
Digital Economy Taxation in Algeria: A Theoretical–Interpretative Analysis of Digital Activity Taxes and Contemporary Challenges

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Abstract:

The rapid expansion of the digital economy is reshaping global trade and value creation, challenging taxation systems designed for traditional markets. This study explores how Algeria can adapt its fiscal framework to digital transformations through a theoretical and interpretative approach. It analyzes international efforts—especially the OECD’s Pillar One and Pillar Two frameworks—and compares them with Algeria’s fiscal and institutional realities. The findings reveal structural gaps in Algeria’s current tax system and suggest reform strategies toward a national model of digital taxation that promotes fairness, boosts revenues, and enhances the country’s integration into the global digital economy.

Keywords: digital economy, digital services tax (DST), tax reform, Algeria, OECD .

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1. Introduction :

The digital economy is reshaping the way value is created, exchanged, and taxed across the world. Digital technologies now influence every aspect of economic life—from production and trade to finance and public administration. The rapid growth of e-commerce, online services, and data-driven transactions has produced new sources of wealth that frequently extend beyond national borders. Although these developments have stimulated global economic growth, they also expose the limits of tax systems built around physical presence and tangible assets (OECD, 2023).

In Algeria, digital transformation has accelerated in recent years, supported by wider internet access, rising mobile use, and public initiatives aimed at modernizing the economy. According to UNCTAD (2024), countries like Algeria face a dual challenge: to capture the benefits of digitalization while ensuring that taxation remains fair and effective. Many digital businesses operate across borders without a physical presence, making it difficult for national tax authorities to identify where profits arise and how they should be allocated (IMF, 2023).

These changes raise fundamental fiscal and legal questions. How can Algeria’s tax system recognize value created through digital activity? What principles should determine taxation when companies interact with users but have no offices or staff in the country? And what can Algeria learn from international experiences such as the European Union’s Digital Services Tax (DST), India’s Equalization Levy, or the OECD’s two-pillar framework?

This paper explores these issues through a **theoretical, interpretative, and comparative** analysis. It links the conceptual foundations of digital taxation to Algeria’s fiscal and institutional context, examining how the national tax system can evolve to reflect the realities of the digital economy. The central argument is that introducing a targeted digital tax regime would promote fairness, encourage the formalization of digital activities, and contribute to sustainable public revenue.

The paper is structured as follows: Section 2 presents the theoretical framework and defines core concepts related to the digital economy and value attribution. Section 3 reviews international experiences in digital taxation. Section 4 focuses on Algeria’s legal and administrative framework. Section 5 outlines the country’s main challenges and opportunities. Section 6 proposes a practical model for Algeria’s digital tax regime, and Section 7 concludes with policy recommendations.

2. Theoretical Framework

The theoretical foundation of digital economy taxation is complex and interdisciplinary, combining economic, legal, and technological dimensions. Traditional taxation systems were built around principles of *territoriality* and *permanent establishment*—that is, the idea that taxation rights depend on a company’s physical presence within a jurisdiction. However, digitalization has

disrupted this logic by allowing businesses to generate substantial revenues from a country without having any physical footprint there (OECD, 2023).

2.1. The Concept of the Digital Economy

The **digital economy** refers to all economic activities that rely primarily on digital technologies, data, and electronic networks. According to UNCTAD (2024), it includes both core sectors—such as information and communication technologies (ICTs), digital infrastructure, and online platforms—and enabling sectors that use digital tools to deliver services or products. The value creation process in the digital economy is often intangible, driven by data collection, algorithmic processing, and network effects rather than physical production.

In this context, identifying the “source” of income and the “location” of economic activity becomes problematic. For example, a multinational social media company may earn advertising revenues from Algerian users even though its servers and staff are located abroad. Under traditional tax principles, Algeria would have little or no taxing rights over that income.

2.2. Cross-Border Digital Services and the Principle of Value Creation

One of the key challenges in taxing the digital economy lies in defining *where value is created*. The OECD’s *Base Erosion and Profit Shifting (BEPS)* project introduced the concept of **significant economic presence** to address this issue. It proposes that taxation should not depend solely on physical presence but also on the *digital interaction* between companies and users in a given jurisdiction (OECD, 2023).

Cross-border digital services include online advertising, streaming platforms, software licensing, cloud computing, and e-commerce. These services blur the distinction between consumers and producers, between domestic and foreign markets, and between tangible and intangible goods. The growing dominance of data-driven business models means that **user participation**—through data generation, content sharing, and digital engagement—can itself be a source of value creation (IMF, 2023).

