



SETTING UP BUSINESS IN
TUNISIA
2023



General Aspects

- Location: Northern Africa, bordering the Mediterranean Sea, located between Algeria and Libya
- Area: Total: 163,610 sq. Km:
 - Land: 155,360 sq. Km
 - Water: 8,250 sq. Km
- Land boundaries: 1,495 Km
- Border countries: Algeria 1034 Km and Libya 461 Km,
- Languages: Arabic (official)/ French
- Other languages Italian/ English
- Population: 11,8 million (January 2023)
- Median age: 32,7 years in 2020
- Population growth rate: 1,054% in 2020
- Major urban areas-population Tunis (capital) 2,643 Million in 2014
- Literacy: age 15 and over can read and write: 81,8%.

Economic indicators

- GDP: \$41,6 billions of US dollars (CB)
- GDP growth rate: 1,6% (T4 2022 National Institute of Statistics)
- GDP -per capita : 3521US dollar
- Labor force: 4,153 million (National Institute of Statistics)
- Unemployment rate: 15,2% (T4 2022 National Institute of Statistics)
- Inflation rate (consumer prices): 10,2% (January 2023)
- Exchange rates: US dollar -Tunisian dinar (TND) =3.1422 TND (CB/ 01/03/2023)
- Tunindex: 8.083,41 in 01/03/2023

Legal Forms of Business Entities

Legal form	Feature	Remarks
Sole Proprietorship (Entreprise individuelle)	Set up by a single natural person, who is fully liable for the debts contracted by the firm with his own present and future wealth.	<ul style="list-style-type: none"> • Suitable form for liberal professions and individual consultants. • Special formalities are not required, while benefiting from simplified administrative, fiscal and social procedures.
Partnerships (Société en nom collectif)	Any partnership requires at least two partners with a personal commitment. Their liability for the partnership's debts and liabilities is generally unlimited and personal, including all private assets.	No minimum share capital is required and the accounting and publication obligations are less extensive than those for corporations.

Limited Partnership (Société en commandite simple)	<p>A legal form related to the «Public limited company» SA, but with the option of limiting the liability of some of the partners.</p> <p>The general partner (commandité) is personally liable without limitation, as well as with his private assets. The liability of the limited partners (commanditaires) is limited to their respective share of the partnership capital.</p>	<p>Suitable for medium-sized companies seeking additional start-up capital from persons who prefer a limitation of liability.</p>
Joint venture (groupement d'intérêt économique)	<p>An arrangement by which the partners determine their reciprocal rights and obligations, and fix their contributions to the losses and their shares in the profits and in the savings of funds which could result therefrom.</p>	<ul style="list-style-type: none"> • This form of entities has no legal personality. • The purpose is the accomplishment of a specific task. It can be either a new project or any other business activity. • A common use of a joint venture is to partner up with a local business to enter a foreign market.
Limited liability company (LLC) (Société à responsabilité limitée (SARL))	<p>The number of partners should be between 2 and 50.</p> <p>The minimum of capital is 1000 DT.</p> <p>Partners could be companies or natural persons.</p> <p>The company is managed by one or two managers. The manager can be responsible for the company liabilities in case of bankruptcy.</p> <p>The manager have penal responsibility regarding tax authorities.</p> <p>Modification of the company status including the increase of the capital needs the approval of 75% of partners.</p> <p>The introduction of new partners need the approval of the partners.</p> <p>The company financial statements should be certified by an external auditor if the company fulfill two of the following indicators:</p> <ul style="list-style-type: none"> • The company turnover exceed 300 000 DT; • Total of balance sheet exceeds 100 000 DT; and • Number of employees exceeds 10 employees. 	<p>Form suitable for families business or foreign investors who want to establish a business in Tunisia</p>
Limited liability company (LLC) sole owner (Société unipersonnelle à responsabilité limitée (SUARL))	<p>Set up by a single natural person. The minimum capital is 1000 DT.</p> <p>The company is managed by the sole owner. The manager can be responsible for the company liabilities in case of bankruptcy.</p> <p>The manager have penal responsibility regarding tax authorities.</p>	<p>Form suitable for small businesses.</p>

