

UAE work permits: Company Classification, New Fees and Rules

Aisha Khokhar - Associate - Employment and Incentives
- Dubai Maze Tower

On 4 December 2017, the Ministry of Human Resources and Emiratization (formerly Ministry of Labour) (“**MOL**”) announced the implementation of a new Ministerial Resolution (No. 729 of 2017) which sets out a revised fee structure for issuing work permits to companies in respect of new employees that they wish to hire.

Under the new system, companies are classified in categories depending on the percentage of skilled employees they employ and the cultural diversity of the employees. This article looks at the different categories and the revised work permit fees which are now applicable.

Skilled/unskilled employees and cultural diversity

A skilled employee is one whose job requires an attested academic degree higher than a high school degree or equivalent. An unskilled employee is one whose job does not require an attested academic degree.

With regard to cultural diversity, as a starting point, the MOL has implemented a formula for calculating cultural diversity as follows: (Number of non-Pakistani, non-Indian and non-Bangladeshi employees / Total number of employees) * 100. Where the cultural diversity percentage is more than 50% (i.e. where non-Pakistani, non-Indian and non-Bangladeshi employees comprise more than 50% of the total employees in a company), then the MOL will consider the percentage of skilled employees in order to categorize the company (see the table below).

Company categories

Pursuant to the new Ministerial Resolution, companies are now categorized as set out in the table below. A company with a higher category can expect to pay lower fees for work permits issued through the MOL.

Class	Cultural diversity and skilled worker percentage requirements
Class 1	No minimum requirement for cultural diversity and skilled workers. Fishing boats owned by UAE nationals and small and medium establishments (subject to certain conditions to be determined by the MOL) fall under this class.
Class 2A	Companies with a cultural diversity percentage of more than 50% (i.e. where non-Pakistani, non-Indian and non-Bangladeshi employees constitute more than 50% of the total employees) AND where over 40% of the employees are skilled workers.
Class 2B	Companies with a cultural diversity percentage of more than 50% (i.e. where non-Pakistani, non-Indian and non-Bangladeshi employees constitute more than 50% of the total employees) AND where 10 – 40% of the employees are skilled workers. <i>N.B. Companies with 0 -3 employees fall under Class 2(B) regardless of cultural diversity or skilled worker percentages. Companies with 4 -10 employees and a cultural diversity percentage of more than 50% fall under Class 2(B) regardless of skilled worker percentages.</i>

Class 2C	Companies with cultural diversity percentage of more than 50% (i.e. where non-Pakistani, non-Indian and non-Bangladeshi employees constitute more than 50% of the total employees) AND where 5 -10% of the employees are skilled workers.
Class 2D	Companies with a cultural diversity percentage of less than 50% (i.e. where Pakistani, Indian and Bangladeshi employees constitute more than 50% of the total employees) AND/OR where less than 5% of employees are skilled workers. <i>N.B. Companies with 4 -10 employees who do not have a cultural diversity percentage of at least 50% also fall under this category regardless of the percentage of skilled workers.</i>
Class 3	Companies found to be in violation of certain duties (such as human trafficking, employing illegal employees, falsifying Emiratisation percentages etc) fall under Class 3.

Work permit fees for skilled/unskilled employees from inside/outside the country

The MOL has confirmed that all companies belonging to class 1 are not required to pay any work permit fees. At the other end of the spectrum, companies categorised as class 3 are required to pay a work permit fee of AED 5,000 for each skilled and unskilled employee (regardless of whether such employees are inside or outside the country).

In respect of companies falling under class 2, the following work permit fees are applicable (they differ according to whether the employee is skilled or unskilled and whether he or she is inside or outside the country):

Work Permit Fees For Skilled Employees

	Inside country (new work permit)	Outside county (new or renewal work permit)
Class 2A	AED 250	AED 500
Class 2B	AED 500	AED 1,000
Class 2C	AED 750	AED 1,500
Class 2D	AED 1,000	AED 2,000

Work Permit Fees For Unskilled Employees

	Inside country (new work permit)	Outside county (new or renewal work permit)
Class 2A	AED 500	AED 1,200
Class 2B	AED 1,000	AED 2,200
Class 2C	AED 1,250	AED 2,700
Class 2D	AED 1,500	AED 3,200

Conclusion

With the introduction of the revised fee structure for issuing work permits to companies depending on the percentage of skilled employees they employ and the cultural diversity of the employees, it demonstrates the government's ongoing commitment to see a much greater percentage of Emiratis working in the private sector and a more skilled and culturally diverse workforce overall. In addition, it is clear that the

UAE government is still seeking new methods of instilling discipline in the UAE business community, with regard to immigration and labour law compliance.

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