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The State's Fiscal Incentives Policy as a Mechanism for Encouraging Start-ups: An Analysis of Algerian Regulatory Laws

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Abstract:

This research paper aims to highlight the key concepts related to start-ups, explaining the mechanisms for their establishment, particularly in light of the state's contribution through the provision of fiscal incentives as an attractive framework. The study found that these exemptions play a crucial and direct role, serving as a facilitating tool that allows these companies to dedicate all their resources to growth and development. Additionally, in its efforts to encourage and direct investment, increase capital, and shift towards local production, Algeria has simplified various procedures for establishing these companies, which, in turn, contribute significantly to the national economy. To achieve these objectives, the state has implemented a set of policies, clearly reflected in the issuance of relevant legal and regulatory texts, and has pursued efforts to exempt start-ups from taxes that directly affect them.

Key Words: *Startups, Legal Environment, Exemptions, Incentives, Taxation, Fiscal Policy, State Directions.*

JEL Classification: *H2 ، G2.*

1. *Introduction*

In light of the fluctuations experienced globally in oil and its derivatives, it has become imperative for Algeria to keep pace with these economic transformations. This requires enhancing the capacities of the national economy and increasing the volume of investments to overcome the economic crisis and achieve self-sufficiency, thereby reducing economic dependency. To achieve this goal, the state, represented by the President of the Republic, has implemented a series of economic, political, and legal measures that have contributed to creating a favorable environment for local investment. This is particularly evident in the encouragement of Start-ups , which are seen as a promising sector that relies on knowledge and innovation and is driven by the youth and idea bearers.

Although the focus on this type of enterprise began late, decision-makers have recognized its importance. Based on this realization, Algeria has started to structure this sector through legal and legislative frameworks and supportive structures to create an effective ecosystem and accounting system for the success of these enterprises. In line with Algeria's emphasis on tax policy as one of the factors influencing the entrepreneurial ecosystem and accounting system, fiscal incentives represent one of the most crucial elements in this policy to facilitate the creation, launch, growth, and development of start-ups.

Problem Statement: Based on the above, we can pose the following question: **"What are the key fiscal incentives implemented by the state to encourage the creation of Start-ups? »**

Hypotheses of the study: The study's hypotheses are as follows:

- Start-ups represent the modern economic direction of the Algerian state;
- Start-ups contribute to achieving self-sufficiency and diversifying the national economy beyond the hydrocarbons sector;
- The state supports start-ups by providing fiscal incentives during their establishment.

Objectives of the study: The study objectives are formulated as follows:

- To understand the theoretical concepts related to Start-up companies and Fiscal Incentives.
- To assess the impact of Fiscal Incentives on the support and growth of Start-up companies.
- To compile and analyze all information related to Fiscal Incentives and Start-up companies into a comprehensive research document to facilitate access for university students and idea holders.
- To review the key regulations granted to Start-up founders and idea holders.

2. *The Nature of Start-up Companies:*

The topic of startup companies is currently a highly relevant issue in the economic landscape in Algeria. In this section, we will present the nature of startup companies.

2.*1 Definition of Start-up Companies:*

Most research conducted on the topic of startup companies globally has shown that there is no unified definition. Instead, general definitions represent the core agreement among academic researchers, practitioners, and policymakers. These definitions are as follows:

- According to the Cambridge Dictionary, a startup is defined as a small project that has just begun, or a business activity or a set of activities that result in the initiation of a new

business and require rapid revenue generation. The term is a combination of "START," meaning to begin or launch, and "UP," indicating movement or direction towards growth. Thus, it signifies the concept of initiation and robust growth, reflecting the aforementioned terminological definition (Hussein & Siddiqi, 2021, p. 70);

