



# **TAXES IN AFRICA & MIDDLE EAST**

**2024**


5<sup>th</sup> EDITION

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# Tunisia




 **Capital city :**  
Tunis


 **Language :**  
Arabian, Chelda,  
French


 **GDP/capita**  
**2023 :**  
USD 12,484

 **Telephone code :**  
+216

 **Area :**  
163,610 km<sup>2</sup>

 **Political system :**  
semi presidential  
republic

 **Currency :**  
Tunisian dinar  
(TND)

 **National days :**  
25 July  
20 March

 **Population :**  
12,512,909

 **ISO Code :**  
TUN



## PREAMBLE

The Finance Law for the year 2022 has provided for several tax measures to enhance business transparency, tax justice and also the improvement of tax revenues. Among these measures we can mention the following:

1. Transition to the green economy and sustainable development (Reduction of the consumption duty on hybrid cars and revision to 0% of customs duties on vehicles equipped with electric motors, reduction of customs duties on the import of solar panels and increase of the tax on environmental protection)
2. Improving the competitiveness of the international air transport sector (extension of the VAT suspension regime to the handling, catering, maintenance and servicing of aircraft of international air transport companies).
3. Revaluation of assets (Companies can proceed to the revaluation of their built and unbuilt buildings according to their real value from the year 2022).
4. Amnesties (withholding tax on undeclared income of individuals, waiver of penalties following the payment of tax debts, reduction in the amount of tax fines and financial penalties and customs offences,...)

## 1. Corporate taxation

### 1.1 Tax base

Companies and entities liable for corporation tax are taxed on their profit. The starting point for determining the taxable income remains the book profit determined according to Tunisian accounting standards (NCT).

### 1.2 Residence and non-residence

Profit that is liable for corporation tax in Tunisia is that which is made particularly by establishments located in Tunisia. That results in the following:

A company having its registered office in Tunisia is only liable for corporation on the profit made from transactions that are carried out either directly in other countries by the office or in Tunisia by any other operation located in Tunisia.

Companies having their registered office in other countries are only liable for

corporation tax in Tunisia for the profit made in Tunisia through the operations located in that country.

### 1.3 Tax year and filing

The annual declaration of profit must be filed no later than on 25 March of each year for legal entities who close their accounts on 31 December. Companies with statutory auditors have a longer time limit for filing their final declaration, up to 25 June. A provisional declaration must however be filed no later than on 25 March.

The company does the same for the payment of corporation tax:

Corporation tax - paid provisional instalments - withholding tax.

Legal entities liable for corporation tax are liable for the payment of three advances on the tax owed on their overall profit or income, called "provisional instalments".

Provisional instalments are payable in three equal payments, each corresponding to 30% of corporate tax owed for the previous year.

### 1.4 Taxable income

The taxable profit is determined on the basis of the book profit, after adjustments. The application of the adjustments leads to the establishment of a table for determining the taxable income, which includes the various reinstatements and the tax deductions.

There are limits on the deduction of charges concerning:

- Charges and depreciation on holiday homes, aircraft and pleasure boats that are not part of the operation;
- Charges and depreciation relating to private passenger vehicles with a tax power above 9 CV that are not part of the operation;
- Non-deductible debt remission;
- Surplus remuneration of participating securities and associated current accounts;
- Unrealised exchange rate losses from current claims and debts in foreign currency.

Entities that operate from some regional development areas can benefit from exemptions from corporation tax.

## **1.5 Group income and grouping arrangements**

For the financial years opened from 1 January 2020, while determining the tax owed by companies that are residents or based in Tunisia and depend on or control other companies belonging to the same group, the profit indirectly transferred to the latter, either by increasing or decreasing the value of the transactions used, or by any other means, are incorporated into the profit of those companies.

## **1.6 Capital gains**

Capital gains are liable for corporation tax and form part of the taxable profit.

## **1.7 Losses**

The loss posted in a financial year and shown in accounts according to the laws and regulations governing the accounts of companies is deducted successively from the profit of the subsequent years, up to the fifth year inclusive.

## **1.8 Rates**

The tax rate is:

- overall 15% rate (previously it was 25%);
- 10% reduced rate for craft, agricultural and fishing activities and profits from investments made in regional development areas.

## **1.9 Relief for double taxation**

Tax agreements signed by Tunisia provide for the avoidance of double taxation.

## 2. Personal income taxation

### 2.1 Tax base

Income tax is owed by all natural persons regardless of their marital and family status, on their overall net income. There are two categories of taxpayers liable for income tax:

- income earned by those who habitually reside in Tunisia.
- income of those who do not habitually reside in Tunisia but earn income from Tunisian sources.

However, tax agreements between countries limit double taxation of income derived from outside Tunisia.

### 2.2 Residence and non-residence

The following are deemed to habitually reside in Tunisia:

- those who have their principal place of residence in the country;
- those who do not have their principal place of residence in Tunisia, but live there for a period of at least 183 days, continuously or discontinuously, during the calendar year;

### 2.3 Tax year and filing

Income tax is annual and is owed on 1 January of each year on the basis of the total amount of the profit or income made or earned during the preceding year.

The time limit for filing the annual income returns of natural persons depends on the category of the declared income.

