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Evaluation of the Algerian tax system performance after tax reforms

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Abstract This research aims to study and assess the Algeria tax system performance, after the economic reforms carried out by successive governments since 1992. Their primary objective was to activate the tax system by bringing radical and profound changes in all its legislative and structural aspects to be convenient with the modern economic policy of the country. Therefore, this change came in the shape of tax reform, approved by the Algerian legislator at the end of the eighties and the beginning of the nineties in order to keep pace with the economic reform. As with all other systems, the new tax reform delivers several benefits that made it successful to some extent. However, we look for through the lived reality some criticisms and disadvantages as well. We will discuss, through this study, both the beneficial and negative impacts.

Algeria sought, as a consequence, to activate its tax system by providing material, human, technical, administrative, and organizational capabilities to make it go along with contemporary tax systems and therefore limit the phenomenon of fraud and tax evasion by spreading tax culture, and activating tax control processes, in order to keep abreast of progress and keep pace with current internal and external developments.

Keywords : taxation, the Algerian tax system, the Algerian tax system performance, tax reforms.

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1. INTRODUCTION :

The state intends fulfilling the role entrusted to it, which is public spending that goes for the public benefit. Therefore, it searches to provide the necessary financial resources from various sources, by activating the economic system in general and the tax system particularly, especially in light of the current developments. Algeria, like other countries, looked in this direction: the Algerian tax system witnessed a deep reorganization in order to keep pace with economic and social development, by examining the conditions of economic and financial dealers, especially with Algeria's accession to the Free Trade Organization and partnership with the European Union. Algeria looked to join the World Trade Organization in the context of adopting a market economy and globalization, so these reforms included also regular and petroleum taxes. Among these measures, we mention the reorganization of the tax system promulgated in the Finance low of 1992, which represents the beginning of the phase of tax reforms in the Algerian tax system and is still to this day.

For the sake of keeping pace with the changes taking place in the economic system, Algeria tries to reach these reforms that guide to the best tax performance that significantly reflects the economy of its tax system and her desire to achieve the expected objectives of using the tax as a tool for redistribution of wealth and a means of economic organization and a mechanism for various methods of collecting resources.

1.1 the research problem : Based on the above, the problem can be raised as follows:

How effective are the tax reforms that the Algerian tax system has undergone?

1.2 Hypotheses : To address the research problem in the study, we relied on the following hypotheses:

- Since the tax system is an essential part of the economic system, the tax policy must be in harmony with the economic policy.
- The formulation of any tax system requires the tax legislator to have complete knowledge of the ideologies of society, all its conditions, the desired fiscal policy objectives, and an in-depth knowledge of the practical foundations for formulating tax systems.
- Any tax system needs to carry out a set of reforms and adjustments to be convenient with current and future developments.

1.3 Research objectives : In addition to answering the main question in the research problem and testing the validity of the established hypotheses, this research aims to:

- Attempting to formulate a flexible tax policy that is compatible with the applied economic policy and dictate the type of reforms required in accordance with the changes that occur;
- Trying to answer some questions related to the difficulties facing the tax system and preventing its activation;
- Recognizing Algeria's efforts to activate its tax system by addressing the reforms and amendments that have taken place.
- trying to evaluate the performance of the reforms that the Algerian tax system has undergone.

1.4 Research approaches : In addressing our research, we relied on a mixture of descriptive and analytical approaches. The descriptive approach was used to present the various concepts and definitions related to the subject, and the analytical approach was applied to our perception of the content of the Algerian tax system and its methods of activation.

1.5 Research Structure : In order to crystallize this problem, this research was divided into the following topics:

The first topic: introduction to the Algerian tax system.

The second topic: reasons and motives for tax reforms.

The third topic: evaluation of tax reforms.

2. Introduction to the Algerian tax system : The Algerian tax system has undergone a profound reorganization to keep pace with the economic and social development, especially in the current developments, by studying the conditions of economic and financial dealers and to be able also to go along with future developments during the reforms that could be established. We will first discuss the nature of the tax system, then the structure of the Algerian tax system, and finally the stages of its development through the reforms it underwent.

