

SOHAR FREEZONE LLC GUIDANCE NOTES ON LABOUR AND VISAS

Introduction

This is a guide for SOHAR Freezone working companies about the employment of Omanis and expatriates. Oman has a large available workforce and through legislation and enforcement the Omani government assures that appropriate “Omanization” levels are achieved.

Although for SOHAR Freezone the Omanization level is fixed at a minimum of 15% for the first ten years of operations, the regular process of labour approval and visa issuance still applies. Oman labour law (Royal Decree 35/2003) provides the legal framework for employment in Oman. The labour law can be found at http://www.manpower.gov.om/en/Law_home.asp and a copy is also available with SOHAR Freezone Authority.

Please note that Freezone working companies must process all relevant clearances and approvals, including their visas, through SOHAR Freezone One-Stop-Shop.

Summary of labour and visa processes

- Every contract issued by a Freezone working company with an Omani employee has to be registered with the Ministry of Manpower and the Social Security Authority through the One-Stop-Shop
- Before visas for expatriate staff can be obtained, the Ministry of Manpower must give a two-year labour clearance. The Freezone working company has to provide SOHAR Freezone One-Stop-Shop with an Omanization plan, a list of their expatriate staff with positions and genders, and the certified qualifications of any engineers
- On the basis of their labour clearances, individual two-year employment visas can be applied for. An attested medical certificate from the employee’s home country has to be provided prior to visa issuance for some nationalities, for instance the Indian subcontinent
- On arrival in Oman, the employee will be required to process their two-year resident’s card in SOHAR

A more elaborate explanation, with details of all conditions and procedures can be found on the following pages:

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EMPLOYMENT OF OMANIS

Omanized positions

Only Omani nationals can be employed in the following positions:

- Secretaries and receptionists
- All types of office clerks
- Security personnel
- Drivers of personal vehicles and certain commercial vehicles, for specifications see:
http://www.manpower.gov.om/en/forbidden_lorries.asp
- Accountants
- HR Managers

Wages

The minimum wage for Omani Nationals is OMR 325 per month including allowances. The Ministry of Manpower has the following guidelines for salaries per month, including allowances for housing, travel and expenses:

- High School: minimum OMR 325/month
- Diploma: above OMR 450/month
- Bachelor's Degree or higher: above OMR 600/month
- No minimum wage requirements apply for expatriate staff

Contract

Any contract with an Omani must be registered with the authorities, through the One-Stop-Shop within 15 days of joining the company. The Ministry of Manpower uses its own employment contract format to register Omani employees. These forms are filled in and processed at SOHAR Freezone One-Stop-Shop by our in-house manpower agency. SOHAR Freezone One-Stop-Shop will issue four originals to be approved, stamped, and registered with the Ministry of Manpower and the Public Authority for Social Insurance (PASI). Two originals, one each for the employer and employee, will be returned. Any company may use its own format of contract in addition to the official manpower format.

EMPLOYMENT OF EXPATRIATES

In order to employ expatriates, there are three mandatory processes to be completed in the following order:

- A. Clearance of expatriate labour by the Ministry of Manpower
- B. Issuance of the employment visa by the Royal Oman Police, Immigration Department
- C. Issuance of the resident's card by the Royal Oman Police, Civil Status Department

A. Clearance of expatriate labour by the Ministry of Manpower

The number and positions of expatriate employees are subject to the approval of the Ministry of Manpower.

The Ministry will check if:

- The company is compliant with Omanization rules, 15% for SOHAR Freezone
- The total number of requested staff is appropriate for the operations of the company
- The requested expatriate staff have appropriate certifications

An approved labour clearance acts as a block visa, pre-approving the listed expatriate positions for a period of two years from arrival. Costs are OMR 201 per position, per two years, exclusive of service fees. The Freezone One-Stop-Shop will prepare the application for Labour Clearance. For this, the following is required:

- An Omanization plan, describing which positions will be filled by Omani nationals at a specific time; a template for this plan is available with SOHAR Freezone
- A list of desired expatriate employees with positions and genders
- Passport copies and attested certificates of all engineers

Important notes on labour clearance

- With the first labour clearance, the Omanization plan is sufficient, without actually employing Omanis. This allows the company to fly in a core team of expatriate managers during the start-up phase. Further additions to the labour clearance will only be given if the targets set out in the Omanization plan have been met. Since every contract with an Omani has to be registered, the Ministry can easily verify this.
- Attesting copies of certificates for engineers comprises:
 1. Attestation by issuing educational institution
 2. Attestation by Ministry of Foreign affairs in the engineer's home country
 3. Attestation by the Oman Embassy in the engineer's home country



Although the standard period for clearance of a position is two years, companies can apply for a green card that allows them to apply for clearances of 6, 9, 12 or 18 months. A green card is only issued to medium and large-sized companies that have a good reputation; for example, they have reached Omanization targets, have no history of labour disputes, have a good safety record, etc.