Thus, a fair tax system for the digital economy must acknowledge that digital value is often *co-created* by both producers (digital firms) and consumers (users). This leads to a rethinking of the traditional nexus and profit allocation rules that underpin international tax law.

2.3. Digital Services Tax (DST) and Its Conceptual Rationale

The **Digital Services Tax (DST)** is one of the main policy innovations developed to address the taxation gap caused by digitalization. It is typically a turnover-based tax applied to the gross revenues generated by digital activities, such as online advertising, marketplace intermediation, or data monetization. Unlike

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corporate income tax, which is based on net profits, DST targets the revenue derived from user participation within a country (Mehri, 2025).

The rationale for DST is twofold. First, it ensures that multinational digital companies contribute to public revenues in the countries where their users are located. Second, it acts as a temporary solution while global consensus on profit reallocation mechanisms (such as OECD’s *Pillar One* and *Pillar Two*) is being developed. Several countries—including France, Italy, India, and the United Kingdom—have implemented their own DST models, though with different thresholds and tax bases (Ghericia, 2024).

2.4. Relevance to Developing Countries

For developing economies such as Algeria, digital taxation poses unique challenges. These include limited administrative capacity, insufficient data infrastructure, and a lack of clarity in defining the tax base for digital activities. However, it also presents opportunities to broaden the fiscal base, reduce dependence on hydrocarbons, and formalize parts of the digital informal economy (Derbal et al., 2024).

A theoretical understanding of digital taxation thus requires balancing **three dimensions**:

_ **Equity** – ensuring that digital companies pay their fair share relative to their economic activities.

_ **Efficiency** – minimizing distortions and administrative burdens.

_ **Adaptability** – aligning tax rules with fast-evolving technological realities.

_ The next section will explore how various countries have approached this balance through innovative fiscal mechanisms, and how these lessons can inform Algeria’s policy reform.

3. International Experiences in Digital Taxation

The emergence of the digital economy has driven many countries to redesign their tax systems to capture value generated through digital channels. While global consensus remains elusive, several jurisdictions have experimented with **Digital Services Taxes (DSTs)** and other interim measures to ensure that profits derived from digital activities are taxed where users are located. This section provides an analytical overview of selected international experiences, highlighting their relevance and implications for Algeria.

3.1. The European Union and OECD Frameworks

_ The European Union (EU) was among the first global actors to recognize the fiscal implications of digitalization. In 2018, the European Commission proposed a **Directive on the Common System of a Digital Services Tax** on revenues resulting from the provision of certain digital services. The proposed DST rate was **3%**,

applied to revenues generated from online advertising, digital marketplace intermediation, and data transmission (OECD, 2023).

However, lack of unanimous political support within the EU prevented the directive's adoption. Consequently, individual member states—such as **France, Italy, Austria, and Spain**—introduced their own national DSTs. These measures aimed to tax revenues from multinational technology companies that exploit local markets without maintaining a physical presence.

The **OECD's Inclusive Framework** on Base Erosion and Profit Shifting (BEPS) later introduced the **Two-Pillar Solution** to address these challenges globally.

Pillar One reallocates part of residual profits of large multinational enterprises to market jurisdictions where users and consumers are located.

Pillar Two establishes a **global minimum tax of 15%** to curb profit shifting to low-tax jurisdictions.

These initiatives are not yet fully implemented, but they represent a significant step toward harmonizing international tax rules in the digital era (OECD, 2023).

3.2. France: Pioneering the Digital Services Tax

France is widely recognized as the first major economy to adopt a unilateral DST. Enacted in **2019**, the French "**GAFATax**" (named after Google, Apple, Facebook, and Amazon) imposes a **3% levy on gross revenues** generated by digital companies offering targeted advertising, digital intermediation, and data monetization services. The tax applies to firms with global revenues exceeding **€750 million** and French revenues over **€25 million** (Ghericia, 2024).

The French experience illustrates both the potential and the controversy of digital taxation. On one hand, it reinforced the principle of **taxing value where it is created**, promoting fairness and fiscal sovereignty. On the other hand, it triggered tensions with the United States, which viewed the tax as discriminatory against American tech giants. France temporarily suspended its DST pending OECD negotiations, showing the delicate balance between national policy and international coordination (IMF, 2023).

