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**LABOUR &
EMPLOYMENT**

United Arab Emirates



LEXOLOGY

Labour & Employment

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LEGISLATION AND AGENCIES

Primary and secondary legislation

What are the main statutes and regulations relating to employment?

Onshore

Following substantive legislative reform in 2021, the United Arab Emirates overhauled the private sector's employment legislation and subordinate legislation.

Public sector employees are governed by separate legislation (eg, Federal Decree-Law No. 49 of 2022 on Human Resources in the Federal Government) and each emirates' own public sector laws.

The two main sources of legislation and subordinate executive regulations governing private sector labour and employment in the United Arab Emirates are:

- Federal Decree-Law No. 33 of 2021 Regarding the Regulation of Employment Relationships (the Labour Law), as amended, which repealed Federal Law No. 8 of 1980 and came into force on 2 February 2022; and
- Cabinet Decision No. 1 of 2022 on Implementing Regulations of Federal Decree-Law No. 33 of 2021 Regarding the Regulation of Employment Relationships (the Executive Regulations).

The Labour Law has been amended to date by:

- Federal Decree-Law No. 14 of 2022; and
- Federal Decree-Law No. 20 of 2023.

The above UAE legislation applies to all employees in the private sector, which includes foreign nationals. This includes the free trade zones (excluding those discussed below), save where indicated in the chapter. However, it does not apply to the following categories of employees:

- employees ordinarily working in or from the Dubai International Financial Centre (DIFC) for whom the employment law of the DIFC applies (discussed below);
- employees for whom the employment law of the Abu Dhabi Global Market (ADGM) applies (discussed below); and
- the following categories of workers expressly excluded by the Labour Law:
 - employees of federal and local government entities (ie, public sector employees, where other federal and emirate laws apply);
 - members of the armed forces, police and security; and
 - domestic workers.

The above employees are governed by specific legislation (eg, civil service laws that apply to emirate-level and federal government bodies, and Federal Decree-Law No. 9 of 2022 on Domestic Workers, amended by Federal Decree-Law No. 21 of 2023).

Dubai International Financial Centre (DIFC)

The DIFC Employment Law No. 2 of 2019, as amended (the DIFC Employment Law) and the DIFC Employment Regulations 2022 apply to:

- any person having a place of business in the DIFC who employs one or more individuals;
- any individual employed by way of an employment contract who either (a) is based within, or ordinarily works in or from, the DIFC; or (b) agreed in an employment contract to be subject to the law;
- any individual employed in the DIFC through alternative arrangements identified by the DIFC Employment Law including through a secondment, where certain provisions of the DIFC Employment Law are excluded.

Abu Dhabi Global Market (ADGM)

The ADGM Employment Regulations 2019 (the ADGM Employment Regulations) and the ADGM Employment Regulations (Compensation and Award Limits) Rules 2019 apply to:

- any person employing an individual to perform services for remuneration of any kind who (a) is or was a licensed person, as defined in the ADGM licensing regulations; or (b) is the ADGM;
- any individual who (a) works or will work in the service of another person under an express or implied contract of employment under which the employer has the right to control the details of work performance; (b) holds an ADGM work permit; and (c) is based within, or ordinarily working within or from the ADGM.

Law stated - 5 February 2024

Protected employee categories

Is there any law prohibiting discrimination or harassment in employment?

If so, what categories are regulated under the law?

The UAE onshore jurisdiction, the ADGM and the DIFC all have specific provisions that prohibit discrimination and harassment in employment.

Discrimination

Onshore

The main source of protection for equality and non-discrimination in the workplace can be found in article 4 of the Labour Law. This expressly prohibits discrimination on the basis of:

- race;
- skin colour;
- sex;
- religion;
- national origin;
- social origin; and
- disability,

where such discrimination would impair equal opportunities or prejudice equality in obtaining or continuing a job, or enjoying the rights associated with it.

Article 4 of the Labour Law expressly addresses discrimination against women, confirming that all provisions regulating employment shall apply to working women. Further, article 4 states that female employees are entitled to the same remuneration as a male employee if they perform the same work, or work of an equal value.

Further, the Labour Law contains a prohibition against employers discriminating against female employees who are pregnant. Under article 30 of the Labour Law, an employer may not terminate the service of a female employee or give her notice of termination due to her pregnancy, maternity leave or associated absence arising from maternity as provided for under the Labour Law.

Notwithstanding the anti-discrimination provisions contained in the Labour Law, article 4 of the Labour Law clarifies that any policies and procedures that are implemented to promote the participation of UAE nationals within the UAE labour market will not be considered discrimination.

Protection from discrimination in the workplace are also located in other federal laws, such as Federal Decree-Law No. 34 of 2023 on combating discrimination, hatred and extremism (which can give rise to criminal liability) and Cabinet Decision No. 43 of 2018 on the Support of Employment of Persons with Disabilities, which include specific protections against discrimination towards persons with disabilities, defined as 'people of determination'. Protection from discrimination can also be found in emirate-level laws.

DIFC

Part 9 of the DIFC Employment Law contains non-discrimination provisions, which address protection from discrimination including harassment, and victimisation.

Pursuant to article 59 of the DIFC Employment Law, employees are afforded discrimination protections to ensure they are not subjected to:

- less-favourable treatment, or put at a disadvantage not faced by others, because of a prohibited ground (ie, direct discrimination);
-

a provision, criterion or practice that is discriminatory in relation to one of the prohibited grounds (ie, indirect discrimination);

- unwanted treatment or conduct (ie, harassment); or
- discrimination on the grounds of disability where the employer fails to make reasonable adjustments to any physical feature of the workplace or applicable provision, criteria or practice that would, if made, enable the employee to otherwise meet a genuine occupational requirement; or where the employee is treated unfavourably due to something arising as a consequence of the employee's disability.

In each instance of discrimination above, a provision, criterion or practice is discriminatory in relation to any of the prohibited grounds where the employer cannot show that it is a proportionate means of achieving a legitimate aim.

Article 59(1) of the DIFC Employment Law specifically prohibits an employer from discriminating against an employee on the following grounds:

- sex;
- marital status;
- race;
- nationality;
- age;
- pregnancy and maternity;
- religion; and
- mental or physical disability.

With regard to age, article 59(5) provides that an employer does not discriminate against an employee on the grounds of age if the employer can show that the treatment of the employee is a proportionate means of achieving a legitimate aim.

With regards to disability, article 59(8)(a) defines this as a mental or physical impairment or illness which has a substantial and long-term adverse effect on the employee's ability to carry out duties for an employer, which has lasted at least 12 months or is likely to last at least 12 months.

In accordance with article 59(7) of the DIFC Employment Law, direct, indirect, or disability discrimination is permitted if there is a genuine occupational requirement reasonably necessary for the normal performance of a particular role or occupation.

In addition to the discrimination provisions in article 59, the DIFC Employment Law also prohibits an employer from terminating the employee's employment, or changing the employee's position or terms and conditions of employment without the employee's prior written consent, where the reason is due to an employee's pregnancy, maternity leave or paternity leave. Further, an employee has the right to return to work at the end of pregnancy, maternity or paternity leave to the same or a substantially similar role on the same terms and conditions of employment and with the same level of seniority the employee had immediately prior to taking leave.

Finally, the DIFC Employment Law clarifies in article 59(9) that Part 9 of the law addressing discrimination and victimisation does not preclude any law, programme or activity that has as its aim the employment of UAE nationals, or the amelioration of conditions of disadvantaged individuals or groups, including those that are disadvantaged due to a mental or physical disability.

ADGM

Pursuant to article 54 of the ADGM Employment Regulations, employees are afforded discrimination protections to ensure that they are not subjected to:

- less favourable treatment than others would be in the same circumstances on one of the prohibited grounds (ie, direct discrimination);
- a provision, criterion or practice which puts the employee at a disadvantage not faced by others who are not of that characteristic (ie, indirect discrimination); or
- unwanted treatment or conduct (ie, harassment).

In respect of each of direct and indirect discrimination, an employer may apply a bona-fide occupational requirement, which is reasonably necessary for the normal performance of a particular role or occupation.

Article 54 of the ADGM Employment Regulations specifically prohibits an employer from discriminating against an employee on the following grounds:

- gender;
- marital status;
- race;
- nationality;
- skin colour;
- religion;
- age; and
- disability.

With regard to age, article 54(6) provides that an employer is not liable for discrimination where an employee is at a disadvantage when compared with another employee of a different age in relation to a benefit, facility or service, where such disadvantage is due to the continuous service of the employee and the complainant has five or less years' of service with the employer and the employer reasonably believes that the arrangements for the provision of the relevant benefits, facilities or services fulfil a business need.

