

Global Mobility in Energy Sector

INTRODUCTION

Depending on the company's culture, short-term, and long-term international assignments are common practice for multinational companies in the energy sector. It is often a challenge for the company's global mobility team to offer attractive reward packages across the globe to the suitable candidates whilst maintaining the consistency of the global employment HR and remuneration policies.

In our experiences, the knowledge of tax, social security, and labor law may not be sufficient to support the soft-landing of the employees in the new destination. The common practice locally and within the industry also plays a crucial role in increasing the possibility of a successful international assignment.

THE RIGHT LEGAL EMPLOYMENT INFRASTRUCTURE

The energy sector is one of the most regulated sectors, especially when companies are involved with the state strategic projects.

Therefore in the UAE, it is crucial that the legal entity, granting the work permit to the non-UAE employees, has the right licenses to conduct the activities in the state. Apart from being in compliance with the UAE licensing regulation, this is to ensure that the employees under their sponsorship can obtain the necessary or additional permits to access the worksite.

The situation may be more complex when the international companies are to participate in a tender from a UAE state owned company, e.g. ADNOC's ICV.

The UAE federal government and some UAE free zones have introduced a specific scheme in remitting the salary to the employees. When the international companies have a well-established business infrastructure in the UAE, this may be business-as-usual.

However, this can be a serious hurdle to international companies who have just established their entity in the UAE. This is particularly a serious concern when rapid mobilization of the international employees is required, e.g. in construction of a solar power plant.

Failure to be in compliance with this requirement can mean a non-good legal standing of the company and may lead to penalties as well as suspension of its hiring capability.

KEEPING THE CONSISTENCY OF GLOBAL REWARD SYSTEM

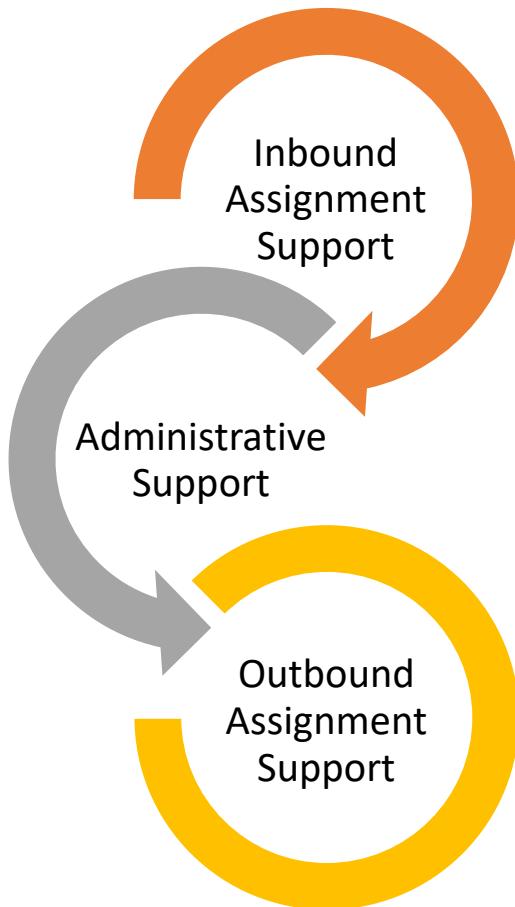
The fact that the UAE does not currently have a personal income taxation regime, it can be a misconception that implementing the global reward system for the inbound assignment is a straightforward process.

The composition of the pay elements in the reward package may have significant financial impact to both the employer and the employee, if it is not planned well, e.g. the gratuity calculation. It is often the case that international companies have a global pension scheme and global health insurance policy.

The requirements for the statutory health insurance in most parts of the UAE and pension or gratuity schemes in the whole UAE can be very rigid. Thus, a compatibility check of the company's global scheme or policy and the UAE requirements need to be conducted prior to employing the staff.

Lastly, the tax residency status needs to be looked at so that the employee and the company does not suffer from any potential non-UAE tax non-compliance situation. UAE has been actively aligning itself with the other OECD countries in terms of granting the tax residency status to an individual, including the requirements to be in the state for more than 183 days within a year.

How can Crowe Assist



Inbound assignment support

1. Assessment of the readiness of the UAE legal infrastructure – for employment purpose
2. Advice in international reward and the UAE immigration requirements
3. Pre-Assignment briefing on the UAE legal compliance requirements
4. Support in obtaining work permit for the candidate and resident permit for the dependents

Administrative support during assignment

1. UAE and international payroll administration
2. Renewal of work permit for the employees and resident permit for the dependents
3. Registration with the relevant authorities for any changes to the existing employment, e.g. salary change, job title, etc.
4. Support in issuance of formal employment related letters to the authorities and UAE institutions- as requested by the employees, e.g. salary certificate, non-objection certificate
5. Support in obtaining business visa in the GCC countries

Outbound assignment support

1. Advice on the exit requirements from the UAE legal compliance perspective
2. In cooperation with Crowe Global network, assessment of the tax, social security, and labor law risk on the destination country of the employee
3. Cancellation of the work permit for the employees and resident permit for the dependents