



Support Facility to Partnership
Priorities EU-Algeria



Twinning Fiche

Improving the performance of the Directorate General of
Taxation in international taxation

Beneficiary administration

Ministry of Finance - General Directorate of Taxation

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TWINNING INSTRUMENT

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Acronymes

| | |
|-------|---|
| DGI | General Directorate of Taxation |
| GAFTA | Greater Arab Free Trade Area |
| NH | Non-hydrocarbon |
| CIT | Corporate Income Tax |
| SLT | Simple Lump sum Tax |
| GIT | Global Income Tax |
| GDP | Gross Domestic Product |
| PAT | Professional Activity Tax |
| TRHW | Tax on the removal of household waste |
| PT | Property tax on built properties |
| VAT | Value Added Tax |
| EU | European Union |
| VASFE | comprehensive audit of tax situation of natural persons |

1. Basic information

1.1. Programme

This project will be funded within the framework of the programme entitled: Support Facility to Partnership Priorities, EU- Algeria (2018/041-143) – direct management.

Support Facility to Partnership Priorities EU- Algeria¹: the Support Facility was set up in December 2019 to support the implementation of the priorities of the EU-Algeria partnership.

The common priorities of the EU-Algeria partnership are part of the renewed European Neighbourhood Policy (2015) which takes into account the specificities of each partner country. They were approved in March 2017 and cover 5 areas of common interest:

- i) Political dialogue, Governance, Rule of law and promotion of fundamental rights;
- ii) Cooperation, inclusive socio-economic development, commerce and access to the European single market;
- iii) Energy Partnership, Environment and Sustainable Development;
- iv) Security and strategic dialogue;
- v) Human dimension, migration and mobility.

The Support Facility is largely reflected in the financing of institutional cooperation projects in the form of twinning projects with the administrations of EU Member States.

The operational monitoring of the action is entrusted to the Delegation of the European Union in Algeria in coordination with the Coordinator of the beneficiary administrations.

For UK applicants: please note that following the entry into force of the EU-UK² Withdrawal Agreement on 1 February 2020 and in particular Articles 127(6), 137 and 138, references to natural or legal persons residing or established in a Member State of the European Union and to goods originating in an eligible country, within the meaning of Regulation (EU) No 236/2014³ and Annex IV of the ACP Partnership - EU⁴ Agreement, shall be understood to include natural or legal persons resident or established in the United Kingdom and goods originating in the United Kingdom⁵. These people and goods are therefore eligible under this call.

1.2. Twinning sector

Public finances

1.3. European Union funded Budget

€ 1 000 000

1.4. Sustainable Development Goals (SDGs)

Objective 16: Peace, justice and effective institutions

Objective 17: Partnerships to Achieve Global objectives

¹Hereinafter referred to as “Support Facility ”

²Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

³Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 establishing common rules and procedures for the implementation of the Union instruments for the financing of external action.

⁴Annex IV to the ACP-EU Partnership Agreement, as revised by Decision 1/2014 of the ACP-EU Council of Ministers (OJ L196/ 40, 3.7.2014)

⁵Including overseas countries and territories having special relations with the United Kingdom, in accordance with Part Four and Annex II of the TFEU.

2. Objectives

2.1. Overall objective

The overall objective of the project is to contribute to the improvement of the performance of the Tax Administration and the optimal mobilization of domestic revenues.

2.2. Specific objective

The specific objective of the project is to improve the performance of the Directorate General of Taxes (DGI) in the execution of its missions in the field of international taxation and tax control.

2.3. Targeted elements in the strategic documents

Association Agreement EU-Algeria

The general framework of the cooperation between EU and Algeria is set by the Association Agreement (AA) signed in 2002, which entered into force in 2005 and establishes all areas of cooperation between the parties. It does not limit itself to the creation of a free trade area but integrates both economic aspects (commerce, economic and financial cooperation, investment flows) and political dimensions, social and cultural needs for sustainable development.

The objective of improving the entire public finance system is part of the Association Agreement, in particular with regard to the technical implementation of Articles 1, 47, 48, 49, 56, 57, 79, 82 and 91.

The roadmap of the Association Agreement also focuses in the area of macroeconomic reforms, the modernization of medium-term budgetary systems through the medium-term expenditure framework, results-based budgeting and the establishment of an integrated budget framework to improve budget management.

Partnership priorities UE-Algeria

A document of 17 March 2017 presents the priorities of the partnership as jointly defined between Algeria and EU within the framework of the revised European Neighbourhood Policy, for the period 2016-2020.