2.1. Definition of the tax system : The tax system is a tool to perform a specific function. The expansion of state intervention has led to the expansion of the tax system, as it has become an indirect instrument for the state to intervene in economic and social life and realize its objectives.

2.1.1.The concept of the tax system : The tax system is a set of taxes imposed by the state on those charged with paying the tax at a specific time, including direct, indirect, general, and specific taxes, and it is considered an effective tool and means for the state to achieve the goals it hopes to reach (Younus Ahmed Al-Batriq, p. 145).

The tax system is also defined as a set of taxes that, by choosing and claiming them in a specific society and at a specific time, are intended to achieve the goals of the tax policy that society has accepted (Saeed Abdel Aziz Othman, p. 323).

Thus, it is a limited and selected set of technical images of taxes that are compatible with the economic, social, and political reality of society and constitute a whole integrated tax structure that works in a specific way through legislation, tax laws, and executive regulations to achieve the objectives of tax policy (Al-Morsi Al-Sayed Hegazi, p. 21).

2.1.2 The pillars of the tax system : The tax system is based on two chief pillars: the objective and the means:

2.1.2.1 Objective : Any tax system seeks to achieve specific objectives that are the same as the objectives of the tax policy that the state determines according to its economic policy. In developed countries, it can be considered one of the main sources of financing and a vital means that enables the state to intervene in economic and social life and direct economic activity in a specific way. Whether in terms of discriminatory tax treatment to encourage a particular activity or through the redistribution of income; the state deducts part of the significant incomes and wealth and then redistributes them through public services or the determination of family subsidies in favor of low-income people. However, in developing countries, the objective of the tax system is to encourage savings and investment through the imposition of taxes that limit excess consumer spending and work to mobilize economic resources and direct them for development purposes (SUSANEQ VALETTE, p89).

2.1.2.2 The means : The tax system is based on a set of means necessary to achieve its objectives, which fall within two components, one technical and the other organizational. These two elements together constitute what is known as the tax system in its narrow sense.

2.1.2.2.1 The technical element : in fact, the tax system is technically a set of different taxes applied at a certain time and in a specific country. Therefore, the tax constitutes the structural unit of this system, and the state typically chooses technical means that allow it to achieve tax revenues characterized by stability on the one hand and flexibility on the other. It also seeks to achieve justice in the distribution of the tax burden. The technical element is embodied in the formulation of the scientific principles of the various taxes within the framework of the tax law, based on the sovereignty of the state in imposing taxes through tax legislation and the contribution of the people's representatives in its determination through Parliament.

2.1.2.2.2 The organizational element : The organizational element of the tax system retains massive importance, as the tax is part of a complex tax mix, which requires the presence of an administrative organization that undertakes the task of declaration, linkage, and collection, and the size of this organization increases as the tax entity becomes more complex (Hamid Abdel Majeed Draz, pp. 23, 24). The tax system is based also on the comparison between a set of economic variables, then coordinates them according to the objectives lied by the economic system (FMI ET DGI, P 42), the tax system is part of the economic system that requires reconciliation and coordination between tax policy and the various forms of economic policies (cash, exchange, wages...), so the tax system is considered a function of two basic variables: (David Begg and others, P136):

- The type of the current economic and social system in terms of being capitalist or socialist, and its mechanism of action in terms of being based on market mechanisms or comprehensive planning.

- The degree of economic development expressed by the rate and the nature of economic growth (modern, underdeveloped or developing economy).

2.2 Structure of the Algerian tax system : In this element, we will discuss the structure of the Algerian tax system from its inception to the present day.

2.2.1 Tax on gross income : Article (01) of the Law on Direct Taxes and Similar Fees stipulates that this tax is imposed on the total net income of the taxpayer. This tax is described as annual, single, imposed on natural persons and partners, in an ascending total (with the exception of some Income in which the tax is deducted from the source other than wages and salaries, which is subject to a relative rate), whereby the annual net income, as determined by the Article 85 of the Finance Law for the year 2022, is liable to tax on gross income, according to the ascending table below:

Table No (1) shows the tax on gross income.

