

## The Legal Framework for Self-employed Contractors in Algerian Law

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### **Abstract:**

To encourage entrepreneurship and economic development, Algeria has adopted several strategies, including the creation of a legal framework related to self-employed contractors. This framework officially organizes various freelance and individual activities, whether related to digitization, technology, and audiovisual communication services (i.e., new professions), or freelance activities previously practiced by individuals who could be described as contractors but had no legal status. Law No. 22-23, which includes the basic law for self-employed contractors, aims to establish a legal and financial status for freelancers. This is intended to reduce informally practiced activities while at the same time making it easier for young people to access the labor market through self-employment and integrating activities outside the formal economy. This study aims to present the provisions of the basic law for self-employed contractors and clarify its regulatory provisions.

**Keywords:** Self-employed contractor; Contractor; Individual activity; Basic law; National Agency for Self-employed Contractors.

## 1. INTRODUCTION

Entrepreneurship is considered an activity closely related to economic development, as it encourages self-employment and economic activity. Moreover, entrepreneurial activity is a source of job creation and economic growth. Entrepreneurship involves creating something new of value by dedicating the necessary effort and capital to the project, bearing the associated risks, and receiving the rewards resulting from it. It is a dynamic process of wealth accumulation, and this wealth is provided by individuals who take risks with their capital, committing to adding value to the products or services offered through the allocation of necessary resources and skills.<sup>1</sup>

To encourage entrepreneurship, Algeria has adopted several strategies, including organizing awareness days, engaging with universities, promoting and instilling a culture of entrepreneurship among young people, especially graduates, and encouraging the establishment of start-ups. Additionally, the country has established business incubators within universities. Among these initiatives, Algeria has implemented a legal framework to officially regulate various freelance and individual activities, whether related to digitization, technology, and audiovisual communication services (i.e., new professions), or freelance activities previously practiced by individuals who could be described as contractors but had no legal status.

The legislative text that regulates this activity is Law No. 22-23, which includes the basic law for self-employed contractors<sup>2</sup>. Its aim is to address unemployment, encourage entrepreneurship, and promote economic development, particularly by integrating activities outside the formal economy. The law creates a legal and financial status for freelancers, intended to reduce informally practiced activities. It aims to foster an entrepreneurial spirit and facilitate young people's access to the labor market through self-employment.

This study aims to present the provisions of the basic law for self-employed contractors and clarify its regulatory rules.

To that end, we pose the following question: How successful is the legal framework for self-employed contractors in regulating unregulated entrepreneurial activities?

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<sup>1</sup> Faiz Jumaa Saleh - Abdul Sattar Muhammad Ali, *Entrepreneurship and Small Business Management*, Hamid Publishing House, Amman, Jordan, 2006, p. 5.

<sup>2</sup> Law No. 22-23, dated December 18, 2022, includes the basic law for self-employed contractors, *Official Gazette*, December 19, 2022, Issue No. 85.

To answer the question, we adopted an analytical and descriptive approach, structured into two sections:

- The first section discusses the conditions and procedures for acquiring the status of a self-employed contractor.

The second section is dedicated to the effects resulting from acquiring the status of a self-employed contractor.

## **2. Acquiring the Status of a Self-Employed Contractor:**

To encourage self-employment and enhance integration into the formal economy, a set of objective conditions has been established for acquiring the status of a self-employed contractor , along with a set of simplified administrative procedures .

### **2.1 The Conditions for Acquiring the Status of Self-Employed Contractors:**

Article 2 of Law No. 22-23, which includes the basic law for self-employed contractors, defines a self-employed contractor as a natural person who individually engages in a profitable activity that falls within the list of qualifying activities, and whose annual turnover does not exceed a limit specified by the applicable legislation.

A self-employed individual or independent contractor is someone who habitually, personally, and directly engages in an economic activity for profit, without being subject to an employment contract, even if they utilize paid services from other individuals.<sup>3</sup>

To acquire the status of a self-employed contractor, the following conditions must be met:

- ✓ The individual must be a natural person.
- ✓ They must conduct their activity individually.
- ✓ They must be of legal working age.
- ✓ They must be of Algerian nationality and residing in Algeria, or a foreigner residing in accordance with the applicable legislation.

