

Summary of the meeting devoted to the discussion on the Royal Decree, with the payment of a monthly compensation to the Saudi employees in the establishments affected by the repercussions of the Corona virus

On Saturday, 4/4/2020, an electronic meeting was held at the Riyadh Chamber of to talk about the Royal Decree for Saudi employees in private sector establishments affected by the current repercussions due to the spread of the new Corona virus (COVID-19), from Articles 8, 10 and 14 of the unemployment insurance system, so that the employer, instead of terminating the Saudi employee's contract, has the right to apply for social insurance by requesting a monthly compensation payment for his employees at 60% of the wage registered in social insurance for a period of three months, with a maximum of nine thousand riyals per month and a total value of nine billion riyals.

The support mechanism will be in accordance with the conditions stipulated in the Unemployment Insurance (SANED) System, for the establishments covered by the Royal Decree, according to the following:

- Support covers 100% of Saudis working in establishments that have (5) Saudi employees or less.
- Support reaches 70% of Saudis working in establishments where the number of Saudi employees exceeds (5) employees.
- The employer is exempted from the obligation to pay the monthly wages to the beneficiaries according to the Royal Decree.
- The establishment is not entitled to compel the employee to work during the compensation period.

The mechanism of the Royal Decree was explained by His Excellency the Undersecretary of the Ministry of Human Resources and Social Development for inspection and the work environment Mr. Sattam Al-Harbi, and His Excellency the Assistant Governor of the General organization for social insurance Mr. Nader Al-Wahaibi.

Businessmen and private sector inquiries:

1. How to apply for compensation payment?

The establishment progresses through its account at the Social Insurance Organization, where the service will be available from April 8, 2020. If the owner of the establishment is able to enter the service, this means that the initial conditions apply - either if he is not able to enter, a message will appear to him explaining why the service does not apply to him - after that a list of all Saudi employees present in the establishment will appear and the owner of the establishment will choose the employees to pay compensation to them.

After that, the subscriptions of the employees chosen in the social insurance will be suspended, and the employer will send a message on the mobile registered in "Absher" a statement that the subscription has been suspended to benefit from the compensation

provided due to the crisis, and another message for the employee to apply for registration in “Sanid”, if the beneficiary submitted to Sanid The employer will receive a notification message that the employee applied for Sanid.

2. What are the basic conditions for the establishment to apply for compensation for its Saudi employees?

- a. The establishment should be updated with its wages.
- b. The establishment paid employee wages for the first three months of 2020.
- c. The establishment should be present before January 1, 2020 AD.

3. When is the deadline for applying for compensation?

If applications are submitted before April 22, 2020 AD, he will enter into the manager’s account on May 1, and if he is late April 22, 2020 AD, he will be awarded a two-month salary in June.

4. Is the employer exempt from all of his obligations during the compensation period?

The employer is exempted from paying the contributions of the employees for whom compensation is paid, and the employer's commitment remains to pay the wages of 30% of the remaining Saudi employees, and non-Saudi employees, and the rest of the disbursement procedures will be followed up by the Ministry and the General organization for social insurance. So that what was spent for him is due, and if it is proven otherwise, the organization and the ministry will return to the employer to ask him to recover what was spent for him.

5. What is the support mechanism provided for expatriate employees?

The compensation offered does not include the expatriate employees, and the employer can negotiate with the expatriate employees - on condition of their approval - to reduce the wages according to the rule of matching the wages with the working hours according to the work system.

6. What is the support mechanism provided for (30%) of the remaining Saudi employees who are not covered by the compensation payment?

For Saudi employees (30%), the employer is obliged to pay their wages in full and a decision is being considered.

7. As for the employee who was chosen by the establishment to benefit from the compensation, does he have the option to agree or reject?

This is due to the employer in agreement with the employee, and if the employee refuses, the employer has the right to deal with him in accordance with Article (74) of the Labor Law, which requires him to allow the termination of the contract because the employee has rejected a benefit provided to him.

8. Can the employee who benefits from the compensation payment - which is supported by (60%) of the wage - be employed and does the establishment pay the remaining (40%)?

The Royal Decree explicitly stated that it is not permissible for the employee to commit the employee to any work during the period of compensation, either if the employee spontaneously, this is due to the agreement between the employee and the employer, but it is not permissible for him to work permanently.

9. How can a employee who wishes to work during the compensation payment period work while his contribution has been suspended?

The employee is not required to work during the compensation period, so this is due to the agreement between the two parties.

10. The employee may be surprised that the actual wage on the basis of which compensation was calculated 60%, so that some elements of the wage were not counted and the compensation did not include them, so what is the solution?

The remuneration on which the compensation will be calculated is the past 24 months (if that is available), and the employee has the right to claim before the competent authorities if the establishment is proven wrong in determining his actual remuneration for the determination of the matter.

11. Will Domains be affected by the suspension of subscriptions for subsidized insurance?

Domains will not be affected during the compensation disbursement period.

12. Is the employment contract suspended during the support period?

No, the provisions of the suspended work contract will not be applied, because this case is to confront an exceptional circumstance related to this crisis and regulated by the Royal Decree, and the work contract is valid and the labor relation is valid, but only the employer's responsibility to pay the wages during the compensation payment period, and the employer's right also lapses Requiring the employee to work.

13. If the wages are higher than nine thousand Saudi riyals, how to deal with that? Is the establishment obligated to cover the remainder until it reaches 60% of the wage?

The Royal Decree stipulated that the compensation be in accordance with the "Sanid" unemployment insurance system, and that the maximum limit is nine thousand riyals, and the establishment is not obligated to cover the remaining amount.

