



# Limited Liability Companies (LLC) in Algerian Law

## **1. Limited Liability Company**

A limited liability company (LLC) can be formed by a minimum of two partners (shareholders). In the case of a single individual, a sole proprietorship limited liability company would be formed. A limited company is treated as a separate legal entity from its partners, which limits liability to loss based on each partner's contributions.

**Key aspects of an LLC include:**

- An LLC must have at least 2 shareholders, and a maximum of 20
- Requires a minimum paid in capital of DZD 100,000, which must be divided in shares of equal par value of at least DZD 1,000 - contributions may be in cash or in kind, but not in services
- Since 2006, the appointment of a statutory auditor is mandatory
- Managing directors of the LLC must be individuals and can be chosen from the shareholders or third-parties.
- A managing director can be changed by simple majority decision of shareholders

## **2. The Sole Proprietorship Limited Liability Company**

When an LLC is formed by a single shareholder, it is deemed a sole proprietorship limited liability company (SPLLC). In general, SPLLC's are treated in a similar fashion as an LLC, except for a few key differences.

### **Key aspects of an SPLLC include:**

- The sole proprietor of an SPLLC can only be the sole proprietor of a single SPLCC
- An LLC may not have an SPLCC as a shareholder
- If the sole shareholder of an SPLCC is an individual they may act as managing director of the company, or appoint a third-party
- The sole proprietor is responsible for exercising the powers assigned to an LLC's partners' assembly, they may not be delegated to any third-party



### **3. Limited Partnership**

Limited partnerships (LP) in Algeria are comprised of both general partners and limited partners. The general partners can take part in the management and activities of the partnership but are fully liable, while limited partners are limited to the amount of capital contributed to the partnership and may not take part in management.

**Key aspects of an LP include:**

- LPs must have at least two partners, one general and one limited
- General partners can take part in management and operations, but are subject to unlimited liability
- Limited partners may not take part in management and operations, but are limited in liability based on their capital contribution to the partnership

Given the unlimited liability of general partners, limited partnerships are rarely used in Algeria.

# How to register a limited liability company in Algeria





## **How To Register an Algerian Company**

**Below is the procedure of registering a company in Algeria:**

Check the availability and uniqueness of the company name from the Centre National du Commerce (CNRC) or The Commercial Registry. The company is also required to pick up the necessary registration forms. The applicant company must then fill out the form, list 4 proposed company names and pay the fees for the search. The Commercial Registry will then check the name and issues the certificate on the same day. The cost for this process is 576 Dinars. In actual fact, the uniqueness of the company name can be checked and registered online. However, most applicants will still do it in person at the CNRC.

The start-up capital must be deposited with a bank. The applicant company will get a deposit certificate after doing so. This is expected to take about 1 day and there are no charges involved.

The birth certificate of the manager must be obtained and notarized. This will take 1 day.

The company's constitution documents must be set-up and notarized. These documents must then be submitted together with a specimen of the manager's signature. A copy of the lease for the registered office must also be submitted. All of this is done at a notary's office and there are some fees to be charged. The fee depends on the company's capital and is calculated as below –

- 5% if the company's capital is between 1 Dinar – 200,000 Dinar
- 1% if the company's capital is between 200,001 Dinars to 300,000 Dinars
- 0.7% if the company's capital is between 300,001 Dinars to 400,000 Dinars
- 0.6% if the company's capital is between 400,001 Dinars to 500,000 Dinars
- 0.5% if the company capital is 500,001 Dinars to 1 million Dinars and above.

The applicant company will then need to publish the company's constitution in a legal journal i.e. the Bulletin of Legal Announcements It charges 48 Dinar per line and normally takes 1 day.

The applicant company will file the company registration with the CNRC within 2 months of company formation. The registration fees are –

- 9,120 Dinars if the company capital is between 30,001 Dinars to 100,000 Dinars
- 9,520 Dinars if the company's capital is between 100,001 Dinars to 300,000 Dinars
- 9,760 Dinars if the company's capital is more than 300,000 Dinars

The company must then pay the stamp duty and obtain a receipt. This must be paid to the Tax Authority and CNRC. This takes 1 day and cost 4,000 Dinar.

Register for Income Tax and Value Added Tax (VAT). This must be done with the Tax Authority. After registration, the Tax Authority will issue a certificate of existence and a tax card within 2 to 5 days.

The company must register for Caisse Nationale des Assurances Sociales des Travailleurs Salaries (CNAS). This is the National Social Security and it's mainly for the company's employees.

Make a company seal – The cost of the seal will depend on the quality required.

Accounting books to be stamped in court – The accounting and inventory books must be stamped in court. The cost is 2,000 Dinars per book of which there must be 4 in total.