With regard to disability, the ADGM Employment Regulations define disability as a physical or mental impairment that has a substantial and long-term adverse effect on an employee's ability to carry out their duties under their contract of employment, which has lasted at least 12 months or is likely to last at least 12 months. The Regulations prohibit discrimination on the grounds of disability where a physical feature of the workplace, or an applicable

provision, criterion or practice puts the disabled employee at a substantial disadvantage and the employer fails to take such steps as are reasonable to avoid the disadvantage.

Unlike the DIFC Employment Law, pregnancy and maternity are not protected characteristics under the ADGM Employment Regulations. However, article 36 prohibits an employer from terminating employment or changing the position or condition of employment without the employee's prior written consent, on the grounds of an employee's pregnancy, maternity leave or paternity leave. An employee also has the right to return to work at the end of any maternity leave to the same role or suitable alternative on the same terms and conditions, and with the same seniority rights as the employee would have had, had she not taken maternity leave.

In respect of each of direct and indirect discrimination, an employer may apply a bona-fide occupational requirement, which is reasonably necessary for the normal performance of a particular role or occupation.

Finally, the ADGM Employment Regulations confirm that nothing precludes any law, programme or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups, including those that are disadvantaged due to disability.

Harassment

Onshore

Article 14(2) of the Labour Law imposes specific prohibitions against harassment in the workplace, specifically sexual harassment, bullying, or any verbal, physical or psychological violence against an employee by their employer, superiors or colleagues. In addition, sexual harassment is a criminal offence punishable by imprisonment under article 413 of Federal Decree-Law No. 31 of 2021 containing the Penal Code.

Pursuant to article 45(2) of the Labour Law, where an employer or its legal representative has subjected an employee to an assault or harassment in the workplace and this has been reported to the Ministry of Human Resources and Emiratisation (MOHRE) within five working days of the incident, the employee is entitled to end their employment agreement without notice, reserving all contractual entitlements, including any end-of-service gratuities.

DIFC

As noted above, harassment is identified as a form of discrimination in the DIFC Employment Law. Pursuant to article 59(2)(c) of the DIFC Employment Law, an employer is prohibited from engaging in unwanted treatment or conduct related to one of the prohibited grounds, which has the purpose or effect of creating an intimidating, hostile, degrading, humiliating or offensive workplace for an employee or violates an employee's dignity.

The DIFC Employment Law also contains further protection under article 43 of the law, which states that employers must provide and maintain a workplace that is free from discrimination and victimisation, and without risks to an employee's health and safety.

ADGM

As noted above, harassment is identified as a form of discrimination in the ADGM Employment Regulations. Pursuant to article 54(2)(c) of the ADGM Employment Regulations, an employer is prohibited from engaging in unwanted treatment or conduct related to one of the prohibited grounds, which has the purpose or effect of creating an intimidating, hostile, degrading, humiliating or offensive workplace.

The ADGM Employment Regulations also contain further protection under article 37 of the Regulations, which require employers to provide and maintain a workplace that is free of harassment, is safe and does not risk the health of employees.

Law stated - 5 February 2024

Enforcement agencies

What are the primary government agencies or other entities responsible for the enforcement of employment statutes and regulations?

Onshore

The MOHRE is the primary government agency overseeing onshore employment rights in the UAE.

The MOHRE is responsible for proposing federal laws that regulate employment in the UAE and supervising the implementation of those laws; managing the labour market; and proposing employment policies and initiatives which improve the employment landscape in the UAE. As part of its supervisory functions, the MOHRE is concerned with both access to jobs and training for UAE nationals, as well as managing the employment of non-nationals. This therefore includes approving and issuing work permits for employees, conducting workplace inspections to ensure compliance with the Labour Law, and issuing penalties for those breaching their obligations.

Prior to 1 January 2024, the MOHRE was also responsible for facilitating settlement between parties in the event of a dispute, and otherwise referring the dispute to the relevant labour court. From 1 January 2024, the MOHRE has authority to settle a dispute by a final decision where the value of the dispute does not exceed 50,000 UAE dirhams, or where the dispute arises from non-compliance of an amicable settlement reached with the MOHRE, regardless of value. The decision of the MOHRE shall be treated as an executive order, which means that it has the same legal status as a final decision by the local courts, but may be appealed to the Court of Appeal. For disputes with a value greater than 50,000 UAE dirhams, the MOHRE shall continue to act as a mediator to the dispute, but must then refer the complaint to the competent court if it is unresolved.

For employees working in free trade zones other than the DIFC and the ADGM, the primary government agency responsible for overseeing employment rights within the free zone rests with the applicable free zone authority. However, the free zone authorities do not have the power to issue any executive order in the event of a dispute, and the impact of the new law elevating the position of the MOHRE in respect of certain disputes in the case of free zone employment is uncertain.

In all other cases where the MOHRE does not have authority (excluding employees in the DIFC and the ADGM), the enforcement of employment rights is done through individual claims and actions to the competent labour court.

DIFC and ADGM

For employees in the DIFC and the ADGM, the DIFC Authority and ADGM Employment Affairs Office are the primary government agencies, respectively, who are responsible for overseeing employment rights within the two financial free zones. However the enforcement of individual claims and actions relating to employment disputes must be brought:

- in the Small Claims Tribunal or Court of First Instance of the DIFC Courts, in the case of employment rights arising in the DIFC; or
- in the Employment Division of the Court of First Instance of the ADGM Courts, in the case of employment rights arising in the ADGM.

Immigration and criminal

In addition to the bodies listed above who are concerned with employment rights within the UAE, other relevant agencies or bodies are:

- the Federal Authority for Identity, Citizenship, Customs and Port Security (ICP), who, with the support of emirate-level bodies, exercises the powers of the Ministry of Interior in relation to nationality, passports, entry and residency of expatriates. The ICP may also issue administrative deportation orders where deportation is required for the sake of public interest, security, morals or health, or where an expatriate does not have an apparent means of living; and
- the Public Prosecutor, who has exclusive jurisdiction in the UAE to initiate and prosecute criminal proceedings, and is part of the judicial body. The Public Prosecutor assumes authority over investigations, imposes charges and makes the necessary referrals to competent courts if criminal charges are imposed.

Federal Decree-Law No. 29 of 2021 (the Foreigners Law) contains the framework for the processing of visas, renewals and cancellations, and sets out the applicable penalties for violations of certain immigration-related regulations. The Foreigners Law applies to all expatriate employees in the UAE. The ICP is responsible for the enforcement of the Foreigners Law.

Law stated - 5 February 2024

WORKER REPRESENTATION

Legal basis

Is there any legislation mandating or allowing the establishment of employees' representatives in the workplace?

There is no legislation or ability for the establishment of employees' representatives or trade unions in the UAE applicable to private sector employees. Importantly, the establishment of any association, institution or organisation must be by way of a licence, and failure to do so is a criminal offence (article 194, Federal Decree-Law No. 31 of 2021, the Penal Code).

Onshore

The establishment of employees' representatives, trade unions and workers' councils or committees is not provided for under Federal Decree-Law No. 33 of 2021, as amended (the Labour Law).

However, collective labour disputes are permissible under article 56 of the Labour Law and article 32 of Cabinet Decision No. 1 of 2022 (the Executive Regulations) in certain circumstances. Notification of a collective dispute must be submitted to the Ministry of Human Resources and Emiratisation (MOHRE) within two weeks of the date of the dispute by the affected group of employees.

The MOHRE can impose a precautionary attachment upon the employer's funds to guarantee the rights of the employees where a dispute relates to unpaid salaries.

Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM)

The establishment of employees' representatives, trade unions and workers' councils or committees is not provided for under any of the laws of the DIFC or the ADGM.

Law stated - 5 February 2024

Powers of representatives

What are their powers?

The establishment of employees' representatives, trade unions, and workers' councils and committees is not provided for under any of the laws of the United Arab Emirates, the DIFC or the ADGM.

Law stated - 5 February 2024

BACKGROUND INFORMATION ON APPLICANTS

Background checks

Are there any restrictions or prohibitions against background checks on applicants? Does it make a difference if an employer conducts its own checks or hires a third party?

There are no restrictions on an employer conducting a background check in the United Arab Emirates in the private sector, provided that the privacy and data protection laws in the relevant jurisdiction are adhered to. This often involves securing the express consent of the employee.

Onshore

There are no restrictions or prohibitions against carrying out background checks on applicants. Employers are entitled to conduct their own background checks or hire a third party to do so, provided that any such checks are conducted in accordance with the provisions of Federal Decree-Law No. 45 of 2021 (the Data Privacy Law).

The Data Privacy Law requires employers to secure their employees' specific, clear and unambiguous consent to collect, store and process their personal data in the form of a positive statement of action, subject to the following exemptions:

- Processing personal data to:
 - perform a contract to which the data subject is a party;
 - taking actions at the data subject's request to conclude, amend or terminate a contract;
 - fulfil the data controller's obligations under applicable laws;
 - carry out the obligations and exercise the rights of the data subject; or
 - defend a legal claim.
- The data controller is acting in the public interest.
- The personal data was made public by the data subject.

