

## THE RECENT AMENDMENTS TO THE LABOUR LAW AND THEIR PRACTICAL CONSEQUENCES

His Highness the Amir Sheikh Tamim bin Hamad al-Thani issued a package of amendments and laws (Law No. (17) of 2020 regarding setting the minimum wage for labourers and domestic workers, and Decree-Law No. (18) of 2020 to amend some provisions of the Labour Law promulgated by Law No. (14) of 2004, and Decree-Law No. (19) of 2020 to amend some provisions of Law No. (21) of 2015 regarding the regulation of the entry, exit and residency of expatriates)

The State of Qatar also removed the amendments made to Law No. (21) of 2015 regarding the regulation of the entry, exit and residency of expatriates with all texts that required prior permission from the employer to change the employer. These amendments included all labourers regardless of their inclusion in the Labour Law, provided that the labourers notify the employer within a specific period and in accordance with the Ministry of Administrative Development, Labour and Social Affairs.

Without a doubt, these amendments and new procedures aim to make the State of Qatar more attractive to foreign investment, skills and professional competencies. Furthermore, as per reports from the United Nations in Geneva, these measures were acknowledged as a precedent in the Middle East

The present article shall address some of the most relevant amendments and their practical consequences.

In continuation with the above please be advised that the Qatari Labour Law has been amended in several critical points. The three most relevant laws operating to those changes are, as mentioned above:

- ◆ Law No. 17/2020 & Qatar Ministerial Decision No. 25/2020 Determining the minimum wage for workers and domestic workers.
- ◆ Decree-Law No. 18/2020 – Amending certain provisions of the Labour Law No 14/2004.

Decree-Law No 19/2020 & Qatar Ministerial Decision No. 51/2020 Amending certain provisions of the Law No 21/2015 related to Entry and Exit of Expatriates and their Residence.

## **I – Amendments to the Labour Law (Decree-Law No. 18/2020 – Amending certain provisions of Labour Law No 14/2004)**

### **Probation Period**

Important changes were made in relation to the probation period, namely by defining which requirements employees need to comply in order to terminate the employment contract within the probation period. The previous version of the Law, seemed to grant that right only to the employer but now it is perfectly clear that the employee may also terminate the contract during the probation period.

Pursuant to the new version of the article 39 of Labour Law:

*“The worker may terminate the employment contract within the probation period, provided he/she complies with the following:*

1. If the worker wishes to work for a new employer, he/she must notify his/her current employer in writing of his/her intent to terminate the employment contract at least one month before the date of termination. The new employer shall compensate the current employer a portion of the recruitment fees and the air ticket, if any, provided that the amount does not exceed the equivalent of two months of the worker’s basic wage.
2. If the worker wants to terminate the contract and leave the country, he/she must notify his/her employer in writing of his/her intent to terminate the employment contract, in accordance with the notice period agreed between the two parties, provided that such notice period does not exceed two months.”

As stated above, the practical consequences for the employees willing to terminate the employment contract within the probation period are different depending on if he/she will change employer or leaving the country. Naturally, leads to the question, what about the Employees that are not willing to work for another employer nor leave the country (e.g. family members of expatriates sponsored by the household).

Despite the law being silent about this, it is our opinion that in such circumstances, the employee must comply with the requirements established for the cases where he/she wishes to leave the country. In fact, most likely such individuals

are already in Qatar, which means that the recruitment fees are not relevant and the employer did not pay for an air ticket.

Regarding the termination within the probation period by the employer, the new version of the law increases the notice period up to one month. This is an important change since the previous version of the law mentioned a notice period of three days.

If any party fails to provide the notice period or part of it, then it shall be required to pay to the other party a compensation equivalent to the worker's basic wage for the notice period or its remaining part.

Furthermore, foreign Employees must bear in mind that if they leave Qatar without complying with the notice period mentioned in the Law, they shall not be granted a new work permit in the country for one year counted from the date he/she left the country (article 39 of the Labour Law).

## **Non-Compete Clause**

The non-compete clause was also amended in the recent labour law changes. We can say that the amendments introduced in article 43 of the Labour Law are beneficial to employees, as we will explain below.

According to the new version of the article 43, the non-compete clause must be included in the Employment Contract. Furthermore, the maximum non-compete time has been reduced to one year (before the duration of the non-compete obligation could be up to two years).

Additionally, the Qatari legislator, clarifies that the non-compete clause shall only be enforced to prevent an employee from competing with the former employer or engaging in a competitive business in the same economic sector. Lastly, the law now clarifies that the non-compete clause shall be null when the employee terminates the Employment Contract pursuant to article 51 or the Employer breaches the provisions of articles (61), both articles of the Labour Law.

The Ministry of Labour is treating the non-compete clause has a priority and therefore included in the law a mention stating that the Minister shall issue a decision on the regulation of non-compete clauses, which meant that updates on this topic are expected in the months ahead.

## Termination notice

Article (49) of the Labour Law has been amended significantly, in terms that will have a massive impact on Employers and Employees. The new version of this article declares as follows:

“After the end of the probation period, or if the contract does not include a probation period, either party may terminate the employment contract at any time without cause, in which case the party wishing to terminate the contract shall notify the other party in writing of their intent to terminate the employment contract in accordance with the notice period, as specified below:

- ◆ During the first two years of employment, the notice period shall be a month.
- ◆ After the first two years of employment, the notice period shall be two months.

Upon contract termination without observing such notice periods, the terminating party shall be under the obligation to pay the other party compensation in lieu of notice, equivalent to the worker’s basic wage for the notice period or the remaining part of the notice period.

