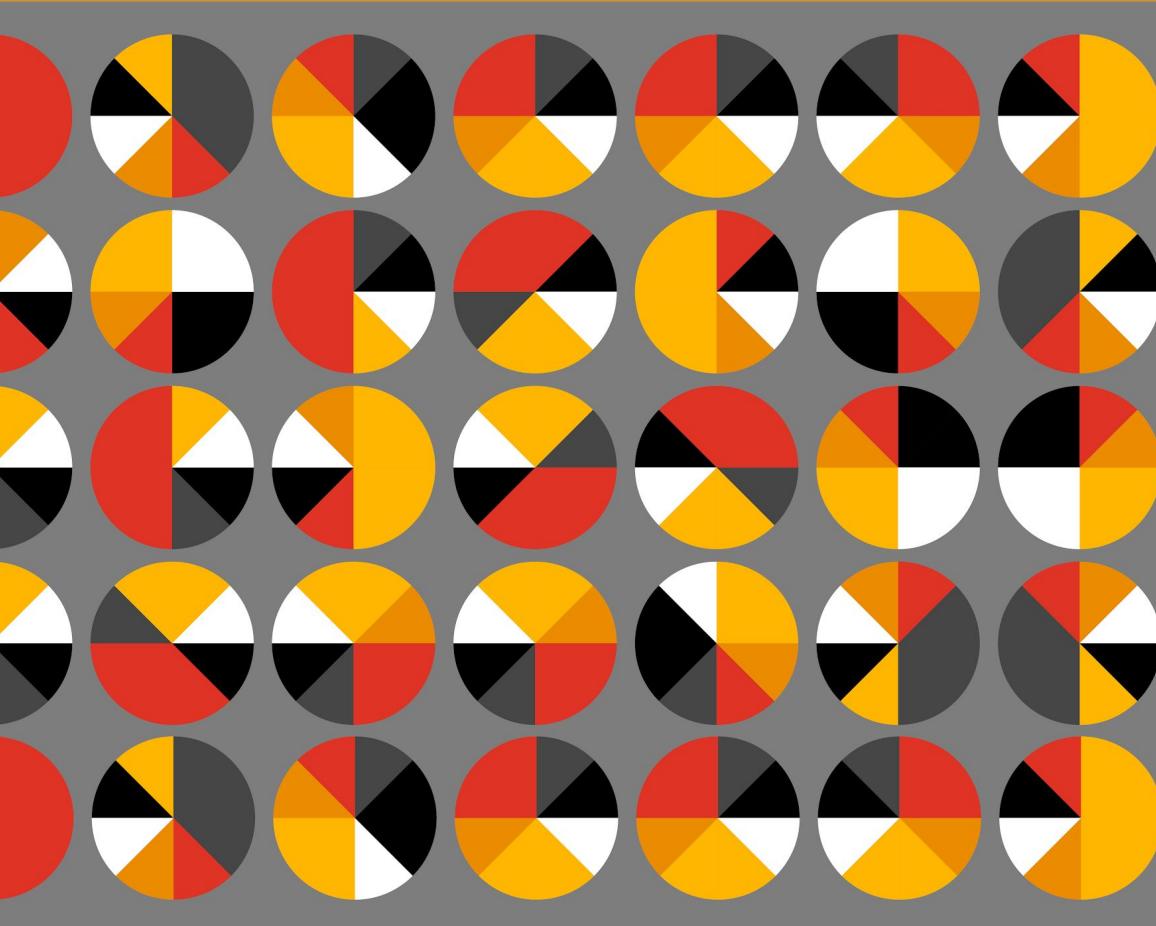


# GCC: Employment and Immigration law update

August 2019



## In brief

The GCC employment and immigration regimes continue to be subject to increasing changes and developments. Against the current global economic climate, the GCC governments are keen on facilitating long-term and sustained foreign direct investment and economic activity whilst preserving the ultimate rights and protections of the local population. In this alert, we highlight the key employment and immigration developments across the GCC.

