Policy brief | n°8

Tax incentives in North Africa:

Will the Global Tax Agreement be able achieve its goals in reducing tax competition and granting more tax revenues for North Africa countries?

Tunisian Observatory of Economy

23/12/2022

www.economie-tunisie.org

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Keywords:

Tax system, Tax incentives, Tax expenditure, Revenue Management , Global Tax Agreement (GTA)

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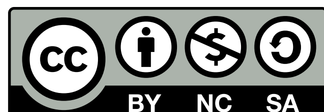


This publication is produced in collaboration with Tax Justice Network Africa (TJNA) and funded by Norwegian agency for development cooperation (NORAD).

Abstract

Tax incentives systems are widely used among developing countries to attract foreign direct investment and foster national industries. However, the use of tax incentives results in tax expenditure which are not compensated with certainty by the effectiveness of the intended outputs in terms of national development and rights fulfilment, such as decreasing unemployment rate and increasing tax revenues at the end.

Securing more fiscal space through maximizing available tax revenue is yet crucial in order to allow North African governments to allocate the needed public spending to ensure the protection and fulfilment of citizens economic and social rights, especially during crisis.

This situation is further hampered by the emerging of the OECD/G20 new BEPS Inclusive Framework that can results in more forgone tax and limiting countries taxation rights once the minimum tax of 15% induced by Pillar Two of the Global tax agreement, enter into force.

This agreement, which was supposed to enter into force on 1 January 2023 in some of North Africa countries where the assessment of its benefits and impacts has not been the subject of any information or public debate at national level. Delays in implementation and disagreements on the details of reforms at the global level have pushed the timetable for a full agreement on the first pillar to mid-2023 and the implementation of the second pillar to 2024 at the earliest.

In this context, this policy brief presents a comparative analysis of tax incentive systems in the North Africa region in order to assess the Pillar-Two of the Global Tax Agreement repercussion of tax revenues and tax rights in the region. Presenting national and regional case-studies of global tax reforms impacts in developing countries, this paper aim at promoting recommendations for decision makers in the North Africa countries to protect tax rights and maximise available tax revenues and to reinforce regional cooperation for tax justice in the region.

Abbreviations

- AfDB: The African Development Bank
- ASEAN: Association of Southeast Asian Nations
- BEPS: Base Erosion and Profit Shifting
- BMG: Beps Monitoring Group
- CET: Common External Tariff
- CIT: Corporate Income Tax
- CSOs: Civil Society Organisations
- ECOWAS: Economic Community of West African States
- FDI: Foreign Direct Investment
- GDP: Gross Domestic Product
- GTED: Global Tax Expenditure Database
- MNEs: Multinational Enterprises
- MTT: Multilateral Tax Treaty
- NGOs: Non-Governmental Organisations
- OECD: The Organisation for Economic Co-operation and Development
- OPEC: Organization of the Petroleum Exporting Countries
- TJN: Tax Justice Network
- TJNA: Tax Justice Network Africa
- TOE: Tunisian Observatory of Economy
- UN: United Nations
- UN-DESA: United Nations Department of Economic and Social Affairs
- UN-ESCAP: United Nations Economic and Social Commission for Asia and the Pacific
- WAEMU: West African Economic and Monetary Union

Introduction

As of 4 November 2021, 137 member jurisdictions[1] of the OECD/G20 Inclusive Framework[2] have agreed to the Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. A two-pillar plan to reform international taxation rules and that aims to ensure that multinational enterprises pay a fair share of tax wherever they operate.

According to the OECD, "developing countries higher reliance on corporate income tax means they suffer from base erosion and profit shifting disproportionately" hence comes the prominence of the 2021 inclusive framework "to tackle tax avoidance, improve coherence of international tax rules, ensure a more transparent tax environment and address the tax challenges arising from the digitalization of the economy"[3].

Four of the North Africa Region countries participated in the agreement of Two-pillar plan to address the tax challenges arising from digitalisation of the economy: Mauritania, Morocco, Tunisia, and Egypt. Which leaves Algeria, Libya and Sudan who did not sign the OECD/G20 new inclusive framework.

Lately, International tax rules are being considered closely with the global recession triggered by the COVID-19 pandemic and the Russia-Ukraine war. The global crisis resulted in increasing North Africa's financial needs that are estimated to exceed 180 billion US dollars by the end of 2023 according to AFDB[4]. Thereby the growing interest of the North Africa countries to maximise their available resources.

From the Two-Pillar plan, more attention is being directed to Pillar Two that according to Deloitte "introduces a minimum effective tax rate of at least 15%, calculated based on a specific rule set". Moreover "The global minimum tax attempts to limit tax competition by introducing a globally uniform floor, below which the effect of low tax rates or fiscal policy measures would be largely obviated."[5]

The new OECD/G20 framework also referred to as the Global Minimum Tax was widely criticized by the Southern countries[6], NGO[7] [8,9]and civil society organisations[10]. The OECD BEPS framework historically failed to bring any radical change to developing countries with the percentage of profit shifting of Multinational Enterprises (MNEs) increasing from 5 percent during the 90's to 25 percent in 2010 post implementation of the first BEPS.

Furthermore, US treasury Secretary described the Global Minimum Tax as "Historic" and that it will result in stopping the race to the bottom , a self-defeating international tax competition, which as another wanted outcomes that was criticized by the South since developing countries relies on tax competition to attract foreign direct investment and tend to be generous with tax incentives with the end of promoting their economies through targeting new industries and attract investment that are subject to tax competition.

According to World Bank 2020[11] "Policy makers who advocate for the use of incentives often justify their costs by suggesting that they are compensated for by the new investment, jobs and spill overs created by the firm benefiting from these concessions. But such assertions are rarely based on proper evaluation methods and the underlying economic evidence." Tax incentives can have direct costs, such as tax revenue foregone.

Reviewing tax incentives system on cost-benefit basis became an urgent need for developing countries with the international fiscal governance dynamic changing faster.

The North Africa region is composed by a divergent set of countries where each of the six countries has its own geographic characteristics, economic tissue and

[1] Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy – 8 October 2021 - OECD

[2] Members of the OECD/G20 Inclusive Framework on BEPS

[3] Base erosion and profit shifting - OECD BEPS

[4] North Africa Economic Outlook 2021

[5] Deloitte Tax Analysis July 2021

[6] Carlos Mureithi «Why Kenya and Nigeria haven't agreed to global corporate tax deal» November 2021

[7] OECD tax deal is a mockery of fairness: Oxfam | Oxfam International October 2021

[8] Global minimum corporate tax: questions grow over OECD commitment to 'inclusive' reforms - Tax Justice Network- July 2021

[9] Losses to OECD Tax Havens Could Vaccinate Global Population Three Times Over - Global Tax Justice- November 2021

[10] African Civil Society Organizations Call for Rejection of G7 Global Tax Deal - Tax Justice Network Africa

[11] Evaluating the Costs and Benefits of Corporate Tax Incentives-World Bank- 2022

fiscal regime, which is probably the reason behind the different reaction to the global minimum tax thus the importance of studying tax incentive system in the region and the likely impact that the OECD/G20 new framework will have in the North Africa Region.

Fiscal policies and tax regime is one of major area of study for the Tunisian Observatory of Economy (TOE). Since its establishment in 2013, TOE carried out numerous studies in order to assess the fiscal justice and revenue maximization mechanism in Tunisia and North Africa region, with the consecutive economic shock waves triggered by international crisis (COVID-19 and Russia-Ukraine war) countries in North Africa region financing needs increased drastically threatening to trigger a debt distress. Hence, TOE will dedicate this policy brief to point out tax policies to maximise State available resource in the region without the excessive relying on public debt yet by reviewing tax incentives regimes in the region and curbing financial loses induced by extensive tax expenditure, in the context of global tax governance reforms

II. Literature review:

There is a significant number of research paper published during the last decade that examined tax regimes, incentives systems and to what extent these tools help achieve and fulfil the economic, financial and social objectives of this fiscal tools, namely the contribution of tax incentives in lowering unemployment rate, encouraging investment, industrialization, technology transfers, fairly redistributing national wealth and maximising the State revenue.

With the dynamic global tax governance and the rapid evolution of globalisation and international trade developing countries engaged in "a race to the bottom" which as mentioned before a self-defeating tax competition, hence the importance that researchers accorded to analysing the cost-benefit of tax incentives.

