GLOBAL TAX SERIES

Global Individual Tax Handbook 2025

Global Individual Tax Handbook 2025

Why this book?
Covering 101 tax jurisdictions worldwide, these books provide the largest most authoritative survey of tax systems throughout the world. The Global Individual Tax Handbook and the Global Corporate Tax Handbook are designed to be used as a set – buy these two books as a set. The titles complement each other to provide the reader with a complete overview of the tax system in each country.

Similar to the other titles in the Global Tax Series, the country chapters follow a common layout that allows rapid and accurate access to precise information and enables direct comparison between countries. The country chapters have been updated to reflect the laws applicable in 2025.

Title:	Global Individual Tax Handbook 2025
Date of publication:	May 2025
ISBN:	NA (print), 9789087229863 (PDF), 9789087229856 (e-pub)
Type of publication:	Book
Number of pages:	1203
Terms:	Shipping fees apply. Shipping information is available on our website.
Price (print/online):	NA
Price (eBook: e-Pub or PDF):	EUR 285 | USD 325 (VAT excl.)

Order information
To order the book, please visit www.ibfd.org/shop/book. You can purchase a copy of the book by means of your credit card, or on the basis of an invoice. Our books encompass a wide variety of topics, and are available in one or more of the following formats:

- IBFD Print books
- IBFD eBooks – downloadable on a variety of electronic devices
- IBFD Online books – accessible online through the IBFD Tax Research Platform

Global Individual Tax Handbook 2025

Global Individual Tax Handbook 2025

IBFD

IBFD

Visitors' address:
Rietlandpark 301
1019 DW Amsterdam
The Netherlands

Postal address:
P.O. Box 20237
1000 HE Amsterdam
The Netherlands

Telephone: 31-20-554 0100
Email: info@ibfd.org
www.ibfd.org

ISBN 978-90-8722-985-6 (eBook, ePub); ISBN 978-90-8722-986-3 (eBook, PDF)
ISSN 2590-1044 (electronic)
NUR 826

Preface

IBFD is pleased to present the 2025 edition of the *Global Individual Tax Handbook*. Together with the *Global Corporate Tax Handbook*, these titles provide the reader with a complete overview of the tax systems in 101 countries throughout the world.

All of the country surveys have been compiled to contain the most up-to-date information possible. In addition to the country level surveys, descriptions of the seven most important Swiss cantons are included.

The country chapters of this book are also available in the online collection Country Surveys of the IBFD Tax Research Platform, which contains descriptions of the tax systems of over 200 countries and, in addition, descriptions of the tax systems of all Swiss cantons, US states and Canadian provinces, and selected Mexican states. The online title is *Global Tax Explorer*. It also includes the texts of income tax treaties concluded by all countries worldwide.

More comprehensive coverage of the majority of the jurisdictions can be found in the online collection Country Analyses. A combination of Country Surveys, Country Analyses and the texts of income tax treaties concluded by countries worldwide is offered via the online title *Global Tax Explorer Plus* and regional subsets of this title on Africa, Asia-Pacific, Europe, Latin America and the Caribbean, and the Middle East. Countries in North America can easily be ordered via the online title *Tax Explorer – Country Select*, which enables you to choose the exact countries for which you need coverage on the essentials on international tax. It also offers the possibility to extend this with the very detailed Country Analyses on major economies like Canada and the United States.

For the latest tax developments, see IBFD's daily *Tax News Service* online. More information about IBFD, and its various activities and products is available at www.ibfd.org.

The Editors

April 2025

External contributors:

Ms A. Abdul Raheem, Saudi Arabia (chapter on Saudi Arabia)
Prof. A. Asatsuma, Rikkyo University, Tokyo (chapter on Japan)
Mr I. Aw and Mr J. Lim, OC Queen Street LLC, Singapore (chapter on Singapore)
Ms P. Bak, Netherlands (chapter on Ireland)
Ms K. Balogová, Bratislava (chapter on Slovak Republic)
Mr B. Büchel, Fiscal Authority of the Principality of Liechtenstein, Vaduz (chapter on Liechtenstein)
Mr P. Burg, France (chapters on France, Monaco)
Dr R. Cadosch, Cadosch Rechtsanwälte AG, Bern (chapter on Switzerland)
Mr A. Calderón and Mr J.A. Becerra, Calderón, González & Asociados, Mexico City (chapter on Mexico)
Mr M.F. Charfeddine, United Arab Emirates (chapter on United Arab Emirates)
Mr A. Coronel, Deloitte, Paraguay (chapter on Paraguay)
Mr M. Corral, CPA, MDP, FITS Financial and Tax Services, Santiago, Dominican Republic (chapter on Dominican Republic)
Mr R. Curtis, United Kingdom (chapter on United Kingdom)
Dr G. Czoboly, Corvinus University and PwC Hungary, Budapest (chapter on Hungary)
Mr A. Durán, Bogotá (chapters on Colombia, Honduras)
Ms M.I. Eibe, Ernst & Young, Montevideo (chapter on Uruguay)
Mr S. El-Khouri (chapter on Lebanon)
Mr H. Elnaggar, WTS Dhruva Consultants (chapter on Egypt)
Mr V. Foltea (chapter on Moldova)
Mr J. Foncea, Mayora & Mayora, Guatemala City (chapter on Guatemala)
Mr E. Furuseth, BI Norwegian Business School, Oslo (chapter on Norway)
Mr G. Guerra, Andean Strategies, Quito (chapter on Ecuador)
Dr I. Haq and Ms H. Bukhari, Huzaima & Ikram, Lahore (chapter on Pakistan)
Prof. J. Hattingh, University of Cape Town, South Africa (chapter on South Africa)
Mr M. Herm, ATTELA Law Firm, Tallinn (chapter on Estonia)
Dr K. Holmes, Wellington (chapter on New Zealand)
Ms E. Jambal, Ulaanbaatar (chapter on Mongolia)
Mr Y.K. Kaikani (chapter on Morocco)
Ms T. Kogut, Luxembourg (chapter on Russia)
Ms H. Kristanto, PB Taxand, Jakarta (chapter on Indonesia)
Mr C. Kypris, Kypris and Associates AE (member of PrimeGlobal), Athens (chapter on Greece)
Mr Y. Lin, Ernst & Young, Taipei (chapter on Chinese Taipei)
Mr H.W. Lovell, KPMG, Christ Church (chapter on Barbados)
Ms I. van der Maas, Mazars, Amsterdam (chapters on Croatia, North Macedonia)
Mr A. Maher, Cautela Pros d.o.o., Ljubljana (chapter on Slovenia)
Ms A. Marusic, Consultant, Panama City (chapter on Panama)
Mr S. Melnyk, Alvarez & Marsal, United Kingdom (chapter on Ukraine)
Mr E. Meloni, Buenos Aires (chapter on Argentina)
Ministry of Financial Services, Cayman Islands Government (chapter on Cayman Islands)
Mr T. Morstadt and Mr S. Kohrt, Lorenz & Partners Co. Ltd., Bangkok (chapter on Thailand)
Ms M. Muñoz, Tax Advisor, Bogotá (chapters on El Salvador, Nicaragua)
Mr M. Mushtaque Ahmed, S.F. Ahmed & Co., Dhaka (chapter on Bangladesh)
Ms L. Nakasheva and Ms S. Pandelieva, AFA OOD, Sofia (chapter on Bulgaria)
Ms T.H.N. Nguyen and Ms N.L. Dang, Eruditus Legal Co., Ltd., Ho Chi Minh City (chapter on Vietnam)
Mr J. Ocampo and Ms K. Ocampo, Ocampo and Suralvo Law Offices, Makati City (chapter on Philippines)
Mr S. Odimma, A.P. Moller-Maersk Group, Nigeria (chapter on Nigeria)
Mr F. Omondi, Deloitte & Touche, Kenya (chapter on Kenya)
Mr P. Ordoñez, PPO Abogados, Santa Cruz (chapter on Bolivia)
Mr P. Pace Ross and Ms G. Demanuele Bianco, KPMG Malta (chapter on Malta)
Mr N. Papapanayiotou, Costas Tsielepis & Co Ltd, Cyprus (chapter on Cyprus)
Mr H. Perlmutter, Barnea & Co., Israel (chapter on Israel)
Mr Z.F. Rakotomalala, Tax Expert, Madagascar (chapter on Madagascar)
Mr R. Ramloll, Attorney-General’s Office, Mauritius (chapter on Mauritius)
Mr B. Rodriguez, IKEA Supply AG, Basel (chapter on Spain)
Mr B. Rodriguez, Independent Advisor, San José (chapter on Costa Rica)
Mr L. Sahbani, PWC, Algeria (chapter on Algeria)
Ms Y. Schuchter and Mr A. Kras, Leitner + Leitner, Salzburg (chapter on Austria)
Mr F. Sepúlveda, RGS Abogados, Santiago (chapter on Chile)
Mr S. Shah, Shreyas N. Shah & Associates, Mumbai (chapter on India)
Ms N. Shamugia, ECOVIS Georgia, Tbilisi (chapter on Georgia)
Ms V. Sigurvaldadóttir, Marel hf, Gardabaer (chapter on Iceland)
Ms M.E. Simões, Nunes Costa Advocacia, Recife (chapter on Brazil)
Mr I. Soldatović, KPMG Belgrade (chapters on Montenegro, Serbia)
Mr V. Strachuk, Minsk, Belarus (chapter on Belarus)
Mr M. Teixeira, CS Associados, Lisbon (chapter on Portugal)
Mr T. Toryanik, Singapore (chapter on Australia)
Mr J.W. Tze, Kuala Lumpur (chapter on Malaysia)
Ms A. Uruçi, Boga & Associates, Tirana (chapter on Albania)
Ms T. Vaičiulienė, Vilnius (chapter on Lithuania)
Ms R. Villagra, Lima (chapter on Peru)
Prof. Dr B. Yaltı, Koç University, Istanbul (chapter on Türkiye)
Prof. J.H. Yoon, Seoul National University School of Law (chapter on Republic of Korea)

IBFD country specialists:

Ms M. Alvarado (chapters on Gibraltar, Guernsey, Isle of Man, Jersey)
Ms L. Ambagtsheer-Pakarinen (chapters on Denmark, Finland, Sweden)
Mr W. Choi (chapter on United States)
Ms G. Gallo (chapter on Italy)
Ms L. Gerzova (chapter on Latvia)
Mr S. Gueydi (chapters on Oman, Qatar)
Mr F. Krajcuska (chapter on Czech Republic)
Mr S. Ma (chapter on China)
Ms S. Marsit (chapter on Tunisia)
Mr L. Nouel (chapter on Venezuela)
Dr R. Offermanns (chapters on Belgium, Luxembourg)
Ms M. Olejnicka (chapter on Poland)
Mr A. Perdelwitz (chapter on Germany)
Ms O. Popa (chapter on Romania)
Ms J. Rogers-Glabush (chapter on Canada)
Mr M. Schellekens (chapter on Netherlands)
Mr A. Son (chapter on Gabon)
Ms Y. Zhang (chapter on Hong Kong)

Table of Contents

Albania

This chapter is based on information available up to 16 January 2025.

Abbreviations

Abbreviation	English definition	Albanian definition
ITL	Income Tax Law	Ligji “Tatimi mbi te ardhurat”
SSL	Law on Social Security	Ligji “Per sigurimet shoqerore”

Introduction

Income of individuals is subject to personal income tax. Certain exemptions for low-income apply. Social security and health contributions are imposed on employment income. No net wealth tax is imposed, but a property tax is levied annually on the owners and possessors of agricultural land, construction land, or buildings. For VAT and miscellaneous indirect taxes, *see* Corporate Taxation sections 8. and 9., respectively.

A new law “On Income Tax” (no. 29/2023) entered into force in Albania as of 1 January 2024. Certain provisions of the law entered into force as of 1 January 2025. The information in this chapter has been updated with the new provisions.

The Central Tax Administration Office (*Administrata Tatimore Qendrore*) is responsible for the administration and collection of taxes.

The jurisdiction for tax purposes (except for certain local taxes) is the territory of Albania.

The currency is the Albanian lek (ALL).

1. Individual Income Tax

For resident taxpayers, a worldwide system of taxation applies under which income is subject to a 15% tax rate (except for dividend income for which an 8% rate applies). However, employment income is subject to tax at progressive rates. No expatriate regime exists.

