

**Tax and Accounting Treatment of Imported Purchases under Algerian Tax Law and Financial Accounting System (Supported by a Case Study).**Aissa Smain *¹¹CHLEF University (Algeria), Euro-Mediterranean Economic Research and Studies Laboratory,
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Abstract:

This research paper explores the tax and accounting treatment processes for imported purchases to clarify the various taxes and fees applicable to import activities under Algerian tax legislation. Additionally, it presents the accounting treatment for the different stages of the import process, beginning with the opening of a bank domiciliation file, followed by the receipt and customs clearance of goods and concluding with payment to the foreign supplier. This study is supported by a case study analyzing an import file for a commercial company that imported goods for resale in their original state, to bridge theoretical aspects with practical application.

The study concludes that the import process requires the involvement of various economic agents to facilitate the operation's workflow. Moreover, imports are subject to several taxes and fees, including bank domiciliation fees, customs duties, import value-added tax (VAT), solidarity contributions, and withholding tax on imports.

The study also finds that, from an accounting perspective, imports are treated as standard purchases, with bank domiciliation fees, import file opening fees, and associated commissions recorded in expense accounts, whereas transport, insurance, transit agent fees, and customs duties are recorded in account 38 (Inventory Purchases) to be included in the cost of the imported goods.

Key words: tax treatment, accounting treatment, imported goods, bank domiciliation, Exchange gains and losses.

Jel Classification Codes : H25, M41, F10, G24.

Introduction:

International freight transport plays a vital role in the growth and integration of the global economy, as it enables different countries to exchange goods and services across borders. This enhances international trade and contributes to global economic growth. Moreover, international freight transport provides access to a wide range of products not locally available at lower prices from various global sources, helping meet the diverse needs of consumers. In addition, it supports national economies by creating job opportunities in the fields of shipping, warehousing, and logistics, and by generating revenues from customs duties.

From this standpoint, international freight transport is considered a vital part of the import process, as importers rely on various means of transport to bring goods from global suppliers to their local markets. It provides an efficient means of transporting goods across borders, enabling companies to access global markets, import raw materials, and finished products from different

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countries at reasonable prices. This contributes to diversifying supply sources and enhancing greater competitiveness among different companies.

In this context, we decided to address the accounting and tax aspects of the import process within the framework of international freight transport, aiming to identify the various taxes and duties imposed on the import process under Algerian tax law. We also aim to explain the accounting treatment of the different stages of this process, starting with opening a bank domiciliation file, passing through the receipt of goods and their customs clearance at the Customs Administration, and ending with the settlement of the import amount to the foreign supplier, which may result in exchange gains or losses depending on the prevailing exchange rate at the time of execution, This led us to pose the following research question: **How are imported purchases treated tax-wise and accounting-wise according to Algerian tax law and the Financial Accounting System?**

The significance of this intervention lies in the importance of the import process itself and its direct impact on the performance of institutions in the international trade market. This is achieved by providing goods and services to meet local market needs with a variety of products and goods for consumers. This necessitates the study of the tax and accounting aspects of the import process, as companies must understand its details. They must estimate the taxes due on these goods under tax legislation and accurately record all financial transactions associated with them.

This intervention also sought to achieve the following objectives in addition to answering the main research question:

- Identifying the stages and procedures for importing goods from abroad.
- Identifying the taxes and duties imposed on the import process under Algerian tax legislation.
- Identifying the accounting treatment of imported purchases under the Financial Accounting System.
- Understanding how to determine the total and unit purchase cost.

Regarding previous studies, we find the study of LADJEDEL Khaled and CHARGUI Baya Khadidja, accounting treatment of foreign trade operations according to the financial accounting system in Algeria, The study is an article published in the Journal of Financial, Accounting and Administrative Studies. This study aimed to shed light on the accounting aspects of foreign trade operations, while our current study focused on the accounting and tax aspects of imported goods (study of the import file in accounting and taxation).

To study the subject and answer the posed research question, we attempted to divide the study into three main axes, divided into two theoretical axes on the accounting and tax treatment of imported purchases and a practical axis for studying an import file to apply the theoretical aspects to practical scenarios, as follows:

Axis One: Tax Treatment of Imported Purchases.