## In detail

### United Arab Emirates (UAE)

Key developments in the UAE include the following:

- The revised version of the DIFC Employment Law will come into force on 28 August 2019 and replaces, in its entirety, the existing DIFC employment law framework. As we [reported in June 2019](#), the changes substantially alter the existing regime including introducing enhanced anti-discrimination provisions, expanded categories of individuals falling within the scope and application of the new DIFC Employment Law, paternity leave provisions and reduced sick pay rights. **Anir Chatterji, Leader of PwC's Middle East Immigration and Employment Practice, spoke to Thomson Reuters Zawya and said: "The changes to the DIFC Employment Law have finely balanced the rights of both employers and employees alike and have sought to ensure further legal certainty and clarity, enhanced benefits and protections as well as refine the law to cater to complex employment arrangements and working models."**
- The DIFC Authority is also set to shortly enact legislation codifying and regulating the proposed new mandatory employee workplace savings scheme. As we initially [reported in June 2019](#) and subsequently in [July 2019](#), this new savings scheme is intended to replace wholesale the end-of-service gratuity regime and provide a more secure and effective means of employee retirement in the DIFC.
- Effective 15 July 2019, tourist visa fees for children under the age of 18 who are travelling to the UAE accompanied by their parents will be waived. Last year, the UAE Government announced the waiver of tourist visa fees for children under the age of 18 during the summer months (being July 15 to September 15) every year. This new waiver applies to children of the qualifying age and who are accompanied by one of their parents coming to the UAE on a tourist visa, irrespective of the validity of the visa (that is, whether short-term or long-term).

- The Ministry of Human Resources and Emiratisation (**MOHRE**) has announced wide-scale reductions to various employment permits, including a new lower AED 100 fee (previously AED 200) for work permits, work permits for those sponsored by their parents and work permit amendments; and a new lower AED 50 fee (previously AED 100) for various other permits including mission work permits, temporary work permits and training permits.
- The UAE has begun to implement and enforce the revised sponsorship rules which reframe the dependent sponsorship eligibility regime from a profession-based model to an income-based model, thereby permitting lower-skilled workers to benefit from dependent sponsorship. Generally, in order to sponsor dependents, expatriates must earn a monthly salary of either AED 4,000 (if the employer does not provide accommodation) or AED 3,000 (if the employer provides accommodation). Health insurance must be procured and maintained by the sponsor for each of his/her sponsored dependents and ensure that the provision of accommodation meets applicable UAE law standards.
- Effective 28 July 2019, it is now possible for males under UAE family sponsorship (e.g. husbands under their wives sponsorship or fathers under their children's sponsorship) to be granted work permits in order to work in the UAE whilst retaining such family sponsorship. Previously, males under family sponsorship were prevented from securing work permits (unlike females under similar sponsorship arrangements) and needed to be employed and sponsored directly by a company in the UAE in order to lawfully and validly work.
- The General Directorate of Residency and Foreigners' Affairs has clarified that the so-called permanent "Golden Card Scheme" which received widespread (and conflicting) media coverage is not in fact a separate residency category for expatriates but is instead a reference to the long-term (but not permanent) residency visas available for qualifying highly skilled professionals and specialised talents. Further details of the eligibility criteria for such long-term residency visa options are contained in our report in [June 2019](#).
- Nationals of the Republic of Congo are eligible for a short-term multiple-entry visitor visa-on-arrival in the UAE. The visa is stamped at the port of entry free of charge and will allow such nationals a maximum stay of up to 30 days for tourism or light business activities (as allowed in the UAE), with the possibility of a one-time in-country extension.
- Finally, as we had first reported in our [April 2019 update](#), a labour market test is built into the UAE Labour Law and mandates employment being an inherent right of Emirati nationals, followed by Arab nationals and thereafter, other nationalities. Initially, the MOHRE began enforcing this labour market test on a graduated basis across targeted industry sectors and based upon employer size. Now the requirement has expanded to all companies and of all sizes, resulting in delays in obtaining work permit approvals for foreign workers. Companies will need to factor such delays into their overall recruitment processes. The MOHRE has also introduced an alternate labour market testing process, which can be used instead of the online portal registration process (the **Tawteen Gate**) currently in place. The new process requires employers to attend an Open Day appointment organised by the MOHRE which entails interviewing Emirati candidates for the open position; if a suitable candidate is found, the employer is expected to hire the candidate within five days of the interview. If the company cannot find a suitable Emirati candidate, it can extend a job offer to a foreign national (but the company must justify its rejection of Emirati candidates).

## Kingdom of Saudi Arabia (KSA)

Key developments in the KSA include the following:

- The KSA Government has now officially launched the Premium Residency Card (**PRC**). There are specific qualifying conditions to the issuance of the PRC including the foreign national proving sufficient financial resources (no amount is specified), a clean criminal record and that they are free from contagious diseases. Foreign nationals applying from KSA must hold legal status in KSA and settle all matters relating to their previous residence. Eligible foreign nationals may apply for one of two categories of the PRC at the following costs: (a) PRC for limited duration (up to one-year, renewable): SAR 100,000 (approximately USD 26,667) per year; or (b) PRC for unlimited duration: SAR 800,000 (approximately USD 213,334), paid once.