Public Limited Company (LLC) (Société anonyme)	<p>The minimum number of partners should be 7. The minimum of capital is 5000 DT.</p> <p>The company is managed by board of directors (conseil d'administration) or Supervisory board (conseil de surveillance) and an executive board (directoire).</p> <p>The members of the board directors can be companies or natural persons and their number should be between 3 and 12.</p> <p>The capital shares can be sold to foreign partners.</p> <p>The financial statements should be certified by an independent auditor.</p>	<p>Form of company suitable for big investment with several investors and looking for an introduction in the Tunisian Stock market.</p> <p>The costs of the founding process are relatively high. The organizational and accounting obligations and the publication requirements are very extensive.</p>
Partnership limited by shares (Société en commandite par actions)	<p>At least one partner, the general partner (commandité) has to be liable for debts and liabilities of the company without limitation, while the other associates (commanditaires) have a limited liability.</p> <p>The general partner can also be a corporation with limited liability.</p> <p>These forms of business entities can have an unlimited number of capital investors (limited shareholders), whose liability is limited on the capital contribution they subscribed.</p>	<p>The partnership limited by shares combines structures of a Public Limited Company and a limited partnership.</p> <p>The General Partner (Commandité) is responsible of the daily management of the company.</p>

Other forms of business establishments

Topic	Feature	Remarks
Permanant Establishment (Etablissement stable)	<p>Foreign companies who have construction or assembly contracts in Tunisia for a period exceeding 6 months are obliged to report their contracts to the Tax authorities and establish a 'Permanent Establishment' and obtain a tax identification.</p> <p>The permanent establishment is not a legal form of entity, but it has the same obligations regarding tax authorities as other form of companies.).</p>	<p>This type of establishments is useful for foreign compagnies that don't have a regular business in Tunisia while having separate contracts for construction or assembly.</p>
Representative office	<p>Foreign companies are allowed or have the right to establish a representative office but only for the objective of making market surveys or feasibility studies and not allowed to enter any commercial operations.</p>	

Employment

Topic	Feature	Remarks
Work permit	<p>According to the new investment law of April 2017;</p> <p>The exporting companies are authorized to recruit up to 30% of the total staff numbers foreign staff and this for the first three years of establishment.</p> <p>Starting from the fourth year the rate of the foreign staff in the company should not exceed 10% and a number 4 persons.</p>	
Labour law	<p>The number of working hours should not exceed 48 hours per week.</p> <p>There are two types of employment contracts:</p> <ul style="list-style-type: none"> • Fixed term contract, the period of this contract should not exceed 4 years; • Permanent Employment contract; • Internship of initiation to professional life (SIVP): Intended for graduates; • KARAMA contract: Intended for first-time job seekers with graduate degrees. 	
Social system	<p>The rates of social security are as follow:</p> <ul style="list-style-type: none"> • 9,18%* Gross salary: employee contribution; • 16,97-20,57%* Gross Salary: company contribution. 	<p>The company recruiting graduates are exempt from social security for one year, with the possibility of extension to a second year.</p>
Minimum legal salary	<p>Since 5 January 2021, the minimum legal wage has been raised to:</p> <ul style="list-style-type: none"> • 365,732 DT for 40 hours of work per week • 429,312 DT for 48 hours of work per week 	<ul style="list-style-type: none"> • The start salary for engineer is from 1000 Dt to 1500 dt. • The start salary for finance/Accountant is from 700 Dt to 900 dt.

Taxation

Relief from double taxation is available through tax treaties to which Tunisia is signatory. Tunisia has entered into tax treaties with most Arab countries, European Union (EU) countries, the United States of America (USA), and Canada etc.

