

The Simplified Tax System as a Strategic Option to Mobilizing Financial Resources: Souk Ahras Province Local Tax Center Case Study

Amina Atamnia¹, Zineb Boughalem²

Abstract

This study attempts to shed light on the simplified tax system applied in Algeria, i.e., the Single Fixed Tax (IFU) system, and determine its role in the state's financial resource development and mobilization. This is achieved by applying the analytical case study method to the local tax center of Souk Ahras province for the years 2022–2025. The study reached some principal conclusions, the most important of which is that the simplified tax system plays an essential role in creating a healthy environment that facilitates and simplifies the processes of tax declaration for taxpayers. This greatly affects the mobilization of the state's financial resources. However, the operation of tax collection in the local tax center of Souk Ahras is still run using traditional methods during the research period. This calls for more efforts by the Algerian public authorities to fully computerize the tax sector, modernize tax collection mechanisms, and migrate to electronic payment systems in all local tax centers nationwide.

Keywords: Tax System, Financial Resources, Tax Collection, Local Tax Center.

Introduction

All public authorities across the globe are looking to enhance their financial resources, especially in the field of taxation since taxes are among the most important economic policy tools. Taxes initialize the economy and improve citizens' lives since they fund various state development projects. Algeria, like any other nation, therefore, gives great attention to tax administration. It is implementing a program of modernization of the General Tax Directorate, with the aim of general reform of the structure and operation of the tax authorities in order to improve the relationship between taxpayers and the tax authorities. It also seeks to establish mechanisms for the collection of taxes for combating fraud, reduce errors, and follow up on the tax situation of taxpayers.

On another front, Algeria is counting on the simplified tax regime reflected in the Single Fixed Tax (IFU), founded principally on taxpayers' self-declaration. This regime is viewed as a strategic option aiming to broaden the tax base and mobilize fiscal resources through simplified and accelerated procedures, ranging from the declaration phase to the collection phase.

On the grounds of the above, the main research problem is stated as follows:

What is the role of the simplified tax system in mobilizing financial resources at the level of the local tax center in Souk Ahras province?

To address this main issue, the following sub-questions are proposed:

- What is the Single Fixed Tax (IFU) system, and who is it directed at?
- What exemptions and obligations are included in the IFU system?

¹ Doctor, Badji Mokhtar University Annaba (Algeria), Email: atamnia.amina41@gmail.com, ORCID ID:0009-0002-0873-3869

² Doctor, Mohamed Cherif Messaadia University Souk Ahras (Algeria), Email: zayneb.boughalem84@gmail.com, ORCID ID: 0009-0000-7852-7599

- What is meant by tax collection, and how can it be digitized?
- Is the local tax center in Souk Ahras committed enough to implement the simplified system of taxation?

This study aims to deal with the theoretical context of the simplified tax system as reflected in the IFU system by analyzing its application modalities and the law governing it. It also aims to analyze and discuss the results in relation to the implementation of this system in the Souk Ahras local tax center, particularly in relation to the mobilization of financial resources and the augmentation of yearly revenues.

The descriptive-analytical method was used in both describing study variables: the single fixed tax system and financial resource maximization, as well as analyzing data collected at the Souk Ahras local tax center during 2022–2025.

The tasks are structured around three main sections:

- ✓ Conceptual framework of the Single Fixed Tax system
- ✓ Conceptual framework of tax collection
- ✓ The Reality of Financial Resources under The Simplified Tax System at the Local Tax Center of Souk Ahras

First: Conceptual Framework of the Lump-Sum Tax System

1. Definition of the Lump-Sum Tax (IFU): The IFU is a simplified tax system that combines: Local solidarity tax (Finance Law for 2024, Article 79,), Value Added Tax (VAT) and Global income tax (Article 282 quinquies (2) of the Direct Taxes and Similar Levies Law.).

The collected IFU is distributed as follows (Finance Law for 2024, Article 282 quinquies (1)):

- 49% to the state budget,
- 0.5% to the Chambers of Commerce and Industry,
- 0.01% to the National Chamber of Traditional Crafts,
- 0.24% to regional chambers of crafts and trades,
- 40.25% to municipalities,
- 5% to the province (wilaya),
- 5% to the joint fund for local authorities.

Eligible Entities:

- Individuals and professional civil companies engaged in industrial, non-commercial, or craft activities,
- Artistic and traditional cooperatives.

Scope of Application: (General Directorate of Taxes, 2025):

- Individuals selling goods or materials, with annual revenue not exceeding 8 million DZD,
- Craftsmen performing artisanal activities,
- Professional civil companies with annual revenue \leq 8 million DZD (Finance Law for 2024, Article 17),
- Artisan cooperatives with the same revenue limit,
- Individuals marketing price-regulated consumer goods,
- Self-employed individuals with annual revenue \leq 5 million DZD,
- Multiple business owners operating various shops/workshops whose combined revenue does not exceed 8 million DZD,
- Youth entrepreneurs benefiting from national support agencies, provided their annual revenue does not exceed 8 million DZD.

2. IFU Tax Rates: The single lump sum tax is subject to two rates 5% or 12% according to the following cases (Article 282 quinquies (4) of the Direct Taxes and Similar Levies Law)

- 5% for production and sale of goods,
- 12% for other activities,
- 5% withholding for income from digital platform sales or direct online sales,
- 5% for paper and recyclable waste collection by individuals (Finance Law for 2014, Article 32),
- 12% for non-commercial professional income,
- 12% for income earned by professional civil companies,
- For regulated goods (milk, sugar, gas, etc.), the tax is calculated based on profit margins (Article 282 quinquies (2) of the Direct Taxes and Similar Levies Law).