Dubai International Financial Centre (DIFC)

Employers in the DIFC are entitled to conduct their own background checks or hire a third party to do so, provided that any such checks are conducted in accordance with the provisions of DIFC Data Protection Law No. 5 of 2020.

Abu Dhabi Global Market (ADGM)

Employers in the ADGM are entitled to conduct their own background checks or hire a third party to do so, provided that any such checks are conducted in accordance with the provisions of the ADGM Data Protection Regulations 2021.

Law stated - 5 February 2024

Medical examinations

Are there any restrictions or prohibitions against requiring a medical examination as a condition of employment?

An employer is entitled to refuse to hire an applicant who does not submit to a medical examination by a Department of Health licensed facility, as this is a prerequisite for any residency visa and the granting of a work permit.

Pursuant to Federal Decree-Law No. 29 of 2021 (the Foreigners Law) and its implementing regulations, Cabinet Decision No. 65 of 2022, it is mandatory for all expatriate employees to submit to a medical examination as part of the residency visa process. Passing the medical examination is a condition for receiving a residency visa and the right to employment in the UAE onshore jurisdiction. Individuals are screened for communicable diseases, which include covid-19, HIV, hepatitis B and C, leprosy, syphilis and tuberculosis. It is therefore impossible for an employer to employ any candidate who either refuses to undertake or fails the medical examination.

The same rules apply to employees in the DIFC and the ADGM.

Law stated - 5 February 2024

Drug and alcohol testing

Are there any restrictions or prohibitions against drug and alcohol testing of applicants?

There are no express restrictions or prohibitions on employers requiring drug or alcohol testing of candidates or staff under UAE federal legislation, nor are there any under DIFC Law No. 2 of 2019, as amended (the DIFC Employment Law), or the ADGM Employment Regulations 2019. However, undertaking drug or alcohol testing can give rise to other consequences, including criminal and data processing considerations.

Law stated - 5 February 2024

HIRING OF EMPLOYEES

Preference and discrimination

Are there any legal requirements to give preference in hiring to, or not to discriminate against, particular people or groups of people?

Emiratisation

Although the UAE government has implemented a number of initiatives over the years to encourage the employment of UAE nationals in the private sector, the legal measures to achieve this were overhauled in 2022 and continue to be implemented to date.

These measures apply to all private sector companies who fall within the jurisdiction of the Ministry of Human Resources and Emiratisation (MOHRE). This means that private sector companies operating in free zones (which includes those free zones for whom Federal-Decree Law No. 33 of 2021, as amended (the Labour Law) applies, as well as the Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Markets (ADGM)) are not subject to these Emiratisation requirements.

Emiratisation Decision

Ministerial Decision No. 279 of 2022 (the Emiratisation Decision) was issued on 6 June 2022 and required companies with 50 or more employees to ensure that at least 2 per cent of its skilled workforce were UAE nationals. This requirement increases by 2 per cent year on year, so that by the end of 2026, 10 per cent of the skilled workforce within the concerned entities should be UAE nationals. The Emiratisation Decision sets out the calculation of the ratio, which is one UAE national for every 50 skilled employees (or less than 50 skilled employees) and the MOHRE notifies companies of their required quota each year.

From 1 January 2023, private sector companies failing to achieve the required quotas were fined 6,000 UAE dirhams for each UAE national employee they had failed to employ as against the company's required quota. This fine increases by an additional 1,000 UAE dirhams per employee shortfall each year (ie, 7,000 UAE dirhams per employee in 2024 and 8,000 UAE dirhams per employee in 2025, etc).

Any UAE nationals employed by companies prior to the introduction of this Emiratisation Decision do not count towards the quota, as the focus is on additional UAE nationals on a year-on-year basis.

Companies who reach or exceed 70 per cent UAE national representation within the skilled workforce will be exempt from paying the annual fines.

In 2023, the calculation and payment of fines was adjusted by the MOHRE, so that the achievement of the increase in UAE nationals within the workforce is assessed every six months (rather than annually). This means that companies with 50 or more employees are required to increase the number of UAE nationals in skilled roles by 1 per cent every six months, to achieve the 10 per cent target in five years.

Extension of Emiratisation scope

Ministerial Decision No. 455 of 2023 (the Supplemental Emiratisation Decision), which was issued on 10 July 2023 and came into force from 1 January 2024, has extended the scope of the Emiratisation targets to companies that have between 20 and 49 employees, who work in certain sectors targeted by the MOHRE and identified within the Supplemental Emiratisation Decision.

From 1 January 2024, private sector establishments impacted by the Supplemental Emiratisation Decision are required to increase the number of UAE nationals within the company by one employee in 2024 and one further UAE national employee in 2025.

Companies failing to achieve the targets will be fined 96,000 UAE dirhams for the year 2024 in January 2025, and 108,000 UAE dirhams for the year 2025, payable in January 2026.

Consequences for non-compliance

In addition to a sliding scale of penalties sets out in the Emiratisation Decision, Ministerial Decision No. 296 of 2023 (the Ministerial Decision of Non-Compliance), sets out a range of penalties for non-compliance of the Emiratisation quotas, including substantial fines.

Termination of UAE nationals

In addition to the Emiratisation laws designed to encourage employment of UAE nationals in the private sector, Ministerial Decision No. 212 of 2018 (Ministerial Decision on Employing Nationals) contains certain obligations on employers and protections for UAE nationals in the event of termination of employment. Although this Decision pre-dates the Labour Law, the Ministerial Decision on Employing Nationals has not been repealed. In particular:

- an exit interview report must be prepared by the employer and submitted to the MOHRE;
- the termination of employment by the employer shall not be considered legitimate if the reason for termination:
 - is not based on a gross misconduct reason;
 - if it can be demonstrated that a non-national has been retained who carried out the same role as the UAE national employee, or the UAE national employee was terminated to make way for a non-national; or
 - if the employer terminates the employment for a reason not connected to work, or because the UAE national filed a complaint with the relevant authorities, or brought a valid claim against the employer; and
- where the MOHRE determines that the termination of employment was not valid, and the parties fail to settle the dispute and allow the employee to return to work, the MOHRE may refer the dispute to the competent court, and suspend the approval of new work permits for a period not exceeding six months from the date the UAE national's complaint is upheld.

Law stated - 5 February 2024

Written contracts

Must there be a written employment contract? If yes, what essential terms are required to be evidenced in writing?

All UAE onshore, DIFC and ADGM employment agreements must be in writing and meet the requirements specified in each applicable piece of legislation.

Onshore

Pursuant to article 8(1) of the Labour Law, all employees – whether in a free zone or onshore – must have written employment contracts.

To complete the UAE residency visa application, an employee must receive a written job offer from their prospective employer. The parties must enter into a standard bilingual employment contract, as provided by the Ministry of Human Resources and Emiratisation (MOHRE), which stipulates the minimum employment conditions as per the Labour Law.

Under the provisions of article 8 of the Labour Law and article 10 of Cabinet Decision No. 1 of 2022 (the Executive Regulations), the MOHRE contract must specify the following:

- the start date and duration of the employment, which must be for a fixed term;

- the job title;
- the place of employment;
- the salary, including benefits and allowances;
- the name and address of the employer;
- the employee's name, nationality and date of birth;
- information to prove the employee's identity,
- the employee's qualification;
- work hours and rest days;
- the probationary period;
- annual leave entitlement;
- notice period; and
- termination procedures.

In addition to the standard form contract issued by the MOHRE, it is common for the employer and employee to enter into a supplementary employment contract that provides additional contractual terms, provided that they do not seek to reduce the minimum terms contained in the Labour Law.

DIFC

Pursuant to article 14 of DIFC Employment Law No. 2 of 2019, as amended (the DIFC Employment Law), DIFC employers must provide their employees with a written contract that must specify the following:

- the parties' names;
- the start date;
- the salary and any allowances to be provided to the employee;
- the applicable pay period;
- hours and days of work;
- vacation leave and pay;
- notice to be given by either party to terminate employment;
- the employee's job title;
- confirmation as to whether the contract is for an indefinite period or for a fixed term;
- the place of work;
- applicable disciplinary rules and grievances procedures;
- the probation period;
- a reference to any applicable policies and procedures (including any codes of conduct) and where these can be accessed; and
-

any other matter that may be prescribed in any regulations issued under the DIFC Employment Law.

ADGM

Article 5(4) of the ADGM Employment Regulations 2019 stipulates that ADGM employment contracts must include:

- the parties' names;
- the start date;
- remuneration;
- the applicable pay period;
- hours and days of work; and
- any terms and conditions relating to:
 - vacation leave and pay, national holiday entitlement and pay;
 - sick leave and sick pay;
 - the notice period that either party is required to give to the other in order to terminate employment;
 - the employee's job title;
 - whether the employment is for an indefinite or fixed term;
 - the place of work;
 - any disciplinary rules or grievance procedures applicable to the employee; and
 - any other matter that may be prescribed by the employer.

