



# ALGERIA BID ROUND 2026 BY ALNAFT

A NEW ERA OF OPPORTUNITIES

## FISCAL SYSTEM

for upstream hydrocarbon activities



# Algerian Fiscal Regime Framework

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More attractive to  
foreign investment



Provides a significant  
tax relief



**Simplifies fiscal  
calculations**



based on :  
Law 19-13  
Executive Orders (EOs)

# Fiscal System Overview

01

## Regular Taxes

- Surface tax
- Hydrocarbon royalty
- Hydrocarbon income tax (IRH)
- Income tax and remuneration Tax

02

## Occasional Taxes

- Flaring tax
- Hydraulic Royalty
- Transfer Right
- Royalty on early Production

03

## Exemptions

- Value added tax (VAT)
- Tax on professional activity (T. P. A)
- Customs Duties, taxes and charges
- Bank Domiciliation tax

## National Oil Company & Co-contractors



The nature of  
their operations

## Contract types



# Regular Taxes

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- 01 Surface Tax
- 02 Hydrocarbon Royalty
- 03 Hydrocarbon Income Tax (IRH)
- 04 Income Tax
- 05 Remuneration Tax

# Regular Taxes

## Tax base

The surface area subject to an exploration / retention or exploitation perimeter

## Rate applied

Unit amounts in DA / Km<sup>2</sup> depending on the period. These amounts are indexed by ALNAFT at the start of each calendar year

## Payment frequency

Annually, at the latest by the 20th of the month following each anniversary date of the entry into force of the upstream concession or the hydrocarbon contract.

01 Surface Tax



02 Hydrocarbon Royalty

03 Hydrocarbon Income Tax (IRH)

04 Income Tax

05 Remuneration Tax

# Regular Taxes

## Tax base

Valorized quantity of hydrocarbons extracted and measured after treatment

## Rate applied

10%, with potential reduced rates, under the conditions provided for by the regulations

## Payment frequency

Monthly, at the latest by the 15th of the month following production

01 Surface Tax

02 Hydrocarbon Royalty



03 Hydrocarbon Income Tax (IRH)

04 Income Tax

05 Remuneration Tax

REF: Art 167 to 176 Law n°19-13 / EO n° 21-229 / EO n° 21-68

# Regular Taxes

## Tax base

Value of production subject to hydrocarbon royalty, less deductions (Annual CAPEX, OPEX, ABEX, Paid taxes)

## Rate applied

Progressive, 10 - 50% by the use of R factor, with potential reduced rates, under the conditions provided for, by the regulation

## Payment frequency

Annually, payable monthly by installments, paid at the latest, the 25th of each month

01 Surface Tax

02 Hydrocarbon Royalty

03 Hydrocarbon Income Tax



04 Income Tax

05 Remuneration Tax

REF: Art 177-187/ Law 19-13 / ID May 9th,2021 fixing CAPEX & OPEX / EO n° 21-99

# Regular Taxes

## Tax base

The income of the financial year, determined considering the participation rate in all the contracts

## Rate applied

30%.

## Payment frequency

Annually, by the deadline for filing the annual statement of the financial year result.

01 Surface Tax

02 Hydrocarbon Royalty

03 Hydrocarbon Income Tax (IRH)

**04 Income Tax**



05 Remuneration Tax

# Regular Taxes

## Tax base

The gross remuneration of the foreign co-contractor under a production sharing contract, determined in accordance with the contractual provisions

## Rate applied

30% of gross remuneration

## Payment frequency

Annually, payable monthly by provisional advance payment, at the latest on the 25th of each month.

01 Surface Tax

02 Hydrocarbon Royalty

03 Hydrocarbon Income Tax (IRH)

04 Income Tax

05 Remuneration Tax



# Regular Taxes

## 02 Hydrocarbon Royalty

## 03 Hydrocarbon Income Tax (IRH)

### Reduced Rates

According to the law, reduced rates may apply to **the hydrocarbon royalty** and the **hydrocarbon income tax (IRH)**, if at least one of the following situations arises :

- Complex geology; and/or
- Technical difficulties in extracting hydrocarbons; and/or
- High development or production costs, compromising the profitability of the project.

Tax	Normal rate	Reduced rate
Hydrocarbon income tax (IRH)	10% to 50%	10% to 20% maximum
Hydrocarbon royalty	10%	5% minimum

# Regular Taxes

## Tax payer

### Production Sharing Contracts

#### NOC

01 Surface Tax

02 Hydrocarbon Royalty

03 Hydrocarbon Income Tax (IRH)

04 Income Tax

#### CO-CONTRACTOR

05 Remuneration Tax

### Participation Contracts

#### NOC & CO-CONTRACTOR

01 Surface Tax

02 Hydrocarbon Royalty

03 Hydrocarbon Income Tax (IRH)

04 Income Tax

# Occasional Taxes



## FLARING TAX

Based on the volume of flared gas

Set at 12,000 DA/ thousand normal cubic meters (NM<sup>3</sup>), indexed by ALNAFT

The payment is made annually



## HYDRAULIC ROYALTY

Based on the quantities of water used

The rate applied is 160 DA per cubic meter of water taken

Payable in the case of using water for upstream activities



## TRANSFER RIGHT

Calculated on the value of the transaction corresponding to the transfer operation.

Levied at a rate of 1%.

Payable upon each transfer



## ROYALTY ON EARLY PRODUCTION

Based on early production during exploration activities

Set at a rate of 50 %

Payable monthly

**Tax payer :** The contracting parties

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### Tax payer :

**Production sharing contract** : The national oil company

**Participation contract** : The contracting parties

# Fiscal Exemptions

Most equipment, materials, products, and services related to upstream activities benefit from significant exemptions



Value added tax (VAT)



Tax on professional activity (T. P. A)



Customs Duties, taxes and charges



Bank Domiciliation tax



By combining regular and occasional taxes with exemptions, the Algerian hydrocarbon tax system provides a competitive, stable and transparent fiscal environment.

This approach streamlines calculations, reduces complexity, and aligns government take with the global average.



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