Exemptions: There are two types of exemptions (General Directorate of Taxes, 2025):

Permanent Exemptions:

- Institutions affiliated with certified disabled persons' associations and their services,
- Revenues from theatrical groups,
- Revenue from milk collection and sales (Finance Law for 2024, Article 20),
- Traditional artisans and individuals with artistic craft activities who are registered according to Executive Decree No. 09-428 of December 30, 2009.

3.2. Temporary Exemptions:

- Activities under employment support schemes (ANSEJ, ANGEM, CNAC), are fully exempt for 3 years from the start of operation (Finance Law for 2024, Article 20).

- This is extended to 6 years in underdeveloped areas (designated by regulation),
- Extended by 2 more years if the investor hires at least 3 full-time staff,
- Failing to meet hiring commitments results in withdrawal of approval and recovery of unpaid taxes.
- Paper and recyclable waste collection by individuals (Finance Law for 2014, Article 32):
 - First 2 years: full exemption,
 - Third year: 70% reduction,
 - Fourth year: 50% reduction,
 - Fifth year: 25% reduction.
- Companies labeled "Startup" receive a 4-year exemption, extendable by 1 more year upon renewal (Finance Law for 2022, Article 117).

Obligations of Taxpayers Subject to the Lump-Sum Tax System (IFU): Taxpayers under the Lump-Sum Tax System (IFU) are required to fulfill two types of obligations: declaration obligations and payment obligations, as detailed below (General Directorate of Taxes, 2025):

Declaration Obligations: Taxpayers subject to the IFU system must submit a number of tax declarations to the relevant tax authorities. The main declarations include:

Declaration of Existence (Form Series G No. 80): Taxpayers are required to file a Declaration of Existence within 30 days from the start of their activity at the tax inspectorate or local tax center to which they are affiliated. "Start of activity" is defined as (Finance Law for 2025, Article 14):

- For traders: the date listed on their commercial register.
- For non-traders: the date on the document that authorizes the commencement of activity.

Failure to submit this declaration within the specified period results in a tax fine of 30,000 DZD (Article 194 of the Direct Taxes and Similar Levies Law).

Estimated Lump-Sum Tax Declaration (Form Series G No. 12): Taxpayers must submit an estimated declaration (Form G No. 12) of their turnover or professional income to the tax inspectorate or local tax center in the area where they operate, by June 30 of each year at the latest.

Final Lump-Sum Tax Declaration (Form Series G No. 12 bis): Taxpayers must file the final declaration by January 20 of the following year (N+1) from the start of activity. This declaration must state the actual turnover achieved. If the actual turnover exceeds the amount declared in the estimated declaration, the taxpayer must pay the additional tax due when filing the final declaration. The declaration must also include the net income earned corresponding to the declared turnover for the closed fiscal year (Finance Law for 2025, Article 23).

Final Declaration for New Taxpayers (Form G No. 12 bis): New taxpayers are only required to file the final declaration by January 20 of the year following their first year of activity (N+1) and to automatically pay the IFU tax due.

Penalties for Late Declarations: Failing to submit the estimated and final declarations on time leads to the following penalties:

- 10% fine if the delay is up to one month
- 20% fine if the delay is more than one month but not exceeding two months
- 25% fine if the delay exceeds two months

In the case where the final declaration results in no payment due (i.e., marked as "zero"), late submission still incurs the following fines:

- 2,500 DZD if delayed by up to one month
- 5,000 DZD if delayed by more than one month but not exceeding two
- 10,000 DZD if delayed by more than two months

Annual Declaration of Personal Income Tax – Salaries Category (Form Series G No. 29): Taxpayers under the IFU system must file an annual income tax declaration for salaries (Form G No. 29) by April 30 each year.

Failure to submit this declaration—which includes wages, salaries, allowances, fees, pensions, and annuities—by the deadline incurs a tax fine equal to 5% of the annual wage total.

Payment Obligations: Taxpayers can fulfill their IFU tax payment in one of two ways: full payment or installments, as follows:

Full Payment of the Lump-Sum Tax: Upon submitting the estimated declaration (Form G No. 12) by June 30, taxpayers pay the full IFU amount based on the declared estimated turnover to the tax collector in the location where the activity is performed.

If the due date falls on an official holiday, the deadline is postponed to the next working day.

Payment in Installments: Taxpayers may opt to pay in installments, in which case:

- 50% of the total IFU must be paid upon submission of the estimated declaration (Form G No. 12) by June 30,
- The remaining 50% is paid in two equal installments:
 - 25% between September 1 and 15
 - 25% between December 1 and 15

If the payment deadline falls on a legal holiday, it is postponed to the next business day (Finance Law for 2024, Article 26).

Minimum Payment: Regardless of the declared turnover, the minimum IFU payable per fiscal year is (Finance Law for 2025, Article 29):

- 30,000 DZD for general activities
- 10,000 DZD for activities under the Self-Employed Law

This minimum tax must be paid in full by June 30 of the concerned year.

4.2.4 Withholding Tax – IFU on Digital Platform Sales: For sales of goods or services through digital platforms or direct online sales, the tax is withheld at the source.

Businesses must pay the withheld amount by the 20th of the month following the issuance of the invoice (Article 282 quinquies (4) of the Direct Taxes and Similar Levies Law).

Late Payment Penalties (Article 402 -1 of the Direct Taxes and Similar Levies Law):

- A 10% penalty applies starting the day after the payment deadline.
- If payment is delayed by one month, an additional 3% per month or part of a month is charged.
- The maximum penalty is capped at 25% of the total amount due.

