



Republic of Tunisia
Ministry of Development, Investment and
International Cooperation

NEW TUNISIA INVESTMENT LEGAL FRAMEWORK

Lisbon, 18th April 2017

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1. GENERAL BACKGROUND :

STRUCTURAL, ECONOMIC AND SOCIAL REFORMS

- The new offer of the Tunisian destination is based on a **highly attractive business environment**: political stability and security, infrastructure projects, structural and economic reforms :

- ☐ Competition law,
- ☐ Public procurement law,
- ☐ Public Private Partnership law,
- ☐ Tax incentive Law,
- ☐ **Investment Law.**



1. GENERAL BACKGROUND :

Objectives of the Investment incentive Code Review

1

Meet the current development requirements of the country

2

Communicate positive messages to investors

3

Have an inclusive approach dealing with investment in all its dimensions

4

Simplify administrative procedures and reduce deadlines

5

Create new mechanisms for investment governance

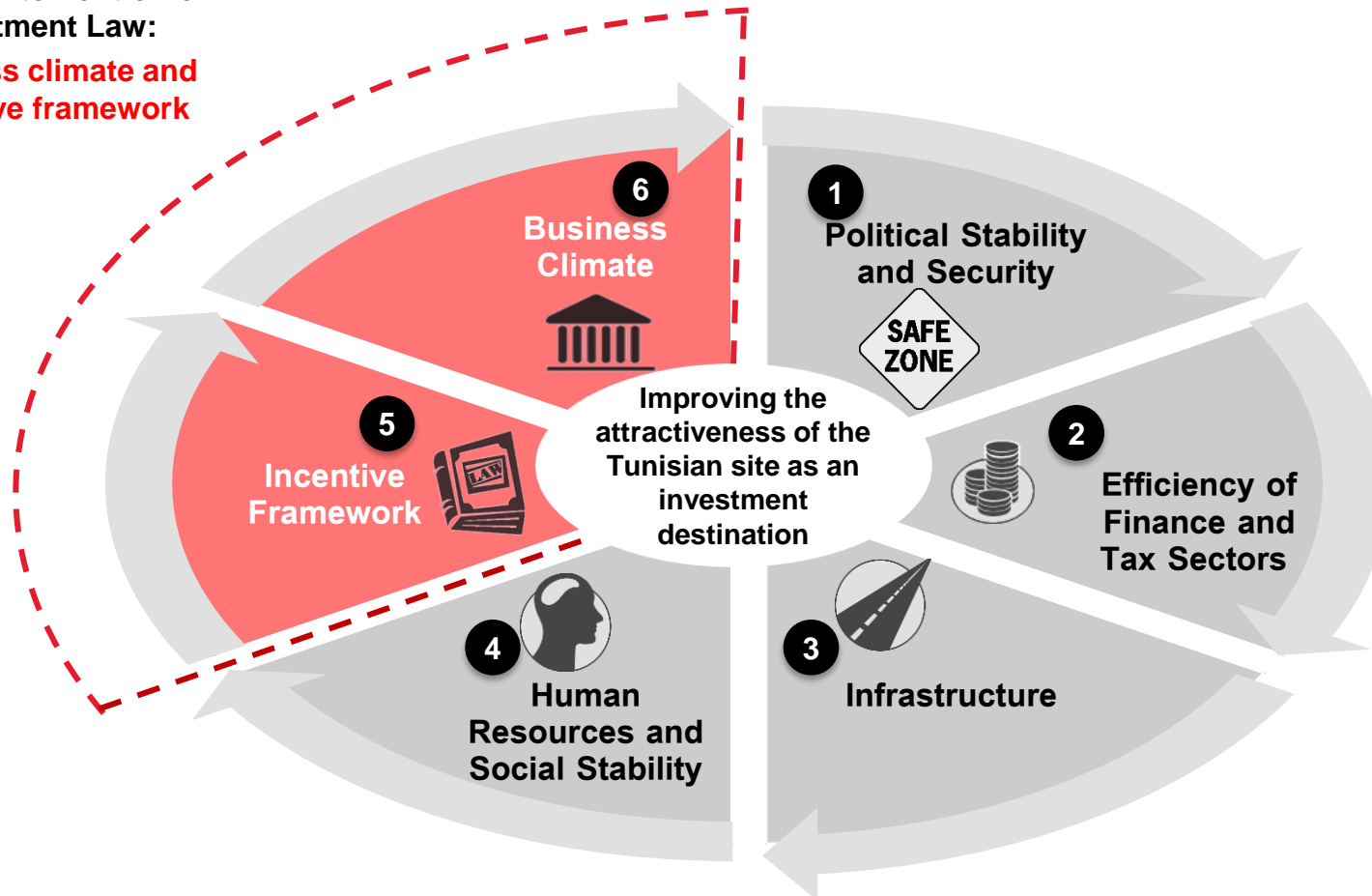


1. GENERAL BACKGROUND :

Investment law is one factor among others to improve investment attractiveness

Field of intervention of
Investment Law:

**Business climate and
incentive framework**



1. GENERAL BACKGROUND

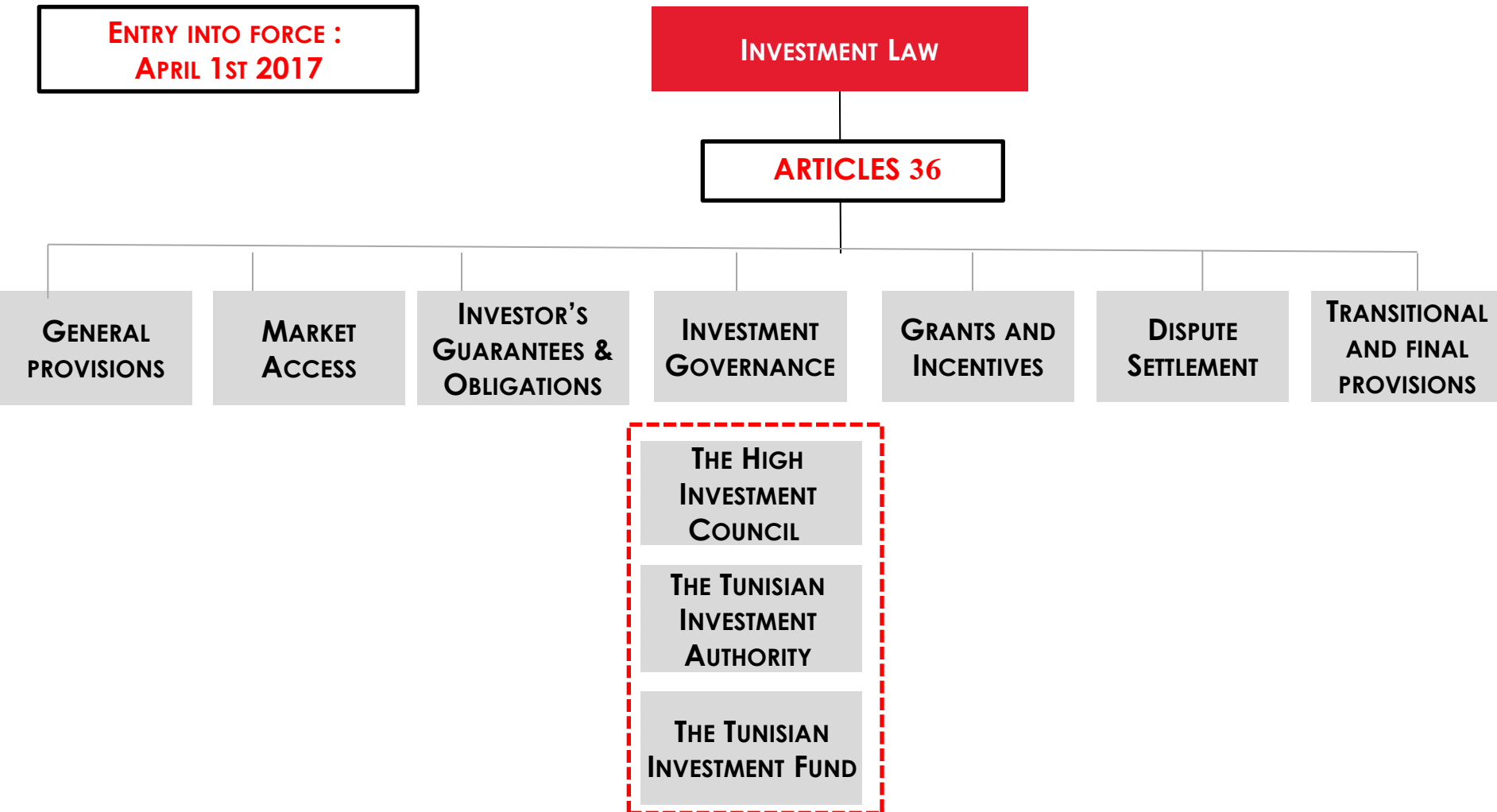