Taxable income (DZD)	Tax rate
Not exceed 240,000 DZD	% 0
Between 240,001 to 480,000 DZD	% 23
Between 480,001 to 960,000 DZD	% 27
Between 960001 to 1920000 DZD	% 30
Between 1,920,001 to 3,840,000 DZD	% 33
More than 3,840,000 DZD	% 35

Source : Finance Law for the year 2022 issued in The Official Journal No. 100, December 30, 2021

2.2.2 Tax on corporate profits : Pursuant to Article 38 of the Finance Law of 1991 and according to what was stated in the text of Article 135 of the Direct Taxes and Similar Fees Law of 2021, an annual tax is established on the total profits or incomes achieved by companies and other legal persons referred to In Article 136, this tax is called the tax on corporate profits.

Companies that are subject to tax on profits :

2.2.2.1 Companies, whatever their form and purpose are, excepts :

- Personnel companies and joint-stock companies in the sense of commercial law, unless these companies choose to pay tax on corporate profits. In this case, the choice request must be attached to the declaration stipulated in Article 151. This choice is irrevocable for the company in question.
- Civil companies that were not formed as a shares company, except companies that prefer to be subject to tax on corporate profits, in which case the request must be accompanied by the declaration stipulated in the law in Article 151. This choice is definitive for the company.
- Undertakings for the Collective Investment in Transferable Securities (OPCVM) that are constituted and approved according to the forms and conditions stipulated in the legislation and regulation in force.

2.2.2.2 Public enterprises and bodies of an industrial and commercial nature :

This tax is also paid by:

- Companies that perform operations and products, mentioned in Article 12.
- Cooperative companies and their federations, except the companies referred to in Article 138.

2.2.3 A Value-Added Tax (VAT) : Under Act No. 39/90 of 12/31/1990 mentioned in the Finance Law of 1991, the Value-Added tax and Tax on Banking and Insurance Operations Laws were established. According to the provisions of Article 25/91 dated 12/18/1991 related to the Finance Law of 1992, these laws entered into force after completing its chapters that determine percentages, the exemption system, and specific systems. Article 1 of the value-added tax law for the year 2021 defines the operations subject to the value-added tax as follows (PRACTICAL GUIDE TO VTA 2021):

- Sales and real estate operations and all such services that are not subject to special fees, which are either industrial, commercial, or artisanal, and which are performed in Algeria either normally or exceptionally.

  This fee or all other taxes also applies to all persons with legal status who create taxable businesses.

  All the people who create the form or nature of those projects.

- import operations.

2.2.4 The internal fee on consumption is determined as follows :

- Application area: beer, cigarettes, cigars, tobacco smoking, tobacco leaching and chewing, and sulfur.

- Units of measure for the internal tax: the tax is calculated based on size (hectoliter) for beer and weight (kilogram) for tobacco products.

2.3. Reform Stages of Algeria's tax System :

The Algerian tax system went through several reform stages in order to be convenient for the economic, political, and social developments taking place in the state. There are two

crucial stages among others that the system went through: (Ben Amara Mansour, p. 209)

2.3. 1 The pre-independence stage :

This stage is the Turkish phase, followed by the French colonization phase, where taxes derived from Islamic sharia law from zakat and tithes that are imposed on commercial and crops, and there are other types with multiple names, such as the fine imposed on nomadic tribes. During colonization, Turk's tax policy remained in force, serving the goals and interests of the French authorities.

Concerning the Algerian state under the leadership of Emir Abdelkader, it derived an important part of its national income from the agricultural sector. This economic structure was reflected in the components of foreign trade and indirect taxes, especially customs taxes, as well as Islamic tax legislation. Hence, it is clear to us that the tax system was almost operational at that period however, the objectives were different for Frenches. The aim was to remove the people from their property when they were unable to pay the French treasury's fiscal entitlements in cash. On the part of Prince Abdelkader's aim was to obtain resources to cover military expenditures. The situation remains the same intel 1949 when the French authorities introduced fiscal reforms, the most important of which are:

- Tax on built property.
- Tax on exploitative profits.
- Tax on industrial and commercial profits.
- Tax on liberal professions.
- Tax on salaries and wages.
- Tax on capital revenues.
- Municipal fees for amusement parks.