3.3. India: The Equalization Levy

India was a **pioneer among developing countries** in addressing digital taxation through its **Equalization Levy**, introduced in 2016 and expanded in 2020. Initially, it imposed a **6% tax** on online advertising payments made to non-resident companies. Later reforms extended the levy to e-commerce operators, subjecting them to a **2% tax** on gross revenues derived from Indian users (Mehri, 2025).

India's model is particularly relevant for countries like Algeria. It demonstrates that a middle-income economy can design an effective digital tax mechanism without waiting for global consensus. The Equalization Levy generated significant fiscal

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revenue while encouraging domestic registration of digital firms. Nevertheless, it also raised concerns about double taxation and compliance complexities for small digital service providers.

3.4. The United Kingdom and Other National Models

The **United Kingdom (UK)** implemented its own DST in **April 2020**, targeting revenues from social media, search engines, and online marketplaces. The UK's tax rate is **2%** on revenues attributable to UK users, with an exemption for companies earning less than £25 million from such activities (UNCTAD, 2024).

_Other countries, including **Italy, Spain, Turkey, and Kenya**, have followed similar paths, adapting the DST concept to their national contexts.

_ **Italy's DST (2020)** imposes a **3% tax** on digital advertising and intermediation services.

_ **Turkey** applies a **7.5% tax**, one of the highest globally, on revenues from online platforms.

_ **Kenya** introduced a **1.5% digital services tax** in 2021, illustrating how developing economies are leveraging digital taxation to diversify fiscal resources (OECD, 2023).

3.5. Comparative Insights and Lessons Learned

_An analysis of these international experiences reveals several **key lessons**:

_ **Policy Diversity:** There is no one-size-fits-all model. Each country designs its DST based on its fiscal priorities, administrative capacity, and digital market structure.

_ **Transitional Nature:** Many DSTs are temporary mechanisms pending the full implementation of OECD's Pillar One and Pillar Two frameworks.

_ **Revenue Potential:** Despite modest rates (2–3%), DSTs can generate substantial revenue from previously untaxed digital activities.

_ **Administrative Challenges:** Determining the location of users, verifying revenues, and preventing tax evasion remain significant hurdles.

_ **Global Coordination:** Unilateral DSTs risk creating double taxation and trade disputes; hence, international coordination is vital.

For Algeria, these insights highlight the importance of combining **domestic fiscal innovation** with **international cooperation** to build a fair, efficient, and technologically adaptive tax system.

4. The Algerian Context: Digital Taxation Framework, Challenges, and Opportunities

4.1. The Legal and Institutional Framework of Digital Taxation in Algeria

Algeria's tax system is primarily governed by the **Direct Tax Code**, the **Code of Indirect Taxes**, and annual **Finance Laws**. While these frameworks comprehensively regulate traditional economic activities, they remain largely silent on **digital transactions and cross-border electronic services**. Unlike some

jurisdictions that have explicitly introduced a **Digital Services Tax (DST)** or extended **Value Added Tax (VAT)** to digital services, Algeria has yet to enact a specific legislative instrument targeting the **digital economy** (Ghericia, 2024).

However, the **Law on E-Commerce (Law No. 18-05 of 10 May 2018)** represents a crucial step toward recognizing digital transactions within the Algerian legal system. It establishes obligations for electronic traders, consumer protection rules, and the requirement to use **banking or electronic payment systems** for online transactions. Despite this, the law does not address **tax liabilities** or define how revenues generated through digital platforms should be declared and taxed.

The **Finance Law of 2022** introduced limited measures to encourage the formalization of digital activities—particularly by extending **VAT collection mechanisms** to online goods and services provided domestically. Yet, taxation of **cross-border digital services** remains ambiguous, especially regarding the determination of the **taxable nexus** and **source of income** when foreign companies serve Algerian users without local presence (Rezigat et al., 2025).

The **General Directorate of Taxes (DGI)** has also started to modernize its operations through **e-declaration** and **e-payment platforms**, such as **Jibaya Web** and the **Tele-Déclaration system**, which facilitate tax compliance and improve data accuracy. These reforms are part of the broader **National Digital Strategy (2021–2025)** led by the Ministry of Digitization and Statistics, aiming to digitalize administrative services and strengthen fiscal governance (Hammouche, 2024).

4.2. The Current State of the Tax System and Digital Transformation

In practice, digital companies operating in Algeria fall under general corporate and VAT rules, without specific adaptations to the **unique nature of digital value creation**. Domestic e-commerce platforms, online marketplaces, and ICT startups are taxed as conventional businesses, provided they are registered with the **Commercial Register (CNRC)** and declare their revenues to the **DGI**.