The chapter "Political dialogue, Governance, Rule of law and Promotion of Fundamental Rights" of this text states that "this cooperation will also include support to the modernization and capacity building of public administration, the strengthening of the control of public finances and tax administration, the fight against corruption, as well as the fight against flight and money laundering and terrorism financing within the framework of the recommendations of the Financial Action Task Force".

The chapter "Cooperation, inclusive socio-economic development, commerce and access to the European single market" stipulates that "in the current context of stagnation of the world economy and the drastic fall in the hydrocarbons prices, Algeria and the European Union have a common and urgent interest in identifying economic governance measures in both the private and public sectors, that encourage private initiative, boost investment in the productive fabric, as well as, in the public sector, to modernize the management of finances and to rationalize public expenditure".

Finally, this same chapter specifies that "the parties agree to explore avenues of cooperation in order to develop information and communication technologies in Algeria to support measures in favour of competitiveness, the business climate and investment and greater efficiency of administration and better governance of public enterprises and public-private partnerships for the development of SMEs-SMIs and innovative activities".

Institutional framework and contribution to National Policy

One of the fundamental objectives of the Algerian state is the diversification of economic exchanges. This is why, since the end of the 1990s, it has resolutely oriented the national economy towards liberalization and opening up to the international market by establishing industrial partnerships and signing free trade agreements with the Greater Arab Zone of Free Trade since 2004 (GZALE), in addition to the European Union.

The “Government Action Plan for the implementation of the programme of the President of the Republic” of September 2021 contains many references concerning the modernization of public finances, better tax justice, the absorption of the informal economy and the increase in non-hydrocarbon budget activities and resources..

In particular, paragraph 2.3 of Chapter 1 “Consolidation of the rule of law and renovation of governance” entitled “Effective and transparent management of public finances – tax, budgetary, public accounting and customs reforms” stipulates the following:

« As for tax reform, it is part of a comprehensive approach to support the new economic vision and to meet the demands of financial balance, while maintaining the social nature of public policies. This approach will focus in particular on the following areas:

- the promotion of tax compliance and improvement of the business climate, enhancement of resource mobilization capacities and research of tax information;
- the fair distribution of the tax burden between economic agents (households and economic operators) to ensure a fair redistribution of national wealth in the effort of economic and social development;
- the completion of the process of dematerialization of the tax administration and the generalization of the deployment of the Information System "Jibaya'tic».

3. Description

3.1. Background and justification

Strengths and weaknesses: internal organization and shortcomings

In the search for greater efficiency in the mobilization of internal tax resources, the DGI carried out a structural reorganization (Executive Decree No. 21-252 of 6 June 2021), which was put in place in December 2021. The new organization chart reflects the Government’s concerns and in particular the increased importance of international taxation through the creation of a Directorate of International Tax Relations and an important role in the collection mission.

Despite these major reforms, shortcomings and weaknesses persist.

The combination of COVID-19 pandemic and 2020 oil price shock has hit the Algerian economy and people hard. The pandemic has exacerbated pre-existing economic and fiscal vulnerabilities in Algeria, resulting from a succession of shocks since 2014. In particular, the 2014 oil shock caused a sharp drop in hydrocarbon revenues and put a strain on the country’s growth model: it is now necessary to diversify the economy in order to reduce its dependence on hydrocarbon revenues (The revenue table below shows that the rate of tax penetration, particularly without hydrocarbons, is low. Tax arrears are high and the share of VAT in tax revenue can be considered insufficient.

These weaknesses reduce the effectiveness of these programmes, hence the interest of exploring all the opportunities offered by the international cooperation, through instruments such as institutional twinning, which enables to benefit from international experience, have demonstrated their effectiveness in supporting the capacity building of the tax administration.

Evolution of tax revenues over the period 2018-2021

| | 2018 | 2019 | Variation % | 2020 | Variation % | 2021 | Variation % |
|---|---------|---------|-------------|---------|-------------|---------|-------------|
| PIB global | 20 393 | 20 501 | | 18 383 | | 21 888 | |
| PIB HH * | 15 844 | 16 510 | 4,19 | 15 808 | - 4,25 | 17 198 | 8,79 |
| Recettes fiscales DGI : | 1 854 | 1 915 | 3,28 | 1 859 | - 2,93 | 1 926 | 3,58 |
| Taux de Pression Fiscale sur PIB Global | 11,70 % | 11,60 % | | 11,76 % | | 11,20 % | |
| Taux de Pression Fiscale sur PIB HH | 9,09 % | 9,34 % | | 13,89 % | | 8,80 % | |
| TVA (part Etat) | 845 | 856 | 1,29 | 781 | - 8,80 | 815,5 | 4,39 |
| IRG | 803 | 865 | 7,81 | 868 | 0,35 | 908 | 4,52 |
| IBS | 385 | 384 | - 0,14 | 324 | - 15,6 | 253 | - 21,76 |
| IFU (part Etat) | 15 | 15 | 0,95 | 11 | - 25,52 | 13 | 12,96 |
| Enregistrement + Timbre | 88 | 83 | - 5,37 | 72 | - 13,28 | 82 | 12,90 |
| Taxes fiscales affectées en totalité aux CL (TAP+TF +TEOM +TAH) | 226 | 229 | 1,17 | 205 | - 10,60 | 216 | 5,52 |