Axis Two: Accounting Treatment of Imported Purchases.

Axis Three: A Practical Case Study of an Import File.

1. Tax Treatment of Imported Purchases

It is crucial for companies and institutions engaged in import activities to understand the tax treatment of imported purchases to ensure compliance with tax regulations. Such compliance helps them avoid penalties and financial fines imposed by tax authorities due to non-compliance. This section will discuss the fees and taxes applicable to imported purchases under Algerian tax legislation.

1.1 Bank Domiciliation Tax

Bank domiciliation is a mechanism for settling payments for international commercial transactions. The bank of domiciliation, upon request by the local importer, is tasked with paying a specific amount to the foreign exporter against documents that the latter undertakes to deliver to the bank chosen to facilitate the import operation. (Qalab, 2014, p. 24)

The import of goods and services requires the importer to request the opening of a bank domiciliation file with an accredited intermediary bank or financial institution of their choice to settle their financial obligations. When opening a domiciliation file, tax legislation imposes a tax known as the bank domiciliation tax, which applies to the import of goods and services. Each import operation is subject to the following bank domiciliation tax rates:

- **0.5% of the import operation's value** for requests to open a domiciliation file for goods intended for resale in their original state.
- **4% of the domiciliation value** for services imports.
- **1% of the import value** for operations conducted under the SKD/CKD assembly system, with a minimum tax amount of 20,000 DZD. (General Secretariat of the Government, 2019, p. 26)

It is worth noting that any importer opening a bank domiciliation file for importing goods intended for resale in their original state must establish a bank provision amounting to **120% of the imported goods' value** with the domiciliation bank at least 30 days before the shipping date. (Eco Algeria, 2017)

1.2 Value Added Tax on Imports

Value-added tax (VAT) is an indirect tax imposed on all goods and services unless explicitly exempted. It applies at every stage of the supply chain up to the final distribution. (El-Sayed Awad, 2007, p. 15) The main characteristics of VAT include:

- **Indirect Nature:** VAT is borne by the final consumer and indirectly transferred to the state treasury.
- **Expenditure Tax:** VAT is levied when incomes are spent on purchasing goods and services.
- **Recoverable Tax:** It is deducted from the collected taxes upon performing taxable operations.
- **Proportional Tax:** The tax rate remains fixed relative to the taxable base's value, regardless of fluctuations in the subject matter's value. (Daraz & Sayed Hegazy, 2004, pp. 99-100)
- **Cumulative Tax:** It applies at each stage of production and distribution. Economic operators remit the VAT to the public treasury at every stage by calculating the difference between VAT collected from clients and VAT paid to suppliers.

- VAT on sales is considered a liability for the seller and is recorded on the credit side of account 4457 (Collected VAT). VAT on purchases (TVA/A) is considered a receivable for the buyer and is deducted from the collected VAT, recorded on the debit side of account 4456 (Recoverable VAT).
- VAT applies to the value added by each economic operator, calculated based on the added value realized by the operator. (Issa, 2024, p. 68)

Import operations for goods and services are subject to VAT upon crossing customs borders. The taxable event for VAT on imports is the customs clearance of goods upon entry into the national territory.

The VAT base on imports includes the price paid by the importer, plus transportation and insurance costs, as well as customs duties. (General Directorate of Taxes, 2020, p. 13) Two tax rates apply:

- **Reduced rate** of 9% for certain strategic goods and services.
- **Standard rate** of 19% for other goods and services, as outlined in the list regulated by the Turnover Tax Law.

1.3 Customs Duties on Imports

Customs duties are indirect taxes imposed by the state on goods and services as they cross customs borders, either upon entry or exit (Othman & Al-Ashmawi, 2007, p. 234). These duties can take the form of **ad valorem taxes** (Impôts Ad-valorem), which are calculated as a fixed percentage of the taxable base regardless of its value, or **specific taxes** (Impôts Spécifiques), which are fixed amounts levied on goods irrespective of their value (Alayman & Al-Mashaqba, 2009, p. 85).

