

# BIPO TIMES



## A Brief Look into Egyptian Labor Law

Egypt has the biggest population in the Middle East and is the second most populous country in Africa. It has long been in the leading position in the economy and technology in Africa. It is also the third largest economy in Africa. Key industries such as tourism, agriculture, industry and services have developed to the same level. As involved in China's Belt and Road Initiative, Egypt is trading more frequently with China. However, its political situation and economy are not stable while the wage is far from enough for workers. The productivity is low and more skilled and semi-skilled workers and administrative staff are needed, resulting in high costs for the training of these employees. Meanwhile, Egypt's Labor Law is one of the most stringent regulations in the world, guaranteeing workers' lifelong jobs and resulting in a lack of competition and low working enthusiasm.

### Salary

Salary receivable of an employee, whether fixed or variable, includes as,

- 1) commissions within the labor contract;
- 2) salary for manufacturing, selling or collecting certain items in the job in accordance with the agreed proportions;
- 3) incentives in-kind benefits given for any reason;
- 4) in-kind benefits unnecessary for work;

In Egypt, the annual increase in one's salary must not be less than 7% of his fixed income.

### Annual leave

Article 47 of the Egyptian Labor Law stipulates that an employee's annual leave is 21 days, provided that the employee has worked for one year in the company. Employees who have worked for more than 10 years, or who serve one or more employers, have an annual leave of 30 days.

Employees over the age of 50 are entitled to 30 days of annual leave. For employees who have been employed for less than one year but not less than six months, annual leave is calculated on a pro-rata basis according to his time on duty. If the annual leave is not taken before the employee leaves office, it should be converted into salary.

## Maternity leave

If female employees, covered by social insurance, have paid social security for 10 consecutive months, they are entitled to three months of paid maternity leave for each children born. They won't be entitled to more maternity leaves if they have three children. Maternity benefits are paid at 75% of wages. In addition, women employed in companies with more than 50 employees are entitled to two years of unpaid maternity leave in accordance with the Labour Law. Within the 24 months after the child is born, women are entitled to two 0.5-hour care breaks per day, or a combination of one-hour long breaks. Women should retain all her rights and benefits when returning to work from maternity leave. The Labor Law does not contain provisions on paternity leave. For companies with 100 or more employees, the employer is obliged to provide a kindergarten in the company or help find nursery for the child until his or her age is ready for education.

## Legal requirements for foreign employees

According to Egyptian Corporate Law, only 10% of the employees of a company can be foreign employees whose wages do not exceed 20% of the total. Under the Investment Law, companies established in any free zone can employ foreign employees not exceeding 25% of the company's employees, and foreign employees working in Egypt must obtain a residence permit and work permit, or they are not allowed to live and work in Egypt. Foreign technical experts must have two Egyptian employees as assistants. Employees employed in certain areas such as tourism and education are required to submit additional documents and obtain specific approval before getting a work permit. After submitting all documents required, the Department of Labour issues a temporary receipt attached to the employee's passport, allowing the employee to start work in Egypt. Once the procedures for documents are completed which lasts for 2 to 3 months, a work permit and a residence permit will be issued. The work permit is a temporary document and the department does not issue permanent work permits. Work permits are renewed annually or every six months, depending on the duration of the work. The law also stipulates that foreigners are prohibited from engaging in the following occupations in Egypt including tour guides, belly dancing, export and customs clearance. Any person who violates the law on the employment of foreign employees may be fined not less than 500 Egyptian pounds and no more than 5000 Egyptian pounds.

## Employment contract

Employers have the right to collect personal information regarding employment, compensation and benefits as well as make other requirements. The employer shall provide each employee with a document that includes employee's qualifications, certificates, social status, a copy of the identity card or passport, and a certificate from his former company. The contract between the employer and the employee must be in triplicate, one for the employer, one for the employee, and one for the social security office. The contract must include:

- 1) employer's name and place of work;
- 2) the employee's name, qualifications, occupation and address, social security number and other documents required to prove his or her identity;
- 3) the nature and type of work;
- 4) agreed wages, payment methods and time, and other agreed monetary or in-kind benefits.

The employer should give the worker a receipt to prove that the documents or certificates have been taken care of by the employer. Employment contracts for foreign or Egyptian employees must be written in Arabic.

## Termination of labor relations

When the employer terminates an employment contract with a fixed period of employment at any time during the contract period, the employer should pay the full salary for the whole contract period if there is no probable cause. The notice period shall be stipulated according to the period stated in the employment contract. If the employer terminates the indefinite employment contract without a probable cause, the employer shall compensate the employee, in addition to the accrued leave, bonus and other entitlements, the full-year salary for each year is not less than two months. If the employee has worked for the employer for less than 10 years, he or she should be given a two-month notice period; if the employee has worked for the employer for more than 10 years, a three-month notice period should be given.

The employer has no right to terminate the employment contract without reason, unless the employee breaches the contract due to "serious negligence" (Article 69 of the Labor Law). "Serious Negligence" includes the following actions:

- 1) falsifying identity or submitting forged identity;
- 2) continued violation of safety instructions;
- 3) absence of 20 consecutive days or 10 consecutive days in a year;
- 4) disclosure of employer secrets that cause significant losses;
- 5) competing with employers in the same field of work;
- 6) drunkenness during working hours;

7) attacking on employers, general managers or any superiors.

