

GLOBAL HIRING GUIDE

# Algeria





## GLOBAL HIRING GUIDE

# Table of Contents

---

### 01 Basic Country Facts

### 02 Statutory Labor Requirements

- Probation Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Paternity Leave
- Sick Leave
- Work Hours
- Overtime
- Notice Period
- Severance
- 13th Month

### 03 Income Tax

### 04 Social Security

- Employees
- Employers
- Self-employed individuals

### 05 Deductible Expenses

- Employment Expenses
- Personal Deductions

---

### 06 Immigration

### 07 Value Added Tax (VAT)

### 08 Withholding Tax

- Dividends
- Interest
- Royalties
- Fees for technical services

### 09 Termination

### 10 Statutory Benefits

# 01

## BASIC COUNTRY FACTS

- **Full Name**  
People's Democratic Republic  
Of Algeria
- **Capital**  
Algiers
- **Main Languages**  
Arabic  
Algerian Arabic  
Berber
- **Population**  
44.18 Million
- **Monetary Unit**  
Algerian Dinar
- **Internet Domain**  
.dz
- **International Dialing Code**  
+213
- **Currency**  
Algerian dinar



# 02

## STATUTORY LABOR REQUIREMENTS

### Probation Period

---

- An employee may be employed on probation for up to six months, although highly qualified individuals may be subject to a probationary period for up to 12 months.

### Annual Leave

---

- The Algerian Labor Law provides employees a minimum entitlement to 30 calendar days' paid annual leave.

### Public Holidays

---

1. New Year's Day
2. Yennayer
3. Labor Day
4. Eid al-Fitr
5. Independence Day of Algeria
6. Eid al-Adha
7. Islamic New Year
8. Ashura
9. Prophet's Birthday
10. Revolution Day

### Maternity Leave

---

- Provided that the employee has worked at least either 15 calendar days / 100 hours during the three months preceding the date of the first medical acknowledgment of pregnancy or 60 calendar days / 400 hours during the 12 months preceding the first medical acknowledgment of pregnancy, a female employee is entitled to 14 weeks' fully paid maternity leave.

- This includes a compulsory period of leave before the expected date of birth and following delivery of not less than six weeks.

### Paternity Leave

---

- Male employees can take three days of paid paternity leave as long as they submit a written notice and reason.

### Sick Leave

---

- Employees are entitled to 15 days' paid sick leave at half salary; and full salary from the 16th day of sickness onwards

### Work Hours

---

- The working week typically runs from Sunday to Thursday and the maximum prescribed working hours for an employee is 40 hours per week (based on a five-day week) and eight hours per day (exclusive of a one-hour break).
- Friday is the statutory day of rest each week

## Overtime

---

- Overtime hours must not exceed 20% of the maximum working hours (i.e. eight hours per week) and an employee must not be required to work more than a total of 12 hours per day.
- Where an employee is required to work additional hours, they are entitled to overtime pay, of a minimum of 150% of the normal hourly wage.
- If circumstances require the employee to work on their weekly day off, they must be granted another day off (in lieu) and 150% off their wage for the overtime period.

## Notice Period

---

- The notice period is 5 days per year served capped at 30 days.

## Severance

---

- Employees receive 15 days of severance pay per year of service after 2 years of service.

## 13th Month

---

- 13th month pay is not mandatory



## Notice Period

---

- Article 73-5 of the Law 90-11 provides that dismissing workers who have not committed serious misconduct entitles them to a leave period, the minimum duration of which is fixed in collective agreements or conventions.
- Art. 73-6 of the same law provides that, during the leave period, the dismissed worker is entitled to two hours per day, cumulative and paid, to allow him/her to look for another job.
- The employer organization can fulfill the obligation to give the leave period by paying the dismissed worker a sum equal to the total remuneration he would have received during the same time.

## Severance

---

- Regarding redundancy allowances, the employer must pay to any employee who is subject to a downsizing and who benefits from the unemployment insurance regime, an amount of compensation equal to three (3) months' salary. (Cf. Art. 22 of the Decree 94-09.)
- As per Article 23 of the Decree 94-09, this allowance is calculated based on the average gross monthly wage received during the twelve (12) months preceding the termination of the employment relationship.
- In addition, Article 21 of the same Decree provides that employees to be terminated in the framework of a reduction in the workforce and who are compensated by means of a job, or admission to retirement or early retirement are not entitled to any compensation other than that due to them for paid leave.