2. PRESENTATION OF THE INVESTMENT LAW

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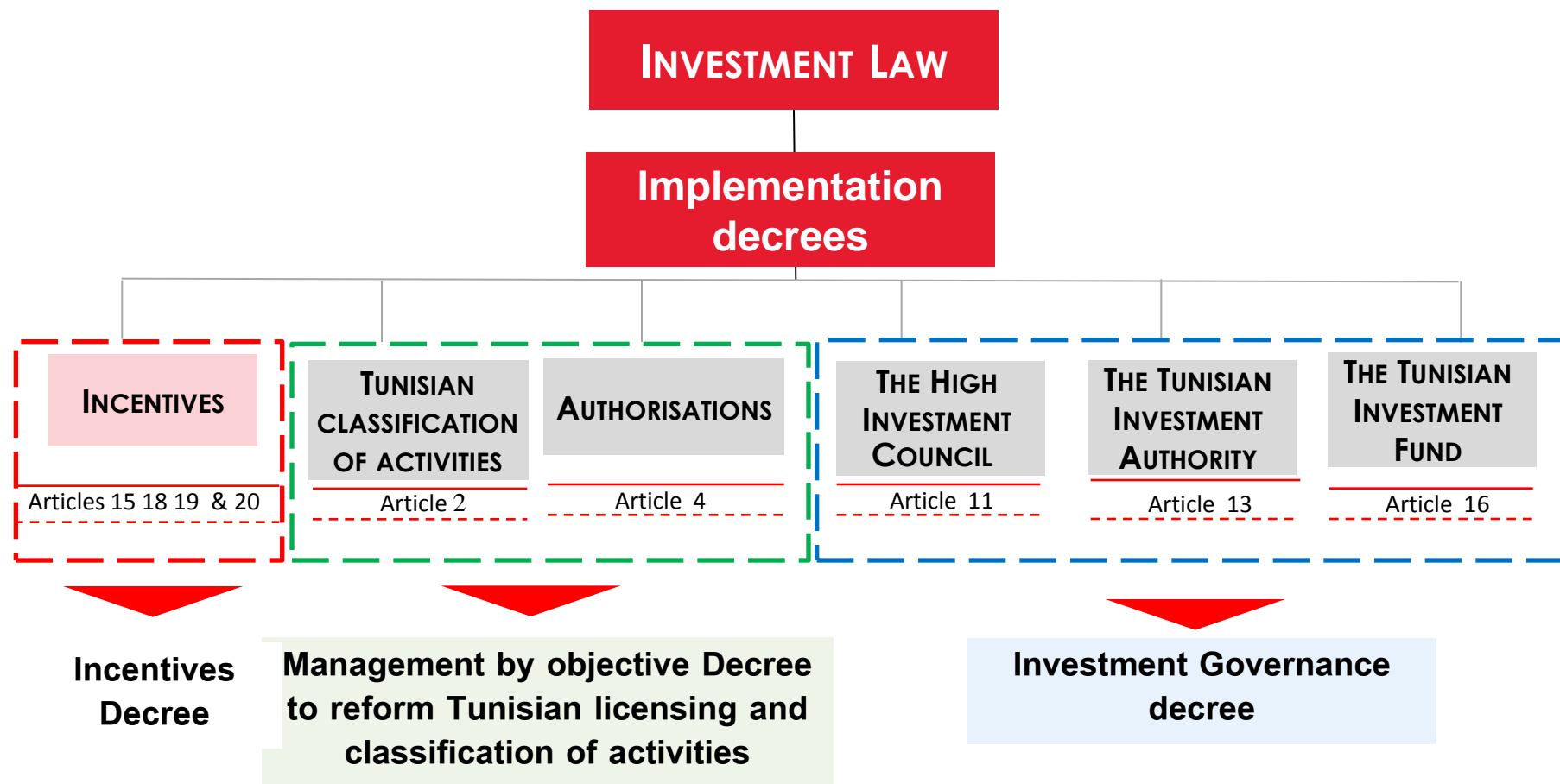