1.1. *Taxable persons*

An individual is deemed to be a resident of Albania if he has a permanent home in Albania or if he stays in Albania, either consecutively or intermittently, for more than 183 days in a calendar year.

Partnerships are separate taxable persons; they are subject to corporate income tax at the partnership level. The partners’ profit shares are subject to withholding tax, except when the partner holds an interest of 10% or more and such interest is held for a period of not less than 24 months (*see also* Corporate Taxation section 1.1.).

Each taxpayer must file a separate return (i.e. there is no joint filing possibility).

1.2. *Taxable income*

1.2.1. General

Resident taxpayers are subject to income tax on their worldwide income (article 2 of the ITL). Tax is computed separately on each category of income. The following categories of income are distinguished (article 10 of the ITL):

(1) employment income:
  - salaries and other remuneration in connection with employment, regardless of whether these relate to current, future or past employment, including benefits in kind;
  - remuneration for participation in managing boards of a corporate entity;
  - remuneration due to termination of employment relationship; and
  - income generated by self-employed individuals performing certain professional activities when one of the following conditions is met: (i) 80% of income is generated directly or indirectly from a single customer; and (ii) 90% of income is generated by one or two customers. However, when such professional services are rendered only to non-resident individuals or non-resident entities that do not have a permanent establishment in Albania, the income is considered business income.

  For the list of professional services, *see* Corporate Taxation section 1.7.6.;

(2) business income:
  - income from any kind of business activity;
  - interest, dividends, royalties and income from the sale of securities which are effectively related to the business activity;
  - income from the lease of whole or part of tangible or intangible assets of the business activity;
  - income from the sale of assets, including the sale of the entire business activity;
  - capital gains realized from the disposal of business assets as part of a business reorganization;
  - gifts, grants or subsidies, received by an individual in relation to the business activity;

  - capital gains from revaluation of business assets when these are granted as a contribution in kind to the capital of a company (in relation to incorporation or a subsequent capital increase); and
  - income deriving from transactions with virtual assets, or mining of virtual assets, effectively related to the business activity; and

(3) investment income (to the extent that they are not categorized as business income):
  - dividends and profit shares of partnerships;
  - interest, except for interest from Eurobonds issued from the Republic of Albania, but only when the recipient is a foreign individual;
  - licence fees and other royalties;
  - proceeds from the transfer of immovable property and rental income from immovable property;
  - income from lotteries and gambling;
  - capital gains from the alienation of shares in the share capital of Albanian entities and of financial instruments;
  - inheritances;
  - returns on investments in private pension schemes or life insurance plans;
  - income or capital gains from transactions or mining of virtual assets; and
  - other income (i.e. any other item of income that is not explicitly exempt).

With effect from 1 January 2024, controlled foreign company rules apply to resident individuals. For details, *see* Corporate Taxation section 7.4.

1.2.2. Exempt income

Exempt items of income include (article 11 of the ITL):

- allowances received from social and health insurance schemes, including pensions;
- donations to employees for illness, disasters or misfortunes, under certain conditions;
- contributions paid by employers to the voluntary life and health insurances of their employees;
- contributions to voluntary pension funds (up to a certain amount);
- contributions made by the employer and any other contributor on behalf of a member of a pension fund;
- financial compensation for former political prisoners;
- income exempted pursuant to international agreements ratified by the parliament of Albania;
- damages (and compensation for legal fees) awarded on the basis of a final court decision;
- income paid from state institutions for achievements in science, sport and culture;
- scholarships;
- compensation (cash or in kind) received with regard to expropriation;
- (the value of) meals, refreshments (non-alcoholic beverages), work equipment, medical treatment and other benefits provided on the premises operated by or on behalf of the employer, which are available to all the employees on similar terms and create better working conditions for employees;
- reimbursement of travel and accommodation expenses and travel allowances, where provided in accordance with the relevant legislation and supported by the required documentation;
- contributions/premiums paid by the employer for life, healthcare and occupational injury insurance; and
- income from the alienation of movable assets, except for the alienation of vehicles, airplanes and ships when disposed of within 12 months from purchase.

1.3. *Employment income*

1.3.1. Salary

Salaries and other remuneration in connection with current employment include basic pay, overtime pay, bonuses and any other payment for the performance of employment (article 12 of the ITL).

For foreign employees, expenses incurred for moving and transferring a foreign employee, expenses for visa application, or other expenses are not included in employment income.

1.3.2. Benefits in kind

Benefits in kind associated with employment income are included in taxable income. Benefits in kind are assessed at market value.

1.3.3. Pension income

Pensions received from social insurance schemes and are tax exempt (article 11 of the ITL).

Contributions to voluntary pension schemes by the employer do not constitute taxable income of the employee. Before 2024, such contributions did not constitute taxable income up to 15% of the gross annual income of the individual but not exceeding ALL 200,000 (annually), with more relaxed limitations applying to pension fund members over 50.

Contributions by the employee to voluntary pension schemes are deductible for personal income tax purposes up to a monthly amount equal to the minimum monthly wage (currently ALL 40,000).

1.3.4. Directors' remuneration

No special rules apply. Directors' remuneration is taxable as employment income.

1.4. *Business and professional income*

Net taxable business income (i.e. after deduction of expenses) is subject to the following tax rates:

Annual taxable income (ALL)	Rate (%)
Up to 14 million	15
Over 14 million	23 (for the amount exceeding 14 million)

Entrepreneurs or self-employed individuals with annual business turnover up to ALL 10 million may elect to deduct presumed/deemed business expenses (without providing documents on the actual business cost), or they may choose to calculate the taxable income by deducting the actual business costs supported with the relevant tax documentation for any expense incurred. Taxpayers electing one or the other method are required to notify the elected option to the tax authorities and they are allowed to change this method only once in a 3-year period.

The presumed deductible expenses vary depending on the nature of activity as follows:
– 60% of the revenue for manufacturing activities;
– 90% of the revenue for wholesale trading activities;
– 70% of the revenue for the retail and individual transport activities;
– 60% of the revenue for the activities of coffee, restaurants, discos, etc.;
– 50% of the revenue for services, artisanal and craft activities; and
– 30% of the revenue for self-employed individuals.

However, up to 31 December 2029, sole entrepreneurs and self-employed individuals realizing annual turnover of up to ALL 14 million will continue to be subject to 0% tax.

Before 2024, taxpayers with an annual income of less than ALL 8 million were subject to the simplified profit tax at a rate of 0%. Before 2021, annual income up to ALL 5 million was exempt from profit tax, and income between ALL 5 million and ALL 8 million was subject to a rate of 5% on the profits.

1.5. *Investment income*

Dividends, interest, royalties, rental income and other income considered investment income are subject to a final withholding tax on the gross amount of the payment (*see* section 1.9.2.).

For foreign-source investment income, *see* section 6.1.1.

With effect from 1 January 2024, controlled foreign company rules apply to resident individuals. For details, *see* Corporate Taxation section 7.4.

1.6. *Capital gains*

Capital gains on the sale of shares and the transfer of immovable property (buildings and land) are taxable at a rate of 15%. The taxable base is the difference between the sale price and the purchase price of the shares and immovable property. The term "transfer" includes sales and donations. The taxable base in the case of donations is the value of the property assessed by the immovable property registration office or an independent expert in case of donation of shares, minus the purchase price of the property. No other deductions are allowed. There are no provisions on rollover relief.

The seller or donor is liable for the tax. The tax must be paid before the registration of the transfer with the immovable property registration office.

1.7. *Personal deductions, allowances and credits*

Non-residents are not entitled to the deductions described below.

1.7.1. Deductions

With effect from 1 January 2025, certain deductions from employment income and business income are available, including the following (per annum):
– ALL 600,000 (for annual income up to ALL 600,000);
– ALL 420,000 (for annual income between ALL 600,000 and ALL 720,000);
– ALL 360,000 (for annual income over ALL 720,000); and
– ALL 48,000 for each dependent child (<18 years old);

For each dependent child (<18 years old), educational expenses may be deducted up to an amount of ALL 100,000, but only if the parent earns annual employment or business income up to ALL 1,200,000 (annually).

For 2024, the ITL did not provide for any deductions.

Until 31 December 2023, the following deductions from taxable income were available for resident individuals whose annual income did not exceed ALL 1,050,000:
– interest on loans used to finance the education of the taxpayer (or any children and dependants of the taxpayer); and
– medical expenses of the taxpayer (or any children and dependants of the taxpayer) insofar as they were not covered by the mandatory health insurance (up to ALL 8,532 per person or, where there were dependants, ALL 8,532 per person, up to a maximum of ALL 32,000).

1.7.2. Allowances

Examples include contributions to voluntary pension schemes by the employer and the employee (*see* section 1.3.3.) or reimbursement of travel and accommodation expenses and travel allowances, where provided according to the procedure established by the relevant legislation in force, or sub-legal acts, and supported with required documentation.

1.7.3. Credits

For withholding tax credits, *see* section 1.9.2.

For double tax relief, *see* section 6.1.3.

1.8. *Losses*

There is no loss relief for the purposes of income tax.

1.9. *Rates*

1.9.1. Income and capital gains

Gross *annual* salaries and other remuneration in connection with employment are taxable at the following progressive rates as from 1 January 2025:

Annual remuneration (ALL)	Rate (%)
Up to 2,040,000	13
Over 2,040,000	23

For capital gains, *see* section 1.6.

For 2024, the monthly brackets and rates were as follows:

Remuneration (ALL)	Rate (%)
Up to 50,000	0
50,001 – 60,000	0% up to ALL 35,000 13% of the amount over ALL 35,000 up to ALL 60,000
Over 60,000	0% up to ALL 30,000 13% of the amount over ALL 30,000 up to ALL 200,000 ALL 22,100 + 23% of the amount over ALL 200,000

1.9.2. Withholding taxes

A 15% withholding tax (on the gross amount) is levied on the following items of income paid to a resident individual (article 58/1 of the ITL):
- dividend;
- interest;
- royalties;
- rental payments; and
- income from lotteries and gambling.

The withholding tax amount may be credited against the tax payable on business income (for tax-registered individuals).

A 15% final withholding tax (on the gross amount) is levied on the following items of income paid to a non-resident individual (article 58/2 of the ITL):
- interest and royalties;
- income from lotteries and gambling;
- any service income;
- income for insurance payments;
- income derived by an entertainer, artist or athlete performing in Albania or persons acting as their intermediaries;
- payments for construction, installation, assembly or related supervisory work; and
- payments for participating in management boards.

A final withholding tax of 8% (also on the gross amount) is levied on dividends and partners' profit shares distributions.

1.10. *Administration*

1.10.1. Taxable period

The tax year is the calendar year.

1.10.2. Tax returns and assessment

A self-assessment system applies. Individual taxpayers must submit an annual tax return by 31 March of the year following the tax year (article 61 of the ITL). Before 2024, the deadline was 30 April of the following year. However, no tax return is required if a taxpayer receives an annual income that does not exceed ALL 1.2 million, except for individuals who are employed with more than one employer or where the taxpayer earned more than ALL 50,000 on which no withholding tax was applied. Individuals who are employed by more than one employer are required to file a personal income tax return (irrespective of the amount of total annual income), declare in their tax return the total income from employment, and calculate the tax obligation based on the progressive tax rates. The individual must subsequently pay the personal income tax due to the tax authorities (after deducting the tax withheld by the employers during the year, if any).

Business income is declared through the tax return for business income. The same deadline applies as for non-business income tax returns.

1.10.3. Payment of tax

The final tax liability must be settled by 31 March of the year following the tax year (i.e. together with the filing of the tax return). Where the final tax liability is lower than the amount of tax already withheld, the taxpayer may receive a refund.

Income tax on salaries and other remuneration in connection with employment is withheld monthly by the employer and remitted to the tax authorities by the 20th day of the following month (article 10 of the ITL). Tax on the transfer of immovable property is withheld by the Cadastre Office and must be remitted to the tax authorities before the 20th day of the month following the date of the transaction.

The tax on business income is payable on a monthly prepayment basis. The amounts of prepaid tax are calculated based on the income generated during the previous year (*see* section 1.4.).

1.10.4. Rulings

There is no advance ruling system.

2. Other Taxes on Income

Not applicable.

3. Social Security Contributions

Employees must make social and health insurance contributions at a rate of 11.2% (articles 10 and 14 of the SSL). The employee contributions consist of a 9.5% social insurance contribution and a 1.7% health insurance contribution. The minimum and maximum contribution bases for social security contributions are ALL 40,000 (the minimum gross monthly salary) and ALL 176,416, respectively. However, the health insurance contributions basis is the gross monthly salary.

