

UAE: Council of Ministers Resolution No. 19 of 2005 Amending Fee, Penalty and Bank Guarantee Regulations Enforced by the Ministry of Labour and Social Affairs

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Abstract

In accordance with this decision, firms in the UAE shall be classified into three categories based on their adherence to the requirements of Emiratisation and a multicultural work environment (Art. 2).

The fees and penalties applicable to a firm shall be based on the classification, which is defined in subsequent articles (Art. 3).

Art. 7 sets the percentage of national recruitments that shall be met by banks, insurance companies and trade sector firms employing 50 workers or more at 4%, 5%, and 2% respectively.

Art. 15 lists the cases in which the bank guarantee submitted by the employer may be liquidated by the Ministry of Labour and Social Affairs. These include paying for the employee's repatriation, paying any amounts due to the employee that the employer or his representative admits to owing, and cases where a ruling is issued by a UAE court in favour of fulfilling the employee's rights.

Art. 18 lists the amount of the bank guarantee to be paid by each firm according to its classification. Class A firms are exempt from submitting a bank guarantee, class B firms shall submit the equivalent of 3000 AED per worker if they employ 1 – 500 workers, plus a bank guarantee of 1000 AED for each additional worker (maximum limit of 3 million AED), class C shall submit a bank guarantee of 3000 AED per worker (maximum limit 5 million AED).