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<sup>3</sup> María Asunción López Arranz, *The Self-Employed in Galicia, Special Area of Labor Law and Social Security*, University of A Coruña, 2011, p. 1085.

- ✓ They must engage in an activity included in the list of qualifying activities to benefit from the basic law for self-employed contractors.<sup>4</sup>

It is noted that the category covered by this law is very broad. The primary condition is to engage in an activity individually and that it is not regulated by a specific law. In several countries, we found that the group that tends to acquire the status of a self-employed contractor is often composed of retirees.

As concerns about retirement savings adequacy grow, self-employment in later life may provide a pathway for older workers to continue working fewer hours, rather than remaining in full-time employment or leaving the labor market altogether. In fact, research has found substantial evidence supporting the prevalence of what is known as "bridge jobs" in the later stages of a career. However, we know little about the types of freelance jobs that older workers occupy. To learn more about self-employment among older Americans, several questions were posed to elicit details about work arrangements. One concern, for example, is that the typical question used to classify whether a worker is an employee asks if the respondent works for or is employed by an employer. Legally, a self-employed worker refers to the results of a model indicating that working as an independent contractor, when measured more precisely, is much more widespread than other types of self-employment among older workers, especially among older workers with higher education. The motivation behind this work is either additional income or to remain active.<sup>5</sup>

The final condition for acquiring the status of a self-employed contractor is to engage in an activity within a specified list. The list of qualifying activities eligible for the benefits of the basic law for self-employed contractors includes profitable activities practiced by a natural person individually<sup>6</sup>. Executive Decree 23-197 organizes the list of activities into seven fields:

- Digital services and related activities
- Home services
- Services directed towards individuals
- Entertainment and leisure services

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<sup>4</sup> Article 3 of Law N°. 22-23, which includes the basic law for self-employed contractors.

<sup>5</sup> Katharine G. Abraham - Brad J. Hershbein, Most Self-Employed Workers Are Independent, *Contre Independent Contractors*, Institute for Employment ResearchUpjohn Institute for Employment Research, 2020, p.5.

<sup>6</sup> Article 2 of Executive Decree No. 23-197, dated May 25, 2023, specifies the list of qualifying activities eligible for the benefits of the basic law for self-employed contractors and the procedures for registration in the National Register of Self-Employed Contractors, *Official Gazette*, June 4, 2023, Issue No. 37, p. 9.

- Services directed towards businesses
- Cultural services, communication, and audiovisual services

Each field contains specific activities that belong to that field<sup>7</sup>, and each individual activity has a code and designation<sup>8</sup>. Each numerical code specific to an activity consists of 6 digits, with the first two digits representing the field of activity, and the following four digits representing the individual activity<sup>9</sup>. Freelance professions, regulated professions, and crafts are excluded from the list of activities.<sup>10</sup>

The list of activities serves as the sole normative reference for defining each activity that falls within the list. Therefore, anyone applying for registration in the National Register of Self-Employed Contractors must use this reference list of activities.<sup>11</sup>

The list of activities, fields of activities, and individual activities is managed electronically by the National Agency for Self-Employed Contractors. The agency is responsible for reproducing, distributing, and making it available to users. It also oversees suggestions related to individual activities and presents them to the Self-Employed Contractors Activities Committee.<sup>12</sup>

his committee is responsible for self-employed contractor activities and is tasked with studying, providing opinions, and making suggestions and recommendations regarding the qualifying activities eligible for the benefits of the basic law for self-employed contractors.<sup>13</sup>

The committee is responsible for studying and proposing the inclusion of new individual activities at the initiative of the relevant sectors and institutions or at the request of any natural person who meets the conditions. It also examines amendments related to the designations or contents of individual activities or their deletion, as well as the approval and determination of the coding for fields of activities and individual activities.<sup>14</sup> The internal organization of the agency includes three directorates: the Directorate of Information Systems, the Directorate of Support and Monitoring, and the Directorate of General Administration and Resources.