In essence, customs duties are indirect taxes levied on goods and services crossing borders to secure financial revenues for the public treasury and to protect domestic industries from foreign competition. These duties have the following characteristics:

- **They are transferable taxes**, meaning that the importer is responsible for declaring them to customs authorities, as the imported goods serve as the basis for calculating customs duties and fees.
- **They are indirect taxes**, as they are recoverable through the sales price. They are imposed on expenditures for goods or services, unlike direct taxes, which target income or wealth directly upon realization.
- **They are included in the customs tariff**, with imported or exported goods subject to rates specified in the tariff. This tariff acts as a list outlining different categories of goods allowed for import, along with the applicable duties and fees.
- **They are easily collected**, as customs authorities collect them when goods cross regional borders. Goods are not released until the applicable duties are paid.
- **They are recurrent taxes**, collected multiple times during the year based on the recurring nature of import events, thereby providing a continuous revenue stream for the treasury.
- **They are closely tied to international trade**, levied on goods and services crossing borders during their customs clearance. (Wafa, 2000, p. 85)

Customs duty rates in Algeria have undergone several changes since independence, aligning with the state's economic reforms and global economic trends. Since 2002, these rates have been simplified to include three main rates plus exemptions, based on the degree of manufacturing of imported products:

- **Exemption (0%):** Applies to seeds, certain pharmaceutical products, military equipment, and archaeological artifacts.
- **5% rate:** Applies to raw materials, basic consumer goods (e.g., medicines, grains), and some equipment goods.
- **15% rate:** Applies to semi-manufactured products and intermediate goods for processing.
- **30% rate:** Applies to final consumer goods.

In addition to customs duties, Algeria has introduced a **Temporary Additional Safeguard Duty (DAPS)** as an extra customs tax. This measure protects locally produced goods from foreign competition by imposing duties of up to 70% on the value of imported goods. Initially established under the 2018 Finance Law, DAPS rates ranged from 30% to 200% for goods imported for domestic consumption in Algeria (General Secretariat of the Government, 2018, pp. 7-8). The list of goods subject to DAPS and the applicable rates are regularly updated based on government strategies and economic policies.

1.4 Solidarity Contribution Tax

To support the National Retirement Fund, a solidarity contribution tax was introduced under the 2018 Finance Law at a rate of **1%**. This tax applies to the importation of goods for domestic consumption in Algeria (General Secretariat of the Government, 2017, p. 46).

The 2024 Finance Law increased this contribution to:

- **2%** for imported goods intended for domestic consumption in Algeria.
- **5%** for imports of raw materials and inputs used in the production of tobacco products.

This contribution is collected in the same manner as customs duties during the customs clearance process and is allocated to funding the National Retirement Fund.

1.5 Withholding Tax on Imports

Under the 2022 Finance Law, a **2% withholding tax** was introduced on the importation of goods intended for resale in their original state. The tax base for this withholding consists of the total value of the imported goods, including customs duties and other fees due upon import, excluding the temporary additional safeguard duty.

It is important to note that this withholding tax is paid during the customs clearance process at the customs office, under the same conditions as the value-added tax (VAT) on imports. The amounts paid throughout the year for each import transaction are deductible from the corporate income tax liability for the fiscal year in which the imports took place (General Secretariat of the Government, 2021, p. 42). This means that the withholding tax functions as a **tax advance** for trading companies operating in the import sector for resale. These companies pay it upfront during the import process and then deduct it when filing their annual corporate income tax return on April 30 of the year following the import year.

2. Accounting Treatment of Imported Purchases

This section addresses the accounting entries related to the importation process, starting from registering bank domiciliation fees and bank guarantees, to recording the import invoice and various related expenses, and finally handling payments to foreign suppliers in hard currency while accounting for exchange rate gains or losses resulting from currency fluctuations.

2.1. Registering of the costs of opening a bank domiciliation file.

Bank domiciliation fees are registered under **expense accounts** (Account 645 - Taxes and Other Fees). Fees related to opening the bank file, along with any related banking commissions, are recorded under **external services accounts** (Account 627 - Banking and Related Services). The VAT associated with banking services is registered in account 4456 - Recoverable VAT). The corresponding **bank account (Account 512 - Current Bank Accounts)** is credited with the total amount of the bank domiciliation fee, along with the various related expenses and commissions, including recoverable VAT.