In line with the above-mentioned overall objective, the tax administration has identified the areas in which international expertise, through all available instruments, would constitute an appropriate response to its expressed needs.

3.2. Ongoing reforms

Reforms in the Ministry of Finance: new organic law

Organic law no. 18-15 of 02 September 2018 on finance laws, which will be implemented in 2023, has profoundly reformed the framework of the state budget. Beyond a new budgetary nomenclature in the discussion, voting and enforcement of finance laws and the introduction of improved accounting standards. The Organic Law on Finance Laws (LOLF) aims to change the State from a logic of means to a culture of results so that each amount spent is more useful and above all more effective, in other words, the ability to achieve the previously defined objectives, has been placed at the heart of the preparation and enforcement of financial laws.

This new legislation aims at the implementation of a more efficient and transparent budget management through, in particular:

- multi-annual budget programming;
- redesigning of the budget nomenclature;
- appointment of programme leaders, which enhances the accountability of managers;
- globalisation of credits, a source of autonomy and accountability for managers;
- programme cost accounting to assess policy efficiency;
- audit and evaluation of expenditure performance;
- introduction of the principle of budgetary sincerity;
- modernisation of the public accounting system, by keeping, in parallel with a budgetary accounting system which retraces the implementation of budgetary expenditure, at the time when it is paid and the implementation of revenue, at the time when it is received, a general accounting system that describes the State's financial position, that is, all of what it owns (land, buildings, receivables) and what it owes (credits, debts);

- restoration of budgetary unity through the supervision of the conditions of creating special Treasury accounts.

3.3. Linked activities

3.3.1. Activities carried out under the Support Programme to the implementation of the Association Agreement EU-Algeria

- Twinning project
 - « Continuation of the process of modernizing the tax administration and its relations with taxpayers» (2008-2011)
 - « Support to DGI to improve its performance» (2014-2017)
 - « Contribution to improve the performance of the General Inspectorate of Finance in a vision of transition to management and performance control»
 - « Strengthening the institutional capacities of the Court of Auditors in terms of judicial control, execution of the finance law and quality of management»
 - « Support to the Directorate General of Foresight of the Ministry of Finance in the organization and operationalization of business processes related to foresight» (2018-2020)
 - « Creation of a central risk office” Directorate General of Customs (2019 – ongoing)
 - « Support to the General Accounting Department in the implementation of general accounting in accruals accounting” (2020 – in progress»
 - « Strengthening the institutional and professional capacities of the Court of Auditors" (start scheduled for May 2022 for a period of 2 years)
- TAIEX requests for the benefit of DGI
 - « Tax Expenditure Valuation Methods» November 2009
 - «Tax Investigations» January 2010
 - «Indirect Taxes» June 2010
 - «Support to the development of the structures of the Direction “des grandes entreprises” September 2011
 - «Tax Record Exploitation» 2014
- Technical assistance missions for the benefit of DGI within the framework of specific support to the Ministry of Finance (2014-2017)
 - «Creation of a tool to help programme tax audits»
 - «Creation of a tool for calculating tax expenditures»
 - «Transfer pricing issue»
 - «Design and development of a draft guide to administrative and ethical investigations»
 - «Elaboration of the technical specifications for the layout of a computer room in the DGI data center »

3.3.2. Activities achieved under international agreements

- Activities within the Global Forum on Transparency and Exchange of Information
Algeria joined the Global Forum on Transparency and Exchange of Information of Tax Purposes in 11 August 2021. Since 15 November 2021, it has also adhered to the Yaoundé Declaration of the Africa Initiative, which is a call to improve international tax cooperation to combat illicit financial flows through, In particular, the strengthening of recovery assistance in Africa. Regarding the process of accession to the Convention on Mutual Administrative Assistance in Tax Matters, Algeria is in the process of formalizing the first stage of the application of accession to the Secretariat of the World Forum.
- Work of the UN Committee of Experts on International Tax Cooperation
Algeria is engaged in UN tax work through active observer status

3.4. List of applicable union acquis/standards/norms

The package on combating tax evasion, which is part of the European Commission's programme for fairer, simpler and more efficient corporate taxation in the Union, includes:

- Directive (EU) 2016/1164 of 12 July 2016 establishing rules to combat tax evasion practices which have a direct impact on the functioning of the internal market
- the recommendations of the European Commission of 28.1.2016 concerning the implementation of measures against the abusive use of tax treaties
- the communication of the European Commission to the European Parliament and the Council of 28 January 2016 on an external strategy for effective taxation
- Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU⁶ as regards the automatic and compulsory exchange of information in the field of taxation in relation to cross-border arrangements to be the subject of a declaration
- all the taxation papers which aim to facilitate the dissemination of the analytical work of the European Commission's Directorate-General of Taxation and Customs Union and to contribute to the debate on taxation in the Union European.
- Action plan for fair and simplified taxation to the support of the recovery strategy⁷
- Communication of the Commission to the European Parliament and the Council - Business taxation for the 21st century⁸
- Joint Transfer Pricing Forum⁹

3.5. Results

Three results have been identified:

Result 1: DGI, with the help of a methodology developed with models and canvas, strengthened its control of the negotiation and management of international tax treaties.

Result 2: DGI, assisted by an updated legislative and regulatory arsenal, defined and implemented various procedures (dispute prevention, prior agreement) and an operational team and brigades in terms of transfer pricing control.

Result 3: DGI defined and put in place a more efficient and fair management of individual tax audits (comprehensive audit of tax situation of natural persons - VASFE).

3.6. Means/input from the EU member state (s) administration (s)

The administration(s) of the partner Member State will provide it/their skill(s) and will exchange it/their experience in terms of:

International tax treaties

- of inventory and analysis of international tax treaties;
- of developing and negotiating international tax treaties;
- of training of operational negotiating managers;

Transfer pricing

- legislative and regulatory provisions related to transfer pricing;
- staff training in transfer pricing legislation and regulation;

⁶https://ec.europa.eu/taxation_customs/taxation-1/tax-co-operation-and-control/general-overview/enhanced-administrative-cooperation-field-direct-taxation_en

⁷ https://ec.europa.eu/taxation_customs/package-fair-and-simple-taxation_fr

⁸ https://ec.europa.eu/taxation_customs/communication-business-taxation-21st-century_fr

⁹ https://ec.europa.eu/taxation_customs/joint-transfer-pricing-forum_fr

- preventing transfer pricing disputes through advance transfer pricing agreements;
- country-by-country reporting;
- development and dissemination of transfer pricing methodological guides;

Tax audit - VASFE

- of reinforced, optimized and dematerialized management of internal and external cross-checks
- of efficient methods to fight against fraud by developing techniques to better understand the cash and asset situations of taxpayers

3.6.1. Profile and tasks of the PL

The Member State Project Leader must be a high-ranking civil servant of the twinning Administration of Tax able to ensure an operational dialogue at the political level for the fulfilment of the objectives and able to solve problems with adequate solutions during the implementation of the twinning project and, if necessary, to obtain the necessary political support. S/His level of responsibility should enable her/him to call on short-term experts to support the effective implementation of planned activities.

Her/His mission consists in particular of:

- supervising and coordinating the project,
- leading the implementation of the twinning project,
- preparing quarterly reports and a final report to be submitted to the contracting authority.

The project leader must have a good experience in managing twinning projects and tax administration and have an adequate command of the French language. S/He must have a university degree in the field of public administration, audit, economics, finance, accounting or equivalent, or equivalent professional experience of eight year. S/He must have good skills in leading a team and in organizing and planning her/his work.

It is also desirable that the project leader has led or contributed to the management and monitoring of a similar project.

The Project Leader will work closely with the Algerian Project Leader to ensure direction and coordination of the entire project. Each of them will be responsible for the activities assigned to their administration in the agreed work plan and will have full authority over the human and material resources that will be mobilized for this purpose.

3.6.2. Profile and tasks of the RTA

The Resident Twinning Advisor, who will be based in Algiers for 24 months, will provide technical support and carry out in close collaboration with his Algerian counterpart all the operations planned by the project.

S/he will be responsible for mobilising experts on the basis of a detailed work plan by mission, for coordinating experts and for overseeing all technical aspects. S/he will ensure communication with the Project Leader and the Steering Committee that will be created within the framework of the project to ensure coordination between the different stakeholders.

S/He must:

- Have a university degree in the field of public administration, audit, economics, finance, accounting or equivalent, or equivalent professional experience of 8 years
- be a senior civil servant with a minimum of 3 years experience in the field of international tax treaties and/or tax control,
- have a good knowledge of the problems of organization and management of twinning projects,
- be enterprising and able to mobilize the appropriate expertise and skills for a quality achievement of all the results of the twinning project,

- have a good command of the French language.