- According to the Business Dictionary, a startup is the early stage of a company's lifecycle where the entrepreneur transitions from the idea phase to securing funding, establishing the basic business structure, and initiating operations and trade (Ben Lakhder, Chenbi, Mkhench, & Berik, 2020, p. 27);
- Eric Ries defines a startup as a human entity designed to create a new product or service under conditions of extreme uncertainty in the surrounding business environment (Rais, 2011, p. 27);
- Drof and Blank define a startup as a temporary organization searching for a profitable, repeatable, and scalable business model, initially consisting of a canvas filled with ideas and hypotheses (Ben Lakhder, Chenbi, Mkhench, & Berik, 2020, p. 27);
- American entrepreneur Peter Andreas Thiel defines a startup as the largest group of people you can persuade with a plan to build a better future (Masters & Thiel, 2014, p. 30);
- Bob Walsh, founder of the startup DevShortcuts, views a startup as an independent entity that is not a branch of another organization. It typically consists of one to about eight individuals, most of whom are developers, who collaborate to create a programming database that will offer benefits to the world (Ben Lakhder, Chenbi, Mkhench, & Berik, 2020, p. 28);

From the previous definitions, it can be concluded that a startup is a newly established entity expected to integrate into the business environment after a certain period. This is achieved through the development of the initial idea on which it was founded, with the aim of expanding its operations.

2.2 ***Characteristics of Startup institutions:***

Startup companies are characterized by a set of features and attribute that can be summarized as follows (Ben Lakhder, Chenbi, Mkhench, & Berik, 2020, pp. 29-31):

- **Temporary Organization:** A startup is not intended to be an end in itself and it is not meant to remain in its initial stage throughout its entire lifespan. Rather , a startup represents merely a phase, with the primary goal of the entrepreneur being to transition out of this stage and achieve maturity and sustainability;
- **Innovation:** Founders of startup companies are at the heart of the innovation process. These businesses aim to create new products or services. Innovation generally refers to the creation of new services, and thus, every innovation represents an entrepreneurial discovery that enhances value for either customers or producers, ultimately improving the overall economic efficiency of society;
- **Flexibility:** Given that startups are typically small in size, have limited experience, and are oriented towards uncertainty, they are more susceptible to problems requiring experimentation and improvisation, especially in their early stages. This necessitates

sufficient flexibility to address these challenges. Startups often adopt dynamic organizational structures where employees perform a variety of tasks as needed due to the lack of sufficient human resources for **an** extensive division of labor. This can challenge sustainability by reducing efficiency, consistency, and scalability. However, the lack of complexity and routine procedures in such structures allows for easier reconfiguration and greater flexibility in response to changes;

- **Growth:** Unlike other types of organizations, startups have significant potential for capital increase, which supports rapid growth. To achieve this, a startup needs to innovate a product targeting a large market, and then test its growth by launching a minimum viable product in a market with a substantial number of potential customers. Monitoring the number of new customers purchasing the product and the need to introduce additional offerings, serves as evidence of achieving the desired growth rates;
- **Uncertainty:** Uncertainty refers to the lack of knowledge about the future. It encompasses both positive and negative outcomes; for example, customer acceptance of certain products may far exceed optimistic projections or fall short of expectations. Some define uncertainty as a mental state characterized by doubt due to the lack of knowledge about what will or will not happen in the future. While uncertainty is not exclusive to startups, its high degree is a distinguishing feature. However, even in unpredictable situations, entrepreneurs can plan to mitigate uncertainty or risk. For instance, introducing a Minimum Viable Product (MVP) to the market allows for the collection of real customer data regarding product quality and acceptance, rather than relying on mere guesses.
- **Seeking a Business Model:** Since a startup is designed to create a new product or service that has not been previously introduced, its challenge lies in finding and building a viable business model. This involves proposing hypotheses and validating them through a series of market experiments where the product or service is introduced. Gathering data and analyzing the results are essential steps in this process.

