

## RSM International

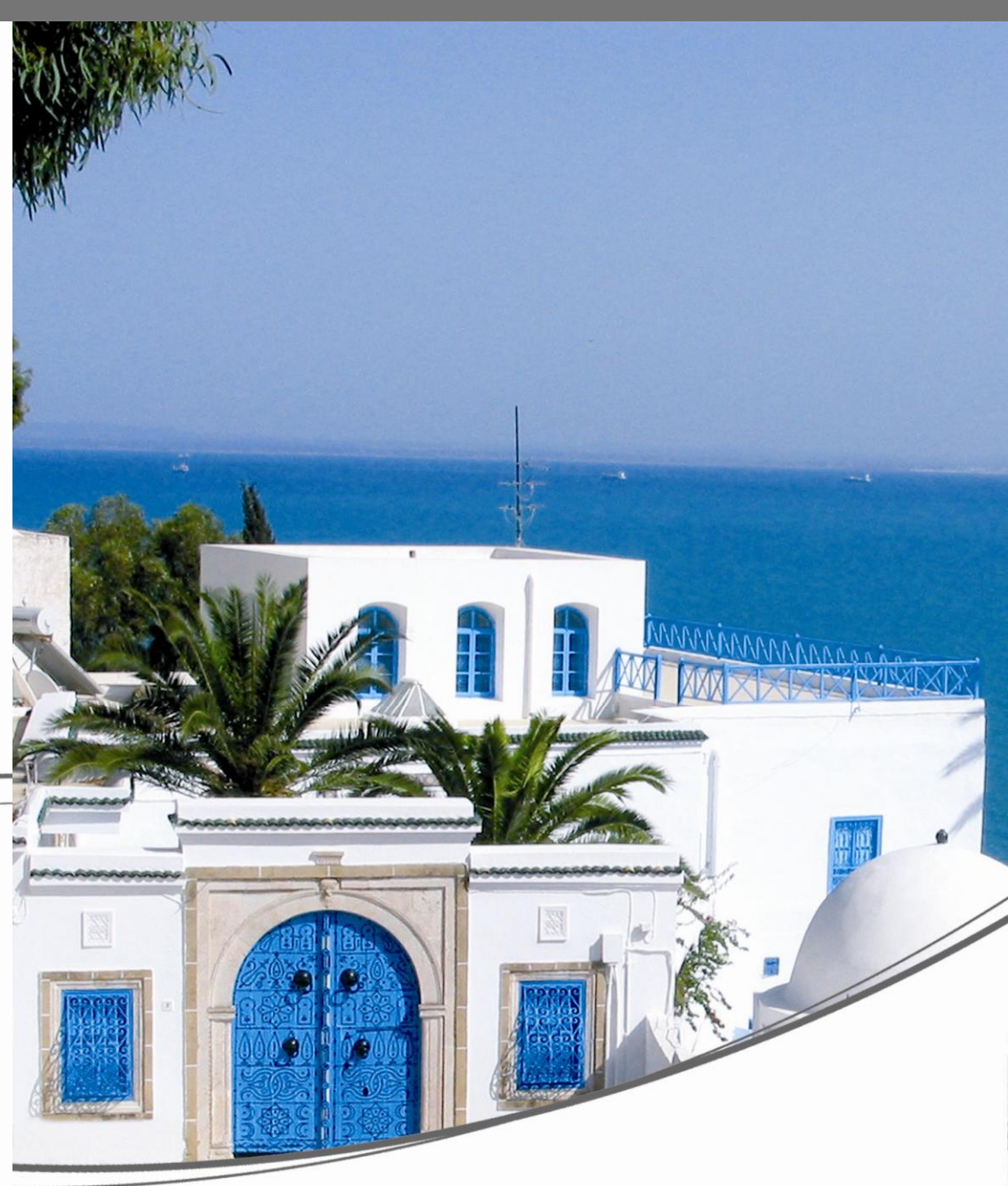
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# Doing Business in Tunisia



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## Foreword

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# 1. About Tunisia

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## 1.1 Geography

Tunisia is situated on the Mediterranean coast of North Africa, midway between the Atlantic Ocean and the Nile Delta. It is bordered by Algeria on the west and Libya on the south east. It lies between latitudes 30°N and 38°N, and longitudes 7° E and 12°E. An abrupt southward turn of the Mediterranean coast in northern Tunisia gives the country two distinctive Mediterranean coasts, west-east in the north, and north-south in the east.

Though it is relatively small size, Tunisia has a great environmental diversity due to its north-south extent. Its east-west extent is limited. Differences in Tunisia, like the rest of the Maghreb, are largely north-south environmental differences defined by southward sharp decreasing rainfall. The Dorsal, the eastern extension of the Atlas Mountains, runs across Tunisia in a north-easterly direction: from Algerian border in the west to the Cape Bon peninsula in the east. North of the Dorsal is the Tell, a region characterized by low, rolling hills and plains, again an extension of mountains to the west in Algeria. In the Khroumerie, the northwestern corner of the Tunisian Tell, elevations reach 1,050 meters and snow occurs in winter.

The Sahel, a broadening coastal plain along Tunisia's eastern Mediterranean coast, is among the world's premier areas of olive cultivation. Inland from the Sahel, between the Dorsal and a range of hills south of Gafsa, are the Steppes. Much of the southern region is semi-arid and desert.

Tunisia has a coastline 1,148 kilometers long. In maritime terms, the country claims a contiguous zone of 24 nautical miles, and a territorial sea of 12 nautical miles.

## 1.2 Climate and Landscape

Tunisia's climate is temperate in the north, with mild rainy winters and hot, dry summers. The south of the country is desert. The terrain in the north is mountainous, which, moving south, gives way to a hot, dry central plain. The south is semiarid, and merges into the Sahara. A series of salt lakes, known as chotts or chatts, lie in an east-west line at the northern edge of the Sahara, extending from the Gulf of Gabes into Algeria. The lowest point is Shatt al Gharsah, at 17 meters below sea level and the highest is Jebel ech Chambi, at 1,544 meters. Tunisia has a forest cover in the north which is dominated by olive groves in central and Sahel, and palms in the south. The main rivers are: Oued Medjerda and Oued Meliane

## 1.3 Demographics

According to the national institute of statistics, the population is estimated, as of July, 1st 2010 10,549.1 thousands.

The natural population growth rate is estimated 1.2% and the life expectancy age 74.5 years old.

Some 98% of modern Tunisians are Arab-Berber, and are speakers of Tunisian Arabic. The small European population (1%) consists mostly of French and Italians. There is also a long-established Jewish community in the country estimated in 2003 to about 1,500 persons.

## 1.4 Religion

1959's constitution declares Islam as the official state religion. Tunisians enjoy a significant degree of religious freedom, a right enshrined and protected in its constitution, which guarantees the freedom to practice one's religion.

The country has a secular culture that encourages acceptance of other religions and religious freedom.

The majority of Tunisia's population (around 98%) is Muslim; while about 1% follows Christianity and the remaining 1% adhere to Judaism or other religions.

