

The Auto-Entrepreneur law

قانون المقاول الذاتي

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Abstract:

The auto-entrepreneur law includes many provisions aimed at regulating the practice of auto-entrepreneurship in a legal and organized manner. Identifying qualified activities is one of the main objectives that the law seeks to achieve, as it specifies the activities eligible for benefiting from the facilities and advantages provided to auto-entrepreneurs. Moreover, auto-entrepreneurs are committed to complying with the prevailing legislation and regulations, thereby reinforcing adherence to laws and protecting the rights of workers and consumers. The law also aims to establish the conditions for registering auto-entrepreneurs in the commercial register in case their revenues exceed the specified threshold according to the applicable legislation.

Additionally, the auto-entrepreneur law is considered one of the important mechanisms for promoting entrepreneurship and providing a conducive environment for freelancing and economic initiative. The law strives to provide the necessary legal framework for regulating the affairs of auto-entrepreneurs and facilitating the necessary facilities for practicing their activities legally and in an organized manner, thereby enhancing economic stability, stimulating economic growth, and creating job opportunities. Furthermore, the law aims to encourage auto-entrepreneurs to develop and expand their businesses by granting them a range of privileges that facilitate the practice of their activities and enhance their chances of success in the market.

Key words: Auto-Entrepreneur Law, Auto-Entrepreneur, Entrepreneurship.

JEL classification : K38 ; L26.

I- Introduction :

Based on recent developments in technology and the emergence of the internet, the labor market has witnessed a radical and unprecedented transformation worldwide. Despite the continued demand for traditional jobs in various countries, the freelance market has become an attractive alternative, attracting millions of individuals with high skills and reliable competencies. These individuals seek to break the barriers of traditional office work and build a career path that allows them greater control over their professional future. If you are a freelancer, you have undoubtedly come a long way through continuous learning and hard work, aiming to gain loyal clients and achieve financial independence. Now is the time to move to the next stage by taking advantage of the fundamental law of auto-entrepreneur in Algeria, which provides the necessary legal framework to facilitate the practice of professional activities independently and freely.

The auto-entrepreneurship law constitutes an important legal framework for regulating the practice of auto-entrepreneur and providing the suitable environment for the development and enhancement of entrepreneurship. Auto-entrepreneurs are considered a backbone of the

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economy, contributing to stimulating economic growth and creating entrepreneur opportunities. However, some challenges and issues arise in implementing this law and achieving its objectives effectively. In this academic paper, we will attempt to understand these issues and analyze their impacts on the economic and social landscape, by reviewing the details of the auto-entrepreneurship law and the challenges faced by auto-entrepreneurs within its context.

- How does the auto-entrepreneur law contribute to fostering an enabling environment for freelance work and economic initiative?
- What mechanisms does the law provide to facilitate the practice of auto-entrepreneur activities?
- What privileges does an auto-entrepreneur receive according to the auto-entrepreneur law?
- How does enhancing the legal framework impact the increased success opportunities for auto-entrepreneurs in the market?

I. Definitions and Terminology

I.1. Definition of Entrepreneur:

The definitions of the entrepreneur have varied and evolved with the development of entrepreneurial thought. Below are some of the definitions attributed to the term "entrepreneur" as presented by various dictionaries, economists, and researchers:

- In Johnson's dictionary, published in 1775, the entrepreneur was described as "a person who seeks to exploit the opportunities that come to him by chance." In the "Le dictionnaire de la langue française" published in France in 1889, the entrepreneur was defined as "a person who undertakes a specific task.". (uzunidis, 1999, pp. 18-20)

These definitions illustrate the varying understanding of the term "entrepreneur" across different periods. During the Middle Ages, the term was used to describe anyone managing large productive projects without assuming risks. However, in the seventeenth century, entrepreneurship became associated with the concept of risk-taking, whereby the entrepreneur assumed risks while managing productive projects". (Kuratko, 2007, pp. 6-8)

- The English economist Keynes defines an entrepreneur as an economic agent who combines money (expenses) with the aim of achieving uncertain returns (revenues). Therefore, Keynes's perspective on entrepreneurship primarily revolves around the element of uncertainty. (Velde, 2000, p. 7)
- According to researchers Verstraete and Fayolle, an entrepreneur is an individual who identifies an opportunity and establishes an organization to effectively exploit and implement that opportunity. (Fayolle, 2005, p. 34)

Based on all the previous definitions, an entrepreneur can be defined as an individual who transforms a simple idea into an innovative business or project by allocating the necessary resources. An entrepreneur is also seen as someone who takes advantage of opportunities in the entrepreneurial environment and establishes their own enterprise, bearing the risks and challenges that may arise.