- In specific cases of serious fault, the dismissal allowance can be null.
- Article 73-4 (paragraph 2) of the Law 90-11 provides that if the worker dismissal occurs in violation of the provisions of Article 73, as referred to above, it is presumed to be unfair.
- The Court rules in the first and last resort, and decides either to reinstate the employee in the company and maintain his advantages or, in the event one or other parties refuses, to grant the worker financial compensation which may not be less than six (6) months' salary, without prejudice to any damages.

## 13th Month

---

13th month pay is not mandatory

# 03

## INCOME TAX

- Under Algerian rules, individuals could be subject to tax:
  - On their worldwide income if they are considered as Algerian tax residents, irrespective of source or recharge arrangements.
  - On their income sourced in Algeria (received in consideration of a professional activity performed in Algeria) if they are not considered as Algerian tax resident.
- Personal income taxation is applied with progressive scale rates (marginal rate 35%).

### INCOME TAX

Progressive Rates Up To 35%

# 04

## SOCIAL SECURITY

- It is the employer's obligation to contribute 26% of the employee gross salary (employer contribution) and 9% of gross salary (employee contribution).
- The social security contributions cover retirement, illness, unemployment, and work accidents.

INCOME TAX	EMPLOYER	EMPLOYEE
Social Security	26%	9%

# 05

## DEDUCTIBLE EXPENSES

### Personal Deductions

- Alimony payments are deductible.
- Charitable contributions are not deductible.
- Childcare expenses are not deductible.
- Education expenses are not deductible.
- Healthcare expenses are not deductible.
- Life insurance premiums are not deductible.
- Mortgage interest expenses are deductible.
- Taxes paid are deductible

#### DEDUCTIBLE EXPENSES

Alimony Payments Are Deductible

Charitable Contributions Are Not Deductible

Childcare Expenses Are Not Deductible

Education Expenses Are Not Deductible

Healthcare Expenses Are Not Deductible

Life Insurance Premiums Are Not Deductible

Mortgage Interest Expenses Are Deductible

Taxes Paid Are Deductible

# 06

## IMMIGRATION

### Immigration

- Entry visas are required for nationals of the European Union (EU), United States and certain Arabic countries, such as Egypt.
- Moroccan and Tunisian nationals are not required to have entry visas.
- Foreign nationals who wish to enter Algeria for a period not exceeding 15 days can enter with a business visa.
- This visa allows the holding of meetings (internal or with clients) but not the provision of services.
- Foreign nationals who wish to work in Algeria under a contract that has a duration of less than three months must obtain a temporary work authorization.
- It can be renewed once a year.
- Under Article 9 of Law No. 81-10, a foreigner who is assigned to Algeria for a duration of less than 15 days does not require a temporary work authorization.
- However, a temporary work visa is always required.
- To obtain the visa, a foreign national must justify his or her work in Algeria.
- After the granting of a temporary work authorization and work visa, a work permit is required.
- A work permit's validity may not exceed two years, but it is renewable.

- French nationals benefit from a special regime.
- They need to obtain a foreign worker declaration instead of a work permit.
- A foreign worker working as a managing director of an Algerian entity is exempt from the work permit requirement but needs a business professional card and, in some circumstances, a residence card as well.
- Foreigners who are intending to extend their stay in Algeria beyond the duration specified in the visa must request a residence card 15 days before expiration of the visa's validity.

- This card is valid for two years.
- A residence card with a validity of 10 years can be issued after a regular residency of 7 years in Algeria.

The application form for the residence card must be sent to the local police office.