Law stated - 5 February 2024

Fixed-term contracts

To what extent are fixed-term employment contracts permissible?

Fixed-term contracts are permissible in every UAE jurisdiction. Most importantly, article 8(3) of the Labour Law mandates that all onshore employment contracts shall be issued for fixed-terms (ie, it is not possible to have an indefinite term contract for onshore employment).

Onshore

Pursuant to article 8(3) of the Labour Law (as amended by article 1 of Federal Decree-Law No. 14 of 2022), limited, fixed-term contracts are the only form of employment contract permitted. The contract tenure may be agreed upon between the parties; however, there must exist a definitive end date to the employment relationship. The employment contract can be renewed for shorter or similar periods with the agreement of both parties.

All existing unlimited employment contracts were required to have been converted to fixed-term contracts by 31 December 2023. Therefore, there should no longer be any unlimited term contracts for onshore employment.

Pursuant to article 7 of the Labour Law, UAE employment contracts can include the following patterns of work:

- full-time employment;
- part-time employment;
- temporary employment; and
- flexible employment.

DIFC

Pursuant to article 14(2)(i) of the DIFC Employment Law, fixed-term contracts are permitted. However, there is no specified maximum or minimum duration and contracts can be for less than six months.

ADGM

Pursuant to article 5(4) of the ADGM Employment Regulations 2019, fixed-term contracts are permitted; however, there is no specified maximum or minimum duration.

Law stated - 5 February 2024

Probationary period

What is the maximum probationary period permitted by law?

Onshore

Pursuant to article 9 of the Labour Law, probation periods may not exceed six months and must be specifically referred to in the employment contract.

DIFC

Pursuant to article 14(2) of the DIFC Employment Law, any applicable probation period must not exceed six months. Where the employee is on a fixed-term contract, the probation period must not be more than half of the term of the contract.

ADGM

Pursuant to article 9 of the ADGM Employment Regulations 2019, probation periods in the ADGM may not exceed six months.

Law stated - 5 February 2024

Classification as contractor or employee

What are the primary factors that distinguish an independent contractor from an employee?

The primary factors that distinguish an independent contractor from an employee under UAE law relate to the visa type, visa status and visa sponsor of the worker. An independent contractor should be independently licensed and sponsored.

Onshore

A work permit system has been established under article 6(l) of the Executive Regulations that allows for permits to be granted to individuals wishing to engage in self-employment:

- without the requirement of having the sponsorship of a specific employer or body in the country;
- without the requirement of a valid employment contract through which a worker achieves direct income; and
- that allows for such workers to not be employees of individuals or facilities.

All other workers who do not hold such a permit will be considered employees, in line with article 1 of the Labour Law, and subject to the operation of the Labour Law.

Law stated - 5 February 2024

Temporary agency staffing

Is there any legislation governing temporary staffing through recruitment agencies?

Temporary staffing agencies are heavily regulated commercial operations in the UAE and can only be owned and operated by UAE nationals.

The Labour Law and the Executive Regulations provide a legislative regime to govern temporary staffing through recruitment agencies.

Pursuant to article 6 of the Labour Law, it is not permissible to carry out the activity of recruitment or employing workers without a licence from the MOHRE, in accordance with the conditions and procedures specified in the Executive Regulations.

Law stated - 5 February 2024

FOREIGN WORKERS

Visas

Are there any numerical limitations on short-term visas? Are visas available for employees transferring from one corporate entity in one jurisdiction to a related entity in another jurisdiction?

In the private sector, the Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM), short-term visas may be issued subject to the size of an employer's premises and visa already allocated.

There are no statutory transfer arrangements which allow the transfer of employment from one entity to another and therefore there are no specific regulations regarding short-term visas for employment transfers.

Law stated - 5 February 2024

Spouses

Are spouses of authorised workers entitled to work?

Spouses of authorised workers are entitled to work if a work permit has been obtained by the spouse's prospective employer. Article 6 of Cabinet Resolution No. 1 of 2022 (the Executive Regulations) specifically provides for work permits for individuals who are registered under the residency of their sponsored relatives.

Law stated - 5 February 2024

General rules

What are the rules for employing foreign workers and what are the sanctions for employing a foreign worker who does not have a right to work in the jurisdiction?

The rules for employing foreign workers are contained within Federal Decree-Law No. 33 of 2021, as amended (the Labour Law) and Federal Decree-Law No. 29 of 2021 (the Foreigners Law), which specify that an employee must:

- apply for approval to work from the Ministry of Human Resources and Emiratization (MOHRE);
- obtain a work permit and then apply for an employment visa from the Immigration Authority;
- obtain a residence permit for the employee;
- hold a MOHRE-issued employment contract;
- have a valid and approved passport that authorises the employee to return to the country of issuance; and
- be sponsored by an employer and pass the medical check required pursuant to the provisions of article 4 of the Foreigners Law.

Pursuant to the Foreigners Law, the following sanctions are applicable to an expatriate who is employed without adhering to the above requirements:

- Article 25: an employer who fails to arrange an employee's residency visa may be subject to a fine of up to 50,000 UAE dirhams and a custodial sentence in the case of reoffending. This fine is multiplied by the number of violations.
- Article 27: where an employee fails to obtain a residency visa, that employee may be subject to a custodial sentence of up to three months and a fine of up to 10,000 UAE dirhams, and may be subject to a deportation order, as may any family member sponsored by that employee.
- Article 28: managers or employees who have contributed to the commission of any such contravention of items (1) to (6) therein are also subject to a fine of up to 50,000 UAE dirhams and the court may order the closure of the employer's office for a period of up to six months.

Law stated - 5 February 2024

Resident labour market test

Is a labour market test required as a precursor to a short or long-term visa?

Under the Emiratisation initiatives, UAE nationals are given priority over expatriate employees in filling vacant employment positions.

The DIFC Law No. 2 of 2019, as amended (the DIFC Employment Law) and ADGM Employment Regulations 2019 do not require labour market tests.

Law stated - 5 February 2024

TERMS OF EMPLOYMENT

Working hours

Are there any restrictions or limitations on working hours and may an employee opt out of such restrictions or limitations?

In all jurisdictions in the United Arab Emirates, there are limits on the working hours an employee can undertake in the private sector.

Onshore

UAE onshore private sector employees may work a maximum of eight hours per day or 48 hours per week, pursuant to the provisions of article 17 of Federal Decree-Law No. 33 of 2021, as amended (the Labour Law). Article 15(2) of Cabinet Resolution No. 1 of 2022 (the Executive Regulations) requires these hours to be reduced by two hours per day during the Islamic holy month of Ramadan.

Overtime is permitted, provided that, in accordance with article 15(3) of the Executive Regulations, the overtime must not exceed two hours per day, unless the work is necessary to prevent the occurrence of a serious loss or accident. However, in all cases, total working

hours must not exceed 144 hours every three weeks. Overtime is payable at enhanced rates of pay.

Pursuant to article 15(4) of the Executive Regulations, the following categories are excluded from the working-hour (including overtime) provisions:

- chairs of boards of directors and board members;
- persons occupying supervisory positions, provided that those positions vest in them the powers of the employer;
- workers at sea;
- businesses whose technical nature requires continuation of work through successive shifts, provided that the average working hours do not exceed 56 hours per week; and
- preparatory or complementary works that must be carried out outside of time limits generally established for work in the facility.

Dubai International Financial Centre (DIFC)

Pursuant to article 22 of DIFC Law No. 2 of 2019, as amended (the DIFC Employment Law), an employee's weekly hours must not exceed 48 hours over a seven-day period unless the employer has received the employee's prior written consent. However, the employee is entitled to at least one rest day per week.

Abu Dhabi Global Market (ADGM)

Pursuant to article 16 of the ADGM Employment Regulations 2019, weekly working hours must not exceed an average of 48 hours. An employee is entitled to at least one rest day per week. Overtime is payable at enhanced rates of pay. Employees in managerial or supervisory positions, as well as those in positions where it is reasonably expected within that industry internationally to work without overtime pay, are exempted from overtime compensation.

Law stated - 5 February 2024

Overtime pay – entitlement and calculation

What categories of workers are entitled to overtime pay and how is it calculated?

Onshore

The majority of onshore private sector employees are entitled to overtime hours. However, pursuant to article 15(4) of the Executive Regulations, overtime is not payable for the following categories:

- chairs of boards of directors and members of these boards;
- persons occupying supervisory positions, if such positions would enable their occupants to enjoy the powers of the employer;

- workers who make up the crew of naval vessels, and workers who work at sea and enjoy special conditions of service due to the nature of their work;
- businesses whose technical nature requires continuation of work through successive shifts or tours, provided that the average working hours do not exceed 56 hours per week; and
- preparatory or complementary works that must necessarily be carried out outside the time limits generally established for work in the facility.