Foreign nationals who obtain a PRC must obtain and maintain valid medical insurance. The benefit of the PRC includes unrestricted travel in and out of the KSA without obtaining a separate visa (relevantly, PRC holders are not granted freedom of movement within the Gulf Cooperation Council (GCC) and must comply with the entry regulations of each GCC member state); sponsor residence and visitor visas for their spouses and immediate relatives and employment visas for domestic workers. Dependents of foreign nationals applying for PRC are exempt from government fees and from the dependents' levy introduced in the KSA in July 2017. Additionally, PRC holders and their dependents may work in private sector companies and can freely change jobs - however, they are restricted from working in positions that are reserved for KSA nationals.

- The Ministry of Labour and Social Development (**MLSD**) has announced plans to ban foreign nationals from working in several hospitality sector jobs. The proposed ban - which is expected to take effect in December of 2019 - will extend to hotels classified as three-stars and above, resorts, as well as hotel apartments rated four-stars and above. The specific positions earmarked for Saudization include Reservations, Purchasing, Marketing and Front Desk, Hotel Deputy Manager, Director and Assistant Director of Sales, Fitness Club Supervisor, Restaurant or Café Waiter, Tourism Enquiry Clerk, Executive Secretary and Administrative Coordinator. Exceptions include the role of Bellboy, Parking Valet, Driver and Doorman. In addition, such hotels must have at least one KSA national employed in a supervisor capacity role across the following lines of service: Food and Beverage, Room Service, Events and Laundry.
- The MLSD has also implemented a law requiring private sector employers to upload their employee's employment contracts to the General Organization for Social Insurance (**GOSI**) electronic portal. Employers must ensure that their employment contracts comply with MLSD regulations. Once employers upload an employee's contract, a text message will be sent to the employee's registered number in GOSI. The employee shall review all the details of his contract signed with the company electronically in order to accept or reject the contract. If the employee does not accept or reject the contract for a period of more than seven days, the contract will be authenticated automatically by the system.
- KSA national women over 21 years will be allowed to obtain passports and travel abroad without securing the permission of their guardians. In addition, the retirement age (60 years for a male worker and 55 years for a female) has been nullified and brought in line with the requirements of the social insurance regulation. It is unclear when these changes will become effective.

## Oman

Key developments in Oman include the following:

- The ban on foreign nationals working in specific sectors continues apace in Oman, as part of an increased and concerted effort to drive forward existing Omanisation policies and facilitate Omani national employment in the private sector workforce. Relevantly, the Ministry of Manpower has extended the existing suspension on work permits for foreign nationals in the following sectors:
  - (a) IT, Accounting and Finance, Sales and Marketing, Management and HR, Insurance, Media, Medical, Airports and Engineering from 5 August 2019 until 4 February 2020
  - (b) Carpentry, Aluminum and Metal Workshops and Concrete Block Factories from 3 July 2019 until 3 January 2020
  - (c) Sales and Procurement Representatives from 31 May 2019 until 30 November 2019; and
  - (d) Construction and Cleaning Services until 24 October 2019

## Bahrain

Key developments in Bahrain include the following:

- In Bahrain, the Nationality, Passports and Residence Affairs Authority has added nationals from Ukraine to the list of countries eligible for a visitor visa-on-arrival. In addition, nationals of Costa Rica, Honduras and Montenegro can now apply for a pre-approved visitor visa (that is, an e-visa) through an electronic portal before they arrive in Bahrain. Previously, nationals of these latter countries were required to apply for visitor visas at a Bahraini Embassy.
- In line with the other GCC countries, Bahrain is now set to implement the Wages Protection System (**WPS**) in September 2019 (date to be confirmed). The WPS will be implemented on a graduated basis, targeting firstly large companies (with 500 or more employees), followed by medium and small-sized companies and, lastly, domestic workers. Further information as to the dates of such phased implementation and the definition of medium/small-sized companies has not yet been announced.

## The takeaway

Despite being in the midst of the summer months, the pace of change in the fields of immigration and employment law across the GCC continues to intensify, with a number of the GCC countries adopting changes or amendments to their existing legal frameworks. All these developments form part of the GCC countries' continued visions for future growth, investment and sustained economic prosperity.

We will continue to monitor these changes and keep you up to date on any developments.

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## Let's talk

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

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