

The UAE authorities have announced a number of new visa and immigration reforms in recent weeks, which are expected to come into effect later this year. The changes deal with a number of the practical immigration issues that arise under the current laws. The changes also represent strategic economic decisions by the UAE authorities, aimed at stimulating the economy, attracting talent to the UAE and making it easier for expatriates to reside lawfully in the UAE. We outline the key changes and their implications below.

Visa Changes

The UAE authorities have announced a number of immigration reforms, including:

- The introduction of a new six-month residence visa for job seekers who have overstayed their visa but wish to work in the country, emphasizing a renewed focus on continuing to attract talented workers to the region. It is not clear from the decision whether an individual would be eligible to obtain a temporary visa of this nature where their residence visa is cancelled following the termination of their employment, as the decision only refers to job seekers who have overstayed their visa. However, if the visa is available in these circumstances, this will ease some of the difficulties faced by employees when they lose their job by allowing them further time to remain in the country to find alternative employment. Further, it may reduce the number of unmeritorious labour claims being filed; we often see employees bringing claims against their former employer as a way keep their residence visa open so that they can remain in the UAE to find another role.
- Granting nationals from countries at war or suffering from natural disasters one-year residence visas and exemptions from fines (regardless of their residence status at the time of making the application). The period for applying for the one-year residency will begin on 1 August 2018 and is anticipated to continue until 31 October 2018, as part of the UAE's initiatives to provide on-going support to people from war-torn countries.

- Allowing divorced or widowed women and their children residing in the UAE to apply for a one-year residence visa extension without having to be sponsored. This is a welcome change that will alleviate some of the practical issues expatriate women face when going through a divorce or dealing with the death of a spouse who is also their sponsor. This resolution will come into effect in the fourth quarter of 2018.
- Allowing a two-year extension of the residency period for students who are dependents of their parents on completion of their university studies in the UAE.

Amnesty

An amnesty for individuals currently residing in the UAE illegally is also expected to be announced by the UAE's Federal Authority for Identity and Nationality in the coming weeks. The initiative, called "Protect Yourself by Modifying Your Status", will grant individuals illegally residing in the country a grace period within which they can either leave the UAE without having to pay any fines or change their status. For those individuals who entered the UAE via an entry point that was not an official port, they will be permitted to leave the UAE, but will be banned from entering for two years. Employers should take this opportunity to conduct audits to ensure that all employees have the correct working permissions and, if not, take steps to correct the employees' status during the amnesty period. Following this period, it is likely that there will be a serious crackdown on illegal workers and residents in the UAE, as seen in other GCC countries following similar amnesty periods.

Abolishing Bank Guarantee System

In addition to the above welcome immigration reforms, the UAE government has introduced a new mandatory insurance scheme, which will replace the current bank guarantee system in an effort to reduce the financial burdens placed on employers in the UAE. Onshore private sector employers will no longer be required to provide expensive bank guarantees to obtain work permits and residence visas for their employees. Instead, the new insurance scheme will cost only AED 60 per worker per annum and will provide coverage of up to AED 20,000. The scheme aims to protect workers' entitlements – such as end of service gratuity, overtime and the right to a repatriation flight – in the event the employer does not pay out these benefits.

For some employers, particularly those with a largely unskilled workforce, the amount of capital tied up in bank guarantees is significant. Therefore, the changes are likely to reduce this financial burden and significantly improve cash flow. HH Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE announced via twitter that the changes “will release AED 14 billion back to private sector companies and will further lower the cost of doing business.”

It remains unclear whether employers will be required to obtain insurance for those employees, e.g. skilled workers, who are currently exempt from the obligation to provide a bank guarantee. Overall, though, the removal of this financial burden represents a positive change and further demonstrates the government’s support for and focus on enhancing business opportunities and growth for the private sector in the UAE.

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