The **bank guarantee** representing 120% of the imported goods' value is registered on the **debit side of Account 547 - Creditors**, while the corresponding **bank account** is credited (Account 512 **Current Bank Accounts**).

2.2. Registering the Import Invoice

Imported purchases are goods purchased by the company from external sources for resale. The transportation of these goods from the source to the importer's warehouse incurs various costs. These costs are determined by the delivery terms agreed upon between the exporter and importer, which specify the delivery location and the various costs incurred during the purchase. This helps define the total cost of imported goods, which includes the purchase price converted into the local currency, plus various associated costs.

The imported goods are registered under **Account 38 - Stored Purchases** based on the exchange rate in effect at the time of the customs declaration (D03). The **foreign supplier account** (Account 401) is credited, and the VAT recovery is recorded in a special sub-account of **Account 4456** (Recoverable VAT on purchases of goods and services).

2.3. Registering Expenses Related to Importation

Importation expenses are those incurred by the importing company from the point of purchase to the delivery of goods to the warehouse, ready for sale. These expenses generally include transportation, shipping and port services, insurance, customs duties, and freight forwarding fees, excluding VAT, as it is recoverable.

For **shipping expenses**, if they are covered by the foreign supplier and invoiced as part of the import invoice, they are recorded under the **CIF** (Cost, Insurance, and Freight) method, where the supplier is responsible for shipping and insurance until the goods arrive at the importer's port. Alternatively, under the **FOB** (Free on Board) method, the supplier is responsible until the goods are loaded onto the importer's ship at the exporter's port.

Import expenses are recorded in **sub-accounts** under **Account 38**, which are later added to the total cost of purchases by reconciling the sub-accounts with **Account 30 - Merchandise Inventory**.

2.4. Registering Payment to Supplier and Foreign Exchange Gains/Losses

The payment to the foreign supplier is made on the agreed date and in the specified hard currency through the bank chosen during the bank domiciliation process. The **foreign supplier account** (Account 401) is debited, and the corresponding **bank account** (Account 512 **Current Bank Accounts**) is credited.

If the foreign currency transactions result in **exchange rate gains**, these are recorded as **financial income** under **Account 766 - Exchange Rate Gains**, credited with the amount of the gains due to currency fluctuations at the end of the year and when the payment is made. Conversely, **exchange rate losses** are registered as **financial expenses** under **Account 666 - Exchange Rate Losses**, debited with the amount of the losses due to currency fluctuations at the end of the year and when payment is made.

3. Case Study of an Import File.

In this section, we present a practical example of the tax and accounting treatment of an import file for a company specialized in importing goods for resale as is, in order to apply the theoretical concepts to the practical side.

3.1. Presentation of a Practical Case of an Import File for Goods in the Same Condition:

Let us assume that Alpha Company, which operates in the import sector, imported goods from abroad worth 120,000 US dollars, as shown in the proforma invoice below:

Table 01: Represents a proforma invoice

SUPPLIER AGEX		ALFA COMPANY	
PROFORMA INVOICE No. 0255 dated 20/01/2024			
Description	Quantity	Unit Price	Amount
Article 1	2 000	22,50 \$	45 000,00 \$
Article 2	5 000	7,60 \$	38 000,00 \$
Article 3	4 000	9,25 \$	37 000,00 \$
TOTAL FREE ON BOARD			120 000,00 \$

Source: Prepared by the researcher (illustrative example).