3.6.3. Profile and tasks of results' managers

- Result 1: knowledge and/or negotiation of international tax treaties and/or participation in the conventional network (ZLECAF, BRITACOM, others).
- Result 2: knowledge of the legislative and regulatory framework of transfer pricing, dispute prevention or prior agreement, country-by-country reporting and control of illicit financial flows.
- Result 3: tax audit (VASFE), enhanced and optimised management of internal and external cross-checking techniques, techniques of assessing individual treasury and asset situations.

3.6.4. Profile and tasks of other short term experts

The Member State will mobilize short-term experts in order to implement, in coordination with the RTA, the various activities on the basis of the information provided in this fiche. Expertise, analysis, design and training missions will be organised.

Tasks of short term experts

- Provide technical inputs in specific areas of project implementation, including the production of technical, methodological and regulatory documents, the organisation of training workshops, coaching, writing pedagogical and methodological materials according to the terms of reference written by the RTA before the start of each assignment;
- Liaise with the RTA, the RTA counterpart and the component manager on the beneficiary administration;
- Report to RTA (requirement to submit an activity report at the end of each mission).

Common profile of short term experts

- a university degree in public administration, audit, economics, finance, accounting or equivalent;
- a minimum of 3 years of professional experience in their specific field;
- preferably experience as an expert in the implementation of development cooperation projects;
- good command of French language for experts.

With regard to the experts involved in the implementation of the activities relating to result 1 result 2, a good command of the English language is required, more particularly as regards result 1.

4. Budget

€ 1.000.000

5. Implementation arrangements

5.1. Implementing body

The Delegation of the European Union in Algeria is the contracting authority for this project, it is located at Domaine Ben Ouadah, Boulevard du 11 Décembre 1960, El-Biar, Alger

Person in charge : Mr Alessandro Campo, project manager

Tel: +213 2305 1301 (Ext 113)

E-mail: alessandro.campo@eeas.europa.eu

5.2. Institutional framework

The beneficiary administration is the Ministry of Finance, specifically the General Directorate of Taxation.

The General Directorate of Taxation should:

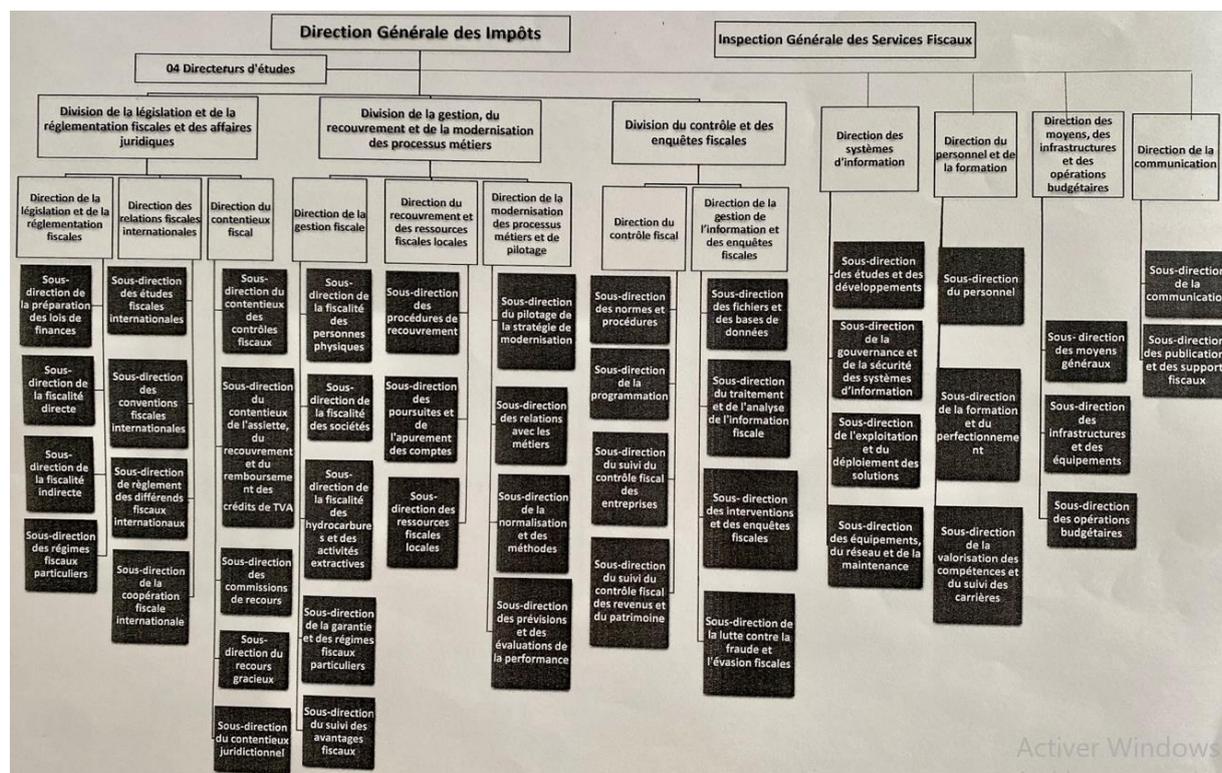
- ensure the study, proposal and drafting of legislative and regulatory texts and the implementation of the measures necessary for the establishment of the tax base, the liquidation and the collection of taxes, duties, fiscal and parafiscal taxes;
- ensure the preparation and negotiation of international tax treaties and international agreements with tax or parafiscal provisions;
- implement the necessary measures to combat tax fraud and tax evasion;
- ensure the management of administrative and judicial disputes concerning taxes, duties and taxes of all kinds;
- implement the instruments of analysis, management control and performance of the services of the tax administration, in particular the performance indicators of the tax services;
- ensure the improvement of the relations of the tax services with the taxpayers