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<sup>7</sup> Article 4 of Executive Decree N°. 23-197

<sup>8</sup> Article 8 of Executive Decree N°. 23-197

<sup>9</sup> Article 6 of Executive Decree N°. 23-197

<sup>10</sup> Article 2, paragraph 2, of Act N°. 22-23

<sup>11</sup> Article 7 of Executive Decree N°. 23-197

<sup>12</sup> Article 9 of Executive Decree N°. 23-197

<sup>13</sup> Article 10, paragraph 1, of Executive Decree N°. 23.197

<sup>14</sup> Article 10 of Executive Decree No. 23-197

The creation of services and products by self-employed contractors leads to changes and disruptions that modify the characteristics of the sector in which they operate, forcing existing companies to adapt or face extinction. For this reason, the intensity of entrepreneurial activity impacts market development and growth<sup>15</sup>. Thus, the agency must adapt to the offered business activities and include them in the previously mentioned list.

For example, a self-employed teacher who offers tutoring sessions operates independently. When setting his rates, he essentially determines his own fee. Clients or students hire teachers based on the price and the teacher's attributes, and the price is often set on an hourly basis.

For consultations, expertise, and training<sup>16</sup>, he can utilize this system and include it in his services. Registration requests can come from media producers, such as those working on stories, TikTok, and self-employed individuals in television and radio, as well as in films, photographers, and makeup artists. There are also self-employed professions, such as healthcare professionals like nurses, midwives, and home health visitors.<sup>17</sup>

Another category relates to women who work sporadically without a fixed schedule, such as home workers. Considering the state of the market, the crisis, and their personal circumstances, it is essential to take more specific and clear measures regarding acquiring the status of a self-employed contractor so that the implementation of safety and occupational health measures for self-employed women becomes a tangible reality.<sup>18</sup>

The Directorate of Information Systems is responsible for managing the National Register and the digital platform for self-employed contractors. It maintains the National Register of Self-Employed Contractors and ensures its updating, receives and processes registration requests for the National Register of Self-Employed Contractors<sup>19</sup>, and manages the digital platform for registration in the National Register of Self-Employed Contractors.

The Directorate of Support and Monitoring is responsible for accompanying and monitoring self-employed contractors, coordinating among various sectors, and proposing a communication strategy related to

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<sup>15</sup> Michelle Hentic-Giliberto. Characteristics of Breton self-entrepreneurs: comparison with other entrepreneurs. Management and management. University of Western Brittany - Brest, 2014.

<sup>16</sup> Amherst Jared Rand, Self-Employed Tutor, Economics Department Working Paper Series Economics, University of Massachusetts ,2016, p6

<sup>17</sup> Nakije Kida, A Final Solution of Informality Problem on Self-employed and Employed in Kosovo, E u r o E c o n o m I c a n Issue 1(37),2018, p.272.

<sup>18</sup> María Asunción López Arranz, op.cit, p.1085.

<sup>19</sup> Article 3 , Joint Ministerial Decision, dated September 3, 2023, establishes the internal organization of the National Self-Contractor Agency, J. R.I. 24 December 2023, No. 83, p. 32.

the agency's objectives and implementing it. It oversees and supports the activities of self-employed contractors, ensures coordination between various public institutions related to self-employed contractor activities, especially tax services and social security services for non-employees, and develops promotional content to encourage access to the basic law for self-employed contractors.<sup>20</sup>

To update the list of activities, several factors must be considered. Some studies have found that small entrepreneurs, who are considered innovators, view a lack of funding, insufficient supplies, and a shortage of qualified personnel as more significant issues. In contrast, they perceive a lack of customers and uncertainty due to the state of the economy as less important. Complementarily, the results show that women, higher education levels, participation in training, and divorce or cohabitation status are positively associated with the tendency toward an innovative self-concept. Conversely, advancing age, having only primary education or lower, being married, and being a widowed civilian are negatively associated with the perception of an innovative self-concept. After interpreting the results related to investment structure and perceived barriers, it was estimated that innovative entrepreneurs develop unique value propositions and can generate new ideas for starting a business. Entrepreneurs who have an innovative self-perception may recognize greater barriers because they need resources to implement new and unique proposals.<sup>21</sup>

As previously mentioned, the Directorate of Support and Monitoring is responsible for accompanying and monitoring self-employed contractors and creating promotional content to encourage access to the basic law for self-employed contractors<sup>22</sup>. In this context, it is essential to combine entrepreneurial competencies with strategic behavior, opening the opportunity to study a broader set of competencies that reduce the likelihood of entrepreneurs adopting reactive strategic behavior concerning adapting their activities to the environment. Therefore, it is crucial to understand and manage the relationship between the characteristics of entrepreneurial behavior and organizational strategy.

