

Legal Provisions for the Self-Employed Contractor According to Law No. 22-23

Nadia Kherraz*

Laboratory of
International Legal Transformations and Their Impact on Algerian Legislation
University of Eloued, Algeria
kherraz-nadia@univ-eloued.dz

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Abstract :

The Algerian legislator has issued a new law, Law No. 22-23, which establishes the legal framework for self-employed contractors. The self-employed contractor is considered a form of independent work subject to the legal regulations in force in the country.

This research paper aims to explore the legal system governing self-employed contractors and the benefits they receive, with the goal of encouraging their participation in this system.

Keywords: Self-employed contractor, Self-employed contractor card, Benefits, Obligations

Introduction:

Algeria has recently increased its focus on small-scale activities, particularly those that support youth employment as a means to reduce unemployment. Traditional employment strategies have struggled to eliminate this issue, creating a need for the formalization of new types of activities that have emerged with technological advancements, especially those attracting young people. However, these activities previously lacked clear legal frameworks.

In 2022, the Algerian legislator introduced Law No. 22-23, establishing the legal framework for self-employed contractors, primarily targeting young individuals. The self-employed contractor model is ideal for those seeking financial and professional independence, as it provides opportunities to work on diverse projects, develop new skills, and gain experience in different fields.

This raises the following research question: "How has the Algerian legislator regulated the legal framework for self-employed contractors?"

To answer this question, we employed an analytical approach by examining legal texts governing the subject, complemented by a descriptive approach that gathers information from specialized references. Our study follows this structure:

* Corresponding Author

- I. *Definition of the Self-Employed Contractor*
 1. *Concept of the self-employed contractor*
 2. *Acquiring and losing the self-employed contractor status*
 - II. *Benefits and Obligations of the Self-Employed Contractor*
 1. *Topic One: Benefits of the self-employed contractor*
 2. *Topic Two: Obligations of the self-employed contractor*
- Conclusion

I. Definition of the Self-Employed Contractor

This chapter explores the concept of the self-employed contractor in the first topic, while the second topic discusses the process of acquiring and losing this status.

1. Concept of the Self-Employed Contractor

The self-employed contractor system is a recent addition to Algerian legislation, introduced through a new law that outlines its provisions and regulations.

This topic will first define the term (Section 1) and then outline the eligibility conditions for self-employed contractors (Section 2).

1.1. Definition of the Self-Employed Contractor

According to Article 2, Paragraph 1 of Law No. 22-23¹, a self-employed contractor is defined as: “Any natural person engaged in a profitable activity.”

This activity must be carried out individually, falling within a designated list of activities eligible for self-employment under the law. Additionally, the contractor’s annual turnover must not exceed a legally defined threshold. From this definition, several key characteristics emerge:

- The self-employed contractor must be a natural person, not a legal entity.
- The activity must be carried out independently, without partners, and for personal profit.
- The activity must be included in the legally recognized list of self-employment activities².

What can be inferred from the aforementioned article is that the Algerian legislator has provided a general concept of the self-employed contractor³. This law establishes a new legal form aimed at enabling young people to engage in independent activities. The system has several key benefits:

- Unlike individual enterprises in Algerian civil law, the self-employed contractor model does not require substantial capital investment.
- It allows young people to benefit from social security coverage, as stipulated in the law.
- It plays an important economic role by encouraging the investment of individual savings, even if small, in economically beneficial activities⁴.

- It promotes the growth of small capital and profit generation, while also easing financial burdens on startups by allowing them to engage independent entrepreneurs, enabling the shared use of human resources across different companies, and facilitating the export of certain digital services. This aligns with the state's decision to permit the transfer of all revenues from digital service exports in foreign currencies into the country⁵.

