International Tax

Tunisia Highlights 2022

Updated July 2022

Investment basics

Currency: Tunisian dinar (TND)

Foreign exchange control: Foreign-owned companies and branches of foreign companies may repatriate profits without restriction, provided applicable taxes have been paid. Outgoing cross-border payments, and payments between residents and nonresidents, with the exception of current account transactions, may be subject to approval by the Central Bank.

Accounting principles/financial statements: Tunisian GAAP applies to domestic and foreign companies. Companies must prepare financial statements annually. Certain companies, such as financial institutions and insurance companies, must have their financial statements audited. An independent review also may be required.

Principal business entities: Commercial law distinguishes between two different categories of company: companies in partnership (which consist of five types of company, including limited liability companies) and joint stock companies (which consist of two types of company, including public limited companies). The most common forms of doing business in Tunisia by foreign investors are the limited liability company and a branch of a foreign entity.

Corporate taxation

Rates	
Corporate income tax rate	15% (in general), plus 1% to 3% social solidarity contribution
Branch tax rate	15%, plus 10% branch remittance tax
Capital gains tax rate	15% (in general), plus 1% to 3% social solidarity contribution

Residence: Tunisia does not have a definition of residence for corporate tax purposes.

Basis: Tunisia operates a territorial system of taxation, under which all income derived in the country is subject to tax. Worldwide revenue may be subject to Tunisian tax based on provisions in an applicable tax treaty.

Taxable income: Corporate income tax is calculated based on net profits. Deductions are allowed for all necessary costs incurred in operating the business. Examples of deductible expenses include depreciation or amortization, reserves, rent for premises and equipment, wages, and remuneration paid to board members.

Rate: The standard corporate income tax rate is 15%.

A 35% rate applies to certain banking and financial institutions, investment companies, insurance and reinsurance companies, factoring companies, and telecommunications companies. The 35% rate is reduced to 20% for companies listed on the Tunisian Stock Exchange (or an alternative market) during the period 1 January 2020 through 31 December 2024. A 50%-75% rate applies to companies operating in the hydrocarbons sector. A rate of 10% applies to agricultural, health, handicraft, and education activities.

A 1% social solidarity contribution (SSC) is added to the corporate income tax rate. A 3% SSC rate applies to banks, financial institutions, and insurance and reinsurance enterprises, and a 2% rate applies to companies subject to corporate tax at 35%.

Surtax: There is no surtax.

Alternative minimum tax: A minimum corporate tax contribution applies, of between TND 100 and TND 300.

Taxation of dividends: Dividends are taxed as regular income and subject to the applicable corporate income tax rate.

Capital gains: Capital gains are treated as regular income and subject to the applicable corporate income tax rate.

Losses: Net operating losses may be carried forward for up to five years. Losses resulting from depreciation may be carried forward indefinitely. The carryback of losses is not permitted.

Foreign tax relief: Foreign tax credit is not available in Tunisia, unless provided in an applicable tax treaty.

Participation exemption: There is no participation exemption.

Holding company regime: There is no holding company regime.

Incentives: The Investment Code offers favorable tax treatment to foreign investors and protection for intellectual property, as well as a preferential system for exports and offshoring services. Benefits include (i) exemption from certain fees and taxes, including VAT, (ii) financial incentives of up to one-third of the project costs, and (iii) full coverage of social and employer costs for certain investments for a period of up to 10 years.

Compliance for corporations

Tax year: The tax year generally is the calendar year, although a company can request a different 12-month period.

Consolidated returns: Consolidated returns are not permitted.

Filing and payment: The annual tax return must be filed before the 25th day of the third month following the end of the tax year. Payment of the final annual corporate income tax liability is due by the same date. Advance payments of tax must be made before the 28th day of the 6th, 9th, and 12th months during the tax year, with each payment equal to 30% of the corporate income tax liability of the previous year. Advance tax paid may be credited against the final corporate income tax liability for the year.

Penalties: Penalties apply for late filing of a tax return, and interest is charged for late payment of tax.

Rulings: Rulings are not available, although advance pricing agreements (APAs) may be concluded (see “Transfer pricing” under “Anti-avoidance rules,” below).