The question that arises is: What exactly is a Business Model? Swiss researcher and business model developer Alexander Osterwalder addresses this by defining a business model as the rationale behind how an organization creates and delivers value. He summarized the components of a business model into nine key elements, which cover the four business areas (customers, value proposition, infrastructure, and financial viability). These elements are: customer segments; value propositions; channels; customer relationships; revenue streams; key resources; key activities; key partnerships; and cost structure (Osterwalder & Pigneur, 2010, pp. 16-17)**.**

2.3 ***Objectives of Startup institutions:***

Startup companies are a key component in national economic and social development programs, thus having a distinct and defined role compared to other sectors. Their objectives include (Bouakka, 2022, pp. 43-44):

- **Achieving Competitive Objectives:** Startups aim to achieve general market competition goals while creating permanent job positions. This objective is particularly

effective in developing countries, as establishing start-ups does not require substantial financial resources;

- **Promoting Individual and Collective Entrepreneurship:** Start-ups seek to foster entrepreneurial spirit by initiating new economic activities, whether in goods or services, and reviving abandoned economic activities, such as traditional industries;
- **Connecting with the Economic Fabric:** Start-ups serve as a link within the economic network through various relationships with surrounding institutions;
- **Creating New Job Opportunities:** Start-ups contribute to , directly and indirectly, the creation of new job opportunities;
- **Diverse Banking Activities:** Start-ups aim to diversify banking activities and respond more effectively and quickly to customer requests.
- **Reliance on Technology:** Start-ups conduct their business based on pioneering ideas and address market needs in a smart and modern way to achieve growth and progress. They seek funding through online platforms and rely on advanced technological tools to significantly support their core business operations, utilizing the latest trends in software and information technology.

2.4 ***Role and Importance of Start-up Companies :***

Developing countries face numerous significant challenges in their economic development, including the near absence of industrial infrastructure, pervasive unemployment, widespread poverty, inadequate levels of education and training, and continually rising living costs. These issues persist despite substantial investments in infrastructure and public works, which often neglect crucial social sectors. Experts in the field argue that start-ups play a vital role in addressing these challenges and contributing to economic advancement, as they enhance the Gross Domestic Product (GDP) and accelerate growth. The importance and role of startups in developing countries can be summarized as follows (Hussein & Siddiqi, 2021, pp. 71-73):

- **Creating Real, Productive Job Opportunities and Combating Unemployment:** Start-ups have a high capacity to generate employment, absorbing and employing workers with little or no experience, particularly recent graduates, innovators, and those with fresh ideas. This directly addresses the issue of unemployment, which remains a challenge even in developing countries striving to create conducive work environments.
- **Innovation in Research and Development:** Especially in the field of technology, innovation is more critical than ever for the development of any country. Start-ups excel in this area by creating and developing products at a cost that is 24 times lower than that of large corporations.
- **Increasing Productivity and Maintaining Competitiveness:** Over the past decades, Startups have played a pivotal role by utilizing modern tools, methods, and production techniques that reduce costs and improve product quality. This has enabled them to adopt technological strategies that maintain their competitive edge.
- **Promoting Positive Values in Society:** Startups address key economic, social, and cultural issues through research, fostering and introducing new values into society, and

contributing to the development of consumer culture by encouraging acceptance of change.

- **Contributing to Relative Economic Development:** Through their research, startups tackle economic challenges and promote positive economic and organizational values such as initiative, creativity, innovation, time management, efficiency, and effectiveness. They also produce innovative goods and services, leading to product diversification and the development of new economic sectors that complement traditional industries like agriculture.
- **Investing Savings and Attracting Investors and Foreign Capital:** Startups effectively utilize the savings of project owners, which would otherwise remain idle or be invested in non-value-added areas. This contributes to capital accumulation, facilitates upward income mobility (income redistribution), and attracts both local and foreign investors.

