GCC Employment and Immigration law update

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Insights
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In brief

GCC immigration and employment laws remain a key driver for economic change and stimulus with various GCC countries having implemented or proposed key developments in this space. In this short overview, we outline the salient developments driving change to the immigration and employment laws in the GCC.

In detail

As we are now in the midst of the Holy Month of Ramadan, businesses should be mindful of the fact that the statutory reduction in working hours (see our Ramadan special alert for further details) may affect processing times for all immigration applications. Additionally, processing delays could continue in the weeks following the Holy Month of Ramadan due to the Eid-al-Fitr public holiday (for example the authorities in Saudi Arabia tend to have 10 working days off) and application backlogs that accumulate during the closures over such public holidays. These delays and early office closures will need to be factored by employers as part of their overall business planning during the Holy Month.

United Arab Emirates

As reported in our May 2019 alert, the DIFC Authority has proposed a new mandatory DIFC Employer Workplace Savings scheme ("Savings Scheme"), designed to replace the existing end-of-service gratuity ("Gratuity") regime. With effect from 1 January 2020, it is proposed that all DIFC entities will no longer accrue Gratuity and instead will be required to contribute to the Savings Scheme which the employer will have to fund on a monthly basis. The Scheme will be based in the DIFC and managed by trustees appointed by the DIFC. All DIFC employers and employees will be required to participate in the Savings Scheme unless an employer operates a qualifying system of their own.

Kingdom of Saudi Arabia (KSA)

The Consultative Assembly of the KSA has recently approved a draft law regulating the manner, circumstances and terms under which residence permits will be issued for highly-skilled and wealthy foreign nationals without, uniquely, the need for a sponsor or employer. The exact terms and circumstances under which this new residence permit will operate have yet to be issued. According to recent reports, it is envisaged that eligible foreign nationals will be able to obtain a residence permit for up to one-year (renewable) or for an unlimited period of time, with other qualifying conditions including proof of sufficient financial resources, a clear criminal record and medical fitness. It also appears that qualifying residence permit holders will be allowed to sponsor visitor visas for their relatives, employment visas for domestic workers, own property and travel without restrictions from and to the KSA, among other benefits.

Anir Chatterji, Leader of PwC's Middle East Immigration & Employment practice, recently spoke to Thomson Reuters Zawya about this new proposed residence permit and said: "It will largely be viewed as a positive step as it serves to incentivise further foreign investment into Saudi and a mechanism through which qualifying expatriates can build a business base in it. It all forms part of a wider GCC strategy to continue to incentivise expatriates to stay in the country and participate in business growth for longer. The GCC has historically been viewed as a temporary expatriate posting but over the years, this mindset has changed with long-term stays becoming increasingly more prevalent and customary".

Oman

Key developments in Oman

The Ministry of Manpower (the "Ministry") has further extended the existing six month ban (for the same period) on expatriate workers in the construction and cleaning sectors.

In addition, the Ministry further confirmed that the following professions will only be occupied by Omanis in the private sector: Assistant General Manager, Administration Director, Human Resources Director, Personnel Director, Training Director, Follow-up Director, Public Relations Director, Assistant Manager, all administrative and clerical duties. Those expatriates currently working in any of the aforementioned roles will be able to continue in such roles until the end of their current residency visas; they will not, however, be able to renew them.

These moves represent an increasing trend by the Ministry to curtail the historic expatriate dependency by employers in the private sector and increase the overall flow of Omani nationals into the private sector workforce.

Qatar

Key developments in Qatar

As part of the Qatar work and residence permit process, nationals from Pakistan, Bangladesh, Sri Lanka, India, Tunisia, Nepal, Indonesia and the Philippines (the "Designated Nationals") had to complete the post arrival immigration formalities (i.e. medical examination, biometrics, signing of employment contract and residence permit issuance) in Qatar. However, as per recent changes introduced in Qatar, the Designated Nationals have to complete their medical examination and biometrics at the Qatar Visa Centers in their respective countries before the Ministry of Labour in Qatar can issue them a work visa to enter Qatar and file for their residency permit. Currently, this process is applicable to all the Designated Nationals save for those nationals from Tunisia, Nepal, Indonesia and the Philippines who will soon (timing not yet confirmed) be subject to this new rule.

As reported in our October 2018 update, Qatar became the first of the GCC countries to propose permanent residency status to foreign nationals, subject to qualifying conditions. The Ministry of Interior is now officially accepting applications for permanent residency - of up-to 100 each year - with the new regime now fully in force.

In our October 2018 update, we reported on the Qatari government's introduction of a new law relaxing the exit permit requirement that has, historically, been imposed on foreign employees (covered by the Qatari federal labour law) as a mandatory pre-condition to exiting the country, whether on a temporary or permanent basis. This new law came into force on 28 October 2018. According to the head of the ILO's Project Office in Doha, this rule will be abolished for all categories of foreign nationals by the end of 2019. In the interim period, however, those individuals currently exempt from the remit of the Qatar Labour Law (i.e. Qatar Financial Centre and Qatar Science and Technology Park sponsored employees, domestic workers and dependents of Qatari nationals) still need to obtain an exit permit to leave Qatar (which requires the sponsor's permission) until the exit permit regime is abolished wholesale. This change to cover all categories of employees is a welcome development and will facilitate a more fluid and flexible workforce.

The takeaway

The pace of change in the field of immigration and employment law across the GCC has continued to intensify and looks set to remain a key facilitator for growth as the GCC economies drive forward their diversification agendas and visions for the short and longer-term.

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 might affect your business, please contact:

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