Pursuant to article 19 of the Labour Law, overtime is calculated as follows:

- working between 4am and 10pm: a minimum increase of 25 per cent of the employee's basic salary;
- working between 10pm and 4am: a minimum increase of 50 per cent of the employee's basic salary; and
- working on a rest day: the employee is entitled to a day off in lieu or a 50 per cent increase to their basic salary.

DIFC

In the DIFC, there are no express overtime provisions. However, pursuant to article 22 of the DIFC Employment Law, the working hours of an employee must not exceed 48 hours over a seven-day period, unless the employee has given their written consent.

ADGM

In the ADGM, pursuant to article 16 of the ADGM Employment Regulations 2019, where an employee works in excess of a 48-hour working week (save for employees in managerial or supervisory positions, or those whose industries internationally are expected to work without overtime pay), overtime must be paid in monetary compensation or compensated by time off in lieu (to be decided by the employer). Overtime compensation rates are either 25 or 50 per cent of an employee's hourly rate, depending upon when the overtime occurs.

Law stated - 5 February 2024

Overtime pay – contractual waiver

Can employees contractually waive the right to overtime pay?

There is no ability in any of the three UAE jurisdictions to waive the right to overtime. However, there are statutory exclusions that limit the circumstances in which employees can claim overtime.

Onshore

Under the Labour Law), there is no ability for employees to contractually waive the right to overtime pay.

DIFC and ADGM

There are no provisions that allow for overtime payments to be contractually waived under the DIFC Employment Law or ADGM Employment Regulations 2019, save where the parties enter into a settlement agreement arising from termination or dispute (in the case of the DIFC) or arising from a dispute (in the case of the ADGM) and where the prescribed format of the agreement set out in the respective laws is adhered to.

Law stated - 5 February 2024

Vacation and holidays

Is there any legislation establishing the right to annual vacation and holidays?

In all jurisdictions in the United Arab Emirates, employees hold a statutory right to annual vacation and holidays.

Onshore

Pursuant to article 29 of the Labour Law, employees are entitled to 30 calendar days of annual leave in addition to any official UAE public holidays, where the employee has at least one year's service. For employees with service of between six months and one year, the entitlement is calculated as two calendar days for each month of service. There is no obligation to allow an employee to take leave during their probation period.

Pursuant to article 19 of the Executive Regulations, an employee is entitled to carry over up to half of their annual leave into the following year or the parties can mutually agree to the payment of cash in lieu of the employee's annual leave entitlement.

DIFC

Pursuant to article 27(1) of the DIFC Employment Law, employees with at least 90 days' service are entitled to 20 days of annual leave per year. Pursuant to article 27(3), they are entitled to carry forward a minimum of five of these vacation days into the following year, which must be taken within the 12 months following the carry forward.

ADGM

Pursuant to article 22(1) of the ADGM Employment Regulations 2019, employees with at least 90 days' service are entitled to a minimum of 20 days of annual leave each year. Pursuant to article 22(2), they are entitled to carry over a maximum of five of these vacation

days into the following year, which must be taken within the 12 months following the carry forward.

Law stated - 5 February 2024

Sick leave and sick pay

Is there any legislation establishing the right to sick leave or sick pay?

In all jurisdictions in the United Arab Emirates, an employee has a right to sick leave and sick pay after the conclusion of the employee's probation period.

Onshore

Pursuant to article 31(2) of the Labour Law, during a probation period, employees are not entitled to paid sick leave. Employers may grant sick leave during the employee's probation, without pay, upon the issuance of a medical report.

Pursuant to article 31(3), following the probationary period, employees are entitled to 90 calendar days of sick leave as follows:

- first 15 calendar days with full pay;
- following 30 calendar days with half pay; and
- any subsequent period without pay.

Where an employee takes in excess of 90 consecutive or intermittent calendar days of sick leave per year and is unable to return to work, an employer is entitled to terminate the employment relationship pursuant to the provisions of article 31 of the Labour Law.

Where sick leave is the result of an employee's misconduct, such as the consumption of alcohol or drugs (and there is a report from authorities to confirm consumption of the same), or the violation of safety instructions in accordance with UAE legislation, the employee is not entitled to paid sick leave in accordance with the provisions of article 20 of the Executive Regulations.

ADGM

Pursuant to article 29 of the ADGM Employment Regulations 2019, employees are entitled to a maximum of 60 working days of sick leave in any 12-month period. Pursuant to article 30, employees are entitled to sick pay as follows:

- first 10 working days with full pay;
- following 20 working days with half pay; and
- 30 working days without pay.

Pursuant to article 31, where an employee takes in excess of 60 working days as sick leave in a 12-month period, an employer is entitled to terminate the employment relationship, save where the employee's sick leave is due to a disability.

DIFC

Pursuant to article 34 of the DIFC Employment Law, employees are entitled to a maximum of 60 working days of sick leave in a 12-month period. Pursuant to article 35, employees are entitled to sick pay as follows:

- first 10 working days with full pay;
- following 20 working days with half pay; and
- 30 working days without pay.

Pursuant to article 36, where an employee takes in excess of 60 working days as sick leave in a 12-month period, an employer is entitled to terminate the employment relationship, save where the employee's sick leave is due to a disability.

Law stated - 5 February 2024

Leave of absence

In what circumstances may an employee take a leave of absence? What is the maximum duration of such leave and does an employee receive pay during the leave?

Onshore

The principal statutory leaves of absence for the private sector onshore contained in the Labour Law is set out in the table below.

DIFC

The principal statutory leaves of absence for employees in the DIFC contained in the DIFC Employment Law are set out in the table below.

Type

Length

Compensation

Maternity leave	65 working days	Where the employee has been employed for at least 12 months prior to the expected or actual week of childbirth or date of adoption and has complied with the notification requirements set out in article 37 of the DIFC Employment Law, the employee is entitled to full pay for the first 33 working days of leave and half pay for the remaining 32 working days of leave.
Paternity leave	Five working days, provided that the male employee has been continuously employed for at least 12 months prior to the expected or actual week of childbirth or date of adoption and has complied with the notification requirements set out in article 39 of the DIFC Employment Law. The leave must be taken within the first month from the date of childbirth or date of adoption.	Full pay; there is no entitlement to compensation in lieu of paternity leave if the employee fails to take it.
Special leave	Up to 21 working days, for a Muslim employee to perform the Hajj pilgrimage once during their employment, provided that they have at least one year's service.	Unpaid

ADGM

The principal statutory leaves of absence for employees in the ADGM contained in the ADGM Employment Regulations 2019 are set out in the table below.

Type	Length	Compensation
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Maternity leave	65 working days	Where the employee has been employed for at least 12 months prior to the expected or actual week of childbirth or date of adoption and has complied with the notification requirements set out in article 33 of the ADGM Employment Regulations 2019, the employee is entitled to full pay for the first 33 working days of leave and half pay for the remaining 32 working days of leave.
Paternity leave	Five working days, to be taken within two months of the date of birth of the child.	Full pay; there is no entitlement to compensation in lieu of paternity leave if the employee fails to take it.
Special leave	Up to 30 working days, for a Muslim employee to perform the Hajj pilgrimage once during their employment, provided that they have at least one year's service.	Unpaid

The ADGM Employment Regulations 2019 also recognise the application of Federal Law No. 6 of 2014 concerning the National and Reserve Service, as amended, to the extent to which it does not contradict any of the provisions of the ADGM Employment Regulations.

Law stated - 5 February 2024

Mandatory employee benefits

What employee benefits are prescribed by law?

Onshore

The Labour Law sets out the minimum employee benefits, which include:

- the right to:
 - paid medical insurance;
 - the provision of adequate housing, or a cash alternative, or confirmation that it is included in the remuneration;
 - a harassment-free workplace;
 - overtime (subject to certain exempted classes of workers);

- certain paid leave; and
- annual leave;
- protection:
 - from the dangers of occupational injuries at the workplace;
 - from discrimination and
 - of privacy;
- remuneration paid on time;
- maintenance of sponsorship and residency;
- termination benefits, which in the case of UAE nationals will be pension contributions and in the case of expatriate employees will be an end of service gratuity or when service has lasted for longer than one year;
- entitlement upon request to an experience certificate free of charge, confirming the dates of employment, job title, last remuneration received, and reason for termination;
- repatriation benefits; and
- access to a grievance procedure in which fees are waived for employees.

DIFC and ADGM

Similar benefits are prescribed in DIFC and ADGM legislation. Employees in the DIFC are also entitled to obtain a written notice explaining the rationale behind any termination.

Law stated - 5 February 2024

Part-time and fixed-term employees

Are there any special rules relating to part-time or fixed-term employees?

All UAE jurisdictions have specific provisions in place for fixed-term employment contracts and in the case of onshore employment, the Labour Law mandates that all employment contracts must be fixed term contracts.

