



In Brief: Interesting Facts about the New UAE Labour Law

On 02.02.2022, a new labour law will come into force in the United Arab Emirates ("UAE"). Federal Decree-Law No. 33 of 2021 will then replace Federal Law No. 8 of 1980, which has been in effect for more than forty years. We have summarised some interesting aspects of the new labour law for you.

Scope of Application

The new labour law applies to employees working in the private sector of the UAE.

Employees of federal and local government entities, members of the armed forces, police and security as well as domestic workers are excluded.

Employment Contract

Only fixed-term employment contracts may be concluded.

Existing unlimited-term employment contracts must be converted into fixed-term contracts by 01.02.2023.

An employer and employee may agree on full-time work, part-time work, temporary work (i.e. for a specific period or project) or flexible work (i.e. depending on the workload).

Workplace

There is a prohibition of discrimination with regard to race, colour, sex, religion, national and ethnic origin or disability. Preference for Emirati nationals in the labour market does not constitute discrimination.

An employer, supervisor or colleague is prohibited from sexually harassing or verbally, physically or psychologically bullying an employee.

Salary

Women and men must receive the same salary for the same work.

The principle of a minimum wage is provided for by law, but still requires further clarification by cabinet resolution.

Salaries may be paid in any currency.

Entitlement to sick pay arises immediately after the end of the probationary period.

Working Hours

The regular maximum working hours are eight hours per day or 48 hours per week.

In principle, only two hours of overtime may be worked per day. However, the total working hours may not exceed 144 hours

within a three-week period. The overtime pay is calculated based on the basic salary in addition to at least 25% of the basic salary.

The weekly rest day may be agreed between the employer and the employee and does not have to fall on Friday.

Working hours in the month of Ramadan are still to be determined by implementing regulation.

The employer and employee may agree on remote work.

Leave

During annual leave, the employee is entitled to full salary pay.

Annual leave shall be taken in the year in which it accrues. Carryover to the next year requires the employer's consent.

Any annual leave not taken is compensated on the basis of basic salary.

The entitlement to paid maternity leave is 60 days with full pay for the first 45 days and half pay for the following 15 days.

Other types of leave exist in the form of bereavement leave, parental leave and study leave.

Probationary Period

The employer must give 14 days' notice during the probationary period.

If the employee resigns during the probationary period, he is subject to a notice period of either 14 days or one month, depending on whether he plans to leave the country or take up another job in the UAE.

If the employee resigns during the probationary period, the new employer may be liable to compensate the old employer for the employee's recruitment costs.

Termination

A notice period of between 30 and 90 days can be agreed.

Termination with notice requires a legitimate reason.

If the employer gives notice, the employee is entitled to one day of unpaid leave per week during the notice period to find a new



employment.

Severance Pay

According to the wording of the new labour law, the severance pay of a foreign employee is to be calculated at the end of a full-time employment on the basis of working days.

The basis for calculating the severance pay is the last basic salary received. Any commission payments or bonuses are not taken into account.

Irrespective of the reason for termination and the person giving notice, the employee retains full entitlement to severance pay, i.e. even in case of own termination or termination without notice by the employer.

Non-Compete Clause

The maximum duration of a post-contractual non-compete clause is two years.

A non-compete clause becomes void should the employer terminate the employment in violation of the provisions of the labour law.

Ban

If a foreign employee violates legal obligations in connection with a termination, the employee may be refused a new work

permit for a period of one year.

Administration

The employer is prohibited from claiming reimbursement from the employee for expenses incurred in the course of the employee's recruitment and employment.

Passports and other official documents of the employee may not be retained.

The employer is obliged to keep employment records for at least two years after termination of employment.

The employer must pay all entitlements due to an employee within 14 days of termination of employment.

Penalties

Employing a worker without having applied for a work permit is punishable by a fine of between AED 50,000 and AED 200,000.

Outlook

Federal Decree-Law No. 33 of 2021 refers in numerous instances to an implementing regulation and cabinet decisions to be issued at a later stage. The new labour law will therefore be further specified by supplementary provisions in the future.

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: 04.01.2022

The information provided in this article has been carefully perused. However, no legal responsibility or liability whatsoever, in particular for completeness, accuracy and topicality, can be assumed. Specialist advice should be sought for any individual case.