Company Alfa has chosen the Algerian External Bank (BEA) to complete the bank domiciliation procedures for the import file. The following information is available:

- The amount of the proforma invoice in foreign currency: 120,000 USD.
- The exchange rate of the Algerian dinar on the date of opening the file (20/01/2024): 119.7500 DZD.
- The exchange rate of the Algerian dinar on the date of goods entry (20/02/2024): 120.2500 DZD.
- The exchange rate of the Algerian dinar on the date of settlement to the supplier (25/02/2024): 121.5500 DZD.
- Fees for opening the bank domiciliation file: 35,400 DZD.
- Bank commission related to opening the bank domiciliation file: 8,600 DZD.
- Bank commission related to forming the bank deposit: 15,300 DZD.
- Bank commission related to transferring the amount of the imported goods to the foreign supplier: 195,000 DZD.
- Transportation fees for the goods in local currency: 1,390,000 DZD.
- Settlement of debts to suppliers (foreign supplier, shipping agent, customs administration, clearing agent) on 25/02/2024.

As for the Transit agent's invoice, it included the following charges as shown in the table below:

Table 02: Represents the Disbursement invoice and the Transit agent's fees

TRANSIT (Disbursement invoice and Transit agent's fees)			
Port Company	750 000,00	142 500,00	892 500,00
Demurrage	19 500,00	0	19 500,00
Transport	150 000,00	28 500,00	178 500,00
Freight Forwarder	55 000,00	9 350,00	64 350,00
TOTAL	974 500,00	180 350,00	1 154 850,00

Source: Prepared by the researcher (illustrative example).

Required: 01/ Calculating the various taxes and fees applicable to the import process.

02/ Recording the various transactions in the accounting system.

03/ Calculating the total and unit purchase cost.

3.2. Calculating the Taxes and Fees Related to the Import File.

Here, we will focus on calculating the different taxes and fees imposed on the import file, starting with the calculation of the bank domiciliation fee, proceeding to calculate the customs duties, which include customs rights and the solidarity contribution, and concluding with the calculation of the tax liabilities collected for the benefit of the tax authorities, with a focus on the value-added tax and withholding tax on imports.

3.2.1. Calculating the Bank Domiciliation Fee and the Value-Added Tax Related to the Opening of the Bank Domiciliation File.

When Company Alfa requests its bank to carry out the bank domiciliation process, it is subject to a bank domiciliation fee of 0.5% of the value of the imported goods based on the applicable exchange rate at the time of the domiciliation process. In addition, the process is subject to value-added tax (VAT) at a rate of 19% for the bank domiciliation file opening fees and bank commissions, as shown in the table below.

Table 03: Represents the calculation of the bank domiciliation fee and the value-added tax . related to the domiciliation file.

Tax Receipt		$(120.000 \times 119,750) = 14\,370\,000 \times 0,5\% = 71\,850,00$	
		Domiciliation Fee	71 850,00
Debit Note Opening of the File		File Opening Fees	35 400,00
		Bank Commissions	8 600,00
		Value Added Tax (VAT) 19%	8 360,00
Debit Note Provision 120%		$(120.000 \times 119,750) = 14\,370\,000 \times 120\% = 17\,244\,000$	
		Provision 120%	17 244 000,00
		Bank Commissions	15 300,00
		Value Added Tax (VAT) 19%	2 907,00

Source: Prepared by the researcher based on the above.

3.2.2 Calculation of Customs Duties.

After Alpha Company imports the goods and brings them into the national territory, it is required to submit the customs declaration (D 03), which is a detailed customs declaration containing information about the import process, including details about the foreign supplier, the national importer, the type of import process, the invoice amount in Algerian dinars, the applicable exchange rate, the bank domiciliation, the total gross weight, the customs identification code, the description of the imported goods, the customs duties that apply to the process, and so on. The company must also pay the applicable customs duties, including customs duties at a rate of 30%, since the goods are intended for final consumption, as well as the solidarity contribution, which is calculated at a rate of 0.5% of the import value, as shown below:

Table 04: Represents the calculation of customs duties and the solidarity contribution.

Tax Code	Rate	Base	Amount
Customs duties	30%	120.000 \$ x 120,2500 = 14.430.000 DA	4.329.000
Solidarity contribution Tax	02%	120.000 \$ x 120,2500 = 14.430.000 DA	288.600
TOTAL		4.329.000 + 288.600	4.617.600

Source: Prepared by the researcher based on the above.

