

Benefits Granted to Investments

1. Overview of the Investment Incentives Code:

Synthesis of the Investment Incentives Code (Law n°93-120 December 27, 1993 - JORT n°99 of December 28, 1993.

The investment incentives code covers all the activity sectors with the exception of mining, energy, domestic commerce and the financial sector which are governed by specific texts.

For industrial and service activities, projects are declared at API's offices (at the One-Stop Window or at regional API offices).

Nevertheless, certain activities must be authorized by the relevant ministry.

The High Commission for investment must approve certain non-totally exporting service activities for Investment when foreign investors hold the majority interest in the company.

Certain common tax advantages foreseen in Articles 7,8 and 9 of the Investment Code may be granted upon a simple request.

Financial advantages may be granted by the relative Minister's decision after the advantage-granting commission's opinion is received.

Additional advantages may be granted after the superior Commission for Investment gives its opinion.

2. Common Incentives:

Tax and /or Financial Benefit

▪ **Article 7:**

- Tax relief for shareholders up to 35% of profits or net revenue subject to corporate tax or personal income tax.

- Tax relief on profits reinvested back into the company up to a limit of 35% of taxable corporate profits.

- Profits that are reinvested are to be recorded in a special investment reserve account under the liabilities column of the balance sheet before the deadline for submission of the definitive tax return relating to profits for the year in which the deduction is taken and added to corporate capital no later than the end of the year in which the reserve is set up.

- The corporate tax return must include the schedule of investments to be made «and a commitment by those taking advantage of the deduction to follow through with investment by the end of the year in which the reserve is set up».

- Assets acquired in the framework of investment cannot be sold until at least one year after the date of effective start up of production

- Capital should not decrease for the first five years following the date on which profits and income have been invested, unless a reduction is required to absorb losses

-« Subject to the terms of articles 12 and 12a of law n° 89-114 of 30 December 1989, which promulgates the code governing personal income tax and corporate tax, the following items can be deducted from the tax base for both personal income tax and corporate tax: income or profits that are reinvested in acquisition of corporate assets or acquisition/subscription of stock or shares leading to holdings of at least 50% of capital in the framework of voluntary transmission by a company following death, inability to pursue management of the company, or retirement as outlined in article 11a of the tax code for personal income tax and corporate tax as well as in the framework of ongoing activity or transmission as outlined in law n° 95-34 relating to recovery at companies encountering economic difficulties as further elaborated and modified by subsequent texts, up to 35% of income or net profits subject to personal income or corporate tax. These terms do not apply to transactions to acquire or subscribe to stock or shares (in the framework of ongoing activity or transmission as outlined in law n° 95-34 mentioned above) by company directors and by the associate who holds the majority share of capital at the date of acquisition or subscription. Calculation of the rate of holdings for the associate with the majority share in capital takes into account the associate's direct and indirect holdings as well as those of his or her spouse and adult children. »

▪ **Article 8:**

The terms of this article have been modified by article 43 of law n° 2007-70 of 27 December 2007 constituting the 2008 finance law.

▪ **Article 9**

- Exemption from Customs duties and similar taxes and Value-added-tax (VAT at 12%) payments for imported equipment that has no locally manufactured equivalent.

- Suspension of VAT for locally manufactured equipment purchased before the enterprise enters into production.

- Payment of VAT (12%) for locally acquired equipment after production startup activity.

3. Specific Incentives : Additional financial and tax incentives for the following priority activities

a. Exports:

▪ **For companies that export 100% of production :**

- free trade system

- total deduction from the tax base of income or profits from exports for the first 10 years of activity, after which the rate falls to 50%

- Personal income tax, after deduction of two thirds of income from exports, notwithstanding the terms of article 12a of law n° 89-114 of 30 December 1989 promulgating the code pertaining to personal income tax and corporate tax, subject to

the terms of article 17 of the present code, for income generated starting 1 January 2011

- Corporate tax at a rate of 10% on profits from export, subject to the terms of article 17 of the present code, for income generated starting 1 January 2011, « including exceptional profits as outlined in paragraph Ia of article 11 of the code governing personal income tax and corporate tax, with the same conditions applying for both ».

NB: « Companies operating prior to 1 January 2011, for which the period of total deduction of profits or income from export or from their activity has not expired, continue to benefit from total deduction until the end of the period set for them, in line with legislation in force before the above-mentioned date. »

▪ **Foreign exchange regulations :**

Legal framework :

- law n°76-18 of 21 January 1976, promulgating the foreign exchange code
- law n°94-41 of 7 March 1994 governing foreign trade

Incentives :

- foreign direct investment in Tunisia:

Foreign investment can be freely made in Tunisia to set up activities and to expand. It is however subject to prior authorization for initiatives in certain sectors (transport, communications, public works, publishing and advertising...)

- foreign portfolio investments:

Non residents who have made investments, in line with legislation in force, can freely transfer actual net proceeds and the added value of sale or liquidation of any capital originally invested with imported foreign currency.

- External loans :

Resident companies can freely take out any loans required to do business in foreign currency from non residents:

- Loan institutions: 10 million dinars per natural year
- Companies: 3 million dinars per natural year

When these involve a duration of more than 12 months, these loans can be contracted:

- by loan institutions: no ceiling
- by companies: 10 million dinars

In this case, loan institutions and other companies must submit to prior, voluntary assessment by a rating agency.

Transfers linked to repayment of principal and payment of interest on these loans can be effected freely.

For more details, consult the central bank of Tunisia site: www.bct.gov.tn

- **Rules concerning foreign staff:**

recruitment of foreign supervisory/management staff for companies that export 100% of production

Legal framework:

- Article 19 of the investment incentives code
- Decree n°94-79 of 17 January 1994, setting modalities for recruitment by companies that export 100% of their production of supervisory and foremen staff holding foreign nationality

Modalities:

Companies that export 100% of their production can recruit foreign executives and supervisory staff, up to a total of 4 people for each company, after informing the minister in charge of employment and the professional insertion of young people. If they want to go beyond this ceiling, companies will have to carry out a recruiting and Tunisification program approved by the minister in charge of employment and the professional insertion of young people.

