

Fiscal incentives as a mechanism to support agricultural investments in Algeria 2013 - 2022

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Laboratoire: Challenges of the Algerian tax system in economic transformations

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Abstract:

Tax incentives are recognized as a crucial mechanism for fostering investment within the agricultural sector. This study will delve into the role of existing fiscal strategies, including tax reliefs and deductions, in drawing further investment into agriculture and advancing its development. It aims to assess the efficacy of these fiscal measures and identify disparities between their current application and potential initiatives that could promote growth and sustainability within the nation's agricultural framework. The research intends to explore methods by which agricultural investments in Algeria might be amplified through these fiscal incentives. The results showed that tax incentives and concessions alone were not sufficient to fully enhance this sector. Exclusive reliance on tax policies did not achieve the desired results compared to the investment provided. They indicate the necessity of reconsidering tax incentive strategies and strengthening them with additional methods to push the wheel of agricultural investment towards sustainable development.

Keywords: Agricultural investment, tax, exemption and tax incentive

Jel classification code: Q10; Q14

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1-Introduction

The agricultural sector is considered an important alternative to the hydrocarbons sector, and Algeria relies heavily on it as a form of economic diversification, due to its enormous potential in this sector. Consequently, this sector has garnered increased focus and interest as a vital contributor to economic growth, addressing the nutritional demands of the population. This approach aims to achieve autonomy in domestic production, which is pivotal for food security and for providing employment opportunities across various community strata, particularly in rural locales, thereby invigorating economic activities.

In light of this significance, Algeria has demonstrated a pronounced commitment to revitalizing this sector through the implementation of reformative programs. The agricultural field has experienced a succession of reforms designed to elevate the sector, with the goal of enhancing output and productivity to satisfy the escalating demand for agricultural produce. This has been facilitated through the establishment of various incentives and tax exemptions.

To remove all barriers to investment in agriculture to encourage it as one of the economic control tools to achieve economic, financial and social goals. Therefore, we found that most countries deliberately received tax incentives, which is one of the methods used by the state to achieve its efforts to stimulate investment in agriculture, because taxes play an important role in directing and supporting investment. To achieve economic growth.

From this proposition, the following problem arises:

What is the role of tax incentives in supporting agricultural investments in Algeria?

This question leads us to ask the following sub-questions:

- What is the nature of agricultural investment in Algeria?
- What is meant by tax benefits?
- What tax reliefs are available to investors in agriculture?

Hypotheses:

- The amount of domestic and foreign investments in the agricultural sector rises significantly as a result of tax breaks provided for agricultural investments.
- By boosting agricultural production and promoting cutting-edge agricultural technologies, tax breaks for agricultural investors help the agricultural industry remain sustainable and grow.

The importance of the study:

The relevance of this investigation is evident in its exploration of the objectives targeted by tax reliefs, which are designed to foster and bolster investment within the agricultural segment of the national economy. Agricultural investment is regarded as the primary driver of economic growth, enhancing national earnings

and generating external revenue. Additionally, it provides both direct and indirect support, creates employment opportunities, and contributes to the accumulation of foreign exchange reserves. Through a comprehensive range of effective tax deductions, these incentives serve as pivotal catalysts for the development and expansion of agricultural endeavors.

Study objectives: Through this research, we seek to achieve the following objectives:

- _ Learn about tax incentives in Algeria
- _ Exploring the influence of tax incentives on boosting investment opportunities
- _ Examining key tax reliefs and facilitative measures in Algeria
- _ Investigating the theoretical frameworks of investment in the agricultural sector and its significance within the Algerian economy
- _ Understanding the utilization of tax incentives and their effectiveness in promoting agricultural investment.

Study methodology:

This research employs a descriptive methodology to define and comprehend the concepts pertaining to agricultural investment and associated tax incentives. It also uses an analytical approach to examine the scale of investments and the status of agricultural investment under the Algerian Agency for Investment Promotion, assessing the impact of tax incentives therein.

Divisions of the study:

To address the issues identified, the study is segmented into three main parts. The initial section focuses on defining agricultural investment, the second section discusses fiscal incentives, and the third explores the role of these incentives in fostering agricultural investment in Algeria.

2-The reality of investment in the agricultural sector:

2-1.Definition of agricultural investment:

Agricultural investment involves the coordination and utilization of existing productive resources (land, labor, capital) in agriculture, aimed at generating agricultural outputs to satisfy consumer needs, achieving optimal results in terms of food production and supply, or for the best agricultural use of land to secure the highest yields. Activities such as purchasing plows, constructing irrigation basins, acquiring new skills, planting trees, or livestock farming all constitute investments designed to enhance the productivity or income of farmers. (Shatti & Mizyan, 2021, p. 107)

2-2.The importance of agricultural investment:

Investing in agriculture offers expansive prospects for the economy and agricultural activities, advances the sector's reality, and delivers multiple benefits, notably: (Mazlaf & Shalihi, 2020, p. 243)

-Establishing new agricultural projects and improving the performance and

efficiency of the sector;

- Increasing agricultural yields through optimal use of natural resources;
- Employing a large workforce, absorbing the unemployed by creating new job opportunities, and increasing the efficiency and level of workers in this sector;
- Increasing the proportion of agricultural products exported abroad, and thus increasing the volume of foreign exchange;
- Food security is recognized as a pivotal factor in driving agricultural investment and is a critical issue globally, particularly in developing nations, due to its economic, political, environmental, and social implications.