Second: Conceptual Framework of Tax Collection

1. Definition of Tax Collection: Tax collection is defined as:

“The sum of operations carried out by the tax administration to implement tax laws and regulations, thereby transferring the collected tax revenues to the State Treasury” (Zaghdoud, 2011, p. 35).

It is also defined as:

“A set of administrative laws applied to all procedures, as outlined in legal, legislative, and regulatory texts, that aim to transfer tax amounts from the taxpayers’ pockets to the public treasury” (Yahiaoui, 2014, p. 386).

In summary, tax collection refers to:

“The totality of procedures aimed at transferring tax amounts from the taxpayer to the state treasury” (Bouzida, 2010, p. 35)

Thus, tax collection can be understood as the process of obtaining state revenues and income by transferring specific monetary amounts from taxpayers to the public treasury through legal procedures.

2. Areas of Tax Collection Application: Financial revenues are obtained from various activities across various important areas, including (Mahrazi, 2003, p. 156):

- **Businesses and Companies:** Tax collection is used to calculate and levy taxes payable on the revenues and earnings acquired by business and trade companies.
- **Individuals and Personal Earnings:** This includes income tax and direct taxes against individuals, which involve estimating individuals' earnings and levying corresponding tax rates.
- **Sales and Value-Added Tax (VAT):** Taxes are incurred on sales and services provided, where a value-added tax is imposed on sales and purchases.
- **Real Estate:** Taxes imposed on real estate include property taxes, along with taxes levied at sale or hiring.
- **Investments and Stocks:** Taxes are imposed on returns accrued from investments and selling of stocks and finance securities.
- **Gifts and Inheritance:** It comprises the valuation of taxes on inheritances and estates of those who died.
- **International Transactions:** For cross-border trade, tax collection is levied on cross-border transactions such as customs duties and export and import taxes.

- **Consumption:** It includes taxes on end-use consumption of goods and services such as special taxes on luxuries and sales tax.
- **Tax Incentives:** Tax receipts can be used to give incentives to bring about a specific action, i.e., offering tax relief for investment in particular sectors or encouraging job creation in a specific locality.
- **Environmental Regulation:** Governments use environmental taxes to encourage eco-friendly behavior and reduce harmful environmental impacts.
- **Donations:** Charities and nonprofit organizations can be assisted by tax incentives to raise donations and support their charitable causes.
- **Personal Tax Deductions:** Tax laws often allow for deductions from an individual's income in light of his/her economic and social status, for instance, to encourage savings or to encourage education and health spending.

3. **Importance of Tax Collection:** The importance of collection of taxes is as follows (Hajar, 2024, p. 79):

- Providing funds for public services to improve the welfare of citizens.
- Encouraging social justice in the sense that taxes are paid according to the ability of the taxpayer.
- Promoting economic stability and reduction of dependence on debt.
- Promoting economic growth by funding development projects.
- enabling governments to implement policies and development programs

4. **Requirements for Digitizing the Collection of Public Revenues:** Most countries are shifting from traditional, manual tax collection methods to electronic (digital) tax collection, which requires the following (Fund, 2021, pp. 7-8):

- Enacting and implementing laws that support the transition from manual to digital tax collection.
- Re-engineering all processes related to tax collection to simplify procedures and increase the efficiency of tax collection, thereby facilitating the digital transition.
- Developing digital systems and platforms that can receive and process various tax declarations and payments electronically.
- Enhancing and qualifying human resources to match the needs of digital tax collection mechanisms.
- Establishing digital payment systems to support the electronic collection process, along with building systems for tax registration. This includes:
 - Cooperating and coordinating with all stakeholders;
 - Anticipating their needs regarding these systems;
 - Regularly evaluating services;
 - Involving service recipients in the digitization process.

Moreover, this transition requires:

- Building digital infrastructure,
- Equipping human resources and staff with adequate IT tools and computers,

- Ensuring robust communication networks,
- Providing systems and mechanisms to protect the cyber environment.
- Adopting an electronic invoicing system, which enables tax authorities to impose and collect taxes at various stages of the supply of goods and services.

Third: The Reality of Financial Resources under The Simplified Tax System at the Local Tax Center of Souk Ahras

1. Introduction to the Local Tax Center: The Local Tax Center of Souk Ahras was inaugurated on January 6, 2015, and operates under the Provincial Directorate of Souk Ahras in Algeria, which is itself under the jurisdiction of the Regional Directorate of Annaba, within the Ministry of Finance. This center was established to enhance the collection, processing, and monitoring of data and declarations submitted by taxpayers.

The center, a newly established administrative structure, came as a replacement for the former Tax Inspectorate and Tax Collection Office, aiming to merge both services. Its creation is driven by the objective of offering high-quality service and fostering a new partnership with taxpayers, based on presence, listening, responsiveness, and quick handling of taxpayer requests.

The center oversees taxpayers engaged in commercial or service activities who are subject to the Single Flat Tax System and reside in six municipalities within its territorial jurisdiction, namely:

- Machroha,
- Hanencha,
- Ouled Driss,
- Oum Laadham,
- Ain Zana,
- and Souk Ahras.

According to 2023 statistics, the number of taxpayers managed by the center is estimated at around 15,000. The center employs 82 staff members and underwent digital transformation in December 2023.