- In general, an entrepreneur changes or updates production processes by using a new invention or unpublished technology to produce a new product, improve an existing product, utilize a new source of raw materials, or reorganize the operational structure. This approach reflects the spirit of innovation and change in the industrial field. (Robert, 1989, p. 186)
- In another definition, an entrepreneur is an individual who embodies a set of essential qualities, including a creative spirit and high self-confidence. Such an individual is characterized by enthusiasm and resilience. Entrepreneurs enjoy solving problems and prefer challenges over routine tasks. They are adept at

avoiding obstacles and difficulties, which enables them to effect tangible changes in their working environment. (الجودي، 2015، صفحة 20)

I. 2. Definition of auto-entrepreneur:

An auto-entrepreneur is defined as any natural person who individually engages in a profitable activity that falls within the list of activities eligible to benefit from the basic law of auto- entrepreneurship. This individual must not exceed the annual revenue limit set by law (Anae.dz, 2024).

The enactment of the auto-entrepreneur law is regarded as one of the most pivotal measures that have significantly bolstered entrepreneurial spirit and facilitated the integration of young individuals into the labor market. This law aims to ensure social security coverage for the largest possible number of individuals operating in the informal sector, thereby integrating them into the formal economy. Furthermore, this legislation offers a variety of benefits, including social security coverage and a preferential tax system, initially set at a rate of 5%, which has been reduced to 0.5% under the 2024 Finance Law.

Additionally, the "National Agency for Auto-Entrepreneurs" and the "Auto-Entrepreneur Platform" will be launched at the beginning of 2024. These initiatives aim to enable a large number of young individuals engaged in profitable activities outside the formal framework to integrate into the formal economy.

Additionally, entrepreneurship has been directly integrated into the university environment through collaboration between the Ministry of Knowledge Economy and Startups/Small Enterprises, and the Ministry of Higher Education and Scientific Research. This collaboration has led to the establishment of the "Startup Certificate" and the creation of the "Startup Certificate, Patent Certificate" apparatus, alongside the introduction of the "Student Entrepreneur" status and the "Student Entrepreneur Certificate". (APS, 2024)

II– The auto- entrepreneurs law

II.1. The laws pertaining to auto- entrepreneurs in Algeria :

Law No. 22-23, issued on 24 Jumada Al-Awwal 1444 AH, corresponding to 18 December 2022 AD, outlines a series of provisions related to auto- entrepreneurs. The aim of this law is to regulate the affairs of auto- entrepreneurs and provide the necessary legal framework to facilitate the lawful and organized practice of their activities.

The basic law for auto- entrepreneurs includes several provisions that grant numerous privileges and rights to registered auto-employed entrepreneurs. These provisions include the following:

➤ Article 1:

This article, which is part of the basic law for auto-employed entrepreneurs, aims to define the rules and conditions applicable to the practice of auto-entrepreneur activities.

➤ Article 2:

The term "auto- entrepreneur" refers to any natural person who individually engages in a profitable activity that falls within the list of activities eligible to benefit from the basic law of auto-employed entrepreneurs, and does not exceed the annual business limit set according to the applicable legislation. Professions, regulated professions, and crafts are exempted from the list of activities mentioned in the preceding paragraph.

➤ Article 3:

The list of activities eligible to benefit from the basic law of auto-employed entrepreneurs is determined through regulation. Additionally, every natural person who meets the following conditions is eligible to benefit from the basic law of auto-employed entrepreneurs:

- Reaching the legal working age.
- Being of Algerian nationality and residing in Algeria, or being a foreigner residing in accordance with the current legislation and regulations.
- Engaging in an activity listed in the list of activities eligible to benefit from the basic law of auto-employed entrepreneurs.

➤ **Article 4:**

Every natural person who meets the conditions specified in Article 3 above must submit an application for registration in the National Registry of Auto-Employed Entrepreneurs. The implementation methods of this article are determined through regulation.

➤ **Article 5:**

The National Registry of Auto-Employed Entrepreneurs is managed by a public institution called "the Institution". The institution is tasked with maintaining the aforementioned registry and overseeing the activities of auto-employed entrepreneurs. The organization and operation of the institution are defined through regulation.

