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**Decision No. (109) of 2023**

**Promulgating the Regulation of End of Service Remuneration**

**for non-Bahrainis Working in the Private Sector**

Prime Minister:

Having reviewed the Social Insurance Law promulgated by Legislative Decree No. 24 of 1976, as amended,

Law No. (68) of 2006 approving the Unified Regulation for Extending Insurance Protection to Nationals of the Gulf Cooperation Council Countries Operating Outside their Countries in any Member State of the Council,

Law No. (3) of 2008 regarding the Social Insurance Organization, amended by law No. (33) of 2014,

The Labor Law for the Private Sector promulgated by Law No. (36) of 2012, as amended,

And the Legislative Decree No. (21) of 2020 On Pension Funds in Laws and Regulations of Pension and Insurance,

And upon the submission of the Minister of Finance and National Economy,

And after the approval of the Council of Ministers,

**Hereby Decides:**

**Article One**

The regulation of end of service remuneration for non-Bahrainis working in the private sector attached to this Decision shall apply.

**Article Two**

Employers are obliged to submit the wage data of the insured employees to the social insurance organization within one month from the date of publication of this Decision in the Official Gazette.

**Article Three**

The Minister of Finance and National Economy shall, after the approval of the social insurance board of directors, issue the decisions to implement the regulation attached to this Decision.

**Article Four**

The Minister of Finance and National Economy and those concerned – each within his jurisdiction – shall implement the provisions of this Decision, and it shall come into force on 1 March 2024, and shall be published in the Official Gazette.

**Prime Minister**

**Salman bin Hamad Al Khalifa**

**Issued on: 28 Jumada al-Awwal 1445 AH**

**Corresponding: 12 December 2023**

**Regulation of End of Service Remuneration**

**for non-Bahrainis Working in the Private Sector[[1]](#footnote-1)**

**Article (1)**

In applying the provisions of this Regulation, the following words and expressions shall have the meanings assigned to it, unless the context requires otherwise:

**Law**: The Social Insurance Law promulgated by Legislative Decree No. (24) of 1976.

**Organization**: The Social Insurance Organization.

**Employer**: Any natural or legal person who employs one or more workers.

**The** **Insured Person**: Non-Bahraini worker who works by virtue of an employment contract for an employer and for which the provisions of the insurance against Employment Injury Branch are applicable in accordance with the law.

**Remuneration**: The deducted sum given in respect to this regulation as End of Service Remuneration for non-Bahrainis working in the private sector.

**Wage:** The amount specified in the contract of employment payable periodically to the worker, in addition to any increases and social allowance, if any.

**Contributions:** A sum that the Employer is obliged to pay monthly to the Organization to fund the Remuneration.

**End of Service**: The Insured Persons’ actual end of services for the Employer.

**The Fund:** Pension and social insurance fund established by the Legislative Decree No. (21) of 2020 On Pension Funds in laws and regulations of pension and insurance.

**Article (2)**

**Scope of Application of this Regulation**

The provisions of this Regulation shall apply on every non-Bahrainis working in the private sector, covered by the provisions of the insurance against Employment Injuries Branch in accordance with the provisions of the Law, Who works by virtue of an employment contract for an employer or a private enterprise, Whatever the duration, nature or form of the contract and whatever the amount or type of the worker's wage, Whether the work is performed in accordance with the contract within the Kingdom or in favor of the employer outside the Kingdom and whether the assignment is to work abroad for a fixed or indefinite period, without discrimination as to sex, nationality or age.

**Article (3)**

**Excepted Categories of this Regulation**

The following categories are excepted from the application of this Regulation:

1. Nationals of the Gulf Cooperation Council (GCC) States subject to the unified regulations of insurance protection for nationals of the Gulf Cooperation Council (GCC) States operating outside their States in any member State of the Council approved by Law No. (68) of 2006.
2. Workers in the categories listed in Article (3) of the Law.