Individual taxation

Rates		
Individual income tax rate	**Taxable income**	**Rate (including SSC)**
	Up to TND 5,000	1%

	TND 5,001–TND 20,000	27%
	TND 20,001–TND 30,000	29%
	TND 30,001–TND 50,000	33%
	Over TND 50,000	36%
Capital gains tax rate		As above

Residence: An individual is resident in Tunisia if the individual has a permanent residence in Tunisia or is present in Tunisia for at least 183 days in the relevant calendar year.

Basis: Residents are subject to tax on worldwide income, other than foreign-source income subject to tax in the source jurisdiction. Nonresidents generally are subject to tax on Tunisian-source employment income (whether paid by a resident employer or a Tunisian permanent establishment of a nonresident employer) at the general progressive individual income tax rates, and are subject to withholding taxes on other income derived from Tunisia, subject to relief under a relevant tax treaty (see “Withholding tax,” below). Certain nonresident employees working on short-term contracts in Tunisia may be subject to a flat tax rate of 20% on employment income.

Taxable income: Taxable income includes income from employment, income from business activities, professional income, and capital gains.

Rates: Individual income tax rates are progressive from 0% to 35%, plus a 1% SSC. The SSC does not apply to employees, residents, and retirees with annual taxable income that does not exceed TND 5,000.

Capital gains are taxed at a rate of 15% if the seller holds the property for five years or less, and 10% if the property is held for more than five years.

Withholding tax at source applies to investment income at various rates (see “Withholding tax,” below).

Capital gains: Capital gains are treated as regular income and subject to the applicable income tax rate.

Deductions and allowances: Life insurance premiums and grants to the National Employment Fund may be deducted in calculating taxable income. Family allowances are available. Ten percent of professional fees may be deducted, up to a limit of TND 2,000 per year. Withholding tax of less than TND 10,000 may be deducted from gross income when calculating tax due.

Foreign tax relief: Foreign tax credit is not available in Tunisia, unless provided in an applicable tax treaty.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Spouses are assessed separately. Joint returns are not permitted.

Filing and payment: Individuals with income from movable capital, land, and foreign sources must file a return by 25 February following the end of the tax year, and individuals carrying on a trade must file a tax return by 25 April. Service providers, and those carrying on an industrial activity or a noncommercial profession, must file a return by 25 May. Salaried employees and pensioners must file a return by 5 December.

Penalties: Penalties apply for late filing of a tax return, and interest is charged for the late payment of tax.

Rulings: Rulings are not available.

Withholding tax

Rates				
Type of payment	**Residents**		**Nonresidents**	
	Company	**Individual**	**Company**	**Individual**
Dividends	0%	10%	10%/25%	10%
Interest	20%	20%	10%/25%	10%
Royalties	0%	0%	15%/25%	15%
Fees for technical services	3%	3%/10%	15%/25%	15%

Dividends: Dividends paid to resident companies are not subject to withholding tax. Nonresident companies are subject to withholding tax at 10%, unless the rate is reduced under a tax treaty. The rate is 25% where dividends are paid to a nonresident company located in a jurisdiction with a privileged tax regime. Dividends paid to resident and nonresident individuals are subject to a 10% withholding tax, unless the rate on payments to nonresidents is reduced under a tax treaty.

Interest: Interest paid to residents is subject to withholding tax at 20%. Interest paid to nonresidents is subject to withholding tax at 10%, unless the rate is reduced under a tax treaty. The rate is 25% where interest is paid to a nonresident company located in a jurisdiction with a privileged tax regime.

Royalties: Royalties paid to residents are not subject to withholding tax. Royalties paid to nonresidents are subject to withholding tax at 15%, unless the rate is reduced under a tax treaty. The rate is 25% where royalties are paid to a nonresident company located in a jurisdiction with a privileged tax regime. Royalties are not defined under domestic law.

Fees for technical services: Technical service fees paid to residents are subject to withholding tax at 3%. A 10% rate applies to resident individuals subject to the flat-rate tax regime. Fees paid to nonresidents are subject to withholding tax at 15% unless the rate is reduced under a tax treaty. The rate is 25% where fees are paid to a nonresident company located in a jurisdiction with a privileged tax regime.