2. INTRODUCTION OF THE INVESTMENT LAW

INVESTMENT LAW STRUCTURE



IMPLEMENTATION DECREES : 3 DECREES INSTEAD OF 33 DECREES IN THE PREVIOUS CODE



2. INTRODUCTION OF THE INVESTMENT LAW

ORIENTATIONS OF THE NEW LAW – ALIGNMENT OF THE INVESTMENT LAW WITH THE OBJECTIVES OF THE NATIONAL ECONOMY :
FROM A LOW COST ECONOMY TO AN INTERNATIONAL ECONOMIC HUB

A more
diversified
economic
fabric with a
strong
potential for
Job Creation

1. Regional Development

2. Support job creation and improve employability

3. Promote innovation and creativity

4. Integrated, comprehensive and sustainable economic systems

5. Productivity, a source of sectors' competitiveness

6. Position in the global value chain, promote promising sectors and enhance export

1. GENERAL BACKGROUND

2. PRESENTATION OF THE INVESTMENT LAW

3. PROVISIONS OF THE INVESTMENT LAW AND IMPLEMENTATION DECREES



3- PROVISIONS OF THE INVESTMENT LAW AND IMPLEMENTATION DECREES

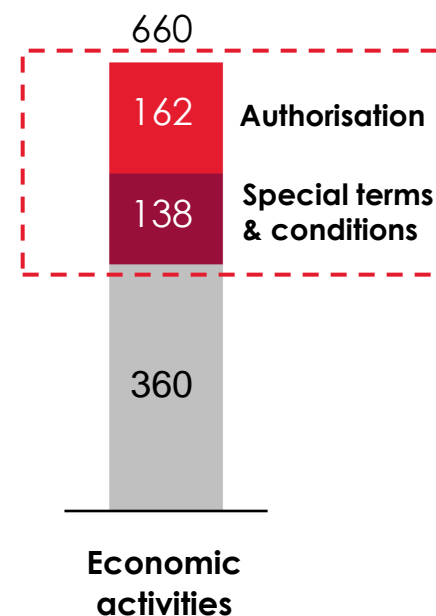
MARKET ACCESS : REVIEW OF AUTORISATIONS RELATING TO ECONOMIC ACTIVITIES



Procedures included in the law and in the government order

- Issuing a government order within one year to set a negative list of administrative and sector specific authorisations
- Reducing the number of authorisations and reviewing special terms and conditions ➡ A 3 year Government program
- Implementing an objectives - based management unit for the implementation of the program
- Removing the authorisation requirement to be issued by the High Investment Commission for the service activities that are not fully exporting and which are subject to an authorisation for foreigners (49 activities) unless provided for under sector related laws
- Exempting foreign acquisitions of Tunisian securities granting the right to vote or of shareholders' shares in companies operating in Tunisia from authorisation requirement

50 % of economic activities are regulated and subject to an authorisation or submitted to special terms and conditions



3- PROVISIONS OF THE INVESTMENT LAW AND IMPLEMENTATION DECREES

MARKET ACCESS : PROPERTY OWNERSHIP, SUPPORTING REAL ESTATE ROLE IN INVESTMENT



- **Simplifying the procedures for foreign investors in purchasing the real estate as part of an investment project**
- **Granting foreign investors the right to purchase non-agricultural properties as part of investment projects**