- > **The decision to approve or refuse this request is transmitted to the company within two weeks from the date of submission of the file to the Ministry of Employment and Vocational Training.**

Preferential tax system for foreign staff:

Foreign staff and investors (or their foreign representatives) in charge of company management benefit from the following advantages:

- payment of a lump-sum tax contribution at the rate of 20% of gross income as individual income tax
- exemption of customs duty and taxes in an equivalent amount and of levies due on import of personal effects and a private car for each person

- **Regime for companies exporting a portion of their production:**

- Companies that carry out export operations can take advantage of the following incentives for as long as they continue to export, on condition that they keep proper accounts in line with the corporate accounting system:
- Suspension of value added tax and consumer duty on the goods, products and services required for export operations
- Deduction from the income tax base of two thirds of income from export, notwithstanding the terms of article 12a of law n°89-114 of 30 December 1989 promulgating the code pertaining to personal income tax and corporate tax, on income generated starting 1 January 2011
- A corporate tax rate of 10% on profits from export, for profits generated starting 1 January 2011, « including exceptional profits as outlined in paragraph 1a of article 11 of the code pertaining to personal income tax and corporate tax, under the same conditions »
- Reimbursement of customs duty and taxes with a similar effect on raw materials and semi-finished products imported or acquired on the local market by the company for the manufacture of goods and products meant for export

- Reimbursement of customs duty and taxes with a similar effect on imported capital goods the equivalent of which is not manufactured locally, as part of the share of exported goods and products

Conditions and modalities for taking advantage of this incentive are set by decree.

- Greater flexibility in the systems for temporary admission or industrial warehousing as outlined in the customs code for imported goods and products that are to be processed and then exported anew. To this end, guarantee of import duty and taxes as outlined by customs legislation is replaced by a lump sum payment in an amount set by decree.

b. Regional development :

	Regional development zones	Priority regional development zones												
Investment premium	<p>First group: 8% of overall investment (exclusive of working capital), up to a ceiling of 320,000 TD</p> <p>Second group: 15% of overall investment (exclusive of working capital), up to a ceiling of 600,000 TD</p>	<p>- 25% of overall investment (exclusive of working capital), up to a ceiling of 1,000,000 TD</p> <p>- 30% of overall investment for new promoters</p>												
Services linked to culture: setting up a theatrical enterprise	8% of the cost of the initiative, exclusive of the cost of land													
Services linked to leisure activities: - Amusement parks for families and children - Residential and camping complexes - Recreational facilities	15% of the cost of the initiative, exclusive of the cost of land													
Premium for State participation in expenditure for infrastructure	<p>First group: 25% of amounts committed by the company</p> <p>Second group: 50% of amounts committed by the company</p>	75% of amounts committed by the company												
Assumption of the employer's contribution to the legally constituted social security system (CNSS)	For the first group State assumption of a share of this contribution for the first five years, starting from the date of initial activity as follows:													
	<table border="1"> <thead> <tr> <th>Year of State assumption</th> <th>Share of State assumption</th> </tr> </thead> <tbody> <tr> <td>1st year</td> <td>100%</td> </tr> <tr> <td>2nd year</td> <td>80%</td> </tr> <tr> <td>3rd year</td> <td>60%</td> </tr> <tr> <td>4th year</td> <td>40%</td> </tr> <tr> <td>5th year</td> <td>20%</td> </tr> </tbody> </table>		Year of State assumption	Share of State assumption	1st year	100%	2nd year	80%	3rd year	60%	4th year	40%	5th year	20%
Year of State assumption	Share of State assumption													
1st year	100%													
2nd year	80%													
3rd year	60%													
4th year	40%													
5th year	20%													

	<p>For the second group State assumption of this contribution for the first five years, starting from the date of initial activity</p> <p>For priority zones to be encouraged in the context of regional development, State assumption of this contribution for the first five years (starting from the date of initial activity) and a share of this contribution for an additional period of five years, as follows:</p> <table border="1" data-bbox="493 427 1361 707"> <thead> <tr> <th>Year of State assumption</th> <th>Share of State assumption</th> </tr> </thead> <tbody> <tr> <td>1st year</td> <td>80%</td> </tr> <tr> <td>2nd year</td> <td>65%</td> </tr> <tr> <td>3rd year</td> <td>50%</td> </tr> <tr> <td>4th year</td> <td>35%</td> </tr> <tr> <td>5th year</td> <td>20%</td> </tr> </tbody> </table>	Year of State assumption	Share of State assumption	1st year	80%	2nd year	65%	3rd year	50%	4th year	35%	5th year	20%
Year of State assumption	Share of State assumption												
1st year	80%												
2nd year	65%												
3rd year	50%												
4th year	35%												
5th year	20%												
<p>Tax incentives</p>	<p>Art (23) : Investments made by companies located in zones being encouraged in the context of regional development - defined according to activities listed by decree, in industry, handicrafts, tourism and certain services (also set by decree) - are eligible for the following incentives:</p> <ul style="list-style-type: none"> - Under the terms of articles 12 and 12a of law n°89-114 of 30 December 1989 promulgating the code pertaining to personal income tax and corporate tax, subscription to initial capital or capital increases at these companies gives rise to deduction of income or profits invested from net income or profits subject to tax on personal income or corporate tax. <p>Investment made by these companies also gives rise to deduction of profits invested in the same companies from net profits subject to corporate tax. Eligibility for these incentives is governed by the conditions outlined in article 7 of the present code.</p> <ul style="list-style-type: none"> - « The deduction of income or profits from such investment from the base for personal income or corporate tax is as follows: <ul style="list-style-type: none"> - For the first group of zones being encouraged in the context of regional development (list set by decree, in industry, handicrafts and some services) : total deduction for the first five years, starting from the date of initial activity, notwithstanding the terms of articles 12 and 12a of law n° 89-114 of 30 December 1989 promulgating the code pertaining to taxes on personal income and corporate tax - For the second group of zones being encouraged in the context of regional development (list set by decree, in industry, handicrafts and some service activities): total deduction for the first 10 years, starting from the date of initial activity, notwithstanding the terms of articles 12 and 12a of law n° 89-114 of 30 December 1989 promulgating the code pertaining to tax on personal income and corporate tax - For priority zones being encouraged in the context of regional development (list set by decree in industry, handicrafts, certain services and for zones being encouraged in the context of regional development for tourism): total deduction for the first 10 years, starting from initial activity, notwithstanding the terms of articles 12 and 12a of law n° 89-114 of 30 December 1989 promulgating the code pertaining to tax on personal income and corporate tax and up to 50% of income or profits for the next 10 years» <ul style="list-style-type: none"> - «Exemption from having to contribute to the fund for promoting housing for wage earners, for the first five years starting from the date of initial activity, for investment in tourism, industry, handicrafts and some services in the second group of zones being encouraged in the context of regional development and in priority zones being encouraged in the context of regional development, as per the list set by decree» 												