**Article (4)**

**Create and Fund the Account**

A special account of the Remuneration Regulation shall be established within the Fund, and its resources shall consist of the following:

1. Monthly contributions stipulated in Article (5) of this Regulation.
2. Additional amounts resulting from non-participation in this Regulation or non-payment of contributions based on real wages.
3. Benefits arising from failure to pay the contribution within the specified time.
4. Grants, donations, and gifts to be accepted by the Board of Directors of the Organization.

These resources are allocated to pay the Remuneration, not exceeding the value of the contributions received, and to cover the administrative expenses of the account not exceeding (7%) of the Contribution income deducted from the investment proceeds.

The financial position of the Account shall be examined in accordance with the established rules and provisions for the examination and determination of the financial position of the Organization, and if a surplus exists in the Account, it shall be transferred to the Fund.

**Article (5)**

**Contribution Rates**

The Employer alone is obliged to pay the Organization a monthly Contribution of (4.2%) of the wages for the first three years from the date of commencement of the Insured Person’s employment, and (8.4%) of the wages for the subsequent years until the end of service.

Regarding payment of contributions, the provisions of Articles (29) and (31) of the Law apply.

**Article (6)**

**Transfer or Loan of the Insured Person**

The case of the Insured Person's relocation to work in a branch of the enterprise or an enterprise of the same Employer shall not be deemed to be End of Service due to the Remuneration benefit.

If the Insured Person is seconded to another facility owned by another Employer, the insured Employer continues to bear the value of the employee's Contribution.

**Article (7)**

**Transfer of Ownership of the Facility**

In the event that ownership of the facility is transferred to another employer, the transferring employer is obliged to continue to pay the Insured Person's Contribution to the facility.

**Article (8)**

**Duration of Service that Enters in the Remuneration Account**

The duration of service in the Remuneration account is the duration of the actual service that the Insured Person spent with the employer for which the Contribution is paid.

**Article (9)**

**Remuneration Amount**

The Remuneration shall be at the rate of half a month's wages for each of the first three years of employment and one month's wages for each of the subsequent years. The Insured Person shall be entitled to fractures of the year in proportion to the amount of time spent in service with the Employer.

**Article (10)**

**Remuneration Due Date**

The Remuneration shall be awarded upon the end of the Insured Person's service and shall be calculated in accordance with Article (9) of this Regulation on the basis of the last Remuneration of the Insured Person and not exceeding the amount of the contributions paid on his behalf.

The Employer is also obliged to pay the Contribution differentials resulting from the pay adjustment at an increase.

Upon payment of the Remuneration, the Employer is entitled to recover the difference in contributions if the Insured Person's wage is reduced.

**Article (11)**

**Death of the Insured Person**

If the Insured Person dies, the Remuneration shall be paid to the beneficiaries in accordance with his country's inheritance system.

**Article (12)**

**Violation of this Regulation**

Anyone who violates the provisions of this Regulation shall be punished by the penalties prescribed in Articles (148) and (149) of the Law.

**Article (13)**

**Contributions From Employers' Insured Persons Prior to The Entry into Force of the Provisions of this Regulation**

In the application of the provisions of Article (5) of this Regulation, if the Insured Person is employed by the Employer for a period exceeding three years before the entry into force of the provisions of this Regulation, the Contribution to which the Employer is obliged for the Insured Person from the beginning of the provisions of this Regulation until the end of service is (8.4%) of the wage.

**Article (14)**

**Duration of Service Prior to the Enforcement of the Provisions of this Regulation**

The Remuneration of the Insured Person for the period of service prior to the entry into force of this Regulation shall apply to the provisions of the Private Sector Labor Act promulgated by Law No. (36) of 2012.

**Article (15)**

**Applicability of The Law's Provisions**

In the absence of a special provision in this Regulation, the provisions of the Law apply.

1. This is an unofficial translation and in the event of any conflict or discrepancy between the English text and the Arabic text, the Arabic text shall prevail. [↑](#footnote-ref-1)