2.5 *Classification of Startup in Algeria:*

According to Startupranking.com, in the absence of a comprehensive database for startups in Algeria, the country ranks 18th globally, up from 62nd at the beginning of 2023. Additionally, Algeria has risen to the 2nd position in Africa with 810 startups, compared to 6th place with 132 startups at the beginning of 2023. The details are illustrated in the table below:

Table 1. Global and African Classification of Startups in Algeria

Number	Country	Global Ranking for 2024	African Ranking for 2023	African Ranking for 2024	Number of Startups 2023	Number of Startups 2024
01	Nigeria	17	01	01	811	813
02	Algeria	18	06	02	132	810
03	Egypt	23	02	03	625	638
04	South Africa	31	03	04	489	508
05	Kenya	45	04	05	328	342
06	Ghana	62	05	06	135	135

Source: Prepared by the researcher based on the website of countries - with the best startups worldwide | (Startup Ranking, 2024)**, on August 9, 2024.**

In 2024, Algeria has ranked 18th globally in terms of the number of startups. This represents a notable rise from its previous position of 62nd at the beginning of 2023. This improvement indicates a significant increase in the country's startup activity and entrepreneurial ecosystem, suggesting that Algeria is becoming a more attractive environment for startups on the global stage.

Within Africa, Algeria has moved from 6th place in early 2023 to 2nd place in 2024. This leap underscores a substantial growth in the number of startups and reflects positively on Algeria's efforts to foster a vibrant entrepreneurial landscape. The rise in ranking indicates that Algeria has significantly outpaced other African nations in startup development over the past year.

Overall, Algeria's improved ranking reflects a positive trend in the development of its startup ecosystem, marking a pivotal moment in its economic and entrepreneurial landscape

3. ***The Nature of Fiscal Incentives***

As part of Algeria's efforts to support investment in startups led by innovative entrepreneurs, the government has amended various laws and decrees that regulate this sector. These legal adjustments aim to encourage greater investment in startups by providing a range of fiscal incentives. This section will explore these incentives in detail.

3.1 General Concepts

It is essential to differentiate between several concepts related to the fiscal nature, which are as follows:

- **The Concept of Taxation**: A tax is defined as a "monetary levy that is compulsory and final, aimed at covering the general expenses of the state or supporting public authority interventions in society» (Qataf, 2008, p. 19);
  It can also be defined as "a mandatory monetary amount imposed by the state or one of its local authorities, collected from the taxpayer permanently and without any direct compensation. This is done in accordance with specific laws or regulations, and the purpose of the tax is to contribute to covering various state expenditures and to achieve certain economic and social objectives the state seeks to accomplish. (Chaabani, 2018, p. 17)"
- **The Concept of Fiscality**: Fiscality is defined as "the total amount of compulsory levies imposed by the state, including taxes, fees, duties, and social contributions." From this definition, it is evident that the concept of fiscality is broader than the concepts of taxes and fees alone (Zahraoui, 2020, p. 20);
- **The Concept of Fiscal Incentives**: Fiscal incentives are defined as "the use of taxes as a policy to encourage individuals to adopt certain behaviours or engage in specific activities that help achieve the state's goals by granting permanent or temporary exemptions or specific reductions in the tax base or tax rates. They are indirect financial aids provided by the state as part of its economic policy to certain economic agents who meet specific conditions, with the aim of encouraging them to undertake investment activities (Hajj Said & Rabhih, 2022, p. 1230)."
  They are also described as "a set of measures and facilities, mainly consisting of tax exemptions and reductions, adopted by the state to benefit certain groups in order to encourage them to invest in specific areas or sectors that the state wishes to develop."

3.2 Characteristics of Fiscal Incentives

The characteristics of fiscal incentives are as follows (Bouchikha & Soltani, 2022, p. 100):

- **Economic Mechanism:** Fiscal incentives are one of the most important tools used by the state to implement its financial, economic, political, and even social policies, such as helping start-ups survive and grow during their early stages;
- **Purposeful Measure:** Legislators aim to achieve specific objectives through the provision of fiscal incentives, particularly in the development of economic sectors like startups and specific regions such as the desert and steppe areas;

- **Optional Measure:** Legislators are not obligated to grant fiscal incentives, and similarly, taxpayers are not required to take advantage of these benefits. Therefore, it is an optional measure for both parties;
- **Measure with Specific Criteria:** These criteria primarily involve defining the type of economic activity targeted by the incentives and identifying the sectors that are intended to be developed and promoted.

