

iGlobal Law Annual Alert 2023: Saudi Arabia

Legal Change	Effective Date	Action required
<p>Founding Day national holiday</p> <p>The competent authorities announced that February 22nd will be an annual national holiday for all employees.</p>	<p>Immediate effect</p>	<p>Pursuant to the update, companies in the private sector are obliged to give their employees the additional annual public holiday.</p>
<p>Social Insurance Contributions</p> <p>The General Organization for Social Insurance has reduced the contributions of the employer and the employee in the SANED unemployment scheme from one percent to 0.75 percent of the wage.</p>	<p>January 1st 2022</p>	<p>Companies should ensure that the correct deductions are made from their employee's monthly wage.</p>
<p>Approval of online contract to count towards Saudisation quota</p> <p>Saudi nationals will only be included in the company's Nitaqat Saudisation quota with their knowledge and signature in the electronic contract. The employee must accept the contract within 7 days of receiving it or the contract will be automatically rejected and will need to be resubmitted.</p>	<p>Immediate effect on new contracts</p>	<p>Pursuant to the update, all companies must ensure new contracts are sent to and approved by the employee upon commencement of employment to ensure that the Saudi national counts towards the company's Saudisation quota.</p>
<p>Electronic Employment Contracts</p> <p>The Ministry of Human Resources ("MoHR") confirmed that all new employment contracts must be electronically approved and authenticated through the online Qiwa platform only.</p> <p>Employers were previously required to register the electronic employment contracts for their Saudi employees on the online Mudad platform, and for their non-Saudi employees on the Qiwa platform. This new development centralises and unifies the electronic authentication process for all electronic contracts under the Qiwa platform.</p> <p>All current authenticated electronic contracts from the Mudad platform will be transferred to the Qiwa platform so that all electronic contracts will be managed through the Qiwa platform moving forward.</p>	<p>May 12th 2022</p>	<p>Companies must ensure that all new contracts for all employees are electronically authenticated and registered on the Qiwa portal to ensure that they are compliant with the requirement to authenticate electronic contracts for all employees and that it is done in a timely manner upon commencement of employment.</p> <p>As best practice, we would recommend that employers must ensure that the electronic contracts they issue to employees are aligned with the terms and conditions of their own standard company contracts, particularly if there are any key contractual provisions that employers will want to ensure can be relied upon in the event of a dispute. The electronic contracts on the Qiwa platform allow employers to include additional provisions to the standard terms of the contracts and employers will need to carefully consider which provisions to add to the electronic contracts to ensure their position is protected and that there are no discrepancies between their standard company contracts and the electronic contracts registered with the Qiwa platform.</p>

<p>Reporting absence / absconding from work</p> <p>The MoHR issued a circular with regard to the controls and regulations to register a notification of an employee's absence/absconding from work as well as to cancel the notification.</p> <p>The controls include conditions for registering any notification of absence from work after the expiry of the work permit, in addition to a number of controls to be taken into account when cancelling this notification.</p>	<p>With immediate effect.</p>	<p>If an employee is absent from work or has absconded, companies should ensure that they comply with the requirements under the circular.</p>
<p>Sick Leave whilst abroad</p> <p>The MoHR approved the Ministry of Health's SEHA platform to accept sick leave of employees from outside of KSA. If an employee is sick, they must obtain a sick leave report issued by an accredited health authority from outside of KSA. This report must be attested from the Saudi diplomatic mission in the respective country and then sent to the workplace. The company will then upload it to the SEHA platform.</p>	<p>Immediate effect from September 2022</p>	<p>When an employee submits a sick leave from outside of the Saudi Arabia, it should be considered towards the permitted sick leave days permitted to the employee. Companies must ensure it is attested by the Saudi diplomatic mission to be considered as effective.</p>
<p>Saudisation of customer service roles</p> <p>The MoHR have confirmed that companies who provide customer service roles as a main or supportive activity, or those who entrust other entities to serve as their customers through the means of communications, leadership and supervisory positions will be subject to 100% Saudisation.</p>	<p>December 17th 2022</p>	<p>Following the ministerial decision all companies must ensure that from the effective date of the decision, all the customer service roles are undertaken by Saudi nationals only, to ensure that the company is compliant and that no fines will be imposed for non-compliance.</p>
<p>Saudisation of consultancy roles</p> <p>The MoHR have confirmed that effective from April 6th 2023, specific roles within the consultancy profession will be subject to a Saudisation of 35 percent pursuant to Ministerial Decision no. 46968 dated October 11th 2022. This percentage will increase to 40 percent in the second phase, which will be effective from March 25th 2024. The specific professions include financial advisory specialist, business consulting specialist, project management managers, project management engineers and project management specialist.</p>	<p>The first phase will be effective as of the April 6th 2023.</p> <p>The second phase will be effective as of March 24th 2022.</p>	<p>Companies that undertake the specific commercial activities listed in the Ministerial Decision, will need to ensure that they comply with the required Saudisation percentage for the affected roles.</p>
<p>Regulating the work environment for security guards.</p> <p>The MoHR issued Ministerial Resolution no. 51013 on the October 18th 2022 which regulates the work standards for the security guards in the private sector. The implementation of this resolution will apply to all companies that employ security guards</p>	<p>April 16th 2023</p>	<p>Nothing at the moment but companies should ensure that they are compliant by the implementation date.</p>

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