Hence, a new phase began controlled by the French tax system in Algeria.

2.3.2 The post-independence phase :

We can divide this period into several distinct stations, namely: (Bin Amarah Mansour, pg. 210)

2.3.2.1 The post-independence stage :

During this stage, all French laws fell constitutionally, but they remain in practice: no change has been known in the tax legislation. The Algerian state followed the French tax laws in all aspects except those affecting the sovereignty of the state, due to the inability to develop laws that could replace directly the tax laws of the French legislation. The old system remained in effect until 1976, the State adopted after that a number of orders and laws which contain tax laws, including:

- Ordinance No. 67/102 of 09/12/1967 containing the Charging Act No.
- Ordinance No. 67/103 of 09/12/1967 containing the Law of Character.
- Ordinance No. 67/104 of 09/12/1967 containing the Indirect Taxation Act.
- Ordinance No. 67/105 of 09/12/1967 containing the Registry Act.

Law No. 79/07 dated 07/21/1979, which included the customs law, was ratified in 1979.

2.3.2.2 The stage of fiscal reforms :

The reforms of the Algerian tax system were aimed, in fact, to consolidate the foundations of a market economy based on real prices and revitalize banking intermediation, in such a way that the economic environment became transparent, rational, and modern in terms of tax practices and play its role as an economic officer to achieve the public interest. The rapid development of Algeria's economy at the end of the 1980s and the beginning of the 1990s affected all financial sectors: (Loan and Monetary Act) and Other Economic Reforms, (Independence of Enterprises 1988) Financial cleansing of economic enterprises... So, it was the duty of the state to make radical changes in the tax legislation to be in line with other reforms, as the old tax system was not compatible with the mechanisms of the modern system. The state created, as consequence, a new tax system to replace the previous system, which was published in the Official Journal No. 65 on 12/18/1991, and which began to be implemented on 01/04/1992.

In 1987, Algeria established a national committee for tax reform, which in 1989 submitted a detailed report on tax reform in Algeria. It entered into force in 1992. This national committee continued to update the tax system when it needed to this day.

3. The reasons and motives for tax reforms :

Algeria's economic and social conditions at the end of the 1980s and the beginning of the 1990s, as well as the changes in the national economy and the transition to a free economy, have made the old tax system inconvenient with new data and developments.

3.1 Reasons for tax reform :

Among the particularities of the old tax system are the following: (Kamal Razik, Fares Masdour, p. 165)

3.1.1 A complex tax system : This system is characterized by its complexity that is a result of perpetual changes in various financial laws. The diversity of taxes also and their multiple ratios made it difficult to control and apply for both citizens and employees.

3.1.2 An inappropriate tax system for the developments of the current stage (reforms) : Algeria witnessed deep economic reforms that began in 1988, which made the tax system inappropriate and not adapted to the new economic situation.

3.1.3 The ineffectiveness of fiscal incentives to direct investment : The fiscal incentives that existed under this system didn't nether stimulate the entry of foreign investments nor encouraged internal ones.

3.1.4 Significant decrease in oil prices : petroleum taxes represent a huge contribution to the financing of the state budget, therefore every decline in petroleum prices will inevitably lead to a shortage in budget financing, which prompts the search for other local funding as the regular taxation. The last governments were unable to maintain a constant proportion of tax revenues. In 1977, petroleum taxation represented 57.50% of tax revenues, then 66.40% in 1981. Although the rates fell to 28.65% in 1986 and reached 26.02% in 1987 of the tax revenues, due to the decline in oil prices, which had a negative impact on Algeria's economic activity.

3.1.5 The problem of high tax pressure : it's due to a large number of taxes, that drove the taxpayer to follow very complex procedures to issuing his various taxes for all returns, as well as high tax rates, which constitutes tax pressure on individuals and institutions, compared to other countries, especially in light of tax competition between countries to attract investments.

3.1.6 Fraud and tax evasion : These are the most important features of the old system, taxes constitute pressure on the taxpayer, and push him to search for a way to get rid of this burden through evasion or fraud in order to reduce or not pay the taxes.