	<p>- « Notwithstanding the terms of articles 12 and 12a of law n° 89-114 of 30 December 1989 promulgating the code pertaining to tax on personal income and corporate tax, you can deduct from the base for personal income tax and corporate tax any income or profits that are reinvested in acquisition of assets in these companies or in the acquisition/subscription of stock or shares that lead to a minimum 50% holding in capital in these companies in the framework of ongoing activity or transmission, as outlined in law n° 95-34 pertaining to recovery at companies encountering economic difficulties, as further elaborated and modified by subsequent texts.</p> <p>These terms do not apply to transactions to acquire or subscribe to stock or shares in the framework of ongoing activity or transmission as outlined in law n°95-34 mentioned above, by the directors of the company and by the associate possessing the majority of capital on the date of acquisition or subscription. Calculation of the rate of participation of the associate holding the majority of capital takes into account direct and indirect holdings by the associate as well as those of the spouse and adult children. »</p>
--	--

c. Agricultural development :

	Tax and financial incentives
Activities involving initial processing of agricultural products	<p>Tax incentives as per article 30</p> <ul style="list-style-type: none"> - Subscription to initial capital initial or increase thereof carries the right to deduct profits or invested income from net income or profits subject to income or corporate tax - Deduction of profits that are reinvested in the company, on condition that minimum taxes are paid - Reduction of customs duty at a rate of 12%, suspension of VAT and consumer rates due on import of equipment that has no locally-manufactured equivalent and suspension of VAT on locally-manufactured equipment - Deduction from the tax base of income and profits from investments for individual income and corporate taxes for the first 10 years after effective start-up of activities <p>Financial incentives, as per article 32</p> <ul style="list-style-type: none"> - Investment premium, amounting to 7% of the cost of investment, with a ceiling of 300,000 TD for investments tied to initial processing of milk - Premium for studies, representing 1% of the total cost of investment, with a ceiling of 5000 TD

d. Promotion of technology and research-development:

Financial and tax incentives :

- **Art (39)** : Total or partial assumption by the State of expenditure for training
- **Art (43)** : To better support businesses and make better use of their production capacity, the State can for a period of five years assume 50% of the employer's contribution to the legally constituted social security system, on wages paid to:
 - newly set up teams in support of the first team, for those industrial companies that do not work around the clock
 - Tunisian staff holding a diploma of higher education issued at the end of at least four years of studies after the baccalaureate or an equivalent diploma, who are hired by companies working in industry, agriculture, fishing, and those services listed by decree, starting from the date on which the staff member is recruited for the first time
- **Art (43) a**: Notwithstanding the terms of the second paragraph of article 43 of the present code, companies in the private sector working in activities listed in the first article of the present code are eligible for State assumption of a share of the employer's contribution to the legally constituted social security system for a period of seven years, on wages paid for new recruitment of Tunisian staff holding a diploma of higher

education at the end of at least two years of studies after the baccalaureate or an equivalent diploma, starting from the date of recruitment of the staff member for the first time.

The rate of State assumption as mentioned in the first paragraph of this article is set as follows:

Year of State assumption, starting from the date of recruitment	Rate of State assumption
1st and 2nd years	100%
3rd year	85%
4th year	70%
5th year	55%
6th year	40%
7th year	25%

All new recruitments made over the period 1 January 2005 - 31 December 2009 are eligible for this incentive

e. New promoters and small businesses:

Capital holdings	New promoters	Small businesses
in capital risk investment companies' capital stock equity	<ul style="list-style-type: none"> - Minimum 10% of capital for the 1st portion of investment, up to 1 million TD - Minimum 20% of additional capital for the portion >1 million TD 	<ul style="list-style-type: none"> - 30% of capital for the 1st portion of investment, up to 1 million TD - 10% of capital for the portion >1 MDT.
in FOPRODI resources	<ul style="list-style-type: none"> - Maximum 60% of capital for the 1st portion of investment, up to 1 million TD - Maximum 30% of additional capital for the portion >1 million TD 	<ul style="list-style-type: none"> - 30% of capital for the 1st portion of investment, up to 1 million TD - 10% of capital for the portion > 1 million TD
Promoter's input	<ul style="list-style-type: none"> - Minimum 10% of capital for the 1st portion of investment, up to 1 million TD - Minimum 20% of additional capital for the portion > 1 million TD 	The remainder is made up of the promoter's and shareholders' contributions
Premium for studies and technical assistance	70% of the cost of studies, up to a ceiling of 20,000 TD	70% of the cost of studies, up to a ceiling of 20,000 TD
Premium for investment	10% of the value of equipment, up to a ceiling of 100,000 TD	Not eligible
Assumption of the cost of industrial land or premises	1/3 of the cost of industrial land or premises, up to a ceiling of 30,000 TD	Not eligible
Assumption of the employer's contribution to the legally-constituted social security scheme (CNSS)	<p>For the first five years of actual activity</p> <p>New: There exists the possibility of postponing payment of social security contributions for two years, spreading them out over 36 monthly payments.</p>	In the framework of regional development

New Promoters

New entrepreneurs with projects that are estimated to cost 500,000 dinars or less can choose between capital participation aforementioned and a reimbursable grant that does not surpass 60% of minimum capital, the promoter needs to justify personal assets at least equal to 10% of a project capitalization.

f. Support investments :

