

REGULATORY UPDATE

Date: 22nd March 2023
Territory: Qatar
Subject: New Retirement Pension Scheme

Addressing pensions and retirement for Qatari nationals, the state of Qatar has unveiled its new retirement pension scheme and released a social security law. Employers in the private sector will also be subject to the new Social Insurance Law No. (1) of 2022, which intends to encourage people to remain in the labor force as much as they can. Except for a few clauses regarding employee registration and other formalities, Law is effective from January 2023.

Main Modifications

The introduction of the law brings in a number of significant modifications to Qatar's existing social insurance system, including the following:

- **Social Contribution Expansion**

As per the present law, the General Retirement and Social Insurance Authority (GRSIA), which oversees Qatar's social security system, exclusively offers retirement, disability, and survivor compensation to citizens of Qatar who are employed in the public sector. But, in accordance with the new law, all Qatari citizens working in the private sector who are 18 years of age or older and have contracts that are at least one year long are now covered, provided their employer offers higher rewards than GRSIA. Employers in the private sector

must enroll unless they have a private pension plan with advantages that are superior to the social scheme and have at least one Qatari employee with a work contract lasting for at least one year.

- **Metrics of contributions are rising**

The proposed law raises the contribution rates for both employees and employers as follows and sets a QAR 100,000 monthly earnings threshold for employee contributions:

- The employee's contribution is 7%
- The employer contribution of 14%

The minimum needed service length to apply for a pension has climbed to twenty-five years, and the minimum retirement age will be fifty. Workers in the public sector who have contributed to the plan for thirty years or longer will additionally receive a gratuity from the pension fund when they reach retirement age.

- **Housing Allowance Contributions**

Both Housing Allowance and any Social Allowance are part of pension contribution amount.

- **Pension payments**

If the employee's termination of employment occurs due to one of the following situations, the pension is claimable:

- Demise;
- A medical committee-determined impairment;
- A person is bound to reach the age of retirement, which must be at least sixty (60) years old and is specified in the career norms that the person is bound;
- Resigning;
- Termination as a result of disciplinary action or a verdict against the employee for a criminal offence, a violation or breach of integrity; or
- Service termination.

The contribution period must be at least 25 years, including the time of actual service, which must be 20 years, for the person to be considered for the pension,

with the exception of the circumstances listed in points I and II above mentioned.

- **There will be penalties applied**

Regarding failure to provide contributions and causing employees to bear the value of all or some payments, in breach of the law, employers may be fined heavily up to QAR 30,000 and sentenced to 6 months in jail.

Further procedures for private businesses hiring Qataris

- All private enterprises that employ Qataris must examine whatever pension plans they currently have in effect and assess if they offer Qatari employees benefits over the 21% allowed by the new law.
- Employers must revise the employment contracts for their Qatari national employees to incorporate the clause given the state pension scheme and to guarantee that such Qatari national employees are not primarily related to both enrolments in the state pension scheme and the end of service gratuity, presuming that the new law delivers fairer benefits than the current pension scheme.
- Employers must enroll both their Qatari national workers and themselves in the GRSIA.

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