3.1.7 Poor framing of the tax administration and the management center : the Algerian tax administration suffered from several problems, the most important of which are:

- There are two structures in charge of forming Fiscal workers: The National Institute of Finance, and the Institute of Customs and Tax Economics. Those institutions have different programs; as a result, the workers in the tax field have divergent sets of views, which could provoke conflict.
- Weak training in the tax field;
- Classical methods still reign in administrative work, for example, files are still processed in a slow and manual manner;
- Absence of modern concepts of effective tax management;
- Absence of tax awareness and tax culture.

3.1.8 Excessive exemptions and non-expansion of the base of taxes and direct taxes on capital : indirect taxes constituted a major percentage of the revenue of ordinary taxes compared to direct taxes. We should mention also that the large number of exemptions in this system prevented the public treasury from providing the necessary funds for public spending.

3.2 Motives for tax reform :

In order to create an effective and flexible system in line with new economic developments, and to avoid the failure of the old system, the tax reform came to achieve the following: (Kamal Razik, Faris Masdur, p. 166)

3.2.1 Restructuring and organizing the tax administration : This measure was aimed at making the tax administration more independent and effective. Such as decree 90-190 of 06/27/1990, Decree 06-91 of 02/23/1991, the reforms of 2002, and the 2003 reforms regarding the administrative structure of the tax administration, which aims to:

- Guidance and Management Unit, both at central and external levels (at the level of the tax administration external services).
- Autonomy of management, whether it is related to human resources or financial and material resources.
- Equip all tax departments a computers and technology equipment.

3.2.2 Establishing a simple and stable tax system in its legislation : The objective of the tax reform was to remove the complexity and ambiguity of the tax law, making it a modern system capable of accomplishing its mandated roles.

3.2.3 The flexibility of the tax system and the fairness of its legislation : the basis of every reform is an attempt to reach a clear relationship through which a relationship is established between economic conditions and the nature of new taxes.

3.3 Objectives of Reform :

The objectives of tax reform are as follows:

3.3.1 Social objectives : they are represented by the act of achieving social justice among the taxpayers as follows:

- Distinguishing between moral and natural persons and subjecting each party to special treatment;
- Expanding the use of progressive taxation at the expense of proportional taxation;
- Expanding the application of various types of deductions, taking into consideration the ability of the taxpayer and reducing exemptions.

3.3.2 Economic objectives: These are as follows :

- Non-obstruction of production means;
- provision of production means;
- Provide incentives to the private sector and create competition.

3.3.3 Financial objectives :

- Increasing the percentage of regular collection in financing the state's budget. Thus, seeking to replace the petroleum tax with the regular tax.
- Seeking to cover the expenses of the general budget with regular tax.

3.3.4 Technical objectives :

- Simplifying the tax system.
- Effective tax administration.

4. Evaluation of tax reforms :

The development of regular taxation in general is considered a strategic goal of the financial reform, which aims to achieve the replacement of oil taxes with regular ones in such a way that the regular taxes could cover the ordinary expenses (management expenses) and support economic recovery.

To clarify this, we will try to analyze the results achieved through three phases: the first from 1991 to 1994, the second from 1995 to 2002, and the third from 2007 to 2019.

4.1 The first phase (from 1991-1994): It is as follows :

4.1.1 Direct Taxes :

The tax on wages and salaries continues to bear the large burden of the total direct taxes in gross income. It reached a percentage of 63% in 1991, 72.54% in the year 1992, 69.86% in the year 1993, and 63.90% in the year 1994. This is due to deduction from the source which limits tax evasion. Concerning the expansion of total income (real estate income, agricultural income, and investment income...), it didn't have a positive effect in terms of profitability, for the following reasons: (Karim al-Nashashibi et al, p. 37).

- The fact that the tax on gross income represent a declarative tax, which makes the statements made by the taxpayers reflect not frequently the reality, and thus their poor returns.
- Imposing taxes on agricultural incomes by considering it as total income, didn't have a positive effect on improving the tax's revenues, because this activity has the specificities of economic activity, and it is difficult for the administration to reach the truth about these incomes.
- concerning the taxation of capital, they did not have a positive impact also in terms of financial return, and this is due to the absence of a real financial market.
- As for the tax on corporate profits, their returns are low because public enterprises are almost in a difficult financial situation, in addition to the weakness of the private sector: it moved from 471 million dinars in 1992 to 4697 million dinars in 1993 to 8426 million dinars in 1994.

