



Open Innovation In Algeria

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The leading role of the Algerian government in promoting collaborative innovation.

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Foreword



Algeria affirms its commitment to strengthening its innovation ecosystem by actively supporting collaborative projects and fostering the emergence of new technologies within its territory. In this context, the Algerian government has established a modernized legislative framework aimed at stimulating Open Innovation, that is to say, open collaboration between economic operators, incubators, startups, universities, and research centers.

This newsletter aims to present the regulations, tax incentives, and institutional mechanisms implemented to encourage and facilitate the development of innovative projects in Algeria.

It will highlight the strong commitments of the Algerian State through dedicated laws, decrees, and structures, with a focus on the favorable conditions offered to innovative project leaders, as well as the existing support mechanisms designed to maximize their chances of success.

KPMG Algeria invites you to explore this comprehensive overview of the Algerian Open Innovation framework, in order to better understand the opportunities offered by this rapidly evolving market.

1. A Clear and Ambitious Government Policy for Innovation

Algeria has made the strategic choice to strengthen its economic fabric through innovation, relying on:



A Strong Political Will:

The government places research and innovation at the heart of national priorities, integrating these focus areas into its economic development plans (notably the 2020-2024 National Development Plan).



Structured Institutional Support:

Algeria is strengthening its economy through innovation by relying on a structured institutional framework. Organizations such as the Ministry of Knowledge Economy, Startups and Micro-enterprises, ANVREDET, Algeria Venture, NASDA, incubators, and the Startup Fund support research, entrepreneurship, and the promotion of innovative ideas.



A Modern and Incentive-Based Legislation:

Through the enactment of specific laws and implementing decrees, the State is creating an environment conducive to investment in R&D and Open Innovation.

2. Favorable Framework: Laws Supporting Innovation

Under the 2025 Finance Law, Open Innovation is actively encouraged through several tax measures aimed at supporting collaborations between companies and certified startups or incubators.

- Expenses related to R&D and Open Innovation are tax-deductible.
- In addition to this deduction, these expenses also qualify for a tax credit in the calculation of taxable income, subject to the regulatory limit.
- Tax allowance of up to 30% of taxable profit (limit: 200 million DZD) for R&D or open innovation expenses involving certified startups or incubators.
- Exemption from transfer duties for startups/incubators when purchasing assets or industrial goods.
- Exemption from registration fees for the creation of enterprises certified "Innovative Project."
- Extension of IRG (individual income tax)/IBS (corporate income tax) exemption from 2 to 4 years for enterprises certified "Incubator," starting from the date of labeling.

a) Law No. 22-23 of December 18, 2022, on the Status of Self-Employed Entrepreneurs

This law defines a self-employed entrepreneur as any individual carrying out, on a personal basis, a profit-generating activity listed among the eligible activities, and whose annual turnover does not exceed a threshold set by legislation, subject to the following eligibility conditions:

- Be at least 18 years old,
- Hold Algerian nationality and reside in Algeria,
- Carry out an activity listed in the official list of activities eligible for this status.

b) Law No. 15-21 of December 30, 2015, as amended and supplemented, on the Orientation of Scientific Research and Technological Development