This means providing sufficient and stable quantities, good quality and reasonable prices in addition to providing a strategic stock of food. Products, especially essentials.

2-3.Characteristics of agricultural investment: Investments in the agricultural sector have the following characteristics: (Bouhlal & Boutoura, 2021, pp. 292-293) The financial dynamics of agriculture differ markedly from those of industry, with agricultural cash flows generated only upon the sale of crops, resulting in a non-continuous process and an extended cycle. Consequently, investors may only realize returns at the cycle's conclusion;

- The agricultural fiscal year differs from the ordinary fiscal year in that the timing of revenues and investments and the opportunity to benefit from the fiscal year from an accounting and budgeting point of view have somewhat disrupted the work of banks;

Agricultural investments are affected by agricultural cycles. For example, agriculture requires one year of production and another year of fertilization, which allows the soil to rest and regain its strength while improving and cultivating another product of a different productive nature.

- Adaptability: Due to the varying degrees of land fertility, sensitivity and suitability for irrigation, agricultural investments have greater adaptability than industrial investments, allowing changes in operations and scale as well as agricultural rotations and changes in crop selection;

Scientific experiments and research results have little impact on agriculture because they take longer to become effective.

The primary challenge in agricultural investment is the sector's inherent risks, which are pronounced and difficult to forecast due to natural variables that limit predictive capabilities. In contrast, the industrial sector, with its broad and varied investment opportunities, offers lower risk levels due to its potential for diversification, despite the higher climatic risks associated with agriculture;

- The difficulty of calculating gains and losses resulting from agricultural investments;

Difficulty financing agriculture, as the sector lacks guarantees compared to other sectors.

2-4.Agricultural investment requirements: There are several requirements for agricultural investment, including: (Wahiba & Nawis, 2022, p. 103)

- The availability of arable land and labor are among the basic elements of agricultural investment and depend on the livestock sector, which requires greater attention at multiple levels such as feed production, breed improvement, and disease immunity, while linking them to the needs of markets and organized rural communities.

- Providing and benefiting from the necessary capabilities, such as existing water resources, and committing to developing them;

- Choosing sites for agricultural projects hinges on the availability of supportive investment infrastructure within the agricultural sector and the economic conditions favorable for attracting both local and regional investors.

- Assessing the quality of agricultural outputs is essential for agricultural investment, necessitating the identification of areas apt for specific agricultural endeavors, thereby facilitating an equilibrium among the various regions within a country.

- In order to keep pace with the rapid development of global technological production, the application of technology is extremely important in agricultural investment. The concept of technology includes production inputs such as improved seeds, soil fertilizers, pesticides, plowing and harvesting schedules, and mechanisms and equipment needed to prepare the soil in a timely manner;

- Rural banks and lending cooperatives should be established and expanded, for example to provide banks and cooperatives with the necessary information on peasants' conditions, such as providing loans, as well as to help increase peasants' savings and facilitate access to savings sources

- Establishment and enhancement of rural markets are essential for enabling farmers to market their surplus agricultural goods. Concurrently, it is crucial to focus on minimizing transportation and storage expenses, dismantling monopolistic practices, augmenting agricultural productivity, and endeavoring to deregulate the pricing of agricultural products.

2-5.Forms of agricultural investment: The concept of agricultural investment refers to the specialization of agricultural production bases, and it can be analyzed from several angles, and the agricultural field can be expanded by controlling the field of investment, and we try below to clarify some of them: (Suhaila, 2017, p. 36)

Plant production: everything related to agriculture, plowing, seeds and afforestation;

Livestock production: activities related to the production of meat, hides, milk,

wool, white meat and eggs;

Fish production: related to the production of blue meat.

2-6.Economic determinants of agricultural investment: There are many economic determinants, including: (Ayadi, 2020, pp. 361-362)

Production policy: Investments are directed indirectly to high-yielding crops;

Price policy: The agricultural sector is characterized by seasonality of production, which leads to different policies depending on the degree of state intervention in setting prices.

Marketing policy: includes the quality and appearance of the goods, where and when they are ordered, promotions and appropriate prices;

Industrialization policy: The industrialization policy in the agricultural sector aims to create an agricultural industry in the food and manufacturing goods sectors.

Export Policy: Developing countries face many barriers in accessing food commodities and exporting agricultural raw materials in global markets, which requires them to work hard to become more competitive in global markets.

