Amendments to Bahrain Labour Law

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This document provides a comparison of the old labour law (no.23 of 1976) and the amended labour law (No. 36 of 2012).

Jassim Abdulaal
Managing Partner
Grant Thornton Bahrain
## Applicability

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<td>Scope of application of law did not include:</td>
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<td>The revised law includes domestic staff such as gardeners, drivers and cooks</td>
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<td>Civil Servants &amp; employees of public corporate entities</td>
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<td>Domestic staff will be employed under clear contractual terms in line with all private sector employees</td>
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<td>Domestic servants</td>
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<td>Temporary and Casual workers</td>
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<td>Marines ships, officers, engineers, seamen and others whose employment contract is subject to a special law</td>
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<td>Persons employed in agricultural work</td>
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<td>Members of employers family</td>
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## Employee Benefits

|-----------------------------|-----------------------------|
| **Annual leave provision** | • 21 days for the first five years of service  
• 28 days for every year after five years | • All employees will be entitled to 30 days annually (i.e. 2 ½ days per month) |
| **Sick Leave entitlement**  | • 45 days per year  
➢ 15 days at full pay  
➢ 15 days at half pay  
➢ 15 days without pay | • 55 days per year  
➢ 15 days at full pay  
➢ 20 days at half pay  
➢ 20 days without pay |
| **Maternity Leave** | • 45 days paid leave  
• 15 days unpaid leave | • 60 days paid leave  
• 15 days unpaid leave  
• Female employees with children below 6 years of age are entitled to leave without pay for up to 6 months. Such leave may be taken for 3 three children |
| **Indemnity** | • If a contract of employment made for an indefinite period, is terminated by the employer without giving required notice; the employer is liable to pay the worker compensation equivalent to the amount of salaries payable to the worker for the period of such notice or unexpired portion thereof.  
• If the employer terminates a fixed-term employment contract with /without cause or for any reason, the employer is liable to pay to the concerned worker compensation in respect of the damages incurred by him having due regard to custom, the nature of the work, the period of the contract and, generally all the circumstances in which damages might occur for certain. | • If employer terminates an employee who has an indefinite contract with /without cause after the end of three months from the date of joining, the employer is liable to compensate the worker with equivalent wage of two days of each month of service and at least one month pay and not more than twelve months pay.  
• If the employer terminates a fixed-term employment contract with /without cause or for any reason, the employer is liable to compensate equivalent pay to the employee's salary for the remaining period of the contract. Unless the parties agree to indemnify less, provided that the agreed compensation is at least three months' pay or the remaining term of the contract, whichever is less. |
Employee Benefits (Continued)

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<td>• In respect of categories of workers to whom the provisions of the Social Insurance Law are not yet applicable, the employer concerned shall pay to such worker, upon termination of employment, a leaving indemnity for the period of his employment calculated on the basis of fifteen days' salaries for each year of the first three years of service and of one month's salaries for each year of service thereafter. Such worker shall be entitled to payment of leaving indemnity upon a quantum meruit in proportion to the period of his service completed within a year. Upon termination of a contract of employment by such worker, he shall be entitled to the payment of one third of the leaving indemnity if the period of his service is not less than three consecutive years and not more than five years; and he shall be entitled to payment of the full leaving indemnity if he resigns after the completion of five years of service provided that such termination of a contract of service by the worker is not used by the worker as a means to avoid dismissal from employment and provided also, that he shall notify the employer concerned of his intention of leave his employment; the worker may, in lieu of such notice, pay to the employer an amount equivalent of the salaries payable for the required period of notice.</td>
<td>• Workers who are not subject to the provisions of the Law on Social Insurance (GOSI) upon finishing their employment contract are entitled to indemnity calculated at half a month for each year of the first three years of work, and a month for each of the subsequent years. The worker is entitled to remuneration for fractions of a year for the number of years of service.</td>
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As per the provisions of the new law, expatriate workers can switch jobs without the need for prior employers consent.
## Compliance & Penalties

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<td><strong>Delay in salary payment</strong></td>
<td>• Not applicable</td>
<td>• For any delays in payment of monthly salaries for 6 months or less, employees will be entitled to compensation at 6% per year for delayed salaries and at an increased rate of 1% for each month’s delay up to a maximum of 12% per year.</td>
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<td><strong>Summary dismissal</strong></td>
<td>• Employees who are summarily dismissed were not entitled to claim indemnity</td>
<td>• An employee who is terminated for cause (not entitled to notice or compensation) is entitled to leaving indemnity</td>
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<td><strong>Non discriminatory practices</strong></td>
<td>• Not Applicable</td>
<td>• Discriminatory practices of whatever nature (i.e. discrimination in payment of salaries based on sex, ethnic origin, language, religion or beliefs is prohibited</td>
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<td><strong>Penalties</strong></td>
<td>• Non compliance of the provisions of the Labour Law is a punishable offence with a term of imprisonment of not less than 3 months and not exceeding 6 months and a fine of BD 200 to a maximum of BD 500</td>
<td>• Non compliance of the provisions of the labour law is a punishable offence with a term of imprisonment up to 3 months and / or fines of BD 500 to BD 1000. • In case of a repeat offence, the punishment will be doubled</td>
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## Labour Disputes

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<td>• Labour related claims are filed with the Ministry of Labour and Social Affairs</td>
<td>• All labour related claims must be filed with the Labour Office</td>
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<td>• The Ministry will appoint a mediator to settle the dispute amicably</td>
<td>• All cases will be heard before a labour administration judge and judge will propose a suitable amicable settlement</td>
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<td>• In case there is no amicable settlement within 15 days of the date of receipt of application, a written record will be prepared including reasons for failure thereof</td>
<td>• In case no settlement is reached, the case will be referred to the High Civil Court</td>
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<td>• Ministry of Labour and Social Affairs shall forward all documents to the Ministry of Justice and Islamic Affair for submission to an Arbitration Board</td>
<td>• High Civil Court will hear disputes on an urgent basis and must hand down decisions within 30 days of date of first hearing</td>
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<td>• The Board will deliver a decision on the dispute within one month of commencement of hearing</td>
<td>• High Courts decision can only be appealed in Court of Cassation</td>
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- Formulation of Corporate Strategy
For Further Information

If you would like to find out more about how Grant Thornton can assist you, please contact Jassim Abdulaal. Alternatively to find out more about us, please visit our website www.gtbahrain.com.

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