

ELA Global Employment Law Webinar Series:

The Reimagined Workplace: Resilience and Realignment During the Global Recession

Arab Republic of Egypt

The Arab Republic of Egypt is a Civil Law System. In general, the Labor Law is highly protective of employees, especially in the area of dismissals. The Ministry of Manpower (MOM) oversees the organization and utilization of Egyptian labor both domestically and abroad (Article 11 of the Egyptian Labor Law). It oversees the proper application of the law and issues regulations from time to time to better implement the Labor Law.

Since April 28th, 2020, Egypt is in State of Emergency for a period of three (3) months as ordered by the President of the Arabic Republic of Egypt. This state of emergency is applicable country-wide. The state of emergency has been renewed eleven times thus far.

Statistics of Coronavirus Cases in Egypt:

Total number of cases: 102,375

Deaths: 5,822

Recovered Cases: 91,843

❖ What happens if employees in the workplace are confirmed to be positive for COVID 19?

As per the Ministry of Health and Population Decree No. 145 for year 2020, employers must inform the competent health authority of an employee that is infected or suspected of being infected with COVID-19. Employers are otherwise subject to penalties (i.e. a fine of not less than EGP 50 (fifty Egyptian pounds) and not more than EGP 100 (One hundred Egyptian pounds) or two (2) months imprisonment).

❖ Safety Measures in the Workplace and Medical Examination:

Employees at the workplace must comply with the precautions for their safety and safety of others to following the instructions addressed by the Minister of Manpower to the Health and Safety Offices; to conduct periodic inspection on entities to ensure the precautionary measures are applied in the workplace.

Many employers have already imposed a work from home policy where the nature of the work permits. If work cannot be conducted remotely, employers ought to take the necessary precautions and measures to maintain a safe work environment (i.e. wearing masks, gloves, washing hands, sanitizers, window opening, distancing, etc.). Furthermore, the Egyptian Labor Law requires that all businesses must carry out a continuous medical examination for all employees. Where an employer fails to comply, he/she shall be subject to imprisonment for a period not more than three (3) months and/or a fine of not less than EGP 1000 (One thousand Egyptian pounds) and does not exceed EGP 10.000 (Ten thousand Egyptian pounds).

❖ **Social Insurance and Tax Incentives to Employers during COVID-19 outbreak:**

A new law has been issued on May 7th, 2020 to provide privileges and incentives for economic, production or service sectors impacted by COVID-19.

In order for the employer to benefit from such incentives whether the social insurance or tax privileges, the following conditions should be met:

- a) The employer should not have terminated any employment relationship with any of his employees.
- b) The employer did not reduce or has reduced the basic salaries of his employees.

The entity should submit a letter of request to the Tax Authority or Social Insurance Authority (as the case may be) to define the losses in the business due to the coronavirus pandemic (e.g. financial loss in the business) and request from the competent Authority an extension of three (3) months. Such extension may be renewed for a similar period. The competent Authority shall review and assess the request submitted by the entity and decide.

❖ **New Law to face the adverse economic consequences of pandemics and natural disasters including COVID-19:**

A new Law has been issued on August 13th, 2020 to face the adverse economic consequences of pandemics and natural disasters including COVID-19 (Law No. 170 for year 2020), summarized as follows:

- 1% is to be deducted from the net salaries for a period of twelve (12) months.
- The period of twelve (12) months can be shortened or prolonged by the Prime Minister. More than twelve (12) months then it should be approved by the Parliament.
- A decision by the Prime Minister may fully or partially exempt those who are economically affected. However, a request must be submitted to the competent Ministries (i.e. Ministry of Finance).
- This Law applies on employees of the private sector.
- Employers addressed by the Law will make the relevant deductions to be remitted to a bank account specified by the Ministry of Finance. The Ministry of Finance will open a bank account with the Central Bank of Egypt.

- This Law does not apply to employees with a net salary of EGP 2.000 (Two thousand Egyptian pounds) or less. In other words, employees whose net monthly salary does not exceed EGP 2.000 (Two thousand Egyptian pounds) are exempted from this Law.

❖ **Employees Emergency Fund in Egypt and its role during COVID-19**

This Fund had a previous significant role in supporting struggling companies after the 2011 uprising in Egypt; particularly in the hotel and tourism sector.

➤ **What is the Employees Emergency Fund?**

The Employees Emergency Fund is established in Egypt by virtue of Law No. 156 for year 2002 and its Executive Regulation. The Fund is a public legal body affiliated to the Ministry of Manpower and its financial resources are treated as public funds.

The Fund aims at providing financial aid to employees who have not received salaries from employers facing the risk of (total or partial) closure due to economic crisis or decline in production.

The Fund is managed by a Board of Directors chaired by the Minister of Manpower.

➤ **What are the financial resources of the Fund?**

The resources of the Fund are as follows:

- Mandatory monthly contributions paid by public and private sector employers who hire thirty (30) employees or more.
- Voluntary contributions, grants and donations accepted by the Board of Directors of the Fund.
- Monetary fines/sanctions collected from whoever violates the provisions of the Law.
- The revenue resulting from investing the money of the Fund in accordance with the provisions of the Law.

➤ **Receiving financial aid from the Fund:**

The financial aid from the Fund is to be granted to employees on the basis of a request submitted by the employer to the Chairman of the Fund. The application request must be accompanied by a report about the financial situation of the entity and the reasons for making such application.

If the submitted request is approved by the Board, the employees of the relevant company will receive financial aid equivalent to 100% of their basic insurance. This will be paid by the Fund for up to six (6) months or until the appropriate re-operation of the company or the employee finds an alternative job (whichever occurs earlier).

➤ **Who can benefit from the financial aid of the Fund?**

Employees of entities which are subject to the application of the Law can benefit, provided that those employees are registered under the Social Insurance System in Egypt.

❖ **How the Egyptian Government reacted to activate the role of the Fund after COVID-19 outbreak?**

The Egyptian Prime Minister has issued a Decree to constitute a special Committee headed by the Prime Minister and which includes members from the Ministry of Manpower, the Ministry of Social Solidarity, the Ministry of Planning and Economic Development and representatives from the Information and Decision Support Center (IDSC) affiliated with the Cabinet. The Committee is constituted with the purpose of:

- Preparing central database of the employees who are negatively affected by the current economic situation resulting from COVID-19.
- Determine the rules of granting financial aid from the Fund to the affected employees.
- Set the measures to ensure that the financial aid is efficiently allocated and to avoid duplication of payment to employees.

Links:

Ministry of Health and Population: <http://www.mohp.gov.eg/>

Ministry of Manpower and Immigration: <http://www.manpower.gov.eg/>

Ministry of Finance:
<http://www.mof.gov.eg/English/About%20MOF/Pages/Egyptian%20Tax%20Authority.aspx>

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