## 1.5 Language

Modern Standard Arabic is the official language, but Tunisian Arabic is the local vernacular and is considered Tunisia's native language. French also plays a major role in the country, despite having no official status. Most Tunisians are able to speak it. Due to Tunisia's proximity to Italy and the large number of Italian Tunisians, Italian is understood and spoken by a small part of the Tunisian population.

## 1.6 Government

Tunisia is a constitutional republic, with a president serving as chief of state, prime minister as head of government, a bicameral legislature and a court system influenced by French civil law. After the Tunisia's Revolution, Ben Ali's regime cracked and Tunisia is becoming a real democracy with a multi-party system.

## 1.7 Legal Environment

The Tunisian legal system is based on the Islamic law and the French civil code; the judiciary is appointed by the Ministry of Justice. The Code of Personal Status remains one of the most progressive civil codes in the Middle East and the Muslim world.

Enacted less than five months after Tunisia gained its independence, the code was meant to end gender inequality and update family law, to enable greater social and economic progress and make Tunisia a fully modern society. Among other reforms, the code outlawed the practices of polygamy and repudiation, or a husband's right to unilaterally divorce his wife.

## 1.8 Economy

Tunisia's economy is very diverse, ranging from agriculture, mining, manufacturing, and petroleum products, to tourism. According to the national institute of statistics, the agricultural sector stands for 10% of the foreign exchange, industry 71%, and mining 19%. The industrial sector is mainly made up of clothing and footwear manufacturing, production of car parts, and electric machinery. An increasing privatization can be observed throughout the last decade. Through a simplification of the tax structure, the Tunisian economy becomes more attractive for foreign business.

Tunisia is one of the European Union's most established trading partners in the Mediterranean region and ranks as the EU's 30th largest trading partner. Tunisia was the first Mediterranean country to sign an Association Agreement with the European Union, in July 1995, although even before the date of entry came into force, Tunisia started dismantling tariffs on bilateral EU trade. Tunisia finalized the tariffs dismantling for industrial products in 2008.

## 1.9 Currency

The monetary unit of Tunisia is the Tunisian Dinar (TND) which is equivalent to about 0.52 Euro and 0.7 US dollar).

## 1.10 Administration division

Tunisia is divided into 24 governorates lead by governors. They are appointed by the President of the Republic, and are the "trustees" of the authority of the state

Three institutions help them fulfill their missions: the local development council, the rural council and the neighborhood committee.

Regional councils are responsible for reviewing "all matters accurate to the governorate in the economic, social and cultural field." They give their opinion on the programs and projects that the state intends to achieve in their respective governorate the budget adopted and taxes collected on behalf of the public, and establish cooperative relations with foreign agencies at regional level.

The governorates are subdivided into 264 delegations and in 264 municipalities. The smallest administrative division is Imada area.

Holidays:

National holidays:

- New Year's Day : January 1st
- Revolution Day: January 14th
- Independence Day: Mars 20th
- Martyrs day: April 9th
- Labor Day: May 1st
- Republic day: July 25th
- Day of the women and family: August 13th
- Day of evacuation: October 15th

Religious holidays (based on the Islamic lunar calendar, which is 10 days behind the Gregorian calendar each year):

- Eid-Al-Fitr (Holiday marking the end of fasting during the month of Ramadan) three-day holiday
- Eid-Al-Adha (The holiday of sacrifice, 2 months and 10 days after Eid-Al-Fitr ) two-day holiday
- Mawlid en-Nabaoui Echarif commonly called "Mouloud", 12th day of the lunar month of Rabii Ul-Awal (celebration of the birth of the Prophet Mohammed) one-day holiday

### Working Days and Hours

**Weekend:** Saturday and Sunday.

Private businesses are generally open Monday to Friday from 8:00 am to 12:30 pm and 14:00 pm to 17:30 pm.

For the public sector, schedules are quite different. Indeed, it is open Monday to Thursday from 9:00 am to 13:00 pm, and from 15:00 pm to 17:30 pm. On Friday, from 8h am to 13h pm and Saturday from 8:30 am to 13:30 pm.

Financial institutions are working five days a week.

It should be noted that in Tunisia and during Ramadan month and during July and August, a single session is applied which corresponding to a single period of daily work usually starting at 7:30 pm and ending at 14:30 pm.

## 2. Types of Business Entities

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As part of the Commercial Companies Code, the legislature has provided seven types of companies belonging to three broad categories:

- Partnerships
- Corporations
- Hybrid companies

In addition to the above companies, there is also the Economic Interest Groups (EIG). The Code of Obligations and Contracts provides another form of society namely the Civil Society (CS).

### 2.1 Partnerships

#### General Partnership (GP)

Formed with a minimum of two partners, considered as traders, natural or legal persons, the General Partnership is a company with unlimited liability for partners as they respond personally, jointly and severally for the debts of the company. The personality of the partners is thus crucial and specifically their solvency.

It is largely unregulated and most of the questions are set by the Articles of Corporation. The law is very flexible at the constitution. Indeed, there is no minimum amount of capital; the latter may consist of different contributions.

The GP is managed by one or more managers chosen among the members or third persons or entities that provide both the leadership function of the company and the representation of the company.

The manager is appointed, either by Article of Corporation or by decision of the partners, if any, they are automatically regarded as managers.

#### Limited Partnership (LP)

The Limited Partnership is formed between two groups of partners: active partners and sleeping Partners. The active partners have the same rights and obligations as members of a General Partnership, and are responsible for the management of the Limited Partnership.

Sleeping partners or dormant partners are the donors and their liability is limited

to the amount of their contributions ever since they do not participate in the management of the company at risk of being treated as an active partner.

The rules of incorporation, management and control of LP are similar to the General Partnership (GP), except for the shareholders' meeting which may be convened by any active partners or dormant partners representing one quarter of the capital.

### Joint-venture (JV) :

The Joint Venture is a typical structure for the legal entity partnership or natural person partnership. It is the simplest form of society in Tunisia. Indeed, this form is appropriate for partners wishing to cooperate on a confidential basis in a joint project to share profits and losses resulting from this cooperation.

This is a verbal or written agreement defining the rights and obligations of each partner in fairness to the others, and specifying the contribution of each partner, the method adopted for the sharing of profits or losses and the duration of the association. No requirements were intended for legal advertising. Thus, this company does not have legal personality, it has no headquarters, nor name, nor the ability to exercise a right to justice and it is unknown by third parties.

Each partner in a Joint-venture is required to act in accordance with the contract and articles of association and in the interests of all partners. Each partner contracts in his own name and under its responsibility on behalf of all partners.

The Joint venture can be managed by one or more managers from among the members. In all cases managers can conduct their business in their own behalf in the interests of society.

## 2.2 Corporations

### Public limited Company (PLC)

The limited company is a very common form in Tunisia. For its corporation, it is necessary to hold a meeting of at least seven shareholders which can be natural or legal persons and that, throughout the lifetime of the company.

The minimum share is 5,000 Dinars, and if the company is formed by initial public offering, the minimum capital is increased to 50,000 Dinars. The capital must be fully subscribed, but it is accepted, a partial release up to a quarter of the

subscription and the balance is paid within a maximum period of 5 years. For contributions in kind, they must be checked and assessed by a contribution valuator.