4.1.2 Indirect Taxes :

Tax on business's revenues (the unique inclusive tax on service's revenue, unique inclusive tax on production, Value-Added Tax VAT, Internal consumption tax, and special additional tax SAT) represent since 1994 a small percentage of the total revenues : 13.20% in 1991, then 15% in 1992, then 15.75% in 1993, and 12.70% in

1994, because of its non-inclusiveness of all sectors, especially those taxes represented in a unique tax on production, and the Internal consumption tax.

About the rights of registration and stamps, the revenues didn't witness a great development: they went from 3630 million dinars in 1991 to 4667 million dinars in 1994, since the tax reform does not cover this type of tax.

4.2. The second phase (from 1995-2002): It consists of the following :

4.2.1 Direct Taxes :

The revenue of tax on gross income has grown from 39,896 million dinars in 1994 to reach 99,550 million dinars in 2002. The tax on gross income of the wages and salaries category represents 89% of the total revenue of tax on gross income, it is the consequence of an increase in wages during this period.

With regard specifically to the tax on corporate profits, it has also seen an estimated growth and development estimated at 105%, as a consequence of growth or at least financial stability that some public sector institutions have known which allows them to pay their taxes. The private sector as well has begun to structure and fulfill its tax obligations (about 17,000 million dinars compared to 1994).

As for Stamp duty and Registration fees, they witnessed a decrease of 8% between the years 1994 and 1995. This decrease is due to the lack of capital transactions, such as the transfer of ownership, for example, and fraud in the declaration during the process. Between the years 1995 and 1997, we noticed an increase in stamp duty by 44% as a result of the new procedure of currency grant, which requires stamps for passports. This stamp witnessed an increase between the years (1996_2002) and other operations that led also to raising this tax like car vouchers, and stamps on administrative and personal documents.

4.2.2 Indirect Taxes :

The value-added tax collected at the internal level saw an estimated 21% growth in revenue for the 1994_1995 ‹period and 35% for the 1995_1996 ‹period. and this revenue of tax collection continued to increase, representing, respectively, 23.22% in 1997, 24.14% in 1998, 25% in 1999, 28% in 2000, 25.5% in 2001, and 31.7% in 2002. This increase is attributed to:

Expanding the subjugation of individuals to pay taxes.

The Fiscal administration has begun to control the techniques of this tax (especially through surveillance or by mandatory billing...)

The Value-Added Tax obtained from imported resources knew during the period (1994_1995) an increase of 50%. however, the growth rate decreased to 11% in the years 1995 and 1996, because of Algeria’s intention to join the World Trade Organization. it continued to decline during the years 1998 and 2002 owing to changes in tax ratios (17% and 7%).

Other indirect taxes have seen a significant decline in growth rate, estimated at 22%, 68%, and 40% for the internal tax on beer, alcoholic materials, and the tax of guarantee, as a result of higher prices and low level of consumption of those special goods (Kassab Ali, p. 179). It registered as well the reduction and the abolition of some taxes, such as the special surcharge to prepare for the Euro-Algeria Partnership Agreement and the quest to join the World Trade Organization.

As for the oil tax, it still constitutes a huge percentage of the state's tax resources, which represents the largest share (nearly 60% in 2003).

4.3 The third phase (2007): (Finance Law, 2007)

4.3.1 Direct Taxes :

The volume of direct taxes has evolved dramatically, as it was estimated at 201,313,000 thousand DZD, equivalent to 11.17% of the total revenues. The proceeds of registration and printing were estimated at 21,477,000 thousand DZD or 1.19% of the total revenues.

The various taxes on works registered 331,673,000 thousand DZD, which is equivalent to 18.40% of the total revenues, knowing that the value-added tax on imported products was included in the tax on works.