TYPE OF VISA/PERMIT	DOCUMENTATION	VALIDITY	ELIGIBILITY
<p><b>Business Visa</b></p>	<ul style="list-style-type: none"> <li>• Valid passport</li> <li>• Passport size photo</li> <li>• Bank statement</li> <li>• Invitation letter</li> </ul>	<p>30 days</p>	<ul style="list-style-type: none"> <li>• Foreign nationals who wish to enter Algeria for a period not exceeding 15 days can enter with a business visa.</li> <li>• This visa allows the holding of meetings (internal or with clients) but not the provision of services.</li> </ul>
<p><b>Temporary Work Visa</b></p>	<ul style="list-style-type: none"> <li>• An original passport valid for at least six months after entering Algeria</li> <li>• At least one blank passport page for the visa</li> <li>• A completed and signed visa application form</li> <li>• A passport-sized photo taken within the last three months</li> <li>• An invitation letter issued by an Algerian host, which could be you or a travel agency</li> </ul>	<p>3 months</p>	<ul style="list-style-type: none"> <li>• Foreign nationals who wish to work in Algeria under a contract that has a duration of less than three months must obtain a temporary work authorization.</li> </ul>

	<ul style="list-style-type: none"> <li>• A copy of the host's ID, passport, or consular card</li> <li>• Proof of employment status, such as your company's documents or a letter from you</li> <li>• Proof of adequate financial means, such as a bank statement or pay slip</li> <li>• Plane tickets or itinerary</li> <li>• Proof of payment of the visa fee</li> </ul>		
<p><b>Work Permit</b></p>	<ul style="list-style-type: none"> <li>• An original passport valid for at least six months after entering Algeria</li> <li>• At least one blank passport page for the visa</li> <li>• A completed and signed visa application form</li> <li>• A passport-sized photo taken within the last three months</li> <li>• An invitation letter issued by an Algerian host, which could be you or a travel agency</li> <li>• A copy of the host's ID, passport, or consular card</li> <li>• Proof of employment status, such as your company's documents or a letter from you</li> <li>• Proof of adequate financial means, such as a bank statement or pay slip</li> <li>• Plane tickets or itinerary</li> <li>• Proof of payment of the visa fee</li> </ul>	<p>Maximum 2 years</p>	<ul style="list-style-type: none"> <li>• Foreign nationals seeking employment in Algeria must apply for a work permit after obtaining a work visa</li> </ul>

# 07

## VALUE ADD TAX

### Value Added Tax

- Value-added tax (VAT) at 19% or 9% or 0% is paid by the individual as final consumer.

VAT	
Standard Rate	19%
Reduced Rate	9%
Zero-rate	0%

# 08

## WITHHOLDING TAX

### Withholding Tax

#### Dividend

- Dividends and distributions of profits paid to a nonresident company or individual are subject to a 15% withholding tax, unless the rate is reduced under a tax treaty

#### Interest

- Interest paid to a nonresident is subject to a 10% withholding tax, unless the rate is reduced under a tax treaty

#### Royalties

- Royalties are subject to a 24% withholding tax, unless the rate is reduced under a tax treaty

#### Technical Service Fees

- A 24% withholding tax applies on gross income derived from service fees paid abroad by a local company to a foreign company

WHT	
Dividends	15%
Interest	10%
Royalties	24%
Technical Service Fees	24%

# 09

## TERMINATION

- Fixed term contracts terminate on expiry. Unlimited term employment contracts may only be terminated for cause' or redundancy.
- In order for an employee's employment contract to be terminated for cause', there has to be serious misconduct and dismissal is only permitted once a disciplinary procedure has been carried out.
- Failure to carry out a disciplinary procedure will result in the dismissal being deemed to be abusive' and this will have consequences for the employer, who will be required to pay termination compensation.
- Under the Algerian Labor Law and Legislative Decree No. 94-09 dated 26 May 1994 (the Algerian Redundancy Law), an employer may terminate employment on redundancy grounds only if economic reasons justify such a measure and once all alternatives aimed at avoiding redundancy have been exhausted.
- A redundancy is subject to a mandatory procedure, decided after collective bargaining.
- The procedure requires the involvement of the local labor administration.
- Should there be a breach of the correct procedure, the termination of an employment contract on the grounds of redundancy shall be deemed to be 'abusive'.

# 10

## STATUTORY BENEFITS

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, paternity leave, overtime pay, notice period, and severance pay
- Statutory benefits also include social security benefits

### STATUTORY BENEFITS

- Probationary Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Paternity Leave
- Sick Leave
- Overtime Pay
- Notice Period
- Severance Pay
- Social Security Benefits





©2023 Global Expansion. All rights reserved.