➤ **Article 6:**

The Institution issues an "Auto-Employed Entrepreneur Card" to the auto-employed entrepreneur, which carries a unique national registration number. The model of the Auto-Employed Entrepreneur Card is defined according to the issued regulations.

➤ **Article 7:**

The auto-employed entrepreneur may conduct their activity either at their residence or in shared workspaces.

➤ **Article 8:**

The personal and family residence of the auto-employed entrepreneur cannot be seized for any debts or damages resulting from their activity

➤ **Article 9:**

The auto-employed entrepreneur enjoys the following privileges:

- The ability to maintain simplified accounting on a ledger that is numbered and dated by the local tax authorities, recording revenues and expenses related to their activity.
- Exemption from registration in the commercial register.
- A preferential tax system.
- The right to open a commercial bank account.

➤ **Article 10:**

The auto-employed entrepreneur is subject to the following obligations:

- Obtaining a tax identification number.
- registration with the Social Security Organization for Non-Salaried Workers.

➤ **Article 11:**

Every auto-employed entrepreneur must:

- Submit an application for registration in the National Registry of Auto - Entrepreneurs to the Institution or through the dedicated digital platform provided by the Institution.
- Declare presence to the local tax authorities to obtain a tax identification number within thirty days from the date of receiving the Auto-Employed Entrepreneur Card.
- Provide an annual administrative certificate to the Institution issued by the Tax Administration Service containing annual revenues according to the approved model by the General Directorate of Taxes.
- Declare revenues to the tax authorities and settle due taxes in accordance with current tax legislation and regulations.

➤ **Article 12:**

The auto - entrepreneur is subject to the prevailing legislative and regulatory provisions in the exercise of their activity.

➤ **Article 13:**

If the revenues of the auto- entrepreneur exceed the limit specified under the applicable legislation for three consecutive years, they must register in the commercial register if they wish to continue their activity.

➤ **Article 14:**

The auto- entrepreneur is removed from the National Registry of Auto- Entrepreneurs by the Institution in the following cases:

- Upon request submitted by the auto- entrepreneur to the Institution or through the digital platform: If the business number is not declared or if a null business number is declared within the three years following registration in the National Registry of Auto- Entrepreneurs, provided that the annual business number limit specified by the applicable legislation and regulations is exceeded for three consecutive years.
- In the presence of any legal or judicial impediment preventing the practice of the activity.
- In the event of the death of the auto-entrepreneur.

➤ **Article 15:**

The decision to remove from the National Registry of Auto-Employed Entrepreneurs shall be notified by any means possible, within fifteen days from the date of the decision. The auto-entrepreneur, tax authorities, social security authority, and relevant banking or postal institution shall be notified of the decision.

➤ **Article 16:**

The auto- entrepreneur may request re-registration in the National Registry of Auto-Entrepreneurs after addressing the reasons for removal and settling any outstanding tax or quasi-tax debts, if applicable. (القانون الأساسي للمقاول الذاتي، 2022)

II.2. Objectives of the auto- Entrepreneur Law in Algeria ;

The objectives of the Auto-Entrepreneur Law are as follows: (Anae.dz, 2024)

- **Regulating the practice of auto-employed entrepreneurial activity:** The Auto-Entrepreneur Law aims to establish specific rules and conditions to regulate the practice of auto-entrepreneurial activity in a legal and organized manner.
- **Identifying qualifying activities:** The law identifies qualifying activities for accessing the laws and facilities provided to auto- entrepreneurs, facilitating their lawful practice.
- **Compliance with legislation and regulations:** The law mandates auto- entrepreneurs to comply with prevailing legislative and regulatory provisions in their business operations, promoting legal compliance and protecting the rights of workers and consumers.
- **Registration in the commercial register:** The law aims to define conditions for registering auto- entrepreneurs in the commercial register if their revenues exceed the specified limit under applicable legislation for three consecutive years.

These objectives aim to provide the necessary legal framework to regulate the affairs of auto-entrepreneurs and to provide the necessary facilities for them to conduct their activities in a legal and organized manner. This promotes economic stability, contributes to stimulating economic growth, and creates job opportunities.