1.2. Eligibility Conditions and Qualified Activities

Law No. 22-23 sets specific conditions for eligibility under this system and defines the list of activities that qualify.

a. Eligibility Conditions

Article 3 of the law⁶ specifies that eligible individuals must meet the following criteria:

- **Legal working age:** The individual must have reached the legal working age, which, according to the Algerian Labor Law⁷ Art 15, is at least 16 years old.
- **Nationality and residence:** The applicant must be Algerian and reside in Algeria or be a foreign national legally residing in Algeria according to Law No. 08-11⁸.
- **Eligible activity:** The contractor must engage in an activity included in the official list of self-employment activities.

b. List of Qualified Activities

According to Executive Decree No. 23-197 (May 25, 2023)⁹, self-employment activities are classified into seven main sectors:

- Consulting, expertise, and training
- Digital services and related activities
- Domestic services
- Personal services
- Entertainment and leisure services
- Business services
- Cultural, communication, and audiovisual services

These broad categories encompass 1,364 specific activity codes¹⁰, all of which are considered low-capital businesses suitable for young entrepreneurs, aimed at reducing unemployment.

2. Acquiring and Losing the Status of a Self-Employed Contractor

In this topic, we will discuss the procedures for obtaining the status of a self-employed contractor, which will be covered in Section One. In Section Two, we will explore how a contractor can be removed from the commercial register and re-registered.

2.1. Procedures for Obtaining the Status of a Self-Employed Contractor

The Algerian legislator, in Law No. 22-23, which establishes the legal framework for self-employed contractors, states in Article 4 that any natural

person who meets the conditions specified in Article 3 must submit a registration request to the National Register for Self-Employed Contractors.

From Article 4, we can deduce that a self-employed contractor must follow these steps:

a. Submitting the Registration Request:

A registration request must be submitted to the National Register for Self-Employed Contractors¹¹, which is a public institution¹². A registration can be completed by submitting an application to the National Agency mentioned above or via the digital platform established for this purpose. The request must be accompanied by an administrative file and an information form¹³.

b. Issuance of the Self-Employed Contractor Card:

The registration request is processed within a maximum period of three months¹⁴. Upon approval, the contractor receives a Self-Employed Contractor Card, which includes a unique national registration number issued by the National Agency for Self-Employed Contractors¹⁵. However, obtaining this card does not automatically grant permission to engage in all activities; the contractor must comply with the applicable laws and regulations¹⁶.

2.2. Removal from the Register of Self-Employed Contractors

The Algerian legislator has identified specific cases in which a self-employed contractor can be removed from the National Register for Self-Employed Contractors. These cases are outlined in Chapter Four of Law No. 22-23. However, if the reason for removal no longer exists, the contractor can request re-registration in the register.

First, cases of Removal from the National Register for Self-Employed Contractors. Article 14 of Law No. 22-23¹⁷ lists the cases in which a contractor may be removed from the national register:

- **Voluntary removal:** The contractor may request removal for any reason by submitting an application to the relevant institution or via the digital platform.
- **Failure to declare revenue:** If the contractor fails to report business turnover within three years of registration, they will be removed from the register.
- **Exceeding the legal revenue threshold:** If the contractor surpasses the legally established annual turnover limit, their registration will be canceled.
- **Legal or judicial restrictions:** If any legal or judicial barrier prevents the contractor from conducting business, they will be removed from the register.
- **Death of the contractor:** In this case, removal is automatic and logical.
- It is important to note that Article 14 provides examples of removal cases rather than an exhaustive list, as indicated by the phrase "in particular" at the beginning of the article.

According to Article 15 of Law No. 22-23¹⁸, when a contractor is removed from the register, the institution must notify them within 15 days of the removal decision. This notification must also be sent to the tax authorities and the social security agency, and it results in the cancellation of the Self-Employed Contractor Card.

Second, request for Re-Registration in the Commercial Register. To be re-registered in the National Register for Self-Employed Contractors, the reason for removal must no longer exist, as stipulated in Article 16 of Law No. 22-23.

II. Benefits and Obligations of the Self-Employed Contractor

Law No. 22-23 outlines various benefits for self-employed contractors while also imposing specific obligations.

1. Benefits of the Self-Employed Contractor

The Algerian legislator has outlined the benefits granted to self-employed contractors under Article 9 of Law No. 22-23¹⁹.