Local Tax Center Functions: The Local Tax Center performs some core functions, including (General Directorate of Taxes, 2025):

- Handling individual enterprises under the flat-rate scheme.
- Managing agricultural activities.
- Handling natural persons with respect to global income tax, net worth tax, and unbuilt and built real property taxes.
- Handler of public administrative bodies, associations, and other institutions with respect to taxes or levies on wages and salaries, or any taxable element of their activity.
- Management of institutions within the Large Enterprises Directorate or any other tax centers of uncontrolled taxes or charges.

- Keeping and maintaining tax records for taxpayers whose management is under it.
- Issuing and verifying tax schedules, lists of collection, and certificates of cancellation or reduction.
- treating tables of revenues, orders of collection, and collecting duties, taxes, fees, and royalties.
- Performing financial operations related to payment, collection, and withdrawal of cash.
- Managing bookkeeping and issuance of value documents.
- Collecting, analyzing, and applying tax information.
- Verifying taxpayer statements and coordinating field interventions.
- Handling and investigating complaints.
- Administering and litigating administrative and judicial tax disputes.
- Examining requests for administrative tax reductions.
- Providing taxpayer information and reception services.
- Regulating administrative processes with reference to the constitution of the tax base, particularly business establishment or reporting changes.
- Scheduling and managing appointments.
- Publishing tax information and notices to taxpayers in its jurisdiction.

In essence, the Local Tax Center is a new administrative entity in the General Directorate of Taxes, exclusively responsible for taxation of tax files and collection of taxes owed by a wide category of taxpayers under the Single Flat Tax System.

2. Organizational Structure of the Local Tax Center: The organization and responsibilities of the Local Tax Center were defined by Executive Decree No. 06-327 dated September 18, 2006, followed by an interministerial decree dated February 21, 2009, which outlines the organization and missions of external tax administration structures.

The Local Tax Center consists of three (3) main departments, a tax collection office (Receivership), and two support divisions, each with specific tasks:

Main Department of Tax Management: Responsible for:

- Identifying assets and activities, managing the tax base by preparing tax assessments, and conducting formal reviews of tax declarations.
- Validating revenue schedules and tax orders and submitting them to the Center Director, acting as a delegate of the Provincial Tax Director, for approval.
- Proposing taxpayer monitoring programs for various audit operations.

This department supervises four units:

1. Division of Commercial and Artisan Taxation

2. Division of Agricultural Taxation
3. Division of Income and Property Taxation
4. Division of Real Estate Taxation

2.2 Main Department of Audit and Investigation: Responsible for:

- Creating and maintaining local information indexes and taxpayer files within the center's jurisdiction, including records of real estate properties.
- Monitoring the implementation of audit programs based on submitted documentation and conducting tax base research and activity assessments.

This department supervises three units:

1. Division of Files and Comparisons
2. Division of Investigation and Field Interventions
3. Division of Audit

2.3 Main Department of Disputes: Main Department of Disputes

Responsible for:

- Examining all appeals of disputes or exemption applications received by the Local Tax Center.
- Processing notifications and processing payment instructions for accepted cancellations or decreases.
- Following up on court cases filed before courts of law.

This department supervises three units:

1. Division of Appeals
2. Division of Dispute Committees and Legal Affairs
3. Division of Notifications and Payment Orders

Receivership (Tax Collection Office): Responsible for:

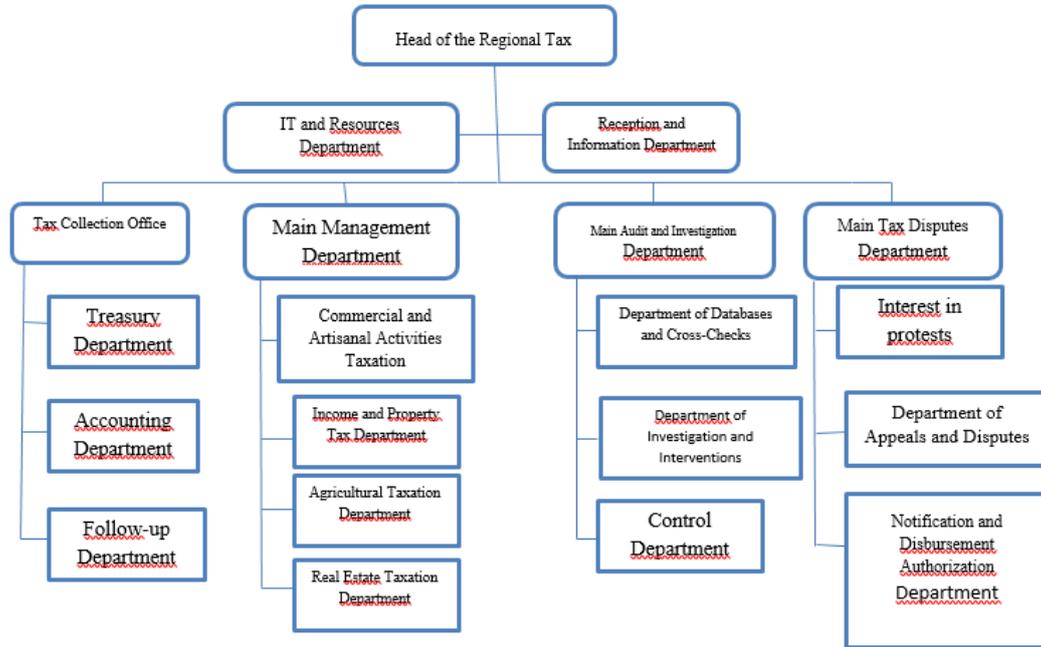
- Managing taxpayer payments, whether made voluntarily or pursuant to general or individual schedules issued against them, and monitoring their collection status.
- Executing legal and regulatory procedures related to forced tax collection.
- Maintaining accounting records in accordance with general accounting standards and submitting management accounts to the Court of Auditors.

