

This document is a non-official translation of the Investment Promotion Law. It is intended only for the reading and comprehension facilitation in the English language and cannot in any way serve as a basis for interpretation and / or legal claim.

Law N° 22-18 of 25 Dhou El Hidja 1443 corresponding to July 24, 2022 relating to investment.

The President of the Republic,

- Considering the constitution, in particular articles 61, 141 (paragraph 2), 143, 144 (paragraph 2), 145 and 148;
- Considering the Organic Law No. 18-15 of 22 Dhou El Hidja 1439 corresponding to September 2nd , 2018, amended and supplemented, relating to finance laws;
- Considering Ordinance No. 75-58 of September 26th , 1975, amended and supplemented, on Civil Code;
- Considering Ordinance No. 75-59 of September 26th , 1975, amended and supplemented, on Trade Code;
- Considering Law No. 01-20 of 27 Ramadhan 1422 corresponding to December 12th , 2001 relating to the management and sustainable development of the territory;
- Considering Ordinance No. 03-10 of 19 Jumada El Oula 1424 corresponding to July 19th, 2003, relating to the environment protection within the framework of sustainable development;
- Considering Ordinance No. 03-11 of 27 Jumada Ethania 1424 corresponding to August 26th, 2003, amended and supplemented, relating to monetary and credit;
- Considering Ordinance No. 08-04 of Aouel Ramadhan 1429 corresponding to September 1st, 2008, amended and supplemented, establishing the modalities and conditions of land concession in the private domain of the State for investment projects implementation;
- Considering Law No. 08-09 of 18 Safar 1429 corresponding to February 25th, 2008 amended and supplemented on civil and administrative procedure code;
- Considering Law No. 16-09 of 29 Chaoual 1437 corresponding to August 3rd , 2016, as amended, relating to investment promotion, in particular its article 37;

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- Considering Law No. 20-07 of 12 Chaoual 1441 corresponding to June 4th , 2020, as amended, relating to the Complementary finance law for 2020, in particular its article 49;

Further to the State Council opinion;

Further to adoption by the Parliament;

Promulgates the law, the content of which is as follows:

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CHAPTER 1

GENERAL PROVISIONS

Article 1. — This law aims at setting up investment regulations, to define the investors rights and obligations, and the incentive regimes applicable to investments in economic activities for the production of goods and services, exercised by natural or legal persons, national or foreign, resident or non-resident.

Art. 2. — The provisions of this law are intended to encourage investment with the aim of:

- developing priority industries with high added value;
- ensuring sustainable and balanced territorial development;
- enhancing natural resources and local raw materials;
- promoting technology transfer and developing innovation and the knowledge economy;
- generalizing the use of new technologies;
- boosting the creation of sustainable jobs and promoting the human resources skills;
- strengthening and improving the competitiveness of the national economy and its export capacity.

Art. 3. — This law enshrines the following principles:

— The freedom to invest: any natural or legal person, national or foreign, resident or non-resident, wishing to invest, is free to decide on her/his investment, in compliance with the laws and regulations in force;

— Transparency and equality in the treatment of investments.

Art. 4. — Are governed by the provisions of this law, investments made through:

- the acquisition of assets, material or immaterial, directly involved in the production of goods and services, as part of the creation of new activities, the extension of production capacities and/or the rehabilitation of the production tool;
- The shareholding in a company capital, in cash or in kind contributions;
- relocation of activities from abroad.

Art. 5. — Within the meaning of this law, it is understood by:

- **Investor:** Any natural or legal person, national or foreign, resident or non-resident, within the meaning of currency regulations, who makes an investment in accordance with the provisions of this law.
- **Investment of creation:** Any investment made with the purpose of an ex nihilo formation of technical capital by assets acquisition, aiming at creating an activity of goods and/or services production.
- **Investment of extension:** Any investment made for increasing the production capacity of goods and/or services, by acquiring new means of production which are added to those existing.
The acquisition of additional ancillary and/or related equipment does not confer the investment the nature of an extension. The same applies on equipment acquisition for renewal or replacement to existing identical ones.
- **investment of rehabilitation:** Any investment made, which consists in operations of goods and/or services acquisition, intended to bring existing materials and equipment into conformity to compensate for technological obsolescence or temporal use that affect them, to increase productivity or carry on an activity that has been stopped for at least three (3) years.
- **Relocation of activities from abroad:** An action by which a company governed by foreign law transfers all or part of its activities from abroad to Algeria.

CHAPTER 2 GUARANTEES AND OBLIGATIONS

Art. 6. — Investment projects eligible for incentive regimes under this Law may benefit from land within the private domain of the State.

Land is granted by bodies in charge of land, in accordance with the conditions and modalities provided by the legislation and regulations in force.

