

Circular No. 1 of 2017

To the private sector`s employers subject to the Federal Law No. (7) for the year 1999 on Pension and Social Security, and its amendments

Subject: Obligatory Registration of Nationals in Pension Scheme

The General Pension and Social Security Authority (GPSSA) stressed that obtaining social security coverage for all UAE nationals working across the UAE is obligatory by the law. It has been noticed that some employers, who are subject to the law, did not comply with the registration requirements of the national workers; this is in breach of the Federal Law No. (7) of 1999 on Pensions and Social Security, as amended. Thus, such employers are liable according to the provisions of the law for:

1- Payment of additional amounts due to registration failure of those nationals with the GPSSA:

Pursuant to Article (15) of the law " The employer in the private sector, who does not deduct the contributions of all or some of the employees thereof, or did not pay the contributions on the basis of actual salaries, shall pay an additional amount at the rate of (10%) of the value of the payable Subscriptions without any prior notice or notification".

2- Payment of additional amounts due to delayed payment of subscriptions:

Article (14) of the law stipulates that "The employer shall pay his share as well as the share of the insured in the subscriptions payable to the GPSSA. In the event of delay in the payment thereof, the employer shall be liable to pay an additional amount at the rate of (0.1%) of the payable contributions for each day of delay without a need for a notice or notification."

3- Fine by a court order:

According to Article (60) of Law "Any employer in the private sector, subject to the provisions of this Law, shall pay a fine of five thousand dirham for each employee for whom the employer did not pay the subscription to the GPSSA. The same penalty shall apply to any employer that charges its employees any such share in the social security costs not prescribed in this law. The court shall automatically decide to oblige the infringing employer to pay to the workers the amount they sustained in social security costs".

Accordingly, the GPSSA emphasizes that employers who fail to register and pay subscriptions for all national employees to the GPSSA are at risk of security evasion. GPSSA shall take all the necessary actions to protect the rights of the insured and their families.

Mohamed Saif Al Hameli

Acting Director General

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This is a translated version of the Arabic Circular.