Onshore

Article 8(3) of the Labour Law only allows for fixed-term employment contracts for UAE onshore employees. These fixed-term contracts must be for a definite, renewable period. By virtue of article 1 of Federal Decree-Law No. 14 of 2022 which came into force on 28 September 2022, the parties are free to agree the period of the fixed term.

The Labour Law and Cabinet Decision No. 1 of 2022 provide for various working options within fixed-term employment contracts, which include:

- full-time employment;
- part-time employment;

- temporary employment;
- flexible employment;
- remote employment; and
- job-sharing employment.

Employees are required to obtain work permits in accordance with the provisions of article 6 of the Executive Regulations.

Part-time employees are entitled to annual leave and end of service gratuity payments on a pro-rated basis, based on their total working hours converted to working days, divided by the number of working days in a year and multiplied by the legally prescribed entitlement for full time employees. All part-time employees enjoy a minimum of five working days of annual leave per year.

DIFC and ADGM

Employment contracts in the DIFC and the ADGM can be either limited or unlimited in duration.

In the DIFC and ADGM, part-time employees are entitled to leave on a pro rata basis. DIFC Law No. 2 of 2019, as amended sets out a formula for calculating the pro-rata entitlement, depending on whether the employee works five days a week on reduced hours, or a reduced number of work days per week.

The DIFC Employment Law also contains a concept of a short-term employee, in which the employee works for an employer for a period not exceeding 30 work days during a 12-month period. Short-term employees are excluded from a number of entitlements under the DIFC Employment Law, including the right to a written contract, an itemised pay statement, any form of leave, or termination rights.

Law stated - 5 February 2024

Public disclosures

Must employers publish information on pay or other details about employees or the general workforce?

There are no requirements in the UAE onshore jurisdiction, the DIFC or the ADGM for any employer to publish any information about its workforce.

Law stated - 5 February 2024

POST-EMPLOYMENT RESTRICTIVE COVENANTS

Validity and enforceability

To what extent are post-termination covenants not to compete, solicit or deal valid and enforceable?

Onshore

Non-compete restrictions are specifically provided for under Federal Decree-Law No. 33 of 2021, as amended (the Labour Law).

Pursuant to article 10 of the Labour Law and article 12 of Cabinet Resolution No. 1 of 2022 (the Executive Regulations), an employer may include a non-compete restriction in the employment contract, where the employee's work provides them with access to the employer's clients or confidential information. However, the non-compete restriction must be limited in terms of geographic scope, duration of the restriction (a maximum of two years) and type of work being restricted, so that they only go as far as necessary to protect an employer's legitimate business interests.

The Labour Law provides that the non-compete restriction will be nullified where the employer terminates the employment contract in breach of the Labour Law. In addition, non-compete restrictions will not be enforced where:

- compensation of up to three months of the employee's last wage is paid by the employee or the employee's new employer, and the previous employer gives prior written approval;
- a contract is terminated during a probationary period; or
- the role falls within any occupational category pursuant to the needs of the local labour market, which is based on a decision from the Ministry of Human Resources and Emiratisation (MOHRE).

Other forms of post-termination covenants are not addressed in the Labour Law.

Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM)

The employment laws of the DIFC and ADGM do not specifically address post-termination covenants. The provision and interpretation of post-termination covenants are therefore subject to contract and case law, and public policy.

However, unlike the position onshore (where injunctive relief would not be granted for breach of a post-termination covenant), it is possible to obtain injunctive relief in each of the DIFC and ADGM courts. Enforcement would be limited to within the applicable free zones.

Law stated - 5 February 2024

Post-employment payments

Must an employer continue to pay the former employee while they are subject to post-employment restrictive covenants?

There is no requirement for an employer to continue to pay a former employee while they are subject to post-employment restrictive covenants.

Law stated - 5 February 2024

LIABILITY FOR ACTS OF EMPLOYEES

Extent of liability

In which circumstances may an employer be held liable for the acts or conduct of its employees?

Onshore

In the private sector there are certain instances where an employer may be held vicariously liable for the acts of its employees. For example, pursuant to the provisions of Federal Law No. 5 of 1985 on the Civil Transactions Law of the United Arab Emirates, an employer can be held liable for the employee's acts, where the employee's actions arise from their role in which they operate under the supervision the employer.

By virtue of article 14 of Federal Decree-law No. 33 of 2021, as amended (the Labour Law), an employer may be liable for any sexual harassment, bullying or any verbal, physical or psychological violence against the employee by the employee's superiors or colleagues.

Dubai International Financial Centre (DIFC)

Article 54 of DIFC Law No. 2 of 2019, as amended (the DIFC Employment Law) prescribes that an employer is liable for the acts, attempted acts or omissions of an employee during the course of the employee's employment.

However, the DIFC Employment Law clarifies that the employer will only be liable where:

- in the case of a claim for loss, damages or compensation, the complained of act or omission is sufficiently connected to the employer that it would be fair and just to hold the employer vicariously liable; or
- in the case of discrimination or victimisation, where the employer is unable to show that it took such steps that were reasonably practicable to prevent the employee from carrying out the act or omission.

Abu Dhabi Global Market (ADGM)

The ADGM Employment Regulations 2019 do not contain provisions specifically dealing with the vicarious liability of an employer. However, vicarious liability would arise under the common law of England and Wales applicable in the ADGM, depending on the circumstances.

Law stated - 5 February 2024

TAXATION OF EMPLOYEES

Applicable taxes

What employment-related taxes are prescribed by law?

There is currently no payment or withholding of employment-related taxes prescribed by UAE law to the private sector.

Law stated - 5 February 2024

EMPLOYEE-CREATED IP AND CONFIDENTIAL BUSINESS INFORMATION

Ownership rights

Is there any legislation addressing the parties' rights with respect to employee inventions?

Onshore

In the UAE private sector, ownership of the copyright in a work product lies with the creator, who remains the default owner of the copyright in the work created in the absence of any agreement between the parties to the contrary. This default right remains throughout the duration of any employment, where:

- the work product is not related to the scope of the creator's employment;
- the work is not related to the business or activities of the employer; and
- the work is created or achieved without utilising the employer's documents, experience and resources.

Unless the parties have agreed otherwise, an employer has the right to apply to patent any invention created by an employee pursuant to the provisions of article 10 of Federal Decree-Law No. 11 of 2021 (the Patents Law). The employee has the right to compensation if the economic value of the invention was not anticipated when the employment contract was entered into, a factor which may be determined by a court in the absence of any agreement between the parties.

Dubai International Financial Centre (DIFC)

Pursuant to the provisions of DIFC Law No. 4 of 2019 (the DIFC IP Law), ownership of copyright is presumed in favour of the employer when it comes to works created by an employee within the scope of their employment or while using the employer's resources. The DIFC IP Law also provides for employer ownership of patents subject to the invention being created within the scope of the employee's employment. If the invention is created outside of the scope of employment but relates to the employer's business and is created using the employer's resources, the invention still belongs to the employer.

The employee is entitled to fair compensation for the invention, taking into consideration the employee's salary, the economic value of the invention and the economic benefits gained by the employer from the invention.

Law stated - 5 February 2024

Trade secrets and confidential information

Is there any legislation protecting trade secrets and other confidential business information?

Onshore

Article 16 of Federal Decree-Law No. 33, as amended (the Labour Law) obliges employees to protect trade secrets and other confidential business – a position that is supported by the Patents Law. The Labour Law specifically provides for the enforceability of post-employment restrictive covenants.

Article 432 of Federal Decree-Law No. 30 of 2021 containing the Penal Code provides an express penalty for any employee that breaches the trade secrets of their employer.

In addition, article 62 of the Patents Law protects confidential information, or 'undisclosed information', that:

- is secret in that it is not generally known among or readily accessible to persons within the circles that normally deal with that kind of information;
- has commercial value because it is secret; and
- has been subject to reasonable steps by the person lawfully in control thereof to keep it secret.

DIFC

The DIFC IP Law protects trade secrets. It recognises UAE-registered intellectual property rights in the DIFC, which extend to trade secrets.

ADGM

Pursuant to article 10(g) of the ADGM Employment Regulations 2019, an employee holds an express duty not to disclose confidential information about the employer to a third party both during and after employment. Any breach would allow for civil action to be taken by the employer.

Law stated - 5 February 2024

DATA PROTECTION

Rules and employer obligations

Is there any legislation protecting employee privacy or personnel data? If so, what are an employer's obligations under the legislation?

Federal Decree-Law No. 45 of 2021 on Personal Data Protection (the Data Privacy Law) protects employees' personal data in the UAE private sector. The Data Privacy Law applies

to all data subjects who reside in or work in the United Arab Emirates and seeks to protect personal data.

The Data Privacy Law prohibits the processing of employees' personal data without their specific, clear and unambiguous consent in the form of a positive statement of action. Exceptions to this need for consent exist where, for example, the processing relates to personal data that:

- is necessary for the performance of a contract to which the employee is a party;
- where it relates to the processing of personal data that has already been made public by the employee; or
- where it is necessary for the fulfilment of the employer's obligations under applicable UAE laws.

