

Algeria: measures to promote R&D

The R&D tax obligation and the deductions

1 · The framework

2 · The deduction

3 · The obligation

4 · Both together

5 · What we can do

Two independent measures, in parallel

MEASURE A · INCENTIVE

Double deductibility

R&D and open innovation spend is deducted as a cost, then deducted again, up to 30% of taxable profit and DZD 200 m a year.

Article 171, Direct Tax Code

AND

MEASURE B · OBLIGATION

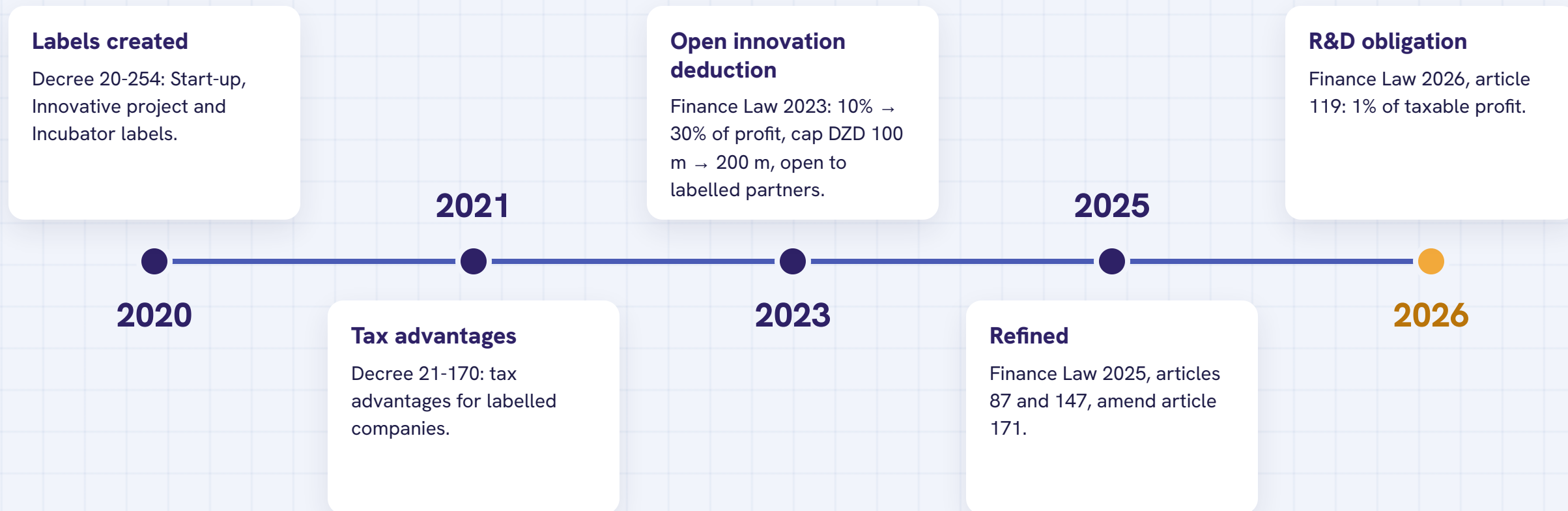
The R&D tax

Companies with DZD 2 bn of turnover or more spend at least 1% of taxable profit on R&D, or pay the shortfall as a tax.

Article 119, Finance Law 2026

They apply separately. One open innovation contract can serve both.

From labels to an obligation



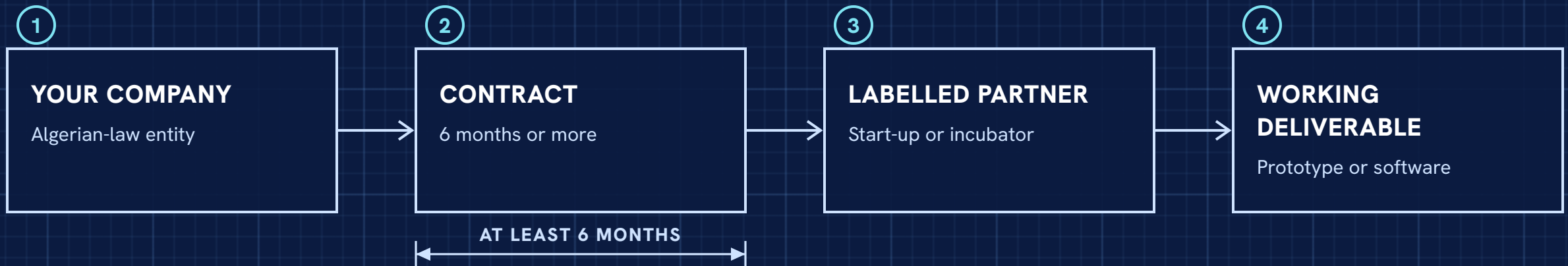
Sources: Executive Decrees 20-254 and 21-170; Grant Thornton Algeria on Finance Law 2023; KPMG Algeria; Finance Law 2026.