The United Nations Economic and Social Commission for Asia and the Pacific UN-ESCAP paper "Tax incentives and Tax Base Protection in developing countries"[12] evaluated two model of tax incentives: Hong Kong and China where the tax incentives are used with moderation on one hand and on the other hand Singapore and Korea which are generous with tax incentives.

The paper come to the conclusion that tax incentives are not the sole driver of foreign direct investment and that other factors like business climate, infrastructure and low corruption index are the main drivers of foreign investors.

In addition, and since tax incentives generate additional cost to the State budget referred to as tax expenditure, a publication of the United Nations Department of Economic and Social Affairs DESA untitled "Design and assessment of tax incentives in developing countries"[13] focused on the Latin America countries and specifically the Dominican Republic where they compared tax expenditure for the tourism sector to the public spending.

At a first level the study observed that tax incentives program established by the Dominican Republic didn't achieve its goal at granting more touristic revenue and foreign direct investment, and at a second level the program resulted in major loss for the State resources caused by the large tax expenditure that could be used to improve the country infrastructure that will in turn generate more profit for the sector and the economy.

To recapitulate, according to literature reviewed low tax rates and tax incentives are second-order consideration that come to bear at the tail-end of the decision process, when investors are wavering between similar locations. At the

[12] Tax Incentives and Tax Protection Base-UN ESCAP- 2020

[13] Design and Assessment of Tax Incentives in Developing Countries-UN CIAT- 2018

international level, there is a strong, negative relationship between the generosity of a country and the corporate tax revenue as a share of GDP.

Since the African countries are the most affected by base erosion and profit shifting which is one of the direct causes of the continent losing 3.7 percent of its GDP annually to illicit financial flows, several initiatives emerged with the aim to study tax regimes in the continent point out its detriment and promote for a fairer and more just global tax governance.

Pursuing the same methodology of comparing different jurisdictions, Tax Justice Network study "Comparing tax incentives across jurisdictions: a pilot study"[14] was published in 2019. The paper established an empirical assessment matrix for tax incentives for a sample of 15 countries including 10 European countries and 5 Sub-Saharan African countries.

[14] Comparing tax incentives across jurisdictions-Tax Justice Network-2019

During the empirical assessment the writers observed that "African and European countries have the same number of incentives but the type of incentives offered are remarkably different as African countries tend to grant more profit-based incentives than European countries". This resulted in averagely "an African country grant about 40 percent more profit-based incentives than a European country".

Tax Justice Network Africa (TJNA), published a more recent Policy Brief in 2020 "Health Financing and Taxation for Sustainable Healthcare"[15], where they adopted another approach consist at comparing the forgone tax caused by incentives to the public spendings. The paper pointed out that African countries tax incentive are frivolous and ineffective. Moreover, the policy brief indicated that tax incentives, along with double tax agreements, "are creating an avenue for leakages of potential tax revenues".

[15] Financing Health in Africa-Tax Justice Network Africa

The study further explored the quantitative loss caused by the tax incentives in each of Nigeria, Burundi, South Sudan, Kenya and Malawi and recommended that these countries "review their tax incentives framework by phasing out profit-based incentives, ensure cost-benefit analysis is conducted before granting incentives. Incentives should be subject to the parliamentary process and the cost of tax expenditures published annually".

Broadly speaking, the TJN and TJNA studies on African countries tax incentives systems results are similar to results from Latin American and Southeast Asia: profit-based tax incentives are expensive and often inefficient at attracting desired investments. With the emergence of the new OECD/G20 inclusive framework analysts and researcher focus was further directed to the impact of this new framework on tax regimes and incentive systems especially in the South.

In their policy brief "Global Minimum Tax Rate: detached from developing country realities"[16] the South Centre indicated that "the minimum tax rate of 15 percent is unsuitable and cannot be a stable and durable solution for developing countries who seek to increase domestic resource mobilization».

[16] Global Minimum Tax Rate: Detached from developing country realities-South Centre-February 2022

Tax Justice Network also addressed this issue in their "State of Tax Justice Report 2021"[17] where they pointed out that tax incentives contribute in further weakening the state's capacity to deliver both revenues and national wealth redistribution. The TJN criticized the OECD methods and framework and recommended to shift responsibility for tax rulemaking from OECD to UN.

[17] The State of Tax Justice 2021 - Tax Justice Network

To further support their standpoint Tax Justice Network developed the Corporate Tax Haven Index in 2021[18]. The Corporate Tax Haven index ranks jurisdictions based on their compliance in helping multinational corporate underpay corporate income tax. The sample is widely divergent with developed and developing countries and cover 70 jurisdictions. Built on this index Tax Justice Network states

[18] Corporate Tax Haven Index - 2021 Results-Tax Justice Network

that the "OECD has programmed the global tax system to prioritise the desires of the wealthiest corporations and individuals over the needs of everybody else. This has fuelled inequality, fostered corruption and undermined democracy."

Alongside TJN, the BEPS Monitoring Group[19] a global network of independent researchers on international taxation criticized the BEPS framework launched by the OECD since 2012. BMG aims to produce reports commenting on proposals for the reform of the international system for the taxation of transnational corporations.

Analysing tax incentives is still a new practice in the North Africa region, thus there is a lack of academic work and research paper that addresses tax regimes and incentives systems at the regional level and at the country level too. Except for Tunisia where tax regime and incentive system were the focus area of numerous Tunisian Observatory of Economy studies, to name few: Tax Justice: the core issue in the Financial Law (2018)[20], Tax incentives, a loss of revenue for an uncertain benefit (2018)[21] and Assessment on investment incentives in Tunisia (2014)[22].

The lack of literature review that deals with tax incentives system in the North Africa region is justified by the absence of transparency in the region where tax regime is considered to be widely complex and opaque with tax incentives are dispersed between different State entities and different legal texts, such as investment code, taxation code, and incentives accorded by ministries for instance: ministry of economy, ministry of agriculture and ministry of industry.

According to Augustin Redonda, Christian von Haldenwang, Flurim Aliu, 2021[23] there is a lack of inconsistency of tax expenditure reporting in Africa, 64% of African countries do not provide any information on their tax expenditure. Most of African countries that report tax expenditures leave out important information such as policy objectives and beneficiaries of the provisions. For the North Africa region, only Mauritania, Morocco and Tunisia publish reports on tax incentives and fiscal advantages on the websites of their respective ministries of finance.

III. Tax incentives systems in the North Africa Region: divergences and intersections

North Africa governments widely use tax incentives to attract investment and direct it to certain sectors, activities and locations. Governments grants incentives through multiple pieces of legislations, decrees, and executive orders, and generally more than one agency is responsible for administrating incentives.

Tax incentives are detailed in national tax codes, investment laws and in publicly available documents published by investment promotion agencies, ministry of finance and economy[24]. Tax incentive systems in the region are scattered between these different legal texts and codes. Tax codes and investment laws are commons among the region. In Libya, particularly, regional administrations have the authority to grant tax incentives for corporates and firms operating in their jurisdictions.

Most common types of tax incentives used in the North Africa economies are:

Reduced Corporate Income Tax rates (CIT): corporate income tax reduction over defined period.

Tax deduction: deduction of certain expenses from taxable income.

Corporate tax holiday: period during which an investment is fully exempt from corporate taxations.

Tax exemption: exemption from import duties and export taxes.

[19] The BEPS Monitoring Group

[20] Tax Justice: the core issue in the Finance Law-Tunisian Observatory of Economy-2018

[21] Tax incentives, a loss of revenue for uncertain benefit-Tunisian Observatory of Economy-2018

[22] Bilan des incitations aux investissements en Tunisie-Observatoire Tunisien de l'Economie-2014

[23] Tax Expenditure Reporting and Domestic Revenue Mobilization in Africa-SpringerLink-2021

[24] See Annex1

Tax credits: provision to deduct certain expenditures from taxable income or directly from taxable liability.

Indirect tax exemption: exemptions from Value Added Tax, VAT or sales tax, used to encourage trade and total exporter companies.

A. Tax incentive systems based on sectors and activities targeting

Based on the publicly available legal arsenals that details tax systems in each country of the region, the following tables summarize incentives offered to investors, first by sector and second by economic activities. In the following tables we selected the sectors and activities that receives the largest share of tax incentives.

