

# COVID-19 and Labour Law: Saudi Arabia

## Federico Fusco\*

### Abstract

Saudi Arabia labour law was devoid of preexistent tools suitable to face the COVID-19 emergency. The legislator promptly reacted to the crisis, issuing a Sr 120 billion (USD 35.2 billion) stimulus package, with Sr 70 billion reserved to the private sector.

The strategy moves on two fronts: provide liquidity to companies (and workers) and avoid mass dismissals. The legislator implements the former goal mainly via a postponement of taxes and fees. For the latter, it introduced a temporary layoff scheme, in some cases supported by a public allowance up to the 60% of the wage.

On top of this, the government implemented several social distancing rules and strongly promoted the smart working.

**Keywords:** Covid-19; Labour Law; Temporary layoff; Remote work.

### 1. Introduction: the general measures

In the beginning of March 2020, Saudi Arabia registered the first cases of Covid-19. The authorities promptly reacted, putting in place increasingly stricter measure to stop the infection.

Initially, they limited international travels, revoking tourist visas, banning visitor from certain countries or asking for negative Covid-19 test before allowing passengers on planes. On March 7, the Kingdom closed all the lands borders (except for commercial trucks) and in the following days it did the same with the air and sea ones. Concurrently, it limited the movement within the country, even forbidding any type of transportation service for people. The areas with higher number of cases were progressively locked down and traveling among different regions or inside/out the major cities was banned.

As in other countries, the main response to the crisis was to enforce social distancing. Since March 16, authorities ordered the closure of public parks, beaches and public gathering areas (such as malls). Café and restaurants could keep working only for take away and without admitting costumers inside. Supermarkets were obliged to provide disposable gloves and hand sanitizers for the costumers, to check their temperature at the entrance and to sanitize shopping chats at every use. People should maintain a social distance of 2 meters. Stickers on the floor should indicate it in waiting areas, such as close to the counters.

---

\* Assistant Professor, PhD, Prince Mohammad bin Fahd University, College of Law, Saudi Arabia, ORCID <https://orcid.org/0000-0002-1724-4517>.

---

On March 23, it was imposed a 21 days, nationwide curfew from 7 pm to 6 am. This duration was progressively extended, arriving to impose a total lockdown. Only essential services could operate and the solely movement consisted in going for grocery shopping or to the pharmacy within the neighborhood. In some areas even those movements were banned and authorities were delivering essential goods door to door.

On April 26, in connection with the Ramadan, the curfew was lifted between 9 am and 5 pm. Shops and malls could reopen, with the exclusion of cafes, restaurants, barbers and other activities implying closer contact among people. This measure is only temporary and the total lockdown should restart on May 13.

## 2. The measures specifically addressed to the labour law

Among the labour law measures, the first consisted in fostering the smart work. On March 9, smart work became compulsory in the public sector (with some exceptions) and for the private employees with altered health conditions. On March 18, the obligation has been extended to the private sector (with some exceptions).

On March 24, the Minister of Finances announced a Sr 120 billion (Usd 35.2 billion) stimulus package, with Sr 70 billion reserved to private companies. The Saudi Social Development Bank added Sr 12 billion to support small enterprises and low income families.

The measures are very detailed and their analytic analysis falls outside the scope of this work. Thus, I will focus on the main trends and give a deeper insight of the most interesting aspects.

The two main guiding principles consist in granting liquidity to companies and employees and in avoiding dismissals.

The former goal is reached by postponing or temporarily suspending the payment of some taxes and fees. Under a labour law perspective, is worth to mention the ones imposed on (most of the) non-Saudi employees, especially the expat levy and the work visa fees. The former is a tax to be paid for each member of the expatriate's family member living in the Kingdom. The latter is the (consistent) cost to obtain a travel visa. Unlike other states, the visa is required also to leave the country and can be issued only with the consent of the employer. Thus, it is a basic element of every expatriate's employment contract. The stimulus package exempted the payment of the levy for 3 months and extended for the same time span the validity of the visas (or allows the reimbursement of the fee).

Concerning the self-employed, the ones active in the passenger transportation sector received a minimum salary from the state. In fact, operations in this sector were legally stopped on March 8.

Moving to the second main goal – avoid dismissals – Saudi labor law was devoid of a tool to tackle the crisis. Thus, the Government introduced a temporary modification of the requirements to benefit from the unemployment insurance (Saned). The amendments allow employers to suspend for three months the payment of wages, as well as the working activity. The employees will receive from the unemployment fund an allowance equal to the 60% of the lost wage, up to a maximum of Sr 9000 per month. This provision applies only to Saudi

---

employees in service since the beginning of 2020. It covers all companies with less than 5 workers and the 70% of the bigger ones.

Another option for the company consist in granting paid leaves, to be deducted from the annual amount. On the contrary, unpaid leaves require the consent of the employee.

Finally, specific attention deserves the possibility to reduce working time and wages. Under Saudi labor law such modification is not generally possible. At the beginning of April, the Ministry of Labour authorized it, but only with the consent of the employee.

However, one month later this rule changed and now employers can unilaterally reduce the employee's working time and wage of maximum 40%, for a period of 6 months.

In this time span, employers cannot terminate employment contracts. After it, terminations could have place only if the employer adopted the mentioned procedures to face the crisis and proving that he did not benefit from public support.

As a final remark it is worth to specify that the above mentioned measures are reserved to companies affected by the crisis. Thus, activities as – for instance – university lectures, should be excluded. In fact, teaching continued with virtual modalities and its suspension between different terms is a physiologic event, not linked to the pandemic.

Copyright © 2020 Federico Fusco. This article is released under a Creative Commons Attribution 4.0 International License