The bodies in charge of land provide the investor all information on land availability, in particular through the digital platform of the investor referred to in Article 23 below.

Art. 7. — External contributions in kind entering, exclusively, within the framework of relocation activities operations from abroad, are exempted from the formalities of foreign trade and bank domiciliation.

Are also exempted from the formalities of foreign trade and bank domiciliation, new goods constituting an external contribution in kind.

Art. 8. - Investments made from capital contributions in cash, imported through the banking channel and denominated in a freely convertible currency regularly quoted by the Bank of Algeria and sold to the latter, the amount of which is equal to or greater than at minimum

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thresholds, and determined according to the overall cost of the project, benefit from the transfer guarantee of the invested capital and the resulting income.

The reinvestments in capital of profits and dividends declared transferable, in accordance with the law and regulation in force, are admitted as external contributions.

The transfer guarantee as well as the minimum thresholds referred to in paragraph 1 above, apply to contributions in kind made in the forms provided by the legislation in force, provided they are of external origin and that they are subject to an assessment, in accordance with the rules and procedures governing the companies' establishment.

The transfer guarantee provided for in paragraph 1 above concerns also the real net proceeds of transfer and liquidation of foreign origin investments, even if their amount is greater than the capital initially invested.

The application modalities of this article provisions are set by regulatory way.

Art. 9. — The State guarantees the protection of intellectual property rights, in accordance with the legislation in force.

Art. 10. — the realized investment may only be requisitioned by administrative means in the cases provided by the law. The requisition gives rise to fair and equitable compensation, in accordance with the legislation in force.

Art. 11. — A "High National Appeals Commission related to Investment ", hereinafter referred to as the "Commission", is established at the Presidency of the Republic, responsible for deciding on appeals submitted by investors.

Appeals are addressed to the commission within a deadline not exceeding two (2) months, running from the notification of the contested decision. The commission must decide on these appeals within a deadline not exceeding one (1) month, running from the date of its referral.

In addition, the investor may lodge a legal appeal at the competent courts, in accordance with the legislation in force.

The commission's composition and operation as well as the application modalities of this article are set through regulatory way.

Art. 12. — In addition to the provisions of article 11 above, any dispute arising from the application of this law, between the foreign investor and the Algerian State, resulting from the fact of the investor or from an action taken by the Algerian State against him, is subject to the competent Algerian courts, except for the provisions of bilateral or multilateral agreements ratified by the Algerian State relating to conciliation, mediation and arbitration

or a compromise between the Agency, referred to in Article 18 below, acting on behalf of the State, and the investor, allowing the parties to resort to arbitration.

Art. 13. — The impact of revisions or abrogation relating to this law which may occur in the future, do not apply to the investment realized under this law, unless the investor expressly requests it.

Art. 14. — Goods and services that have benefited from the advantages provided by this Law provisions and those granted under previous provisions may be transferred or assigned upon authorization issued by the Agency referred to in section 18 below.

The application modalities of this Article are set through regulatory way.

Art. 15. — The investor must:

- ensure compliance with the legislation in force and the standards relating, in particular, to environment and public health protection, to competition, work and transparency of accounting, tax and financial information;
- provide all information requested by the administration and which are necessary for monitoring and evaluating the implementation of this law provisions.

CHAPTER 3 INSTITUTIONAL FRAMEWORK

Art. 16. — The bodies in charge of investment are:

- the Investment National Council;
- the Algerian Agency for Investment Promotion.

Art. 17. — The Investment National Council created by the provisions of Article 18, which remain in force, of Ordinance No. 01-03 of Aouel Joumada Ethania 1422 corresponding to August 20th, 2001 relating to investment development, is responsible for proposing the State's investment strategy, ensuring its overall coherence and evaluating its implementation.

The Investment National Council prepares an annual evaluation report which is sent to the President of the Republic. The Investment National Council composition and operation are defined by regulatory way.

Art. 18. — The National Agency for Investment Development, created by article 6, which remains in force, of Ordinance No. 01-03 of Aouel Joumada Ethania 1422 corresponding to August 20th, 2001 relating to investment development, is henceforth referred to as the “Algerian Agency for Investment Promotion”, and hereinafter referred to as the “Agency”.

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The Agency, in coordination with the administrations and concerned bodies, is in charge of:

- promoting and enhancing, in Algeria as well as abroad, Algeria’s investment and attractiveness, in relation with the Algerian diplomatic and consular representations abroad;
- informing and raising awareness in the business community;
- ensuring the management of the digital platform for investors;
- recording and processing investment files;
- supporting the investor in carrying out the formalities related to his investment;
- managing the advantages, including those relating to the portfolio of projects declared or registered before the date of publication of this law;
- monitoring investment projects progress.