	Tax incentives
<ul style="list-style-type: none"> - child care - education - scientific teaching and research - vocational training - film, theater, television and radio production - organizing activities for young people - health and hospital facilities 	<p>Art (49) :</p> <ul style="list-style-type: none"> - Exoneration of customs duties and equivalent taxes and suspension of VAT on equipment necessary for the project - Tax reduction for subscribers, up to 50% of net profits or income subject to corporate or personal income tax - Tax reduction for companies that reinvest in their own activities, up to 50% - Total reduction of income and profits, without tax to be paid having to be below 30% of global income tax for private individuals and 10% of overall profits for businesses
<ul style="list-style-type: none"> - International land transport - Sea transport - Air transport 	<p>Art (50) :</p> <p>Exoneration of customs duty, of equivalent taxes & of VAT due on imported equipment; and suspension of VAT on local equipment</p>
<p>Land passenger transport</p>	<ul style="list-style-type: none"> - Exoneration of customs duty, equivalent taxes & VAT (10%) for imported equipment that has no equivalent manufactured locally - Suspension of VAT for equipment manufactured locally and acquired prior to initial production - Payment of VAT (10%) for equipment acquired locally after start-up of activities financed from initial investment
<p>Investment to set up industrial zones is eligible for the following incentive:</p>	<p>Art (51 a):</p> <ul style="list-style-type: none"> - Exemption from personal income tax or corporate tax of income or profits generated by the following activities, for the first five years starting from initial activity - State assumption of expenditure for infrastructure in the area surrounding these zones <p>Eligibility for these incentives is subject to the promoter's commitment to:</p> <ul style="list-style-type: none"> + construct and equip structures that provide basic equipment and common services to those located in the zone + ensure maintenance of the zone + ensure activity within the zone and marketing thereof both externally and internally + ensure the availability of a sole intermediary for those who have set up business in the zone
<p>Companies working in public works and real estate promotion that undertake infrastructure and collective equipment in the second group of zones and priority zones being encouraged in the context of regional development</p>	<p>Art (26) :</p> <ul style="list-style-type: none"> - Deduction of 50% of profits from such initiatives from the base for taxes on personal income and corporate tax <p>NB: Companies in operation prior to the date on which the terms of this law came into force for which the period of eligibility for the incentives outlined in articles 23 and 25 of the investment incentives code has not yet expired, as well as those companies holding a certificate attesting to submission of a declaration of intention to invest prior to the entry into force of the terms of the present law and that begin activity before 31 December 2009 continue to be eligible for these incentives until the end of the period set for them under prevailing legislation, prior to the date on which the terms of this law come into force</p>

4. Additional Advantages:

Tax and/or financial incentives	
Activities of particular import for the national economy or border zones Major activities with high added value and a high integration rate	ART (52): <ul style="list-style-type: none"> -Investment premium amounting to 5% or 20% -State participation in expenditure for infrastructure -Exemption from corporate taxes for five years -Preferential treatment for the equipment required to carry out an initiative
Promoters of major initiatives in terms of volume of investment and creation of jobs	ART (52a): <ul style="list-style-type: none"> -Acquisition of the land required for an initiative at a symbolic cost of one dinar
Investment in education and higher education, including student housing, vocational training, and investment pertaining to pre school	ART 52 ter: <ul style="list-style-type: none"> -Investment premium of no more than 25% -Granting of the land required to carry out an initiative at the symbolic cost of one dinar (for student housing), until 31/12/07 -Partial assumption (25%) by the State of wages paid to Tunisian teachers and trainers -State assumption of the employer's contribution to the legally constituted social security system for a period of five years for Tunisian teachers or trainers -Land made available to investors under a concession arrangement -Exemption from the vocational training tax on wages, salaries, indemnities and benefits paid to Tunisian teachers and trainers recruited on a permanent basis -Exemption from the obligation to contribute to the fund to promote housing for wage earners (based on wages, salaries, indemnities and incentives paid to Tunisian teachers and trainers recruited on a permanent basis) for the first 10 years, starting from the date of initial activity. This incentive is available to companies that began activity over the period of the 11th development plan (2007-2011).
Investment in recreational facilities for children and youth	ART 52 quater <ul style="list-style-type: none"> -Granting of land at the symbolic price of one dinar over the period 1/1/2005 - 31/12/2009
Investment in business incubators and cyber- parks	ARTICLE 52 quinquies <ul style="list-style-type: none"> -Investment premium, up to 20% of the cost of the initiative -Land at the symbolic cost of one dinar. <p>These incentives are available to initiatives undertaken over the period starting with the entry into force of this law and ending 31 December 2011, on condition that the initiative is implemented and operational within no more than two years from the date on which land is acquired and activities effectively started up, in line with its goals and the specifications established by the relevant ministry</p>
Recovery at industrial companies encountering economic difficulties or that	ARTICLE 53

have ceased activity	<ul style="list-style-type: none"> -Eligible for tax breaks, if supported by the higher commission on investment -If a company has been sold, the acquirer continues to be eligible for incentives in the form of State assumption of the employer's contribution and pertaining to income tax or corporate tax for the remaining period. -If the seller holds a reimbursable grant real estate loan, (s)he must repay the remaining outstanding amounts if they are not assumed by a buyer eligible for these funds and credits.
Transmission of companies encountering difficulties	<p>ARTICLE 53 Bis</p> <ul style="list-style-type: none"> -In addition to the incentives outlined in article 53 of the present code, transactions relating to transmission of companies encountering economic difficulties in the framework of law n° 95-34 of 17 April 1995 (which deals with recovery at companies encountering economic difficulties), as further elaborated and modified by subsequent texts or those that apply when the owner of the company reaches the age of retirement, becomes unable to continue to manage the company, or dies, establishing eligibility for the financial incentives outlined in prevailing legislation governing gains from company transmission in the form of assets, transmission of shares, and registry duty due on the transmission of property and deduction of profits or income reinvested in the framework of the above-mentioned transmission transactions
Companies that manage a port area used for cruise tourism in line with an agreement signed between the manager of the facilities and the oversight ministry	<p>Article 56 Bis:</p> <ul style="list-style-type: none"> -Exemption of customs duty and suspension of the added value tax, consumer duty and contribution to the fund to develop industrial competitiveness for acquisition of equipment, goods, products and the services required to carry out the investment or the activity, aside from vehicles to be used in tourism -Deduction of all income and profits generated by these investments from the base for tax on personal income or corporate tax, notwithstanding the terms of articles 12 and 12a of law n°89-114 of 30 December 1989 promulgating the code pertaining to personal income tax and corporate tax, for the first 10 years starting from effective start up of activity. -Deduction of all income and profits generated by this investment from the base for tax on personal income and corporate tax, as long as the deduction generates tax of less than 10% of total taxable profits, not counting corporate deductions and 30% of the amount of tax calculated on the basis of overall income nor the deduction for private individuals, starting from the 11th year of effective activity. <p>Such port zones are subject to the 'free trade zone' regime, as outlined in the customs code.</p>

