

Social security for expatriates in Algeria

Received: 31/05/2022

Accepted: 28/06/2022

Abdallah Boukrouh^{*}, university of Algiers 3, Algeria.
Abdallah.boukrouh2018@gmail.com

Abstract :

Since the end of the 1990s, issues related to international migration, and more particularly to the international mobility of highly-qualified workers, the increasing of the international movements that have been taking place Following the Algerian economy transformation to the market economy.

Algeria such as all countries has many foreign workers called expatriates and they need to social security benefits, this paper shows the Algerian system for social security for expatriates, and other issues about recruitment, entry, exit repatriation of salaries for the expatriates.

Keywords: expatriates, social security, international, repatriation.

Jel Classification Codes: J61, F22

^{*} Author correspondents

1. INTRODUCTION:

The social protection system of any country reflects its economic and social development. It was often the direct outcome of the relation of power and conflict between the various actors in the economic, social and political life. expatriate salaried workers are subject to Algerian legislation and their employers make deductions at source as they would for Algerian salaried workers. The social security system in Algeria is governed by a great number of legal texts. This system is compulsory in nature and gives social security funds special powers and privileges with regard to civil law.

Treaties have been signed with certain countries such as Belgium, Tunisia, Romania and France. These treaties enable seconded workers to remain affiliated to the social security fund that was covering them, for a period of time strictly defined by the treaties.

So how are the expatriates' social affairs treated in Algeria? What are their benefits? are all nationalities the same?

The Objectif of the study:

This study aims to show the most important information and aspects about the social security for expatriates in Algeria and other preoccupations for them.

The importance of the study:

This study is important for all researchers, companies and countries want to send their workers to Algeria as expatriates, to show them the procedures and treaties for social security and salary transfer.

1. The Status of the Expatriate

The Status of the Expatriate is explained in the law dated 25 June 2008 has been published aimed at defining the conditions for entry, stay and movement of foreigners in Algeria, subject to international conventions or agreements of reciprocity.

All individuals with a nationality that is not Algerian, or without nationality, are considered foreigners. They must, with regard to their stay, possess a valid travel document and a valid visa, and where appropriate, administrative authorizations.

The minimum period of validity required for the above-mentioned travel document is six (6) months.

A foreigner must leave the Algerian territory upon the expiration of the validity of his visa or resident card, or the legal duration of the authorized stay on Algerian territory.

The foreign resident must return the residence card to the wilaya that issued it.

- **Conditions of Entry and Exit of Foreigners**

Subject to international agreements ratified by Algeria on refugees and stateless persons, all foreigners arriving

on Algerian territory are required to report to the competent authorities responsible for border control, with a passport issued by the State of his nationality or any other valid document recognized by the Algerian state as a valid travel document and accompanied, where appropriate, by the required visa issued by the competent authorities and a record of health in accordance with international regulations.

The maximum validity of a visa granting authorization to enter Algerian territory is two (02) years. The maximum stay allowed at each entrance in Algerian territory is ninety (90) days.

- *Conditions of stay for non-residents*

Foreigners in transit through Algerian territory or staying for a period not exceeding ninety (90) days, with no intention to establish residence or to exercise a professional activity or employment are considered non-residents.

The following benefit from visa exemptions:

1 – Foreigners on board vessels calling at a port in Algeria;

2 – Foreign seamen on leave in the service of a ship calling at a port in Algeria in accordance with maritime conventions ratified by Algeria;

3 – Foreigners in transit through Algerian territory by air;

4 – Foreign crew members of an aircraft calling at an airport in Algeria;

5 – Foreigners qualifying for the provisions of international conventions or agreements of reciprocity in the matter.

A transit visa for a maximum of seven (7) days may be issued to foreigners transiting through Algerian territory, holding a visa for the country of destination and providing proof of sufficient means of subsistence for the duration of their transit.

2. Expatriate Recruitment Conditions

In the private economic sector

The employer may hire foreign workers if there are no skilled Algerian workers of the same level.

In principle, only foreign workers at the level of technician can be hired. However, workers from countries that have concluded treaties with Algeria and those enjoying the status of political refugee can work in Algeria. However, there are exceptions linked to the nature of the activities.