One of the most significant advantages provided by the legislator is the simplified accounting system, which requires maintaining a numbered and tax-approved ledger to record revenues and expenses related to the activity. Additionally, self-employed contractors are exempt from the obligation of commercial registration and benefit from a preferential tax system as well as the ability to open a business bank account.

Furthermore, the 2023 Finance Law introduced several additional benefits for self-employed contractors in Algeria, which include²⁰:

- **Exemption from commercial registration:** Self-employed contractors holding a Self-Employed Contractor Card are exempt from the requirement of commercial registration. However, benefiting from the preferential tax system is conditional upon declaring their status to the tax authorities after obtaining the card. The annual turnover declaration is required once a year, alongside the mandatory opening of a business bank account.
- **Work-from-home allowance:** The law permits self-employed contractors to use their residential address or co-working spaces as their official business location.
- **Access to health insurance:** The Self-Employed Contractor Card allows its holders to enroll in the National Social Security Fund for Non-Salaried Workers (CASNOS) and benefit from social security coverage.
- **Full retention of foreign currency earnings from digital services:** According to the 2023 Finance Law, self-employed contractors engaged in digital service exports can fully retain their foreign currency earnings, provided that the revenues are deposited into a business bank account domiciled in Algeria.

Additionally, the 2023 Finance Law set the maximum annual turnover threshold for independent professionals.

The 2024 Finance Law, as per Bank of Algeria's regulations, also stipulates that the single flat-rate tax for self-employed contractors is 0.5% of their annual turnover, in addition to the social security contributions required for coverage²¹.

2. Obligations of the Self-Employed Contractor

The self-employed contractor is subject to several obligations that must be strictly adhered to, as stipulated in the Basic Law for Self-Employed Contractors. According to Article 10 of Law No. 22-23, the first mandatory requirement for a self-employed contractor is obtaining a tax identification number (TIN). Furthermore, Article 11 of Law No. 22-23 outlines the procedure for obtaining a tax identification number as follows:

- First, the individual must submit a registration request in the National Register for Self-Employed Contractors, either through the relevant institution or via the digital platform dedicated to this purpose.
- Second, the individual must declare their business status to the regional tax authorities within 30 days of obtaining the Self-Employed Contractor Card to receive a tax identification number (TIN).
- Third, the self-employed contractor is required to submit an annual administrative certificate issued by the tax administration, which must include the annual turnover achieved.
- Fourth, they must declare their revenue to the tax authorities and pay the relevant tax obligations under applicable tax laws and regulations.

The most fundamental obligation of a self-employed contractor is to comply with all legislative and regulatory provisions in force while conducting business activities.

Given the importance of the tax identification number, as it must be included in invoices for goods and services, the Basic Law for Self-Employed Contractors does not explicitly mandate invoicing for transactions carried out by self-employed contractors.

Conclusion

From the above discussion, it is evident that the self-employed contractor system represents a legal and economic advancement introduced by the Algerian legislator. This system aims to formalize informal activities, particularly those related to digitalization, by granting legal status to such activities and providing a range of benefits to those who meet the required conditions.

Law No. 22-23 has introduced various facilitations and incentives to encourage self-employed contractors to declare their activities, the most notable of which is exemption from commercial registration requirements.

However, it is noteworthy that the Basic Law for Self-Employed Contractors consists of only 17 articles, which may not fully reflect the significant role this system could play in addressing unemployment. To compensate for this limitation, the Algerian legislator has delegated several key provisions to regulatory decrees, covering four main aspects:

1. The list of activities eligible under the self-employed contractor framework.
2. The National Register for Self-Employed Contractors.
3. The institution responsible for maintaining this register.
4. The Self-Employed Contractor Card.

To further strengthen the Basic Law for Self-Employed Contractors, we propose the following recommendations:

- Expedite the issuance of all regulatory texts related to this law to ensure its full implementation in practice.
- Increase the maximum allowable turnover for self-employed contractors to 10 million Algerian dinars under the 2025 Finance Law.
- Exempt self-employed contractors from the single flat-rate tax for the first two years after registration in the National Register.
- Mandate invoicing for transactions conducted by self-employed contractors, which would help distinguish formalized activities from informal ones and enhance economic transparency.

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