II.3.The Importance of the auto-entrepreneur Law in Algeria:

The importance of the fundamental law for auto-entrepreneur and the National Agency for Auto-Entrepreneur is evident in several points: (Anae.dz, 2024)

- The fundamental law for auto-entrepreneur allows young people to engage in profitable activities in an organized and legal manner within an official framework, enabling them to benefit from social security coverage.
- This law plays a significant role in alleviating the burden on startup companies, as it permits them to invite independent entrepreneurs and enables them to utilize human resources collectively with various companies. It also facilitates the export of some digital services concurrently with the state's decision to allow the conversion of all revenues from digital service exports into foreign currencies back into the country.
- The National Agency for Auto-Entrepreneur was established to contribute to organizing new economic activities, especially in the digital sector, and to foster a spirit of project organization by facilitating young people's access to auto-entrepreneur and enhancing their integration into the formal economy.
- This agency will be responsible for establishing and managing the national register of auto-project organizers through the electronic registration platform created for this purpose.

II.4. Activities and privileges of the auto-entrepreneur law in Algeria

In the following sections, we will outline the activities that qualify under the auto-entrepreneur law and the privileges that come with this status.

II.4.1. Qualified Activities Eligible for Law Benefits:

The fundamental law for auto-entrepreneur aims to promote and encourage individuals to engage in independent economic activities, thereby contributing to the creation of an active and flourishing entrepreneurial environment. To achieve this goal, eligible activities for benefiting from this law have been categorized into seven main areas. This classification covers a diverse range of sectors, providing ample opportunities for auto-entrepreneurs to take advantage of the facilitations and benefits provided by the law. The following is an explanation of these areas: (Anae.dz, 2024)

- Consulting, Expertise, and Training Services.
- Digital Services and Related Activities.
- Household Services.
- Services Targeted at Individuals.
- Entertainment and Recreation Services.
- Services Targeted at Institutions.
- Cultural, Audiovisual, and Visual Communication Services.

As for the location of auto-entrepreneur activities, individuals can conduct their activities either at their place of residence or in shared workspaces, without risking the seizure of their personal or family residence due to debts or damages arising from their activities.

II.4.2. Privileges of Auto-Entrepreneur as Enshrined in the Law

The fundamental law for auto-entrepreneur grants numerous privileges to registered auto-employed individuals. These privileges aim to incentivize auto-employed entrepreneurs to develop and grow their businesses, as well as to provide a conducive environment for innovation and entrepreneurship in the field of business startups. These privileges include:

- **Preferential Tax System:** The fundamental law for auto-entrepreneur provides for a preferential tax system that reduces the tax liability. A tax rate of 5% is applied to the annual total of revenues exceeding the required fees, up to a limit of five million Algerian dinars, in accordance with legal amendments designed to enhance and support the entrepreneurial ecosystem.
- **Simplified Accounting Holding :** Auto-entrepreneurs are able to maintain simplified accounting records on a numbered register endorsed by the relevant regional tax authorities. This entails recording revenues and expenses related to their activities.
- **Exemption from Mandatory Registration in the Commercial Registry:** Auto-entrepreneurs are not required to register in the commercial registry, thus facilitating the commencement of their activities without the need for full commercial obligations.
- **Opening a Business Bank Account:** The law allows auto-entrepreneur to open a business bank account, facilitating financial transactions and the management of their business finances.

These privileges are subject to specific conditions in accordance with the applicable regulations.

II.5. Commitments of the auto-entrepreneur

Under the fundamental law for auto-entrepreneur, these are required to adhere to several procedures and declarations. These procedures and declarations include:

- **Submitting an Application for Registration in the National Registry of Auto-Entrepreneur:**
Auto-entrepreneur must submit an application for registration in the National Registry of Auto-Entrepreneur, either directly to the relevant authority or through the designated digital platform for auto-entrepreneur.

- **Declaring Presence to the Tax Authorities:**

Auto-employed individuals must declare their presence to the relevant regional tax authorities to obtain a tax identification number within a maximum period of thirty days from the date of receiving the auto-entrepreneur card.

- **Submitting an Annual Administrative Certificate:**

Auto-entrepreneurs are required to submit an annual administrative certificate issued by the Tax Administration Department, which includes the achieved annual business number according to the specific template provided by the General Tax Directorate.

- **Declaring the Business Number and Settling Tax Debts:**

Auto-entrepreneur must declare the business number and settle relevant tax liabilities in accordance with applicable tax legislation and regulations.

- **Registration in the Commercial Registry:**

The auto-entrepreneur registers in the Commercial Registry if they exceed the specified annual business number for three consecutive years. Therefore, they must register in the Commercial Registry if they wish to continue their activity.