- Once a position has been granted, it cannot be cancelled without approval from the Royal Oman Police. In principle, a company is expected to fill all the open positions before additions can be made. However, new positions can be granted while old ones are still open for companies with a good track record of meeting Omanization targets, etc.
- If an employee leaves the company within the first year of labour clearance, the company is entitled to a refund of OMR 100. For the new employee, replacing this person under the same position on the labour clearance, the full fee of OMR 201 for two years has to be paid again

B. Issuance of employment visas by the Royal Oman Police, Immigration Department

On the basis of the labour clearance, an application can be made for individual employment visas. SOHAR Freezone One-Stop-Shop requires for each applicant:

1. Copy of passport, valid for a period of not less than six months
2. The original labour permit issued by the Ministry of Manpower and one copy with each application form — this document will normally be in possession of SOHAR Freezone
3. An attested medical fitness certificate issued by an approved clinic in the home country for citizens of India, Pakistan, Philippines, Bangladesh, Indonesia, Sri Lanka, Egypt, Sudan and Ethiopia; certificates must be attested by the Oman Embassy in the applicant's home country; SOHAR Freezone can provide a list of approved clinics
4. Two recent passport photographs, size 4x6 cm

Conditions

- Valid to enter Oman within three months of issuance
- The person for whom the employment visa is requested shall not be below 21 or above 60 years old
- The person shall be of the same sex as stated in the labour permit, issued by the Directorate General of Labour Affairs
- The occupation for which the visa is requested must be identical to the one stated in the labour permit
- Some nationalities or categories need special permits; for example, Filipino housemaids need labour permits from the Philippines Embassy, attested by Oman Ministry of Foreign Affairs, prior to the application
- SOHAR Freezone will endorse medical certificates with the Ministry of Health
- There are no additional costs for an employment visa, other than the costs for labour clearance

Once the visa is issued, SOHAR Freezone will collect the visa and deposit it at the entry point into Oman, usually the International Airport in Muscat. As proof of this deposit, a deposit slip will be issued. A copy of both the visa and deposit slip will be sent to the company. The employee travelling will require both copies at the airport of departure.

C. Issuance of residence card by the Royal Oman Police, Civil Status department

Every expatriate in Oman requires a residence card. The residence card will be valid for two years in compliance with the labour clearances. SOHAR Freezone One-Stop-Shop will coordinate this as follows:

1. On arrival, in Oman the employee is requested to travel to SOHAR within three business days. Please bring two passport size photographs, the original passport and a passport copy
2. The employee will be guided for a blood test at SOHAR Medical Centre
3. The employee will be guided for fingerprinting and collection of the residence card at the Royal Oman Police, Civil Status Department in SOHAR

NOTES ON OMAN LABOUR LAW

This is not a complete overview; please consult the Labour Law for more detailed information. This applies to Omanis and expatriates. The employer must be registered with the Public Authority for Social Insurance (PASI). A contract must be in Arabic or a language understandable to the employee; the contract should include as a minimum the following details:

1. Name and address of the employer
2. Employee's name, date of birth, qualifications, previous employment, place of residence and nationality
3. Nature and type of work
4. Duration of the contract
5. Basic salary, allowances and benefits
6. Probation period, if not specified three months; maximum is three months
7. Notice period, one month if not specified
8. Daily maximum nine working hours, six hours during Ramadan for Muslims
9. Weekly maximum 45 working hours, 36 during Ramadan for Muslims
10. Minimum of one half-hour break each day
11. Work in excess of nine hours is considered overtime and should be paid at 25% extra during daytime and 50% extra during night time, with exceptions
12. Working on a public holiday should be paid at 25% extra
13. Annual leave: 15 days at basic salary in the first year of employment, thereafter 30 days
14. Minimum of two weeks leave every year
15. Labour law specifies emergency, sick and special leave
16. Employer must create a personnel file for each employee
17. In case of employee misconduct (this is not in the labour law but is based on jurisprudence) employer must:
 - Document and establish employee's misconduct in writing
 - Conduct an internal investigation
 - Record any statement by employee in front of witnesses

- Appoint an independent person to conduct an inquiry
 - Document proceedings
 - Give first, second and final warnings in writing to employee; provided there is a chance to rectify his/her mistake, a reasonable time frame must be provided for employee to remedy his/her breach
 - Make sure employee acknowledges that the warnings were discussed with him/her, even if he/she disagrees with them
 - Finally, inform of termination in writing
18. Summary Dismissal is allowed in case of:
- Absence of more than seven consecutive days with no acceptable excuse
 - Absence of more than 10 days in one year with no acceptable excuse (employer must give written warning to employee following five days' absence)
 - False identity
 - Non-compliance with written safety instructions to prevent grievous harm
 - Breach of confidentiality
 - Causing serious financial loss to employer
 - State of intoxication during working hours
 - Guilty of an offence for breach of honour/trust, or a felony committed at the workplace or in the course of work
 - Grave breach of contractual obligation
19. Employer cannot seize employee's passport
20. End of service benefits for non-PASI members, mostly expats:
- Period less than one year: no gratuity
 - Initial three years of employment: 15 days of last basic salary per year
 - Over three years: one month of last basic salary per year