4.3.2 Indirect Taxes :

The returns of indirect taxes in 2007 were reached 900,000 thousand DZD, which is 0.05% of the total revenues. It is a small percentage compared to the contribution of the others taxes' revenue. Commercial transactions between Algeria and the rest of the countries. Customs incomes were estimated at 120,753,000 thousand DZD, which is equivalent to 6.69%, it is also a small percentage compared to the volume of commercial transactions between Algeria and the rest of the countries.

4.3.3 Regular revenue :

The regular revenues were estimated at 23,000,000 thousand DZD, equivalent to 1.27% of the total revenues, and other revenues were valued at 130,500,000 thousand DZD, equivalent to 7.24%. Thus, the regular resources were at 829,616,000 thousand DZD, equivalent to 46.01 percent. it is less than the oil tax, which took the lion's share, estimated at 973,000,000 thousand DZD, equivalent to 53.97 percent, despite the development plan adopted by Algeria for the period 2005-2009, which included reinforcements to support the tax system.

Perhaps, the most important thing in this reform was the creation of new taxes in order to expand the fiscal base; the structure of the Algerian tax system changed dramatically after the reform of 1992 and the successive amendments.

In order to assess the development of the Algerian tax system and its performance, we will analyze the tax revenue in the following table for the period from 1992 to 2023:

Table No (02): Regular and petroleum tax revenues, and their rate of development according to total tax revenues in Algeria during the period 1992-2019.

Statement / years	Regular Tax (Billion DZD)	Its percentage according to the total tax revenue %	Petroleum tax (Billion DZD)	Its percentage according to the total tax revenue %	Total tax revenues
1992	108.864	35.97	193.8	64.03	302.664
1993	121.469	40.4	179.218	59.6	300.687
1994	169.54	44.23	222.176	55.77	398.350
1995	241.99	41.86	336.148	58.14	578.140
1996	84.94	36.95	495.997	63.05	78.600
1997	312.79	35.74	546.765	64.26	878.778
1998	342.56	46.57	378.556	53.43	708.348
1999	343.77	35.98	560.121	64.02	874.888
2000	362.4	22.96	1173.23	77.04	1522.739
2001	598.238	29.4	965.38	70.6	1354.627
2002	482.9	39.87	942.9	60.13	1425.8

2003	524.9	29	1285.0	71.00	1809.9
2004	580.4	28.09	1485.7	71.91	2066.1
2005	640.5	22.02	2267.8	77.98	2908.3
2006	674.8	21.14	2517.4	78.86	3192.2
2007	766.7	21.51	2796.8	78.49	3563.5
2008	965.2	13.75	4088.6	86.25	5053.8
2009	1146.6	32.21	2412.7	67.79	3559.3
2010	1298.0	30.88	2905.0	69.12	4203.0
2011	1448.9	26.69	3979.7	73.01	5428.6
2012	1863.0	30.76	4192.0	69.93	6055.0
2013	1972.0	30.95	4399.0	69.05	6371.0
2014	2079.1	38.02	3388	61.97	5467.1
2015	2616.3	53.50	2273.5	46.49	4889.8
2016	2722.6	60.56	1772.6	39.43	4495.2
2017	2845.37	56.39	2200.12	43.6	5045.49
2018	3033.027	52.21	2776.218	47.79	5809.245
2019	3041.418	52.84	2714.469	47.16	5755.887
2020	3046.865	58.07	2200.325	41.93	5247.19
2021	2651.704	52.02	1919.231	41.98	4570.935
2022	2857.860	57.60	2103.909	42.40	4961.769
2023	3290.459	49.94	3298.478	50.06	6588.937

Source: Prepared by the researcher based on the Algerian Official Journals (www.joradp.dz)