The shareholders' liability is thus limited to the amount of their capital investment. Concerning PLC's Management, the legislature has provided two types of reciprocating members:

- The board of director is the most used authority. Headed by a chairman benefiting of the double function of CEO. However, there is a possibility of dissociation between the function of the President of the Board and the Managing Director
- The Executive Committee which is an executive committee monitored by a supervisory board

In terms of control, shareholders meet in General Assembly at least once a year, in addition to the appointment of an auditor.

This meeting may be ordinary to approve the financial statements, decide on the distribution of dividends, appoint the directors or eventually authorize controlled agreements.

The extraordinary General Assembly decides the resolutions related to the amendment of Articles of Association such the increase or reduction of capital. It should be noted that such meetings are properly held and the law provides rules of quorum and majority.

### Partnership Limited by Shares (PLS).

As General Partnership (GP), the Partnership Limited by Shares (PLS), is also a form of association where capital and liabilities are separated.

Thus, the general partners are responsible for managing the company. They have the quality of merchants and they respond personally, jointly and severally for the debts of the company. Sleeping partners, at the minimum number of three, are the shareholders fully comparable to those of a Public Limited Company. Their liability is also limited to their contribution in the capital.

## 2.3 Hybrid Companies

### Limited Liability Company (LLC):

The LLC is the most commonly form of company used in Tunisia. It is incorporated with a minimum of two partners and a maximum of 50 members. If this number is exceeded, the LLC must be changed into a PLC.

The legislature did not provide for minimum capital, but whatever the amount, it must be released to the creation of the company. For in kind contributions, they must be checked and assessed by a contribution valuator.

Management rests with one or more individuals selected from partners or third parties. Furthermore, in control matter, the appointment of an auditor is not automatic but the LLC is subject to the review of the shareholders' meeting which is divided into ordinary general meetings and extraordinary general meetings.

The ordinary general meeting is held at least once a year, for consideration and possible role in the approval of financial statements, the appointment, extension or revocation of the Manager, the setting of manager salary and general debate on all issues that do not involve changes to the Articles of Corporation which are the exclusive extraordinary general meeting. The law provides for the quorum and majority that:

- for the regular meeting, decisions are taken by absolute majority, that is to say more than 50% of the shares
- for the extraordinary meeting, they are taken by a majority of three quarters of the shares, except for change of nationality which require obtaining the unanimous vote of the members

### Sole Limited Liability Company (SLLC)

The Conditions of SLLC is that of LLC, except that in management matter which provides that the sole partner that cannot be other one than a natural person, company manager.

## 3. Foreign Investment companies

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### 3.1 Investment in Tunisian companies

Foreign investment in Tunisian companies is generally free except for some sector where an authorization from High Commission of Investment should be granted. This is the case for on-shore financial institution and trading activities.

### 3.2 The liaison office

A liaison office or representative is not a separate legal personality of the parent. It may not be engaged in profit-making activities nor have any local income. Its operating costs, including compensation and social security contributions paid for its personnel, are borne by the parent company.

The creation or installation of a liaison office is subject to the prior approval of the Local Trade office and should comply with the specifications of the Administration.

### 3.3 Permanent establishment

Like local firms, foreign companies have the possibility of opening permanent establishments in the form of branches. Registration with the Trade Registry allows the branch to be considered like a resident Tunisian entity, but does not endow it with a legal personality.

The branch is first and foremost a representative of the parent company in Tunisia. It has a legal existence in Tunisia as it must be registered with the Trade Register. This registration is secondary, however, as the registration is made out in the name of the parent company.

Registration with the Trade Register allows the branch to conduct a commercial activity in Tunisia, to develop a client base following the same rules as any Tunisian trader or commercial firm.



## 4. Appointment of an auditor

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Appointment of statutory auditors is mandatory for legal entities if they meet two of the following figures:

- Total assets: 100,000 dinars
- Total revenues excluding taxes: 300,000 dinars
- Average number of employees: 10 employees

The statutory auditor should be registered with the Tunisian Chartered Accountants institute (OECT) if the legal entity is a credit institution, an investment fund, a company listed on the Tunisian stock exchange, a public institution, an association authorized to grant microcredit or a company that meet two of the following figures:

- Total assets: 1,500,000 dinars
- Total revenues excluding taxes: 2,000,000 dinars
- Average number of employees: 30 employees

The legal entity should appoint a second auditor if it is a credit institution, a multiline insurance company, a company with consolidated assets exceeding one hundred million dinars or a company with bank commitments and outstanding bonds exceeding twenty five million dinars.

## 5. Incorporation of legal entities

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The Investment Incentives Code (CII), approved by Law No. 93-120 of 27 December 1993 governs both foreign and domestic investment.

One law is applicable regardless of the industry in which the investor operates. Indeed, the code of investment incentives covering all sectors of agriculture and fisheries, manufacturing, public works, tourism, handicrafts, transport, education and vocational training, production and cultural industries, entertainment for young and mentoring activities for children, health, environmental protection and property development other service activities.

The financial industry, the energy, the mining and the domestic trade remain governed by specific texts.

The CII puts in place a coherent, comprehensive and rich content to encourage the creation of businesses and projects. Incentives and benefits granted to investments in Tunisia are part of the overall development strategy which seeks the acceleration of growth and job creation. This code is a reference for developers Tunisian or foreign residents or nonresidents, or in partnership.

The provisions of this Code apply to investments relating to the creation, extension, renewal, upgrading or processing activity.

Except for investments in wholly export activities; the benefit of incentives provided by the code requires the realization of a scheme for financing investments, including a minimum level of equity generally fixed at 30%.

### 5.1 Investment Process:

Investment Incentives Code enshrines the principle of freedom of investment in the activities listed above, subject to meeting the conditions for the exercise thereof in accordance with the laws and regulations. To this end, some activities are subject to a simple statement, others are subject to authorization.

Before starting a project, it is necessary to declare to the appropriate services (e.g. API for industrial and service projects, APIA for agricultural projects and fishing...) the projected investment.

The statement must include information concerning the nature of the investment, the principal activity at the project location, the market data, and the cost and financing plan, the legal form of business to foreign participation, the timing of the

project and the number of jobs to be created.

Incorporation formalities are completed in a single window together in the same space. It includes:

- To deposit capital in a bank account opened in the name of the company to be incorporated
- To register Articles of Association at the tax administration
- To file declaration of existence with the Tax Control Desk and obtain tax identification card
- To deposit documents at the court of first instance and to register the company
- To publish in the Official Gazette of the Republic of Tunisia (Bulletin) the incorporation information
- To register for social security
- To file a declaration with the labor inspection

It remains however that the formality of statement is, in itself, insufficient to cause the benefit of certain benefits according to their nature, such is the case of financial benefits involving the provision by the state of a premium or a grant. A government decision is of course required. Similarly, a decision is needed in the granting of additional benefits justified by the particular interest of the investment for the national economy or the resumption of activities by promoters other than its former executives and responsible. Such benefits can only be granted by order after notice of the High Commission of Investment.