Table1: Tax incentives in selected sector in North Africa economies

	Agriculture	Hydrocarbons	Industrial	Renewables	Tourism
Algeria	Corporate Tax holiday, indirect tax exemption	None	Corporate Tax holiday	None	Corporate Tax holiday, indirect tax exemption
Egypt	Tax deduction, indirect tax exemption	Tax deduction, indirect tax exemption	Tax deduction, indirect tax exemption	Tax deduction, indirect tax exemption	Tax deduction, indirect tax exemption
Libya	Does not use tax incentives to target specific sectors				
Mauritania	Does not offer tax incentives based on the sector criteria				
Morocco	Corporate Tax holiday	Corporate Tax holiday	Corporate Tax holiday	None	Corporate Tax holiday, reduced CIT rate
Tunisia	Corporate Tax holiday, Reduced CIT rate indirect tax exemp-tion, tax deduction	Corporate Tax holiday, Reduced CIT rate, indirect tax exemption	None	None	Tax deduction

Source: writer based on official websites[25] and OECD 2020

As can be seen in Table1, governments in the region tend to offer tax incentives mainly to investors in tourism, agriculture, hydrocarbons, and renewables except for Libya that does not use tax incentives to target specific sectors and Mauritania that offers tax incentives based on other criteria.

[25] See Annex1

Box 1

Mauritania a distinctive incentives system for a distinctive economy:

As described by the World Bank country economic memorandum 2020, Mauritania economy suffers a substantial diversification, slow rate of transformations and over relies on primary sector: mining and fishing.

Unlike other countries in the region mentioned in the tables, Mauritania provides preferential tax regime to companies only if they fulfil one of the following criteria: a small-sized companies, based in an economic export zone and signatory of an Establishment Agreement.

For small sized companies Mauritania offer a preferential tax regime for the companies that invest between 5 and 20 million MRU, it includes tax advantages for the three first years of instalments and during the operation phase. For economic export zone, the preferential tax regime is conditioned with a minimum investment of 50 million MRU, the creation of at least 50 new permanent jobs, devoting at least 80 percent of their production to exports. These conditions grant free export companies tax exemptions and tax advantages.

The Establishment Agreement is a distinctive incentive tool used by Mauritania government where tax advantages are negotiated for 20 years if the investment take place outside Nouakchott, it includes different types of activities: agriculture, animal farming, fishing, industrial and manufacturing units, renewable energy production, hotels, and tourism

Source : Mauritania Country Economic Memorandum : Accelerating Growth Through Diversification and Productive Cities (worldbank.org)

Tunisia and Egypt provide additional exemptions in specific hydrocarbons contracts and agreements as a result to the fact that petroleum sector in these two countries is governed by decrees, these decrees outweigh national tax laws.

Egypt comes first as the most generous with tax incentives offered in the North Africa region since its tax incentives systems covers all the major sectors. Morocco prefers offering tax holidays, singled out tourism sector with Corporate Income Tax (CIT) reduction and excluded renewables from tax incentives.

Both Algeria and Tunisia agree with Morocco on excluding renewable from tax incentives system, furthermore Algeria also exclude her primarily sector, hydrocarbons, from tax incentives.

Table2: Tax incentives in certain activities in North Africa:

	Environmental protection	Exports	Job creation / skills	Technology and RD
Algeria	Corporate Tax holiday,	Corporate Tax holiday	Corporate Tax holiday	Corporate Tax holiday, tax deduction,
Egypt	None	Tax deduction, Reduced CIT rate, indirect tax exemption	Tax deduction, indirect tax exemption	None
Libya	Corporate Tax holiday, indirect tax exemption, tax exemption	Corporate Tax holiday, indirect exemption	None	None
Mauritania	Does not offer tax incentives based on the activity criteria			
Morocco	None	Corporate Tax holiday, Reduced CIT rate, indirect tax exemption	None	None
Tunisia	Reduced CIT rate, indirect tax exemption	Reduced CIT rate, tax deduction, indirect exemption, tax exemption	Reduced CIT rate, tax deduction, indirect tax exemption	Tax deduction

Source: writer based on official websites and OECD 2020

Exports is the main incentivized activity in the North Africa region. Tunisia is the most open handed with tax incentives for the export activity promoting it with four out six of tax incentives (Reduced CIT rate, Tax deduction, Tax exemption and indirect tax exemption), while Algeria is the least generous with tax incentives for activities in general, only offering tax holiday except for technology and RD that Algeria privileged with tax deduction.

Standing apart from other countries in the North Africa region, Morocco only focuses on exports activity and exclude the other activities from its tax incentives system. Libya fosters environmental protection activity with a large set of tax incentives while Tunisia and Egypt share the same approach of incentivizing job creation activities.

B. Two types of economies and two types of tax incentives systems

North Africa economies can be classified in two categories. The first category is Algeria and Libya petroleum exporting countries member of the OPEC (Organization of the Petroleum Exporting Countries). Algeria and Libya have a rent-based economy founded on petroleum production that creates significant exports value and impressively contribute to the economy [26] .

Comparing to other countries in the North Africa region, they are less generous with tax incentives, Libya does not target any sector with tax incentives and Algeria exclude hydrocarbons and renewable from its tax incentives system. The high returns of petroleum exports make Algeria and Libya almost nonchalant about the benefits of tax incentives.

[26] Alessandro Bacci-» Algeria's and Libya's petroleum fiscal framework»-2018

In terms of activity targeting, Algeria and Libya, unlike other countries in the region, focus on exports activity is limited to tax holidays for Algeria and tax holidays and indirect tax exemptions for Libya.

The second category include Mauritania, Morocco, Tunisia, and Egypt economies that heavily relies on global trade, foreign direct investment, commodity exports, and tourism as main drivers of the economy, add to that their dependence to external financing.

Governments in these countries are generous with tax incentives for tourism, agriculture and export activity, since they agree on the narrative that the more the government is generous with tax incentives, the more FDI it attracts, an argument that as disapproved according to literature review.

C. Tax expenditure reporting in North Africa region: lack of clear goals and transparency

As mentioned previously in the literature review 64 percent of African countries do not provide any information on their tax expenditure, which include half of the North Africa countries, where only Mauritania, Morocco, and Tunisia publish reports on tax incentives on their official websites.

Mauritania was the first North Africa country that report tax expenditure and started publishing it back in 2016, Morocco started reporting their tax expenditure in 2017 and Tunisia joined them when it amended the State Budget Organic Law in 2019, adding a report about tax expenditure to the State Budget Annexes that was first published in December 2020.

These three countries adopt the same methodology while reporting tax expenditure. The reports include expenditure classified by tax types and according to beneficiaries, while ignoring linking this tax expenditure to the economic, social, environmental and financial objectives of tax incentives systems, hence the much-needed cost benefit evaluation is missing.

North Africa governments does not clearly state tax incentives objectives in their legal documents neither on their official websites. In Mauritania tax expenditure report, it is stated that the tax incentives objectives are to attract more FDI or to protect the poorest, Morocco and Tunisia reports on tax expenditure indicates that the tax incentives have the objective of "allowing the State to achieve its strategic economic, social and cultural objectives".

On the other side, the OECD in their "Middle East and North Africa investment policy perspective 2021" indicates that the objective from incentive system in the MENA region is "to spur new investment and trade, create jobs and foster economic opportunities" [27] .

For Tunisia and Morocco, during parliamentary hearing and political statements, governments officials often justify offering tax incentives through indicating that these incentives will attract more FDI, create jobs and maximise the State tax revenues [28].

Moreover, according to Mauritania, Morocco and Tunisia tax expenditure reports, for each incentive tools there are criteria that the corporate need to meet, these criteria variates according to the sector, activity, company size or the location of investment. Tax administration are in charge of examining the fulfilment of these criteria. None of the available documents indicates that tax incentives in these countries are directly conditioned on the achievement of stated objectives.

[27] Middle East and North Africa Investment Policy Prespectives-OECD-March2021

[28] المغرب ورهانات تحفيز الاستثمار Medi1 News.com

D. Effective Tax Rate: side effects of tax incentives

By definition the Nominal tax rate is the rate imposed by law on taxable income that falls within a given tax bracket [29], and Effective CIT are preferential non zero tax rates below the Nominal rates and put into action after a tax holiday has expired.