The following one-stop shops are created at the Agency:

- the one-stop shop for major projects and foreign investments;
- decentralized one-stop shops.

The Agency collects a fee for processing investment files.

The Agency’s organization and operation, as well as the amount and modalities of collecting the fee, are defined through regulatory way.

Art. 19. — The one-stop shop for major projects and foreign investments, with national competence, is the single contact, responsible for support missions of accomplishment of all the necessary steps for the realization of major investment projects and foreign investments.

The qualification criteria for major investment projects are defined through regulatory way.

Art. 20. — Decentralized one-stop-shops are the single contacts of investors at the local level. They provide assistance and support to investors in the investment formalities completion.

Art. 21. — The one-stop shop for major projects and foreign investments and the decentralized one-stop shops bring together representatives of organizations and administrations directly responsible for carrying out procedures related to:

- the implementation of investment projects;
- the issuance of decisions, authorizations and any document related to the exercise of the activity in relation to the investment project;

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- obtaining land for investment;
- monitoring the commitments made by the investor.

Art. 22. — Notwithstanding any contrary provisions, the organizations and administrations representatives within the one-stop shops are authorized to issue, within the deadline fixed by the legislation and regulations in force, all decisions, documents and authorizations relating to the investment project implementation and operation, registered at the one-stop shops.

Art. 23. — A "digital investor platform" is created, the management of which is entrusted to the Agency, to provide all the necessary information, in particular on investment opportunities in Algeria, land availability, incentives and advantages related to the investment, as well as the related procedures.

This digital platform, interconnected with the information systems of the organizations and administrations responsible for the act of investing, allows the dematerialization of all the procedures and the online completion of all the formalities related to the investment.

It is also an instrument for guiding, supporting and monitoring investments from their registration and during their operation.

The management modalities of this platform are defined through regulatory way.

CHAPTER 4

INCENTIVE REGIMES AND ELIGIBILITY CONDITIONS FOR ADVANTAGES

Art. 24. — Investments, within the meaning of article 4 of this law, may benefit, at the request of the investor, from one of the incentive regimes, mentioned below:

- incentive regime for priority sectors, hereinafter referred to as the "sectors regime";
- incentive regime for zones for which the State grants a particular interest, hereinafter referred to as the "zones regime";
- incentive regime for investments of a structuring nature, hereinafter referred to as the "structuring investments regime".

Art. 25. — to benefit from the advantages provided by the provisions of this law, the investments must, prior to their realization, be registered at the competent one-stop shop, referred to in article 18 of this law.

The registration of the investment is materialized by the delivery, immediately, of a certificate with an attached list of goods and services eligible for the advantages, authorizing the investor to assert this list with the relevant administrations and organizations.

The application modalities of this article as well as the list of goods and services not eligible for the advantages, provided by the provisions of this law, are defined through regulatory way.

Art. 26. — Investments realized in the following sectors of activity are eligible for the “sectors regime”:

- mines and quarries;
- agriculture, aquaculture and fishing;
- industry, food industry, pharmaceutical and petrochemical industry;
- services and tourism;
- new and renewable energies;
- knowledge economy and information and communication technologies (ICT).

The list of activities not eligible for the advantages provided under the sectors regime is defined through regulatory way

Art. 27. — Investments eligible for the "sectors regime" benefit, in addition to the fiscal, para-fiscal and customs incentives provided under common law, from the following advantages:

— **During the realization period:**

- 1) exemption from customs duties on imported goods directly involved into the investment implementation;
- 2) exemption from VAT on goods and services imported or acquired locally, directly involved into the investment implementation;
- 3) exemption from transfer tax, against payment, and land registration tax, on all property acquisitions made within the framework of the concerned investment;
- 4) exemption from required registration fees on acts of corporation and capital increases;
- 5) exemption from registration fees, land advertising tax as well as the State owned property remuneration on built and non built properties concessions, granted for investment projects implementation;

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6) exemption from land tax on real estate properties, within the framework of the investment, for a period of ten (10) years, from the acquisition date.

— **During the Operation period:** for a period from three (3) to five (5) years, from the date of starting operation, of:

1. exemption from Tax on companies profits (IBS);
2. Exemption from the tax on the turnover (TAP);

Art. 28. — Investments realized in these localities are eligible to the “zones regime”:

- localities in the Highlands, the South and the Great South;
- localities whose development requires special support from the State;
- localities with natural resource potential to be developed.

The list of localities covered by the zones to which the State grants a particular interest is defined through regulatory way.

Art. 29. — Investments eligible for the zones regime, whose activities are not excluded from the advantages provided in this article, may benefit, in addition to the fiscal, para-fiscal and customs incentives provided under common law, from the following advantages:

- **During the realization period:** the advantages provided in Article 27 of this law.
- **During the operation period:** for a period ranging from five (5) to ten (10) years, from the date of starting operation, of:

- 1) Exemption from companies profits tax (IBS);
- 2) Exemption from the tax on the turnover (TAP).