The General Directorate is composed of:

3 divisions which represent its core business composed of eight (08) central directorates as shown in the diagram below:

- Directorate of Tax Legislation and Regulation
- Directorate of International Tax Relations
- Directorate of Tax Litigation
- Directorate of Tax Management
- Directorate of Collection and Local Tax Resources
- Directorate of Modernization of Business Processes and Management
- Directorate of Tax Audit
- Directorate of Information Management and Tax Investigations.

A General Inspectorate of Tax Services and 4 support Directorates.



The directorates concerned by the twinning project are the International Tax Relations Directorate and the Tax Audit Directorate.

5.3. Counterparts in the beneficiary administration

The PL and the RTA counterparts are staff of the beneficiary administration and actively involved in the management and coordination of the project.

5.3.1. Contact person

Mr Djamel MADJENE
Director of international tax Relations
Division of tax laws and regulations and legal affairs
Directorate-General of Taxation
Ministry of Finance
Cité Ahmed Francis; 16306 Ben Aknoun, Alger, Algérie

5.3.2. Project Leader counterpart

Mrs Amel ABDELLATIF
Director-General of taxation impôts
Directorate-General of Taxation
Ministry of Finance
Cité Ahmed Francis; 16306 Ben Aknoun, Alger, Algérie

5.3.3. Resident Twinning Advisor counterpart

Mr Djamel MADJENE
Director of international tax Relations
Division of tax laws and regulations and legal affairs
Directorate-General of Taxation
Ministry of Finance
Cité Ahmed Francis; 16306 Ben Aknoun, Alger, Algérie

6. Duration of the project

The duration of the twinning project is 24 months.

7. Management and reporting

7.1. Language

The official language of the project is the one used as contract language under the instrument (French). All formal communications regarding the project, including interim and final reports, shall be produced in the language of the contract. If necessary, translations or interpretation will be provided.

7.2. Project Steering Committee

A Project Steering Committee oversees the implementation of the project. Its main tasks are to check the progress of the project and the achievements in relation to the chain of results (objectives, mandatory results), to ensure effective coordination between the actors, finalize interim reports and

discuss the updated work plan. Additional information on the creation and operation of the PSC can be found in the twinning manual.

The Project Steering Committee will be organised quarterly for project coordination and regular monitoring. Its composition will be defined in the twinning contract in accordance with the provisions of the twinning manual.

The Steering Committee will be responsible for the possible reframing of the project, the evaluation of progress, the coordination of the various twinning activities and the validation of the quarterly reports. The two project leaders, Algerian and MS, will be responsible for the organisation of the steering committee meetings.

7.3. Reporting

All reports shall have a narrative section and a financial section. They shall include as a minimum the information detailed in section 5.5.2 (interim reports) and 5.5.3 (final report) of the Twinning Manual. Reports need to go beyond activities and inputs. Two types of reports are foreseen in the framework of the Twining: interim quarterly reports and final report. An interim quarterly report shall be presented for discussion at each meeting of the PSC. The narrative part shall primarily take stock of the progress and achievements of the mandatory results and provide precise recommendations and corrective measures to be decided by in order to ensure the further progress.

8. Sustainability

DGI strongly needs support in areas as diverse as the fight against international tax evasion, local taxation, the fight against tax evasion and the informal economy, indirect taxation and excise duties. It gathered its needs in these areas in a text entitled Fiscal capacity-building actions, identified by theme for domestic resource mobilization ».