However, a significant portion of Algeria's digital economy remains **informal**. Many digital content creators, freelancers, and social media sellers operate outside the formal tax system, leading to revenue leakage and limited fiscal visibility. According to **UNCTAD (2024)**, the informal digital sector in developing economies can represent up to **40% of total online transactions**, especially where electronic payment adoption is low.

Foreign digital giants (e.g., Google, Meta, or Amazon Web Services) generate substantial advertising and cloud service revenues from Algerian users but are **not subject to local taxation**, as Algeria lacks the legal framework to impose tax obligations on **non-resident digital firms**. This situation reflects the structural

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limitation of the “**permanent establishment**” principle, which requires a physical presence to trigger taxation (IMF, 2023).

4.3. Accounting and Administrative Challenges in Implementing E-Taxation

From an accounting perspective, Algeria faces multiple challenges in identifying, tracking, and taxing digital transactions. The **absence of reliable digital accounting standards** and **limited interoperability between tax and payment systems** hinder the detection of taxable activities in real time.

Moreover, the **fragmentation of institutional responsibilities** between the Ministry of Finance, the Ministry of Digitization, and the Bank of Algeria complicates coordination. For instance, digital advertising payments made abroad through international platforms often bypass Algerian banking circuits, escaping VAT collection and corporate income tax (Derbal et al., 2024).

The **lack of digital audit mechanisms** further exacerbates compliance issues. While the DGI has adopted certain tools for online monitoring, there is no integrated system for tracking cross-border data flows or verifying the authenticity of electronic invoices. This limits the ability to implement OECD-inspired principles such as “**significant economic presence**” or “**user-based value attribution**” (OECD, 2023).

4.4. Opportunities and Strategic Directions for a Digital Tax Ecosystem

Despite these challenges, Algeria possesses several **institutional and technological assets** that could facilitate the development of a **digital taxation regime**. The progressive adoption of **electronic invoicing**, **national payment gateways**, and the **Algerian Digital Trust Authority (ACCE)** provides a strong foundation for traceable and transparent tax transactions.

Integrating Algeria’s fiscal reform with **international initiatives**, such as the OECD’s **Pillar One and Pillar Two**, would allow the country to claim fair taxing rights on profits generated by multinational digital enterprises operating in its market. In addition, **cooperation with regional organizations** like the **African Tax Administration Forum (ATAF)** could support capacity building, technical training, and data exchange for digital tax implementation (OECD, 2023; UNCTAD, 2024).

In the medium term, Algeria could consider introducing a **temporary Digital Services Tax (DST)** targeting revenues from online advertising, e-commerce intermediation, and data monetization, while simultaneously preparing to align with global standards once OECD frameworks are fully operational. Such a policy would not only enhance revenue mobilization but also **promote fiscal equity** and **encourage the formalization of digital actors**.

5. Challenges and Opportunities in Algeria’s Digital Taxation

5.1. Defining the Tax Base

A primary challenge in digital taxation is the **determination of the taxable base**. Traditional tax rules rely on **physical presence** and tangible assets to establish nexus and allocate profits. In contrast, digital businesses often operate **virtually**, offering services to Algerian users without maintaining a local office or servers (OECD, 2023).

This raises key questions for Algerian authorities:

How can revenue generated by **foreign digital firms** be accurately quantified?

_Should taxation be based on **gross revenue, user participation, or profit attribution**?

_What thresholds are appropriate to avoid overburdening small domestic digital enterprises while capturing significant revenue from multinationals?

Without clear guidelines, Algeria risks **tax base erosion** and the **loss of potential revenues** from digital transactions. Implementing rules inspired by **OECD's Pillar One and Pillar Two** could help define a fair nexus and profit allocation system.

5.2. Informal Digital Economy

A significant portion of Algeria's digital sector operates informally. Freelancers, online sellers, and small content creators often do not register their businesses or declare revenues, either due to **lack of awareness** or the **complexity of tax procedures** (UNCTAD, 2024).

The informal digital economy presents both **challenges and opportunities**:

_ **Challenge**: Difficulty in **tracking revenue flows**, leading to a **narrow tax base** and inequity between formal and informal operators.

_ **Opportunity**: Digital taxation reform, coupled with **simplified registration and electronic invoicing**, could incentivize formalization, increasing fiscal revenue and economic transparency.