14. Is compensation for specific professions or does it include all professions in the private sector?

The Royal Decree did not specify certain professions, but stipulated that those who are entitled to exchange are the establishments affected by this crisis and unable to pay wages due to the precautionary measures taken, and a committee composed of several ministries has been assigned to determine the excluded activities based on the criteria stated in the Royal Decree, which is subject to permanent review.

15. How does the relevant committee determine the activities excluded from the compensation payment?

The committee determines the activities and establishments that are eligible for support, and which are not eligible for support, based on the information available to it from government agencies through three tracks:

- a. The first track: The application is accepted immediately.
- b. The second track: lack of clarity or insufficient information available, or some activities of the establishment are stalled and others are not stalled, so it is presented to the committee on a case by case basis.
- c. The third track: Cases that are rejected immediately, due to the obvious that they are excluded.

16. What are the activities excluded from the compensation payment?

Financial sector activities, communications and supermarkets. The Committee may make some exceptions and may be deleted as it has available information, as well as the existence of activities that are excluded, although not declared, such as the hotel's chartered for quarantine purposes, although the hotel sector is not excluded from the absence of the establishment.

17. Is the employee who is entitled to compensation compensated to benefit from "Sanid" later in the event that the establishment goes bankrupt, is fired, or his contract is terminated?

The employee who is entitled to compensation can benefit from "Sanid" for a period of 12 months within 24 months. If he fails to work during the current 24 months, he will complete the period due to him, meaning that the period in which the compensation was spent becomes 12 months.

18. As for Saudi employees outside Saudi Arabia who have not been able to return, do they deserve compensation?

"Sanid" requires that the employee be present in the Kingdom during the 60 days preceding the request for the benefit, but the organization will look at it to ensure that the employee was present and does the work and was not able to return to Mecca due to the precautionary measures.

19. As for the employee who benefited from "Sanid" for the entire period, and now he is an employee, can he benefit from "Sanid" again?

Yes, if he was a beneficiary 24 months ago, and if he benefited during the past 24 months, he would not benefit according to the provisions of the "Sanid" unemployed system.

20. Can the establishment amend the employees it nominated to pay compensation to them because some conditions did not apply to them?

Yes.

21. If the employee refuses to work due to fear of infection in the work environment?

If the establishment is one of the establishments authorized to work and operate according to the permitted percentage of 40%, the employee must obey the orders of the employer and abide by them, with the provision of health care and safety and security precautions confirmed by the Ministry of Health.

22. Is it necessary to obtain written consent from the employee to take advantage of the "Sanid" and disburse the compensation?

No, therefore the employee was asked to apply for Sanid and the employer was notified.

23. Will the compensation period - three months - be calculated from the subscription periods?

This period does not result in contributions, and therefore it is not calculated as subscription periods and it is not calculated as service periods.

24. If the employee was entered in his human resources fund before 7/1/2019, is he entitled to receive compensation?

The establishment's submission of the HRF support initiative does not deprive the employee of benefit from the payment of compensation from "Sanid", only that it is registered before January 1, 2020 AD, and there is no conflict between them.

26. Will the employer be notified of the amounts transferred to the employees?

No, but the employer will be notified that the employee applied to Sanid and accepted his application.

27. The employer is obliged to pay the salary of March of 2020?

Yes, the employer is obliged to pay the salary of the month of March, and starting from April 2020 AD, he will not be required to pay the salaries of (70%) of the Saudi employees, if the establishment is among the troubled establishments.

28. If the expatriate employee adheres to his legal and contractual right to which he is guaranteed to pay his full wages and refuses to negotiate a reduction in the wage, it will be embarrassing for the employer to pay the expatriate 100% and for the Saudis 60% of the actual wage, we hope that the ministry looks at the issue.

The employer may negotiate with the expatriate to reduce wages in exchange for his work hours, or to terminate the contract and deportation, and the Ministry is searching for an appropriate way to search for other solutions.

29. Does the support include charities?

Charities are not excluded and are therefore included in the support.

30. Will there be a contact center for the Ministry during the period to answer inquiries from the current directives or to raise awareness?

The Ministry begins by sending a number of explanatory messages addressed to employers and employees regarding aspects of the labor system and the labor relation with this decision

31. Does it include support for remote employees?

The support includes any Saudi who is registered in social insurance and who is engaged in activity affected by the crisis.

32. What is meant by the suspension period during the three months in which compensation is paid?

It means that the General Organization for Social Insurance will exclude the employee - not the establishment - from the insurance system, and therefore the employer will not be required to pay contributions during the compensation period, then the compensation will be paid to the subscriber and after the end of the period the employee will be re-registered by the organization and will not be registered retroactively, but rather be registered from The month following the last month in which compensation is paid.

33. In order to benefit from the support, the establishment must have paid the salaries of the last three months. What is the solution for the employee who does not benefit from the subsidy due to the failure to pay his establishment?

The business owner is pre-affected and the reasons for his stumbling did not arise due to the current crisis, and the support provided is devoted to non-performing establishments due to the consequences of the emerging Corona virus. As for the troubled institutions for other reasons, such as economic or administrative reasons, are other means of support.

34. Does an employee who has a commercial registry benefit from the support?

No, the Royal Decree stipulates that the benefit shall be in accordance with the provisions of the unemployment insurance system "Sanid" and, accordingly, whoever does business or owns an existing business will not benefit.

35. Can the business owner know from the employee who benefits from the payment of compensation before filing the application?

No, the mechanism will not be ready, so it is difficult to find the technology during the next four days, and the solution is that the employer communicates with the employee to ensure

that he did not benefit from "Sand" during the past 24 months for the entire period, and does not have a commercial activity, and that it was recorded in the insurance before January 1, 2020 AD.