The social and health insurance contributions are payable by employees but are withheld by the employer, who must remit them monthly to the tax authorities.

Self-employed individuals must also pay these contributions, at a rate of 23% for social insurance contributions and 3.4% for health contributions (articles 10 and 14 of the SSL). The basis for the calculation of the health insurance contributions for self-employed is twice the minimum gross monthly salary. Contributions for this group of taxpayers are, however, due quarterly.

Social and health insurance contributions are not deductible for individual income tax purposes.

For the social and health insurance contributions payable by employers, *see* Corporate Taxation section 4.2.

An exemption from payment of health insurance contributions is provided for the employed, self-employed and those that generate income from the movable or immovable property, and other comparable sources without a permanent dwelling in Albania.

4. Taxes on Capital

4.1. *Net wealth tax*

There is no net wealth tax.

4.2. *Real estate tax*

See Corporate Taxation section 5.2.

5. Inheritance and Gift Taxes

With effect from 1 January 2024, an inheritance and gift tax was introduced.

Before that date, gifts were, however, subject to income tax by assessment at a flat rate of 15%. Income received from an inheritance was not (explicitly) exempt income and had to be included as taxable income in the annual tax return.

5.1. *Taxable persons*

Taxable persons include:
– residents of the Republic of Albania that receive a donation or inheritance of assets located in Albania or abroad; and
– non-residents of the Republic of Albania that receive a donation or inheritance of assets located in Albania.

5.2. *Taxable base*

Donations and inheritances are carried at nominal value or market value, whichever is higher.

5.3. *Personal allowances*

The following exemptions apply:
– donations and inheritances (i) received by legal heirs in the first and the second degree (i.e. children, spouse, parents, and dependent persons living with the donor/deceased for at least 1 year prior to his or her death), and (ii) between sisters or brothers;
– donations and inheritances received by any other person of up ALL 1 million for movable properties, and up to ALL 5 million for immovable properties (per taxpayer); and
– the transfer of property rights to legal heirs in the first and the second degree by way of donation and/or renunciation of property, where the property derives from compulsory co-ownership acquired under law no. 7501, dated 19.7.1991, “On the land”, as amended.

5.4. *Rates*

Tax is levied at a flat rate of 15% on the value of the donation or inheritance. No deduction of costs is allowed.

5.5. *Double taxation relief*

An ordinary credit for any foreign taxes paid on the inherited or donated property is available (*see* section 6.1.3.).

6. International Aspects

6.1. *Resident individuals*

For the concept of residence, *see* section 1.1.

6.1.1. Foreign income and capital gains

A resident individual is subject to tax on his worldwide income. Foreign income – including capital gains –is subject to the same income tax as domestic income. No special treatment applies to foreign employment (and pensions) income.

Foreign dividends are taxable at a rate of 8%, while interest and royalties are taxable at a rate of 15% (article 24/3 of the ITL).

Foreign-source business and professional income is always subject to tax under the same rules as domestic income.

With effect from 1 January 2024, controlled foreign company rules apply to resident individuals. For details, *see* Corporate Taxation section 7.4.

6.1.2. Foreign capital

There is no net wealth tax. Foreign-situs immovable property is not subject to real estate tax in Albania.

6.1.3. Double taxation relief

Generally, an ordinary tax credit is available for foreign individual income tax paid (article 25 of the ITL), up to the amount that would have been paid if the income were generated in Albania. The credit is calculated on a per-country basis.

Double taxation relief may be obtained either unilaterally or under a tax treaty. Treaty relief is optional.

6.2. *Expatriate individuals*

No special regime applies to expatriates.

6.3. *Non-resident individuals*

For the concept of residence, *see* section 1.1.

6.3.1. Taxes on income and capital gains

Unless otherwise indicated, a non-resident is subject to the normal income tax rules as described in section 1. on his income derived from sources in Albania. Income from employment is taxable if the employment is exercised in Albania; no special rules apply.

A 15% final withholding tax (on the gross amount) is levied on the following items of income paid to a non-resident individual (article 58/2 of the ITL):
– interest and royalties;
– income from lotteries and gambling;
– income from the provision of services (including technical services, management fees and financial services);
– income derived by an entertainer, artist or athlete performing in Albania or persons acting as their intermediaries;
– payments for construction, installation, assembly or related supervisory work; and
– payments for participating in management boards.

A final withholding tax of 8% is levied on the gross amount of dividends and partners' profit shares distributions.

For rates on dividends, interest and royalties under tax treaties, *see* the withholding tax rates chart in the Appendix.

6.3.2. Taxes on capital

There is no net wealth tax. Non-resident individuals are subject to real estate tax on their immovable property situated in Albania (*see* section 4.2.).

6.3.3. Inheritance and gift taxes

See section 5.

6.3.4. Administration

The rules in section 1.10. apply.

Algeria

This chapter is based on information available up to 1 January 2025.

Abbreviations

Abbreviations	English definition	French definition
DGI	Algerian tax authority	Direction Générale des Impôts
DZD	Algerian dinar	Dinar algérien
ITC	Income Tax Code	Code des Impôts Directs et Taxes Assimilées
NCP	Non-commercial profit	Revenu non-commercial
NICP	Net industrial and commercial profit	Revenu industriel et commercial
PE	Permanent establishment	Etablissement stable
PIT	Personal income tax	Impôt sur le revenu
SFL	Supplementary Financial Law	Loi de Finances complémentaire
SSC	Social security contributions	Cotisations de sécurité sociale
VAT	Value added tax	Taxe sur la valeur ajoutée

Introduction

Individuals who are considered tax residents in Algeria are subject to tax in Algeria on their worldwide income (i.e. from both Algerian and foreign sources). Individuals who are considered non-residents in Algeria are subject to Algerian tax on Algerian-source income.

Individuals are required to pay social security contributions on their salaries unless a social security treaty is in force between Algeria and their home country. In addition, assignees working in Algeria under hydrocarbon contracts and contributing to the social security system in their home country may be exempt from social security contributions (SSC) in Algeria under certain conditions.

The official currency is the Algerian dinar (DZD).

The Algerian tax authority (*Direction générale des impôts*, DGI) is the authority responsible for the administration and collection of taxes.

1. Individual Income Tax

Individuals are taxed differently in Algeria according to whether they are considered tax residents or non-residents.

Foreign individuals considered Algerian tax residents are taxable in Algeria on their worldwide income, including income derived from a professional activity undertaken in Algeria and abroad, unless otherwise provided by a tax treaty.

All earnings corresponding to the professional activities of the employees in Algeria should be declared in Algeria by the Algerian employer and subject, in principle, to the corresponding withholding for income tax purposes and social security contributions.

Algerian individual income tax on wages and salaries is withheld at source. It is the employer who is responsible for the withholding and payment of the taxes withheld on the employees' behalf.

1.1. *Taxable persons*

Individuals who are considered Algerian tax residents are subject to PIT on all their income from both domestic and foreign sources (article 3-1 of the ITC). The following are regarded as being domiciled in Algeria for tax purposes (article 3-2 of the ITC):

– persons who own or have the right of enjoyment of a residence in Algeria, as well as tenants under tenancy agreements with a term of at least 1 year;
– persons with their principal place of residence or centre of vital interests in Algeria; and
– persons carrying on professional activities in Algeria, whether or not as employees.

Individuals who are considered non-resident in Algeria are subject to tax in respect of their Algerian-source income.

If an individual is also considered a tax resident in another state according to its local law, the tax treaty between the two countries, if applicable, must be consulted to check in which of the two contracting states the individual should be deemed resident for tax purposes. Algeria has signed several tax treaties. According to the standard tax treaties, the individual concerned will be considered a tax resident of the contracting state where:

– he has his permanent residence;
– he has his principal place of residence;
– he has his centre of economic interests; or
– he is a national.

1.2. *Taxable income*

1.2.1. General

PIT applies to the taxpayer's net annual income. Net annual income is the total of the net results of each of the taxpayer's income categories, minus the general deductions permitted by the law.

The net result of each category is the gross income minus expenses incurred in acquiring or preserving the income in question and is determined according to each category's own rules.

1.2.2. Exempt income

The following are exempt from income tax (article 5 of the ITC):
– persons whose total annual income does not exceed the upper limit of the first bracket of the tax schedule, i.e. their annual income is less than DZD 240,000 (*see* section 1.9.1.1.); and
– foreign diplomatic and consular persons, subject to reciprocity.

Specific exemptions are provided for each category of income in sections 1.2.2.1. and 1.2.2.5.

Salaries and wage income (referred to in article 66 of the ITC, including allowances in kind) are eligible for a proportional tax allowance on the overall tax imposed equal to 40%. However, the deduction cannot be less than DZD 12,000 per year or more than DZD 18,000 per year (*see* section 1.7.3.).

1.2.2.1. Industrial and commercial profits

Activities carried on by new individual investors under the national programme for the employment of young people, as well as production activities carried out under the special regime for the encouragement of such activities, benefit from total exemption from tax for a period of 3 years from commencement of the activities. This period is extended to 6 years where the activities are carried out by new investors in special development areas and the period is extended by 2 years when investment promoters commit to hiring at least three indeterminate employees.

Traditional artisans and craftsmen are entitled to full exemption from income tax for a 10-year period.

Approved associations of persons with disabilities and theatre troupes are eligible for a permanent exemption from income tax.

Export transactions of goods and services that generate foreign currency benefit from a permanent exemption from income tax (Finance Law 2021 amending article 13 of the ITC). This exemption is granted on a pro rata basis according to the revenue generated in foreign currencies. The benefit of the said provisions is subject to the submission of a document by the taxpayer to the competent tax authorities certifying the payment of these receipts to a bank domiciled in Algeria.

Individual businesses which reinvest their profits in specific types of assets are entitled to a 30% deduction for the purpose of the determination of the taxable base. This is subject to the following conditions:
– profits should be reinvested in depreciable assets with the exception of transport vehicles which do not constitute the main working asset; and
– the individual should keep proper accounting books.

A recapture provision is also applicable in case of transfer of the asset or in instances where the investment is not realized within a 5-year period (article 21) of the ITC).

Finance Law 2011 introduced a permanent exemption for income derived from the production of milk intended to be consumed before any processing or transformation. Finance Law 2024 removes the requirement for immediate consumption in the permanent exemption for income derived from raw milk activities.

Finance Law 2021 extended the special exemption granted to start-up activities from 3 to 4 years.

Under Finance Law 2014, projects started by young entrepreneurs in the Algerian southern areas are exempt from PIT and the tax on business activities (see section 2.1.). Finance Law 2024 replaces "young promoters" with "investment promoters" in article 13 bis of the ITC. This change extends eligibility for employment support programmes to individuals aged 18 to 55 years. For details, see Corporate Taxation section 1.7.4.

1.2.2.2. Non-commercial income

Exempt from taxation in this category are:
– revenues generated from employment aid programmes (i.e. *Caisse Nationale d'Assurance Chômage, Agence nationale d'appui et de développement de l'entrepreneuriat and Agence Nationale de Gestion du Micro-crédit*); and
– non-commercial income generated in a foreign currency (Finance Law 2021).

1.2.2.3. Agricultural income

Agricultural income is the income derived from agricultural and livestock activities (article 36 of the ITC).

The profits from poultry, bee-keeping, oyster, mussel and rabbit farming, as well as the operation of mushroom farms in underground galleries, also constitute agricultural income. However, income from poultry and rabbit farming activities cannot be withheld as farm income, unless the following two cumulative criteria are meet:
– these activities are carried out by the farmer on his holding; and
– they are not of an industrial nature.

Income from farming and livestock-rearing activities carried out on new land or in mountainous regions by individuals, is exempt for a period of 10 years from commencement of the activity.

Income from the production of cereals and dates is also exempt from tax.

1.2.2.4. Income from movable capital and capital gains

Income and capital gains derived from the following financial assets are exempt from individual income tax up to 31 December 2024:
– shares, bonds and similar securities listed on the stock exchange with a minimum maturity period of 5

years. This measure was renewed for a period of 5 years from 1 January 2019 by Finance Law 2019;
– treasury bonds and other similar securities listed on the stock exchange when issued within 5 years from 1 January 2014, with a minimum maturity period of 5 years. This measure was renewed for a period of 5 years from 1 January 2019 by Finance Law 2019; and
– shares and units of UCITS (undertakings for collective investments in transferable securities, *organismes de placements collectifs en valeurs mobilières*). This measure was renewed for a period of 5 years from 1 January 2019 by Finance Law 2019.