3-Tax incentives in Algeria:

3-1.Definition of tax incentives: Tax incentives mean using taxes as a policy to motivate people to follow a specific behavior or activity that contributes to achieving national goals, by granting permanent or temporary exemption from taxes, as it is indirect financial aid granted by the state in its economic policy, urging some economic entities to adhere to its specific conditions. To start the investment process. (Bouziane & Zidane , 2021, p. 93)

3-2.Objectives of tax incentives: Tax incentives are designed to fulfill a variety of objectives through the fiscal advantages they offer, including: (Lisulus, Barbar, & Tamar, 2012, pp. 51-52)

- Increasing the future income of the state, as fostering investment naturally leads to a diversification of economic activities, encompassing the expansion of productive sectors, an increase in the number of taxpayers, and a rise in tax revenues;

- Increasing investment as tax incentives enhance capital accumulation and contribute to improving the profitability of factors of production;

- By offering new jobs, the severity of unemployment can be reduced as the concessions granted to investors will allow them to provide financial resources that enable them to create and reinvest in the creation of small businesses or subsidiaries, which contributes to the absorption of their operation;

- Seeking to reduce investment costs, reduce potential competition from foreign products, and encourage investments outside hydrocarbons;

-Promoting economic development which inevitably leads to the development of society in order to reach a better situation for its economy and a better level of society must be mobilized and adapted into development plans and ideological choices.

3-3.Characteristics of tax incentives:

-Optional action: Fiscal stimulus policies are characterized as optional actions because it leaves economic agents free to choose whether or not to comply with these conditions or standards determined by the state. (khleifii & Alili, 2022, p. 21)

-Purposeful action: By granting tax incentives, the state sacrifices its tax revenues to achieve the objectives set in accordance with subsequent economic policies. These incentives must be supported by adequate and comprehensive research on the following elements, taking into account the surrounding social, economic and political conditions, the effective period of the economic stimulus, determining the various conditions under which To be fulfilled by the recipients of the stimulus, predictive research about future changes; (Muhammad, Jadi , & Hidoub, 2020, p. 140)

-A measure that has standards: The tax incentive is a special measure targeting a specific category of taxpayers, who must respect several criteria, such as place of residence and length of time to benefit from this incentive; (Zeenat, 2016, p. 113)

-A procedure that has a return: that is, the state treasury gives up some resources to the benefit of taxpayers, provided that it complies with a number of conditions that benefit the national economy, such as creating job positions and investments in specific sectors and regions that the state intends to develop; (Soltani & Bushikhi, 2022, p. 101)

-Inducing behavior: The state wants a motivational action that causes an action or action that the agent had never thought of, causing the state to motivate the agent to do an action that he would not have done on his own. (Muhammad, Jadi , & Hidoub, 2020, p. 140)

3-4.Forms of tax incentives:

-Tax Exemption: This constitutes a relinquishment by the state of a portion of the tax normally due from a taxpayer, granted in exchange for the taxpayer's commitment to engage in specific activities under defined conditions. This exemption can be either permanent or temporary. For permanent exemptions, investors must adhere to a set of stipulations established by the state to maintain their exemption status as long as the justification for the exemption exists. Once the justification is no longer applicable, the exemption is revoked. On the other hand, temporary tax exemptions may involve partial relief from company profits or complete relief from specific tax categories, with the commencement of such

exemptions being based on country-specific regulatory decisions; (Wali, 2011-2012, p. 29)

-Tax Deductions: Taxpayers might benefit from a tax rate that is reduced from the standard rate, or from specific tax reductions for meeting particular conditions and standards as outlined in the Investment Law or Finance Law; (Saeed & Rabhi, 2021, p. 1237)

-Depreciation System: Depreciation is regarded as a tax matter because of its direct influence on financial outcomes through the calculation of annual depreciation allowances. The system of depreciation adopted affects the magnitude of these allowances, with higher allowances resulting in reduced tax liabilities for the entity. (Muhammad & Qritli, 2019, p. 42)

Tax treatment of losses carried forward to future years: Based on the state's contribution to bearing the taxpayer's losses because it contributed to the taxpayer's profits, the document must allow these losses to be deducted from next year's profits. Some say that the year that allowed losses to be carried forward within its limits increased investors' incentives. (Warzqi, 2022, p. 142)

3-5.Factors determining tax incentives:

A-Factors of a tax nature: They are as follows: (Warith, 2022, p. 421)

-The Characteristics of Incentive Taxes: The influence of a tax on an investor or enterprise greatly depends on its nature and rate. Identifying the types of taxes that fall under the incentive is crucial for assessing the incentive's effectiveness. Based on this, it is essential to determine which taxes to exempt, considering their significance and their impact on investor profitability.

-Timing of Incentive Application: The efficacy of the incentive hinges on selecting an optimal time for its implementation and ensuring it is maintained for a duration sufficient to produce its intended effects and fulfill its objectives. The most favorable period to offer benefits to a new venture is during its initial phase, which typically involves significant financial strains. This timing provides the venture with an opportunity to establish capital and facilitates future expansion prospects.

-Extent of Stimulus Application: The coverage of the stimulus should consider the economic significance and developmental benefits when selecting projects eligible for the stimulus. This includes considering the materials and resources necessary for project completion, the investment involved, the caliber of equipment, and the consumables essential for project finalization.