Moreover, Companies in Tunisia are subject to direct and indirect taxes:

Tax	Feature	Remarks
Corporate Income Tax (Impôts sur les sociétés)	<ul style="list-style-type: none"> The standard corporate income tax rate is 15% on all taxable earnings of the corporation. Companies operating in the financial, telecommunications, insurance, Hyper market sectors and companies using a foreign franchise are subject to 35% income tax rate. The companies operating in agriculture sector are subject to 10% tax rate. However, tax advantages are allocated for companies established in development areas (as per local law defined so). Companies operating in development areas are exempt from income tax for 5 and 10 years, depending on the area of establishment. The payment of corporate tax is collected by the tax authorities through withholding tax, three advances and the annual tax return. 	In addition to the Income Tax Code, a new law entitled "Investment Law" contains several tax incentives for local and foreign investors.
Value Added Tax (VAT)	<p>The main indirect tax in Tunisia is the VAT. All service and sales are subject to VAT and two VAT rates applied depending on the activities: 19% (common rate) and 7% (reduced rate).</p> <p>Some operations, products, or services are out of the scope of VAT in Tunisia, and some others are expressly exempt from VAT.</p> <p>Taxpayers subject to VAT effectively act as intermediaries in collecting the tax. If they are required to invoice and collect VAT on their sales, they may deduct VAT paid on their purchases and acquisitions.</p>	VAT collected are paid to tax authorities on a monthly basis.
Income tax for natural persons	<ul style="list-style-type: none"> The income tax for natural persons is progressive. The scale approved by the government and applicable since January 2019 is as follows: From 0 Dt to 5,000 Dt/annual 0% From 5,000 Dt to 20,000 Dt/annual 26% From 20,000 Dt to 30,000 Dt/annual 28% From 30,000 Dt to 50,000 Dt/annual 32% Over 50,000 Dt/annual 35% 	Non-resident employees, working in Tunisia during a period not exceeding 6 months, are subject to the withholding tax at the flat rate of 20%.
FOPROLOS	FOPROLOS is due on a monthly basis and represents 1% of total gross salaries.	Exporting companies are exempt from this tax.

TFP	TFP is due on a monthly basis and represents 2% of total gross salaries. This rate is reduced to 1% for companies operating in industries.	Exporting companies are exempt from this tax.
Withholding Taxes (Retenues à la source)	Withholding taxes are applied to several payments made to resident and non-resident companies and individuals. The withholding tax rate varies according to the nature of the operation. For residents, withholding taxes represent advance payments of tax and are thus deductible from the Corporate Income Tax due by the invoicing company. Therefore, they may be claimed as a credit on the annual income tax return. For non-residents, withholding taxes generally represent a final payment of tax.	The paying entity shall withhold the tax at the appropriate rate. It shall then issue a WHT certificate to the invoicing company to enable the latter to use the certificate as proof of the payment at the moment of filing its annual income tax return. The paying entity subsequently pays the withheld amount to the tax authorities. The withheld tax is to be declared and repaid by the paying entity each month before the 28th day of the following month.
Consumption tax	This tax applies in particular to a limited number of products, such as vehicles, fuels, tobacco, wines, beers and alcohol, etc.,	The exhaustive list of products is presented in a table annexed to law no. 88-62 of June 2, 1988. The exporting companies are exempt from Consumption tax for their purchases.
Customs Duty	Imported goods in Tunisia can be subject to various tariff rates depending on the product. Customs duties are not due on importations made from the European Union (EU).	Among these tariff rates: 15%, 20%, 30%, 36%, 43%, 50%, etc...
Registration fee and Stamp duty	Registration fees are levied according to the nature of the act or the transaction. There are fixed registration fees and proportional registration fees, including 5% for commercial real estate, 2.5% for commercial goodwill, 1% for professional lease, and 0.5% for procurement contracts, concessions. The stamp duty is levied on the majority of contracts, agreements and documents that are subject to registration, as well as on administrative and private documents relating to a business.	
Local authority Tax (TCL)	TCL is due on a monthly basis and calculated as follows: <ul style="list-style-type: none"> • Turnover (local market) * 0,2% • Turnover (Export market) * 0,1% 	This tax is payable monthly before the 28th day of each month.
Various local taxes	These taxes are collected for the benefit of local municipalities.	Such as: <ul style="list-style-type: none"> • Real estate tax; • Hotels tax; • Other various local taxes and royalty fees; • etc...



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