5. FOPRODI (Fund to promote and decentralize industry):

a. Presentation of FOPRODI:

The fund to promote and decentralize industry was created by article 45 of law n°73-82 of 31 December 1973 (constituting legislation for the 1974 budget) to carry out the following mandate:

- creation of a new generation of promoters;
- promotion and development of new industrial small businesses; and
- implementation of measures to encourage regional development.

b. Conditions for eligibility :**▪ Eligible Activities:****- for new promoters**

- manufacturing industries listed in annex 1 of decree n°94-492 of 28 February 1994, modified and added to by subsequent texts, notably decree n°2004-2129 of 2 September 2004
- service activities listed in the new annex 1 of decree n°94-538 of 10 March 1994, modified and added to by subsequent texts, notably decree n°2005-166 of 26 January 2005 and n° 2007-2853 of 12 November 2007.

- for small businesses

- manufacturing industries listed in annex 1 of decree n°94-492 of 28 February 1994, modified and added to by subsequent texts, notably decree n°2004-2129 of 2 September 2004
- service activities listed in annex 1 of decree n°99-484 of 1 March 1999, as modified and added to by subsequent texts, notably decree n°2005-165 of 26 January 2005 and n° 2007-2853 of 12 November 2007.

▪ Eligible Investments:

Are eligible:

- investment to set up a company with a global cost (including working capital) of no more than five million dinars (new promoters and small businesses);
- investment for expansion, on condition that global investment for the company (including net fixed assets) does not exceed five million dinars (small businesses); and
- investment for expansion made by companies that were initially financed by FOPRODI (new promoters) or by FONAPRA (small trades), under the same conditions mentioned above.

->The financing schema for the investment project must include at least 30% in capital stock equity.

▪ New Promoters:**Definition of a new promoter**

Are considered as new promoters private individuals holding Tunisian nationality, whether working together in a company or not, who:

- have the required experience or qualifications
- personally take on full-time responsibility for managing the project
- have insufficient assets of their own, either moveable goods or real estate
- are undertaking their first investment project

- Cases when the amount of investment (including working capital) is > 500,000 TD:

- FOPRODI contribution

1st portion, up to 1 million dinars	2nd portion, from 1 to 5 million dinars
Breakdown of capital stock: <ul style="list-style-type: none"> - Promoter: minimum 10% of minimum capital stock - FOPRODI: maximum 60% of minimum capital stock - SICAR: minimum 10% of minimum capital stock - Other shareholders: the remainder (i.e. 20%) 	<ul style="list-style-type: none"> - Promoter: minimum 20% of minimum additional capital stock - FOPRODI: maximum 30% of minimum additional capital stock - SICAR: minimum 20% of minimum additional capital stock - Other shareholders: the remainder (i.e. 30%)

→ Capital stock cannot in any case exceed 50% of the cost of the project.

- Financial incentives:

1/- premium for studies and technical assistance: 70% of the cost of the study, up to a maximum of 20,000 TD

2/- premium for investment: 10% of the value of equipment (exclusive of tax), up to a maximum of 100,000 TD

3/- assumption of a portion of the cost of industrial land or premises: 1/3 of the cost of industrial land or premises, up to a maximum of 30,000 TD

4/- premium for intangible investments: 50% of the cost of intangible investments

5/- premium for priority technological investments: 50% of the cost of priority technological investments, up to a maximum of 100,000 TD

6/- Assumption of the employer's contribution to the legally constituted social security scheme for the first five years of activity

- Initiatives promoted by new promoters setting up businesses in regional development zones are eligible (aside from financial incentives) for the following incentives:

First group:

8% of overall investment (exclusive of working capital), up to a ceiling of 320,000 TD

Second group:

15% of overall investment (exclusive of working capital), up to a ceiling of 600,000 TD

Priority regional development zone:

Initiatives set up in priority regional development zones are eligible for:

- an investment premium: 25% of the amount of investment (exclusive of working capital)

- If the investment (exclusive of investment) is ≤ 500 000 DT,

financial incentives and those granted in the framework of regional development mentioned in paragraphs A.2-2 and A.2-3 above remain unchanged.

The new promoter can opt for:

- FOPRODI holdings: see paragraph A.2-1

In this case, a FOPRODI-approved capital risk investment company must intervene as intermediary.

- FOPRODI provisions

In this case, intervention by a FOPRODI-approved capital risk investment company is no longer mandatory.

The new promoter's minimum contribution remains 10% of minimum capital.

The file must be submitted to API for review through a bank approved by the Ministry of Finance to manage FOPRODI funds.

-> Provisions amount to 60% of minimum capital

- Conditions for on lending FOPRODI holdings or provisions

Transfer of holdings or provisions from FOPRODI resources will be handed on to new promoters at the nominal rate plus 3% over a period not to exceed 12 years.

- **Small Business:**

- Conditions for on lending FOPRODI holdings or provisions

Transfer of holdings or provisions from FOPRODI resources will be handed on to new promoters at the nominal rate plus 3% over a period not to exceed 12 years.

1st portion, up to 1 million dinars	2nd portion, from 1 to 5 million dinars
Capital stock: - FOPRODI: maximum 30%* of capital stock - SICAR: minimum equal to FOPRODI's holdings, necessarily less than 50% of capital stock	

- Financial incentives

1/- Premium for studies and technical assistance: 70% of the cost of the study, up to a maximum of 20,000 TD

2/- Premium for intangible investments: 50% of the cost of intangible investments

3/- Premium for priority technological investments: 50% of the amount invested in priority technological actions, up to a maximum of 100,000 TD

- Small and medium size companies located in regional development zones are eligible, in addition to the financial incentives mentioned above, for:

First group:

8% of overall investment (exclusive of working capital), up to a ceiling of 320,000 TD

Second group:

15% of overall investment (exclusive of working capital), up to a ceiling of 600,000 TD

Priority regional development zone:

Initiatives set up in priority regional development zones are eligible for:

- an investment premium: 30% of the amount of investment (exclusive of working capital)

- Conditions for onlending FOPRODI holdings

Onlending of funds from FOPRODI resources can be made to small businesses at the nominal rate plus the Central Bank of Tunisia's call for bids rate for a period of no more than 12 years.