Entrepreneurship is one of the most important drivers of social and economic development, making the economy more dynamic and contributing

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<sup>20</sup> Article 4 of the Joint Ministerial Decision of 3 September 2023.

<sup>21</sup> Gustavo Alfonso Barrera Verdugo, Innovative Self-concept of Micro-entrepreneurs: Perception of Barriers and Intention to Invest, *Brazilia Administration Review*, Rio de Janeiro, v. 15, n. 2, 2018, p14

<sup>22</sup> Article 4 of the Joint Ministerial Decision of 3 September 2023.

to social development through innovation in products and services that meet human and consumer needs. Therefore, promoting a culture that encourages entrepreneurship is essential, especially for developing countries. While entrepreneurial competencies can contribute to strategic behavior and that they can be developed through training methods and the accumulation of experience, it is crucial to implement public policies aimed at training both emerging and established entrepreneurs. Such policies should reduce the likelihood of small business failures and foster a more entrepreneurial culture, particularly in developing countries.<sup>23</sup>

## **2.2 Procedures for acquiring self-contractor status**

Anyone who meets the conditions must submit a registration request in the National Register of Self-Employed<sup>24</sup> Contractors to the relevant institution or through the digital platform.<sup>25</sup>

The National Register is maintained by a public institution that has the responsibilities of supporting and monitoring the activities of self-employed contractors.<sup>26</sup> This institution is the National Agency for Self-Employed Contractors.

It is a public institution of an administrative nature that has legal personality and financial independence, and it operates under the supervision of the minister in charge of emerging enterprises.<sup>27</sup> The agency is managed by a board of directors and led by a general manager<sup>28</sup>. The board of directors is responsible for deliberating on all matters that can improve the agency's operations and achieve its objectives.<sup>29</sup>

The agency's tasks include establishing the National Register of Self-Employed Contractors, maintaining and updating the National Register, connecting this National Register with relevant public institutions, particularly tax services and social security for non-employees<sup>30</sup>. It is also responsible for managing and operating the digital registration platform,

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<sup>23</sup> Gustavo Behling-Fernando Cesar lenzi, Entrepreneurial competences and strategic Behavior; a study of micro entrepreneurs in an Emerging country Brazilian Business Review, Universidad do vale do itajaim SC Brazil, 2019, p 270

<sup>24</sup> Article 4 of Act N°. 22.23.

<sup>25</sup> Article 11, paragraph 1, of Act N°. 22-23.

<sup>26</sup> Article 5 of Act No. 22.23.

<sup>27</sup> Article2, 3 of Executive Decree , N° .23-196, of 25 may 2023, This institution is the National Agency for Self-Employed Contractors , J.O, on 4June 2023, N°. 37, p. 7.

<sup>28</sup> Article 6 of Executive Decree N°. 23-196.

<sup>29</sup> Article 7 of Executive Decree N°. 23-196.

<sup>30</sup> Article 12 of Executive Decree N°. 23-197.

receiving and processing registration requests, conducting registrations, removals, and re-registrations in the National Register of Self-Employed Contractors, ensuring the updating of the list of activities eligible for the benefits of the basic law for self-employed contractors, and creating promotional content to encourage access to the basic law for self-employed contractors.<sup>31</sup>

The registration in the national registry is done by submitting a request to the national agency through the digital platform, accompanied by an administrative file and form<sup>32</sup>, in exchange for deposit receipt<sup>33</sup>. The registration request is processed within a maximum of 3 working days from the date of submission<sup>34</sup>, and the applicant is notified of the acceptance or rejection electronically<sup>35</sup>. Upon approval, the self-entrepreneur receives a self-entrepreneur card valid for 5 years for a fee<sup>36</sup>, which bears a unique national registration number.<sup>37</sup>

The self-entrepreneur card has two sides: the front displays "People's Democratic Republic of Algeria," a QR code, the entrepreneur's photo, personal information (name, surname, registration number, national identification number, activity, issuance date, expiration date, and a readable information strip). The back primarily concerns the national agency<sup>38</sup>, and the card is produced electronically<sup>39</sup> according to technical specifications determined by a decision from the Minister of Knowledge Economy, Startups, and Micro-enterprises<sup>40</sup>.