This office supervises three units:

1. Division of Cash Operations
2. Division of Accounting

3. Division of Collections and Follow-up

Figure (1): Organizational Structure of the Local Tax Center



Source: Prepared by the two researchers based on data provided by the Center.

The Reality of Tax Collection at the Local Tax Center of Souk Ahras under the Single Flat-Rate Tax System: Before delving into the actual tax collection results of the Souk Ahras Local Tax Center under the single flat-rate tax system, we present a summary of the Center’s activity in applying that system—through declarative obligations (estimated and supplemental declarations) and payment obligations (declared versus actually collected revenues)—as follows:

Reality of Declarative Obligations:

3.1.1 Estimated Declarations: Under the single flat-rate tax system, the Files & Comparisons Unit monitors, receives, and verifies documents submitted by taxpayers. It then prepares tax-assessment files (via recouplement) from the examined files received by the administration. The following table shows the number of files studied:

Table (1): Status of Files Studied at the Souk Ahras Local Tax Center (2022–2025)

| Years description | 2022 | 2023 | 2024 | 2025 (1 ^{ER} semestre) |
|-------------------------|------|------|------|---------------------------------|
| Number of Files Studied | 2182 | 3600 | 3443 | 392 |

Source: Prepared by the two researchers based on data from the Center.

And the following figure illustrates the evolution of the number of examined files over that period:

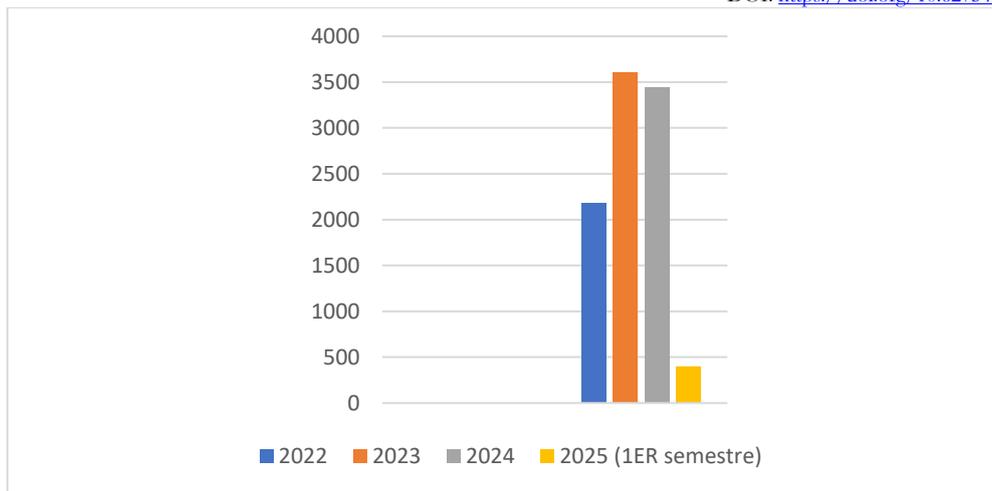


Figure (2): Trend in the Number of Files Studied (2022–2025)

Source: Prepared by the researchers based on Table (1).

From Table (1) and Figure (2), one observes a clear and consistent increase in the number of files studied by the Files & Comparisons Unit at the Souk Ahras Center: from 2,182 files in 2022 to 3,600 in 2023, then 3,443 in 2024 (a growth rate of about 58 %). In the first half of 2025, 392 files were studied. This rise is attributed to taxpayers' compliance in submitting their files and the Center's efficiency in handling an increasing workload under the single flat-rate tax regime.

Supplemental Declarations: To enforce strict implementation of the flat-rate tax scheme, the Investigation & Research Unit carries out external audits via field visits, with authority to act at the administration's request. These field operations may stem from:

- A taxpayer's request (e.g., initiating a site inspection at the start of activity, or contesting that the tax charged is inconsistent with declared figures), or
- A supervisory decision by the tax authority, which develops a program of field visits organized by activity (e.g. shops, doctors, etc.), by region, or by unit needs.

These audits culminate in inspection reports that propose estimated tax bases for the concerned taxpayers. The following table shows the number of such inspection reports prepared by this unit at the CPI (Local Tax Center) in Souk Ahras:

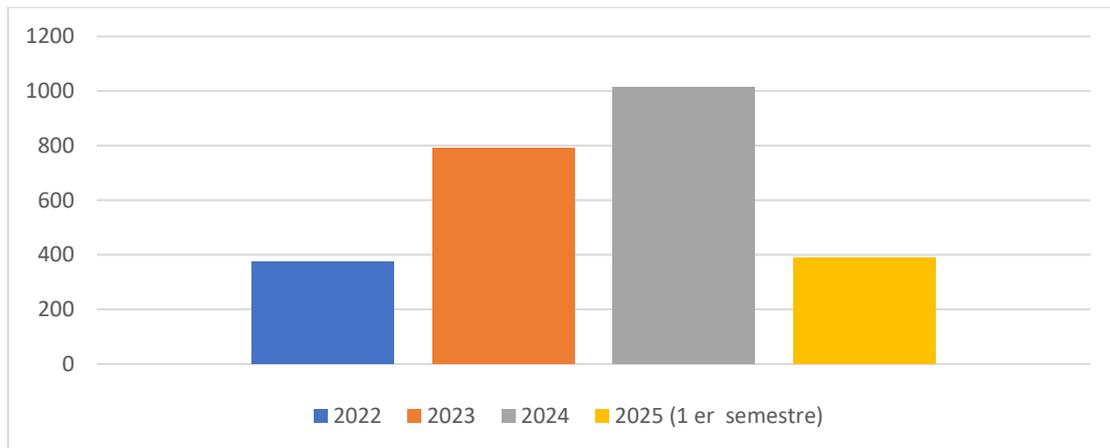
Table (2): Number of Inspection Reports (2022–2025)

| Years Description | 2022 | 2023 | 2024 | 2025 (1 ^{ER} semestre) |
|---------------------------------|------|------|------|---------------------------------------|
| Number of Inspection Reports | 375 | 790 | 1013 | 387 |

Source: Prepared by the researchers based on Center data.