Thus, post tax holidays and taking in consideration tax and financial incentives presented previously, the percentage of income actually paid by the corporate, an Effective rate, variate from a minimum to a maximum as can be seen in the figure below.

The effective tax rate was calculated for all sectors and activities excluding the extractive sector. Since the effective tax rates variates depending on the sector and the activity, and it is not available for each of the sector, the OECD[30] calculated what they called a «range of effective CIT rate». Hence, it's a range inside which the effective tax rate variates. For example, with the tax incentives system in Morocco, the effective tax rate can be anywhere between 0 and 17.5 but cannot exceed the 17.5%, it is the maximum effective tax rate in Morocco for all activities and sector excluding the extractive sector.

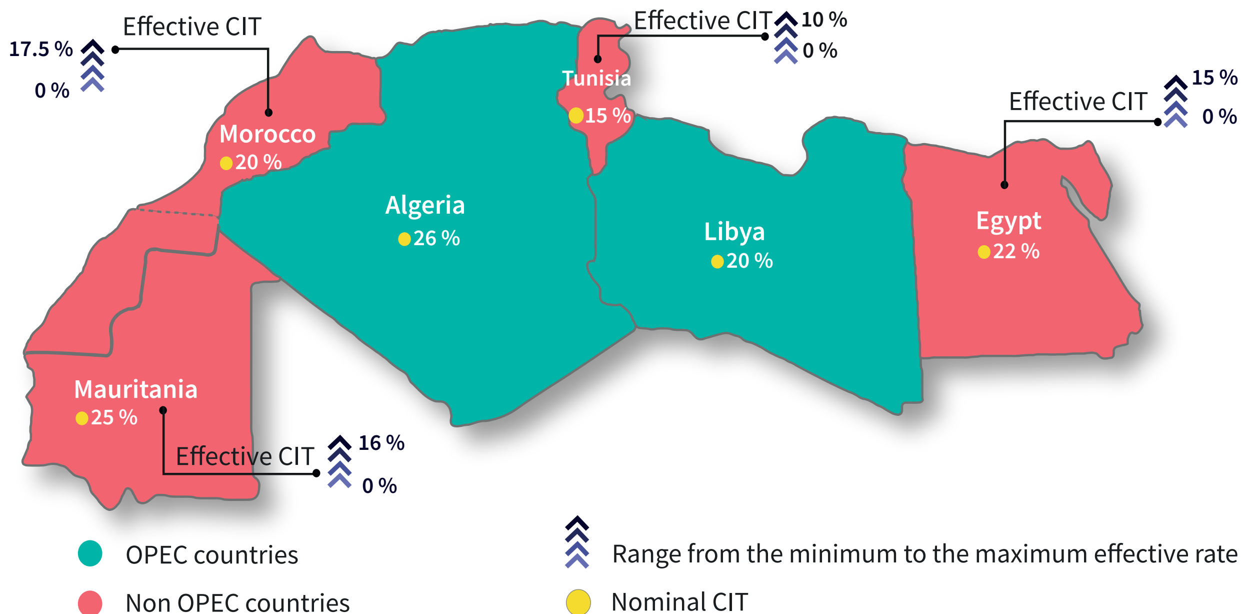
Nominal tax rates for the north Africa economies were extracted from official websites or documents listed in ANNEX 1, the Effective CIT rates from the last available report of the OECD[31] .

[29] What Is the Difference Between the Statutory and Effective Tax Rate?-PGPF-2022

[30] Middle East and North Africa Investment Policy Prespectives-OECD-March2021

[31] Middle East and North Africa Investment Policy Prespectives-OECD-March2021

Figure 1 : Nominal and effective tax rates for the north Africa economies



Source: writer based on official websites and OECD 2020

As can be seen in the figure, the Effective CIT rate can range from 0 to a maximum of 10 percent for Tunisia, 15 percent for Egypt, 16 percent for Mauritania and 17.5 percent for Morocco. The effective tax rates paid by corporate to these countries tax administration can be anywhere inside this range based on other tax incentives accorded to the corporate including tax reduction, indirect tax exemptions.

The second category of North Africa economies (Mauritania, Morocco, Tunisia, and Egypt) reliance on tax incentives resulted in offering more tax deduction and tax reduction than the first category. In fact, Algeria only offers tax deduction for Technology and RD while Libya does not use neither of tax reduction and tax deduction.

For Morocco, Nominal CIT is calculated as the average of the progressive rates; Morocco is the only country in the North Africa region that apply progressive rates for CIT ranging from 10 to 31 percent depending on the corporate revenue.

The average nominal CIT rate among North Africa economies is 21.4 percent ranging from 15 percent in Tunisia to 26 percent in Algeria, this average rate is lower than the average CIT rate in the ASEAN[32] economies 23 percent [33] and the OECD, 25 percent [34] .

Though ASEAN tax incentives systems are described as generous just like the North Africa region, but, unlike the North Africa governments, ASEAN governments have been using incentives flexibly combined with strong regulation that forced foreign corporates to support and improve the capacity of small and medium enterprises and promote technology transfers. Hence resulting in FDI playing an important role in placing the economic community as the 5th largest economy in the world[35].

E. Tax incentives systems in North Africa region: expensive... Yet ineffective

Tax incentives systems established by governments in the North Africa region failed to achieved their primary objectives of "allowing the State to achieve its strategic economic, social and cultural" and objectives stated by North Africa politicians who justifies tax incentives with "attracting more Foreign Direct Investment and maximisation of the State tax revenue"

Unemployment rate in the North Africa range between 10.56 percent in 2010 and 12.91 percent in 2021 reaching a peak of 13.15 percent in 2015[36] . Tax incentives offered in order to lower unemployment rate and enhance job creation activity and industrial sector that is supposed to absorb the widely available workforce were unsuccessful, hence the unemployment rate in the region is twice the world average rate (6.57 percent in 2020[37]).

Foreign Direct investment percent of GDP in the North Africa region is marginal, ranging from 0 in Libya to 1.6 percent for Egypt, with Tunisia scoring 1.39 percent, Morocco 1.24 percent, Algeria 0.78 percent and Mauritania having a negative score during 2020[38] .

Moreover, Mauritania Morocco and Tunisia, the only three governments reporting tax expenditure in the North Africa region are enduring high cost caused by tax incentive systems. Tax expenditure reports published by these governments[39] define tax expenditure as "set of fiscal measures that constitute an exception to the basic provisions of the referential tax system, whereby the State relinquishes part of its tax revenue to a category of tax claimants operating in certain activity or sector in order to achieve economic, social, cultural or environmental objectives". Hence tax expenditure is calculated as the tax revenues that the government, legally, relinquish collecting and offer it to tax payers in form of tax incentives.

The Tunisian reports include tax expenditure ratio from GDP, State Budget and Tax revenues, such information is not included in Mauritania and Morocco reports, but available on the Global Tax Expenditure Database [40].

As can be seen in the table below, tax expenditure percentage of GDP exceed the FDI percentages to GDP:

[32] Association of Southeast Asian Nations: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.