In order to work and reside in Algeria, the foreign worker must obtain a permit or a temporary work authorization and a resident card.

The duration of the work permit is two (02) years with the possibility of renewal. Application for residence cards must be sent to the police station with territorial jurisdiction and must be accompanied with copies of the passport, the work contract, the accommodation certificate, as well as photos and revenue stamps. The

duration of the residence card will be that of the work contract.

When the contract is terminated, the employer is required to inform the competent national employment authorities within 48 hours. The employer is also required to make a list of the names of his foreign employees in the first quarter of each year.

In the public service sector

National and local public services may hire foreign employees on a contractual basis. These employees are essentially high-level teachers and instructors. The initial contract is for a maximum of 2 years and may be renewed several times for a maximum of one year at a time.

3. Repatriation of Salaries

The foreign worker who wishes to have the right to have his salary transferred must hold a work permit or have a temporary work authorization and a duly executed work contract accompanied, as the case may be, by a visa of the General Directorate of the Civil Service and/or the Ministry in Charge of Labour.

The salary, divided into a transferable part and a part payable in Algerian dinars, is freely negotiated and established by a contract between the employer and the foreign worker.

The same possibility is also offered to workers who are not subject to the obligation to have a work permit and who hold a declaration receipt that are the directors of the

company in the case of a limited liability company (LLC) or the Chairmen of the Board in the case of a joint stock company (JSC).

The transfer of part of salary is made through a bank or financial institution, approved intermediary, or the centre for postal checks at which the file should be domiciled.

The foreign worker must complete a dossier containing the following (among other things):

- A transfer request compliant with the standard model provided by the bank by a foreign worker, duly endorsed (approved) by his employer;

- A copy of the employment contract compliant with the original;

- A copy of the original work permit or authorization for temporary employment issued by the competent authorities or the receipt of statement for foreign workers are not subject to requirements of work permit;

- A standard form detailing the transferable and non-transferable shares of wages. The transfer request is made by the employee and covered by his employer, according to a regulatory model. The transfer can occur from any post office or accredited bank.

Under Article 182b of the CID, transfers in any capacity whatsoever, of funds to non-resident individuals or legal entities must be declared prior to the regional tax authorities. Remittances are, as such, subject to this requirement.

Algerian tax residents who derive personal income in addition to their remuneration must file an annual tax return (G1) by 30 April of each year.

Table 1. Double tax treaties

Double Tax Relief and Tax Treaties

Algeria has entered into double tax treaties with the following jurisdictions.

Austria	France	Portugal
Bahrain	Germany	Qatar
Belgium	Indonesia	Saudi Arabia
Bosnia and Herzegovina	Iran	South Africa
Bulgaria	Italy	Spain
Canada	Korea (South)	Switzerland
China	Kuwait	Turkey
Egypt	Lebanon	United Arab Emirates
	Oman	

Source: Payroll & Tax Highlights
2020 Global Payroll Country Guide for Algeria,
info@mercans.com

4. Transfers of Salaries Received by Foreign Workers in Algeria

Article 1: In pursuance of Articles 37 and 42 of Regulation 07-95 of December 23rd, 1995 amending and replacing Regulation 92-04 of March 22nd, 1992 relating to the exchange control, the object of this Instruction is to set up the conditions of transfer of salaries received by foreign workers in Algeria.

Article 2: Subject to the Legislation and Regulation relating to the conditions of foreigners' recruitment and employment in Algeria, foreign workers recruited by Governments and economic agents organized and existing under the Law of Algeria shall be authorized to transfer a portion of their salary within the conditions set up hereinafter.

Article 3: The salary divided into transferable portion and payable portion in Algerian dinars shall contractually be agreed by the employer and the foreign worker.

Article 4: The transfer of the portion of salary as provided in Article 3 shall be carried out by any Bank or Financial Institution, authorized intermediary or giro cheque centre counter at which the file mentioned in Article 7 hereinafter shall be domiciled.

Article 5: The provisions of this Instruction shall only be applicable to foreign workers holders of work permit or a temporary work authorization and a work contract duly drawn up and stamped by the visa of the General Department of the Civil Service or the Ministry of employment, as the case may be.

