



## A historical fall of Corporate Income Tax contribution

### Key highlights

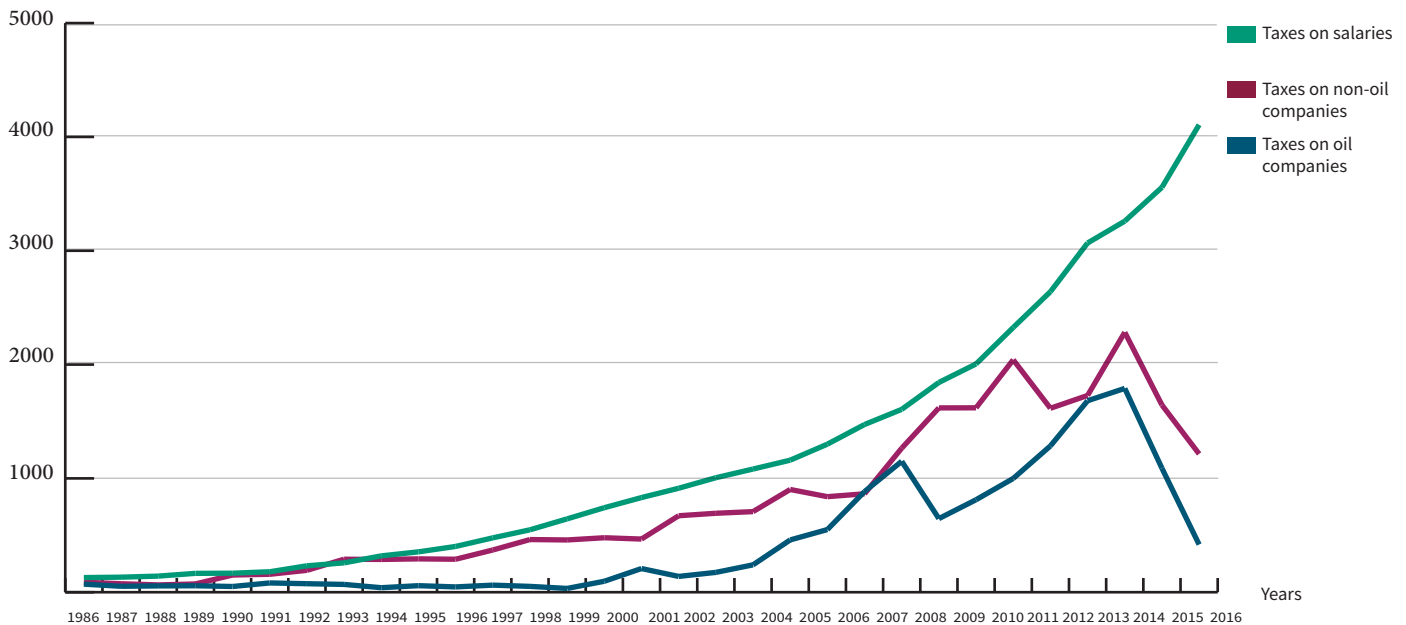
- Employees have historically contributed the most to direct tax revenues.
- On the other hand, corporate contributions to the budget have decreased since 2014 after stagnating since 2011.

### Title: *Evolution of the main direct taxes in Tunisia 1986 - 2016*

Author: *Tunisian Observatory of Economy*

Sources: *Ministry of Finance*

Tax revenues in million Dinars



Tax revenues from the main direct taxes between 1986 and 2016 allow us to provide a broad perspective on the distribution of the burdens of direct taxes over a long period. Historically, employees have unsurprisingly contributed the most to the state tax revenues compared to oil and non-oil companies. Tax revenues from oil companies, which does not take into account royalties, was very significant in the early 2000s and contributed as much as all the other companies combined. However, the most striking fact is the post-revolutionary fall. Indeed, since 2011, the contribution of employees has been steadily increasing while that of oil and non-oil companies has not increased. Worse still, the contribution of oil and non-oil companies has fallen to historically low levels since the 2014 peak.

Oil and non-oil companies provided an exceptional additional 7.5 % contribution to the 2017 budget. It is necessary to start a debate on the future of corporate income taxation in Tunisia while awaiting the 2017 budget execution figures. In fact, a heated debate on the 2018 budget bill is now taking place. What are the reasons behind this drop in corporate tax revenues? If this trend continues, who is going to bear the burden of its shortfall? The new tax police will certainly have a lot of work to do starting from 2018 onwards.