[33] Comparing Tax Rates Across ASEAN-ASEAN Briefing-2018

[34] OECD Tax Database Explanatory Annex-OECD-2020

[35] Increasing ASEAN's Attractiveness for Global Investors-FULCRUM-2021

[36] Unemployment rate in North Africa from 2010 to 2023-Statista-July 2022

[37] Global unemployment rate from 2002 to 2021-Statista-October 2022

[38] Foreign Direct Investment, percent of GDP in MENA | TheGlobalEconomy.com

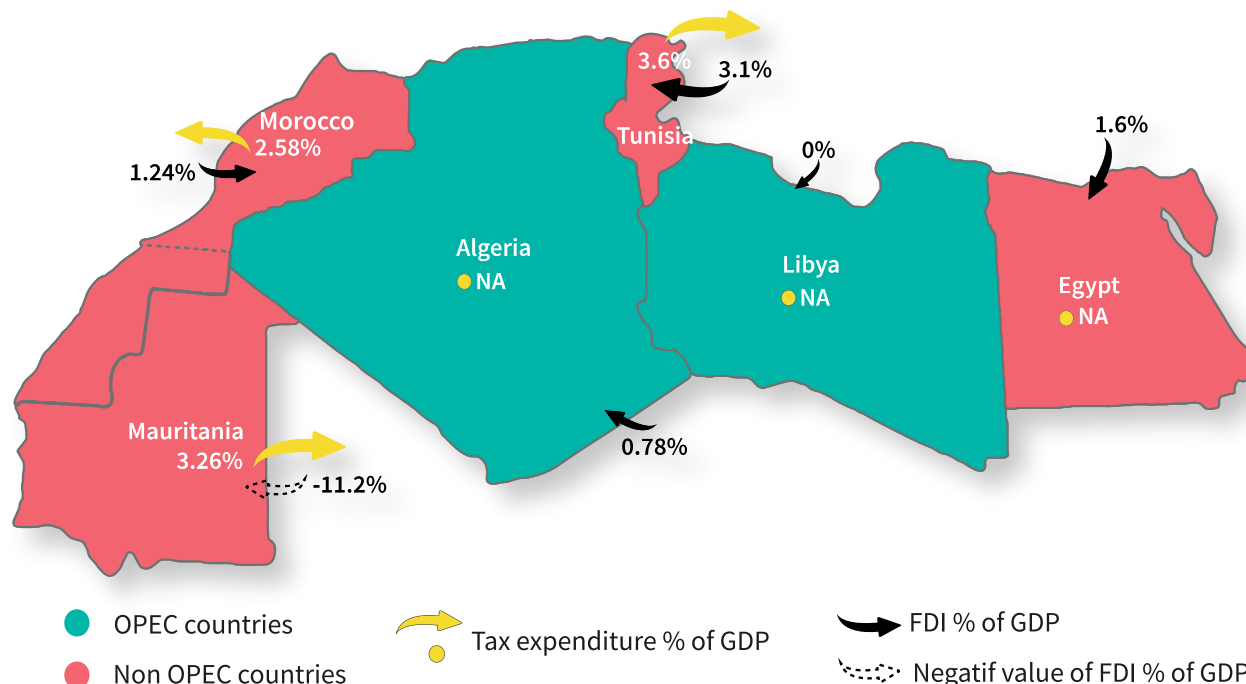
[39] Tunisia Report Tax expenditure and financial advantages 2022

Morocco Report on Tax expenditure 2022

Mauritania Report on Tax expenditure 2020

[40] Global Tax Expenditures Database

Figure 2 : Tax expenditure and Foreign Direct Investment in North Africa (%GDP)



Source: Tax expenditure % of GDP: Global Tax Expenditure Database, Official websites (Annex1) , FDI% of GDP: UNCTAD 2021

Supposedly the governments endure tax expenditure with the hope of attracting more Foreign Direct Investment FDI, hence percentage to GDP of tax expenditure must not exceed the percentage to GDP of FDI, or the governments will be spending tax expenditure without any viable result.

For the three of Mauritania, Morocco and Tunisia, Tax expenditure % GDP exceed FDI% of GDP, hence these countries are spending more on attracting foreign direct investment through tax incentives than the actual level of foreign direct investment inflows to the country. This is another prove of the ineffectiveness of tax incentives in Mauritania, Morocco and Tunisia and the irrational thinking of decision makers. In the next section we will address the implication of implementing Pillar Two of the Global Tax Agreement since it aims to ending tax competition and discourage excessive relying on tax incentives.

IV. Global Tax Agreement repercussions on tax rights and tax revenues in the North Africa region: potential impacts of Pillar two

While having a malfunctioning tax incentives system, four of the North Africa countries signed the new OECCD/G20 Inclusive Framework; the Two-Pillar solution to address the tax challenges arising from the digitalisation of the economy a new framework established by the OECD/G20 to improve the international tax system regulations. The two-pillar solution that aims to "ensure that multinational enterprises will be subject to a minimum tax rate of 15 percent and will re-allocate profit to the largest and most profitable MNEs to countries worldwide [41] " is currently criticized by Southern NGOs and CSOs advocating for tax justice and revenue maximisation for developing countries.

In their detailed statements about the Two-Pillar solution[42] , BEPS Monitoring Group (BMG) pointed out that "Pillar one of the agreements is an only a stop-gap solution, which for political reasons would apply for a minimum of seven years to only around 100 MNEs, and to only a small share of their profits". as for the global minimum tax introduced by pillar two the BMG indicate that it "would be unfair and ineffective for MNE host countries".

[41] Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy-OECD-2021

[42] The BEPS Monitoring Group Statement on a Two-Pillar Solution-July 2021

Alex Cobham, chief executive at the Tax Justice Network, wrote that OECD/G20 agreement "will neither curb profit shifting effectively, nor provide substantial revenues to more than a handful of OECD member countries" since the "15 percent tax is so low that the incentives to shift profit will remain substantial" [43] .

During the last decade the World have been subject to numerous development that includes globalisation, growing intra-firm trade, shifting from country specific operating models to global models based on integrated supply chains, growing importance of the service components and the economy and the emergence of the digital economy.

The OECD acknowledged that this development resulted in: first an injustice among taxpayers, where MNEs are shifting their income away from jurisdictions where income producing activities are conducted which result in other taxpayers bearing a greater share of the burden. Second lower tax revenues for governments which is critical specially for developing countries where "the lack of tax revenue leads to critical under-funding of public investment that could help promote economic growth" [44].

According to the African Development Bank AfDB, "North Africa's financing needs are estimated to exceed 180 billion USD over the period 2021-2023" to adequately respond to repercussion of the COVID-19 crisis and the Russia-Ukraine war and support the recovery through getting the North Africa economies back on track and "rekindle robust, sustainable, equitable growth while avoiding further deterioration of fiscal debt". Governments in the region are in desperate need to maximise their tax resources to strengthen their fiscal position and support recovery measures [45] .

In order to outcome these issues, OECD/G20 have been working under the BEPS Inclusive Framework on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy, also called the "Global Tax Agreement". BEPS Monitoring Group (BMG)[46] describes this agreement as "historic in accepting for the first time the need to apply formulaic method to apportion at least part of the total global profits of the MNEs concerned, complemented by the proposals for a global anti-base-erosion tax."

Four of the North Africa Region countries signed the Global Tax Agreement: Mauritania, Morocco, Tunisia, and Egypt. Which leaves Algeria and Libya who did not sign this OECD/G20 new inclusive framework that will enter into force in 2023. These two different positions toward the OECD initiative can be explained by the fact that North Africa OPEC members pay less attention to tax incentives than the rest of countries in the region due to their reliance on petroleum rent.

OECD claims that Pillar-Two of the GTA aims to limit tax competition and ease the pressure on jurisdictions to offer tax incentives by the means of introducing a global minimum effective corporate tax rate of 15 percent for large MNEs [47].

Ben Rouine [48] indicates that the Global Minimum Tax of 15 percent will be applied for each individual MNE and the 15% rate is "an effective rate, not a nominal one".

The difference between the nominal rate and effective rate is substantial for the North Africa region where the excessive provision of tax deduction and tax reduction results in an effective tax rate that variates from 0 to 10 percent in Tunisia, 0 to 15 percent for Egypt, 0 to 16 percent of Mauritania and 0 to 17.5 percent for Morocco which place Tunisia as the most impacted country by the Global Tax Agreement in the region due to the fact that it is effective rate is lower than 15 percent as can be seen in the next figure:

[43] OECD tax deal fails to deliver-Tax Justice Network-October 2021

[44] Action Plan on Base Erosion and Profit Shifting-OECD-2013

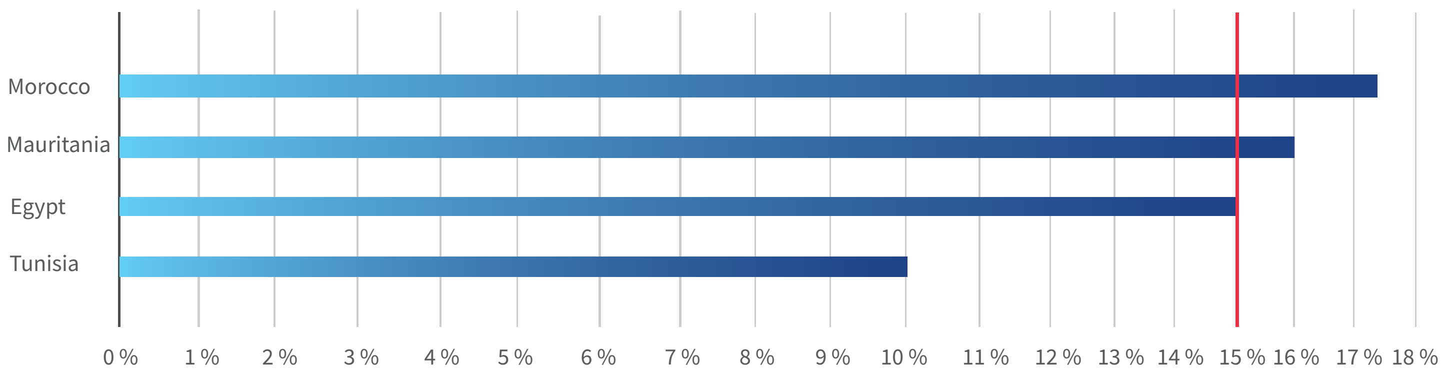
[45] North Africa Economic Outlook 2021-African Development Bank Gourp-2021

[46] BEPS Monitoring Group (BMG) is a network of experts on various aspects of international tax, set up by a number of civil society organisations which research and campaign for tax justice.