3.2 Types of Fiscal Incentives

Fiscal incentives are key tools used by governments to stimulate economic activity and promote investment in specific sectors. These incentives aim to achieve economic and social objectives by providing tax benefits to businesses and individuals. The types of these incentives include (Hajj Said & Rabhih, 2022, pp. 1236-1237):

- **Tax Exemption System:** This involves waiving the state's right to collect taxes from certain taxpayers in exchange for their commitment to engage in specific activities under certain conditions. These exemptions can be either permanent or temporary. A permanent exemption means the state forfeits its right to the taxpayer's money as long as the reason for the exemption remains valid. This exemption is granted based on the significance of the activity and its impact on the economic and social life. A temporary exemption, on the other hand, means the state waives its right to the taxpayer's money for a specified period during the life of the targeted activity (usually at the beginning of the activity).
- **Tax Reduction System:** This refers to subjecting the taxpayer to lower tax rates than the prevailing rates or reducing the taxable base in exchange for meeting certain conditions. Tax legislation may use this technique to alleviate the tax burden and thereby influence investment decisions. Tax reductions can be in the form of reduced tax rates or a lower taxable base, and taxpayers may be required to meet certain conditions to benefit from such reductions, based on the state’s economic and social policies and the political and investment climate, provided it is done through tax legislation mechanisms.

3.3 Objectives of Fiscal Incentives

Through the provision of fiscal incentives, the state aims to achieve a range of objectives, which are outlined as follows (Zinet, 2017, p. 113):

- **Expanding the Range of Public Financial Instruments:** Fiscal incentives are used as a tool for government intervention to adapt to the developments of the contemporary economy and economic openness;
- **Targeted Project Development:** By identifying targeted projects in the sectors intended for promotion, it becomes possible to compare objectives with achieved results and accurately assess the costs associated with granting fiscal incentives. This also fosters competition among businesses by reducing the financial burdens they bear;
- **Encouraging Investment and Regional Development:** Fiscal incentives guide investment projects towards regions in need of development and promote sectoral growth in vital industries that support economic and social objectives, such as

agriculture and new technologies. This ensures that essential industries receive the protection they need until they can compete effectively;

- **Promoting Exports:** Providing fiscal incentives to exporting businesses enhances the competitiveness of local enterprises, especially in developing countries. This also encourages investment in research and development;
- **Attracting Foreign Capital:** Reducing taxes on capital and discouraging the outflow of domestic savings, helps attract foreign investment. This approach addresses tax competition by offering favourable tax exemptions to secure the best investments;
- **Job Creation and Unemployment Reduction:** Granting Fiscal Incentives to companies that create jobs helps to reduce unemployment;
- **Achieving Social Development and Poverty Reduction:** Many countries offering fiscal incentives aim to assist certain segments of society by lowering their tax burden;
- **Increasing Future Treasury Revenues:** As investment grows, economic activity diversifies, leading to the expansion of taxable operations. This broadens the tax base and ultimately increases tax revenue.

3.4Factors Influencing Fiscal Incentives

Fiscal incentives are influenced by various factors that affect their effectiveness. These can be categorized into tax-related factors and non-tax-related factors, as follows (Nasser, 2016, pp. 119-121):

1. **Tax-Related Factors:** These are the factors that influence the effectiveness of fiscal incentives, either positively or negatively. They include the following elements:

- **The Nature of the Tax Subject to Incentive:** Determining the type of tax that will be subject to fiscal incentive is crucial for the effectiveness of that incentive. The tax is selected based on its importance and profitability for the institution. The tax system includes various taxes, which can be classified into two main categories: direct taxes and indirect taxes. The impact of these taxes on the institution varies depending on the nature of the tax.
- **The Form of the Incentive:** Fiscal incentives can take various forms, such as tax reductions and exemptions. These forms have varying degrees of influence on the institution's activities. While tax exemptions are widespread due to their significant impact on investment decisions, they lead to a substantial reduction in state revenues, making them costly for the national budget. Therefore, there are constraints that limit the expansion of such exemptions, and they are often supported by other forms of incentives.
- **Timing of the Incentive:** When implementing incentive measures, it is crucial to consider the timing factor. These measures should be applied at the right time and should remain in place for a sufficient and necessary period to achieve the desired investment goals. The ideal time to implement fiscal incentives is during the startup phase of an institution, as this helps it overcome initial challenges and allows for potential future expansion. During this phase, the institution incurs substantial expenses related to its operations.

- **Scope of the Incentive's Application:** When establishing a fiscal incentive measure, it is important to choose the projects that will benefit from it. Specific criteria and conditions are set out in investment laws to define the nature of the investments, as well as the materials and resources eligible for the incentive, given their importance in achieving the project. Generally, incentives should be applied to investments that yield results in the short to medium term, ensuring positive outcomes that contribute to achieving the set objectives.

2. **The non-tax factors:** They are as follows**:**

- **Administrative Factor:** The nature of administrative transactions is a direct factor affecting the effectiveness of tax incentives. Streamlining the administration by eliminating obstacles, bureaucracy, favouritism, and corruption positively influences investment decisions, thereby contributing to the success of tax incentive policies. This can only be achieved through the maturity and efficiency of the institutions responsible for implementing these incentives. In contrast, if these conditions are not met, tax incentive policies will likely be ineffective.
- **Technical Factor:** A well-developed economic infrastructure is crucial for the success of any investment project. It plays a significant role in creating a favorable environment for investment and, consequently, in the success of tax incentive policies. Countries with advanced technical infrastructures, including industrial zones, communication facilities, and general supply systems, are more likely to attract private investors.
- **Political Factor:** The political situation of a country is a major concern for investors. Political stability encourages investment and contributes to the success of tax incentive policies, while political instability discourages investment, thereby reducing the effectiveness of these incentives.

4. *The Main Fiscal Incentives Granted to Startups and Conditions for the Success of Incentive Policies*

These incentives have been granted in phases through the continuous amendment of decrees and laws, as outlined below:

4.1 Tax exemptions and reductions for startups

The following table shows the main exemptions and reductions granted by the legislator to startups:

Table 2. Tax reductions and exemptions granted to startups under Algerian laws

Financial Laws	Legal Number	Article	Amendment of Article
2020	**Law 81, dated 30/12/2019**	**69**	**Startups are exempt from corporate Tax and VAT on commercial transactions.**
2020Supplement	**33 issued on**	**(33) Amen**	**- "Start-ups" are exempt from professional tax and income tax or**

ntary	**04/06/2020**	**ded provisi ons of Article (69)**	**corporate tax for three years from the start date of their activity. - They are also exempt from the single flat tax under the same conditions for start-ups subject to the single flat tax system. - They are exempt from value-added tax on equipment purchased for their investment projects.**
2021	**83 issued on 31/12/2020**	**(86) Amen ded provisi ons of Article (33)**	**- Entities bearing the "Start-up" label are exempt from professional tax and income tax or corporate tax for four years from the date they receive the "Start-up" label, with an additional year if renewed. - They are exempt from value-added tax and subject to customs duties at a rate of 5% on equipment purchased by entities with the "Start-up" label, which is directly used in their investment projects.**

Source: Prepared by the researcher based on the (Zaidi & Koufi , 2020, p. 177)

The tax exemptions granted to start-ups holding the "Start-up" label are as follows:

- **Exemption from Professional Activity Tax (TAP):** This tax is applied at a rate of 2% for production activities and 0% for other activities on the monthly turnover achieved or collected (depending on the nature of the activity). The exemption lasts for four years, with an additional year in case of renewal.
- **Exemption from Personal Income Tax (IRG):** This tax is levied on the profits earned by individuals at the end of the fiscal year, calculated according to the progressive IRG tax table. This exemption applies to start-ups organized as natural persons and is granted for four years with an additional year if renewed.
- **Exemption from Corporate Income Tax (IBS):** This tax is imposed at rates of 19%, 23%, or 26% on the profits earned by companies at the end of the fiscal year. This exemption applies to start-ups organized as legal entities and is granted for four years with an additional year if renewed.