Finance Law 2021 added a new exemption for listed companies on the stock exchange of ordinary shares. This exemption equals the share capital opening rate on the stock exchange for a 3-year period starting from 1 January 2021.

1.2.2.5. Wages, salaries, pensions and life annuities

The following are exempt from income tax:
– wages and other remuneration paid under a youth employment scheme;
– reimbursement or advance payments of removal costs;
– special payments for working in particular geographical areas;
– temporary payments to victims of accidents at work;
– legal damages in the form of life annuities where the victim is totally and permanently incapacitated and requires help with daily life;
– maintenance and alimony payments under a judicial order;
– redundancy payments;
– monthly income relief for physically and mentally disabled workers up to DZD 42,500, as per article 12 of the Finance Law 2021;
– monthly income less than or equal to DZD 30,000 (exemption applicable as from 1 May 2020, introduced by SFL 2020). Other categories of income ranging below DZD 30,000 monthly are still subject to the progressive scale tax rate; and
– allowances related to special conditions of residence and isolation (Finance Law 2021). The new exemption is granted to taxpayers within a 70% limit of the basic salary. The granting of this exemption is subject to conditions set forth by social security regulations.

1.3. *Employment income*

1.3.1. Salary

This category of income includes wages, salaries, emoluments, pensions, life annuities and other similar income.

The following are also regarded as falling within this category (article 67 of the ITC):
– payments to minority partners in limited liability companies;
– remuneration of domestic workers;
– payments, including reimbursement of costs to company directors;
– all regular bonuses paid by employers;
– amounts paid to persons engaged in teaching, research, supervisory or other intellectual activities in addition to their main employment activities; and
– remuneration paid to managers of limited liability companies and partners in partnerships are treated as employment income for individual income tax purposes.

Wages, salaries, emoluments, tips, pensions and life annuities derived by taxpayers from foreign sources are also included in this category.

The reimbursement of removal costs is neither deductible by the employer nor taxable in the hands of the employee.

Resident employees who receive income from another source, in addition to their principal salary, are required to file, in addition to the specific return for the additional revenue category, a global revenue return (“series G no. 1”), highlighting, as a tax credit, the tax deducted at source and paid by the employer on their salary income.

The return must be filed before 30 April of each year with the appropriate tax office for the employees’ place of domicile.

1.3.2. Benefits in kind

Benefits in kind are fully taxable based on their real value.

According to article 71 of the ITC, benefits in kind are considered to be for example food and housing provided by the employer. An estimated value is made by the employer from the real value of items provided.

1.3.3. Pension income

Pension payments are treated as employment income. Pensions paid to veterans of the national independence war and their widows are exempt from individual income tax. Pension contributions are deductible for individual income tax purposes.

There are no special provisions governing the tax treatment of contributions paid to non-resident pension funds.

1.3.4. Directors’ remuneration

Directors’ fees, attendance fees and other similar payments to resident individuals who are members of a board of directors are subject to a final 15% withholding tax (article 104 of the ITC).

1.4. *Business and professional income*

Non-commercial income is defined as income generated from the exercise of a non-commercial professional activity or income from an independent profession (article 25 of the ITC).

This also includes:
– revenue from copyright received by writers or composers and by their heirs or legatees; and
– income derived by inventors by the concession of licences for producers and manufacturers to use their

patent, or the transfer or concession of trademarks, manufacturing processes or formulas.

A distinction is made between net industrial and commercial profit (NICP) and non-commercial profit (NCP). Finance Law 2022 separated the NICP regime from the non-commercial profit (NCP) regime, considering these two incomes streams as separate income categories for PIT purposes.

Net industrial and commercial profit

NICP consists of total profits from all transactions carried on by an individual, including gains on the disposal of assets. Generally, the taxable base is determined in the same manner as the taxable income of companies (see Corporate Taxation section 1.3.).

The NICP taxable income is subject to the progressive scale under PIT.

Non-commercial profits

NCP taxable income is equal to the difference between revenues and justified expenses. If the justification of all the expenses is not available, an expense flat-rate deduction of 10% on the filed revenue is admissible for PIT purposes.

The NCP taxable income is subject to the progressive scale under PIT.

1.5. *Investment income*

Dividends received by resident individuals are subject to a withholding tax in full satisfaction of tax liability (article 104 of the ITC).

Interest is generally subject to withholding tax, creditable against individual income tax liability.

Interest of up to DZD 50,000 on savings accounts is subject to a final 1% withholding tax. The excess is subject to a 10% provisional withholding tax.

Royalties derived by resident individuals are regarded as non-commercial profits. Royalties are allowed as deductible expenses for income tax if the payor can prove that the expenses correspond to real operations and do not appear to be exaggerated.

Finance Law 2022 introduced a withholding tax on rental income derived from residential properties, unfurnished commercial properties and bare land. For more details, see section 1.9.2.

For rates, *see* section 1.9.2.

For foreign-source investment income, *see* section 6.1.1.

1.6. *Capital gains*

In general, capital gains are treated as ordinary income and as such are subject to individual income tax at the standard rate.

1.6.1. Immovable property

Income from movable capital is the product of stocks or shares and similar income distributed by (article 45 of the ITC):
– corporations;
– limited liability companies;
– civil societies established as joint-stock companies; and
– partnerships and joint ventures which have opted for the tax treatment of capital companies.

Income from movable capital also consists of income from loans, deposits and guarantees, interest, arrears and other products, e.g.:
– mortgage debts, preferred and unsecured debt, as well as bonds, treasury bills and other securities, negotiable loans excluding any commercial transaction which does not have the legal nature of a loan;
– amounts of deposits of money on demand or at fixed maturity regardless of the custodian;
– cash guarantees;
– current accounts; and
– cash vouchers.

Capital gains tax on the disposal of immovable property which is not connected to a business activity was abolished by Finance Law 2009.

When immovable property is connected to a business activity, a distinction is made between long-term and short-term capital gains. As a general rule, gains realized on the total or partial transfer of business assets held for more than 3 years are deemed long-term capital gains. Where the assets were held for a period of less than 3 years, the capital gains are deemed short-term gains. Seventy per cent of short-term capital gains are included in the individual's taxable base, while 35% of long-term capital gains are included in the taxable base.

Capital gains on disposals of residential properties constituting the sole property and the taxpayer's main dwelling held for more than 10 years were exempt until 31 December 2020. This exemption has been repealed by Finance Law 2021 and replaced by an exemption based on the detention period of the immovable asset up to a maximum of 50% of the capital gains.

1.6.2. Shares

Capital gains on the disposal of non-listed shares derived by resident individuals are subject to tax at the rate of 15% in full satisfaction of the individual income tax liability (article 104 of the ITC).

Capital gains stemming from the transfer of stocks or equity shares by resident taxpayers in Algeria were exempt when the taxable amounts were reinvested. This exemption is now repealed by Finance Law 2021.Alternatively, a reduced rate of 5% applies in the case of capital gains reinvestment, if the reinvestment occurs before 31 December following the year in which the sale took place (Finance Law 2025).

Reinvestment is defined as the subscription of amounts equivalent to the capital gains generated by the sale of shares in the capital of one or more companies and resulting in the acquisition of shares.

Capital gains on the disposal of certain financial assets are exempt from individual income tax (*see* section 1.2.2.4.).

1.7. *Personal deductions, allowances and credits*

1.7.1. Deductions

Under article 85 of the ITC, the following costs and expenses may be deducted in computing the net taxable income received by the individual during the calendar year:
- interest borne by the individual on loans contracted for business purposes and loans in connection with the acquisition or construction of housing;
- social security and pension contributions (*see* section 1.3.3.) paid by the individual;
- social security and old age insurance contributions; and
- costs of insurance policies taken out by a landlord.

Individuals who subscribe to a life insurance contract with a term of at least 8 years are entitled to a deduction from their taxable income of 25% of the insurance premium up to a maximum of DZD 20,000.

A special 10% deduction from income tax is available in case spouses choose to be jointly assessed. According to the tax authorities, the deduction is available when both taxpayers realize taxable income (article 6 of the ITC).

1.7.2. Allowances

Not applicable.

1.7.3. Credits

Article 104 of the ITC provides for a tax credit of 40%, computed on the tax liability on employment income. The credit applies regardless of whether the taxpayer is single or married. The annual tax credit may not be less than DZD 12,000 or more than DZD 18,000.

SFL 2020 introduced an additional tax credit for incomes above DZD 30,000 and below DZD 35,000, according to the formula:

PIT = PIT (according to the first reduction) × (137/51) – (27,925/8)

Finance Law 2021 introduced a tax reduction for workers with motor, mental, vision and hearing impairments, and retired workers whose income is higher that DZD 30,000 and less than DZD 42,500 (previously DZD 40,000) according to the following formula:

PIT = PIT (according to the first reduction) × (93/61) – (81,213/41)

Finance Law 2021 repealed the 20% tax credit on remuneration paid under training and consulting contracts.

1.8. *Losses*

Losses may be set off against income from other categories arising in the same tax year.

Losses may not be carried back.

1.9. *Rates*

1.9.1. Income and capital gains

1.9.1.1. Income tax rates

The following rates apply with effect from 1 January 2022:

Annual taxable income (DZD)			Rate (%)
Up to		240,000	0
240,001	–	480,000	23
480,001	–	960,000	27
960,001	–	1,920,000	30
1,920,001	–	3,840,000	33
Over		3,840,000	35

1.9.1.2. Capital gains

Capital gains on transfers of developed property for a consideration are subject to income tax at the rate of 10%. Capital gains on undeveloped property related to business activity are subject to tax at the rate of 15%. Both are final taxes.

For rates applicable to payments to non-residents, *see* section 6.3.1.

1.9.2. Withholding taxes

A wage tax system is applicable in Algeria. Employers must withhold wage tax according to the graduated scale rates provided under section 1.9.1.1. and remit the amounts withheld to the Tax Collection Office. The withholding tax on wages may be offset against the taxpayer's final tax liability.

The following are considered as separate monthly payments and subject to withholding tax at source:
- 10% withholding tax without application of deduction, for the remuneration, bonuses and allowances related to performance bonuses, gratuities or others, of a frequency other than monthly, usually paid by employers. It is also applicable to the sums paid to persons exercising, in addition to their main salaried activity, an activity of teaching, research, supervision or assistantship on a temporary basis; and
- 15% withholding tax without application of a deduction, for all remuneration from all other occasional intellectual activities.

Dividends: Dividends and similar distributions distributed to resident individuals are subject to a 15% withholding tax in full satisfaction of tax liability.

Dividends and interests derived from certain financial assets are exempt from individual income tax (*see* section 1.2.2.4.).

Interest: Interest income is subject to the following withholding tax rates:
- 10% generally (non-final, i.e. creditable against individual income tax liability);
- 1% on interest income up to DZD 50,000 on savings accounts (also non-final) – the excess is subject to the general 10% (non-final) rate mentioned above; and
- 50% on interest received on bearer securities (final).

For exempt dividends and interest, see section 1.2.2.4.

Royalties: Royalties derived by resident individuals are regarded as non-commercial profits and as such are subject to income tax.

Rental income: Finance Law 2023 provides that, from 1 January 2023, rental gross income not exceeding DZD 1.8 million (DZD 600,000 before that date) is subject to the following lump-sum tax:
- 7% on income stemming from the rental of residential properties;
- 15% on income stemming from the rental of unfurnished commercial properties; and
- 15% on income stemming from the rental of bare land. This rate is reduced to 10% in the case of agricultural lands.

When the annual income exceeds the DZD 1.8 million threshold (DZD 600,000 before 2023), a provisional withholding tax of 7% applies on the income irrespective of the nature of the property.

1.10. *Administration*

1.10.1. Taxable period

The tax year is the calendar year. Individuals are assessed to income tax on income derived in the immediately preceding tax year.

1.10.2. Tax returns and assessment

Individuals engaged in business activities and determining their profits on an accrual basis must file an annual return, along with a profit and loss account and certain documents specified in the accounting rules. The return must be filed before 30 June (instead of 30 April) of every year.

Spouses may file a joint return, in which case they are entitled to a special deduction (*see* section 1.7.1.).