The same spend, deducted twice



Sources: article 171, Direct Tax Code; DGI communiqué, March 2024 ("en sus de la déduction"); KPMG Algeria, Open innovation en Algérie.

04 · MEASURE A · WHAT QUALIFIES



A Official label

The partner holds the Start-up or Incubator label.

B Minimum term

The contract runs at least 6 months.

C Eligible costs

Qualified staff (doctorate holders at least 20%), public research work, patents.

D Declared and kept

Declared on innovation.gov.dz, with the supporting documents kept.

DWG INV-OI-001 · REV. A NOT TO SCALE · FOR PILOT

The obligation: article 119

WHO

DZD 2 bn

of annual turnover or more. An Algerian-law entity.

HOW MUCH

1%

of the year's taxable profit, spent on research, development or innovation.

IF YOU DO NOT

A tax

The shortfall is paid as a tax. Nothing is delivered for it.

Shortfall tax rate = 1% – (R&D spend ÷ taxable profit)

Source: Finance Law 2026, article 119, as reported by the press. Spend counts in the profit year or the following year (EY summary).

One contract, two effects

TAXABLE PROFIT

DZD 24 bn

1% MINIMUM

DZD 240 m

IBS RATE

26% (assumed)

Hypothetical large company. DZD million. USD at 134.4 DZD (Bank of Algeria, 10 Oct 2026).

Option 1 · Spend nothing

240.0 shortfall tax ($\approx$ USD 1.8 m) · nothing delivered

Option 2 · Spend 240.0 with a labelled partner

125.6 net cost**114.4 IBS saved ($\approx$ USD 0.85 m)**

Obligation met, a working deliverable. $\text{IBS saved} = (240.0 \text{ cost} + 200.0 \text{ extra, capped}) \times 26\% = 114.4$.

Simplified illustration. The extra deduction is limited to DZD 200 m (30% of profit would allow more). Ignores second-order effects. How the two measures interact is to be confirmed with your tax adviser.

What is still open

The implementing regulation

Affected sectors and procedures are to be set by regulation, not yet published when we wrote this.

Hydrocarbons

No source we found includes or excludes the sector. Get a written position.

Foreign group entities

Whether work done by group entities abroad counts is not addressed.

Deduction and the 1%

How the double deduction interacts with the minimum is not confirmed.

We can run the project for you

INVENTCORP is an Algerian enterprise software company holding the national Startup Label. We can act as your open innovation partner, from scope to the documents for your return.

1 Scope

A real R&D or innovation project, sized to your 1% minimum.

2 Contract

At least 6 months, with deliverables, IP terms and data protection.

3 Deliver

Our engineers build and test with your team, with progress reports.

4 Document

The cost breakdown and evidence for your return and declaration.

EXAMPLE INITIATIVE AREAS, SCOPED WITH YOU

IoT and RFID asset tracking

Revenue intelligence and CRM

Customer operations

Cybersecurity integration

Offered as a pilot. Each project is built around a genuine technical question, so it qualifies as R&D and not as routine services.

Texts and sources

- 1 Finance Law 2026 (Law 25-17), article 119**
R&D obligation. Reported by TSA and Algérie Eco, January 2026.
- 2 Direct Tax Code (CIDTA), article 171**
Deduction of R&D and open innovation expenses.
- 3 Finance Law 2023, article 11**
30% rate, DZD 200 m cap, extension to labelled partners (Grant Thornton Algeria).
- 4 Finance Law 2025, articles 87 and 147**
Amendments to article 171 (KPMG Algeria, Open innovation en Algérie).
- 5 Executive Decrees 20-254 (2020) and 21-170 (2021)**
Labels, and tax advantages for labelled companies.
- 6 Joint order of 9 May 2023 · DGI communiqué, March 2024**
Eligible expenses, and the additional deduction "en sus".
- 7 innovation.gov.dz**
Declaration platform for open innovation spend.



Let us size your minimum and use both measures

A short call is enough to start. We can scope a pilot with you.

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calendly.com/contact-inventcorp/30min

Disclaimer: this presentation is general information only. INVENTCORP is not providing financial, tax or legal advice. Figures are hypothetical and for illustration. Information as of 8 October 2026. Please consult a qualified tax adviser or lawyer before making decisions.