-Form of incentive: Therefore, countries use the principle of priority according to certain conditions, and then grant permanent exemptions to some projects and compensation through reductions or temporary exemptions to others. Despite the impact of permanent exemptions on investment decisions, countries support

institutions and investors with other forms of incentives to achieve a type of justice that serves their interests, such as enticing them to increase.

B-Factors of a non-tax nature: They are as follows: (Zeenat A. , 2018-2019, pp. 44-45)

-The Political Dimension: The political climate of a country significantly influences investor confidence. Political stability acts as a catalyst for investment and bolsters the effectiveness of fiscal stimulus measures. Conversely, in the absence of stability, foreign investment may be deterred.

-Administrative Dimension: The success of tax incentives is contingent upon the interpretation of laws governing these incentives and their application. This involves specific administrative processes to identify the benefiting institutions and to monitor their compliance. Consequently, eliminating administrative obstacles, such as bureaucracy, nepotism, and corruption, can significantly impact investment decisions and contribute to the successful implementation of tax incentives.

-The Technical Dimension: The economic framework is essential for the success of any investment initiative, as it plays a critical role in fostering a conducive investment environment. This, in turn, enhances the effectiveness of tax incentives. Countries that have advanced technological structures, including the presence of industrial zones, communications facilities, and public supplies, have a great chance of attracting Private investors, but in the opposite case, the chances of success of fiscal stimulus policies are weak, so the required investment infrastructure must be in place before any incentive is provided;

-Economic factor: refers to the current economic situation of the country. In an effort to enhance investment through tax incentives in this sector, investors are looking for encouraging economic conditions and this is reflected in the provision of sufficient markets, the presence of facilities with advanced communication networks, sufficient sources for supplying raw materials, and sufficient supply. For purposes of employment, economic and financial relations with other nations, currency stability, and the implementation of adaptive policies concerning prices and credit:

3-6.Limits of the effectiveness of the tax stimulus measure: We mention among them:

-Budget balance: A notable drawback of tax incentives, particularly during the early stages of project deployment, is the potential for reduced state revenues, which might lead to a budget deficit. Consideration must be given to compensating these measures with other sources of revenues until the end of the exemption period before developing an incentive program. (Amal, 2011-2012, p. 65)

-Tax pressure: Low tax pressure occurs when public revenues are low in relation

to public spending. In this case, the role of tax collection is less than the level of guidance and motivation. Rather, it is limited to financing the traditional functions of the state. Therefore, we need certain tax pressures that are commensurate with the economic situation and level of productivity. Sector that stimulates economic life; (Shalihi, 2008, p. 142)

-Prevailing conditions: This factor is a combination of climatic, political, administrative, economic and technological environments, and based on all these variables, investors should base their decisions. (Salima, 2014-2015, p. 92)

3-7.Fiscal incentives granted to agricultural activities: They are: (Tax benefits granted to agricultural incomes, 2022)

-According to Article 36 of the Direct Taxes and Similar Fees Law, everyone who:

- Incomes derived from the cultivation of grains, dry legumes, and dates;
- Revenue from activities associated with the production of fresh milk intended for raw consumption;
- Incomes of investors whose area is less than or equal to:

Six (6) hectares for investments located in the south;

Six (6) hectares for investments located in the high plateaus;

Two (2) hectares for investments located in other areas.

- Incomes resulting from agricultural and livestock activities practiced in:

Newly developed lands, from the commencement of their use;

- Mountainous regions, from the onset of activities in these areas; The lands and regions specified are those delineated by current laws and regulations. -As per Article 138 of the Law on Direct Taxes and akin charges, the entities exempt from the tax on corporate profits include:
- Agricultural cooperative banks and insurance operations conducted exclusively with their members;
- Agricultural supply and purchasing cooperatives, along with their federations that have received accreditation from departments under the Ministry responsible for agriculture and management as per the legal and regulatory frameworks governing them, excluding transactions with non-member users;
- Cooperative enterprises involved in the production, processing, preservation, and sale of agricultural products, as well as their unions that are sanctioned under the same criteria mentioned above and operate in compliance with the applicable legal or regulatory directives, with the exception of specified operations.

Revenue generated at retail outlets distinct from their primary location;
Processing activities involving products or by-products, except for those used in

human and animal nutrition or as raw materials in agriculture and industry; Engagements with non-partner users that the cooperatives have permitted or are obligated to accommodate.

Note: This exemption applies to operations carried out by grain cooperatives and their unions with the Algerian Professional Grain Office related to the purchase, sale, transfer or transfer of grain. The same applies to operations carried out by grain cooperatives with other grain cooperatives within the framework of programs prepared by the Bureau or with a license from it.

This exemption is applicable to transactions conducted by grain cooperatives and their associations with the Algerian Professional Grain Office concerning the buying, selling, conveyance, or transfer of grain. This exemption also extends to dealings by grain cooperatives with other grain cooperatives under programs orchestrated by the Office or authorized by it.