[47] Tax Incentives and the Global Minimum Corporate Tax-OECD-2022

[48] Global Tax Agreement: Perspectives from Tunisia-Rosa Luxemburg Stiftung-2022

Figure 3 : Range of Effective Tax Rates



Minimum Effective Tax Rate established by GTA

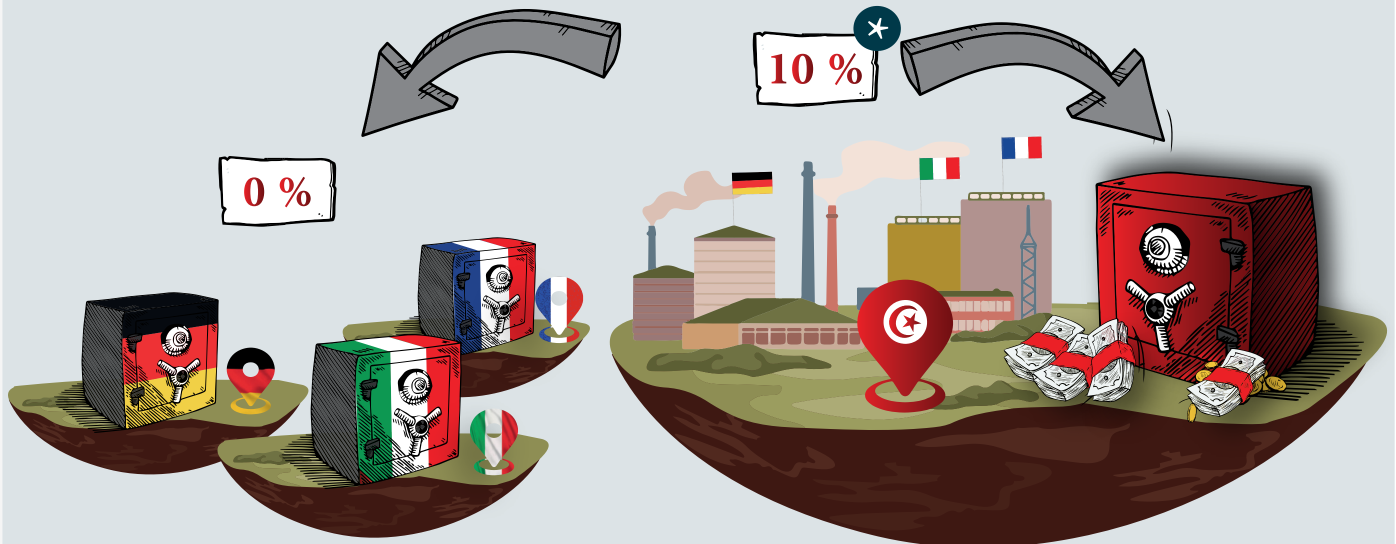
Source: OECD 2020

In his paper, Ben Rouine explained that Pillar-Two can redistribute taxing rights among source countries (where the activity is taking place) and residence countries (home jurisdictions of the MNEs) if the effective tax rate in the source countries is lower than the 15 percent established by the Global Tax Agreements which is the case in Tunisia and might be the case for Egypt, Mauritania, and Morocco if the effective tax rate applicable to the MNEs is lower than 15 percent.

To present it simpler; a Multinational Enterprises operating in Tunisia and eligible to the Global Tax Agreements criteria is going to pay an effective rate of 15 percent as stated in the Agreement but, with the effective tax rate in Tunisia is 10 percent (supposing that the effective CIT is at its maximum) Tunisia will have the right to tax its 10 percent and the residence country, the home jurisdiction of the MNE, will have the right to tax the 5 percent left, hence collecting ineligible tax revenue and deprive Tunisia from maximising its tax revenues.

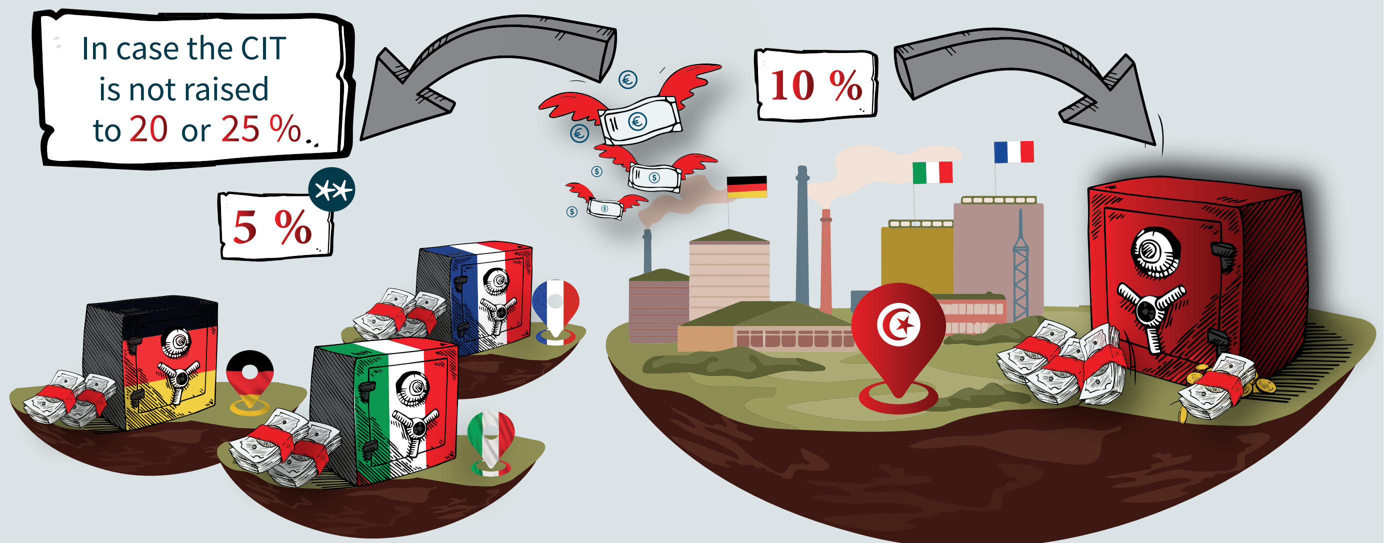
Figure 4: Implication of Global Tax Agreement on tax rights and tax revenues for Tunisia

Before the Global Tax Agreement's entry into force



Due to the tax incentive system established in Tunisia, the effective CIT rate in Tunisia is of 10 % while the nominal rate is of 15 %.

After the Global Tax Agreement's entry into force



After the Global Tax Agreement's entry into force, Tunisia will still receive their 10 % tax revenues but it will lose 5 % that will be paid by MNEs for residence country since the minimum effective tax established by the GTA is 15 %.

Source: Tunisian Observatory of Economy 2022

"European Tax Observatory predicts that Pillar Two would allow High-Income countries to gain 191.2 billion EUR, equivalent to 18% of their corporate taxation income, Upper-Middle-Income countries to gain 13.7 billion EUR, equivalent to 3% of their corporate taxation income, and 0.6 billion EUR for Lower-Middle-Income countries, equivalent to 1% of their corporate tax income"[49] .

