



وزارة الموارد البشرية
والتوظيف
MINISTRY OF HUMAN RESOURCES
& EMIRATISATION

**Ministerial Resolution No. (712) of 2016
Concerning the Incentives of Small- and Medium-Size
Enterprises Members to Entrepreneurship Supporting
Corporations**

The Minister of Human Resources & Emiratisation,

- Having perused Federal Law No. (1) of 1972 concerning the Competencies of Ministries and Powers of Ministers, as amended;
- Federal Law No. (8) of 1980 Concerning the Organization of Labor Relationships, as amended;
- Cabinet Resolution No. (26) of 2010 Concerning the Classification of the Enterprises governed by the Law on Regulation of Labor Relationships and Applicable Bank Guarantees;
- Cabinet Resolution No. (27) of 2010 Concerning the Charges and Fines Applicable to the Services provided by the Ministry of Labor.

Has resolved:

Article (1)

For the application of this Resolution, the following terms and phrases shall, whenever herein mentioned, have the meaning(s) set against each, unless the context otherwise requires:

- **Entrepreneurship Supporting Corporations:** means the corporations, programs, funds or other legal entities licensed by the competent authorities of the UAE which aim to support the small- and medium-size enterprises run by citizens.
- **Small-Size Enterprise:** an establishment owned and run by a citizen and being a member in the UAE-approved Entrepreneurship Supporting Corporations, and employing fifteen employees.
- **Medium-Size Enterprise:** an establishment owned and run by a citizen and being a member in the UAE-approved Entrepreneurship Supporting Corporations, and employing sixteen to fifty employees.

Article (2)

The following conditions shall be met so that the small- and medium-size enterprises may be entitled to the benefits provided for in Article (3) of this Resolution:

- (a) The owner of or all partners in the enterprise shall be a UAE citizen.
- (b) The small- or medium-size enterprise shall be a member of a UAE-approved Entrepreneurship Supporting Corporations.
- (c) The enterprise shall be run by the owner himself or a citizen manager.

(d) The owner of the enterprise may not have any enterprises registered with the Ministry with any violations on them.

(e) The owner of a small- or medium-size enterprise may not have more than five (5) enterprises owned or shared by him or in which he is a service agent.

Article (4)

1. The small- and medium-size enterprises, maximum two are owned by one business owner, shall:
 - (a) Small- and medium-size enterprises shall be classified as first class enterprises for five years.
 - (b) Small- and medium-size enterprises shall be exempted from bank guarantee.
2. To enjoy such benefits, the small- or medium-size enterprise's license first edition must be less than three years. If the license first edition is more than three years, the enterprise shall only enjoy the benefit specified in Clause (a) of this Article, provided that the license first edition is not older than five years.

Article (4)

1. Without prejudice to any procedures or fines provided for under the resolutions governing the payment of workers' wages, the exemption of small- and medium-size enterprises from the bank guarantee shall be cancelled and they must pay the applicable guarantee if the enterprise does not pay workers' wages for more than two consecutive months.
2. Without prejudice to any other applicable procedures or fines, small- and medium-size enterprises shall be declassified and reclassified according to the applicable criteria of classification of enterprises in the following cases:
 - If the enterprise employs its workers with third parties without license from the Ministry, or the enterprise employs the workers of other enterprises for it without license from the Ministry, or the employment relationship between the enterprise and its workers proves to be formal.
 - If the enterprise is sold or transferred to another person without notifying the Entrepreneurship Supporting Corporations.
 - If the Ministry finds that the small- or medium-size enterprise is run by a person other than its owner or a citizen manager.

Article (5)

In all cases, a small- or medium-size enterprise shall be reclassified according to the applicable criteria of classification of enterprises and applicable criteria five years after the date of enjoying the first class classification.

In addition, small- or medium-size enterprises shall be reclassified according to applicable criteria of classification of enterprises and other applicable criteria if its workers exceed fifty. In this case, the exemption from guarantee

shall remain effective, without prejudice to Article 4 of this Resolution, unless the number of workers exceeds one hundred, in this case, the enterprise may not be subject to this Resolution, and shall be subject to the general provisions governing bank guarantees.

Article (6)

- (a) Small- and medium-size enterprises shall enjoy and be deprived from benefits according to Articles 3 and 4 of this Resolution according to the resolution of the Minister or the person acting on his behalf.
- (b) The Undersecretary or the person acting on his behalf shall issue the executive procedures of this Resolution according to the Methodology of Development and Management of Services approved by the Ministry.

Article (7)

This Resolution shall be published in the Official Gazette and go into effect from 01.10.2016.

Saqr Ghobash
Minister of Human Resources & Emiratisation
/signed and stamped/

Issued in Abu Dhabi, 26.06.2016