The Data Privacy Law provides that personal data must be processed for specific purposes, and any processing must be adequate and limited to what is necessary in relation to the purposes for which the employer is processing that data.

Under the Data Privacy Law, data subjects will have a number of rights, including the right to:

- access their personal data from a controller;
- request the transfer of their personal data;
- restrict the processing of personal data in certain cases;
- have their personal data corrected or erased (ie, the right to be forgotten);
- object to certain types of data processing (eg, if it is for the purpose of direct marketing or scientific and statistical research); and
- object to automated processing of their personal data.

As data controllers, employers must:

- implement necessary standards for the protection and security of personal data;
- preserve the confidentiality and privacy of personal data;
- ensure that personal data is not breached, damaged, altered or tampered with; and
- maintain a record of personal data.

Dubai International Financial Centre (DIFC) Law No. 5 of 2020 (the DIFC Data Protection Law) and the Abu Dhabi Global Market (ADGM) Data Protection Regulations 2021 contain similar provisions for the protection of employees' personal data in the applicable free zones.

Law stated - 5 February 2024

Privacy notices

Do employers need to provide privacy notices or similar information notices to employees and candidates?

Onshore

Under the Data Privacy Law, employers have an obligation to process data in a transparent manner. As data controllers, employers are required in all cases, and prior to the commencement of processing, to provide employees with information regarding:

- the purposes of the processing;
- the targeted sectors or establishments with which the personal data will be shared, both within and outside the United Arab Emirates; and
- the protection measures in cases of cross-border processing.

Executive regulations to the Data Privacy Law have not yet been published, similar to the situation in other jurisdictions adopting data privacy laws. They were initially expected to be published in March 2022. It is hoped that they will contain further details as to what should be included in any data privacy notice. These executive regulations are expected to include the express provision that employees be given a detailed right of access (without charge) to certain types of information that an employer holds (namely, information that contains their personal data).

Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM)

Both the DIFC Data Protection Law and the ADGM Data Protection Regulations 2021 require employees to form a privacy notice or policy setting out the purposes for which data is collected and making it publicly accessible. It is good practice to make this policy available in simple terms as part of the information provided to an individual when seeking their agreement to process their personal data for specific purposes in a contract or otherwise.

Law stated - 5 February 2024

Employee data privacy rights

What data privacy rights can employees exercise against employers?

As data subjects, employees have the following rights and are not required to pay for any of them to be honoured:

- to receive information from their employers on personal data held (ie, a right to access);
- to request the transfer of their personal data;
- to have their personal data corrected or erased;
- to restrict the processing of their personal data in certain cases; and
- to object to certain types of data processing (eg, automated processing).

Law stated - 5 February 2024

BUSINESS TRANSFERS

Employee protections

Is there any legislation to protect employees in the event of a business transfer?

In the UAE private sector, employees are not automatically transferred in the event of a business transfer.

In the case of an employee transfer from one corporate entity in a jurisdiction outside of the UAE, to an entity within the UAE, this would be treated as new employment in the UAE. This means that the transferring employee would be required to enter into a new employment contract with the UAE entity, and the UAE entity will be obliged to apply for a residence visa and work permit for that employee in the usual way.

In the case of an employee transfer from one corporate entity in the UAE to an entity outside of the UAE, this would be treated as a termination of employment in the UAE. This means that the employment contract, residence visa and work permit would need to be cancelled in the UAE.

Finally, in the case of an employee transfer between corporate entities in the UAE, such a transfer requires the first employer and the transferring employee to agree to a termination of employment with the first employer and the transferring employee would then agree to new employment with the second employer. As part of the transition, the first employer would be obliged to cancel the residence visa and work permit of the transferring employee and the second employer would be obliged to obtain a new UAE residence visa and work permit for the transferee. In some instances, where the employee is moving within or between different UAE jurisdictions (ie, free zones or onshore employment), the applicable authorities may recognise this as a 'transfer', which results in different fees payable for the visa and work permit process.

Law stated - 5 February 2024

TERMINATION OF EMPLOYMENT

Grounds for termination

May an employer dismiss an employee for any reason or must there be 'cause'? How is cause defined under the applicable statute or regulation?

Onshore

Save for circumstances where the employment may be terminated without notice (discussed below), article 42 of Federal Decree-Law No. 33 of 2021, as amended (the Labour Law) sets out that UAE employment contracts may be terminated:

- by mutual agreement of the parties;
- through the expiration of the fixed term of the employment contract;
- by written notice (served by either party);
- upon the death of the employer;

- upon the death or permanent disability of the employee;
- where the employee is convicted of a crime and served with a custodial sentence of longer than three months;
- upon the permanent closure of the employer;
- where the employer becomes bankrupt or insolvent, or is unable to continue business for economic or other reasons; or
- failure of the employee to meet the conditions for renewing the work permit for any reasons beyond the control of the employer.

Notwithstanding the fact that all onshore contracts must be for a fixed term, it remains possible for either party to terminate the contract on notice, provided that the notice period is not less than 30 days and not more than 90 days.

In accordance with article 47 of the Labour Law, termination of employment will be considered illegal where the termination by the employer is due to the employee filing a complaint with the Ministry of Human Resources and Emiratisation (MOHRE) or filing a valid court claim against the employer. In such cases, the employee is entitled to compensation as determined by the court, which shall take into account the type of work, amount of damage sustained by the employee, and the employee's length of service. In all cases, the compensation must not exceed the remuneration of the employee for a period of three months, calculated according to the last salary received by the employee.

Dubai International Financial Centre (DIFC)

Save for the circumstances in which the employment may be terminated without notice (discussed below), and subject to the protections afforded to the employee with respect to discrimination and victimisation, as well as whistleblowing protection granted under DIFC Law No. 7 of 2018 (the Operating Law), an employer may dismiss an employee without cause for any reason, in accordance with article 62 of DIFC Law No. 2 of 2019, as amended (the DIFC Employment Law), provided that appropriate prior written notice is given. There is no statutory right giving the employee protection for unfair dismissal.

Abu Dhabi Global Market (ADGM)

Save for the circumstances in which employment may be terminated without notice (discussed below), and subject to the protections afforded to the employee with respect to discrimination and victimisation, as well as whistleblowing protection offered under the ADGM Guiding Principles on Whistleblowing dated December 2022, an employer may dismiss an employee for any reason, in accordance with article 55 of the ADGM Employment Regulations 2019, provided that appropriate prior written notice is given. There is no statutory right giving the employee protection for unfair dismissal.

Law stated - 5 February 2024

Notice requirements

Must notice of termination be given prior to dismissal? May an employer provide pay in lieu of notice?

In all UAE jurisdictions, notice of termination must be provided, except in circumstances where termination is for cause.

Onshore

Unless dismissal takes place in accordance with the limited provisions set out in article 44 of the Labour Law, written notice of termination must be given to an employee prior to dismissal. Pursuant to article 43(1) of the Labour Law, parties can agree to any notice period between one month and three months.

Parties can agree to pay in lieu of notice.

DIFC

Pursuant to article 62 of DIFC Law No. 2 of 2019, as amended (the DIFC Employment Law), the minimum written notice period to which an employee is entitled depends on their length of service with their employer:

- less than three months: seven calendar days;
- between three months and five years: 30 calendar days; and
- more than five years: 90 calendar days.

The parties can agree to longer notice periods.

It is only possible for the parties to agree to a payment in lieu of notice where the parties have entered into a valid settlement agreement which is compliant with the provisions of article 11 of the DIFC Employment Law.

ADGM

Pursuant to article 55 of the ADGM Employment Regulations 2019, an employee who has completed less than three months of service is entitled to at least seven days of notice and employees who complete more than three months of service are entitled to at least 30 calendar days of notice. All notices of termination must be supplied in writing.

The parties can agree to longer notice periods, the waiver of notice, and can agree to a payment in lieu of notice.

Law stated - 5 February 2024

Dismissal without notice

In which circumstances may an employer dismiss an employee without notice or payment in lieu of notice?

Onshore

An employer may dismiss an employee without notice or payment in lieu of notice pursuant to article 44 of the Labour Law, for one of nine specified reasons. These are where the employee:

- impersonated another person or submitted forged documentation;
- committed a mistake that resulted in a serious material loss to the employer or deliberately damaged the employer's property and acknowledged the same, provided that in each case the employer informs the Ministry of Human Resources and Emiratisation (MOHRE) within seven working days of his knowledge of the incident;
- violated the employer's safety instructions;
- failed to perform their basic duties according to their employment contract and:
 - the employer previously conducted a written investigation; and
 - issued at least two prior warnings to the employee;
- disclosed an employer's trade secrets or intellectual property that resulted in:
 - losses to the employer;
 - the loss of an opportunity for the employer; or
 - a personal benefit to the employee;
- during working hours:
 - was in a state of drunkenness;
 - was under the influence of a narcotic or psychotropic substance; or
 - committed an act against public morals in the workplace;
- assaulted the employer, the employee's manager, a superior or colleagues at the workplace, whether verbally, physically, or by any form of criminal assault;
- is absent without a legitimate reason or excuse accepted by the employer for more than 20 intermittent calendar days in one year, or for more than seven consecutive calendar days;
- illegally exploited their position to obtain results and personal gains; or
- began work with another company without complying with the rules and procedures prescribed by law.