As an exception to the principle of formal freedom of investment, the code requires in certain activities, obtaining prior authorization, issued by the competent departments in accordance with the conditions and regulations set by the specific laws governing them. The list of these service activities is fixed by decree. These are mainly fishing, tourism, handicrafts, transport, communication, education, education and vocational training, cultural industry, entertainment for young and coaching Child, health, property development, extension, production of

arms and ammunition, the tobacco industry, preparation of wine, etc.. It should be noted that certain activities are subject to specifications set by the ministry of industry.

## 5.2 Foreign investments restrictions:

Like local investors, foreigners can not invest in sectors monopolized by the state such as electricity, water distribution, postal services, tobacco, gunpowder and matches and that, except obtaining a concession on a branch of these activities.

It is prohibited to persons or entities, not possessing Tunisian nationality, unless specifically exempted by the competent authorities, the following activities:

- property manager
- agent, broker, sales agent
- general or special agent of insurance companies
- dealer, agent, general agent, general agent or sales
- traveler, traveling salesman, sales representative

Other activities are reserved only for nationals such as brokers, business studies, lawyer, accountant, tax adviser etc...

Trading activities in Tunisia is quite restricted for foreigners who should obtain in general a Trading card from relevant authorities. In practice, the trading card is not automatically granted.

The opening of agricultural investment to foreigners is permitted on the basis of the distinction between ownership and operation of agricultural land. Indeed, foreign investors have no opportunity to own agricultural land. They may, however, invest in agriculture through the leasing of farmland.

Foreign travel agencies may be authorized to exercise or to be represented in Tunisia in accordance with international agreements or subject to reciprocity.

## 5.3 Foreign Capital contribution:

Foreign investment in Tunisia is free at the level of incorporation and the expansion of the companies. It is subject to prior authorization for projects in

certain sectors.

Non-residents are free to invest in companies already established in Tunisia in the form of acquisition of less than 50% of the shares. Beyond this threshold, the acquisitions are often subject to the approval of the Higher Commission for Investment.

Non-residents having made investments, pursuant to the regulation into force, are free to transfer net real proceeds and gains on transfer or liquidation of their invested assets through foreign currency import.

## 6. Foreign exchange controls

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Foreign trade and foreign exchange regulation is based on the foreign exchange code as enacted by law n° 76-18 of January 21th, 1976 and law n° 94-41 of March 7<sup>th</sup>, 1994 relating to foreign trade and their enforcement texts. Foreign exchange regulation is based on the following principles:

- Free transfer of current transactions and net real proceeds as well as the value added from sale or liquidation of capital invested previously through foreign currency import. All other transactions and commitments of which a transfer arises or may arise as well as any clearing of debts with foreign countries are submitted to prior authorization
- Assets movements between Tunisia and foreign countries have to be executed through the Central Bank of Tunisia or, on the authority of the latter, by authorized intermediaries chartered by Minister of Finance on proposal of the Governor of the Central Bank of Tunisia
- Any individual or legal entity must deposit at a bank foreign banknotes, checks, evidence of indebtedness denominated in foreign currencies as well as foreign securities that he/it holds in Tunisia. Individuals, who usually live abroad, are authorized to hold in their possession the currencies, which they have regularly imported, for their current expenditures during their stay in Tunisia
- Resident individuals of Tunisian nationality as well as legal entities have to declare to the Central Bank of Tunisia their holdings abroad.
- Residents have to repatriate and, with exceptions provided for by the regulation into force, sell on the foreign exchange market currencies arising from goods export, remuneration of offered services abroad and, more generally, any income, or proceeds coming from abroad

Foreign exchange control is applied to natural person and legal entities according to their residency status:

### Residents

- Tunisian or foreign legal entities carrying out activities in Tunisia
- Individuals of Tunisian nationality residing in Tunisia

- Tunisian civil servants working abroad whatever the duration of their stay is
- Individuals of foreign nationality residing in Tunisia for more than two years and carrying out their activities in Tunisia. These individuals lose their quality of resident as soon as they leave Tunisia for good

### Non-residents

- Tunisian or foreign legal entities carrying out their activities abroad
- Individuals of foreign nationality not residing in Tunisia
- Foreign civil servants working in Tunisia whatever the duration of their stay is
- Individuals of Tunisian nationality residing abroad for more than two years and carrying out their activity. These individuals may have the status of resident to execute a number of transactions in Tunisia (loans in dinars, opening accounts in Tunisia, purchase of real estate in Tunisia). As soon as they come back to Tunisia for good they reintegrate their resident status

As an exception, Non-resident status is granted to financial and banking institutions dealing essentially with non-residents. An option may be taken to acquire this status by wholly exporting companies created within the investment incentive code or companies in the offshore parks of Bizerte and Zarzis as well as international trade companies when their capital is held by Tunisian or foreigners through an import of convertible currencies equal at least to 66% of the capital.

## 7. Taxation

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Creating a climate conducive to investment since independence has been a top priority for Tunisia. This reflects a policy that focuses on resource mobilization as a component of national economic development. Today Tunisia is recognized as a preferred destination for investors who benefit from:

- very profitable Tax benefits
- Economic environment
- Free access to EU markets
- Freedom to invest in many sectors
- Clear legislation very favorable investment combined into a single code
- Simplified administrative procedures
- Appropriate support structures
- Skilled labor, productive relationship with competitive wage levels
- Legal protection for investor and investment
- Functional infrastructure continuously improving
- Availability of an array of lines of credit

### 7.1 Direct Tax system: Common regime

#### Taxable income base

Taxable income is determined on the basis of financial statements obtained according to the Tunisian GAAP principles with some adjustments relating to fiscal law.

#### Taxable income Rates

The normal corporate tax rate is 30%. For the following activities the rate is 35%:

- banks, financial institution, investment funds and insurance companies

- Telecommunication companies
- Hydrocarbon producer, hydrocarbon service providers and petroleum refinery (35%)

The rate applicable for agriculture sector is 10%.

A minimum levy is also required by fiscal law. This minimum levy is equal to 0,1% of local turnover

Individuals who are tax residents in Tunisia are liable for income tax on all their income derived in Tunisia. Income tax is calculated by applying a progressive tax rate to the taxable income base as follow:

- Up to 1,500 dinars: 0%
- From 1,501 to 5,000 dinars: 15%
- From 5,001 to 10,000 dinars: 20%
- From 10,001 to 20,000 dinars: 25%
- From 20,001 to 50,000 dinars: 30%
- Beyond 50,000 dinars: 35%

## Dividends

No income tax is applied to Dividends for individuals and for corporations

## Exportation

No income tax is applied to exportation for the first 10 years for individuals and for corporations. After this period, 50% of exportation incomes are deducted from the taxable income base.

## Capital gains on stocks and shares

Article 41 of the Finance Act 2011 has management instituted a withholding tax in full discharge in respect of capital gains on disposals of shares and units made by non-resident individuals and corporations not established or domiciled in Tunisia at the following rates:

- 2.5% of the sale price of shares and units made by non-resident individuals
- 5% of sale price of shares and units made by legal entities not established or domiciled in Tunisia

However, they may opt for taxation of capital gains realized on disposal rates:

- 10% for individuals. In this case, the taxable gain is equal to the difference between the sale price of the shares or the shares and their purchase price minus the depreciation recorded in respect of sales transactions in the same year, and an amount of 10,000 dinars on the balance
- 30% for corporations

## Capital gain on property

The tax on real estate gain for individuals is subject to a separate taxation. The tax base is determined by the difference between the sale price and the purchase price or cost plus 10% per year of ownership.

