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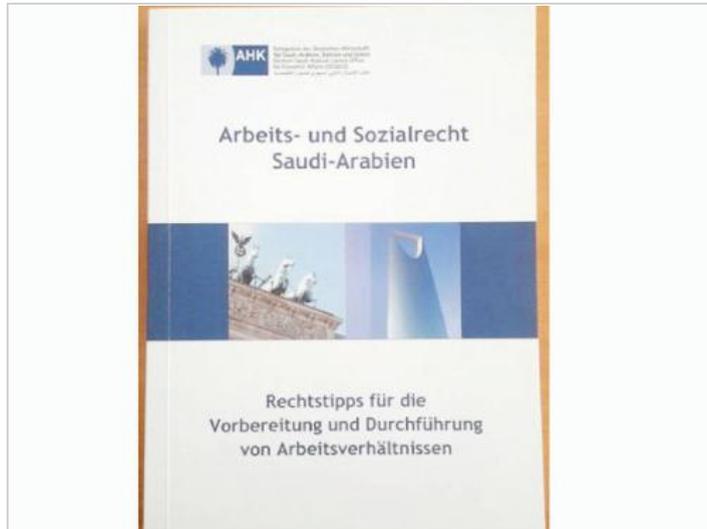
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KINGDOM

Book on labor law in German launched

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Saudi Gazette

JEDDAH — A book in German on Saudi labor law has been launched during a Saudi-German business meeting here last Wednesday in the presence of Annette Klein, Germany's new consul general in Jeddah.

The guide, under the title "Arbeits- und Sozialrecht Saudi-Arabien" (Labor and Social Insurance Law in Saudi Arabia) aims at assisting German-speaking individuals as well as companies in learning their rights and obligations when doing business in the Kingdom.

The book is an initiative by the AHK network, the German Chambers of Commerce Abroad.

According to Jochen Hundt, one of the contributors to the guide and partner of the Alattas&Hundt law office cooperation in Jeddah, it is not uncommon for German individuals and companies to face a labor dispute when working or doing business in the Kingdom.

However, he was unable to give any exact statistical numbers.

With nearly 200 pages, the guide tries to be as comprehensive as possible and examines issues such as labor contract, working hours, leave, payment of salary, definition of salary, end of service award, extraordinary and ordinary termination of contract among other topics.

The termination of labor contracts is a field in which major disputes often arise, Hundt said.

The book also offers an extensive description of what relates to Article 39 of the labor law, which prohibits employees from working for anyone other than their sponsor.

Hundt said while this article had already been included in the Saudi labor law since its enactment in 2005, more provisions were added following an amendment in 2013, all aimed at enforcing the ban more efficiently, among others through work site inspections.

Hundt said it is the first time such a book on the Kingdom's labor law has been published.

"Nothing similar exists even in English, and although it does in Arabic, this book has a totally different structure," he said.

He added that besides the Saudi labor law, the book discusses the area of social insurance law.

A full section is dedicated to cross-border taxation of employees.

According to Hundt, "Not many people know that no double taxation agreement is in force between the Kingdom of Saudi Arabia and Germany," which means the Germans are often obliged to pay income tax in Germany even if they live and work here.

"Many Germans are surprised when they are suddenly charged with enormous amounts of tax from the time they lived abroad," he pointed out.

The book includes a chapter on labor disputes and the judiciary, including the newly established conciliation courts and the reformed labor courts, which will start operating next year.

It also outlines the rules for hiring personnel, such as a driver or maid, and has a model labor contract for people to use freely.

A graduate from the University of Sussex (UK) and the University of Strasbourg (France), Hundt is currently preparing a doctorate on Saudi Arabian law at the University of Cologne (Germany). He has been practicing law in Saudi Arabia as well as other GCC countries since 1997.

Alattas&Hundt was established as an alliance between Khalid O. Alattas Law Office and Hundt Legal Consultancy in July 2013.

What attracted Hundt to the labor law is that "it is the field where most things are happening," he said.

According to him, the labor law is modern and one of the best working regulation systems in the Kingdom, with new rules being produced continuously.

Unlike the perception most people have, he said Saudi labor law protects laborers quite well.

However, he described as "draconian" the sponsorship system under the Kingdom's residency law, and unsurprisingly these are often a source of criticism from inside the country as well as abroad.

The German legal adviser said the main problem with the sponsorship system, known as the kafala, is that the sponsor has been given some of the powers from the state.

"For example, under the residency law the sponsor must, in theory, know where his employee is, otherwise he can be put in prison," he said.

Hundt explained that the system hails from the 1950s to give the local population some participation in the country's affairs, but although times have changed the system has not.

The book is available at the AHK office in Riyadh.

The office is planning to launch a branch in Jeddah as well, but the opening has been repeatedly postponed.

In related developments, a Saudi-German business council is currently in the process of being established.

The business council will have official memberships for Saudi and German businesspeople alike.

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