3- PROVISIONS OF THE INVESTMENT LAW AND IMPLEMENTATION DECREES

MARKET ACCESS : HIRING FOREIGN MANAGERIAL STAFF,



- Hiring foreign managerial staff within a limit of **30 % of the total number of managerial staff** til the end of the third year from the date of the legal incorporation of the company or from the start date of its actual operation depending on the company's choice.
- This proportion is reduced to **10 % in the fourth year** as from this date.
- In all cases, the company can hire four managerial staff of foreign nationality
- Beyond this number, a formal authorisation is required



3- PROVISIONS OF THE INVESTMENT LAW AND IMPLEMENTATION DECREES

INVESTOR'S GUARANTEES AND OBLIGATIONS : THE NEW LAW INCORPORATES THE PRINCIPLE OF FAIR TREATMENT AND PROTECTION OF PROPERTY AGAINST NON-COMMERCIAL RISKS

- **Ensuring equal treatment to foreign and Tunisian investors in terms of rights and obligations when they are in similar legal positions.**
- **Protecting investors from non-commercial risks by restricting the State's right to seizure, which can be enforced only for the public interest and without discrimination on the basis of nationality and against a fair compensation.**
- **Ensuring the respect for industrial and intellectual property**



3- PROVISIONS OF THE INVESTMENT LAW AND IMPLEMENTATION DECREES

INVESTOR'S GUARANTEES AND OBLIGATIONS : REDUCING PROCEDURE BARRIERS FACED BY FOREIGN INVESTORS RELATING TO INTERNATIONAL CURRENCY TRANSFERS

- **Enabling foreign investors to transfer their profits and assets abroad in foreign currency in full freedom in compliance with the Exchange Code by simplifying the procedures and reducing the deadlines.**
- **Foreign investor must be informed of the reasons for being denied the authorisation for the transfer of funds abroad.**



3- PROVISIONS OF THE INVESTMENT LAW AND IMPLEMENTATION DECREES

INVESTOR'S GUARANTEES AND OBLIGATIONS : BEST PRACTICES FOR INVESTOR'S OBLIGATIONS ARE PROVIDED FOR IN INVESTMENT LAWS

- **Respect for the legislation in force in Tunisia and more specifically the legislation relating to employment, social security, health, competition, consumer protection and environmental protection.**
- **Providing all required information within the framework of the application of the provisions of this law and its implementing decrees.**
- **Ensuring the accuracy, precision and comprehensiveness of all information provided within the framework of the investment.**





INVESTOR'S GUARANTEES AND OBLIGATIONS : RESORT TO ARBITRATION IF A DISPUTE CANNOT BE SETTLED THROUGH RECONCILIATION

1- Amicable Settlement of Disputes

- The choice of reconciliation among alternative dispute resolution procedures
- Settlement of disputes arising from the application or interpretation of the Investment Law on Reconciliation
- Parties are free to agree on reconciliation procedures



2- Judicial settlement of disputes

i. Between the Tunisian State and the foreign investor

- Dispute settlement shall be subject to arbitration and arbitration may be sought under an agreement
- Free selection of one of the arbitration authorities (ICSID, other arbitral institutions or arbitral tribunals)
- Subject to the jurisdiction of Tunisian courts to consider the dispute in case of failure to conclude an arbitration agreement.



ii. Between the Tunisian State and the Tunisian investor

- Principle: Subject to the jurisdiction of the Tunisian courts
- Exception: An arbitration agreement in case the dispute is economic, commercial or financial resulting from an international relationship pursuant to Chapter 7 of the Arbitration Code

