Algeria Between Financial Prudence and Tax Expansion

(Translated)

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By: Ustadh Nabil Abdul Karim

While global oil prices exceed the $100 per barrel mark, Algeria is preparing its 2027 budget based on a reference price of $60. This financial approach appears cautious toward energy market fluctuations, yet simultaneously opens a wide discussion regarding public revenues, taxes, and the ability to protect citizens from the burdens of living costs.

According to a report published by Al Jazeera on October 10, 2026, the value of the proposed Algerian budget is approximately $148 billion—an increase of nearly $13 billion from the previous year. Hydrocarbon revenues are estimated to provide about $20 billion, equivalent to 29.5% of the state's total revenues. The draft finance bill also includes expanding the scope of the wealth tax by lowering the minimum threshold for net assets subject to it from 100 million dinars to 80 million dinars.

These figures take on additional significance in light of global price movements; Brent crude futures closed on October 9 at $104.72 per barrel, according to Reuters. However, a price increase on a specific day does not necessarily mean it will persist throughout the next year, nor does it mean all of Algeria's exports will be sold at the same price.

Adopting a reference price of $60 does not necessarily mean the state expects oil to fall to this level; the goal may be to build the budget on a conservative assumption so that public commitments are not tied to increases that may be temporary. If prices stabilize above this level, the state may achieve additional revenues that help finance spending or reduce the deficit.

The more important question, however, does not concern the price alone, but rather how to manage the difference between the reference price and the actual price. If additional revenues are transformed into financial reserves and productive investments, they may grant the economy greater capacity to confront future shocks. But if they are used to expand current spending without addressing structural imbalances, temporary oil abundance may turn into permanent commitments that are difficult to finance when prices decline.

Expanding the wealth tax places the state before a test concerning the fairness of distributing burdens. In principle, taxes on large wealth holders can contribute to diversifying revenues and reducing dependence on oil, provided they are applied with clarity and fairness, and target wealth according to precise rules that do not confuse productive assets with the liquidity available to taxpayers.

However, the success of this approach does not depend solely on the expected revenue to be collected, but on the tax administration’s ability to ensure compliance, prevent evasion, and apply the law to everyone. Moreover, imposing a wealth tax does not automatically equate to imposing a new tax on salaried individuals or those with limited incomes; therefore, a distinction must be made between the measures included in the project and any other burdens that may arise later.

In this context, the Algerian Council of Ministers announced on October 4 that President Abdelmadjid Tebboune directed that no tax affecting the purchasing power of

the middle class or those with limited incomes be included, while incorporating the scheduled increases in wages and salaries.

However, the societal challenge is broader than the issue of direct taxes. A person does not measure their economic situation solely by the text of the finance law, but rather by what they can purchase with their income, the costs of housing, transportation, and food, job opportunities, and the quality of public services. They may not be directly subjected to a new tax, but they might feel increasing pressure if their purchasing power declines, prices rise, or employment opportunities weaken.

Therefore, protecting citizens is not achieved merely by declaring that no taxes affecting their income will be imposed; rather, it requires that fiscal policy be reflected in their daily lives, that wage increases keep pace with the cost of living, and that social spending continues without becoming hostage to oil fluctuations.

The potential danger does not lie in the wealth tax alone, but in the convergence of three factors: the rising financial obligations of the state, the volatility of revenues linked to hydrocarbons, and the persistent pressures on living standards. If the state fails to achieve a balance among them, the gap between the declared objectives of the budget and the reality experienced by the people may widen.

Oil prices exceeding one hundred dollars provide Algeria with a financial opportunity, but they do not, by themselves, resolve the budget problem. Revenues are also affected by production and export volumes, the actual prices achieved, sector costs, and the scale of public spending. Furthermore, high prices may decline, while the state's obligations remain in place.

Therefore, the sixty-dollar price should not be viewed as evidence in itself of an impending crisis, nor should exceeding one hundred dollars be seen as a guarantee of financial comfort. What matters more is what the state will do with the surplus if it materializes, and how it will distribute the burdens if it does not.

Algeria is a rich country with high potential and an economy capable of confronting challenges. It has been ruled by successive rulers who did not utilize that wealth properly, but rather scrambled for it.

Unfortunately, the rulers of today have only entrenched themselves in their positions to plunder the country for the benefit of the colonizer, securing mere crumbs for themselves, while depriving the people of their wealth and resources.

O People of Algeria! The solution lies in overthrowing these rulers and returning to the implementation of the Shariah Law of Allah (swt)—a return through which Algeria regains its dignity, strength, power, and honor under the Khilafah (Caliphate) state, which the Messenger of Allah (saw) gave us glad tidings of. Thus, we apply the Shariah rulings of our Deen, please Allah (swt), and enjoy the meaning of security and happiness. So hasten to work with us to establish it, rightly guided on the Method of the Prophethood.