These provisions shall be equally applicable to foreign workers who shall not be submitted to the obligation of work permit, holders of a receipt statement.

Article 6: The following shall not benefit from by the provisions of this Instruction:

- Foreign workers governed by an agreement concluded between the Foreign Government or an International

Organization and submitted to particular rules of transfer stipulated in said agreement.

The personnel hired is subject to the supervision of Algerian authorities in the exercise of their functions and may not take part in political activities. They benefit from the same rights and are subject to the same obligations as their Algerian colleagues.

5. Social Security for Expatriates

Outside of treaties, expatriate salaried workers are subject to Algerian legislation and their employers make deductions at source as they would for Algerian salaried workers. Treaties have been signed with certain countries such as Belgium, Tunisia, Romania and France. These treaties enable seconded workers to remain affiliated to the social security fund that was covering them, for a period of time strictly defined by the treaties.

Table 2. Social security contributions and taxes

Sectors	Share of the employer	Share of the employee	Total
Social security	12,5%	1.5%	14%
Industrial accidents and illnesses	1,25%	-	1,25%
Retirement	10,5%	6,75%	17,25%
Unemployment insurance	1	0,5%	1,5%
Early retirement	0,25%	0,25%	0,5%
Promotion of social housing (FNPOS)	0,5%	-	0,5%
Total	26%	9%	35%

Source: guide to investing in Algeria -2011
(Updated in march 2011) KPMG Algeria

In the case of France, expatriate workers remain affiliated to the social security fund that was covering them before they were seconded, for up to 3 years. Social security dues of the French workers are channelled to the French fund.

A certificate is issued by the original fund to justify the non-payment to Algeria's social security fund.

Although social security obligations can be one of the most significant contributions that employers will pay if they decide to send an employee on an international assignment, social security may also be one of the most overlooked aspects of the compensation package. The major social security issues that concern both employer and the employee going abroad are the following:

- Whether contributions to social security plans will be required in the home country, host country, or both.
- Whether the international assignment will result in the employee losing any benefit entitlements.

If the assignee is required to contribute toward social security in more than one country or must contribute a larger amount overall than if he or she had stayed in the home country, the employer will need to consider whether to cover these additional costs on behalf of the employee. Going beyond the contribution dilemma, the employer will also have to determine how to deal with the situation should the expatriate stand to lose any benefit entitlements as a result of the international assignment.

Although these considerations are challenging for the employer, it is important to realize that a number of

multi-lateral agreements or bilateral agreements (social security treaties between two countries) currently exist to help address concerns related to contributions and benefit entitlements –by that making the employer’s task easier.

CONCLUSION

The Algerian social security system like all countries in the world takes care for the foreign workers from all nationalities and with the same benefits for the residents.

There are treaties between Algeria and some countries which provide more advantages for their expatriates, with the right for salary repatriation to their homeland.

Bibliography List:

- 1- Dr. Ammar Jaffal (2012) , “The Social Protection System”, Director of the Research Laboratory for the Maghreb Studies - University of Algiers 3
- 2- Minister’s statements in the daily papers dating 30/03/2011. In fact, that process went well with a high national coverage yet, it has faltered since 2013.
- 3- Laws issued by the Orientation Institute for instance that number 83-11 issued on 07/02/1983 related to social insurances ,amended and supplemented . The 83-12 law on retirement amended and supplemented . The 83-13 on job accidents and illnesses amended and supplemented . The 83-14 law on social solidarity subscriptions amended and supplemented .
- 4- Previous Data from National Retirement Center(Centre National de Retraite = CNR) website.
- 5- See official newspaper Decree No : 83-617 dated 31 October 1983 on government and party executives’ retirement pensions.
- 6- - Ghania Graba, the place of health system in social protection, in a transitional situation: the Algerian case, in the State and Social Protection, action of the international forum organized by LEAPPA, Alger University 3, dated 11-12 October 2012, Ps 288-301.
- 7- Kpmg Algeria Guide To Investing In Algeria 2011 Edition -2011 (updated in march 2011)

- 8- Payroll & Tax Highlights 2020 Global Payroll Country Guide for Algeria
- 9- Instruction 02-98 Of May 21st, 1998 Relating To The Transfer Of Salaries Received By Foreign Workers In Algeria