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<sup>31</sup> Article 5 of Executive Decree N°. 23-196.

<sup>32</sup> Article 15, last paragraph, of Executive Decree N°. 23-197.

<sup>33</sup> Article 16 of Executive Decree N°. 23-197.

<sup>34</sup> Article 17 of Executive Decree N°. 23-197.

<sup>35</sup> Article 18 of Executive Decree N°. 23-197.

<sup>36</sup> Article 5 is a final paragraph of Executive Decree No. 23-196.

<sup>37</sup> Article 6 of Act No. 22-23 and article 20 of Executive Decree No. 23-197.

<sup>38</sup> Article 2 and annexed to Executive Decree N°. 23-198, specifies the self-contractor card form, c. R.I. 4 June 2023, No. 37, p. 12.

<sup>39</sup> Article 3 of Executive Decree No. 23-198.

<sup>40</sup> Ministerial decision of 6 June 2023, specifies the technical characteristics of the self-contractor's card, islands. 3 Gecht 2023, N°. 50, p. 26.

The self-entrepreneur can also obtain an extract from the national registry, which can be downloaded electronically from the digital platform, indicating their field and individual activities.<sup>41</sup>

In case of rejection of the self-entrepreneur registration request, the applicant has 30 days to appeal to the relevant authorities of the minister responsible for startups. The minister has 30 days to respond to the appeal.<sup>42</sup>

We notice that the registration procedures are simple, especially due to the establishment of the digital platform created for this purpose, with a processing time of only 3 days, which is characterized by a quick response. This reflects the efforts of the Algerian government to ensure the success of this legal system and to integrate various individual activities into an official framework.

### **3. The Registration Effects:**

After obtaining the self-entrepreneur card, acquiring this status results in a set of effects, primarily consisting of privileges and obligations .

#### **3.1 Privileges:**

In light of the state's inability to create new job opportunities, several solutions and aids were proposed to encourage young graduates, particularly in the fields of financing and tax exemptions during the initial years of activity. However, these solutions were not effective<sup>43</sup>, which distinguishes this new system that provides different facilitations and privileges.

The first privilege is that the self-entrepreneur can carry out their activity at their residence or in shared workspaces<sup>44</sup>, thus exempting them from the obligation to provide a separate location for their business. Additionally, the personal and family residence used as the base for the self-entrepreneur's activity cannot be seized due to debts or damages resulting from their business activities.<sup>45</sup>

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<sup>41</sup> Article 21 of Executive Decree N°. 23-197

<sup>42</sup> Article 24 of Executive Decree N°. 23-197.

<sup>43</sup> Boufeldja Ghiat, culture of work and entrepreneurship in Algeria, publibook, 2015, p.36.

<sup>44</sup> Article 7 of Act N°. 22-23

<sup>45</sup> Article 9 of Act N°. 22-23

In this context, the self-entrepreneur is similar to a sole proprietorship with limited liability, where the sole partner can only be liable for debts up to the amount of social capital, unlike a trader who is personally liable for debts incurred from their business activities.<sup>46</sup>

The self-contractor also benefits from other concessions, namely<sup>47</sup> :

- ❖ Maintaining simplified accounting on a numbered ledger that is endorsed by the relevant regional tax authorities, in which revenues and expenses related to the activity are recorded.
- ❖ Exemption from the obligation to register in the commercial register.
- ❖ A preferential tax system, as activities conducted under the self-entrepreneur framework are subject to a tax rate of 0.5% of total revenues, excluding taxes payable, up to a limit of 5 million Algerian Dinars.<sup>48</sup> We can observe the facilitation and incentives provided by the state, as within one year, the tax rate was reduced from 5% in 2023 to 0.5% in 2024<sup>49</sup>.