5.3. Digital Monitoring and Compliance

Effective taxation requires **digital monitoring systems** capable of tracking online transactions in real-time. Algeria has made progress through platforms like **Jibaya Web** and the **Tele-Déclaration system**, yet limitations remain:

_ **Integration issues** between banking, tax, and e-commerce platforms.

_ **Limited capacity** to audit foreign digital firms.

_ **Data protection and privacy concerns**, which may conflict with revenue monitoring.

Addressing these challenges requires investment in **digital infrastructure, automated reporting, and secure data sharing protocols**. Collaboration with international organizations, such as **OECD and IMF**, can provide technical assistance and best practices for designing **e-compliance frameworks** (IMF, 2023).

5.4. International Cooperation

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Given the **cross-border nature of digital services**, Algeria cannot fully implement effective taxation in isolation. Risks include **double taxation, trade disputes, and tax avoidance**. International cooperation is therefore crucial:

_ **Alignment with OECD BEPS initiatives**: Participating in Pillar One and Two ensures fair taxation of multinational enterprises.

_ **Regional collaboration**: Sharing information with African Tax Administration Forum (ATAF) members to strengthen compliance.

_ **Bilateral agreements**: Updating double taxation treaties to explicitly cover digital services.

Such cooperation enhances the **credibility and enforceability** of Algeria’s digital taxation while promoting integration into the global digital economy.

5.5. Opportunities for Policy Reform

Despite challenges, Algeria has a **strategic window** to modernize its taxation system:

_ Introduce a **temporary Digital Services Tax (DST)** on advertising, e-commerce intermediation, and cloud services.

_ Implement **simplified registration and electronic invoicing** for small domestic digital actors.

_ Leverage **data analytics** and cross-border information exchange to expand the tax base.

_ Gradually **align national rules with OECD frameworks**, ensuring international legitimacy and minimizing trade conflicts.

This approach balances **revenue mobilization, fairness, and administrative feasibility**, while fostering the **formalization of Algeria’s digital economy**.

6. Proposed Digital Taxation Model for Algeria

6.1. Design Principles

The proposed digital taxation model for Algeria is built on the following guiding principles:

_ **Equity**: Ensuring that all digital enterprises, domestic or foreign, pay a fair share relative to their economic activities in Algeria.

_ **Simplicity and Administrative Feasibility**: Minimizing compliance costs for small businesses while enabling effective enforcement by the tax administration.

_ **Alignment with International Standards**: Ensuring compatibility with OECD Pillar One and Two frameworks to prevent double taxation and trade disputes.

_ **Flexibility**: Allowing adaptation to technological innovations and the fast-evolving nature of digital business models.

6.2. Scope and Taxable Activities

_ The model targets **revenues generated from Algerian users** in the following areas:

Online Advertising: Revenue from targeted digital ads displayed to Algerian users.

Digital Marketplaces: Intermediation fees from e-commerce platforms facilitating transactions involving Algerian consumers.

Cloud Services and Data Monetization: Fees from storage, hosting, and data analytics services used by Algerian clients.

Subscription-Based Digital Services: Streaming, gaming, and other subscription services paid by Algerian residents.

Exclusions: Small domestic firms with **annual revenues below 5 million DZD** from digital activities, non-commercial educational platforms, and nonprofit services are exempt to encourage innovation and formalization.

6.3. Tax Base and Rate

The **tax base** is defined as **gross revenues derived from Algerian users**, consistent with the approach used by France, India, and the United Kingdom. Gross revenue is preferred over net profits due to the **difficulty of attributing profits accurately** in cross-border digital operations (OECD, 2023).

Proposed Tax Rates:

Activity Type	Tax Rate (%)	Threshold for Foreign Firms (Annual Revenue)
Online Advertising	3%	50 million DZD
Digital Marketplaces (Intermediation)	2.5%	50 million DZD
Cloud Services & Data Monetization	3%	50 million DZD
Subscription-Based Digital Services	2%	20 million DZD

Notes:

Progressive rates ensure smaller operators are not overburdened.

Foreign firms exceeding thresholds must **register for Algerian digital tax** even without local physical presence.

6.4. Registration and Compliance

Mandatory Electronic Registration: All foreign and domestic digital service providers serving Algerian users must register via a **dedicated digital tax portal** (e.g., an upgraded **Jibaya Web**).

Electronic Invoicing and Reporting: Monthly submission of revenue reports and invoices through secure e-filing.

