



Transformative Labour Laws in 2023

Sara Khoja and Sarit Thomas of Clyde & Co shed light on the legislative developments of the past year that have contributed to shaping the employment landscape in the UAE, KSA, and Qatar.

The year 2023 witnessed a myriad of transformative legislative developments in the employment landscapes of the United Arab Emirates (UAE), Kingdom of Saudi Arabia (KSA), and the State of Qatar. These changes reflect the commitment of governments in the region to enhance labour relations, promote nationalisation initiatives, and address emerging challenges in the workforce. This comprehensive recap will delve into the key legislative reforms in each country, emphasising their implications for employers, employees, and the overall business environment.



UNITED ARAB EMIRATES (UAE)
Ministerial Resolution No. 27/2023 - Extension of Employment Contract Deadline:

Ministerial Resolution No. 27 marked a pivotal shift by amending Article 68 of the UAE Labour Law. This resolution extended the deadline for converting unlimited term contracts to fixed-term contracts until December 31, 2023, providing businesses and employees with a transitional period to adjust to the new contractual framework.

Resolution No. 44/2023 - Emiratisation Violation Penalties:

Another significant development was the introduction of Resolution No. 44. This resolution introduced additional fines for entities breaching Emiratisation requirements, particularly those attempting to circumvent Emiratisation quotas. The fines vary based on the number of violations, ranging from AED100,000 for the first offense to AED500,000 for the third and subsequent violations.

Ministerial Resolution No. 296/2023 - Administrative Fines Criteria:

June 2023 brought about Resolution No. 296, establishing criteria for imposing administrative fines in line with Cabinet Resolution No. 95 of 2022. This resolution outlines various violations and corresponding fines, with penalties increasing with the recurrence of violations,

emphasising the importance of compliance with labour laws and regulations.

Ministerial Decision No. 240/2023 - Employment Contract for Studying Citizens:

May 2023 saw the introduction of Ministerial Decision No. 240, facilitating Emirati students' engagement in paid employment while enrolled in approved study programs. This initiative aims to bridge the gap between education and practical work experience, aligning with the broader goal of promoting Emiratisation in the private sector.

Ministerial Resolution No. 455 of 2023 - Emiratisation Targets for Small Establishments:

Resolution No. 455 mandates Emiratisation targets for small establishments (20-49 employees across 14 key sectors) from 2024, imposing substantial fines for non-compliance. Violating establishments must pay contributions, starting at AED96,000 in 2025 and AED108,000 in 2026 if no citizen employee is appointed in the preceding year. Failure to meet these obligations may result in severe consequences, including restrictions on work permit renewals, no new work permits, inspections, and additional fines, aligning with Ministerial Resolution No. 279 of 2022.

Ministerial Decision No. 604/2022 - Unemployment Insurance Scheme:

Recognising the evolving nature of the workforce, Ministerial Decision No. 604 extended the deadline for Unemployment Insurance Scheme registration until September 2023, allowing businesses and employees extra time for enrolment. Failure to subscribe to the scheme after the specified period incurs a fine of AED400. If insurance premiums remain unpaid for over three months, the Insurance Certificate is revoked, accompanied by a AED200 fine. Workers must pay fines, and if overdue for three months, deductions occur via the Wage Protection System or from end-of-service gratuity.



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Ministerial Decision No. 496/2023 - Worker's Entitlements in the Event of Death:

July 2023 witnessed the issuance of Ministerial Decision No. 496, bringing clarity to the steps and obligations employers are expected to take when faced with the unfortunate event of a deceased employee. Employers are now required to cancel the work permit of a deceased employee through the Ministry of Human Resources and Emiratisation channels and make timely payments of the entitled benefits to the concerned family members.

Federal Law No. 20/2023 - Amendments to Labour Relations Regulation:

Federal Law No. 20/2023 marked a significant update to the framework for resolving employment disputes, amending Article 54 of Federal Law No. 33/2021. Notably, the amended article introduced a streamlined process for claims valued at AED50,000 or less, offering a more accessible and efficient resolution mechanism.

Changes to the UAE Pension and Social Insurance Framework:

A comprehensive overhaul of the UAE's pension and social insurance framework occurred in 2023, including changes to minimum monthly contribution rates for both newly registered and previously registered Emirati employees. The adjustments reflect a nuanced approach to pension contributions, ensuring sustainability and adequacy.