Individuals engaging in activities under the self-entrepreneur system, when their annual revenue does not exceed five million Algerian Dinars (5,000,000 DZD) for three consecutive years, are subject to the single flat-rate tax system.<sup>50</sup>

The decrease, and even the absence, of risks that are fundamental to the self-entrepreneur system is linked to the maximum legal and effective revenue threshold, which is low and suitable for this category of entrepreneurs.<sup>51</sup>

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<sup>46</sup> Zina Yacoub, The new legal status of self-employment in Algeria , *Revue de droit comparé du travail et de la sécurité social*, 1 | 2023, p.164.

<sup>47</sup> Article 9 of Act No. 22-23

<sup>48</sup> Article 18 of Act No. 23-22 of 24 December 2023, containing the Finance Act of 2024, c. R.I. 31 December 2023, No. 86, p.3.

<sup>49</sup> Article 16 of Act No. 22-24 of 25 December 2023 contains the Finance Act of 2023. R.I. 29 December 2022, Number 89, p. 89. 9.

<sup>50</sup> Article 282 bis 4 of the Direct Tax and Similar Fees Act and Article 51 of Law 22-24 N of the Finance Act 2023

<sup>51</sup> Nadine Levratto, Evelyne Serverin, *The Self-entrepreneur at Risk of Business*, 2015, p.1.HAL Id: halshs-01300226 <https://shs.hal.science/halshs-01300226>.

Another privilege is that the self-entrepreneur can open a commercial bank account. The central bank and the national agency for self-entrepreneurs confirmed that opening a commercial bank account requires only the following documents: a copy of the self-entrepreneur card, a copy of an identity document, and a copy of a document proving the residence address. According to the national agency's statement No. 1/2024 dated March 31, 2024, the self-entrepreneur is entitled to receive 100% of the proceeds from exporting their services in hard currency.

Under the principle of its establishment, the self-entrepreneur system offers a form of risk-free entrepreneurship, making it particularly suitable for entrepreneurs wishing to test their projects, as well as for employees, retirees, the unemployed, and others needing to supplement their primary income through independent work<sup>52</sup>. In return, Algerian legislators have facilitated entry into the system and minimized risks by setting fixed revenue limits.

These self-entrepreneurs are thus small business owners of a special kind, committed as natural persons to engage in economic activities that can be primary or supplementary. This legal framework encourages registration as a self-entrepreneur by simplifying establishment procedures, exempting from commercial register registration, and offering accessible social contributions.<sup>53</sup>

Retirees and students can now easily contribute to their productive activities, even if they operate on the margins, or establish productive activities of their own.<sup>54</sup>

### **3.2 Obligations:**

As follows, Declaration of existence to the relevant regional tax authorities to obtain a tax identification number within 30 days from the date of receiving the self-entrepreneur card.<sup>55</sup>

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<sup>52</sup> Nadine Levratto, Evelyne Serverin, op.cit, p.4.

<sup>53</sup> Sylvie CELÉRIER - Alberto RIESCO-SANZ - Pierre ROLLE, A DUBIOUS INDEPENDENCE: THE NEW STATUTES OF SPANISH AND FRENCH INDEPENDENTS, *Revue Française de Socio-Économie*, no 17, 2016, p19

<sup>54</sup> Sylvie CELÉRIER - Alberto RIESCO-SANZ- Pierre ROLLE, op.cit, p.20.

<sup>55</sup> Article 11, paragraph 2, of Act N°. 22.23.

The obligations include obtaining a tax identification number and declaring to social security for non-employees.<sup>56</sup>

The self-entrepreneur must submit an annual administrative certificate to the national agency for self-entrepreneurs, issued by the tax administration, indicating the annual revenue achieved, according to the model defined by the General Directorate of Taxes.<sup>57</sup>

They must also declare their revenue to the tax authorities and pay related dues in accordance with applicable tax legislation and regulations.<sup>58</sup>

Failure to declare revenue or declaring zero revenue for three consecutive years after registration will result in removal from the national registry by the agency.<sup>59</sup>

If the annual revenue exceeds the set limit for three consecutive years, the self-entrepreneur<sup>60</sup> will also be removed from the registry and must register in the commercial register if they wish to continue their activity.<sup>61</sup>

The removal decision will be communicated to the self-entrepreneur, tax authorities, social security agency, and relevant banking or postal institutions within 15 days.<sup>62</sup> This removal leads to the cancellation of the self-entrepreneur card<sup>63</sup>.