The capital gain is subject to taxes at the following rates:

- 10% when the sale occurs during the period of ten years from the date of acquisition
- 5% when the sale occurs after ten years from the date of acquisition

The statement of tax on capital gains in real estate shall be made to the recipe of residence of the taxpayer not later than the end of the third month following the effective date of the assignment.

## Incentives for foreign investors:

The Investment Incentives Code, approved by Law No. 93-120 of 27 December 1993 governs both foreign and domestic investment. One law is applicable regardless of the industry in which the investor operates. Indeed, the code of investment incentives covering all sectors of agriculture and fisheries, manufacturing, public works, tourism, handicrafts, transport, education, and vocational training, production and cultural industries, entertainment for young and mentoring activities for children, health, environmental protection and property development

other service activities.

Only the financial sector, energy, mining and domestic trade were excluded from the scope of the code, and remain governed by specific texts.

The code of investment incentives puts in place a coherent, comprehensive and rich content to encourage the creation of businesses and projects. Incentives and benefits granted to investments in Tunisia are part of the overall development strategy which seeks the acceleration of growth and job creation. This code is a reference for developers Tunisian or foreign residents or nonresidents, or in partnership.

The provisions of this Code apply to investments relating to the creation, extension, renewal, upgrading or processing activity.

With the exception of investments in wholly export activities, the benefit of incentives provided by the code requires the realization of a scheme for financing investments, including a minimum level of equity generally fixed at 30%

The taxation of non-resident individuals and entities takes place through a permanent establishment or by the withholding tax system

Permanent establishments of foreign companies are subject to income tax in terms of common law. They are required to comply with all tax and accounting obligations comparable on those established in Tunisia such as:

- Filing of a declaration of existence
- Keeping of accounts in conformity with Tunisian accounting system;
- Submission of monthly and annual tax returns
- Filing of statements of installments

### Rule for determining the taxable income of a permanent establishment

Subject to the transactions with the head office, the taxable income of a permanent establishment of a foreign corporation is determined under the same rules as apply to companies having their headquarters in Tunisia.

The profit attributable to the permanent establishment is generally determined

based on accounting data. The indirect method or method of apportionment fraction is not applicable in Tunisia.

The profit attributable to the permanent establishment is generally determined based on accounting data. The indirect method or method of apportionment fraction is not applicable in Tunisia.

The majority of agreements on avoidance of double taxation provide that profits performed in Tunisia by a permanent establishment of a foreign company are taxed in Tunisia, but only insofar as they are attributable to a permanent establishment. The products made by a permanent establishment under sale of goods and services supplied to the head office shall be at the price and market conditions.

Expenses incurred directly by the Permanent Establishment are deductible if they are required to operate, supported by sufficient evidence, recorded and deducted from the period to which they are related and not be expressly excluded by law.

Direct expenses incurred by headquarters exclusively on behalf of the Permanent Establishment: are deductible to the extent of costs incurred by the office and to the extent they are necessary to the operation of the permanent establishment

The permanent establishment may deduct a share of head office overheads if it is justified and the need for the permanent establishment is demonstrated. Subject to the provisions of conventions on avoidance of double taxation, the share of costs may not exceed the ratio between the turnover of the PE and the overall turnover of the company. In the absence of international agreement between Tunisia and the country hosting the headquarters of the parent company, the share of costs should not exceed 10% of the turnover of the PE.

### Taxation of natural persons established and non-resident in Tunisia

Non-resident natural persons are considered as established in Tunisia, when operating in Tunisia as part of a business unit or when exercising a non-trade profession in Tunisia through a fixed base located in Tunisia.

Non-residents established in Tunisia are subject to tax on income in terms of common law. They are therefore subject to all tax and accounting obligations applied to residents.

## 7.2 Indirect Taxes: Value Added Tax (VAT)

VAT affects generally all the operations if the place of consumption of services or delivery of products is Tunisia. VAT Code excluded agricultural production and Exemptions are granted for economic, social, cultural or sector as specified in Table A of the Annex to the governing code.

VAT is applicable to the price of goods, works or services all fees, duties and taxes included except for imported goods where in some cases the value is determined by custom services.

VAT is applied according to the three following rates:

- 18% in the general rate
- 6% applicable on a limited list of sensitive items generally educational in nature, social or medical
- 12% for professional services, equipment and computer service, hospitality, catering and cargo

Tunisian entities should withhold VAT on transactions with non-residents.

Taxpayers, who make more than 50% of their turnover from exports or sales under suspension, may benefit from the suspension of VAT on their purchases of goods and services.

VAT returns should be filed and paid on a monthly basis. Where VAT paid exceeds VAT collected, this VAT credit is deducted from the VAT due next month. However, taxpayers have the right to seek reimbursement. To this end, the law has foreseen the possibility of immediate VAT refund in some cases (e.g. export activities, withholding tax...) or deferred VAT refund up to 50% thereof provided that a VAT credit appears on returns filed under six consecutive months

## 7.3 Registration fee and stamp duty

Registration fees are fixed, proportional or progressive depending on the nature of the acts and who are subject to change. Main registration fees are the summarized in the table below

## 7.4 Other taxes

**Tax for local authority TCL** : 0.2% of gross sales performed in Tunisia. This tax cannot be less than the tax on buildings due in respect of the premises pertaining to the operation and cannot exceed 100,000 dinars per legal entity.

**Tax on vocational training TFP** : 1% of gross payroll for manufacturing industries and 2% for the other legal entities.

**Tax for the promotion of social accommodation FOPROLOS** : 1% of gross payroll.

**Stamp duty** : is payable on several acts, written and administrative forms; this right varies from 0.3 dinars to 100 dinars. A stamp duty of 0.3 dinars is applied to all invoices. Additional tax can be applicable depending on the activity of legal

| Transactions  | Rate   |
|---|--|
| Real property transfers   | 5%, plus a fee of 1%. (A surcharge of 3% to be added in some cases)          |
| Real property Exchange  | 2.5%   |
| Sharing   | 0.5% on net assets to share  |
| Sales of business assets or goodwill  | 2.5% of sale price   |
| Lease of buildings other than those for residential and rental of business assets | 1%   |
| Probate   | The rate varies between 2.5% and 35% depending on the degree of relationship |
| Donations between ascendants and descendants and between spouses                  | 15 dinars per statement  |
| Other donations   | The rate varies between 5% and 35% depending on the degree of relationship   |
| Judgments   | 5%   |
| Acts of incorporation of companies  | 100 dinars per act   |
| Concessions and contracts   | 15 dinars per page   |

entities for the alimentation of several funds : competitiveness in the manufacturing, services and handicrafts industry fund, (FODEC), Development of competitiveness in the tourism sector fund (FODET), Development of competitiveness in the agriculture and fisheries fund (FODECAP), environmental protection fund.