### 2.4 Taxable income

Income is distributed into eight large categories, and each category is governed by rules specific to the determination of taxable income:

- industrial and commercial profit (BIC);
- profit of non-commercial professions (BNC);
- profit from farming and fishing;
- salaries, allowances, pensions and life annuities;
- income from land;
- income from securities;

- income from movable assets;
- other income.

## 2.5 Capital gains

Taxable capital gains are calculated as follows: price of disposal less cost price and substantiated expenses taking account of 10% of the cost price, including substantiated expenses per year of holding.

Capital gains from the transfer of buildings and assimilated rights are taxed in full discharge of income tax on natural persons. They are to be declared in a special form and are not included in the determination of the overall net income if they are not attached to a professional asset.

## 2.6 Losses

The overall net income is determined by offsetting the profit-making categories against other loss-making categories when the loss is substantiated by regular accounting.

Where the overall income is not sufficient for the loss made in an income category to be charged entirely, the uncharged remainder can be carried forward successively to the overall net income of the subsequent years, up to the fifth year following the year of the loss.

## 2.7 Reductions and rates

The tax rate in Tunisia is progressive:

|                                |     |
|--------------------------------|-----|
| - TND 0 to TND 5,000           | 0%  |
| - TND 5,000.001 to TND 30,000  | 26% |
| - TND 20,000,001 to TND 30,000 | 28% |
| - TND 30,000.001 to TND 50,000 | 32% |
| - Above TND 50,000             | 35% |

The annual tax may not be less than a minimum taxation equal to the following for commercial and non-commercial activities:

- 0.2% of the local turnover or the gross revenue with a minimum equal to 300 DT, payable even if no turnover is made;
- 0.1% of the turnover or the revenue from export or achieved by marketing products or services under the governmental price approval regime.



## 2.8 Social security

- General scheme / Non-agricultural employees' scheme (RSNA)

Employees are charged contributions of 9.18% of gross pay by their employers. Employers also pay contributions of 16.57% of gross pay.

- Other statutory schemes

There are other schemes with a different rate of deduction for agricultural employees, artists, craftsmen, self-employed workers, students, etc.

## 2.9 Expatriates

There is no specific regime for expatriates. However, any individual who resides in Tunisia for a period of at least 183 days in the course of the calendar year is considered to be a resident in Tunisia, whether such residence is continuous or not, regardless of the conditions of residence.

The residence period is assessed year after year.

Non-residents are liable in Tunisia to a tax obligation known as the limited obligation. Indeed, they are only taxable in Tunisia for their income sourced from Tunisia, generally in the form of a final withholding.

## 2.10 Voluntary organisations

- Non-profit organisations are not taxed.
- Organisations that do not carry out their activity in accordance with the legislation governing them, particularly those that engage in commercial activities to distribute funds to their members in their personal interest are liable for corporation tax.

## 2.11 Pensions

Pensions are generally taxed like salaries.

## 3. Inheritance and gift tax

### 3.1 Registration fees

Registration fees owed on gifts and successions are assessed on:

- buildings and furniture located in Tunisia, regardless of the place of residence of the deceased or the donor,
- buildings and furniture located in Tunisia or elsewhere if the deceased or donor is a resident of Tunisia.

Buildings and furniture located in other countries on which registration fees have been paid on gifts and successions in their country of location are exempted from said duty.

Tax agreements also avoid double taxation.

### 3.2 Tax base & rates

For the assessment and payment of registration fees on successions, the value of movable property is estimated on the basis of a detailed estimated declaration by the parties concerned.

Gifts and successions are registered with the following variable duties:

- 2.5% rate on successions and gifts in directly between spouses;
- 5% rate between siblings;
- 25% and 35% for other degrees of kinship.

## 4. Value-added tax

### 4.1 Rates

The VAT rates applied are as follows:

- The 19% rate is the ordinary rate;
- The 13% rate, which applies to the following:
  - services provided by chartered accountants, lawyers, notaries, architects, engineers and consultants;

- sale of low-voltage electricity intended for household consumption and medium-voltage electricity used to power water pumping machinery intended for agricultural irrigation;
  - import and sale of petroleum products.
- The 7% rate that applies to transactions relating to goods and services that attract the 7% rate are detailed in table B of the VAT code.

## 4.2 Declaration and payment

The declarations are monthly and payment is made on the 15<sup>th</sup> or 28<sup>th</sup> of each month by natural persons and legal entities respectively.

## 4.3 Suspensive regime

The suspensive regime makes it possible to not pay VAT on imports and local purchases of products and services required for the activity, which entitle the taxpayer to deduction.

# 5. Other taxes

## 5.1 Social solidarity contribution

Individuals are taxed at a rate of 1% on their taxable income.

For companies, this rate varies from 1% to 2% depending on the activity.

## 5.2 Other taxes

There is a large number of taxes paid by companies and natural persons.

The main ones are as the following:

- taxes for the benefit of local authorities (TCL);
- hotel tax;
- business tax for the benefit of the industrial competitiveness development fund (FODEC);
- taxes on salaries: there are essentially two taxes on salaries, paid by the employer, namely the vocational training tax (TFP) and the contribution to the fund for the promotion of social housing (FOPROLOS).

## 6. Foreign income

These taxes are governed by the bilateral tax agreements signed by Tunisia. Such agreements are aimed at avoiding double taxation (Tunisia/other countries).

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