And the following figure illustrates the evolution of the number of of Inspection Reports that period:

Figure (3): Trend in Number of Inspection Reports (2022–2025)



Source: Prepared using Table (2).

From Table (2) and Figure (3), a marked upward trend appears in the number of inspection reports, reflecting the intensified field activity by the Investigation & Research Unit: from 375 reports in 2022 to 790 in 2023, then 1,013 in 2024 (growth ~170%). In the first half of 2025, 387 reports were issued, exceeding the full-year count of 2022. This is due to enhanced audit efforts by the Center under the flat-rate system to verify declared information.

After field audits and issuance of inspection reports, the Tax Audit Unit compares these reports with taxpayers' estimated declarations and carries out tax reassessment. In these cases, the difference is taxed at 5% or 12% depending on the type of activity, plus a base under-declaration penalty (10%, 15%, or 25%) depending on the assessed shortfall (0–50,000 DZD, 50,000–200,000 DZD, or above 200,000 DZD, respectively).

If the taxpayer did not submit an estimated declaration, the audit report alone is used—taking the full assessed amount and applying the standard tax rate (5% or 12%) plus a 25% penalty for under-declaration.

This procedure results in a final or supplemental declaration (G12 BIS), which includes the additional tax the taxpayer must pay by January 20 of the following year.

This unit also conducts internal audits, searching for taxable material across Souk Ahras Province using information from state institutions, financial, commercial and administrative bodies, and bank statements for the last four non-statute-barred years. All such data help uncover unreported activity and support imposition of penalties and inspection reports.

Additionally, the unit sends interprovincial requests to collect taxpayer data from other provinces. These data are compiled into information databases used in information exchange and further tax basis analyses.

It's worth noting that the material search process is still conventional—via letters to various administrations—in the absence of a coordinated electronic information-sharing platform, except for access to the commercial register database by tax officers.

Reality of Payment Obligations

4.1 Declared Financial Revenues: Taxpayers submit estimated declarations (G12), which are cross-verified against inspection reports, leading to the issuance of supplemental G12 BIS declarations due in the first month of the following year.

The table below shows the numbers and amounts declared in G12 and G12 BIS in the first half of 2025:

Table (3): Declared Financial Revenues at Souk Ahras Local Tax Center (1st half 2025)

| Estimated Declaration G12 | Activity | Number | Amount (DZD) |
|-----------------------------------|----------|--------|--------------|
| | 5 % | 524 | 35663488.00 |
| | 12 % | 882 | 60058331.00 |
| Total | | 1406 | 95721819.00 |
| Min = 3 million | | 1724 | 51720000.00 |
| Supplementary Declaration G12 BIS | | 1800 | 6727945.00 |

Source: Prepared by researchers from Center data.

According to Table (3), in the first half of 2025, the Souk Ahras Center recorded 1,406 G12 declarations with a total amount of 95,721,819 DZD. Of these, 524 declarations (totaling 35,663,488 DZD) at the 5 % rate relate to production/goods activities; 882 declarations (60,058,331 DZD) at the 12 % rate relate to services. Also, 1,724 declarations fell under the minimum flat-rate tax (regardless of turnover \geq 30,000 DZD), amounting to 51,720,000 DZD. The supplemental G12 BIS declarations numbered 1,800, amounting to 6,727,945 DZD.

This strong compliance reflects the strict implementation of the flat-rate tax regime and ease of declaration submission.

Tax Collection Steps Employed by the Center: The Souk Ahras Local Tax Center carries out tax collection through the following steps:

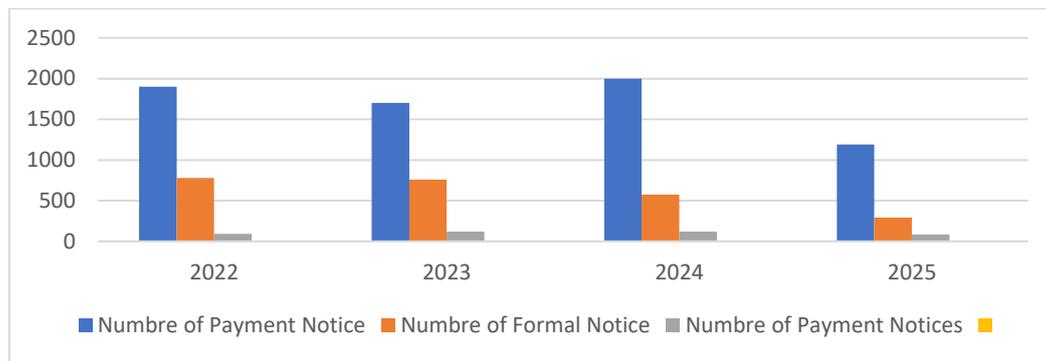
- Payment Notice: A notice is issued to the taxpayer indicating the tax due by a specified deadline. Late payment penalties begin after one month. The taxpayer may pay in full or in installments (payment schedule).
- Formal Notice: The second notice asking the taxpayer to contact the tax office and settle the tax in 10 days, otherwise their accounts will be frozen.
- Third-Party Attachment (TPA): If the taxpayer fails to pay after previous notices, the tax authority will instruct banks and the Souk Ahras public treasury to freeze from the freeze date all financial accounts until payment of the arrears.
- Seizure of Assets: In the event of non-payment of frozen accounts, the tax administration will require the Souk Ahras Real Estate Registry to track the properties of the taxpayer for seizure.
- Temporary Closure: As a last resort, the company can be closed down for 3–6 months, suspending activities pending payment of taxes.