The list of activities not eligible for the advantages provided by the "zones regime" is defined through regulatory way

Art. 30. — Investments with high potential for creating wealth and jobs, likely to increase the attractiveness of the territory and create a knock-on effect on economic activity for sustainable development, are eligible for the “structuring investments regime”.

The qualifying criteria for investments eligible for the “structuring investments regime” are defined through regulatory way.

Art. 31. — Investments eligible for the “structuring investments regime” may benefit, in addition to the fiscal, para-fiscal and customs incentives provided under common law, from:

— **During the realization period:** the advantages provided in Article 27 of this law.

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The realization period advantages provided in this article may be transferred to the co-contractors of the beneficiary investor responsible for implementing the investment, on behalf of the latter.

— **During the operation period:** for a period ranging from five (5) to ten (10) years, from the date of starting operation, of:

- 1) Exemption from companies profits tax (IBS);
- 2) Exemption from the tax on the turnover (TAP).

Structuring investments can benefit from the support of the State by taking charge, partially or totally, of infrastructure works necessary for their realization, on the basis of an agreement established between the investor and the Agency acting on behalf of the State. The agreement is concluded after its approval by the Government.

The application modalities of this article provisions are defined through regulatory way.

Art. 32. — Subject to the duration of the exemption from property tax on real estate properties within the framework of the investment, the investments referred to in article 4 of this law must be realized within a period not exceeding three (3) years. This period is extended to five (5) years for investments within the "zone regime" and the "structuring investment regime".

The duration of implementation starts to run from the date of the investment registration at the Agency or from the date of issue of the building permit, in cases where it is required.

The duration of implementation may be extended by twelve (12) months renewable, exceptionally, once (1) for the same duration, when the investment implementation exceeds a defined progress rate.

The application modalities and conditions of this article provisions are defined through regulatory way.

Art. 33. — The duration of the advantages, during the operating phase, is determined on the basis of assessment grids drawn up, taking into account the objectives mentioned in article 2 above, and the criteria established for each incentive regime.

Extension or rehabilitation investments benefit from the advantages granted during the operating period, in proportion to the new investments compared to the overall realized investments.

The modalities and conditions for benefiting from the advantages, during the operating period, as well as the assessment grid, are defined through regulatory way.

CHAPTER 5

MISCELLANEOUS PROVISIONS

Art. 34. — In case of exercising a mixed activity or several activities, only those eligible are qualified to benefit from this law advantages.

For this purpose, the beneficiary of the advantages shall keep accounts to determine the turnover and results corresponding to the activities eligible for the advantages.

Art. 35. — The coexistence of advantages of the same nature established by the legislation in force with those provided by this law does not lead to cumulative application. The investment benefits from the most advantageous incentive.

Art. 36. — For the purpose of monitoring, the administrations and bodies concerned by the implementation of this law provisions are responsible for ensuring, in accordance with their attributions and during the permitted period of amortization of the goods acquired under advantages, that investors respect commitments made when registering the investment.

In case of non-compliance with the obligations arising from the application of this Law provisions or the commitments made by the investor, these advantages may be withdrawn in whole or in part, without prejudice to the penalties provided by the legislation in force.

The application modalities of this article provisions are defined through regulatory way.

Art. 37. — Anyone who, in bad faith, obstructs by any means whatsoever the act of investing is punished in accordance with the provisions provided by the legislation in force.

CHAPTER 6

TRANSITIONAL AND FINAL PROVISIONS

Art. 38. — The rights and advantages legally acquired by the investor under legislation prior to this law are maintained.

Without prejudice to the provisions of paragraph 3 of article 32 above, investments benefiting from the advantages provided by the laws relating to investment development and promotion prior to this law, as well as all subsequent texts, remain governed by the laws under which they were registered and/or declared, until the expiry of the duration of those advantages.

Art. 39. — The portfolio of projects previously under the jurisdiction of the National Investment Council is transferred to the Agency.

Art. 40. — All provisions contrary to this Law, including Law No. 16-09 of 29 Chaoual 1437 corresponding to August 3, 2016 relating to the investment promotion, are abrogated, except of Article 37, which remains in force.

Without prejudice to the provisions of Article 38 of this Law, the implementing regulations of Law No. 16-09 of 29 Chaoual 1437 corresponding to August 3, 2016 referred to above remain in force until the promulgation of the implementing regulations provided by this Law.

Art. 41. — This Law will be published in the Official Journal of the People's Democratic Republic of Algeria.

Done at Algiers, 25 Dhou El Hidja 1443, corresponding to July 24th , 2022.

Abdelmadjid TEBBOUNE.