Some personnel are prohibited from dismissal by the employer during the contract period. The following types of persons are restricted from dismissal:

- 1) Employers are prohibited from dismissing employees during maternity leave.
- 2) Employers are not allowed to dismiss employees who are absent from work during the sick leave granted by the social security and during the remaining annual leave.
- 3) The following reasons are not considered legitimate and sufficient grounds for dismissal:
  - a) skin color, gender, social identity, family obligations, pregnancy, religion, political views;
  - b) The employee belongs to trade unions or participates in legal trade union activities;
  - c) The employee is or was involved in work as employee representatives, or is candidate of employee representatives.
  - d) The employee submits or is involved in the submission of a complaint against the employer in violation of laws and regulations or labor contracts.
  - e) The employee asks the employer to deduct his trade union fee.
  - f) The employee exercises his right to take leaves.

If either party terminates the contract without lawful reasons, he shall compensate the other party for the loss caused by the dismissal. Employees may request assistance from the Committee in accordance with Article 71 of the Labor Law and the compensation will be determined by the Committee. Service periods in each year can be converted into at least two months' salary. The compensation does not affect the employee's other benefits. If there is a clear term agreement, the compensation will be the remainder of salary in the contract period.

## Social Insurance

Social Insurance	Exempted persons	Base number of social insurance	Lower limit per month	Upper limit per month	Employee	Employer
Endowment insurance, disability insurance and death insurance		Fixed salary	550	1500	13%	17%
		Floating salary		2795	10%	15%
Health insurance	Foreign employees not covered by the bilateral mutual social security agreement	Fixed salary	550	1500	1%	4%
		Floating salary		2795		
Unemployment insurance		Fixed salary	550	1500	0%	2%
		Floating salary		2795		
Injury insurance	Applicable to all	Fixed salary	550	1500	0%	3%
		Floating salary		2795		
Adjustments of upper and lower limits	<p>The lower limit of the full salary is the minimum salary for civil servants, and there is a 10% increase every July 1st.</p> <p>The upper limit of the basic salary is increased by 10% every July 1st;</p> <p>The upper limit of the floating salary is increased by 15% every January 1st.</p>					
Definition of salary	<p>Fixed salary=basic salary+fixed benefits;</p> <p>Floating salary=overtime pay, bonuses and commissions</p>					

## BIPO Open Class | Interpretation of Japanese Labor Environment

A series of work reform bills passed by the Japanese government in 2018 will come into effect in April this year. On March 21st, BIPO invited Mr. Akira Hamano, a Japanese labor law expert with 25 years of Japanese HR experience, and Mrs. Ren Liwen, who has 10 years of experience in Japanese HR, to have an open class for this Japanese labor law reform. The class was held in Distrii in Changning Wenguang Building and it aims to help people understand the Japanese labor environment and Japan's recruitment, employment, dismissal and company-related policies so that companies that have Japanese-related businesses or are about to enter Japanese market can examine and optimize their human resource strategies and employee benefit plans.

Mr. Hamano and Mrs. Ren Liwen started the class by talking about the historical background of Japan so that people can better understand the many laws in Japan and the labor law reform. They talked about the Japanese company registration procedures, professions, Japanese recruitment and employment, dismissal system, HR policy and salary, etc. When it comes to the overtime, annual leave, overwork death and other issues of employees in Japan, Mr. Hamano and Mr. Ren Liwen quoted a number of cases to clarify the correlation between Japanese companies, employees, labor bureaus and the labor law. Everyone participated actively in the free talk session and expressed their opinions and doubts about the problems encountered in their work. Mr. Hamano carefully answered them and made reasonable suggestions. In the end, this BIPO Japan Open Class was successfully concluded.

After the interpretation of the Japanese labor environment, the topic of the following BIPO open class will cover other overseas countries, and everyone will be exposed to more hot topics and practical knowledge.



## BIPO Hong Kong Held a Seminar on Human Resources Technology

On February 27th, Roddy Shaw, Senior Business Development Manager of BIPO Hong Kong, gave a lecture on human resources technology at Hong Kong Baptist University. More than 80+ students majoring in Human Resource Management were involved. Roddy talked about management techniques currently applied in the human resources industry and how human resources industry will be in the future. The students present had a heated discussion with Roddy and took a photo with him after the lecture.

In the future, BIPO will have seminars in more countries and regions regarding the human resources industry, and will make efforts to improve the human resources industry.



## BIPO Commented on Industry Trends in a Well-Known HR Magazine

*Industry 4.0*, a well-known HR magazine posted their view on the HR system in its latest release that an increasing number of HR affairs have been completed by artificial intelligence with the development of the industry.

The article mentioned the comment of Roddy Shaw, Senior Business Development Manager of BIPO Hong Kong: "Technology has opened up possibilities of totally re-designing business processes and models so that businesses may now create new revenue streams that were previously untapped, new ways of customer engagement that could create new products and services and new digital employee experience that has now become the new norm for employee satisfaction and retention"

## BIPO Singapore Moved into a New Office

Thanks to all the trust and support of customers, BIPO Singapore has expanded their team due to a business growth. The team moved into a new office in Singapore on March 1st. We hope to provide better service to our customers in the future. If you have time in Singapore, you are welcome to visit our new office on weekdays.

The new contract info of BIPO Singapore office is as follows,

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## About Us

BIPO is a leading one-stop human resources provider in Asia Pacific, focused on providing organisations with innovative ways to manage complex end-to-end HR processes. Through our cloud and mobile-based Human Resources Management system as well as industry-leading solutions such as Payroll Outsourcing, Attendance Automation, Business Intelligence, HR Consulting, Recruitment & Business Process Outsourcing and Flexible Employee Management, we help companies transform their HR operations to and beyond their expectations, while achieving business goals related to cost and profitability.

Founded in 2004, our APAC headquarters is in Singapore and R&D centre in Indonesia. We have offices in Australia, China, Hong Kong, India, Japan, New Zealand, Philippines, Vietnam, Taiwan and Thailand with business links in over 10 countries and regions.

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