Dependent children are taxed jointly with the taxpayer. The taxpayer may opt for the children to be separately assessed, but only in respect of income the children have earned themselves or derived from independent capital.

1.10.3. Payment of tax

Tax is payable on the first day of the third month following that in which an assessment is issued. In the case of wages, salaries, pensions and life annuities, tax is withheld at source if the employer or person making the payment is domiciled or established in Algeria.

From 1 January 2020, rental income tax must be remitted to the tax authorities within 20 days of the receipt of the rent.

Amounts withheld in respect of each month must be remitted no later than the 20th of the month following the deadline for filing the declaration.

Individuals receiving income other than employment income, which are required to pay income tax exceeding DZD 1,500, may pay this tax in two instalments:
- the first between 20 February and 20 March; and
- the second between 20 May and 20 June of the year following that in which the income or profit was realized.

However, where the amount of taxes and duties paid by instalments or deducted at source is less than DZD 50,000, the taxpayer may, for the following year, make quarterly payments of such taxes and duties during the first 20 days of the month following the end of the quarter in question.

Resident individuals who realize certain types of income listed under articles 45 to 51 of the ITC (i.e. income from movable capital) are required to submit their tax return by 30 April of each year.

Finance Law 2021 introduced the possibility to offset income tax excess payments against future tax liabilities until fully absorbed or otherwise request for their refund.

Finance Law 2021 also introduced a new e-filing obligation for the filing and payment of both payroll and PIT. Taxpayers must submit their wages statement under form G no. 29 (formerly 301bis) electronically.

1.10.4. Rulings

The ruling system discussed under Corporate Taxation section 1.8.4. also applies to individuals.

2. Other Taxes on Income

2.1. *Tax on business activities*

Finance Law 2024 repealed the tax on business activities (*see* Corporate Taxation section 3.1.).

2.2. *Payroll tax*

Individual employers are subject to the following payroll taxes on the gross income of their employees.

2.2.1. Training tax

Individual employers must allocate 1% of their annual payroll to permanent training programmes for their employees. With effect from 1 January 2022, employers are exempt from the tax if they have less than twenty employees. Failure to meet the 1% condition entails that a tax is levied on the difference between 1% of the annual payroll paid during the tax year and the amount actually allocated to training programmes.

This tax is not deductible for individual income tax purposes.

2.2.2. Apprenticeship tax

Employers must allocate 1% of their annual payroll to permanent apprenticeship programmes for their employees. With effect from 1 January 2022, this obligation applies only where the number of employees exceeds 20. Failure to meet the 1% condition entails that a tax is levied on the difference between 1% of the annual payroll paid during the tax year and the amount actually allocated to training programmes.

This tax is not deductible for individual income tax purposes.

2.3. *Special lump-sum tax regime*

A special lump-sum tax regime (*impôt forfaitaire unique*, IFU) is in place for individuals carrying on industrial, commercial or artisanal cooperatives activities and whose turnover does not exceed DZD 8 million (DZD 15 million before 2022). Before 1 January 2022, non-commercial activities were also within the scope of activities that qualified for the IFU. The tax, which is assessed by the DGI, is levied in full on the satisfaction of the individual income tax, VAT and tax on business activities (article 282 bis et seq. of the ITC). For details, *see* Corporate Taxation section 3.2.

Article 282 sexies A of the ITC provides that individuals, irrespective of their status regarding other categories of income, who are involved in the distribution of goods and services via digital platforms or through direct network sales are subject to a withholding tax at the rate of 5% under the special lump-sum IFU regime, applicable to the amount of the invoice inclusive of all taxes, to be operated, as the case may be, by the companies producing goods and services or by companies active in the purchase/resale.

Finance Law 2023 introduced, with effect from 1 January 2023, a margin-based taxation for individuals engaged in the marketing of products for mass consumption and whose price or margin is regulated or capped, regardless of the actual margin. This measure aims to remove the condition under which the margin-based taxation mechanism only applies when the margin is above the IFU rate (article 282 quater of the ITC).

Finance Law 2023 also specified that, from 1 January 2023, activities carried out under the status of micro-entrepreneur are subject to a withholding tax at the rate of 5% under the special lump-sum IFU regime. However, Finance Law 2024 reduces the tax rate for micro-entrepreneurs to 0.5%.

Article 23 of Finance Law 2025 amends article 282 *quater* of the ITC, requiring taxpayers subject to the IFU to declare their net income in relation to their turnover for the year. The aim of this measure is to improve tax transparency and provide the DGI with a clearer picture of taxpayers' actual income. The reform of the IFU system introduces several major measures to strengthen tax control and simplify administrative management:

– compulsory annual return: taxpayers must now submit a detailed return by 1 February every year, including turnover, value of investments, number of employees and stocks;
– biennial tax assessment: the tax authorities carry out a 2-year assessment and notify taxpayers of the amounts due. Taxpayers have 30 days to accept or dispute the assessment;
– regularization of turnover overruns: if turnover exceeds the previously estimated figure by 20%, a regularization is carried out to adjust the tax based on actual performance; and
– new taxpayers and quarterly returns: new taxpayers will have to file a quarterly return after having been in business for at least 3 months, with the option of choosing between several tax regimes.

These new provisions will be fully operational from 1 January 2026.

Certain activities are excluded from this regime, including those of:

– real estate promotion and land subdivision activities;
– import activities of goods intended for resale in the state;
– resale purchasing activities carried on under wholesale conditions, in accordance with article 224 of the ITC;
– the activities carried out by concessionaires;
– activities carried out by private health clinics and establishments, as well as medical analysis laboratories;
– classified catering and hotel activities;
– refiners and recyclers, precious metals, manufacturers and merchants of gold and platinum works; and
– public, hydraulic and building works.

2.4. *Car dealers' tax*

Article 28 of the SFL 2008 introduced a tax levied at the rate of 1% on the revenues of car dealers. The tax is paid to the Treasury on a monthly basis.

3. Social Security Contributions

The social security law applies to all persons, whatever their nationality, employed or following a course of professional training in Algeria. The employer has to declare himself and all employees to the Social Security Agency of the *wilaya* (region) with territorial jurisdiction, irrespective of the nationality of the employee (in the absence of provisions to the contrary in the treaty signed between the country of origin and Algeria).

The employer contribution amounts to 26% of the employee's gross salary, while the employee contribution amounts to 9% (*see also* Corporate Taxation section 4.2.).

The following contributions are calculated on the basis of the employee's gross salary:

Contribution	Rate (%)
Social security	1.5
Old age	6.75
Early retirement	0.25
Unemployment insurance	0.5
Total	9

Social security contributions are deductible for income tax purposes.

4. Taxes on Capital

4.1. *Net wealth tax*

Resident individuals are subject to net wealth tax in respect of their property situated both within and outside

Algeria. The following types of property are subject to this tax:
- all real property;
- rights in real property; and
- movable property. This includes private cars with a capacity of more than 2,000 cc for petrol engines or more than 2,200 cc for diesel engines; motorcycles with a capacity of more than 250 cc; yachts; pleasure boats; private planes; racehorses; *objets d'art*; and paintings with a value exceeding DZD 500,000; furniture; jewellery and precious stones, gold and precious metals; other tangible furniture including:
  - receivables, deposits and guarantees;
  - insurance contracts in the event of death; and
  - life annuities.

Exemptions from the tax include:
- the capitalized value of life annuities, subject to certain conditions;
- payments of damages; and
- business assets. The law regards as business assets property essential for carrying out industrial, commercial, artisan or agricultural activities, or for rendering professional services, as well as shares in companies. However, shares in companies whose main activity is the management of their own property (whether movable or immovable) are not regarded as business assets.

The tax base consists of the net value (certain types of debts may be deducted) of the individual's assets, which will vary according to the type of property involved, as follows:
- real property is valued at its market value. Where this cannot be determined, the valuation will be made according to rules laid down in special regulations; and
- movable property is valued on the basis of a detailed declaration filed by the taxpayer, estimating the value of the items making up the property.

Debts which may be deducted are as follows:
- those relating to real property, e.g. loans, including mortgages from financial institutions for the purpose of building or acquiring real property. Interest and capital remaining unpaid may also be deducted; and
- those relating to movable property, e.g. debts arising in connection with the transfer of movable property on death.

The rates of net wealth tax are as follows (SFL 2020):

Net taxable wealth (million DZD)			Rate (%)
Up to		100	0
101	–	150	0.15
151	–	250	0.25
251	–	350	0.35
351	–	450	0.5
Over		450	1

Taxpayers who have paid a tax similar to the net wealth tax on property based abroad may credit that tax against the tax payable in Algeria on the same property.

Every 4 years, taxpayers must file a return regarding their property with the inspector of taxes in their domicile. The first return must be filed not later than 31 May of the fourth year.

Non-resident persons (for tax purposes) owning property in Algeria, as well as state officials seconded abroad, must, if so requested by the tax authorities, appoint an agent in Algeria to act on their behalf with regard to payment and other tax-related matters.

A presumptive assessment will be issued where no wealth tax return is filed.

4.2. *Real estate tax*

4.2.1. Property tax on developed land

An annual property tax is levied on developed land located in Algeria, unless expressly exempt.

See Corporate Taxation section 5.2.1.

4.2.2. Property tax on undeveloped land

See Corporate Taxation section 5.2.2.

5. Inheritance and Gift Taxes

Inheritance and gift taxes are levied in the form of a registration duty on property located in Algeria acquired through inheritance or gift. The rules differ slightly, depending on whether the property is acquired by inheritance or gift.

5.1. *Taxable persons*

Inheritance and gift taxes are not levied on the estate of the deceased or the donor, but on each beneficiary in respect of his share in the asset transferred to him. The rate depends on the relationship between the beneficiary and the deceased or donor.

Donations made to parents beyond the second degree as well as to non-parents are considered as transfers for a consideration and are taxable at the rate of 15% (article 10 of Finance Law 2021).

5.2. *Taxable base*

The taxable base is the actual value of all movable and immovable property located in Algeria.

5.3. *Personal allowances*

For inheritance tax purposes, a lump-sum allowance of DZD 50,000 is granted in respect of funeral expenses.

5.4. *Rates*

The transfer of movable and immovable property on death or by gift is subject to inheritance or gift taxes at the following rates:
- 3% if the transfer is in direct line of succession or between spouses; and

– 5% in other cases.

Finance Law 2014 exempts donations in direct line of succession and between spouses from registration duties.

5.5. *Double taxation relief*

Algeria has concluded an agreement with France to avoid the double taxation of inheritances.

6. International Aspects

6.1. *Resident individuals*

For a definition of the concept of residence, *see* section 1.1.

6.1.1. Foreign income and capital gains

Resident individuals are liable to income tax on their worldwide income. Accordingly, foreign income such as employment income, dividends, interest, royalties and income from immovable property are taxable in Algeria if received by a resident individual, unless such income has already been taxed abroad. In such cases, the foreign income concerned is not subject to tax in Algeria.

Non-resident individuals are liable to income tax only on their Algerian-source income.

Special rules are available for persons who remain resident while seconded abroad (*see* section 1.1.).

6.1.2. Foreign capital

Resident individuals are subject to net wealth tax in respect of their property situated abroad (*see* section 4.1.).

Immovable property situated abroad is not subject to real estate tax in Algeria.

6.1.3. Double taxation relief

As a unilateral measure to avoid double taxation of foreign-source income, the Algerian tax code excludes from the taxable base foreign income that has been subject to tax in the source country.

Double taxation relief is also provided for under treaties concluded by Algeria. For the list of tax treaties in force, *see* the withholding tax rates chart in the Appendix.

Double taxation relief is also provided for net wealth income. For example, according to article 24 of the double tax treaty between Algeria and France, a resident of France who owns capital which may be taxed in Algeria according to the provisions of paragraph 1 or 2 of article 22 shall also be taxable in France in respect of such capital. The French tax shall be computed by allowing a tax credit equal to the amount of the tax paid in Algeria on such capital. However, the tax credit shall not exceed the amount of French tax attributable to such capital.

6.2. *Expatriate individuals*

6.2.1. Inward expatriates

Subject to the provisions of tax treaties in force, employment income derived by inward expatriates is subject to the progressive individual income tax rates detailed in section 1.9.1.1.

Foreign residents carrying out aid work in Algeria under an agreement between Algeria and a foreign country, as well as foreign residents employed in central distribution warehouses, are exempt from income tax on their wages and salaries.