- Revenue from activities associated with fresh milk intended for direct consumption;
- Fisheries and aquaculture cooperatives, along with their federations that receive accreditation from departments under the Ministry responsible for fisheries and aquaculture management, following legal and regulatory standards, except for transactions with non-partner users.

-The following are exempt from the value-added tax:

- Combine harvesters manufactured in Algeria;
- The amounts of rent paid under rental loan agreements from the issuance of the Supplementary Finance Law of 2009 until December 31, 2018, related to the following:

-Agricultural machinery produced in Algeria;

-Equipment and devices manufactured in Algeria essential for constructing cold storage facilities and grain silos for preserving agricultural produce;

-Equipment and devices made in Algeria, vital for irrigation systems designed to conserve water and used exclusively for agricultural purposes;

-Equipment manufactured in Algeria, deployed in small milk processing plants intended for converting fresh milk;

-Equipment and devices produced in Algeria, crucial for cultivating olives and the production and storage of olive oil;

-Equipment and supplies made in Algeria, necessary for updating production tools and investing in the manufacturing industry. The specific list of equipment and supplies is established by a joint ministerial decision.

Nitric and phosphate fertilizers, as well as phosphopotassium and mixed fertilizers (sulfate and chlorine) outlined in customs tariffs No. 31-02, 31-03, 31-04, and 31-05, along with substances related to plant development detailed in sub-customs tariffs No. 10-10, 08-38, to 00-90, 08-38 (such as insecticides,

fungicides, herbicides, sprouting inhibitors, and plant growth regulators, disinfectants, and all analogous products presented in formats or packaged for retail sale, or as preparations or materials like wick strips, sulfur candles, and fly-catching paper).

-The tax on new cars and mobile vehicles: The tax on new cars and mobile vehicles does not apply to tractors designated exclusively for agricultural use.

-Penalties applied in the event of transferring tax benefits granted to farmers: The Finance Law of 2009 established penalties in the event of transferring tax benefits granted to farmers in order to exploit their activities other than those for which they were granted these benefits. These penalties are required to pay the taxes and fees required to be paid, along with the application of a fine amounting to them. 100%.

4-The role of fiscal incentives in encouraging agricultural investment in Algeria within the framework of the Algerian Investment Promotion Agency:

A-Definition of the Algerian Investment Promotion Agency and its tasks:

A-1.Definition of the Algerian Agency for Investment Promotion: The Algerian Agency for Investment Promotion is a public administrative entity, endowed with legal status and financial autonomy, and falls under the oversight of the Prime Minister. The Agency is tasked with receiving investment proposals from both domestic and international investors across diverse economic sectors for the production of goods and services. It is important to note that the mining and fuel sectors are governed by specific and autonomous administrative regimes.

A-2.The tasks of the Algerian Investment Promotion Agency are:

In the field of media: it encompasses:

- Providing reception and information services essential for investors in all investment-related areas;
- Compiling, processing, generating, and distributing documents to facilitate a deeper comprehension of the legislation and regulations tied to investment through all suitable means;
- Creating information systems that equip investors with all necessary data to plan their projects;
- Developing data repositories detailing business prospects, resources, and local potential;
- Formulating a database in collaboration with relevant departments and entities regarding available investment-targeted real estate.

In the field of facilitation: it includes:

- Designing and managing the digital platform for investors;

- Evaluating the investment environment and recommending strategies to enhance it;
- Offering comprehensive information, particularly about investment prospects in Algeria, real estate offerings, incentives and advantages tied to investment, and associated processes.

In the field of investment promotion: it includes:

- Initiating collaborative efforts with both public and private entities within Algeria and internationally, aiming to boost investment in Algeria;
- Devising and suggesting strategies for national and local investment promotion and outlining the necessary capital mobilization procedures for their realization and execution;
- Providing services that establish business connections, facilitate communication between investors, and promote business and partnership opportunities;
- Forming and nurturing cooperative relations with comparable foreign organizations.

In the field of accompanying the investor: it consists of:

- _ Establishing a division dedicated to guiding and assisting investors;
- _ Creating a consultancy service with external expertise as required;
- _ Facilitating investor interactions with other departments.

In the field of concessions management:

- _ Issuing investment registration certificates and updating them as necessary;
- _ Identifying structured projects according to the criteria and regulations in effect, and finalizing agreements as specified in Article 31 of Law 22-18;
- _ Confirming eligibility for benefits for registered investments;
- _ Compiling lists of goods and services eligible for investor benefits;
- _ Enacting decisions to rescind benefits;
- _ Preparing inspection reports for the commencement of the exploitation phase and setting the duration of exploitation benefits awarded to the investment;
- _ Executing the assignment and/or transfer of goods and services that have received benefits, in accordance with the relevant regulations.

In the field of follow-up:

- _ Ensuring, through coordination with pertinent departments and entities, that investors fulfill their commitments;
- _ Addressing investor inquiries and grievances.

