

**Disclaimer:** This mat does not constitute legal advice; neither does it contain the entire legal procedures stipulated in the laws. Also, it does not offer a substitute to careful and detailed legal advice.



**General Overview**

Ministry of Human Resources and Social Development (“HRSD”) has launched Nitaqat program which aims to categorize the companies into five categories, each is represented by a specific color and specifications. Thus, each category shows the scope within which a company can benefit from the features offered by HRSD.

- Nitaqat was established as an indicator and benchmark for companies to encourage and measure the fulfillment of Saudization requirements.
- Nitaqat has been developed several times since its start in 2011, until publishing the **Developed Nitaqat Program**.

**OBJECTIVES OF THE DEVELOPED NITAQAT PROGRAM**

<p>Supporting HRSD strategic transformation plan.</p> <p>1</p>	<p>Providing more than 340,000 jobs until 2024.</p> <p>2</p>	<p>Providing attractive job opportunities.</p> <p>3</p>	<p>Providing the entities with clear and defined three years' Saudization plan.</p> <p>4</p>	<p>Improving the work environment and make it more attractive for workforces.</p> <p>5</p>	<p>Increasing the contribution of Saudis in the private sector.</p> <p>6</p>	<p>Controlling the percentage of Saudization to be based on the total number of employees.</p> <p>7</p>	<p>Improving the relationship between an entity and its employees regarding the Saudization percentage.</p> <p>8</p>
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**Notable Improvements**

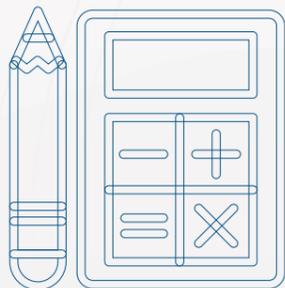
The main notable improvements in the developed Program of Nitaqat are:

- Decreasing the number of activities by merging similar activities in one.
- Keeping five categories after being previously altered several times.
- Focusing on the increase of entities' future stability.

**The differences between Nitaqat and Developed Nitaqat**

- Decreased number of activities from 85 to 32.
- Modifying the criterium for calculating each entity's percentage, as it was based on the size of the entity and it is now based on the number of employees according to a specific mathematical equation.
- Creating and developing a calculator for Saudization rates that facilitates the calculation process for entities.
- Improving and determining a fixed economic value for the entities.

**How to calculate the percentage ?!**



HRSD has developed a website page for calculating the percentage and helps in determining the category and Saudization plan for each entity, where data is entered, and the percentage is calculated as follows:

- Total number of Saudi employees in the entity divided by the total number of employees in the entity multiplied in (100), it equals the percentage of Saudization based on which the category of the entity is defined.

**100 X**

Total number of Saudi employees in an entity

Total number of employees in an entity

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## Nitaqat categories for the entities and specifications of each category



### Platinum

(Highest level of Saudization)

- submitting visa applications.
- Ability to modify profession of foreign employees notwithstanding the modification conditions.
- Ability to renew foreign employees' working permits.
- Obtaining a compensatory visa for each employee who leaves as a final exit.
- Ability to transfer a foreign employee service from any category.
- Immediate count of Saudization points in Nitaqat.

- Submitting visa applications.
- Ability to modify profession of foreign employees notwithstanding the modification conditions.
- Ability to renew foreign employees' working permits.
- Obtaining a compensatory visa for each employee working in a specialized profession, who exits as a final exit.
- Ability to transfer a foreign employee service from any category.
- Immediate count of Saudization points in Nitaqat.

(High level of Saudization)

### High Green



### Middle Green

(Middle level of Saudization)

- Submitting visa applications.
- Ability to modify profession of foreign employees notwithstanding the modification conditions.
- Ability to renew foreign employees' working permits.
- Obtaining a compensatory visa for each employee working in a specialized profession, who exits as a final exit.
- Ability to transfer a foreign employee service from any category.
- Immediate count of Saudization points in Nitaqat.

**This level limits the entity from benefiting from some of HRSD services as follows:**

- Being unable to submit new visa applications.
- Ability to modify profession of foreign employees notwithstanding the modification conditions.
- Ability to renew foreign employees' working permits.
- Obtaining a compensatory visa for each employee working in a specialized profession, who exits as a final exit.
- Ability to transfer a foreign employee service from a low-green level or a level thereunder.
- Will not count in the program.
- Immediate count of Saudization points in Nitaqat.

### Low Green



### Red

(Saudization requirements not fulfilled)

**This level limits the entity from benefiting from the following HRSD services**

- Being unable to submit visa applications.
- Being unable to modify profession of foreign employees.
- Being unable to renew foreign employees' working permits.
- Being unable to transfer a foreign employee service.
- Being unable to issue new foreign employees' working permits.
- Being unable to open a new entity or a new branch's file.