6.2.2. Outward expatriates

There is no special regime for outward expatriates.

6.3. *Non-resident individuals*

For a definition of the concept of residence, *see* section 1.1.

6.3.1. Taxes on income and capital gains

Foreign-resident individuals are subject to tax in Algeria on their Algerian-source income (*see* section 1.7.).

The law deems the following to be income derived from Algeria, and therefore subject to individual income tax:
– profits realized by individuals from the habitual exercise of an industrial, commercial or agricultural activity in the absence of a permanent establishment;
– profits derived by enterprises through an independent agent based in Algeria; and
– profits derived by enterprises with no permanent establishment or designated agent in Algeria, but which nevertheless carry on activities which can be regarded as a complete commercial cycle.

Under article 94 of the ITC, non-residents who own real property in Algeria but do not have their fiscal domicile in Algeria are subject to tax on a lump-sum basis equal to five times the rental value of the dwelling. However, they may be taxed on actual income from Algerian sources where this exceeds the lump-sum basis.

Finance Law 2009 introduced a 20% capital gains tax on the disposal of shares and interests in Algerian companies by non-resident individual shareholders.

Capital gains on the disposal of listed shares, shares and units of UCITS are exempt from individual income tax. The exemption was initially applicable until 31 December 2018 but was extended for a 5-year period as from 1 January 2019 (i.e. until 1 January 2024).

6.3.1.1. Employment income

Non-resident employment income and pensions are subject to withholding tax in the same manner as resident employment income.

Directors' remuneration is subject to a final withholding tax of 15% on the gross amount.

6.3.1.2. Business and professional income

Business and professional income derived by non-resident individuals is subject to tax in Algeria if it falls within the scope of income subject to withholding taxes.

Non-commercial income derived by non-resident individuals is subject to a final withholding tax at the rate of 24% (articles 33 and 104 of the ITC).

Payments for any kind of services provided or used by non-resident individuals in Algeria are subject to a withholding tax of 24% in full satisfaction of the liability in respect of individual income tax, VAT and the tax on business activities.

Rental payments within the framework of international leasing contracts are subject to a withholding tax rate of 24% on 40% of the gross amount paid.

Non-resident artists are taxable for individual income tax at the rate of 15% when performing in Algeria in the context of cultural exchange programmes, national celebrations, festivals and cultural or artistic events organized by or under the supervision of the Ministry of Culture.

6.3.1.3. Investment income

Article 104 of the ITC provides for the withholding tax rates applicable to outbound investment income.

A final withholding tax applies at the rate of 15% on gross dividends distributed to non-resident individuals.

Interest paid to non-resident individuals is subject to a 10% withholding tax on the gross amount. A 50% final withholding tax applies to interest on bearer securities.

Royalties paid to non-residents are subject to a final withholding tax of 30% on their gross amount.

Royalties paid for the use of computer software to foreign individuals with no fiscal domicile in Algeria are subject to a final withholding tax at the rate of 30% on the gross amount (article 108 of the ITC).

Directors' fees paid to non-resident individuals are subject to a final withholding tax at the rate of 15% on the gross amount.

For withholding tax rates under income tax treaties, *see* the withholding tax rates chart in the Appendix.

6.3.1.4. Capital gains

Capital gains derived by a non-resident individual on property located in Algeria are considered Algerian-source income and are taxed in the same manner as for residents (*see* section 1.6.).

Capital gains on shares realized by non-resident individuals on shares of Algeria resident companies are subject to tax at the rate of 20%.

6.3.2. Taxes on capital

Non-resident individuals are subject to net wealth tax on their property situated in Algeria.

6.3.3. Inheritance and gift taxes

See section 5.

6.3.4. Administration

Non-resident taxpayers deriving income from Algeria are subject to final withholding of income tax, which is levied separately on each item of income and capital gains. Otherwise, the rules in section 1.10. apply.

Argentina

This chapter is based on information available up to 23 January 2025.

Introduction

Resident individuals are subject to income tax on their worldwide income. Employees, independent contractors and entrepreneurs must contribute to the social security system. Non-residents are taxed only on income sourced in Argentina.

Taxation of capital gains depends on the person, activity and property involved. Capital gains from financial investments and alienation of intangibles are, in general, subject to tax.

There is no ring-fencing regime.

On 25 January 2022, the OECD Council decided to open an accession discussion with Argentina towards OECD membership. This follows careful deliberation by OECD member states on the basis of the OECD's Framework for Consideration of Prospective Members and the progress made by Argentina since its first respective request for OECD membership. On 2 May 2024, the OECD Ministerial Council adopted a roadmap outlining terms, conditions and processes for the country which involve a comprehensive review by over 20 technical committees, assessing its alignment with OECD standards across various sectors. The timeline for completion depends on each country's progress in meeting the established standards and best practices.

On 1 April 2022, a bill for approval of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (MLI) was submitted to the Chamber of Deputies which passed it on 1 October 2024 and submitted it to the Senate for further approval. Argentina's provisional MLI position was submitted at the time of signature, listing its reservations and notifications and including 17 tax treaties that it wishes to be covered by the MLI. The currency is the Argentinian peso (ARS).

The federal tax authority responsible for the administration and collection of taxes is the *Agencia de Recaudación y Control Aduanero* (ARCA). Previously, until October 2024, the *Administración Federal de Ingresos Públicos* (AFIP).

1. Individual Income Tax

Resident individuals are subject to income tax on their worldwide income. Income tax on individuals is levied at progressive rates. There are no special regimes applicable to individuals.

The Federal Congress has extended to 31 December 2027 the period of validity of the income tax by Law 27,702.

1.1. *Taxable persons*

The main rules concerning taxable persons are found in articles 30, 35 and 116-118 of the Income Tax Law (ITL).

Taxable persons include individuals and estates.

For income tax purposes, the following persons are deemed to be residents:
- nationals, unless they have lost their residential status by becoming resident of another country or by residing outside Argentina for at least 12 months;
- nationals who are government employees working abroad for the state;
- foreign nationals who reside in Argentina with a permanent visa (for immigration purposes) or with a temporary visa for at least 12 months; and
- estates where the deceased individual was a resident at the time of death.

The following are deemed not to be residents and thus subject to tax only on Argentinian-source income (but taxed under the rules for assessing income applicable to residents):
- foreigners who are resident in Argentina for work purposes for less than 5 years;
- foreign members of diplomatic or consular missions and the technical or administrative personnel of such missions who were not residents at the date they were appointed to such positions;
- foreign members of international organizations who were not deemed to be residents at the date of commencing their activities; and
- foreigners who stay in Argentina with a temporary visa for studying or researching, so long as their only remuneration is in the form of a scholarship or other similar consideration.

The ITL also contains rules on dual residence similar to the tiebreaker rules under article 4 of the OECD Model, which apply in determining the residence of an individual who became resident in another country (after losing status as an Argentinian resident) and who then returns to Argentina with the purpose of remaining in Argentina. In these situations, the tax authorities have provided a definition of the terms "permanent home" and "centre of vital interests" to be applied in situations where a treaty does not apply.

The procedure to obtain a certificate of tax residence in Argentina is ruled by General Resolution (ARCA) 5572.

Spouses file separate returns. Income is allocated to each party in accordance with their respective earnings as derived from personal work or from assets owned. Only when direct attribution is indeterminable, the allocation is made in halves.

Owners or partners of a sole proprietorship or a general partnership must include their share of the entity's taxable income in their taxable base. There is no tax at the entity level.

There is no domestic legislation concerning trusts, but foreign trusts are recognized by Argentine law. However, the *fideicomiso* established by the Civil and Commercial Code is a contract that sometimes is used as an alternative to a trust. For tax purposes the *fideicomiso* is treated as a corporate subject.

1.2. *Taxable income*

1.2.1. General

The main rules regarding taxable income are found in articles 2, 44, 48, 53 and 82 of the ITL.

Resident individuals and estates are subject to income tax on their worldwide income. For income tax purposes, the concept of income includes:
– income and gains that are periodically produced by a permanent source;
– capital gains from the alienation of movable property subject to depreciation;
– capital gains from the alienation of shares and other participation interests in the capital of companies, bonds and other securities representing debt claims;
– capital gains derived from the transfer of immovable property; and
– any other income from the categories mentioned below such as alienation of trademarks, patents and any other right to earn a royalty or income flow.

The ITL specifies four categories of income sources. Losses may be offset only with profit of the same nature (i.e. the offsetting of losses is allowed within the same "box").

The purpose of this categorization is to further define the concept of taxable income (although some items may be later treated as exempt income) and to specify the corresponding deductions and allowances. Each category of income has specific deductions (e.g. tax on land or depreciation in the case of immovable property or business expenses in the case of the third category of income, etc.). The net income resulting from each category is added up (if an individual earns income from more than one category) and the general and personal allowances are subtracted from that sum, resulting in the taxable base, which is subject to progressive tax rates.

First Category Income: income from immovable property (not being Third Category income, *see* below). This category includes rental income and any other income realized from the ownership of immovable property.

Second Category Income: income from capital assets (not being Third Category income, *see* below). This category includes:
– income from securities, bonds, treasury bills, debentures, guarantees, financing and loans;
– income from the lease of movable property;
– royalties and periodic subsidies;
– life pensions and gains or participations in life insurance;
– compensation for a promise to abstain from doing something, to abandon or to prevent performing an activity. However, such income is included in the Third or Fourth Category, as the case may be, when the abstention relates to a business, industry, profession, occupation or employment;
– gains from the alienation of goodwill, trademarks, patents and any other right to earn a royalty or income flow;
– alienation of shares, quotas and any other participation interest in the capital of companies, bonds and securities in general; and
– gains from the alienation of immovable property and rights derived from immovable property.

Third Category Income: income derived by enterprises. This category includes income derived by/from:
– a proprietorship located in Argentina;
– partners from their partnership or membership in other transparent entities;
– the activities of commission agents, auctioneers, consignees and other trade agents not specifically included in the Fourth Category;
– the transfer of immovable property;
– *fideicomisos*; and
– income not included in other categories.

Fourth Category Income: income from employment and personal work such as:
– earnings from public positions of authority;
– employment earnings;
– retirement earnings;
– professional earnings;
– earnings from the rendering of personal services to cooperative societies;
– the earnings of directors, managers and executives of corporations; and
– the earnings of brokers, travel agents and customs agents.

1.2.2. Exempt income

The main rules concerning exempt income are typically found in article 26 of the ITL.

Income exempt from individual income tax includes:
– gifts, inheritances and legacies;
– income subject to the tax on games and sporting events;
– gains from the sale, exchange, barter or disposal of shares and quotas in mutual investment funds, obtained by resident individuals and undivided estates, provided the securities are authorized for quotation on stock exchanges in Argentina and the transactions are made through those markets. This exemption does not cover income derived by commission agents, auctioneers, consignees and other trade agents and capital gains derived by individuals from frequent securities trading;
– royalties and other income from copyrights derived by the author or the author's heirs, up to an annual amount of ARS 10,000;
– interest accrued on savings accounts, special savings accounts and fixed-time deposits in ARS made in authorized financial institutions, with or without adjustment for inflation clauses;
– interest derived from government bonds, commercial paper (*obligaciones negociables*), and certificates of

participation and debt notes issued by financial trusts (*fideicomisos financieros*) quoted in the Argentine stock exchange market;
- interest or income derived from financial instruments denominated in ARS created by the Executive Branch with the aim of promoting productive investments, if established as such by the relevant legislation, as provided by Law 27,638;
- capital gains from the sale, exchange, barter or disposal of government bonds, commercial paper (*obligaciones negociables*), and certificates of participation and debt notes issued by financial trusts (*fideicomisos financieros*) quoted in the Argentine stock exchange market;
- severance payment not exceeding a certain threshold (*see* section 1.3.1.);
- the notional rent of the house used as a family or personal dwelling; and
- capital gain derived from the transfer of title of the house used as family or personal dwelling.

Article 28 of the ITL limits, as a general rule, the tax exemptions to be enjoyed by non-residents when the Argentine tax renouncement is not matched by the non-resident home state. However, where there is an applicable tax treaty between Argentina and the country involved in the transaction, the treaty rules apply and as a result the income may be tax exempt in Argentina. In addition there are some items that do not follow the general rule (i.e. are not limited by article 28 and therefore are exempted), e.g. exemptions granted to non-residents from capital gains derived from trading quoted shares (in Argentina) and (Argentine) government bonds, and interest derived by government bonds.