B-Incentive systems within the framework of the Algerian Investment Promotion Agency: Investors may request to participate in one of the following incentive frameworks:

B-1.Sector system:

1.Sectors of activity that can benefit from the sector system: Investments in the following sectors are eligible for benefits under the sector system:

- _ Mining and quarries;
- _ Agriculture, aquaculture, and fishing;
- _ Industry, including the food industry, pharmaceuticals, and petrochemicals;
- _ Services and tourism;
- _ New and renewable energies;
- _ Knowledge economy and information and communication technologies.

2.Benefits granted to the sector system: Investments under the sector system receive fiscal, quasi-fiscal, and customs incentives as stipulated in the general law, with activities therein enjoying the following additional benefits:

2-A.Completion stage:

- _ Exemption from customs duties for imported goods directly involved in the investment;
- _ VAT exemption on imported or locally procured goods and services directly involved in the investment;
- _ Waiver of the transfer of ownership rights and real estate advertising fees for all real estate acquisitions related to the investment;
- _ Exemption from registration duties related to companies' articles of incorporation and capital increases;
- _ Exemption from registration fees and real estate advertising fees on national property amounts, including liens on built and unbuilt properties aimed at completing investment projects;
- _ Exemption from real estate fees on properties involved in the investment for ten (10) years from the date of acquisition.

2-B.Exploitation stage:

For a period ranging from three (3) to five (5) years from the start of exploitation:

- Exemption from corporate profit tax;
- Waiver of professional activity fees.

B-2.Regions system

Investments eligible for the Regions System include those made in:

- Areas within the High Plateaus and the Great South;
- Locations requiring special state support for development;
- Sites with potential for valuable natural resources.

B-2-A.Advantages granted to the Zones System:

Investments under the Regions System receive additional tax, quasi-fiscal, and

customs incentives as outlined in the general law, with activities within these areas benefitting from the following advantages:

B-2-A-1.Completion stage:

- Waiver of customs duties for imported goods directly related to the investment;
- Exemption from value-added tax on imported or locally purchased goods and services directly involved in the investment;
- Exemption from the fees associated with transferring ownership and the real estate advertising fee for all property acquisitions within the investment scope;
- Exemption from registration duties related to the formation of companies and capital increases;
- Exemption from registration duties and fees on real estate advertising and the amounts related to national property, including liens on both developed and undeveloped properties aimed at completing investment projects;
- Exemption from property fees on real estate within the investment framework for a period of ten (10) years from the date of acquisition.

B-2-A-2.Exploitation stage:

- For a period ranging from five (5) to ten (10) years, starting from the date of exploitation commencement:
- Exemption from corporate profit tax;
- Exemption from fees on professional activities.

C-Structured investment system:

C-1.Investments that can benefit from the structured investment system:

Investments that have a high potential to create wealth and create jobs, which will increase the attractiveness of the region and be a driving force for economic activity for sustainable development, can benefit from the structured investment system.

C-2.Advantages granted to the structured investments system: Investments under the "structured investment system" receive fiscal, quasi-fiscal, and customs incentives as specified in the general law, with no exclusions to the following benefits for the activities undertaken:

C-2-A.Completion stage:

- Exemption from customs duties on imported goods that directly contribute to the investment;
- Exemption from value-added tax on both imported and locally sourced goods and services directly involved in the investment;
- Exemption from fees for transferring ownership rights and the real estate advertising fee for all property acquisitions related to the investment;

- _ Exemption from registration duties related to the formation of companies and capital increases;
- _ Exemption from registration duties and fees on real estate advertising and the amounts pertaining to national property, including liens on developed and undeveloped properties aimed at completing investment projects;
- _ Exemption from property fees on real estate within the investment framework for a duration of ten (10) years from the date of acquisition.
- _ The benefits from the completion stage may be extended to contracting parties working with the investing entity responsible for finalizing the investment.

C-2-B.The exploitation stage:

During a period ranging from five (5) to ten (10) years starting from the commencement of exploitation:

- Exemption from corporate profit tax;
- Exemption from professional activity fees.

D-Agency's outcome by sector of activity for the period (2013-2022)

Table 01: Distribution of proceeds from the Algerian Agency for Investment Promotion according to sector of activity

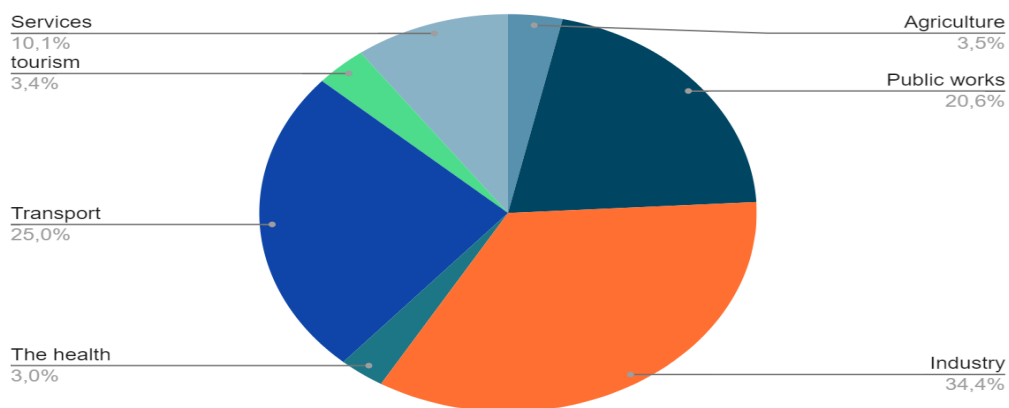
Activity	Number of projects	The ratio
Agriculture	1043	3.53 %
Public works	6085	20.59%
Industry	10170	34.41%
The health	883	2.99%
Transport	7398	25.03%
tourism	992	3.36%
Services	2982	10.09%
the total	29553	100%

Source: Algerian Agency for Investment Promotion (AAPI).