3.2.3. Calculation of Tax Duties.

The Customs Administration collects certain tax duties on behalf of the Tax Administration, the most important of which are the Value Added Tax (VAT) at a rate of 19% and the withholding tax on imports at a rate of 2%. It is worth noting that the VAT base includes, in addition to the price of the imported goods and shipping costs, the customs duties paid to the Customs Administration, including customs duties and the solidarity contribution. The withholding tax on imports is deducted from the corporate tax payable for the year 2024, similar to other provisional payments (Acomptes provisionnels), as follows:

Table 05: Represents the calculation of VAT on imports and the withholding tax on imports.

Tax Code	Rate	Base	Amount
VAT	19%	(14.430.000 + 1.390.000 + 4.617.600) = 20.437.600 DA	3.883.144
Withholding Tax on Imports	02%	(14.430.000+4.617.600) = 19.047.600 DA	380.952
TOTAL		3.619.044 + 380.952	3.999.996

Source: Prepared by the researcher based on the above.

3.3. Accounting Treatment of the Import File.

We will proceed with making the various accounting entries in the journal related to the import process, starting from the opening of the bank domiciliation file, through receiving the import invoice, registering the related expenses, and concluding with the payment to the supplier and the recording of foreign exchange profits and losses resulting from fluctuations in the Algerian dinar exchange rate against foreign currencies.

1.3.3. Accounting Registration of the Bank domiciliation File.

At this stage, we will register the first step in the import process, which is the opening of the bank domiciliation file and the associated fees and charges, as follows:

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645000	512100	20/01/2024 Bank domiciliation Fee Algerian External Bank (Proof of payment of the bank domiciliation fee)	71850,00	71850,00
627000 445660	512100	20/01/2024 Banking Services and Similar Services Value Added Tax / Purchase of Goods and Services Algerian External Bank (Proof of payment for opening the bank domiciliation file expenses)	44000,00 8360,00	52360,00
542000 627000 445660	512100	20/01/2024 Credits Banking Services and Similar Services Value Added Tax / Purchase of Goods and Services Algerian External Bank (Proof of forming a bank guarantee of 120% of the value of the imported goods)	17244000 15300,00 2907,00	17272207,00

3.3.2. Accounting entry for the import invoice and the forwarding agent's invoice

At this stage, we will record the import process by recording the receipt of the import invoice and the forwarding agent's invoice, who handled the customs clearance procedures. The declared value in the customs declaration document D03 will be used, based on which the amount owed to the foreign supplier will be calculated in the local currency, using the exchange rate applicable at the time of the goods' clearance by the customs authorities. The process is recorded as follows:

380000	401100	20/02/2024 Purchases of goods from abroad Foreign Supplier AGEX (Proof of receiving the import invoice)	14430000,00	14430000,00
386100	401200	20/02/2024 Shipping expenses Shipping service provider (Proof of receiving the shipping invoice)	1390000,00	1390000,00
386200 445660 444000	401300	15/02/2024 Customs duties on imported goods Value-added tax / Purchase of goods and services Withholding tax on imports Supplier (Customs Administration) (Proof of customs duties and tax rights)	4617600,00 3883144,00 380952,00	8881696,00
656000 386300 386400 386500		15/02/2024 Late penalties Port service fees Local transportation costs Customs broker fees	19500,00 750000,00 150000,00 55000,00	

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445660	401400	Value-added tax / Purchase of goods and services Service provider (Customs broker) (Proof of customs broker's invoice)	180350,00	1154850,00
300000		15/02/2024 Inventories of goods	21392600,00	
	380000	Purchases of goods from abroad		14430000,00
	386100	Shipping costs		1390000,00
	386200	Customs duties on imported goods		4617600,00
	386300	Port expenses		750000,00
	386400	Local transportation expenses		150000,00
	386500	Customs broker fees (Inventory storage of imported goods)		55000,00

3.3.3. Accounting entry for payment to suppliers.

At this stage, the accounting entry for the payment of various expenses and fees, including the foreign suppliers' dues, is recorded using the bank account opened at the Algerian Foreign Bank, as follows.