1.3. *Employment income*

1.3.1. Salary

The main rules on taxation of salaries are found in article 82 of the ITL.

Salaries are included in the individual's total income and taxed under the general rules. Salaries are subject to withholding tax at the progressive rates (*see* section 1.9.1.) under the ITL. The tax withheld is final for taxpayers who receive only employment income and do not choose to register with the tax authorities (*see* section 1.10.2.). General Resolution (ARCA) 4003-E, as amended, regulates the withholding regime.

With regard to deductible expenses or costs that reduce the taxable base, the general principle provided by article 83 of the ITL, and applicable to all categories of income, is that all expenses that are "necessary" (a term that has led to some doctrinal and jurisprudential debates) to obtain and maintain taxable income are deductible. The case of salaries, in particular, due to their nature, provides a very narrow scope for deductible expenses. However, there is some case law allowing the deduction of professional attire in the case of a television reporter, as well as cases where expenses deemed "necessary" to treat clients (e.g. meals) were allowed as a deduction.

Severance payment is tax exempt in general. However, severance payment received by "high rank employees" in excess of the minimum legal established by the Labour Law is taxed. To such end, Decree 976/2018 established the conditions to characterize the high-rank position of the employee as follows:
- earning a monthly salary exceeding 15 times the minimum salary (*salario mínimo*, *vital y móvil,* SMVM) – as regulated by the Labour Law at the time of the termination of employment; and
- holding, at any time in the 12 months prior to the termination date, executive or management positions with the capacity to make decisions and execute the policies established by the shareholders or the board of directors of the company, or a similar governing body.

In order to further clarify the treatment of severance payments, the tax authorities have issued an interpretation through Circular 4/2021 in accordance with the powers conferred by Decree 618/1997. Three different situations have been addressed, as follows:
- payments made to employees other than "high-rank employees" are deemed to be outside the scope of income tax and are therefore not subject to withholding tax by the employer in accordance with General Resolution 4003;
- payments made to "high-rank employees" are subject to tax, with the employer having a withholding obligation, in accordance with the regime established by General Resolution 4003, on any excess above the mandatory indemnifications established by article 245 of the Labour Law (which are exempt); and
- items accrued during the employment relationship and paid upon its termination, such as the 13th-month salary, regular bonuses, compensation for failure of advance notification (of the termination of employment), postponed salaries, among other things, are subject to tax and to the withholding tax regime mentioned above even if they are not expressly identified or are subsumed in a different caption or name.

1.3.2. Benefits in kind

The main rules on taxation of benefits in kind are found in article 82 of the ITL.

Benefits in kind are fully taxable and are added to the individual's income taxable base. In general they are valued by reference to market prices or the actual value of the benefit granted. Benefits in kind include education of the taxpayer's children, rent-free accommodation, lodging and holiday travel allowances, car expenses, and personal expenses paid by company credit card. However, clothes and equipment provided by the employer to be used by the employee while performing their duties is considered outside the scope of the tax. With respect to employee compensation consisting of stock purchase options for shares of the employer or of any other company in the same group, the difference between (i) the acquisition cost and (ii) the stock exchange quotation or, if not available, the proportional value of the company's net worth at the date the option is exercised, is deemed to be employment income and therefore taxable.

1.3.3. Pension income

The main rules on taxation of pension income are found in article 82 of the ITL.

Retirement pensions and retirement compensation are included in the individual's total income and are taxable under the general rules.

Contributions to pension funds are deductible provided the fund is a scheme organized and administered by the federal state, provinces or municipalities.

1.3.4. Directors' remuneration

The main rules on taxation of directors' remuneration are found in articles 82 and 91 of the ITL.

Directors' fees which qualify as subject to tax (not exceeding the limits established under the ITL: the greater of 25% of accounting profits of the tax period or a fixed sum per recipient of the fees (in general ARS 12,500 but increased to ARS 17,500 if the recipient is a woman and to ARS 20,000 if the recipient is a transgender person) are included in the individual's total income and are taxed under the general rules. Fees exceeding these limits are not subject to tax provided that the company paying the fees pays corporate income tax in the tax year to which the fees correspond.

1.4. *Business and professional income*

Business and professional income is treated as Third Category income and generally taxable under the general rules.

1.4.1. Business income

The main rules on taxation of business income are found in articles 53, 73, 127 and 130 of the ITL.

Net business income derived by individuals is included in their taxable base and taxed at the income tax rates applicable to any other type of income subject to income tax. Expenses incurred to obtain and maintain the taxable income are deductible.

The owner or partner of a sole proprietorship or a general partnership must include his share in the entity's taxable income in his taxable base. There is no tax at the entity level. Civil companies (*sociedades civiles*) used to be subject to the same tax treatment but are no longer included in the new Civil and Commercial Code in force from 1 August 2015 (enacted by Law 26,994).

Resident shareholders must include in their taxable income the taxable profits derived by a company resident in a low-tax jurisdiction from dividends, interest, royalties, leases and other passive income in accordance with the controlled foreign company (CFC) legislation and provided that the conditions for application of this legislation are met (*see* Corporate Taxation section 7.4.). Otherwise, profits derived by the foreign entity are taxable only when distributed.

1.4.2. Professional income

The main rules on taxation of professional income are found in article 82 of the ITL.

Income from independent personal services is included in the individual's total income and taxed under the general rules. Expenses incurred to obtain and maintain the taxable income are deductible.

Income from independent work is also subject to withholding tax at source if it exceeds ARS 160,000 in any 1-month period in accordance with General Resolution 830 as amended. The tax withheld may be credited against the annual income tax or the monthly advance payments. The general withholding rate for professional income depends on whether the recipient is registered with the tax authorities or not:
– if registered, the rates are progressive and range from 9% to 31%; and
– if not registered, the rate is 28%.

1.5. *Investment income*

The main rules on taxation of investment income are found in articles 94, 73 and 48 and Title IV, Chapter II of the ITL.

Dividends derived from resident companies are taxed at a 7% rate on distribution of profits from fiscal years started from 1 January 2018. Distribution of profits accrued in previous fiscal years is exempt. The tax on dividends is withheld by the distributing company.

Dividends derived from non-resident companies are taxed as ordinary income at progressive rates (*see* section 1.9.).

Interest is taxed, except when accrued in savings accounts, special savings accounts and fixed-time deposits in ARS made in authorized financial institutions, including deposits in ARS with an adjustment for inflation clauses.

Royalties are considered ordinary income, but special rules govern the expenses that may be deducted. Residents that habitually develop research in order to obtain assets which may produce royalties must calculate their income under the rules applicable to companies (*see* Corporate Taxation) and not under the rules in this section.

Income from immovable property is included in the recipient's taxable income.

For foreign-source investment income, *see* section 6.1.1.

1.6. *Capital gains*

The main rules on taxation of capital gains are found in articles 44, 48, and 99 of the ITL.

Taxation of capital gains derived by resident individuals depends on the person, activity and property involved.

Capital gains subject to tax are the following:
(1) capital gains derived from immovable property that is subdivided for urbanization purposes;
(2) capital gains derived from immovable property built and sold according to Law 13,512 (horizontal property buildings);
(3) gains derived from the transfer of title of immovable property acquired after 1 January 2018, other than the one used as dwelling by the taxpayer, or for the transfer of any right derived from immovable property (e.g. usufruct);

(4) capital gains derived from the alienation of goodwill rights, trademarks and patents;
(5) capital gains derived from the transfer of movable depreciable assets; and
(6) gains from the alienation (e.g. sale, exchange or barter) of shares (except shares listed and traded through authorized stock-exchanges), as well as the transfer of title of quotas and any other participation interest in the capital of companies. Gains derived from financial instruments denominated in pesos and created with the purpose of promoting investments in domestic currency as provided by Law 27,638 are exempt.

Capital gains described in categories (1), (2), (4) and (5) are subject to tax as ordinary income. Capital gains described in categories (3) and (6) are subject to income tax at the rate of 15%. Capital gains on government bonds are exempt.

The alienation of immovable property outside the scope of income tax (e.g. transfer of the dwelling of the taxpayer or transfer of title of immovable property acquired before 1 January 2018) remains subject to the tax on the transfer of immovable property, as provided by Law 23,905. The tax is calculated on the transfer price at the rate of 1.5% (for the transfer tax, *see* Corporate Taxation 9.2.1.).

1.7. *Personal deductions, allowances and credits*

The main rules on personal deductions, allowances and credits are found in articles 23, 26, 30, 83, 85, 86 and 165 of the ITL.

The income tax levied on individuals and estates is calculated on their total income subject to tax, less applicable deductions and allowances. Income derived through partnerships and other transparent entities is included in taxable income and reported by partners on a net basis (income derived by partnerships is computed under the general income tax rules, i.e. gross income minus applicable deductions).

1.7.1. Deductions

In computing taxable income, resident individuals may deduct expenses that are necessary to obtain income or maintain or preserve the source of income, as well as certain expense allowances as described below.

The following annual allowances are applicable for tax year 2024:
– gifts to the government and eligible institutions: up to 5% of the taxpayer's net taxable income derived during the year under certain conditions;
– contributions to pension funds – *see* section 1.3.3.;
– contributions to private retirement schemes authorized by the National Superintendence of Insurance (*Superintendencia de Seguros de la Nación*) and amounts paid for the acquisition of quotas in mutual funds conceived for retirement purposes as regulated by the Securities and Exchange Commission (*Comisión Nacional de Valores*) up to ARS 195,845;
– funeral expenses: up to ARS 996;
– qualifying life insurance premiums (life insurance and mixed life insurance) up to ARS 195,845;
– premiums for additional health insurance for the taxpayer and his dependants: up to 5% of net income;
– mandatory social security contributions to the pension fund system: 100% of the contributions;
– medical expenses: up to the lower of 40% of those expenses and 5% of the taxpayer's net income;
– interest on mortgages on the taxpayer's occupied dwelling: up to an annual limit of ARS 20,000;
– expenses related to the education of the taxpayer's children or stepchildren under 18 years old or incapacitated for work, and of those over 18 years old and up to 24 years old, to the extent that they pursue regular or professional studies of an art or trade. Children must be dependent on the taxpayer and have no income higher than the basic personal allowance. Items covered by the deduction are educational services and the purchase of tools for education. The deduction is capped at 40% of the basic personal allowance (article 85 of the ITL; applicable from tax year 2022);
– consideration for the services and social security contributions paid to servant/housekeeper, up to an annual limit of ARS 3,503,688 (for 2024);
– 40% of the annual rent paid by tenant for a dwelling subject to a cap of ARS 3,503,688 (for 2024) and provided that the taxpayer owns no real estate; and
– 10% of the annual rent paid for a dwelling. In this case both the tenant and the landlord may compute the deduction, that may be accumulated to the previous one.

1.7.2. Allowances

In computing taxable income, resident individuals may deduct certain family and personal allowances as described below.

For tax year 2024, the following fixed annual allowances are applicable:
– with respect to family allowances, provided that the family member's annual income does not exceed the basic personal allowance:
  – dependent spouse and qualified partners: ARS 3,299,772;
  – children[1] (biological or adopted under 18 years old): ARS 1,664,087; and
  – children (disabled): ARS 3,328,174;
– with respect to personal allowances:[2]
  – basic personal allowance: ARS 3,503,688; and
– with respect to special allowances:[3]

1. This is the total amount to be deducted for each child; either 100% of the amount by one parent or 50% of the amount by each parent, as provided by General Resolution 4286.
2. In the case of pensioners, this allowance is replaced by a specific allowance equivalent to six minimum guaranteed pensions, provided that the pensioner has no income other than the pension and does not exceed the threshold for being liable to personal assets tax.
3. In the case of pensioners, this allowance is replaced by a specific allowance equivalent to eight minimum guaranteed pensions, provided that the pensioner has no income other than the pension and does not exceed the threshold for being liable to personal assets tax.

  - employees: ARS 16,817,703, plus 1/12 of the sum of allowances to which the employee is entitled to (i.e. basic allowance, family allowances and special allowance);
  - self-employed (only if the taxpayer pays the annual social security contribution before filing a tax return): ARS 12,262,909; and
  - self-employed “new entrepreneurs” and “new professionals”: ARS 14,014,753.

The allowances are updated twice a year from year 2025 in accordance with variation of the consumer price index.

The amounts below are updated up to June 2025 and must be used to calculate the monthly withholding tax on salaries. The determination of the final tax for fiscal year 2025 will be made by applying the allowances updated for the period from July to December 2025.