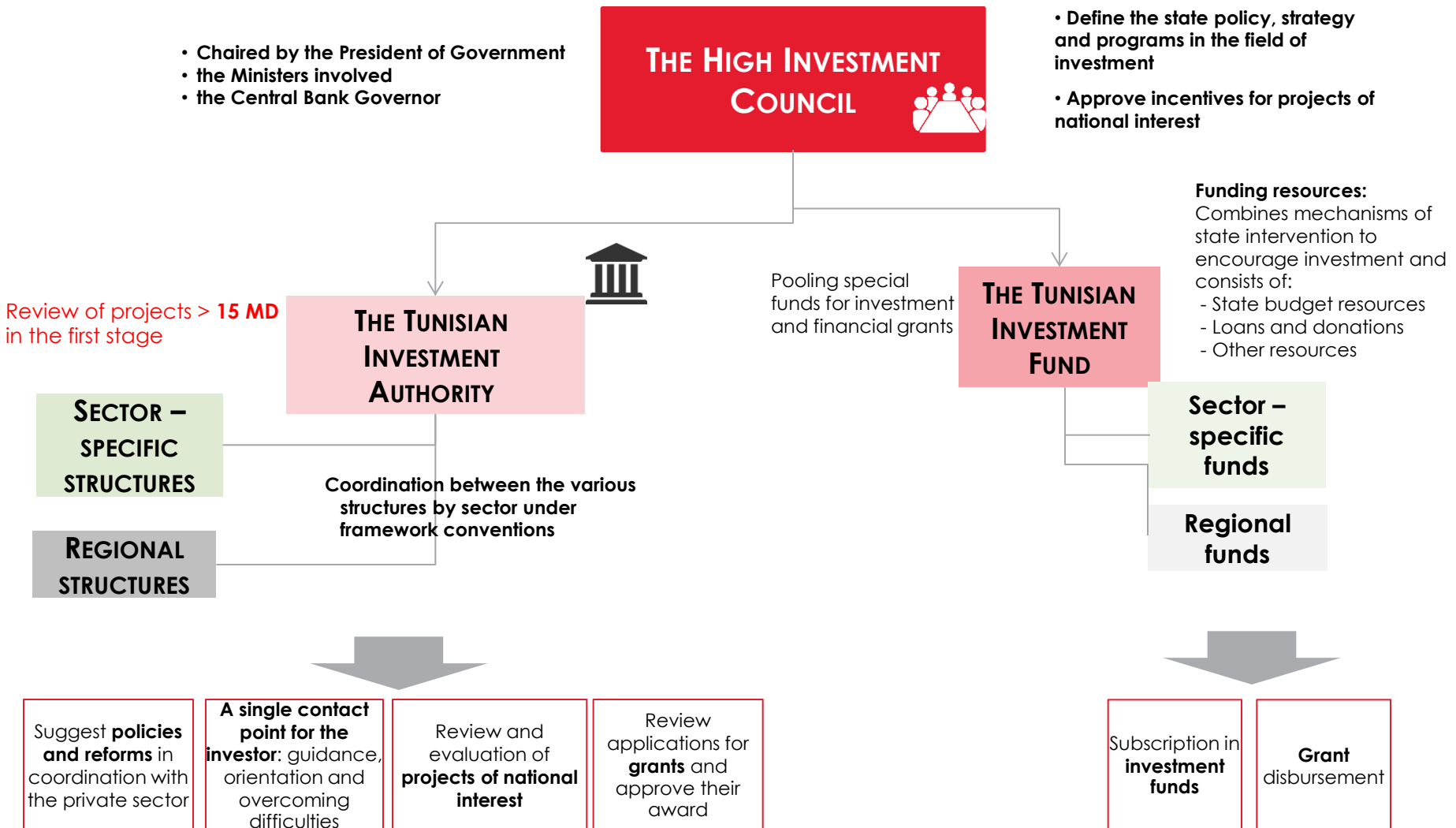


3- PROVISIONS OF THE INVESTMENT LAW AND IMPLEMENTATION DECREES



INVESTMENT GOVERNANCE : NEW MECHANISMS AND STRUCTURES TO PROMOTE INVESTMENT -

MORE HARMONIOUS ROLES WITHIN THE INSTITUTIONAL FRAMEWORK



TAX AND FINANCIAL INCENTIVES

1- Regional development

First Group



- Investment grant **15%** with a maximum ceiling of **1,5 MTD**
- Total deduction **100%** of taxable income during **5 years** and subject to **10%** after,
- Subsidy of employees' contribution during **5 years**

Second Group



- Investment grant **30%** with a maximum ceiling of **3 MTD**
- Total deduction **100%** of taxable income during **10 years** and subject to **10%** after,
- Subsidy of employees' contribution during **10 years**



TAX AND FINANCIAL INCENTIVES

2- Agriculture sector

- Investment grant **15%** (medium and large investments) and **30%** (small investments) with a maximum ceiling of **1 MTD**
- Total deduction **100%** of taxable income during **10 ans** subject to **10%** after

3- Priority Sectors

- Investment grant **15%** with a maximum ceiling of **1 MDT** for 20 activities in all the regions of the country (electronic industries, ICT, textile and clothing....)