From the data presented, it is evident that the investment in the agricultural

sector significantly trails behind other sectors. Statistics reveal that agriculture accounts for a mere fraction of the total investment projects, with a relatively modest share of 3.53% in the revenue distribution of the Algerian Agency for Investment Promotion. This observation raises a critical question, particularly for a country that heavily relies on agriculture. Given its substantial role in the Algerian economy and society, providing food, bolstering food security, and offering employment opportunities, the low investment level in agriculture is particularly concerning.

Distribution of proceeds from the Algerian Agency for Investment Promotion according to sector of activity



This low percentage may indicate the following:

- **Investment priorities:** Governments or authorities may give lower priority to the agricultural sector compared to other sectors such as industry and transportation. There may be greater focus on developing and improving industry or infrastructure and less investment in the agricultural sector.
- **Problems and challenges:** The agricultural sector may face challenges related to technology, climate change, the need to improve agricultural infrastructure, or there may be problems related to financing and support needed to develop the sector.
- **Other investment opportunities:** Investors may view opportunities in other sectors, such as industry and transportation, as more attractive than agriculture due to potential returns or greater stability.

E-The agency's outcome according to the distribution of job positions for the period (2013-2022)

Table 02: Distribution of proceeds from the Algerian Agency for Investment Promotion according to job positions

Activity	Number of projects	The ratio
Agriculture	18348	2.77%
Public works	97812	14.74%
Industry	381215	57.45%
The health	20690	3.12%
Transport	39993	6.03%
tourism	50982	7.68%
Services	54494	8.21%
The total	663534	100%

Source: Algerian Agency for Investment Promotion (AAPI).

The share of employment in the agricultural sector is low (2.77%), which indicates that this sector does not attract much investment. This may be due to a number of possible factors such as technological limitations, infrastructure challenges and the fact that the market is not ready to absorb large investments in this sector.

This low percentage may indicate the following:

Dependence on family and relatives: Heavy reliance on family members and relatives to fill positions in the agricultural sector may be related to a lack of foreign investment and dependence on local resources. This may lead to a lack of diverse employment opportunities for non-domestic workers.

Weakness in attracting investors: The agricultural sector may need to develop strategies to attract investors, whether by improving infrastructure, providing financing, developing technology, or providing technical support and training to farmers.

E- Field Study Statistics Analysis:

A questionnaire was created to collect employee responses in accordance with

the research variables' theoretical framework and to better understand how fiscal incentives influence agricultural investments in Algeria. After that, the features of the sample under inquiry were examined and analyzed using the proper statistical methods.

E-1. Research Subjects and Sample:

The National Agency for Investment Promotion staff, department heads, branch managers, and senior executives made up the study's target group. There were thirty-five valid questionnaires in all for the investigation.

E-2. Examine the Methods

A field technique was used to test the hypotheses using an electronic questionnaire in order to meet the study's objectives. Furthermore, analytical and descriptive methodologies were used. The construction of the questionnaire was largely guided by the design of the items, which were based on earlier research that addressed pertinent facets of the subject. The use of direct questions and assertions, language clarity and simplicity, methodological consistency, and readability were all taken into account. The study sample received the questionnaire electronically. The study hypotheses were divided into two axes, each of which had a series of paragraphs arranged as follows:

1. Axis One (From Statement 1 to Statement 4): The purpose of these paragraphs is to evaluate how Tax incentives' effect on drawing in investments in agriculture.

2. Axis Two (From Statement 1 to Statement 4): The purpose of these paragraphs is to evaluate how Tax incentives' effects on the agriculture sector's development and sustainability.

The paragraphs on the Likert scale were created to meet the specifications of a five-point Likert scale, on which the possible replies are as follows: Strongly Agree (05), Agree (04), Neutral (03), Disagree (02), Strongly Disagree (01) The range and degrees of agreement that were adopted are maintained in the following table:

Table (01): Response Scales for Survey Items

Number	Arithmetic Mean (Agreement Range = 0.8)	Agreement score
1	1,8 – 1	StronglyDisagree
2	2,60 – 1,81	Disagree
3	3,40 – 2,61	Neutral
4	4,20 – 3,41	Agree
5	5 – 4,21	Strongly Agree

Source: Mohammed Khair Sleem Abu Zeid, Statistical Analysis of Data Using Programming 25, Dar Jarir, Amman, Jordan, 2010, p. 27