The self-entrepreneur may appeal the removal decision within 30 days to the relevant authorities, who have 30 days to respond.<sup>64</sup>

They can reapply for registration after resolving the reasons for removal and paying any tax and quasi-tax debts, if applicable.<sup>65</sup>

It's important to understand the true revenue levels and profit ratios. Generated revenue levels do not allow hiring assistants or high accounting costs, and this micro-social and micro-tax system enables the self-entrepreneur to know their net profits. Objective analysis has shown the appeal of this system in terms of its simplicity, speed, and low implementation costs.<sup>66</sup>

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<sup>56</sup> Article 10 of Act No. 22-23.

<sup>57</sup> Article 11, paragraph 3, of Act N°. 22-23.

<sup>58</sup> Article 11, paragraph 4, of Act N°. 22-23

<sup>59</sup> Article 14, paragraph 3, of Act N°. 22-23

<sup>60</sup> Article 14, paragraph 4, of Act N°. 22.23.

<sup>61</sup> Article 13 of Act No. 22-23 and article 22 of Executive Decree No. 23-197.

<sup>62</sup> Article 15, paragraph 1, of Act N°. 22.23 and article 23 of Executive Decree No. 23.197.

<sup>63</sup> Article 15, paragraph 2, of Act N°. 22.23.

<sup>64</sup> Article 24 of Executive Decree N°. 23-197

<sup>65</sup> Article 16 of Act No. 22-23 and article 25 of Executive Decree N°. 23-197.

<sup>66</sup> Michelle Hentic-Giliberto. Characteristics of Breton self-entrepreneurs: comparison with other entrepreneurs.

Management and Administration. University of Western Brittany - Brest, 2014,p. 360

It seems that the mechanisms and obligations outlined facilitate a more effective participation of workers in the commercial system, as they become formally responsible for a real economic unit. The self-entrepreneur's obligation not to exceed the imposed profit limit becomes a constraint when the entrepreneur, as the self-project owner, must change their legal status if their activity develops beyond the established threshold of 5,000,000 DZD.

Studies indicate that those without a clear vision regarding duration and profit realization prefer not to alter their status, believing it is better to reject markets and services rather than transition to legal forms they consider administratively complex and more costly than registration fees, regulatory drafting, and accounting oversight. They may even feel compelled to decline certain offers to avoid falling into an illegal situation. As some point out, these revenue thresholds can hinder the growth of their activities.<sup>67</sup>

Despite some limitations, this system can achieve the desired results in encouraging an entrepreneurial spirit by simplifying registration procedures and providing the outlined incentive privileges.

## **4. CONCLUSION**

The self-entrepreneur system plays a pivotal role in boosting the national economy, enabling freelancers to conduct their activities legally and officially while benefiting from tax privileges, such as a preferential flat tax rate of 0.5%, social coverage, simplified accounting, and exemption from commercial register obligations. Additionally, it allows for the opening of commercial bank accounts, encouraging the establishment of businesses or economic activities at home or in shared workspaces. The registration procedures are also simplified and electronic through the designated platform.

This system represents a strategy for generating new jobs without requiring traditional entrepreneurship or the hiring of new workers from various professions, but rather demands increased professionalism. It is a good opportunity for job creation and should be supported by governments to enhance self-employment and combat the informal economy.

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<sup>67</sup> Michelle Hentic-Giliberto. ,Op.cit,p.366.

To further activate and ensure the success of the system, attention should be given to the following:

- **Financing**, This is a significant challenge for freelancers, as they must self-fund their projects. It is essential to facilitate access to investments or loans from financial or banking institutions.
- **Contractual Relationships**, The nature of the contract between the self-entrepreneur and the client or user can lead to legal issues, especially if the contract is repeated multiple times with a defined monthly wage. This raises questions about the legal relationship, including rights and obligations, which need clarification from Algerian legislators before such disputes are brought to court.

**Awareness Campaigns**: Finally, it is crucial to promote this system, highlighting its advantages and simplicity to encourage freelancers to adopt it.

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