific measures to support companies impacted by the crisis. These measures include:

(1) Extension for tax returns. The extensions are granted for the submission of the following tax returns:

- The deadline for the submission of the monthly return series G n°. 50 (Taxpayers under the standard taxation regime (*régime réel de taxation*) and liberal professionals) for the months of February and March and for the payment of the duties and taxes relating thereto, is extended until 20 May 2020. Consequently, taxpayers will be required to submit three tax returns (February-March-April) and to pay the corresponding taxes by 20 May 2020. (*N.B.*: taxpayers reporting to the *Directorate of Large Corporations* (DGE) will continue making electronic submissions).
- Extension of the deadline for the submission of the quarterly return series G n°. 50b (tax on global income (IRG) / first quarter 2020 wages) until 20 May 2020.
- Extension of the deadline for the submission of the annual tax return under the standard taxation regime (including financial statements) until 30 June 2020. (*N.B.*: for companies reporting to the DGE, the deadline for submission of the annual tax return is extended until 31 May 2020).

- Extension of the deadline for the submission the annual tax return series G n° 1 for the operators of sole proprietorships (IRG / domicile) until 30 June 2020.
- (2) **Extension of tax payments.** The deadline for payment of the first installment of the provisional tax on global income (IRG) and Corporate Income Tax (IBS) is extended until 20 June 2020.
- (3) **Tax Payment schedules.** The DGE has also provided that taxpayers who are under financial distress may request to reschedule their tax payments. Likewise, those already benefiting from a deferred payment mechanism may request its extension in the event of cash flow difficulties.
- (4) **Suspension of the taxation of non-distributed profits.** The 15% taxation on non-distributed profits for 2016 and following financial years, as provided for by the Finance law for 2020, is suspended until further notice.

It should be noted that, notwithstanding the current circumstances, Algerian tax authorities remain operational to receive and process tax returns and payments.

Employment Measures

The Algerian Labor Law provides for the obligation of the employer to ensure a safe and healthy working environment for employees, while also insisting on the obligation of the employee to abide by the employees' health and safety requirements.

- (5) **Exceptional Leave:** The Algerian authorities have instructed companies in both the public and private sectors to put at least 50% of their staff on exceptional paid leave until 19 April 2020 (*N.B.:* we expect these measures to be extended for at least another 14 days). The decree prioritizes pregnant women , women raising children, as well as individuals with chronic diseases and health vulnerabilities. The decree further provides that additional regulations will be issued to provide for compensation schemes for companies adversely impacted by the aforementioned measures. Finally, the decree provides for the withdrawal of the business license of any company not complying with its requirements. Accordingly, for the time being, we strongly advise our clients to put on hold any lay-off measures and to abide by the above decree until further notice.

For any questions or inquiries, please feel free to contact us.

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