- **Submitting an Application for Registration in the National Registry of Auto-Entrepreneur:**

The auto-entrepreneur is obligated to submit an application for registration in the National Registry of Auto-Entrepreneur either directly to the relevant authority or through the designated digital platform.

- **Obtaining a Tax Identification Number:**

The auto-employed individual is required to obtain a tax identification number from the relevant tax authorities and declare it to the National Social Security Fund for Non-Salaried Individuals.

- **Filing Tax and Social Declarations :**

The auto-entrepreneur must regularly submit tax and social declarations in accordance with applicable legislation.

- **Declaring Presence to the Tax Authorities:**

- Auto-entrepreneur must declare their presence to the relevant regional tax authorities to obtain a tax identification number within a maximum period of thirty days from the date of receiving the auto-entrepreneur card.

- **Submitting the Annual Administrative Certificate:**

Auto-entrepreneurs are required to submit an annual administrative certificate issued by the Tax Administration Department, which includes the achieved annual business number.

- **Declaring the Business Number and Settling Tax Debts:**

The auto-entrepreneur is obligated to declare the business number and settle relevant tax liabilities in accordance with the applicable tax legislation and regulations.

The auto- entrepreneur must adhere to all of these commitments, declarations, and procedures in accordance with the prevailing legislation and regulations. (Anae.dz, 2024)

II.6. Enhancing the Role of Auto- Entrepreneurs

Entrepreneurship plays a pivotal role in fostering economic development, stimulating innovation, and creating job opportunities. In this context, auto- entrepreneurs play a prominent role in building the economy and promoting economic growth. They are considered a fundamental driver of innovation and development, contributing to job creation and enhancing the economy's competitiveness. Enhancing the role of auto- entrepreneurs requires creating a conducive environment for entrepreneurship and innovation, and providing support and encouragement for them to successfully develop their ideas and projects.

President Abdelmadjid Tebboune emphasized the importance of creating a conducive environment for the emergence of a new generation of university entrepreneurs during a regular press meeting with representatives of the national media. President Tebboune pointed out that Algeria has now ranked sixth or seventh in Africa in terms of the number of startups, ranging between 5000 and 6000 establishments. These establishments have succeeded in contributing to the development of the country's exports and offering innovative services.

President Tebboune also revealed that one startup managed, after only nine months since its establishment, to export goods worth \$200 million. He emphasized that entrepreneurial youth in the field of startups are the future of the country, as they significantly contribute to the development of Algeria's gross domestic product through the services they provide. (tadamsanews, 2024)

III- Conclusion:

In a world increasingly reliant on entrepreneurship and auto-entrepreneur, the auto-entrepreneurship law represents a crucial step towards enhancing the work environment and bolstering the local economy. This law is not merely a collection of statutes and texts; rather, it constitutes a comprehensive framework aimed at regulating and supporting auto-entrepreneurs through various means. Through this study, we have been able to shed light on the significance of this law and its positive impact on auto-entrepreneurs in Algeria. In conclusion, we deduce the following:

- The auto-entrepreneurship law constitutes an important and necessary legal framework for regulating freelance work.
- The law provides the necessary protection and support for auto-entrepreneurs in Algeria.
- It establishes a regulated legal framework for the practice of auto-entrepreneurial activities.
- Through the provisions of this law, many privileges and rights are granted to registered auto-entrepreneurs, enhancing their efficient practice.

At the conclusion of this study, emphasis should be placed on:

- Developing mechanisms for regulation and oversight, to ensure the effective implementation of the provisions of the auto-entrepreneurship law, and to enhance the working environment for auto-entrepreneurs.

- Enhancing transparency and combating corruption, through the application of effective control systems and mechanisms.
- Strengthening collaboration and coordination, such as with tax authorities, social security institutions, and banking establishments, to facilitate the enforcement of legal provisions.
- Fostering entrepreneurship and innovation through financial and technical support, along with the provision of training programs and workshops for auto-entrepreneurs.
- Infrastructure and supportive services development, including financial, training, and consultancy services.
- Strengthening communication and knowledge exchange by organizing effective events and forums for sharing experiences and expertise.
- Capacity and skill development through the implementation of training and developmental programs aimed at enhancing efficiency and bolstering competitiveness.

By implementing these recommendations, we can achieve positive developments in the auto-entrepreneurship sector, thereby contributing to supporting local economic development and enhancing social welfare. Strengthening this vital sector requires collaborative efforts and concerted actions from all stakeholders to realize a brighter and more sustainable future for auto-entrepreneurs in Algeria.

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