This strong demand is the special expression of a global government policy aimed at increasing the sustainable resources of the State, especially excluding hydrocarbons. This twinning is therefore part of a shared and assertive long-term perspective.

In its multi-year budget planning, DGI has provided the necessary material and financial means to ensure the sustainability of the following mandatory results through the twinning project:

- Result 1: DGI, with the help of a methodology developed with models and canvas, strengthened its control of the negotiation and management of international tax treaties.
- Result 2: DGI, assisted by an updated legislative and regulatory arsenal, defined and implemented various procedures (dispute prevention, prior agreement) and an operational team and brigades in terms of transfer pricing control.
- Result 3: DGI defined and put in place a more efficient and fair management of individual tax audits (comprehensive audit of tax situation of natural persons - VASFE).

These results imply significant changes in the organisation, methods and practices of the beneficiary institution and also of its staff, particularly in terms of upgrading to international standards and in terms of technical competence.

The introduction of these changes will have a lasting and definitive effect on the operation and quality of the services provided by the DGI and consequently its alignment with international and European standards. The results will bear fruit well beyond the end of the twinning.

9. Cross-cutting issues (equal opportunities, environment, climate, etc)

The issues of gender equality, the environment, transparency, welfare, ethics and democratic values, as well as money laundering and corruption, the rule of law and the main European foundations of the free movement of goods, people and capital, are well taken into account and are constant concerns of the various parties involved in this twinning. In particular, access to training will be guaranteed by seeking gender equality.

10. Conditionality and sequencing

To ensure the success of this project, the beneficiary commits to complete all planned activities for each component. The beneficiary undertakes to ensure that these activities are implemented to allow the transfer of expertise and skills and, consequently, results and lasting effects for the institution. To this end, a working team must be set up before the start of the project, which will be responsible for coordinating and monitoring all operations.

11. Performance indicators

Performance indicators are :

More effective DGI in negotiating international tax treaties

- Number of proposals of a significant fraction of existing tax treaties.
- 10 negotiating executives trained.
- Number of participations in conventional networks.
- Number of executives who participated in a study visit.

A more effective DGI in transfer pricing audit.

- Number of country-by-country reports prepared.
- 10 managers trained to build the team on transfer pricing and control of illicit financial flows.
- Number of brigades specialized in transfer pricing and the control of illicit financial flows.
- 10 trainers trained.

A more effective DGI in tax audit - VASFE.

- 50% of audits (VASFE) scheduled on the basis of the risk analysis system.
- Share of controls targeted by artificial intelligence (AI) and data mining.
- Proportion of law enforcement cases sent to the courts.
- Number of protocols signed with anti-fraud services.
- Definition of a sanctions regime.

12. Available facilities

In accordance with the Common Twinning Manual, DGI will make all the necessary professional infrastructure available free of charge to the experts seconded by the Member State and in particular install the resident twinning adviser and her/his assistant in local offices, adequately equipped for the duration of the twinning. These offices will be available upon the arrival of the Resident Twinning Advisor. Similarly, DGI will provide the necessary means to enable short-term experts to carry out their tasks in the best material conditions.

Twinning fiche annexes

1. Logical framework
2. Estimated schedule

Annex 1: Logical framework

| Objectives and Results | Results | Indicators (with relevant reference and target data) | Sources of verification | Risks | Assumptions (project external factors) |
|----------------------------|--|--|--|--|---|
| overall objective | contribute to the improvement of the performance of the Tax Administration and the optimal mobilization of domestic revenues | Quality of tax audit in line with international best practices. | DGI annual report Finance laws EUD reports IMF and TFP reports | | |
| Project specific objective | Improve the performance of the Directorate General of Taxes (DGI) in the execution of its missions in the field of international taxation and tax control. | <p>Number of international tax treaties likely to be established according to the new bases of negotiation. (Ref : 0 → Target 10)</p> <p>Number of documented operational transfer pricing pre-approval procedures. (Ref : 0 → Target 3)</p> <p>Number of extended participation in the conventional network (ZLECAF, BRITACOM, other) (Ref : 0 → Target 3)</p> <p>Percentage of repressive cases resulting in convictions (Ref : x% → Target x+20%)</p> | <p>DGI annual report</p> <p>Finance laws</p> <p>Reports on the implementation of LOLF (Financial Organic Laws)</p> <p>Twinning project reports</p> <p>EUD reports</p> <p>IMF reports and other international organizations</p> | <p>Decrease in political will</p> <p>Mobility of key positions</p> | Stability of political will and key positions |