The above table shows the development of the revenues for both regular and petroleum taxes. Regular tax evolved from 108.864 billion Algerian dinars to 3290.459 billion Algerian dinars, and petroleum tax went from 193.8 billion Algerian dinars to 3298.478 billion Algerian dinars, from 1992 to 2023; Its profitability has improved due to the tax reforms that the tax system underwent in 1992 and have continued to this day. This reform introduced new taxes, both direct and indirect, on the fiscal revenue structure as (gross income tax, corporate profits tax, value-added tax, registration fees, stamp duties, and the lump-sum tax), which was intended to replace oil taxes with regular taxes. However, this primary goal of reform has not been fully achieved despite Algeria's attempts with all policies and procedures to simplify and adapt the financial system to economic and social realities; the state fought also against fraud and tax evasion, and increased incentives and fiscal control. This is due to several reasons, including the nature of the revenue structure in Algeria, which relies on petroleum taxes, whose revenues are unstable; as well as regular taxes, which were greatly affected by the Corona pandemic: it recorded the lowest revenue in the year 2021 by 2651.704 billion Algerian dinars. The oil tax recorded Its lowest returns in the same year equal to 1919.231 billion Algerian dinars, to rise again with a significant amount in the year 2023 as a result of the gradual improvement of economic conditions following the Corona pandemic and the policies pursued by the Algerian government.

It should be noted that these statistics are estimated numbers, given that we are still in the first trimester of the fiscal year.

5. CONCLUSION :

By projecting the results of this study on the Algerian tax system in terms of dealing with tax withholding, as well as the adopted tax policy, we can conclude the following observations:

-Petroleum tax returns represent the largest proportion of the Algerian State's budget revenues, which are determined based on the price of a barrel of oil that is governed by foreign market law and is influenced by political factors;

-The regular tax returns come in the second degree after the petroleum tax returns in the Algerian tax system, which led to an imbalance in the structure of the tax system.

Besides, most of the decisions and fiscal procedures performed by the government aim to address certain problems, and they lose their value once these problems are resolved.

-The Algerian tax system underwent several reforms. These tax reforms are part of the comprehensive economic development plan whose aim was to establish a fair and effective tax system, but it did not reach its goals that remains elusive in the light of the current economic changes;

-An attempt to use tax models applied in some countries whose economic, social, and political data are different from the Algerian environment, which explains the huge number of tax amendments and reforms.

-The failure to rationalize the spending policy led some taxpayers to evade tax deductions and the emergence of tax fraud, that's why strict procedures and measures must be taken to rationalize the spending policy for the public interest.

-The low impact of the tax stimulus policy, which influences the performance of the tax system as a whole, explains the defect in this followed policy. Changing activities or transferring them as soon as the tax holidays granted to some investors are completed, is clear proof of weak supervision of this policy.

-The lack of local tax systems to control more local tax collection and control the category of tax evaders.

-The weakness of the Algerian tax administration and its failure to keep pace with the changes that occur, whether at the level of material capabilities or human capabilities, impact negatively its performance and the functioning of the tax system as a whole. Therefore, the following actions must be taken to establish an effective tax system that responds to current and future changes.

-Revenues, in the formulation of the State's general budget, must be based on relatively stable bases and rules. It has to rely primarily on regular tax revenue in financing the budget, then the proceeds of natural resources taxes complement it so that the state can establish a balanced and stable tax system.

-Tax legislation must be established according to approved scientific foundations and methodologies which means rationalizing tax decisions and procedures according to deep and comprehensive studies. Among the procedures that must be taken into account are the following:

- Simplifying the tax law and its application procedures in a way that is easy to understand and then respect.
- Reducing tax pressure on the taxpayer through interventions and expansion horizontally, which means expanding the base of tax subjugation as much as possible.
- Reducing tax withholding rates and intervening horizontally instead of vertically by raising tax rates in order to achieve the applicable policy.
- Rationalizing the fiscal stimulus policy in order to bring in intern and foreign investments and raise the revenues of economic activity.
- Establishing a tax system that is characterized by simplicity, flexibility, and relative stability, as well as rationalization of tax cuts. It is also necessary to improve the tax administration body since it is responsible for implementing the tax law and the basic cell in the tax system, through improving material capabilities of human resources (salaries, professional incentives), training programs, laying fair foundations for promotion... which would prevent making them vulnerable to exploitation and bribery and thus reduce tax evasion and fraud.
- Establishing a local tax system that operates within the national tax system through which more control over local revenues and tax oversight is possible.
- Rationalizing the spending policy, whether at the local or national level, which gives the taxpayer the impression that the authorities are striving to achieve social well-being, and therefore he must perform his duties represented in paying the various taxes incurred and not think about getting rid of it by legitimate or illegal means.

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