## 7.5 Double Taxation treaties

Tunisia is a signatory to a set of conventions on avoidance of double taxation which the following countries: South Africa, Algeria, Saudi Arabia, Austria, Belgium, Cameroon, Canada, South Korea, Ivory coast, Denmark, Egypt, UAE, Spain, France, Gabon, Greece, Guinea, Hungary, Indonesia, Italy, Jordan, Qatar, Lebanon, Luxembourg, Morocco, Mauritania, Norway, Oman, Netherlands, Poland, Portugal, Germany, Romania, UK, Sweden, Switzerland, Syria, Czech & Slovak, Togo, Turkey, Maghreb Union Arabic, USA, Yemen.

## 7.6 The transfer pricing

The tax law has provided in December 2010 a specific section dealing with transfer pricing. The provision of the new law allows the Tunisian tax administration to require the principle of full competition in transactions between independent parties. It should be noted that the obligation to transfer pricing documentation has not been expressly provided. In addition, the process of determining the transfer price was not regulated.

## 7.7 Tax filing and payment deadlines

The schedule below summarizes the deadline for each tax applicable for individuals and legal entity.

## 7.8 Tax control

The taxpayer must provide, at the request of the tax administration, its receipts, invoices and documents relating to the payment of taxes and justify the fulfillment of its tax obligations. To this end, the tax administration is entitled to visit business premises, shops and warehouses and generally all premises used for activities or transactions subject to tax and to make findings of physical evidence relating to the exercise of trade, business or profession or books and records.

According to the tax Rights and procedures Code, tax omissions, mistakes and

cover-ups can be repaired. The reparation can be performed by the taxpayer or following a tax audit by the tax authorities. The reparation is limited to four closed fiscal year for reported returns and ten closed fiscal year for unreported returns.

| Tax   | Periodicity | Deadline  |
|---|-------------|---|
| Income tax - natural person                   | Annually    | <b>February 25<sup>th</sup></b> for foreign revenue, property revenue, and revenue on capital<br><b>April 25<sup>th</sup></b> for trading activities<br><b>May 25<sup>th</sup></b> for service providers, manufacturing activities and person who have more than one source of revenue<br><b>July 25<sup>th</sup></b> for handicraft revenue<br><b>August 25<sup>th</sup></b> for Agriculture and fishing activities<br><b>December 5<sup>th</sup></b> for salaries, pension and life annuity |
| Income tax - legal entities and PE            | Annually    | <b>March 25<sup>th</sup></b><br>Entities for which the nomination of auditor is mandatory can file an amended declaration before <b>June 25<sup>th</sup></b> .  |
| Income tax -interim payment                   | Quarterly   | Payable before on June, September and December starting from the 2 <sup>nd</sup> year of activities   |
| Withhold taxes                                | Monthly     | Before the 15 <sup>th</sup> day of the next month for natural person and the 28 <sup>th</sup> day of the next month for legal entities.   |
| VAT   | Monthly     | Before the 15 <sup>th</sup> day of the next month for natural person and the 28 <sup>th</sup> day of the next month for legal entities.   |
| Tax on vocational training (TFP)              | Monthly     | Before the 15 <sup>th</sup> day of the next month for natural person and the 28 <sup>th</sup> day of the next month for legal entities.   |
| Tax for the promotion of social accommodation | Monthly     | Before the 15 <sup>th</sup> day of the next month for natural person and the 28 <sup>th</sup> day of the next month for legal entities.   |
| Tax on local turnover                         | Monthly     | Before the 15 <sup>th</sup> day of the next month for natural person and the 28 <sup>th</sup> day of the next month for legal entities.   |



## 8. Employment

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Employment relationships are governed by the Tunisian labor code regulating labor relations as amended and by collective agreements governing some sectors. The Labor Code imposes certain minimum standards on working hours, leave, employment benefits, end of service benefits and minimum wage. Employment agreements can further define all such terms between the employer and employee and any such terms will be valid as long as they are not in direct contravention of the Labor Code.

The Pensions & Social Securities Law, concerns nationals and foreigners employed in both the public and private sectors. It provides, amongst other things, for certain contributions to be made by the employee and the employer to the Public Authority of Pensions and Social securities. For a person employed in the private sector these contributions are equivalent to 9,18% of the contributory pension salary to be paid by the employee and 16,57% of the contributory pension salary payable by the employer. The Pensions & Social Security scheme includes a retirement income program and a system of healthcare insurance which provides hospital and medical insurance to the employee and its close family members.

This scheme covers foreign employees but they can opt in some circumstances for a foreign regime.

The generally accepted retirement age in Tunisia is 60 years old.

### Foreign employees

The employment of foreigners is governed by the laws regulating the entry, residence and employment of foreigners in Tunisia. Any foreign employee shall have a contract of employment stamped by the Ministry of Vocational Training and Employment and a permission to work labeled allowed to pursue employment in Tunisia. The duration of the employment contract is 6 months to 2 years. No employer may hire or continue to employ a foreign worker in an occupation other than the one indicated in the contract.

Special arrangements may provide for all or part of the territory, for certain professional groups, certain activities as a whole or some companies, the percentage of foreign labor could be employed.

Wholly exporting companies and those installed in the offshore business parks can hire freely coaching staff abroad in the limit of four employees after informing the

competent authorities. Offshore financial institution can also recruit managerial staff of foreign nationality under the condition of notifying the recruiting Department for Employment and the Central Bank. As part of the activities of prospecting, exploration and exploitation, mining companies and those operating in the hydrocarbon sector can recruit a coaching staff abroad, provided prior notification to the competent departments of the Ministry of Employment.

## 9. Accounting

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Law No. 96-112 of 30 December 1996 on the accounting system regulates corporate accounting legislation Tunisia. Corporate accounting system has three components :

- The Accounting Law
- The conceptual framework
- Accounting standards (the general standard of presentation, technical standards, industry standards)

### 9.1 Harmonization with International Accounting Standards

The accounting system of enterprises was inspired greatly by the international framework on the date of its publication in 1996. However, recent developments of international standards (IFRS) generate new divergences due in particular to the adoption of the assessment model at the fair value (in terms of financial instruments, investment property, biological assets, exchange, non-current assets held for sale, etc.)

In this regard, and since their publication, the Tunisian Accounting Standards (NCT) have not been updated to reflect changes made by the sometimes substantial IFRS, as is the case, for example, standards dealing with capital.

New standards have been released which are relatively similar to the IFRS standards such is the case of standards relating to business combinations, leasing and interim financial statements.

The preparation of NCT is the responsibility of the National Accounting Council (CNC). Standardization work is continuing on an ongoing basis under the CNC. The current work focuses on reviewing the terms of the convergence with IFRS standards, or even the outright adoption of IFRS for listed companies, public sector and the adoption of international standard simplified for SMEs.

### 9.2 Accounting regulation and standard:

The financial statements comprise the balance sheet, the profit and Loss statement, the cash flows table and notes to financial statements.

The financial statements of Tunisian companies are prepared and presented periodically at least once a year, in accordance with the accounting system of enterprises.

The duration of the accounting period is twelve months. It begins January 1<sup>st</sup> and ends December 31<sup>th</sup> of that year except in respect of certain activities.

Companies prepare their financial statements in Tunisian dinar. Exceptionally, Tunisian firms may obtain special permission from the Finance Ministry to prepare financial statements according to GAAP or another foreign currency, or if choosing a date other than the end of the calendar year.