Cabinet Resolution No. 96 of 2023 - Alternative System to End of Service Gratuity:

In October 2023, the UAE introduced Cabinet Resolution No. 96, presenting an optional alternative system to the traditional end-of-service gratuity. This optional scheme empowers employers to contribute to employees' savings accounts, fostering a more flexible and employee-centric approach to end-of-service benefits.

Law No. 34/2023 - Combating Discrimination, Hatred, and Extremism:

Effective from October 29, 2023, Law No. 34 replaced Law No. 2/2015, introducing significant enhancements to combat discrimination, hatred, and extremism. Notable changes include an expanded

definition of extremism, measures against individuals engaged in extremist activities, and the authorisation of the Council of Ministers to identify and list individuals or organisations deemed as extremists threatening the State. The law also amends penalties for offenses and outlines various acts, such as blasphemy and disrespect to religions, specifying personal penalties, including imprisonment and fines of varying durations and amounts based on the nature of the offense. Additionally, the law criminalises acts causing discrimination, provoking hate speech, inciting tribal strife, and exploiting religion, prescribing imprisonment and fines for such violations. Companies should be aware that the law holds representatives, managers, or agents of juristic personalities accountable for offenses committed by employees, subject to similar penalties if awareness is proven, with joint responsibility for financial penalties or compensations.

Law No. 10/2023 – New Mental Health Law:

Published in November 2023 and set to take effect around May 30, 2024, Law No. 10/2023 represents a significant shift in mental health legislation. It focuses on nurturing relationships, ensuring the rights of those dealing with mental disorders, and mitigating the impact of such conditions on individuals, families, and the community. Defining psychopaths as individuals diagnosed with a Mental Disorder, the law emphasises the broad spectrum of mental health conditions. Article 9 stands out, safeguarding psychopaths' general rights, notably protecting them from unwarranted employment restrictions or termination without a validated report from the Competent Medical Committee. Confidentiality provisions under paragraph 9 further fortify the protection of psychopaths' privacy.



KINGDOM OF SAUDI ARABIA (KSA)

Cabinet Decision No. 110 of 1445 - Rights of Persons with Disabilities:

This decision aimed at guaranteeing Persons with Disabilities equal access to various services, including employment opportunities without discrimination. Article 10 specifically underscores the right

of Persons with Disabilities to work and employment without discrimination.

Cabinet Decision No. 416 of 1444 - Inclusivity and Equality in the Workplace:

This decision endorses a national policy promoting equal opportunities and equal treatment in employment across both private and public sectors. The policy outlines a strategic ten-year phased implementation plan, focusing on non-discrimination regulations, impact measurement, and the enhancement of the participation of underrepresented groups in the labour market.

Online Service Certificate Facility:

In November 2023, the Ministry of Human Resources and Social Development introduced an online service certificate facility for employees within the private sector through its Qiwa electronic platform. This digital initiative streamlines administrative processes and enhances accessibility for both employers and employees.

Increase in Social Security Pension:

November 2023 brought an announcement from the Ministry of Human Resources and Social Development regarding an increase in the social security pension. The monthly pension rose to SAR1320 from SAR1100, a substantial 20 per cent increase. Additionally, pension payments for dependents also increased to SAR660 per eligible dependent.

Ministerial Decision No. 75913 of 1445H - Table of Violations and Penalties:

In May 2023, the Ministry of Human Resources and Social Development issued a new table of violations, significantly reducing fines for various labour violations. Some fines were slashed by more than 90 per cent compared to the 2021 labour penalties schedule, promoting compliance while providing relief to businesses.



STATE OF QATAR

Qatar Law No. 1 of 2022 - Retirement and Pensions:

In 2022, Qatar introduced a new Social Insurance Law effective from January 3, 2023. The law applies to all employers in the State of Qatar, including other non-state jurisdictions, employing Qatari (and other GCC) nationals in either

the public or private sector. This legislative move aims to provide comprehensive retirement and pension benefits to employees.

In conclusion, the year 2023 has left an indelible mark on the employment landscape of the United Arab Emirates, Kingdom of Saudi Arabia, and the State of Qatar. These legislative reforms not only address immediate challenges but also set the stage for a dynamic, resilient, and equitable workforce in the Gulf region. Employers and employees alike must stay abreast of these changes to navigate the evolving legal landscape and foster a thriving work environment that meets the needs of the ever-evolving workforce. [📖](#)



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