401300	512100	25/02/2024 Local Supplier (Customs Administration) Algerian Foreign Bank (Payment of customs duties by bank check n° ...)	8881696,00	8881696,00
512100	542000	25/02/2024 Algerian Foreign Bank Credits (Refund of the bank guarantee amount)	17244000,00	17244000,00
401100 666000 627000 445660	512100	25/02/2024 Foreign Supplier AGEX Exchange Losses Banking Services and Similar Services Value Added Tax/ Purchase of Goods and Services Algerian Foreign Bank (Payment to the foreign supplier AGEX)	14430000,00 156000,00 195000,00 37050,00	14818050,00
401300	512100	25/02/2024 Shipping Service Provider Algerian Foreign Bank (Payment of Shipping Agent's Invoice)	1390000,00	1390000,00
401400	512100	25/02/2024 Service Provider (Clearing Agent) Algerian Foreign Bank (Payment of Clearing Agent's Invoice)	1154850,00	1154850,00

3.3.4. Total Purchase Cost Calculation:

The total purchase cost is recorded under account 30 with a value of 21,392,600 DZD, after including various expenses borne by the company under account 38, as shown in the table below:

Table 06: Expenses Included in the Purchase Cost

Description	Amount (DZD)
Customs Value	14,430,000.00
Customs Duties	4,617,600.00
Shipping Costs	1,390,000.00
Port Expenses	750,000.00
Local Transport Costs	150,000.00
Customs Agent Fees	55,000.00
Total Purchase Cost	21,392,600.00
Invoice Amount (USD)	120,000.00
Cost Distribution Factor	178.271667

Source: Prepared by the researcher based on the data from the applied case study.

Thus, these costs can be allocated to the imported goods in order to determine the unit purchase cost, as shown in the following table:

Table No. 07 illustrates how to determine the unit purchase cost for each imported item.

Description	Quantity	Unit Price	Amount	Coefficient	Unit Price in DZD	Value in DZD
Article 1	2 000	22,50 \$	45 000 \$	178,271667	4 011,1125	8 022 225,015
Article 2	5 000	7,60 \$	38 000 \$	178,271667	1 354,8646	6 774 323,346
Article 3	4 000	9,25 \$	37 000 \$	178,271667	1 649,0129	6 596 051,679
TOTAL			120 000 \$			21 392 600,00

Source: Prepared by the researcher based on the data from the applied case study.

Conclusion:

In this paper, we aimed to highlight the import file by explaining the taxes and fees applicable to the import process under the current Algerian tax legislation. We also addressed the accounting recording of various operations related to the import process, supporting this study with a case study that clarified the tax and accounting treatment of the import file.

Study Results:

This study led to several findings, the most important of which are as follows:

- The import process goes through several stages, starting with the opening of the bank domiciliation file, followed by receiving and customs clearance of the goods at the Customs Department, and ending with payment to the foreign supplier, with exchange gains or losses depending on the prevailing exchange rate at the time of the operation. It also requires the intervention of several economic agents to facilitate the process (importer, exporter, importer's bank, exporter's bank, transporter, customs agent, customs department, port authorities, etc.).
- The import process is subject to a range of taxes and fees, most notably the bank domiciliation fees paid upon opening the bank domiciliation file, as well as customs duties collected at the Customs Department during the clearance process. In addition, there is the value-added tax on imports, calculated using two rates (9% and 19%) depending on the type of goods imported, not to mention the solidarity contribution, which funds the National Retirement Fund, and the

withholding tax on imports, imposed on companies importing goods for resale in their original form.

- From an accounting perspective, the import process is treated as a regular purchase from the domestic market. The bank domiciliation fees, import file opening expenses, and related commissions are recorded in expense accounts, unlike transportation, insurance, and customs agent fees, as well as customs duties, which are recorded under account 38 in order to allocate them to the cost of imported goods. This is because the bank domiciliation fees are considered minimal compared to other expenses, and the company is obligated to pay them as soon as the settlement file is opened, regardless of whether the import operation is carried out or not.

The study shows that the import process is burdened with taxes, and therefore the recommendation we are making in this area is to reduce customs duties on imports while encouraging national production, considering that these duties no longer play the role assigned to them in protecting the national economy in light of the rising voices calling for freedom of foreign trade.

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