The financial statements must be approved by the management bodies of the company and approved by the Ordinary General Meeting (OGM).

Accounting legislation requires that financial statements been prepared and presented to the OGM at the latest within six months from the closing date of the financial year.

Each parent company should prepare consolidated financial statements according to the Tunisian

## 10. Intellectual Property Rights

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Intellectual property is protected by provisions of national law and international treaties relating to the matter. In November 28, 1975 Tunisia became a member of the Convention instituting the World Intellectual Property Organization (WIPO) set up on July 14, 1967.

The holder of an intellectual property right has a monopoly of private exploitation. The industrial property includes patents, trademarks and service marks, industrial designs, integrated circuits, corporate names and geographical indications.

A trademark is a distinctive sign which identifies certain goods or services as those produced or provided by a specific person or enterprise. Its origin dates back to ancient times, when craftsmen reproduced their signatures, or "marks" on their artistic or utilitarian products. Over the years these marks evolved into today's system of trademark registration and protection. The system helps consumers identify and purchase a product or service because its nature and quality, indicated by its unique trademark, meets their needs.

An industrial design/pattern is the ornamental or aesthetic aspect of an article. The industrial design is any feature or ornament applied to an article to create an original decorative effect. The industrial pattern may consist of any shape associated or not with lines or colors, so that this association appeals to the eye and gives a special appearance to the industrial or handicraft product.

The industrial property is divided into two categories:

- Inventions and new creations such as functional creations (patents and integrated circuits) and ornamental creations (industrial designs)
- Distinguishing marks: marks and geographical indications

Inventions are protected in Tunisia by patents. The patent is granted for new inventions involving an inventive activity that may be applied in manufacturing.

A new invention is an "invention of new industrial products, an invention of new means or a new application of means to obtain a result or an industrial product." Is not deemed to be new, any discoveries, inventions or applications, which in Tunisia or abroad, and after the date of filing the patent application (or property claimed in respect thereof under the agreement Paris), has received sufficient publicity to be executed.

The patent shall not be granted for:

- Varieties of plants, animals or substantially biological processes to obtain new plants or animals except for biomedical processes and products obtained through these processes
- Inventions whose publication or implementation is conflicting with accepted standards of order public, morality or with public health or safety of the environment

The protection conferred by a patent shall last 20 years beginning from the filing date of the application. At the risk of forfeiture, the patent holder shall regularly pay the annuities for keeping the patent in force.

## 11. Investing in Tunisia

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The relationship between incentives and economic development has been for a long, central to economic development. Indeed, in order to reduce the direct economic intervention of the state and to develop economic initiative, the legislature has enacted a series of laws that offer specific benefits, including tax and social systems, exchange control, investors in each sector of the economy. Today there are almost as many systems as areas of activity.

Thus, in addition to the incentives provided by law, the Investment Incentives Code (CII) grants both benefits common to all the activities and specific benefits to priority sectors and activities. If the first granted by operation of law are essentially tax, the second, more important, are not only fiscal but also financial. They are awarded based on the pursuit by the investor for certain horizontal objectives.

Additional benefits are granted to projects which present particular benefit to Tunisian economy within the high commission investments.

### 11.1 The common incentives granted by the Investment Incentives Code:

The Code provides a tax reduction when subscribing to the initial capital or capital increase of companies operating in industries that it covers as well as reinvested earnings within these companies. It also provides benefits in terms of customs duties and VAT.

#### Reducing the tax for reinvestment

Tax relief is granted to natural and legal persons who subscribe to the initial capital or capital increase of companies operating in sectors covered by the code.

The reinvestment should not exceed 35% of net income or profits subject to tax without departing, however, to pay the minimum tax. The code matches the benefit of the advantage of certain conditions in order to prevent speculative operations. Thus, it must be to subscribe new shares or shares fully paid and not followed by a reduction of capital for a period of five years.

The reinvestment can be done within the company. In this case, the profits invested must be enrolled in a "special investment account" under liabilities in the period for filing the tax return. The profit must be

included in the capital of the Company not later than the end of year of the establishment of the reserve. The declaration of corporate tax should be accompanied by the investment program plan to be achieved. Assets acquired under this program should not be sold for one year from the date of actual production.

The reinvestment can be done within another company. In this case, the reinvestment should be used to acquire new shares issued by the other company.

#### Exemption from customs duties, reducing the rate of VAT and the suspension of excise duties

The imported equipments needed to carry out investments that do not have similar locally manufactured, with the exception of passenger cars, are exempt from customs duties and subject to VAT at 12%.

The equipments needed to carry out investments acquired from Tunisia are exempt from VAT.

### 11.2 Specific incentives granted by the Investment Incentives Code:

#### Exports

Exports as a priority for the Tunisian economic policy, is regulated and benefit of support and assistance. Incentives associated with them are modulated according to the company's performance in the export. The concept of export includes:

- The direct export transactions: foreign sales of goods purchased or produced locally, whatever the degree of integration of services performed abroad and in Tunisia and services provided to be used abroad
- The indirect export operations: services and sales of goods produced locally to wholly exporting companies, companies established in business parks and international financial and banking institutions working mainly with non-residents

Incomes coming from exportation are exempt from taxes. Taxpayers, whose activities are performed exclusively or mainly for export, benefit from the

suspension of VAT and the VAT credit coming from exports is refundable.

The exported products are exempt from the environmental tax and the tax to development of industrial competitiveness fund.

Exporting firms performing actions such as to develop export operations or prospecting for new markets and promotion of Tunisian products abroad, receive loans or grants.

Custom duties paid when importing goods and raw materials are reimbursed when these goods are intended to be exported at a later date.

### Wholly Exporting Companies (ETE)

The Wholly exporting companies (ETE) are those goods and services which are totally intended for export. However, they are allowed to sell 30% of their production on the local market. This proportion was up graded to 50% only for 2011.

The Wholly exporting companies are not subject to the condition of 30% of minimum capital requirements in the event of appeal to bank financing for investment.

Different Incentives are received. This affects the taxes, the customs, the use of foreign labor and the system of foreign trade and exchange.

The ETE have, generally, permanent exemption from VAT, consumption tax, stamp duty, registration fee, the Tax on vocational training, (TFP) and the Tax for the promotion of social accommodation (FOPROLOS).

The income tax rate is reduced to 10% of the profits made by ETE companies. Therefore during the first 10 years the tax rate is equal to 0%.

The ETE are subject to the free zone regulation. As a result, the import of goods is done under the suspension system. The premises of the company remain under customs control. Wholly exporting companies can hire freely coaching staff abroad in the limit of four employees after informing the competent authorities. The investment code gives a special tax and social advantages to these employees. The tax rate is 20% of gross pay. They may also choose for a social security system other than Tunisia.

### Regional Development

Regional development is a long-standing concern in Tunisia. Since independence, Tunisia has to face a structural imbalance between the coastal and inland regions. This intensified the classic problem of rural migration to cities. The inclusion of regional development on the national agenda has changed. Previously focused on the distribution of income between regions, the current problem focuses on mobilizing local resources and economic initiative.

