

Changes to Emiratisation in the UAE

October 2016

In brief

The UAE Ministry of Human Resources and Emiratisation (MOHRE) has issued amendments to the existing Emiratisation framework that are expected to come into effect on 1 Jan 2017. The policies are aimed at improving the representation of UAE nationals in the private sector, specifically, in the fields of “data processing” and “health and safety”. Policies pertaining to entity classification, in terms of the number of UAE nationals that they employ, have also been amended, with companies now having increased incentives to work towards improving their Emiratisation.

In detail

The Ministry of Human Resources and Emiratisation (MOHRE) has amended its existing Emiratisation framework in the UAE. The changes, expected to come into effect from 1 January 2017, are aimed at bolstering the representation of UAE nationals in the private sector.

The below summarises the key changes brought forth by the MOHRE:

Requirement for two Emirati data processing employees

Companies employing 1000 or more employees would be obligated to register themselves on the MOHRE’s online platform in order to obtain work permits for their employees. This system can only be accessed by UAE national employees and the resolution calls for at least two employees to be employed in such a position. Companies that fail to comply with this new resolution will lose their sponsorship privileges and

may also face other administrative/financial penalties.

Requirement for an Emirati Health and Safety officer

Establishments employing 500 or more employees and operating in the construction or industrial sectors will be required to employ a UAE national to oversee occupational health and safety matters.

Changes to Emiratisation classifications

Although the UAE already had a framework for classifying establishments on the basis of their Emiratisation percentages, Ministerial Resolution No. 740 further builds upon the criteria. The government provides incentives for entities to strictly observe their applicable Emiratisation requirements by allowing them more streamlined immigration processing, lower government fees (including an exemption from depositing bank guarantees) as well as other incentives. In addition, entities

with higher Emiratisation levels may be given preference in bids for contractual work with government or semi-government authorities. Entities with a lower Emiratisation “ranking” may not be subject to restrictions on their sponsorship privileges, however they will not have access to preferential treatment by the authorities. Category one is the highest ranking available while category three is the lowest. This resolution amends the classification structure by introducing additional sub-categories within category two in order to provide incentives to entities who endeavour to improve their rating and allowing them a grace period to improve their Emiratisation in the event of a dip. The requirements stipulated by the MOHRE vary from jurisdiction to jurisdiction, with entities located in the Emirate of Dubai, Abu Dhabi, Sharjah and Ajman being subject to slightly higher requirements.

The takeaway

The above mentioned Ministerial Resolutions aim to build upon the UAE's Emiratisation policies and organisations operating in the UAE should take this into account when making hiring decisions.

Although the implementation details pertaining to procedural requirements will be released at a later stage, the resolutions state a formal implementation date of 1 Jan 2017. Since Freezones do not fall under the direct purview of the MOHRE, we do not anticipate

a strict implementation of these policies for entities registered in UAE's Freezones, unless the Freezones in question decide to mirror these Emiratisation requirements.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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