



Thinking beyond borders: Management of extended business travelers - Tunisia



February 2024

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01

Key message

An individual's liability to Tunisian personal income tax is determined by residence status and the source of income derived by the individual. Income tax is levied at progressive rates on an individual's taxable income for the year.

1 Key message

Extended business travelers may be subject to Tunisian taxation on their salary earned for their work carried out in Tunisia especially if salary costs are born by a Tunisian employer.

02

Income tax

2 Income Tax

2.1 Liability for income tax

Residents are taxed on worldwide income. Non-residents are taxed only on income from Tunisian source. Income tax is calculated by applying a progressive tax rate schedule to taxable net income. The top income tax rate is 35 percent.

An individual is considered a Tunisian tax resident if:

- He has a permanent home available to him in Tunisia
- His stay in Tunisia during a calendar year exceeds 183 days.

An individual is considered a Tunisian tax non-resident when his stay in Tunisia during a calendar year is less than 6 months.

Most likely extended business travelers will be considered non-residents for Tunisian tax purposes and subject to tax only on their Tunisian-sourced income, when they remain residents in their home country/jurisdiction (their family still resident of the home country/jurisdiction and their stay in Tunisia does not exceed 6 months). The salary earned for Tunisian workdays will usually be considered as Tunisian-sourced income, subject to income tax in Tunisia, unless there is a possible exemption under the provisions of a double tax treaty.

2.2 Tax trigger points

There is no threshold/minimum number of days that exempts the employee from the requirements to report and pay income taxes in Tunisia. However, the provisions of an international tax treaty may provide for an exemption from tax in Tunisia on salary income.

2.3 Types of taxable income

As non-residents, extended business travelers will generally be subject to income taxation in Tunisia earned for employment carried out in Tunisia when borne by a Tunisian employer. Taxable income includes any benefits in kind as well as any other Tunisian sourced income.

2.4 Tax rates

Resident employees are taxed at the following progressive tax rates (in Tunisian dinars (TND)):

Income bracket (annual)	Tax rate	Effective rate to upper edge
TND0 to TND5,000	0%	0%
TND5,000.01 to TND20,000	26%	19.5%
TND20,000.01 to TND30,000	28%	22.33%
TND30,000.01 to TND50,000	32%	26.20%
Above TND50,000	35%	

Tunisian non-resident employees are subject to a flat tax rate of 20 percent on their gross income.

03

Social security

3 Social security

3.1 Liability for social security

Tunisian employers are required to register any hired employee to the Tunisian social security regime (CNSS). The employer should withhold each month the social contributions (employer and employee) then, report and pay them to the CNSS on a quarterly basis.

Employee contribution: 9.18 percent of the gross income

Employer contribution: 16.57 percent of the gross income

An exemption is possible for assigned individuals holding a Certificate of Coverage.

04

Compliance obligations

4 Compliance obligations

4.1 Employee compliance obligations

Tunisian resident employees are required to submit an annual tax return before 5 December of the year following the year of taxation.

Non-resident (individual with a stay not exceeding 6 months during a calendar year) are not required to submit an annual tax return.

4.2 Employer reporting and withholding requirements

Tunisian employers are required to withhold income tax on employment income and to pay taxes to the Tunisian tax authorities by 28th of each month. They are as well required to withhold each month the social contributions (employee and employer) and pay them to the social security authorities on a quarterly basis.

An employer annual return to report withholding taxes is due annually.

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Immigration

5 Immigration

5.1 Work permit/visa requirements

As a general rule, a foreign national who intend to carry out an employment in Tunisia is required to sign an employment contract with the Tunisian employer and must hold a residence card. The work contract should be approved by the Labor Ministry.

There is no obligation to hold a local employment contract for specific profiles and when the hiring company operates in some defined business industries.

06

Other issues

6 Other issues

6.1 Double taxation treaties

Tunisia has entered into a number of double taxation treaties with other countries/jurisdictions to avoid double taxation and allow cooperation between Tunisia and overseas tax authorities in enforcing their respective tax laws. As a general principle, the provisions of double tax treaties will override domestic rules.

6.2 Permanent establishment implications

There is the potential that a permanent establishment could be created as a result of extended business travel, but this would be dependent on the type of services performed and the level of authority the employee has.

6.3 Indirect taxes

Tunisia has value-added tax (VAT).

6.4 Transfer pricing

A transfer pricing implication could arise to the extent that the employee is being paid by an entity in one jurisdiction but performing services for the benefit of the entity in another jurisdiction, in other words, a cross-border benefit is being provided. This would also be dependent on the nature and complexity of the services performed.

6.5 Local data privacy requirements

Tunisia has data privacy laws.

6.6 Exchange control

Tunisia has a very restrictive exchange regulation. However, foreign nationals resident in Tunisia are entitled to transfer cash saved from their Tunisian wages under specific conditions.

6.7 Non-Deductible costs for assignees

Non-deductible costs for assignees include contributions to non-mandatory social security regimes and to foreign pension plans.

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Footnotes

¹[Tunisian corporate and income tax code, Section: Income Tax and Compliance obligation, Indirect Taxes

²Labor code, section: Immigration

³Central Bank of Tunisia, section: Exchange control

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