-> The cumulative total of premiums cannot exceed 25% of the investment (Art. 62)

- If investment (including working capital) is ≤ 500 000 TD

financial incentives and those granted to promote regional development as mentioned in paragraphs B.I-2 and B.I-3 above remained unchanged.

- FOPRODI holdings or provisions:

Small businesses can opt for either:

- FOPRODI holdings: in which case a capital risk investment company approved by FOPRODI must intervene as intermediary; or

- FOPRODI provisions

Intervention by a capital risk investment fund approved by FOPRODI for capital stock is no longer mandatory.

Reimbursable provisions are granted to one or more shareholders in a project who are private individuals holding Tunisian nationality and whose share of capital stock equity is equal to at least 10% of minimum capital.

The application is to be submitted to API for review through a bank approved by the Ministry of Finance to manage FOPRODI funds.

- Conditions for onlending FOPRODI provisions

Onlending of provisions from FOPRODI resources will be made to small businesses at the nominal rate plus 3%, over a period not to exceed 12 years

-> Provisions are equal to 30% of minimum capital.

c- Legal frameworks:

▪ **Laws**

- **Article 45 of law n°73-82 of 31 December 1973** concerning creation of the fund to promote and decentralize industry (FOPRODI)

- **Investment incentives code, established by law n°93-120 of 27 December 1993**, as modified and added to by subsequent texts, notably articles 44,45,46 (new) and 46a of law n°2004-90 of 31 December 2004, constituting legislation for the 2005 budget

▪ **Decrees**

- **Decree n°78 -578 of 9 June 1978**, which reorganizes the regulations of the fund to promote and decentralize industry, as modified and added to by subsequent texts, notably decree n°2003-1919 of 1 September 2003

- **Decree n°94-489 of 21 February 1994**, which sets the minimum rate for capital stock equity, as modified by decree n°99-472 of 1 March 1999
- **Decree n°94-538 of 10 March 1994**, governing investment incentives for new promoters, as modified and added to by subsequent texts, notably decree n°2005-166 of 26 January 2005 and n° 2007-2853 of 12 november 2007.
- **Decree n°94-539 of 10 March 1994** setting premiums, giving lists of activities and infrastructure/collective equipment projects that are eligible for regional development incentives as modified and added to by subsequent texts, notably decree n°2004-1471 of 29 June 2004.
- **Decree n°99-483 of 1 March 1999** setting the list of regional development zones, as modified and added to by decree n°2004-2177 of 14 September 2004.
- **Decree n°99-484 of 1 March 1999** regarding incentives for small businesses, as modified and added to by subsequent texts, notably decree n°2005-165 of 26 January 2005 and n° 2007-2854 of 12 November 2007.

d. The list of service activities eligible for State aid under the heading of new promoters and small businesses:

- Computer services

- Development and maintenance of software
- Machine servicing and computer services
- Technical assistance, computer studies and engineering
- Data banks and teletransmission services
- Data entry and processing

- Studies, consulting, expertise and assistance

- Audit and chartered accounting
- Energy audit and expertise
- Audit and technological expertise
- Economic, legal, social, technical and administrative studies
- Maintenance audit
- Marketing studies
- Qualitative and quantitative control and expertise
- Studies and advice in the area of industrial and commercial property
- Certification of businesses
- Technical analyses and trials
- Environmental studies

- Research-development studies

- Vocational training

- Other services

- Maintenance of equipment and installations
- Construction of industrial factories
- Telecommunications electronic installations
- Renovation and reprocessing of parts and industrial/non-industrial materials
- Industrial engineering

- Industrial laundry
- Call Centers

e. List of services eligible solely for State incentives for new promoters:

▪ **Film, theater, television and radio production**

- Film, theater and TV production
- Restaurant trade and animation of archeological and historic monuments
- Setting up of museums
- Graphic arts
- Design
- Photography, video reporting, recording and development of films
- Production of audio-visual cassettes
- Cultural centers

f. List of intangible investments :

- Assistance in Marketing
- Technical assistance in:
 - computer assisted manufacturing
 - management of computer assisted maintenance
 - management of computer assisted production
 - quality
 - computer assisted design
 - cutting
 - Installation of integrated computer software
 - Methods department
HACCP (Hazard Analysis and Control of Critical Points) certification
 -
 - ISO certification
 - Certification of products that meet Tunisian as well as foreign country norms
 - European Commission marking (EC)
 - Accreditation of laboratories
 - Gauging of equipment
 - Acquisition of patents
 - Acquisition of software
 - computer assisted manufacturing
 - computer assisted maintenance
 - computer assisted production management
 - quality
 - computer assisted design
 - computer assisted drafting
 - integrated cutting
 - Assistance for accreditation,
 - Installation of an HACCP (Hazard Analysis and Control of Critical Points) system
 - Installation of a security management system
 - Installation of an environmental management system
 - Installation of a quality management system
 - Websites

g- List of priority technological investments:

- Material for design: computer assisted design and drafting station
- Computer assisted production management and maintenance management station
- Material for research and development
- Laboratory material, aside from tools and minor items like lab glasswork, supplies, and production material

6. Details of the specific Incentive :**a. Incentives for exporting : Wholly exporting companies****▪ Definition:**

Wholly exporting enterprise is an enterprise:

- Whose production is entirely destined for export
- Whose services are rendered abroad or in Tunisia for their use abroad
- That works exclusively with the enterprises aforementioned or in the free zones or with non-resident financial establishments
- Wholly exporting enterprises are subject to the free zone system

▪ Advantages:

- Full exoneration of income and profits from the tax base during the first ten years of activity and a 50% deduction thereafter.
- **Extension of the period for the total deduction of income and profit from export operations**

Article 29 of the finance law for the year 2003

Remaining in application is the total deduction of income and profit from export operations for exporting companies within the framework of current fiscal legalization and for which the duration of the total deduction of their income and profit resulting from export operations expires before 2007, and for income and profit realized through to December 31, 2007.