- **Exemption from Value-Added Tax (TVA) and Application of 5% Customs Duties:** Equipment purchased by start-ups that is directly used in their investment project is fully exempt from VAT (TVA). In the case of imports, a 5% rate is applied to customs duties.

4.2 Conditions for the Success of Fiscal Incentive Policies

For tax incentives to effectively attract small and medium-sized enterprises (SMEs) and start-ups, several conditions and policies must be met to achieve the desired objectives. Key conditions include (Messoudi & Loualbia, 2020, p. 32):

- **Contribution to the Development of Poor and Remote Areas:** Investment projects in these areas help promote development and achieve regional balance in investment distribution. Consequently, companies operating in such regions are more likely to receive tax incentives.
- **Contribution to Increasing Cash Inflows:** The extent to which the investment project enhances the inflow of national or foreign currency is crucial.
- **Innovation and Distinctiveness of the Product or Activity:** For a product or investment activity to be competitive internationally or locally, it must be distinctive. Global market presence or avoiding market saturation from local producers can be influenced by tax incentives.
- **Linking Tax Incentives to Performance:** Tax incentives should be phased and linked to the performance of the investment project. Incentives should be granted progressively as the project's performance demonstrates its efficiency.
- **Performance Requirements and Policies:** Small and medium enterprises (SMEs) must meet specific conditions to receive tax incentives, including:
    - Employing a certain number of local workers at various organizational levels.
    - Utilizing locally available material resources when they meet the required quantity and quality.
    - Setting production and export percentages.
    - Defining annual production capacity.
    - Prohibiting investment in certain activities, such as arms production or public services.
- **Technology Transfer Regulations:** SMEs and start-ups should bring advanced technology to the country and avoid importing expensive technology without substantial justification. They should benefit from tax incentives when applying depreciation systems for technology.

4. *CONCLUSION*

It is evident that the state places significant importance on start-ups due to their crucial role in developing and diversifying the Algerian economy. The government has established numerous incentives, support mechanisms, and guidance specifically for these types of enterprises, particularly through laws and regulations. This study has led to the following conclusions:

- **Creating a Suitable Environment:** It is essential to provide a conducive environment for the growth and development of start-ups, starting from the establishment phase to their operational and expansion phases.

- **Embracing Change and Market Opportunities:** Start-ups must be encouraged to face the challenge of change, open up to markets, and optimize their operations.
- **Supporting Business Incubators:** Business incubators play a vital role in accelerating development programs by supporting and managing entrepreneurs.
- **Facilitating Access to Incubator Facilities:** Ensuring easy access to facilities provided by business incubators is crucial.
- **Innovating Financial Solutions:** Developing new financial instruments and solutions to support start-ups is necessary to enhance their growth and sustainability.

This research paper makes the following key recommendations:

- **Enhance Laws and Regulations:** Strengthen the legal framework by adding more provisions related to start-ups, covering everything from their establishment to the benefits they can receive.
- **Organize Workshops and Seminars:** Conduct workshops and scientific seminars to help entrepreneurs and innovators understand the benefits available for establishing start-ups, thereby facilitating the dissemination of relevant information.
- **Develop an Online Platform:** Establish an online platform that consolidates all information related to start-up creation and state-provided incentives, from establishment to available benefits.
- **Revise Legal Provisions:** Amend laws to allow start-ups to benefit from full exemptions on value-added tax (VAT), not just on the purchase of equipment.
- **Create an Electronic Framework for Statistics:** Develop an electronic system for tracking statistics on various aspects of start-ups and their growth, to assist researchers in accessing real-world data, especially with the presence of a dedicated ministry.

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