| Objectives and Results | Results | Indicators (with relevant reference and target data) | Sources of verification | Risks | Assumptions (project external factors) |
|------------------------|---|---|---|---|--|
| Result 1 | DGI, with the help of a methodology developed with models and canvas, strengthened its control of the negotiation and management of international tax treaties. | <p>Number of proposals of existing tax treaties. (Ref : 0 → Target 3)</p> <p>Number of negotiating executives trained. (Ref : 0 → Target 10)</p> <p>Number of participations in conventional networks. (Ref : non available)</p> <p>Number of executives who participated in a study visit (Ref : 0 → Target 10)</p> | <p>DGI annual report</p> <p>Finance laws</p> <p>Reports on the implementation of LOLF (Financial Organic Law)</p> <p>Twinning project reports</p> <p>EUD reports</p> <p>IMF reports and other international organizations</p> | <p>Necessary data is not readily available</p> <p>Difficulties in implementing the training plan</p> <p>Trained staff leave the service</p> | <p>DGI has provided the necessary resources for its new functions</p> <p>Good coordination between Algerian and European administrations in the framework of the twinning project</p> <p>Good coordination with the private sector</p> |
| Result 2 | DGI, assisted by an updated legislative and regulatory arsenal, defined and implemented various procedures (dispute prevention, prior agreement) and an operational team and brigades in terms of transfer pricing control. | <p>Number of country-by-country reports prepared (Ref : 0 → Target 15)</p> <p>Number of executives trained to build the team on transfer pricing and the control of illicit financial flows. (Ref : 0 → Target 10)</p> <p>Number of brigades specialized in transfer pricing and the control of illicit financial flows. (Ref : 0 → Target 4)</p> | | | |

| Objectives and Results | Results | Indicators (with relevant reference and target data) | Sources of verification | Risks | Assumptions (project external factors) |
|------------------------|---|---|---|---|--|
| | | Number of trainers trained. (Ref : 0 → Target 10) | | | |
| Result 3 | DGI defined and put in place a more efficient and fair management of individual tax audits (comprehensive audit of tax situation of natural persons - VASFE). | <p>Percentage of audits (VASFE) programmed on the basis of the risk analysis system (Ref : 0% → Target 50%)</p> <p>Percentage of controls targeted by artificial intelligence (AI) and data mining increasing (Ref : 0% → Target 15%)</p> <p>Percentage of repressive cases referred to Justice (Ref : x% → Target x+20%)</p> <p>Number of protocols signed with anti-fraud services (Ref : 0 → Target 4)</p> <p>Formalized sanctions regime (Ref : 0 → Target 1)</p> | <p>DGI annual report</p> <p>Finance laws</p> <p>Reports on the implementation of LOLF (financial organic law)</p> <p>Twinning project reports</p> <p>EUD reports</p> <p>IMF reports and other international organizations</p> | <p>Necessary data is not readily available</p> <p>Difficulties in implementing the training plan</p> <p>Trained staff leave the service</p> | <p>DGI has provided the necessary resources for its new functions</p> <p>Good coordination between Algerian and European administrations in the framework of the twinning project</p> <p>Good coordination with the private sector</p> |

Annex 2: ESTIMATED SCHEDULE (example)

| Twinning estimated schedule | year 1 | | | | | | | | year 2 | | | | | | | |
|-------------------------------------|-----------|---|-----------|---|-----------|---|-----------|---|-----------|---|-----------|---|-----------|---|-----------|---|
| | Quarter 1 | | Quarter 2 | | Quarter 3 | | Quarter 4 | | Quarter 5 | | Quarter 6 | | Quarter 7 | | Quarter 8 | |
| RTA | | | | | | | | | | | | | | | | |
| RTA and twinning start day | ■ | | | | | | | | | | | | | | | |
| RTA assistant selection | | ■ | | | | | | | | | | | | | | |
| Horizontal Activities | | | | | | | | | | | | | | | | |
| Preparation of initial work plan | ■ | ■ | | | | | | | | | | | | | | |
| Steering Committee | | | ■ | | ■ | | ■ | | ■ | | ■ | | ■ | | ■ | |
| Visibility and Communication | | | | | | | | | | | | | | | | |
| Kick-off Meeting | | ■ | | | | | | | | | | | | | | |
| Closing Conference | | | | | | | | | | | | | | | | ■ |
| Mandatory Results/Outputs | | | | | | | | | | | | | | | | |
| Output 1 | | | | | ■ | | ■ | ■ | | ■ | ■ | | ■ | ■ | | ■ |
| Output 2 | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Output 3 | | | ■ | | ■ | ■ | | ■ | | ■ | ■ | | ■ | ■ | | ■ |