The following table shows payment obligation statuses under the flat-rate tax system registered at the Center for 2022–2025:

Table (4): Payment Obligations at Souk Ahras Local Tax Center (2022–2025)

| Years description | 2022 | 2023 | 2024 | 2025 (1 ^{ER} semestre) |
|---------------------------|------|------|------|---------------------------------|
| Numbre of Payment Notice | 1900 | 1700 | 2000 | 1191 |
| Numbre of Formal Notice | 779 | 757 | 576 | 291 |
| Numbre of Payment Notices | 92 | 120 | 119 | 84 |

Source: Prepared by researchers from Center data.

**Figure (4): Trend in Payment Obligations (2022–2025)**

Source: Based on Table (4).

From Table (4) and Figure (4), the numbers of initial payment notices have steady rises: 1,900 in 2022, followed by 1,700 (2023), 2,000 (2024), and 1,191 for the first half of 2025. This is a reflection of the rise in numbers of both G12 and G12 BIS declarations.

Contrasting with, formal warnings fell: to 779 in 2022, to 576 in 2024 and to 291 between January and June 2025. It may be that most of the taxpayers remitted their contributions when they got the initial notification to avoid fines.

At the same time, utilization of the installment program has risen moderately: 92 taxpayers were assisted in 2022, up to 119 in 2024 and 84 in the first quarter of 2025. That is a prudent policy by tax departments to grant payment facilities based on taxpayers' capabilities.

4.3 Collected Tax Revenues: Under the flat-rate tax system, the Souk Ahras Center collects actual revenues, which it credits to the State's general treasury. The table below shows the annual tax collections from 2022 to 2025:

Table (5): Annual Tax Revenues Collected by the Souk Ahras Local Tax Center

(2022–2025)

| Years description | 2022 | 2023 | 2024 | 2025 (1 ^{ER} semestre) |
|-------------------|------|------|------|---------------------------------|
| | | | | |

| | | | | |
|--------------------------|---------------|---------------|---------------|---------------|
| Annual Collections (DZD) | 4329633737.55 | 4951395111.34 | 5946113802.23 | 3460015987.84 |
|--------------------------|---------------|---------------|---------------|---------------|

Source: Prepared by the researchers based on Center data.

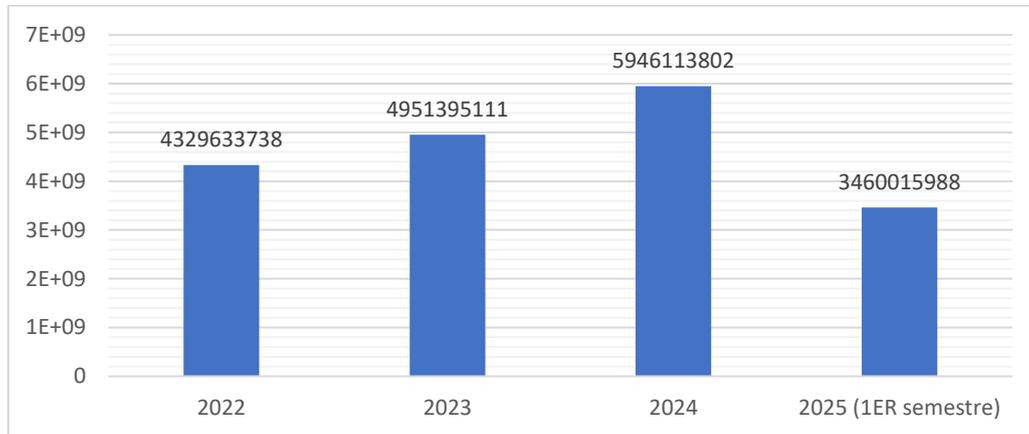


Figure (5): Trend in Collected Tax Revenues (2022–2025)

Source: Based on Table (5).

From the data, the Center's collected revenues show a clear upward trend: from 4,329,633,737.55 DZD in 2022 to 5,946,113,802.23 DZD in 2024 (growth $\approx 37.34\%$). Collections totaled 3,460,015,987.84 DZD in the first half-year of 2025. The reason for this growth is the more intense application of the flat-rate tax regime, the increased collection by the Center, and national policies for raising revenues—such as the raising of the minimum flat-rate tax threshold to 30,000 DZD from 10,000 DZD (except for self-employed status under special law, which remains 10,000 DZD) under the 2025 Finance Law, which positively affected collections at the start of 2025.

Conclusion

This research paper arrived at several conclusions, as follows:

- The unified fixed tax system (IFU) is the simplified tax system opted for by Algerian public authorities. It consolidates three types of levies: the local solidarity tax, the value-added tax (VAT), and the income tax on natural persons. It is levied on natural persons and companies practicing industrial, commercial, non-commercial, or artisanal professions, as well as technical and traditional cooperatives whose annual turnover does not exceed eight million Algerian dinars (8,000,000 DZD).
- The significance of the simplified tax regime lies in the creation of a favorable environment that simplifies tax declaration procedures for taxpayers, which considerably increases state financial resources.
- The system consecrates a series of exemptions, permanent and temporary, and establishes numerous obligations on the part of taxpayers in the form of declarations and payments.
- Tax payment is the final and most vital step, whereby certain amounts of money are transferred from the taxpayers to the state's public treasury by legally established channels. Revenues generated under the IFU system are directed to the funding of development projects and thereby stimulating economic growth and improving the welfare of the citizens.