For fiscal year 2025, the following annual allowances are applicable:
- with respect to family allowances:
  - dependent spouse and qualified partners: ARS 3,688,339;
  - children (biological or adopted under 18 years old): ARS 1,860,043; and
  - children (disabled): ARS 3,720,086;
- with respect to personal allowances:
  - basic personal allowance: ARS 3,916,268; and
- with respect to special allowances:
  - employees: ARS 18,798,088, plus 1/12 of the sum of allowances to which the employee is entitled (i.e. basic allowance, family allowances and special allowance);
  - self-employed (only if the taxpayer pays the annual social security contribution before filing a tax return): ARS 13,706,939; and
  - self-employed “new entrepreneurs” and “new professionals”: ARS 15,665,074.

1.7.3. Credits

Taxes withheld at source as advance payments (*see* sections 1.4.2. and 1.9.2.) and other advance payments may be credited against the amount of tax due.

Foreign income tax paid on foreign-source taxable income may be credited by a resident against his Argentinian income tax liability. The credit is limited to the increase in the Argentinian tax arising from the computation of the foreign-source income (*see* section 6.1.3.).

1.8. *Losses*

1.8.1. Ordinary losses

The main rules on ordinary losses are found in article 25 of the ITL.

Losses incurred in a year may be carried forward to be set off against taxable income of other fiscal years, up to 5 years from the year in which the loss was incurred. Losses may not be carried back.

Losses incurred in derivative transactions (excluding hedging transactions), and financial investments (e.g. securities, digital assets) may only be set off against income from the same nature in the same tax period or in the following 5 years.

1.8.2. Capital losses

The main rules on capital losses are found in article 25 of the ITL.

Losses incurred by persons to whom Third Category rules apply upon the alienation of shares, ownership interests in companies or shares in common investment funds, may only be set off against net income derived from the alienation of similar property. Such losses may be carried forward up to 5 years from the year in which the loss was incurred, to be set off against income derived in other years from the same type of transaction.

1.8.3. Foreign-source losses

The main rules on foreign-source losses are found in article 25 of the ITL.

Losses from activities which could generate foreign-source income may only be offset against foreign-source income. These losses may be carried forward for 5 years. There is a further limitation for foreign-source capital losses from the disposal of shares or other participations in investment funds or similar entities. Such losses may be set off only against capital gains from the same activity.

1.9. *Rates*

1.9.1. Income and capital gains

The main rules on applicable rates on income and capital gains are found in article 94 of the ITL.

Resident individuals are subject to income tax at the following progressive rates applicable for tax year 2024:

Taxable income (ARS)			Tax due on lower limit (ARS)	Marginal rate on the excess (%)
Up to		1,360,200	0	5
1,360,200	–	2,720,400	68,010	9
2,720,400	–	4,080,600	190,428	12
4,080,600	–	6,120,900	353,652	15
6,120,900	–	12,241,800	659,697	19
12,241,800	–	18,362,700	1,822,668	23
18,362,700	–	27,544,050	3,230,475	27
27,544,050	–	41,316,075	5,709,439.50	31
Over		41,316,075	9,978,767.25	35

The amounts in the table are updated twice a year from year 2025 in accordance with variation of the consumer price index.

The table below is updated up to June 2025 and must be used to calculate the monthly withholding tax on salaries. The determination of the final tax for year 2025 will be made according to the table to be updated for the period July-December 2025.

Taxable income (ARS)			Tax due on lower limit (ARS)	Marginal rate on the excess (%)
Up to		1,520,371.67	0	5
1,520,371.67	–	3,040,743.34	76,018.58	9
3,040,743.34	–	4,561,115.01	212,852.03	12
4,561,115.01	–	6,841,672.52	395,296.63	15
6,841,672.52	–	13,683,345.04	737,380.26	19
13,683,345.04	–	20,525,017.56	2,037,298.04	23
20,525,017.56	–	30,787,526.34	3,610,882.72	27
30,787,526.34	–	46,181,289.52	6,381,760.09	31
Over		46,181,289.52	11,153,826.67	35

A schedular tax on employees was created by Law 27,725, which was conceived to be applicable from tax year 2024 onwards. Such tax was abrogated by Law 27,743, published in the Official Gazette on 8 July 2024.

The income of resident individuals is not subject to surcharges or surtaxes.

Capital gains derived from the alienation of real estate are subject to a 15% fixed rate on the net gain.

Domestic dividends are subject to a final tax of 7% (*see* section 1.5.) withheld by the paying entity. Such treatment applies irrespective of whether or not the beneficiary is a resident individual.

1.9.2. Withholding taxes

The main rules on withholding taxes are found in article 49 and 50 of the ITL.

Dividends derived from resident companies are taxed at a 7% rate on distribution of profits from fiscal years started from 1 January 2018. Distribution of profits accrued in previous fiscal years is exempt. The tax on dividends is withheld by the distributing company, *see* section 1.5.

The tax on dividends is withheld by the distributing company and is final.

A withholding tax is levied as an advance payment of the tax, to be offset against the final tax liability in certain cases, payment of interest, fees, royalties, etc., as regulated by General Resolution 830, as amended.

Employment income is also subject to withholding rules – *see* section 1.3.1.

For withholding taxes on payments to non-residents, *see* section 6.3.1.

1.10. *Administration*

1.10.1. Taxable period

The main rules on taxable period are found in article 11 of Law 11,683.

For individual income tax purposes, the tax year is the calendar year.

1.10.2. Tax returns and assessment

The main rules on tax returns and assessment are found in article 11 of Law 11,683.

The assessment and collection of taxes is normally based on signed returns to be filed by a taxpayer under the requirements and terms established by the tax authorities. Returns must be filed electronically.

Resident individuals and estates deriving taxable income must file annual returns, unless (i) their income is derived entirely from employment and the tax has already been withheld at source or (ii) taxable income is less than the available allowances; *see* section 1.7.2.

As provided by General Resolution 975, as amended, individuals and estates must file returns in May of the year following the tax year, the exact deadline depending on the last digit of the tax identification number of the taxpayer (*Clave Única de Identificación Tributaria*, CUIT), in accordance with the time frame that ARCA publishes each year for that purpose. A deadline in June applies to individuals obliged to file a tax return related to the schedular tax established by articles 98 and 99 of the ITL, i.e. when they determine a tax obligation (*see* section 1.2.1.) as regulated by General Resolution 4468. However, Resolution 4488 established that resident individuals deriving ARS 200,000 or less from financial investments from an Argentine source may opt not to file the specific tax return that was established by General Resolution 4468. Such resident individuals can comply with their tax obligations by generating an electronic voucher indicating the applicable tax rate, in order to make an electronic transfer of the tax due.

Employees must file an informative affidavit which includes details of their net worth, income, allowances and deductions if the amount of gross salaries received exceeds a specific threshold. From fiscal year 2023, the threshold was increased to ARS 15,917,864 through an update to the ARCA's website.

1.10.3. Payment of tax

The main rules on rulings are found in article 11 of Law 11,683.

Individuals and estates (unless receiving only income subject to final withholding tax) must make five monthly prepayments of income tax in August, October and December of the taxable period, and in February and April of the following year (those deadlines may exceptionally be changed). Each advance payment must be 20% of the tax assessed for the last tax year as reduced by both tax reductions granted under tax incentive schemes and non-final withholding taxes corresponding to the same year. The advance payment referred to above must only be made if the amount exceeds ARS 5,000.

Any balance of tax due, after taking advance payments into account, must be paid upon the filing of the return, although the tax authorities may authorize the final tax to be paid in instalments (including interest).

1.10.4. Rulings

The main rules on rulings are found in article 4.1. of Law 11,683, as amended, and its implementing measure General Resolution 4497.

The General Director of the tax authorities has legal powers to interpret or enact regulations on the application of the laws and decrees regarding taxes under its jurisdiction. Such interpretations and regulations, made by means of rulings (*resoluciones*), are published in the Official Gazette and are in principle binding on taxpayers. Taxpayers may appeal those decisions that have an interpretative nature to the Ministry of Economy within 10 working days. Such an appeal does not release the taxpayer from the obligation to pay taxes on transactions deemed to be taxable during the ruling request procedure, but if the decision of the tax authorities is revoked by the Ministry of Economy, the taxpayer is entitled to a tax refund.

Advance rulings may be requested in respect of all national taxes, including social security contributions. However, customs duties are not covered by the advance rulings regime. In addition, the regime does not apply to questions regarding the application of income tax treaties.

General Resolution 4497 expanded the obligation to provide detailed information to situations where the party requesting the ruling is a non-resident or a resident with non-resident related parties and the matter under discussion concerns tax incentives and reductions of the taxable base, transfer pricing, or permanent establishment situations. For these purposes, a related-party threshold of at least 25% participation in the capital or voting rights was established. In addition, General Resolution 4497 excluded from the regime advance pricing agreements that are regulated by article 217 of Law 11,683, and determined that the party filing the ruling request must inform the ARCA if during the procedure a tax treaty covering the matter enters into force.

2. Other Taxes on Income

No other taxes on income are levied in Argentina.

3. Social Security Contributions

3.1. *Employed*

The main rules on social security contributions due by employees are found in Laws 26,425, 24,241 and 19,032.

Employees must contribute to the social security system. Social security contributions are computed as a percentage of the employee's salary, according to the rates detailed below. All employee contributions are computed, at the relevant rates, on the salary of the employee with a monthly salary cap of ARS 2,910,574 (effective from 1 January 2025).

The social security contribution rates are as follows:

Employee's contribution	Rate (%)
Pension fund system	11
Retirement fund	3
Medical assistance	3
Total	17

Compulsory social contributions made by employees and self-employed persons are deductible for income tax purposes. Deposits in pension funds agreed under a written contract are deductible for income tax purposes for the payer (*see* section 1.7.1.). Appreciation of shares in the fund is not treated as taxable income or gain. Pensions paid under the system are subject to income tax.

Both employers and employees are obliged to contribute to the social security system. In addition to paying their own contributions, employers must withhold and remit the contributions of their employees. For details, *see* Corporate Taxation section 4.2.

3.2. *Self-employed*

The main rules on social security contributions due by self-employed persons are found in Law 26,425.

Self-employed taxpayers pay contributions to the retirement and pension fund system established as fixed amounts. Those amounts are calculated as 32% (27% for the pension fund and 5% for the *Instituto Nacional de Servicios Sociales para Jubilados y Pensionados*, INSSJP) on the minimum threshold net income of each category. There are different categories depending on the nature of the activity (e.g. standard or dangerous activities, voluntary contributors and minor workers).

Taxpayers can change their applicable category once a year.

Board members of corporations in which they are also employee may opt to contribute only as employees.

4. Taxes on Capital

4.1. *Net wealth tax*

The net wealth tax in Argentina is the personal assets tax (*impuesto sobre los bienes personales*, ISBP), which is levied on individuals resident in Argentina and estates situated in Argentina, including assets located both in Argentina and abroad at the end of each calendar year. Non-residents are subject to ISBP only on Argentinian-situs property owned at the end of each calendar year. The main rules are found in Law 23,966 as amended.

The Federal Congress has extended to 31 December 2027 the period of validity of the net wealth tax by Law 27,702.

A general allowance of ARS 100 million applies for tax year 2023 and ARS 292,994,964.89 for tax year 2024.

The following Argentinian-situs property is exempt from ISBP: intangible property (e.g. goodwill, trademarks, patents, rights derived from concessions); non-urban land, irrespective of its use or purpose; government bonds and securities issued by the national, provincial or municipal governments; saving accounts and fixed-time deposits in financial entities regulated by Law 21,526; debt notes (*obligaciones negociables*) issued in accordance with article 36 of Law 23,576; financial instruments denominated in ARS created by the Executive Branch with the aim of promoting productive investments, if established as such by the respective legislation; and quotas in mutual funds regulated by article 1 of Law 24083; and listed securities issued by financial trusts (*fideicomisos financieros*), if 75% of the underlying

Notes

Notes

Notes

IBFD

The Home of International Taxation

Contact

IBFD Head Office
Tel.: +31-20-554 0100 (GMT+2)
Email: info@ibfd.org

Visitors' Address:
Rietlandpark 301
1019 DW, Amsterdam
The Netherlands

Postal Address:
P.O. Box 20237
1000 HE Amsterdam
The Netherlands