To do this, the strategy has worked to improve the attractiveness of each region by establishing a set of actions able to attract the desired response of private operators and promote their initiatives.

Thus, investments in the sectors of industry, tourism, handicrafts and some service activities, located in zones fixed by decree are eligible for tax and financial benefits. This includes:

- The partial deduction (50%) of profits from the tax base on income tax for a period of five to twenty years
- The total deduction of net incomes reinvested in these companies.
- Tax for the promotion of social accommodation (FOPROLOS) exemption for the first 5 years of practice
- The benefit of a premium investment representing 8% to 25% of investment costs
- State participation in infrastructure spending from 25 to 75% of expenditure
- Partial or total Refunding of the employer's contribution to the legal social security for a period ranging from 5 to 10 years

This incentive system is completed by specific programs whose content is determined by the intervention area and category of the target population. Among these programs, it should be mentioned: the Regional Development Program, the Integrated Rural Development Program, the Program for Integrated Urban Development and the actions of the National Solidarity Fund.

## Agriculture Development

Agriculture development includes:

- the use of available natural resources to increase agricultural production and fisheries
- the modernization of agriculture and fisheries and improving productivity
- Primary processing of agricultural products and fisheries and their packaging
- Service activities related to agriculture and fisheries

In addition to common incentives, tax incentives for agriculture development include:

- The total deduction of net incomes reinvested in these companies
- The exemption from customs duties and the suspension of the VAT for imported equipment with no similar manufactured locally
- The suspension of VAT on locally manufactured equipment
- The total deduction (100%) of profits from the tax base on income tax for a period of 10 years

Several premiums can be granted depending on the nature of the project. The premiums can reach 30% of the project cost.

## Structured technology centers

The technology centers are spaces built and specially designed to include areas related to production, technological innovation, scientific research and technological development, training and common services.

For example, the El Ghazala center is specialized in Telecommunications technologies. In addition, six new technology centers, dedicated to specific areas are completed or in progress:

- The Technopole Borj Cédria, dedicated to renewable energy, water,

environment and plant biotechnology.

- The Technopole Sidi Thabet dedicated to biotechnology and the pharmaceutical industry
- The technology park of Sousse, reserved for the mechanical, electronics and computers
- The Technopole Sfax is devoted to information technology and multimedia
- The Technopole Monastir, exclusively for the textile and clothing
- The technology park of Bizerte, dedicated to the food industry

Achieving these poles serves several purposes, such as the promotion of high technologies and innovation, land use planning, sustainable development and attractiveness vis-à-vis international investors.

## Structured industrial zones

In order to further strengthen the industrial base and to facilitate the establishment of foreign investors and Tunisia, Tunisia has created more than 120 industrial zones with a total area of over 3580 acres spread throughout the country, which allows investors to benefit from a quality infrastructure that meets international standards.

The main industrial areas are located in:

- Tunis (governorates of Tunis, Ariana, Ben Arous and Mannouba) contains the most important industrial areas of the country including Chergui, M'ghira, el Fejja, and Bir El Kassaa Chotrana
- The Central-East (governorates of Sousse, Monastir, Mahdia and Sfax) including Sidi Abdelhamid in Sousse and Sfax Sidi Salem Industrial District Enfida)

## Off-shore Business Park

In order to further strengthen the industrial base and to facilitate the establishment of foreign

Law No. 92-81 governs business parks created on the Tunisian territory. Two off shore Business Parks currently exist: one in Zarzis in the south and one in Bizerte in the north. The State provides services to operators in these parks and receives a rent for the property.

The tax regime applicable to companies established in the Off-shore Business Parks as well as the other incentives is almost similar with the system of the wholly exporting companies (ETE).

Additional benefits may be granted by decree after consultation with the High Commission for Investment, for investments with particular importance to the national economy or to the border regions.

These benefits are granted in the form:

- participation of the state under spending on infrastructure
- premium investment not exceeding 5% of the amount of the investment

Suspension from duties and taxes in effect for the equipment necessary for the project.

## 12. Capital Market

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Tunis Stock Exchange is the place where investors buy and sell capital equities or debt securities issued by companies, the Tunisian State and by the local collectivities. As a market, it ensures the liquidity of the securities held by investors. This liquidity provides the issuers with funds necessary to increase their expansion by calling for public shareholding. For this purpose, the Stock Exchange constitutes one of the major sources of financing the economy.

### 12.1 The stock exchange markets

The Stock Exchange official list is reserved for the negotiation of securities which meet the admission requirements provided for in the Stock Exchange regulations. It includes the following markets:

- The Principal Market reserved for the large and high performance companies
- The Alternative Market reserved for small and medium-sized companies which have promising prospects
- The Bond Market reserved for the negotiation of debt securities

The parallel market is opened to the securities of public shareholding companies not admitted to the Stock Exchange official list.

The transactions on the securities of private shareholding companies are subject to a formality of registration at the Stock Exchange.

### 12.2 The advantages offered by the stock exchange:

To investors and savers:

- Liquid and long-term remunerative investments
- Permanent valuation of the capital
- Tax exemption on dividends
- Tax exemption for the holders of a "Savings Account in Shares"

To companies:

- Leverage of capital directly from investors, at a lower cost
- Reinforcement of the name and the brand image of the company
- Tax exemption for the five years following introduction in the Stock Exchange
- Continuity by the facilitation of the transmission

#### The stock exchange key dates:

**February 1969:** Creation of Tunis Stock Exchange as public establishment.

**November 1994:** Reorganization of the financial market which separates the functions of control and management of the Stock Exchange market.

**November 1995:** Creation of the Tunis Stock Exchange, a limited company held by the brokers, 24 in total.

**October 1996:** Set up of the trading electronic system NSC.

**April 1998:** Launching of the index TUNINDEX (Base 1000 in December 31<sup>st</sup>, 1997).

**December 2007:** Launching of the Alternative Market, for small and medium-sized companies, migration to the latest version of the electronic trading system V900.

## 13. About RSM International

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RSM International is a worldwide network of independent accounting and consulting firms. RSM International and its member firms are separate and independent legal entities. RSM International does not itself provide accounting or consultancy services. All such services are provided by member firms practising on their own account.

RSM is represented by independent members in over 80 countries and brings together the talents of over 32,000 individuals in over 700 offices worldwide.

The network's total fee income of US\$3.9bn places it amongst the top six international accounting organisations worldwide. Affiliate member firms are driven by a common vision of providing high quality professional services, both in their domestic markets and in serving the international professional service needs of their client base.

RSM International is a member of the Forum of Firms. The objective of the Forum of Firms is to promote consistent and high quality standards of financial and auditing practices worldwide.

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## 14. About RSM Ahmed Mansour & Associés

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RSM Ahmed Mansour & Associés is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.

RSM Ahmed Mansour & Associates is a professional leader firm in audit, risk management, consulting, taxation and corporate finance.

With over a quarter century of experience, RSM Ahmed Mansour & Associates supports its local and international clients in North Africa and sub-saharan African Countries, especially Libya, Tunisia, Algeria, Mauritania, Senegal, Mali and Côte d'Ivoire.

Through a range of accounting and consultancy services, we attend on suitable and added value services to the need of national and international client.

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