An empirical study published by the South Centre[50] estimated the revenue implication of the Global Tax Agreement using "data on tax expenditures measured by the revenue forgone in percent of GDP from tax incentives are collected from the Global Tax Expenditure Database (GTED)". The study sample includes 28 African countries that reports their tax expenditure and that their data are available on the GTED database which include Mauritania and Morocco whose reporting tax expenditure and their data are available on GTED database[51].

The study main findings indicate that "the implementation of a global minimum effective corporate tax rate is likely to end up with no gains in terms of corporate tax revenue collection for African economies." Moreover, the writer warns from an "unintended consequence", African countries with poor infrastructure and business climate can lose their tax attractiveness to the unification of tax rates to 15 percent. In this case the Global Tax Agreement bring along the risk of neutralising tax incentives and encouraging a FDI outflows.

Broadly, available data and literature imply that the benefits of engaging in the Global Tax Agreements are widely uncertain and that such Agreement can backfire on developing countries and North Africa countries more specifically and results in losing their tax competitiveness and enduring higher tax revenue loss, add to that willingly relinquishing a part of their tax right in favour of high-income countries.

V. Toward tax incentives systems that preserve and maximise tax revenues

Studying tax incentives systems through the available legal documents and the little available economic indicators allows us to describe the tax incentives systems in the North Africa economies as too generous with incentive mechanisms, expensive resulting in relatively high tax expenditure and ineffective in allowing the North African Governments to achieve their strategic economic, social and cultural objectives.

A. On the National Level

The targeting mechanism adopted by most of the North Africa governments alone is not sufficient to attract investment in certain sector or activity, as outlined in the literature review improving business climate and investing in infrastructure greatly affects investment attractiveness add to that the fact that investors in certain sectors such as natural resources related are indifferent about tax incentives, it is the availability of natural resources that influence the decision of whether investing or not; hence incentivizing sectors and activities related to natural resources are unnecessary.

Transparency and tax expenditure reporting are crucial to eradicate opacity and discretion of tax incentives systems and facilitate tax incentives evaluation process that can be of great use for decision maker to evaluate the cost-benefits of the tax incentives and review it accordingly.

It is essential to understand the scope of tax and financial incentives offered and how they are administrated in order to analyse their efficiency and effectiveness.

[49] Global Tax Agreement: Perspectives from Tunisia-Rosa Luxemburg Stiftung-2022

[50] Revenue Effects of the Global Minimum Corporate Tax Rate for African Economies-South Centre-2022

[51] Morocco Country Profile - GTED

Mauritania Country Profile - GTED

Also, for citizens and civil society organizations in order to have the needed information to monitor the government tax policies and hold them accountable for it hence giving citizens the opportunity to participate in the decision-making process.

Reviewing and evaluating tax incentive according to a cost-benefit approach have to be on periodic bases in order to respond to changing economic and financial context both on the national and the international level. The evaluation will allow decision makers to determine which economic activities and/or sector that will guarantee more benefits if incentivized and which economic activity/sector that have grown indifferent toward tax incentives.

A periodic evaluation of tax incentives will spare the State Budget from high and unnecessary tax expenditure and maximise the available resources that can be allocated to social spendings in order to preserves citizens social and economic right, especially right to healthcare that have been hampered during the COVID-19 pandemic.

It is also a necessity that tax incentive systems and tools are conditioned on specific social, economic, financial and environmental objectives, which will enable governments to withdraw tax incentives from corporates who do not achieve these objectives.

B. On the Regional Level

The geographic and economic differences among the North Africa countries, combined with the cultural and historical similarities presents an opportunity for establishing a Regional Economic Communities.

North Africa economies has been engaged in an economic and tax competition focusing on trade outside of the region, neglecting the opportunity of getting advantage from the available intra-regional market, and overlooking the feasibility of joining forces that will strength the region access to neighbours' market and guarantee better trade terms with the rest of the world.

- **WAEMU tax coordination and tax harmonisation: an ongoing experience that is already inspiring the ECOWAS.**

“ [52] West African Economic and Monetary Union's WAEMU [53] tax coordination process is one of the most advanced in the World. Despite of the limits, the WAEMU framework has, to some extent succeeded in converging tax systems, particularly statutory (nominal) tax rates. It has also led to some convergence of countries tax systems, and in turn to positive revenue effects in WAEMU member states.

The formation of the customs union with a common external tariff (CET) was completed by 2000, directive on value added tax VAT and excises were introduced in 1998, and by 2009 the region completed a set of directives in relation to capital income taxation.

In addition to coordinating the setting of tax rates and bases for the major taxes through regional directives, it mandated the convergence of the tax revenue-to-GDP ratio to at least 17 percent, and the convergence of tax revenue structures.

The tax revenue structure is part of the so-called tax transition (transition fiscale in French), under which WAEMU countries must adopt tax and tariff policies that, over time, enable them to shift their revenue structure from trade to domestic taxes. Article 4 of the WAEMU Treaty explicitly calls for harmonisation of member states' tax legislation.

In 1998, WAEMU introduced the excise tax directive, the directive was later amended in 2009. the argument in favour of coordinating the setting of excise taxes in a

[52] this text is extracted from Evert-jan Quak paper” Tax coordination and tax harmonisation within regional economic communities in Africa” published in May 2018

[53] The West African Economic and Monetary Union (WAEMU) is an organisation of eight, mainly francophone West African states within the ECOWAS. It was created by a Treaty signed at Dakar, Senegal, on 10 January 1994, by the heads of state and governments of Benin, Burkina Faso, Ivory Coast, Mali, Niger, Senegal, and Togo. On 2 May 1997, Guinea-Bissau, a former Portuguese colony, became the organisation's eighth (and only non-francophone) member state.

common market with fiscal borders is to minimise intra-community cross-border shopping and smuggling. A separate Directive issued in 2001 covers excises and other taxes on petroleum products with the aim of harmonising prices, ensuring more transparency and creating business-friendly environment.

The Multilateral Tax Treaty MTT was adopted in WAEMU in 2008, it distributes the taxing rights of WAEMU states in respect of intra-community investment and also covers issues of information exchange and mutual assistance in tax collection, it has a non-discrimination clause, and provides for dispute resolution mechanism.

Also in 2008, WAEMU established another two Directives that covers corporate income tax coordination CIT: the first defines a common corporate tax base, and the second specifies the range for a single rate between 25 and 30 percent. The harmonisation of the tax rates and tax base have been implemented in all countries.

The most important elements of directive on tax base competition include, flexibility in setting tax depreciation rules, and flexibility in designing transfer pricing and thin capitalisation rules. But the most important source of tax competition among WAEMU countries remain the derogatory regimes provided in non-tax legislations, such as Investment Codes, Free Zone Codes, and other sectoral codes, which are explicitly permitted under Article 8 of the corporate income tax directive.

Econometric analysis of WAEMU partner countries shows that tariff and tax coordination, in particular related to indirect taxation, have improved revenue mobilisation in member states. Impact of VAT coordination shows that a relatively good revenues performance of VATs in member states.

Because of the advanced tax coordination process and the existence of tax coordination framework in the WAEMU, Economic Community of West African States ECOWAS[54] is also in the process of adopting WAEMU experiences and framework for its own circumstances, in particular for indirect taxation.

[54] The Economic Community of West African States (ECOWAS) is a regional political and economic union of fifteen countries located in West Africa: Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo.

In recent years there have been a shift in efforts towards tax coordination and tax harmonisation by making use of the experience of WAEMU countries and with the aim to mobilise tax revenue, create a better investment climate in the region, and to tackle harmful tax competition, in particular in indirect consumption taxation.

Since January 2015 the CET of the 15 member countries of the ECOWAS become effective, liberalising trade within ECOWAS and nullifying the common legislation on the CET of the WAEMU countries.

ECOWAS member states are working on the harmonisation of VAT exemption on basic food items in their raw states, medicaments and pharmaceutical products to ensure equal treatment of all economic operators in the community.

On the same lines as WAEMU, ECOWAS also drafted a supplementary act adopting community rules on the taxation of income, capital and inheritance and the rules of their application within ECOWAS to eliminate double taxation, remove barriers to cross-border trade and investments, combat tax evasion, capital flight and facilitate revenue mobilisation.

