

Highlights of Provisions of Article (41) Explanatory Note

Introduction

Scope of Applying Article (41)	Measures that the Employee and Employer shall apply and adhere to pursuant to the provisions of Article (41).
<ul style="list-style-type: none">• Application of Article (41) is limited to enterprises whose revenues were affected by the consequences of Coronavirus crisis.	<ul style="list-style-type: none">• Measures related to wage.• Measures related to annual leave.• Measures related to exceptional leave.

Provisions of Article (41) regarding:

1. Wage	2. Annual Leave	3. Exceptional Leave
Employer shall be entitled to reduce wage within the six months following the measures taken regarding the condition or circumstance, or a part of the period, in a manner commensurate with the daily or weekly working hours.	Employer may grant annual leave to the employee within six-month period following measures taken regarding the condition or circumstance or within a period thereof, based on the powers and authority vested in the employer to determine annual leave time, at its sole discretion and as required by work conditions.	Granting exceptional leave (without wage) within the six months following measures taken regarding the condition or circumstance, or a part of the period.
Pay cut shall not exceed 40% of full actual wage.	Annual leave remuneration shall be paid in accordance with Article 109 of the Labor Law.	Exceptional leave shall be given upon Employee request and according to his/her approval.
Pay cut shall apply only within the six months following measures taken regarding the condition or circumstance or within a period thereof, as may be agreed by the parties	Employee may not refrain from exhausting the balance of his/her leave whenever the employer decides to grant him/her an annual leave.	The employment contract shall be deemed suspended during that exceptional leave whenever it exceeds twenty days unless the parties agreed on considering that the employment contract is not suspended for the time in excess of that period.
Employer shall resume payment of full wage previously agreed upon before the reduction after passage of the six-month period.	Annual leave remuneration shall be calculated based on the actual wage before reduction applied due to exceptional circumstances under the provisions of Article (41) of Labor Law Implementing Regulations.	
The employee shall not have the right to refuse pay cut as long as it does not exceed the mentioned limit.		

Contract Termination

Conditions of contract termination due to force majeure

Contract termination due to force majeure may be enforced in case the following conditions are fulfilled, depending on the Termination Party:

In case of termination by the Employer		In case of termination by the Employee	
Passage of the six months following measures taken regarding condition or circumstance leading to precautionary or preventive procedures that require reducing the working hours or suspending business for a specific period while the condition or circumstance	Completion of applying the procedures, in whole or in part, regarding reduction of wage, annual leave and exceptional leave and compliance therewith.	If it is proven that employer had not benefited from any kind of subsidies provided by KSA in facing that condition or circumstance.	Passage of the six months following measures taken regarding condition or circumstance leading to precautionary or preventive procedures that require reducing the working hours or suspending business for a specific period while the condition or circumstance
			Completion of applying the procedures, in whole or in part, regarding reduction of wage, annual leave and exceptional leave and compliance therewith.

Compensation in case of illegal contract termination

In cases of illegal contract termination

The affected party shall be entitled to get his/her/its dues prescribed under the Labor Law, employment contract or work bylaws.

These dues shall not be calculated based on the reduced wage during the exceptional condition or circumstance.

These dues shall be calculated based on the last wage received by the employee before occurrence of that exceptional condition or circumstance.

Violations and Penalties

Violations and Penalties

Penalties for violating provisions of Article (41)

Ten thousand Riyal penalty against that violation
Penalty shall be multiplied in case of repeated occurrence

MHRSD may opt to settle these violations whenever they are remedied and settlement requirements are met as may be determined by MHRSD.