E-3. Examining the Research Hypotheses

E-3.1. Examining the Initial Theory:

To determine whether the initial hypothesis was valid, a one-sample t-test was performed. The test's statistical results are displayed in the table below:

. Table (02): Results of the (T)-test for the Initial Theory:

the Initial Theory	Arithmetic mean	Standard deviation	The computed (T) value	The critical (T) value	The statistical significance level, text{sig}
The amount of domestic and foreign investments in the agricultural sector rises significantly as a result of tax breaks provided for agricultural investments.	3.785	0.353	3.484	1.697	0.000

Source: SPSS version 22 output

The computed (T) value of 3.484 is clearly higher than the critical (T) value of 1.697, as can be seen in the preceding table. The alternative hypothesis is accepted and the null hypothesis is rejected because the statistical significance level (sig = 0.000) is less than the conventional significance level (sig = 0.05). Due to the tax breaks offered for agricultural projects, this shows a notable growth in both domestic and foreign investment in the agricultural industry. The percentage of replies that fell between "agree" and "strongly agree," which was 87.37%, and the arithmetic mean of respondents' answers over all research axes, which was 3.785, all support this result. The whole axis' standard deviation was 0.353, which shows that respondents' responses were consistent throughout

E-3.2. Examining the Second Theory:

The second hypothesis was tested for validity using a one-sample t-test. The test's statistical results are displayed in the table below:

Table (03): Results of the (T)-test for theSecond Theory:

the Initial Theory	Arithmetic mean	Standard deviation	The computed (T) value	The critical (T) value	The statistical significance level, text{sig}
By boosting agricultural production and promoting cutting-edge agricultural technologies, tax breaks for agricultural investors help the agricultural industry remain sustainable and grow	4.00	0.385	4.718	1.697	0.000

Source: SPSS version 22 output

The above table makes it clear that the calculated (T) value of 4.718 is higher than the crucial (T) value of 1.697. The alternative hypothesis is accepted and the null hypothesis is rejected because the statistical significance level (sig = 0.000) is less than the conventional significance level (sig = 0.05). This suggests that by raising agricultural productivity and promoting contemporary agricultural technologies, the tax breaks offered to agricultural investors assist the growth and sustainability of the agricultural industry. The percentage of replies that fell between "agree" and "strongly agree," which was 81.31%, and the arithmetic mean of respondents' answers across all research axes, which was 4.00, all corroborate this result. For the whole axis, the standard deviation was

Conclusion:

Agricultural investment is pivotal for spurring economic growth. However, fiscal incentives alone are not adequate to catalyze this crucial sector. Such incentives necessitate a robust legal and regulatory framework to ensure the realization of their intended objectives. Consequently, the support provided by the Algerian Agency for Investment Promotion seems insufficient when compared to the extent of funds and privileges required. Thus, there is a pressing need to enhance and fortify these incentives to effectively address the sector's challenges.

Results:

From the discussion, the following conclusions were drawn:

Weakness of the sole effect of tax incentives: Evidence from agricultural investment indicates that tax incentives by themselves are insufficient for

boosting investment levels or enhancing productivity.

Failure to achieve expected returns: Despite the amount of financing and benefits provided, the returns and results were not adequate compared to the huge investment that was provided.

Implementation and legal management challenges: Difficulties arise in the implementation and legal management of tax incentives, which limits their ability to attract investors and promote investments.

The need for more effective policies: Current fiscal incentive policies lack effectiveness in attracting investors and achieving agricultural development goals.

A deficiency in directing investments: Current policies show a deficiency in directing investments to vital agricultural sectors and focusing on tangible results.

Lack of investments: The agricultural sector suffers from a lack of investments due to many challenges and risks associated with it.

Effects of financial aspects: The high financial costs of agricultural production constitute an obstacle to the desire of investors to enter this sector.

Government trends: Stringent governmental tax policies can hinder the progress and expansion of the agricultural sector.

The necessity of investment: There is a critical need to amplify investment and motivate investors to engage with and advance the agricultural sector.

Recommendations:

Based on the findings, we propose the following:

Reconsidering the legal framework: It is essential to overhaul the legal structure governing tax incentives to create a more transparent and investor-friendly environment.

Intensifying efforts in oversight and implementation: Improving oversight and intensifying efforts in implementing fiscal policies to ensure their efficient and effective use.

Strengthening cooperation with the private sector: Cooperation with private companies and investors should be strengthened to understand their needs and guide policies accordingly.

Improving investment targeting: Policies must be more directed to encourage investment in agricultural sectors that have a significant impact on development.

Developing transparency and disclosure: Encouraging transparency and disclosure in fiscal policies to ensure that investments are directed in accordance with economic priorities.

Restructuring tax incentives: Tax incentives need to be reformed to better foster investments and realize the economic and social objectives of the agricultural sector.

Supporting innovation and technology: Implement tax incentives that support research and technological advancements in agriculture to elevate productivity.

Directing tax policies: Tax policies should be realigned to align with the developmental goals of the agricultural sector and to stimulate further investments in this area.

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