



MOHRE: NEW CLASSIFICATION OF PRIVATE COMPANIES

On June 1, 2022, the Ministry of Human Resources and Emiratization (MOHRE) announced the new classification system for establishments in the private sector. It classifies companies into three categories. The initiative is designed to protect the rights of employees and motivate companies to adhere to labor regulations, making private firms in the UAE an ideal place to work for local and international talent.

[MOHRE private company classifications](#) are as follows:

A. Tier 1

A company or establishment in the first category complies with all of the laws and decisions that regulate the labor market. It also should adhere to the following criteria:

- Emiratization rate - at least three times above the target,
- Cooperating with the 'Nafis' program to train at least 500 citizens annually,
- Being a venture owned by a young citizen according to approved standards,
- Being one of the training and employment centers that supports the Workforce Planning Policy by promoting cultural diversity in the UAE.

Fees related to work permit and transfer fees will not exceed AED 250 for first-category companies over two years. MOHRE fees are also reduced by up to 80% for private sector companies that attain major achievements in hiring and training citizens.

B. Tier 2

The second category covers companies that adhere to general standards, laws, and regulations, and to the UAE's policy to promote cultural and demographic diversity, or that operate within the targeted sectors and activities determined by the Council of Ministers based on a proposal from the Ministry of Human Resources. The second category will be automatically assigned to companies that don't meet any of these criteria while complying with the laws and the UAE's policy.

Fees related to work permit and transfer fees will not exceed AED 1200 for second-category companies over two years.

C. Tier 3

Consists of companies that do not observe the UAE's policies, laws, and decisions that regulate the labor market or standards that protect workers' rights, or willfully ignore UAE's policy on promoting cultural and demographic diversity. Violations also include a final ruling that confirms the company engaged in human trafficking, hired a worker without a work permit, or provided incorrect data, documents, or information to MOHRE. Moreover, it covers employers' breaches of workers' rights, such as noncompliance with wages, housing, and safety standards, imposing bogus Emiratization, or other serious violations.

Fees related to work permit and transfer fees will not exceed AED 3450 for third-category companies over two years.

MOHRE's initiative adopts an automated interactive system that monitors the establishments' activities. The classification can rise or decline based on the company's efforts in implementing the UAE Labor Law among its workforce. By raising the classification, companies can benefit in terms of government tenders, and receive special incentives and exemptions.

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