- Tax relief on profits or income reinvested in the initial capital or increase in capitalization subject to the minimum tax base.
- Tax relief on profits reinvested back into the company subject to the minimum tax base.
- The liberty to import free of customs duties and taxes the equipment necessary for production
- Total exoneration from registration fees, stamp duty and value added taxes on the activities of the enterprise.
- Opportunity to sell on the domestic market up to 30% of turnover
- Possibility to recruit up to 4 foreign management employees.

b. Partially exporting companies**▪ Definition:**

Enterprises considered as partially exporting are companies that are engaged in the same activities as wholly exporting enterprises, but that realize less than 80% of their turnover from exporting.

- **Incentives:**

- Suspension of value added taxes and consumption taxes on equipment, products and services necessary for the realization of their export operations.
- Full exoneration of income and profits from the tax base during the first ten years of activity and a 50% deduction thereafter.
- Relaxation of the temporary admission or bonded warehouse system for equipment and products imported for use in the production of goods destined for export.
- Reimbursement of customs duties and taxes paid on raw materials and semi-finished products destined to be transformed for export.
- Reimbursement of customs duties and similar taxes paid on imported equipment, and not manufactured locally, for the production of goods for export.

c. Incentives for Agricultural Development and First Transformation Industries (Article 30 and 32 of the Investment Incentives Code)

- **Fiscal Incentives:**

- Subscription to initial capital or to capital increases are entitled to the deduction of profits and income invested from net income or profits subject to taxes on personal or corporate revenue.
- Deduction of profits invested within the company from the taxable income base.
- Reduction in custom duties to a level of 10%, suspension of value added tax, consumption tax on the importation of equipment for which there is no locally manufactured equivalent and the suspension of value added tax on locally manufactured equipment.
- Deduction of income and profits originating from these investments from the base tax rate on personal income and corporate income during the first 10 years commencing with the date of entry into activity.

- **Financial Incentives:**

- An investment grant representing 7% of the cost of the investment. This grant has a ceiling of 300,000 TD for investment in first transformation of milk.
- A study grant representing 1% of the total cost of the investment with a ceiling of 5,000 TD.

d. Incentives for Regional Development:

- **Application field:**

Incentives are applicable for investments realized by the enterprises established in the regional development zones according to the activities defined by the legal decree pertinent to industrial sectors*, handicrafts and trades and for certain services*.

- **Incentives:**

Incentives provided are additional fiscal and financial benefits accorded to industrial enterprises, handicraft and trades, and certain services activities

- **Fiscal incentives :**

- Exoneration from corporate income taxes (CIT) and personal income taxes (PIT) during the first ten years and a 50% deduction of the tax base during the following ten years.
- Total deduction of income and profits reinvested in the initial capital or in increases in

capitalization as well as profits reinvested back into the company.

- Exemption from contribution to the social housing fund (FOPROLOS) during the first 5 years of activity.

▪ **Financial incentives :**

(Decree N° 94-539 of March 10, 1994 modified by decree N° 99-486 of March 1, 1999, Jort N°20 of March 9, 1999, Decree N° 2002-1363 of June 11 2002 - Jort N°49 du 14 June 2002)

- **First group:**

8% of overall investment (exclusive of working capital), up to a ceiling of 320,000 TD

- **Second group:**

15% of overall investment (exclusive of working capital), up to a ceiling of 600,000 TD

- **Priority regional development zone:**

Initiatives set up in priority regional development zones are eligible for:

- an investment premium: 30% of the amount of investment (exclusive of working capital)

- A grant by the State to participate in the expenses for infrastructure necessary for the realization of the project

- For services linked to culture: setting up a theatrical company:

8% of the cost of the initiative, exclusive of the cost of land

- For services linked to recreational activities: (- Recreational facilities for families and children - Residential and camping complexes - Amusement parks) : 15% of the cost of the initiative, exclusive of the cost of land

- Assumption of the employer's contribution to the legally constituted social security system (CNSS): State assumption of this contribution for the first five years, starting from the date of initial activity and of a share of this contribution for an additional period of five years, as follows:

Year of State assumption	Share of State assumption
1 st year	80%
2 nd year	65%
3 rd year	50%
4 th year	35%
5 th year	20%

e- First transformation activities of agricultural and fishery products:

▪ **The list for first transformation activities**

Article 2 of the decree N° 2000-821 of April 17, 2000 (Jort N° 33 of April 25, 2000) defines the list for first transformation activities as follows:

- Transformation of milk within the production zones, excluding the manufacture of yogurt,
- Production of cheese made from local fresh milk,
- Canning and conserving of fruits and vegetables and seafood products, excluding olives
- Conserving of table olives using modern processes,
- Manufacture of tomato based products,
- Processing of agricultural and seafood products,
- Refrigeration, freezing, and drying of agricultural and seafood products,
- Olive oil processing units,
- Packaging of olive oil,
- Transformation of eggs,
- Production of organic foods, processed and transformed,

- Production of fresh juice,
- Industrial slaughterhouses,
- Meat processing units,
- Sawing, processing and transformation of forestry products.

These first transformation activities are eligible for incentives accorded under agricultural development.

The dossiers for the according of investment incentives are deposited with API (headquarters or regional offices).

The according of grants is made under the same conditions and procedures as the incentives for regional development.

- **Activities exclude from the financial advantages of regional development**

Industry

- Agri-business and food-processing sector

- Bakery
- Industrial pastry making
- Manufacture of condiments
- Chicory transformation and coffee roasting and transformation

-Building materials, ceramics and glass industries sector

- Exploitation of stone quarries

-Diverse industries sector

- Film development, processing, production

- **Activities Eligible from the financial advantages of regional development:**

Services

- Call centers
- Mounting of industrial plants
- Renovation and reconditioning of industrial and non-industrial equipment
- Industrial engineering and technical studies
- studies and expertise
- Quality
- Organization of congresses, seminars, fairs and expositions
- Computer services
- Electronic and telecommunications installation
- Postal delivery
- E-mail services
- Video-text services
- Radio and television broadcasting
- Recreational facilities for families and children
- Technical platform for call centers
- Vocational training centers
- Setting up museums
- Cultural centers
- Complexes for youth and children
- Sporting internship centers
- Sports medicine centers