- The collection of taxes and fees within the simplified tax system in Souk Ahras' local tax center is still done based on traditional methods, whereby the taxpayers are required to present themselves physically at the center for the payment of their dues.
- The recovery and mobilization of financial resources originating from the simplified tax system are still run traditionally and have yet to adopt electronic modes of payment.
- There exists a sufficient level of commitment by Souk Ahras' local tax center towards the adoption of the simplified tax system. This is evidenced in the form of serious attempts at receipt of tax returns, their input into the SAP taxation information system, processing of files, and control over taxes through conducting field investigations to verify reported data. Additionally, the center creates statements of support (G12 BIS) in order to combat false tax statements, and additional annual budgetary means are gathered by the Souk Ahras local tax center.

Recommendations

The present research paper suggests the following:

- Raise tax awareness and strengthen the bond between citizens and the tax administration in the interest of transparency and simplified procedures.
- Rely on new technologies to fully computerize the area of taxation. This includes computerizing mechanisms of tax collection and implementing electronic mechanisms of payments at all local tax offices throughout the nation, helping to eliminate tax evasion.
- Computerize control procedures for taxes to enable full inquiry and monitoring of the financial situation of taxpayers, which helps to combat fictitious declarations.
- Adopt effective tax laws that maximize the mobilization of financial resources and increase revenues annually. This can be achieved through expanding the tax base, improving accounting and financial systems, and establishing the Single Fixed Tax system.

References

- Article 194 of the Direct Taxes and Similar Levies Law. (n.d.). doi:<https://mfdgi.gov.dz/legislation-fiscale-ar#497-572-2022>
- Article 282 quinquies (2) of the Direct Taxes and Similar Levies Law. (n.d.). doi:<https://mfdgi.gov.dz/legislation-fiscale-ar#497-572-2022>
- Article 282 quinquies (2) of the Direct Taxes and Similar Levies Law. (n.d.). doi: <https://mfdgi.gov.dz/legislation-fiscale-ar#497-572-2022>
- Article 282 quinquies (4) of the Direct Taxes and Similar Levies Law. (n.d.). doi:<https://mfdgi.gov.dz/legislation-fiscale-ar#497-572-2022>
- Article 402 -1 of the Direct Taxes and Similar Levies Law. (n.d.). doi:<https://mfdgi.gov.dz/legislation-fiscale-ar#497-572-2022>
- Bouzida, H. (2010). Tax Collection in Enterprises. Algiers: University Press House.
- Finance Law for 2014, Article 32. (n.d.). Official Gazette, 68. doi:<https://www.joradp.dz/HAR/Index.htm>
- Finance Law for 2022, Article 117. (n.d.). Official Gazette No. 100, 100. doi:<https://www.joradp.dz/HAR/Index.htm>
- Finance Law for 2024, Article 17. (n.d.). Official Gazette , 86.
- Finance Law for 2024, Article 20. (n.d.). Official Gazette, 86. doi:<https://www.joradp.dz/HAR/Index.htm>
- Finance Law for 2024, Article 26. (n.d.). Official Gazette, 86. doi:<https://www.joradp.dz/HAR/Index.htm>
- Finance Law for 2024, Article 282 quinquies (1) . (n.d.). the Direct Taxes and Similar Levies Law, Official Gazette, 86.
- Finance Law for 2024, Article 79,. (n.d.). Official Gazette, 86. doi:<https://www.joradp.dz/HAR/Index.htm>
- Finance Law for 2025, Article 14. (n.d.). Official Gazette, 84. doi:<https://www.joradp.dz/HAR/Index.htm>
- Finance Law for 2025, Article 23. (n.d.). Official Gazette, 84. doi:<https://www.joradp.dz/HAR/Index.htm>
- Finance Law for 2025, Article 29. (n.d.). Official Gazette, 84. doi:<https://www.joradp.dz/HAR/Index.htm>
- Fund, A. M. (2021). Digitizing Tax Collection in Arab Countries. United Arab Emirates. doi:<https://www.amf.org.ae/sites/default/files/publications/2021-12/digitizing-tax-collection-arab-countries.pdf>

- General Directorate of Taxes. (2025, 05 15). Retrieved from <https://www.mfdgi.gov.dz/professionnels-ar/identifieur-regime-fiscal-ar/regime-forfaitaire-unique-ar/ifu-ar>
- General Directorate of Taxes. (2025). Retrieved from <https://mfdgi.gov.dz/about-us-ar/dgi#4>
- Hajar, M. (2024). Modernization of Tax Administration as a Key to Increasing Tax Collection in Algeria during the Period 2019 2023. *Journal of Financial and Accounting Sciences Research*, 2. doi:<https://asjp.cerist.dz/en/article/258176>
- Mahrazi, A. (2003). *Fiscal Economics and Taxes*. Algiers: Homa House for Printing Publishing and Distribution.
- Yahiaoui, N. (2014). Organizing the Tax Collection Process in Algeria. *MAAREF*, 16. doi:<https://asjp.cerist.dz/en/article/91217>
- Zaghdoud, A. (2011). *Public Finance*. Algiers: University Press House.