*In all cases, if a foreign worker leaves the country without honouring the provisions set out in the present article, they shall not be granted a work permit in the country for one year as of the date of their departure.”*

The most crucial change is that this article seems to apply to all employment contracts, whether they are for a fixed term or for an unspecified period (open-ended). The previous law limited the termination under this article to open-ended employment contracts, which stated “If the employment contract is of an unspecified period, either party may terminate it without giving reasons”. Therefore, pursuant to the new version of the law, from now on employers and employees are allowed to terminate a fix term contract by providing notice to the other party as above mentioned. As long as the parties respect the notice period, they will not suffer any consequence for terminating the employment contract.

The notice period is dependent of the actual duration of the employment relationship, if it is of two years or less the notice period shall be of thirty (30) days, in the other cases (more than two years) shall be sixty (60) days.

Any party terminating the employment contract without observing the notice shall have to pay the other party a compensation equivalent to the worker's basic wage for the notice period or its remaining part. It is important to highlight that the compensation shall be calculated according to the basic wage, which means that the allowances shall not be considered or included in such compensation. Furthermore, the employees not complying with this article and leaving the country shall not be granted a new work permit in the country for one year counted from the date he/she left the country

## **Accommodation**

The recent amendment to the Labour Law, added article (106) bis, which determines that "All accommodation provided by the employer to the workers shall comply with the conditions and specification determined by a decision of the Minister". Presently, worker's accommodation conditions are determined under Qatar Ministerial Decision No. 18/2014, On the Determination of the Requirements and Specifications of Appropriate Accommodation for Workers. Pursuant to article (145) bis (also added by the new labour amendment), whoever violates articles 106 and 106 bis may face imprisonment for a period not exceeding one month and a fine from QAR 2,000 up to QAR 100,000.

## **II - Minimum wage for workers and domestic workers (Law No. 17/2020 & Qatar Ministerial Decision No. 25/2020)**

The establishment of a non-discriminatory minimum wage in Qatar is one of the most important milestones of the labour reform agenda. The minimum wage law applies to all workers regardless of their nationality and the sector in which they work and also to the domestic workers.

The law defines the minimum wage as: "The lowest total amount that labourers and domestic workers can receive by virtue of this law regardless of their tasks, earnings or skills levels."

Pursuant to article 2 of the Qatar Ministerial Decision No. 25/2020:

1. The minimum wage of workers or domestic workers is set at QAR 1,000 per month.
2. Whenever the employer does not provide adequate accommodation or food to the worker or domestic worker, the minimum accommodation allowance shall be set at QAR 500 per month, and the minimum food allowance at QAR 300 per month.



The provisions regarding the minimum wage shall enter in force in six months after its publication in the Official Gazette, which means mid of March 2021 (Qatar Ministerial Decision No. 25/2020 was published in the Official Gazette No. 15, issued on 20 September 2020).

Employers paying less than the minimum wage shall have to adjust the wages of their employees in order to comply with the current law. It is noteworthy mentioning that also the employees not receiving a fixed wage must at least get this minimum wage, as clearly determined under article 4 of the Law 17/2020.

The minimum wage determined now is also decisive to calculate the end of service benefits or overtime. From the moment the minimum wage law enters in force, such benefits shall be calculated according to the new minimum wage in relation to the employees receiving less than such an amount.

### **III – Transfer of employer procedures**

One of the most significant constraints to the free movement of workers in Qatar was the non-objection certificate required from the employer. In brief, the former version of the Law No. 21/2015 stipulated a restrict set of options for employees to change from an employer to another. The new version of the Entry, Exit and Residence of Expatriates Law, removed the obstacles completely and currently, an expatriate worker can change of employer freely just by complying with the simple procedures established by the Ministry of Administrative Development, Labour and Social Affairs.

To change of employer, an employee must comply with the following steps:

1. Notify the current employer through the Ministry of Administrative Development, Labour and Social Affairs (“MADLSA”) electronic system, pursuant to the rules established in article 49 of the Labour Law regarding notice period.
2. Submit a form to change employer through the MADLSA electronic system, attaching:
  - a. Copy of the contract with former/current employer, attested by the MADLSA;
  - b. Letter from the new employer drafted in Arabic, addressed to MADLSA confirming the hiring.

3. Once the employee receives an SMS from MADLSA confirming the change of employment, the new employer must fill the contract information through MADLSA's Digital Authentication System for a Multi-lingual Employment Contract. Once completed, the new employer will print the employment contract to be signed by both parties, and then will upload the signed copy with the other required documents on to the digital platform. Upon MADLSA's confirmation to the new employer that the employment contract has been authenticated, the new employer must pay the fees for contract authentication and print the authenticated employment contract, which will be automatically sent to the Ministry of Interior's programme for ID issuance purposes.
4. Finally, the new employer will log into the Ministry of Interior's Metrash services webpage to request a new Qatari ID card (QID) to the employee. The new employer will receive an approval for the new QID from the Ministry of Interior and afterwards the employee should receive the new QID and a valid health card from the new employer.

In regards to the above we believe that this Decree-Law is the crown jewel of the amendments, regarding the issue of changing the employer to the Ministry of Administrative Development, Labour and Social Affairs instead of the Ministry of Interior (passports), which is a strong step towards supporting human rights on an international level.

In light of facilitating the transition between employers, competition will increase, as the worker will have the opportunity to change his employer, and in turn the employer will benefit by obtaining skilled labour from the local market.

This was accompanied by very good procedures from the Ministry of Administrative Development, Labour and Social Affairs to change the employer electronically, which made it easier for workers or employers, and reduced the crowding and difficulties that were caused by the paperwork procedures.

In the end, we can only praise the positivity of such strong steps towards promoting the human rights system by amendments, guarantees and privileges in accordance with international standards for the protection of human rights, in order to achieve Qatar National Vision 2030.

