

Implementing Regulations to the New UAE Labour Law: 5 Aspects relevant to Practice

With Federal Decree-Law No. 33 of 2021, a new labour law in the United Arab Emirates ("UAE") came into force on 02.02.2022, about which we have already informed in two previous articles. The new labour law applies to employment relationships in the private sector of the UAE, including those in free zones. The financial free zones Dubai International Financial Centre and Abu Dhabi Global Market, however, are excluded. In the meantime, Cabinet Resolution No. 1 of 2022 has been published, which has been effective since 02.02.2022 as well. These Implementing Regulations specify the new labour law in further detail. We focus on five practically relevant aspects.

Aspect 1

Working Hours during Ramadan

During the month of Ramadan, regular working hours must be reduced by two hours per day. This applies to all employees and, thus, regardless of the religion or whether a Muslim employee is actually fasting.

Aspect 2

Exceptions to Maximum Working Hours

Certain groups of employees are exempt from the rule that the daily working time may not exceed eight hours and the weekly working time may not exceed 48 hours.

This includes, amongst others, employees occupying supervisory positions if such positions vest in them the powers of the employer as well as employees working in shifts whose work requires continuous maintenance of operations, provided that the average working hours do not exceed 56 hours per week.

Aspect 3

Entitlements to Annual Leave and Severance Pay of Part-Time Employees

Part-time employees, like full-time employees, are entitled to annual leave and severance pay at the end of their employment.

Both entitlements are calculated on a pro-rata basis according to a specific formula. For this purpose, the working hours of the part-time employee are to be set in relation to a full-time employment with eight working hours per day.

The annual leave for part-time employees must comprise a minimum of five working days.

Aspect 4

Increased Requirements for Companies with 50 or more Employees

Employers who employ at least 50 employees have to observe stricter organisational obligations.

They must set policies and procedures concerning work instructions, disciplinary sanctions, promotions and rewards and bring them to the attention of employees, especially in a language the employees understand.

They are also required to establish an easily accessible system that allows employees to file complaints and grievances regarding disciplinary actions with the employer and receive a written response within a specified period of time.

Aspect 5

Exemptions from Non-Compete Clause

Under certain circumstances, an employee is exempt from complying with a non-compete clause which was originally validly agreed upon.

On the one hand, this applies if the reason for the termination of the employment relationship is attributable to the employer or is based on the employer's breach of statutory or contractual obligations.

On the other hand, a non-compete clause loses its validity if either the former employee or his new employer pays the former employer, with the latter's written consent, compensation not exceeding three months' salary last received or the employment relationship is terminated during the probationary period or the employee falls into a professional category which is exempted from compliance with a non-compete clause by ministerial resolution due to its importance for the local labour market.

Outlook

With the Federal Decree-Law No. 33 of 2021 and Cabinet Resolution No. 1 of 2022 having come into force, a new legal framework is now in place to guide employers and employees in the UAE private sector.



Do you have questions? – We would be glad to answer them!

From our office located in the heart of Dubai, our team of German attorneys has been advising small and medium-sized companies, corporations and individuals on the laws of the United Arab Emirates for more than 15 years. Our areas of expertise include corporate law (in particular business set-up), commercial agency law, employment law as well as tenancy and real estate law. We would be happy to attend to your questions as well. Contact us!

ANDERS LEGAL CONSULTANCY
Sama Tower, Office 806
Sheikh Zayed Road
PO Box 333 558, Dubai, UAE

Phone: +971 4 327 5888
Fax: +971 4 327 5999
eMail: info@anders.ae
Web: www.anders.ae

Published: 22.03.2022

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