4-Economic regimes

Activities that rely mainly on the valorization of resources of useful and agricultural substances, natural and cultural heritage through industrialization and exploitation in production areas and contribute to the development of value chains

- Investment grant **15%** with a maximum ceiling of **1 MTD.**



5- Economic performance grants

- **Material investments to master modern technologies and improve productivity: 50%** of Component cost with a maximum ceiling of **500 000 dinars**.
- **Intangible investments: 50%** of the cost of the approved intangible investments with a maximum ceiling of **500 000 dinars**
- **Research & development expenses: 50%** of component cost approved with a maximum ceiling of **300 000 dinars**.
- **Employee Training cost leading to certification of competencies : 70%** of the cost of training Tunisian nationals, which leads to the certification of skills in accordance with international standards with a maximum annual ceiling of **20 000 dinars** for each company.

TAX AND FINANCIAL INCENTIVES

6- Grant based on Job Creation Capacity:

Subsidy of employers' contribution :

- Three years in priority sectors
- 5 and 10 years for regional development

Grant under the subsidy of wages according to the ratio of supervisory staff

7- Sustainable Development Grant : 50% of investment cost with a maximum ceiling of **300 000 dinars**.

8- projects of national interest the investment cost is no less than **50 MTD** or the creation of **500** jobs within three years.

- Deduction of profits from the corporate tax base within ten years,
- Investment grant within one third of the investment cost and with a ceiling of **30 MTD**
- Contribution of the State to the expenses resulting from infrastructure works

These incentives shall be granted by a governmental decree following the approval of the High Investment Council.



3- PROVISIONS OF THE INVESTMENT LAW AND IMPLEMENTATION DECREES : ELIGIBILITY CONDITIONS AND PROCEDURES FOR FINANCIAL INCENTIVES

Committees in charge of granting advantages

- National Commission **for structured projects under the supervision of the Tunisian Investment Authority** : investment cost exceeding 15 MD
- National sectoral committees within **relevant structures at the national level** : investment cost between 1 MD and 15MD
- Sectoral regional committees within **relevant structures at the regional level** : investment cost under 1 MD

Grant disbursement

- 40 % upon completion of 40 % of the approved investment cost
- 60 % upon entering the actual operation phase of the project



SUMMARY OF INVESTMENT LAW PROVISIONS



I. MARKET ACCESS RULES

1. No reference to any authorisation in the new law and removing the authorisation of the High Investment Commission
2. Setting up a negative list of authorisations within a year
3. Setting the deadlines of , authorisation agreement, requirement to justify the refusal to grant an authorisation, and considering the non-response of administrative authorities beyond the deadlines as an implicit authorisation
4. Employing foreign managerial staff (30 % of all managerial staff in the first 3 years and 10 % thereafter, with 4 foreign managerial staff in all cases)
5. Enabling foreign investors to own non-agricultural properties



II. INVESTMENT PROMOTION MECHANISMS AND STRUCTURES



6. **Creating a Tunisian Investment Authority:** a single contact for the investor and facilitating his procedures
7. **The establishment of the Tunisian Investment Fund :** allocating grants and contributions and combining mechanisms of state intervention to promote investment
8. **Creation of the High Investment Council :** regulate the state's policy, strategy and programs in the field of investment
9. **Granting financial incentives and channeling them towards national priorities** (Regional development, employment, increased value added and competitiveness, sustainable development)
10. **Granting special privileges to projects of national interest** (benchmarks according to national priorities)

III. INVESTOR'S SAFEGUARDS AND OBLIGATIONS



11. The principle of investors' freedom to transfer funds in foreign currency abroad
12. Provisions granting fair and equitable treatment
13. Protecting ownership against non-commercial risks
14. Obligations of the responsible investor and respect for the legislation in force
15. Integrated system for the settlement of disputes



Thank You