Getting inspired by the WAEMU experience and the shifting toward tax coordination and tax harmonisation that the ECOWAS is currently engaging can enable North African countries to tackle harmful tax competition between them and strength the efforts to reduce risk of distorting trade and investment and the erosion of national tax bases."

Corporate income tax CIT harmonization among WAEMU countries between 25 and 30 percent resulted in an Average Effective CIT in the region between 19 and 30 percent[55] . Pillar-Two of the Global Tax Agreement that will establish a minimum

[55] The tax burden on mobile network operators in Africa-FERDI-2020

[56] Cephas Makunike-International Tax Justice Academy -2014

[57] OECD tax deal fails to deliver-Tax Justice Network-2021

effective tax of 15 percent will not influence WAEMU countries tax revenues, neither their tax rights unlike the North Africa countries who will probably lose a share of their tax revenues and taxation rights due to the implementation of the GTA Pillar-Two and the fact that effective CIT in Mauritania, Morocco, Tunisia and Egypt can be lower than Pillar-two 15 percent.

In 2014, International Tax Justice Academy presented a set of recommendations for tax coordination in Africa , which are in line with this paper assessment and convenient for the North Africa[56] region context:

- establishing and regularly maintaining an online tax database that provides comprehensive information about countries national tax structures;
- collaborating on tax incentives that encourage investment, rather than those that reduce transparency or purely act as a vehicle for tax minimisation
- creating a clear and transparent system of taxation that harmonises policies to prevent investment barriers and to avoid double taxation;
- developing expertise of tax officials with support for training programmes and seminars on tax design, policy, and best practices;
- discouraging the spread of tax havens and harmful preferential tax regimes and
- encouraging those countries which presently engage in harmful tax practices to review their existing measures;
- helping countries move towards the “level playing field” which is so essential to the continued expansion of regional and continental economic growth, and;
- developing regional tax guidelines/directives and commentaries which shape good and common tax designs and systems.

C. On the International Level

It has been proven[57] that the OECD/G20 BEPS project have failed to bring any changes to developing countries with the percentage of profit shifting of MNEs increasing since the 90.

The proclamation that presents OECD/G20 Inclusive Framework on BEPS as an inclusive framework in which developing countries can participate on an equal footing with developed countries was refuted.

In fact, assessing the implication of Global Tax Agreement on developing countries tax revenue leads to the conclusion that this agreement could lead to tax injustice at the international level. The OECD is giving it to MNEs home jurisdictions additional taxing rights while depriving developing countries from their rightful tax revenues.

Global South NGOs and CSOs are substantively aware of the inefficiencies of the OECD frameworks, and it is inability to offer a meaningful voice to developing countries.

On behalf of the States Members of the United Nations that are members of the African Group, on 10 October 2022, Nigeria submitted a draft resolution to the United Nations General Assembly about United Nations conventions on international tax cooperation.

Following this draft submission, countries of the world started the discussion about whether to establish a UN tax convention that according to TJN “could slash the scope for tax abuse by multinational companies and wealthy individuals, in the biggest shakeup in international tax rules for a century[58]. ”

[58] UN tax convention proposed at General Assembly-Tax Justice Network-2022

North Africa economies have to support such initiative that aims to promote tax justice among different countries and rightfully maximise the available resources for each country.

Conclusion

Tax incentives schemes in the North Africa region are generous offering tax and financial incentives for a wide range of sectors and economic activities. Yet, these generous schemes failed to achieve their "economic, social and environmental" objectives and resulted in high tax expenditure. Furthermore, governments in the North Africa region does not communicate openly and in transparent way the objectives behind granting tax incentives and enduring high tax expenditure and adopt a discretionary approach while granting incentives for investors with little details about eligibility criteria and the opacity of legal texts.

Hence it is difficult to evaluate the exact cost of forgone tax in the region and effectively associate it to the wanted impact, except for Mauritania, Morocco and Tunisia who publish tax expenditure reports.

Rushing to sign the new Inclusive Framework of the OECD BEPS without a cost-benefit analysis will result in governments in the region losing more tax revenues and taxing rights to the favour of MNEs and High-income countries. The Global Minimum Effective Tax Rate of 15% is inadequate and cannot be a steady and long-lasting remedy for North African countries who seek to maximise their available revenue.

With the succession of economic shockwaves that have momentaneous and tangible impact on North African economies and the citizens economic and social rights, North African governments must rethink their tax policies starting with evaluating their tax incentives systems in order to:

- Promote true tax justice and wealth redistribution.
- Establish effective tax incentives systems that is based on clear and rational economic and social objectives and conditioned to reach these objectives.
- Periodically publish and evaluate tax expenditure to maximise available tax revenues.
- Ensure cost-benefit analysis for bilateral and intergovernmental agreements and make sure that these agreements will not hamper national tax rights and tax revenues.
- Promote cooperation at the regional level in order to avoid harmful tax competition between countries such as in WAEMU.

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Annexe

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Country	Ministry/Administration in charge	Document title	Link
Mauritania	Ministry of Finance/ General Direction of Tax	General Tax Code	Microsoft Word - Mauritanie-CGI-2020-arabe.docx (impots.gov.mr)
		Customs Code	Code des Douanes J.O. 1403 du 30.12.2017.pdf (impots.gov.mr)
		Investment Code	Codedesinvestissements 2012.pdf (impots.gov.mr)
	Investment Promotion Agency		About APIM – APIM
Morocco	Ministry of Economy Finance/ General Direction of Tax	General Tax Code	CGI+2022+FR+act.pdf (tax.gov.ma)
		Tax incentives Scheme	02-Dispositif_d'incitations+fiscales_FR+version+2022.pdf (tax.gov.ma)
		Report on Tax Expen-diture	تقريرعن النفقات الضريبية (tax.gov.ma)
	Ministry of Industry and Commerce		Incitations fiscales | Ministère de l'Indus-trie et du Commerce (mcinet.gov.ma)
Algeria	Ministry of Finance/ General Direction of Tax	Code des impôts directs et taxes assimilées	CIDTA_LFC_2022_fr.pdf (mfdgi.gov.dz)
		Code des taxes sur le chiffre d'affaires	https://www.mfdgi.gov.dz/images/pdf/codes_fiscaux/CTCA_LFC_2022_fr.pdf
		Code des impôts indirects	https://www.mfdgi.gov.dz/images/pdf/codes_fiscaux/CII_LFC_2022_Fr.pdf
		Guide Fiscal de L'investissement	file-88GhP4ym7YPb2d6rLMgF.pdf (onca.dz)
	Algerian Chamber of commerce and Industry	Investment code	CodeInvestFevrier2015-Fr.pdf (caci.dz)

Tunisia	Ministry of Finance/ General Direction of Tax	Tax code	Documentation fiscale - ministère de finance de la republique Tunisienne (finances.gov.tn)
		VAT code	Documentation fiscale - ministère de finance de la republique Tunisienne (finances.gov.tn)
		Loi 2017-8 portant refonte du dispositif des avantages fiscaux	Documentation fiscale - ministère de finance de la republique Tunisienne (finances.gov.tn)
		Investment Law	Documentation fiscale - ministère de finance de la republique Tunisienne (finances.gov.tn)
Libya	Legal Database for the security sector in Libya	Income tax law	قانون رقم (7) لسنة 2010 بشأن ضرائب الدخل DCAF ليبيا (security-legislation.ly)
	General Direction of Tax	Tax Laws	مصلحة الضرائب ليبيا (tax.gov.ly)
	Privatization and Investment Board	Advantages of investment	Advantages of Investment | Privatization & Investment board (investinlibya.ly)
		Investment Promotion Law	About Legislation & Regulations | Privatization & Investment board (investinlibya.ly)
Egypt	Ministry of Finance/ General Direction of Tax	VAT Law	https://eta.gov.eg/sites/default/files/2022-02/law-03-2022.pdf
		Income tax law	قوانين ضرائب الدخل | مصلحة الضرائب المصرية (eta.gov.eg)
	Investment Promotion Agency	Investment incentives	إنطلق (investinegypt.gov.eg)
		Incentives Special Units	نستطيع المساعدة (investinegypt.gov.eg)

المرصد التونسي للإقتصاد

Observatoire Tunisien de l'Economie