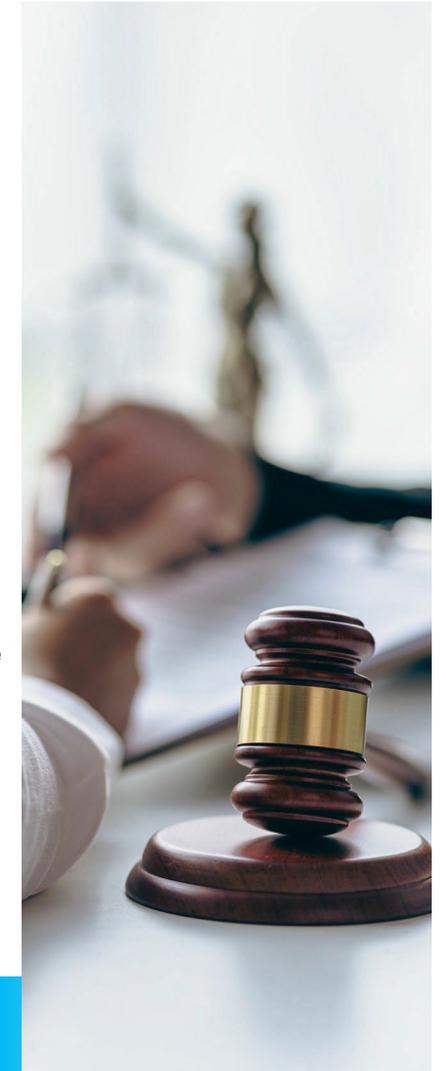
This law aims to promote scientific research and technological development by:

- Ensuring the advancement of scientific research and technological development, including university-based scientific research;
- Strengthening the country's scientific and technological foundations.

- Understanding the societal changes in order to detect and analyze the systems, norms, values, and phenomena that govern it;
- Identifying the necessary means for scientific research and technological development;
- Strengthening State funding for scientific research and technological development activities;
- Enhancing institutional and regulatory frameworks for more efficient management of scientific research and technological development activities.

c) Ordinance No. 03-07 of July 19, 2003, on the Protection of Invention Patents

Strengthens intellectual property protection by safeguarding inventions, patents, industrial designs, and trademarks, and by providing a secure framework for the valorization and commercialization of innovations.



3. Conditions for granting and tax incentives granted to R&D and open innovation



Legal and Fiscal Framework

In accordance with Articles 147 and 87 of the 2025 Finance Law, which amends Article 171 of the Direct Tax Code (CIDTA), companies operating in Algeria may benefit from a tax allowance for expenses incurred in Open Innovation and R&D activities.

- Deduction of up to 30% of taxable profit, capped at 200 million Algerian dinars (DZD) per year.
- Applies to in-house R&D expenses and partnerships with certified startups or incubators.



Expenses related to Open Innovation:

These include all expenses incurred by a company to carry out part or all of its research and development work in collaboration with a company holding the "startup" or "incubator" label, under an open innovation contract with a minimum duration of 6 months.



Eligible Partnerships

For expenses to be eligible for the deduction:

The company must collaborate with startups or incubators holding an official label issued by the Ministry Delegate in charge of the Knowledge Economy and Startups.

The relevant labels are:

- "Startup"
- "Incubator"

These labels are issued in accordance with the following executive decrees:

- Decree No. 20-254 of September 15, 2020 amended and supplemented, establishing the National Labeling Committee for "Startups," "Innovative Projects," and "Incubators," and defining its missions, composition, and functioning.
- Decree No. 21-170 of April 28, 2021 amended and supplemented, setting the conditions and procedures for granting tax benefits to companies holding the startup or incubator label.



Expenses Related to Research and Development Projects

Operating expenses:

Salaries, allowances, and bonuses of personnel directly assigned to the project, holding at least a state engineering degree, a master's degree, or an equivalent qualification.

- Mandatory participation of personnel holding a doctorate or equivalent (minimum 20% of the assigned staff).
- Necessary operating expenses, including a proportionate share of depreciation of tangible and intangible fixed assets (limit: 50% of expenses).
- External services:
- Work carried out by public universities or public scientific research centers.
- Intellectual property:
- Costs of acquisition, filing, and protection of patents or other intellectual property rights, both at the national and international levels.

4. Administrative and Procedural Conditions

 Verify that the startup or partner incubator holds the certification issued by the competent committee.

 Sign an Open Innovation contract including the requirements set forth in the regulations.

 Incur expenses within the scope of the defined project.

 Identify and declare expenses on innovation.gov.dz, the digital platform established by the competent ministry, while retaining supporting documents.

 Apply tax deductions when filing the annual tax return for the fiscal year.



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