

S.I. 4 of 2022

INTERNATIONAL TRADE ZONE ACT

*(Cap 277)***International Trade Zone (Employment) (Amendment)
Regulations, 2022**

In exercise of the powers conferred by section 14(1)(a) of the International Trade Zone Act, the Minister responsible for Finance makes the following regulations —

Citation

1. These regulations may be cited as the International Trade Zone (Employment) (Amendment) Regulations, 2022.

**Amendment of International Trade Zone Employment Regulations
(S.I. 13 of 1997)**

2. The International Trade Zone (Employment) Regulations (S.I. 13 of 1997) are amended as follows —

(i) in regulation 2 —

(a) by repealing the definition of “compensation” and substituting therefor with the following definition —

“compensation” means an amount of money paid by an employer to a worker in accordance with regulations 31, 31A and 31B or in accordance with a compensation scheme;

(b) by inserting the following definition after “compensation” —

“compensation scheme” means a scheme administered by an employer or its agent and approved by the

Authority under which an employer shall pay compensation to a worker or a category of workers at the rate prescribed in regulation 31B or at such higher rate and in accordance with manner stipulated in the scheme;

- (c) by inserting after regulation 31 the following new regulations —

Compensation upon resignation or retirement

31A.(1) Where a worker —

- (a) resigns, otherwise than in the circumstances referred to in sub-regulation (2); or
- (b) retires,

on completion of not less than five years continuous service under an employer, compensation for length of service shall be payable to such worker, in addition to the wages and other benefits earned by the worker, in accordance with regulations 31B.

(2) Compensation shall not be payable to a worker under subregulation (1) where the worker resigns during a period of suspension from the service for disciplinary reasons, or where the circumstances of the resignation are such that serious disciplinary action could have been taken against the worker by the employer.

(3) Where a worker who has completed not less than five years continuous service dies while in employment, compensation for length of service shall be payable to the estate or succession of such worker in accordance with the laws of succession, in addition

to the wages and other benefits earned by the worker, in accordance with regulation 31B.

Calculation of compensation

31B.(1) For the purpose of regulations 31 and 31A —

- (a) the employer shall pay to the worker compensation calculated at —
 - (i) the rate of five-sixths of one day's wage for each completed month of service in the case of contracts of continuous employment;
 - (ii) in accordance with a compensation scheme;
 - (iii) double the rate in the case of fixed term contract.
- (b) for the purpose of clarity, any compensation paid by an employer to a worker in excess of one day's wage for every month worked by a worker, such excess amount shall be subject to tax at the rate prescribed under the Income and Non-Monetary Benefits Tax Act, 2010 (Cap. 273).
- (c) for the purpose of computing compensation under subregulation (a) —
 - (i) the wage shall be the wage payable to the worker at the

time the contract of employment is terminated;

- (ii) in respect of continuous employment, reference to “every month of service” or “completed months of service” means the length of continuous service of the worker with the employer under a contract of continuous employment;
- (iii) in respect of a fixed term contract, reference to “every month of service” or “completed months of service” means the length of service under the fixed term contract that is subject to termination notwithstanding any length of employment under any previous fixed term contract;
- (iv) “wage” includes any responsibility allowance or duty allowance.

- (d) for the purpose of entitlement and calculation of compensation upon the commencement of operation of these regulation, compensation paid before the commencement of operation of these regulation shall not be taken into account.

(2) The following formula shall apply for the purpose of calculating compensation payable to a worker under regulation 31B —

A x B x C

52 x D

- A** stands for salary per year;
- B** stands for working hours per day;
- C** stands for number of days of completed months of service;
- D** stands for number of working hours per week.

(3) Compensation payable to a part time worker shall be the amount which a full time worker in the same occupation would have received under these Regulations reduced in the proportion that the number of hours which the full-time worker would have worked bears to the number of hours which the part-time worker has worked.

Compensation scheme

31C.(1) An employer may establish and operate a compensation scheme for payment of compensation in circumstances where compensation is due and payable to a worker under these regulations or otherwise.

(2) A compensation scheme shall be approved by the Authority under such terms and conditions.

(3) Where an employer operates a compensation scheme, a worker shall be entitled to compensation in accordance with the compensation scheme in circumstances where compensation is due and payable to the worker under these regulations or under the compensation scheme.

Appeal to Appeals Board

31D. The function of the Minister under these regulations in respect of an appeal against a determination of the Authority shall be performed and discharged by the Appeals Board established under section 42 of the Financial Authority Act, 2013 (Act 19 of 2013) in place of the Minister.

MADE this 25th day of January, 2022.

**NAADIR HASSAN
MINISTER OF FINANCE,
ECONOMIC PLANNING AND TRADE**
