

# Saudi Arabia: Ministerial Decision No. 1/5024

<b>Title</b>	Saudi Arabia: Ministerial Decision No. 1/5024
<b>Date of adoption</b>	9 October 2012
<b>Entry into force</b>	13 March 2013
<b>Text versions</b>	– <a href="#">Arabic</a>  <b>Source:</b> – <i>The Ministry of Labor – Kingdom of Saudi Arabia, accessed: 20 January 2014, <a href="http://portal.mol.gov.sa/ar/MinisterDecisions/Documents/D_4040_12_10_1432.pdf">http://portal.mol.gov.sa/ar/MinisterDecisions/Documents/D_4040_12_10_1432.pdf</a></i>
<b>Abstract</b>	
<p><i>Keywords: Saudi Arabia, Laws &amp; Regulations, Labour Market, Nationals &amp; Foreign Labor, Nationalisation Work Force</i></p> <p>Note: This decision applies to entities. The Saudi Ministry of Labour considers an establishment as consisting of a number of entities depending on the number of different activities it conducts. If, for example, an establishment conducts two different business activities such as transport and retail then it is considered to consist of two entities. <a href="#">[1]</a></p> <p>Without prejudice to the program for encouraging establishments to nationalize jobs “Nitaqat”, each entity which employs nine employees or less must employ at least one Saudi National. The Saudi National must be registered in the Social Insurances program and must not be included in another establishment’s nationalization percentage. The employer may be considered as an employee in the entity if s/he is not included in another entity’s nationalization percentage. Moreover, any of the partners in the company that owns the entity may be considered as an employee so long as s/he is registered with the Social Insurances program and is not included in another entity’s nationalization percentage (Art. 1).</p> <p>Entities that employ nine employees or less that comply with the above conditions are considered to be in the Green Zone and are subject to its rules in accordance with the Nitaqat Program (Art. 2).</p> <p>Entities that employ nine employees or less that fail to comply with the above conditions are considered to be in the Red Zone and are subject to its rules in accordance with the Nitaqat Program (Art. 3).</p> <p>For the purposes of this decision, the rules of Ministerial Decision No. 1/4624 dated 21/10/1433 H regulating the calculation of monthly wages and special categories in the Nitaqat Program shall apply (Art. 4).</p> <p>Entities that employ nine employees or less which are part of a consolidated entity in accordance with the Nitaqat Program are subject to its rules and are excluded from this decision (Art. 5).</p>	

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[\[1\]](#) Explanation obtained from the Human Resources Development Fund (HRDF), accessed 01 March 2014, <https://online.hrdf.org.sa/FAQ/faq.html>.