



GMS Flash Alert



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Tunisia - Budget Changes Tax Rates, Brackets, and Professional Costs Deduction

Tunisia's Budget Law for 2017¹ amended the country's personal income tax regime, such that lower-income taxpayers should see their tax burdens decrease, while higher-income taxpayers should see theirs increase. The amendments also affected the tax rules on the deduction for professional costs.

The new measures took effect on January 1, 2017.

WHY THIS MATTERS

The new measures would substantially impact payroll computations by Tunisian-based employers. Furthermore, they would affect Tunisian employees or expatriates subject to Tunisian taxation by way of possibly increasing their tax burdens. The impact of these changes on taxpayers will vary depending on each taxpayer's particular facts and circumstances. In addition, the measures may have the effect of slightly raising employers' tax-related costs.

In light of the measures discussed in this newsletter, employers should make, where appropriate, the necessary payroll adjustments and update hypothetical tax calculations for tax-equalized assignees.

New Personal Income Tax Rates/Brackets

The new income brackets and tax rates for 2017 (as compared to those in 2016) are as shown on the next page.

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2017

Income bracket ² (annual)	Tax rate	Effective rate to upper edge
0 to 5,000 Dinars (TND)	0 %	0 %
5,000.01 to 20,000 Dinars	26 %	19.50 %
20,000.01 to 30,000 Dinars	28 %	22.33 %
30,000.01 to 50,000 Dinars	32 %	26.20 %
Above 50,000 Dinars	35 %	-

[TND 1 = EUR 0.409 | TND 1 = UDS 0.437 | TND 1 = GBP 0.3566]

2016

Income bracket (annual)	Tax rate	Effective rate to upper edge
0 to 1,500 Dinars	0 %	0 %
1,500.01 to 5,000 Dinars	15 %	10.50 %
5,000.01 to 10,000 Dinars	20 %	15.25 %
10,000.01 to 20,000 Dinars	25 %	20.12 %
20,000.01 to 50,000 Dinars	30 %	26.05 %
Above 50,000 Dinars	35 %	-

Deduction for Professional Costs

Previously, when determining the taxable wage for employees, a 10-percent deduction for professional costs applied to their gross remuneration without any limitation. Effective January 1, 2017, the professional costs deduction is capped at 2,000 Tunisian dinars, which will limit the benefit to taxpayers of this tax deduction.

KPMG NOTE

The changes to the income tax rates and brackets aim to help lower-income earners (less than 5,000 Tunisian dinars annually) who have been hit by an increase of inflation on basic commodities in the country during recent years. However, the tax burden for higher-income earners is expected to increase.

FOOTNOTES:

- 1 For Budget Law 2017 : Law n° 2016-78 dated December 17, 2016, see: <http://www.finances.gov.tn> .
- 2 To explain the numeric expressions in the tables – for example, 5,000.01 dinars in the table means five-thousand dinars and one millime. Tunisian currency is typically expressed as follows (using the same figure) “5.000,001,” which signifies five-thousand dinars and 1 millime. The Tunisian dinar is sub-divided into 1,000 milim or millimes, hence the three (3) digits following the comma-decimal.

Contact us

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