Automated Payment and Withholding: Integration with Algerian banking system to allow real-time withholding of DST where applicable.

Auditing and Monitoring: Data analytics tools to identify undeclared revenues and verify cross-border transactions.

6.5. Enforcement Mechanisms

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_Digital Audits: Using AI-based monitoring to detect discrepancies in reported revenues.

_Penalties: Non-compliance results in fines ranging from **10–50% of unpaid tax** and potential restriction of access to Algerian market.

_International Cooperation: Agreements with foreign tax authorities to exchange data and enforce collection on multinational enterprises.

6.6. Integration with Existing Tax System

Revenues from DST are **deductible against corporate income tax**, avoiding double taxation for domestic companies.

VAT on digital goods and services remains in effect, ensuring **complementarity** between turnover-based DST and existing indirect taxation.

Alignment with OECD Pillar Two ensures a **minimum global effective tax rate**, preventing profit shifting by multinationals.

6.7. Expected Outcomes

_Revenue Mobilization: Capture previously untaxed digital revenues, expanding Algeria’s fiscal base.

_Formalization: Encourage informal digital operators to enter the formal sector.

_Fairness: Ensure both domestic and foreign digital firms contribute proportionally.

_International Alignment: Reduce risk of trade disputes while preparing Algeria for global tax standards.

7. Conclusion and Recommendations

7.1. Conclusion

The rise of the digital economy is reshaping both global and national economic structures, and Algeria is no exception. Tax systems based on physical presence and tangible assets are no longer sufficient to capture the value created by digital and cross-border activities. Algeria therefore faces a dual task: to take advantage of digital transformation while ensuring that taxation remains fair, transparent, and effective.

This study produced several key insights:

_Conceptual Understanding: The digital economy depends largely on intangible assets, user data, and online interaction, which complicates the definition of taxable presence and profit attribution.

_Global Lessons: International experiences—from the EU, France, India, and the UK—show both the potential of digital service taxes (DSTs) and the need for global coordination to avoid double taxation or trade disputes.

_National Context: Algeria’s current tax system remains poorly equipped to deal with digitalization due to gaps in regulation, weak monitoring tools, and limited capacity to audit international firms.

_Opportunities for Reform: A dedicated digital tax regime could widen the tax base, bring informal digital actors into the formal system, and align Algeria’s fiscal policy with international standards.

In summary, digital taxation offers Algeria a strategic opportunity to modernize its fiscal administration, strengthen public revenue, and better integrate into the global digital economy.

7.2. Recommendations

Based on the findings, the following practical recommendations are proposed for policymakers:

Develop a Legal Framework for Digital Taxation

_Define digital taxable activities, thresholds, and tax rates clearly in law.

_Align new digital tax rules with existing corporate and indirect taxes to prevent overlaps.

_Establish clear guidance for foreign digital firms that operate without physical presence.

_Simplify Compliance Through Digital Tools

Create an online registration system for all digital service providers operating in Algeria.

Require regular electronic reporting and invoicing to ensure transparency.

Integrate tax collection with national banking and payment systems for real-time monitoring.

Address Informality in the Digital Sector

Encourage informal digital operators to register through incentives such as lower introductory rates or temporary tax credits.

Conduct awareness campaigns to inform freelancers, small businesses, and startups about their fiscal obligations.

Strengthen Administrative and Technical Capacity

Invest in digital infrastructure, data analytics, and automated monitoring systems.

Provide specialized training for tax officials in digital auditing, international taxation, and cross-border data flows.

Promote International Collaboration

Participate actively in the OECD Inclusive Framework and adopt the Pillar One and Pillar Two standards.

Update bilateral tax agreements to include digital activities.

Exchange information regionally and adopt global best practices while maintaining fiscal sovereignty.

Adopt a Gradual Implementation Strategy

Begin with a pilot DST targeting large foreign digital companies.

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Evaluate its impact before expanding to smaller domestic enterprises.

Adjust thresholds and rates based on market data and administrative experience.

7.3. Final Remarks

Digital taxation should be understood as a foundation for modernization rather than merely a tool for revenue collection. Implementing a clear and balanced digital tax regime would allow Algeria to:

Capture a fair share of value generated within its digital market.

Improve efficiency and transparency in tax administration.

Support the formalization of domestic digital businesses.

Align national tax policy with global standards while reducing the risks of tax evasion and trade conflict.

A well-structured and adaptable digital taxation system would position Algeria to benefit fully from digital transformation while maintaining fiscal stability and equity.

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