- Centers for the protection of old folks
- Platform for sub-contracting

f. Conventional Sicar list :

SODIS

IMM. ETTANMIA – 4119 MEDNINE
Tél: 75.642.628
Fax: 75.640.593

SIDCO

AV. IMAM SAHNOUN- IMM. DAR EL FALLAH – 3100 KAIROUAN
Tél: 77.233.222
Fax: 77.233.660

SODINO

AV. TAIEB M'HIRI – 6100 SILIANA
Tél: 78.873.077
Fax: 78.873.078

F.R.D.C.M SICAR

PLACE PASTEUR – 2100 GAFSA
Tél: 76.228.788
Fax: 76.224.036

SODEK

AV. SUFFEITULA CITE EZZOUHOUR - 1279 KASSERINE
Tél: 77.478.680
Fax: 77.478.710

SODICAB

PLACE 7 NOVEMBRE- IMM. LA JARRE 8000 NABEUL
Tél: 72.230.240
Fax: 72.230.161

TUNINVEST

IMM. IRIS LES BERGES DU LAC 2045 TUNIS
Tél: 71.862.311
Fax: 71.862.805

COTIF SICAR

12, AV. HABIB THAMEUR – 1000 TUNIS
Tél: 71.355.022
Fax: 71.346.613

SICAR INVEST

27BIS, RUE DU LIBAN – LAFAYETTE 1002 TUNIS
Tél: 71.894.851
Fax: 71.786.930

SIM SICAR

67, RUE ALAIN SAVARY- CITE JARDINS IMM. B 3EME ETAGE – 1002 TUNIS
Tél: 71.780.140
Fax: 71.846.675

GLOBAL INVEST SICAR

139, AVENUE DE LA LIBERTE 1002 TUNIS
Tél: 71.847.613
Fax: 71.848.395

STB SICAR

CENTRE URBAIN NORD 1003 TUNIS
Tél: 71.750.314
Fax: 71.238.729

S.P.P.I.

RESIDENCE HANNIBAL LES BERGES DU LAC – 1053 TUNIS

Tél: 71.862.444
Fax: 71.860.359

INVEST DEVELOPMENT SICAR

IMM. STB (2EME ETAGE) RUE HEDI KARRAY, CITE DES SCIENCES 1004 – EL MENZAH
Tél: 71.754.490
Fax: 71.754.474

UNIVERS INVEST SICAR

4, RUE DE GRECE- CENTRE PALMARIUM 3EME ETAGE - BUREAU A4 – 1000 TUNIS
Tél: 71.331.788
Fax: 71.247.342

INTERNATIONAL SICAR

11, AVENUE HEDI NOUIRA IMM. BTKD -BLOC C 8EME ETAGE 1002 TUNIS
Tél: 71.241.113
Fax: 71.240.700

ATTIJARI SICAR

RESIDENCE OMAR BLOC A 2EME ETAGE, MONTPLAISIR 1073 TUNIS
Tél: 71.846.387
Fax: 71.845.800

SICAR AMEN

AVENUE MOHAMED V 1002 TUNIS
Tél: 71.833.517
Fax: 71.834.568

SICAR AVENIR

70-72, AVENUE HABIB BOURGUIBA 1000 TUNIS
Tél: 71.340.662
Fax: 71.131.366

ARAB TUNISIAN DEVELOPEMENT

RUE LAC LEMAN-IMM. REGENCY BLOC C – B.205 – 1053 LES BERGES DU LAC
Tél: 71.965.693
Fax: 71.965.813

TSPP

32, AVENUE HEDI KARRAY 1082 TUNIS
Tél: 71.718.233
Fax: 71.719.233

MAGHREBIA FINANCIERE

9, RUE DE L'ARTISANAT B.P.66 – 1080 TUNIS
Tél: 71.940.501
Fax: 71.940.533

CHALLENGE SICAR

1, RUE DE L'ECOLE 2037 EL MENZAH VI – ARIANA
Tél: 71.232.448
Fax: 71.232.596

SAGES CAPITAL

T2 IMM. MAC CROWN RUE LAC LEMAN 1053 TUNIS
Tél: 71.961.993
Fax: 71.961.985

CAP INVEST SICAR

RUE 8368 – ESPACE ZITOUNA – ESC. A APP.6 – 1073 MONTPLAISIR – TUNIS
Tél: 71.953.759
Fax: 71.953.743

SIP

RUE HEDI NOUIRA RESIDENCE LE PALACE – ENNASR II 2037 TUNIS
Tél: 71.828.972
Fax: 71.828.992

g. Conventional banks list:

Union Internationale de Banques

65, Avenue H. Bourguiba 1000 Tunis
Tél: 71.108.500
Fax: 71.108.502

Banque de Tunisie

2, Rue de Turquie 1001 Tunis
Tél: 71.332.188
Fax: 71.349.477

Banque de Tunisie et des EMIRATS

5bis, Rue Mohamed Badra 1002 Tunis
Tél: 71.783.600
Fax: 71.783.756

STUSID BANK

32, Rue Hédi Karray Cité Mahragène – 1082 Tunis
Tél: 71.718.233
Fax: 71.719.515

STB

Rue Hédi Noura 1001 Tunis
Tél: 71.340.477
Fax: 71.340.009

BNA

Rue Hédi Noura 1001 Tunis
Tél: 71.831.000
Fax: 71.832.807

BIAT

70/72 Av. Habib Bourguiba - 1000 Tunis
Tél: 71.340.733
Fax: 71.340.680

ATTIJARI BANK

95, Av. de la Liberté - 1002 Tunis
Tél: 71.141.400

AMEN BANK

Avenue Med V – 1002 Tunis
Tél: 71.835.500
Fax: 71.833.517

UBCI

139, Av. de la Liberté -1002 Tunis
Tél: 71.842.000
Fax: 71.841.583

ATB

9, Rue Hédi Noura 1001 Tunis
Tél: 71.351.155
Fax: 71.342.852

BFPME

Av . Med V (Ex Imm .BNDT) Montplaisir – 1073 Tunis
Tél: 71.111.200
Fax: 71.795.424

BANQUE DE L'HABITAT « B.H »

21, Avenue Kheireddine Pacha – 1002 Tunis
Tél: 71.785.277
Fax: 71.784.417