Branch remittance tax: A 10% branch profits tax is imposed on after-tax profits repatriated to a foreign head office, unless the rate is reduced in accordance with an applicable tax treaty.

Other: Withholding tax applies on all payments (other than payments described above in this "Withholding Tax" section and payments made to nonresidents not subject to Tunisian corporate income tax) that exceed TND 1,000. The rate is 1% for companies subject to a 15% corporate tax rate, and 0.5% for companies subject to a 10% corporate tax rate. Remuneration paid to individual resident and nonresident members of boards, assemblies, and committees of limited companies is subject to a 20% withholding tax, which may be deducted in computing taxable income.

Anti-avoidance rules

Transfer pricing: Transactions between related parties, as well as those between a Tunisian entity and an entity located in a country with a preferential tax regime, must be carried out on arm's length terms.

The following documentation rules apply:

- Companies with turnover exceeding TND 200 million are required to prepare an annual transfer pricing policy report; and
- Tunisian groups and subsidiaries of foreign companies that meet certain criteria are required to prepare annual country-by-country reports in line with the OECD transfer pricing guidelines.

APAs may be concluded with the Tunisian tax authorities for a three- to five-year period.

Interest deduction limitations: There are no thin capitalization rules. The interest deduction is limited based on a deemed interest rate of 8%.

Controlled foreign companies: There are no controlled foreign company rules.

Hybrids: There are no anti-hybrid rules.

Economic substance requirements: There are no economic substance requirements.

Disclosure requirements: As part of a tax audit, the tax authorities may request information from third parties or the competent authorities of jurisdictions that have entered into agreements with Tunisia that provide for the exchange of information and administrative assistance in tax matters.

Exit tax: There are no exit taxes.

General anti-avoidance rule: There is no general anti-avoidance rule.

Value added tax

Rates	
Standard rate	19%
Reduced rate	0%/7%/13%

Taxable transactions: VAT is charged on the taxable supply of goods and services in Tunisia, and on the import of goods.

Rates: The standard rate is 19%, with reduced rates of 7% and 13%. Certain supplies are exempt or zero rated.

Registration: VAT registration is required at the time a company is established in Tunisia.

Filing and payment: VAT returns and payments are due monthly.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: Employers must withhold and pay social security contributions on behalf of employees at a rate of 9.18% of the total monthly gross remuneration. The employer's social security contribution is 16.57%, in addition to a workplace accident contribution, which ranges from 0.4% to 4%, depending on the business sector. Contribution to a retirement fund is not mandatory, but it is fixed at a rate of 9% on the difference between an employee's gross wages and six times the minimum guaranteed wage. Two-thirds of the retirement contribution is paid by the employer, and one-third by the employee.

Payroll tax: An employer is required to pay a professional training tax at a rate of 1% of gross salary in the manufacturing sector, and 2% for other sectors. In addition, a contribution must be made to the social housing fund at a rate of 1% of gross salary. Both taxes are due monthly.

Capital duty: Capital contributions and increases in capital are subject to a registration fee of TND 150.

Real property tax: The transfer of real property located in Tunisia is subject to various registration fees, such as a 5% transfer tax and a 3% tax for unregistered property. These rates may be applied individually or cumulatively depending on the nature of the transfer and the identity of the parties. In addition, duty may be imposed at a rate of 2% on immovable property that is valued between TND 500,000 and TND 1 million, or 4% if the value of the property exceeds TND 1 million.

Transfer tax: The transfer of immovable property located in Tunisia is subject to a 1% duty on registered or unregistered real estate.

Stamp duty: Stamp duty is levied on most contracts, agreements, and documents that are subject to registration, and on private administrative documents relating to a business. The stamp duty rate varies depending on the nature of the transaction.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: Inheritance and gift tax is due at rates ranging from 2.5% to 35%, depending on the degree of succession.

Other:

Business tax

A tax on industrial, commercial, and professional establishments is due at a rate of 0.2% on local sales and 0.1% on export sales.

Tax treaties: Tunisia signed the OECD multilateral instrument (MLI) on 24 January 2018. Tunisia has concluded over 50 bilateral tax treaties.

Tax authorities: General Directorate of Taxes

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