DIFC

Pursuant to article 63(1) of DIFC Law No. 2 of 2019, as amended (the DIFC Employment Law), employers in the DIFC may terminate an employee with immediate effect for cause

in circumstances where the conduct of the employee warrants termination and where a reasonable employer would have terminated the employment as a consequence.

ADGM

Pursuant to article 56(1) of the ADGM Employment Regulations 2019, employers in the ADGM may terminate an employee with immediate effect for cause in circumstances where a reasonable employer would consider immediate termination to be warranted.

Law stated - 5 February 2024

Severance pay

Is there any legislation establishing the right to severance pay upon termination of employment? How is severance pay calculated?

Onshore

Pursuant to article 51 of the Labour Law, expatriate employees who have completed at least one year's service, regardless of the reasons for termination, are entitled to an end-of-service gratuity (severance pay) that must be paid to the employee within 14 calendar days of termination. The amounts are:

- 21 calendar days' basic wages for each of the first five years of service; and
- 30 calendar days' basic wages for each subsequent year of service.

Gratuity will be calculated on a pro-rata basis for incomplete years.

However, Cabinet Decision No. 96 of 2023 (the Alternative Scheme Resolution), which came into force on 13 October 2023, and Ministerial Decision No. 668 of 2023, which came into force on 31 October 2023, introduced an alternative scheme to end of service gratuity. It is not mandatory for employers to opt into the scheme; however, where an employer chooses to opt into the scheme, it may select the employees it wishes to participate in the scheme. If so selected, it is mandatory for the employee to participate in the scheme.

The Alternative Scheme Resolution applies to all employees in the private sector, including those in free zones, save that the Resolution makes reference to the financial free zones where the free zone authorities retain responsibility for managing the scheme in their respective jurisdictions.

Where an employer opts into the scheme, gratuity must be calculated at that point, based upon the salary received by the employee at the time of subscription into the scheme, and must be paid out on termination of employment.

Once subscribed into the scheme, employers must pay a monthly contribution into the scheme, which is calculated as 5.83 per cent of the employee's basic salary for employees with up to five years' service, and 8.33 per cent of the employee's basic salary where the employee has more than five years' service.

ADGM

In accordance with article 59 of the ADGM Employment Regulations 2019, expatriate employees who have completed at least one year's service are entitled to end-of-service gratuities in the amounts of:

- 21 calendar days' basic wages for each of the first five years of service; and
- 30 calendar days' basic wages for each year of service thereafter.

An employee who has been terminated for cause under article 56 is not entitled to the end of service gratuity.

Where an employer has established a pension scheme for his employees, the employees should be provided the option in writing to choose between participating in the pension scheme or receiving the end of service gratuity payment. In such circumstances, the employees must expressly confirm their choice in writing and submit it to the employer.

DIFC

Pursuant to article 66 of the DIFC Employment Law, expatriate employees who are not otherwise exempt under the provisions of the DIFC Employment Law, must be enrolled with the DIFC Employee Workplace Savings plan (DEWS) or alternative scheme approved by the DIFC Authority.

The employee shall, on a monthly basis, pay contributions into the plan, which are calculated as 5.83 per cent of the employee's basic salary for employees with up to five years' service, and 8.33 per cent of the employee's basic salary for employees with more than five years' service.

Law stated - 5 February 2024

Procedure

Are there any procedural requirements for dismissing an employee?

Onshore

Article 44 of the Labour Law provides for the dismissal of an employee without notice after an employer has conducted a written investigation with the employee, and the dismissal is justified and is made in writing. The decision must be based on one of the 10 justifications set out in article 44 of the Labour Law.

There are no express statutory procedural requirements for dismissing an employee on notice. However, in most cases it is recommended to follow a prior documented process (such as a disciplinary process) before giving notice of termination, in order to demonstrate that the reason was not for an illegal reason stated by the Labour Law, or was discriminatory.

DIFC and ADGM

There are no statutory procedural requirements for dismissing an employee. However, in most cases it is recommended to follow a prior documented process (such as a disciplinary process) before giving notice of termination, in order to demonstrate that the reason was not discriminatory or retaliatory.

UAE nationals

Ministerial Decree No. 212 of 2018 on Regulation of Employing Nationals in the Private Sector specifies the process for termination of employment of a UAE national.

Law stated - 5 February 2024

Employee protections

In what circumstances are employees protected from dismissal?

Onshore

All employment contracts in the onshore UAE jurisdiction are fixed-term employment contracts that must be for a definite period. At the expiration of the fixed-term agreement, there is no protection for the employee. During the fixed-term, employment must be terminated on notice.

Where the reason for termination is due to the filing of a serious complaint before the Ministry or filing a valid lawsuit against the employer, this is considered 'illegal' under the Labour Law and the employee is entitled to compensation to be determined by the court, capped at three months' remuneration. The court will take into account the type of work, amount of damage sustained by the employee and the employee's length of service.

Under the Labour Law, the discrimination provisions of article 4 prohibit discrimination on protected grounds which would prejudice equality in continuing in a job. In addition, it is not permissible to terminate the service of a female worker or to give her notice because of pregnancy, eligibility for maternity leave or because she is absent from work in accordance with the provisions of article 30.

DIFC and ADGM

Pursuant to article 63 of the DIFC Employment Law and article 57 of the ADGM Employment Regulations 2019, employment contracts can be terminated without cause. However, any termination is subject to the protections afforded to employees with respect to discrimination and victimisation, as well as whistleblowing protection. There is no provision for unfair dismissal in either law.

Law stated - 5 February 2024

Mass terminations and collective dismissals

| Are there special rules for mass terminations or collective dismissals?

Termination of employment contracts must take place on an individual basis, as there are no specific provisions in the Labour Law, the DIFC Employment Law or the ADGM Employment Regulations 2019, that allow for mass terminations or collective dismissals.

When a company is being sold, each employee must be terminated individually by the seller and then provided with a new contract of employment by the purchaser. There is no automatic provision for transfer.

Law stated - 5 February 2024

| **Class and collective actions**

| Are class or collective actions allowed or may employees only assert labour and employment claims on an individual basis?

Class actions are not permitted under UAE law. However, there are different dispute resolution provisions in each jurisdiction that allow for collective complaints and group litigation.

Onshore

Pursuant to the provisions of articles 54 and 56 of the Labour Law, in the case of a dispute between the employer and a group of employees where an amicable settlement is not possible, the employer or the collective employees are entitled to file a complaint with the Ministry of Human Resources and Emiratisation (MOHRE) for resolution.

DIFC and ADGM

Neither the DIFC Employment Law nor the ADGM Employment Regulations 2019 provide for class or collective employment actions. However, the DIFC and ADGM courts can make group litigation orders where claims can be said to relate to common issues of fact or law.

Law stated - 5 February 2024

| **Mandatory retirement age**

| Does the law in your jurisdiction allow employers to impose a mandatory retirement age? If so, at what age and under what limitations?

Onshore

Neither the Labour Law nor Cabinet Decision No. 1 of 2022 (the Executive Regulations) specify a particular age at which to terminate the employment contract. However, the MOHRE charges additional fees for approval of a work permit for employees over the age of 65.

DIFC and ADGM

There are no mandatory retirement ages in the DIFC or the ADGM.

Law stated - 5 February 2024

DISPUTE RESOLUTION

Arbitration

May the parties agree to private arbitration of employment disputes?

In the UAE private sector, private arbitration of employment disputes is not provided for by Federal Decree-Law No. 33 of 2021, as amended (the Labour Law), Dubai International Financial Centre (DIFC) Law No. (2) of 2019, as amended (the DIFC Employment Law) or the Abu Dhabi Global Market (ADGM) Employment Regulations 2019.

Law stated - 5 February 2024

Employee waiver of rights

May an employee agree to waive statutory and contractual rights to potential employment claims?

Onshore

There is no statutory ability to compromise statutory claims under the Labour Law and in accordance with article 65 of the Labour Law, the rights set out in the law represent minimum entitlements. Nevertheless, settlement agreements are commonly used, in order to waive contractual claims, set out payments due and agree that no further statutory rights arise, and to confirm the employee's cooperation for the visa and/or work permit cancellation process.

DIFC

Article 11 of the DIFC Employment Law states that the law sets out minimum requirements and that a provision in an agreement that waives any of those rights, other than where permitted under the law, is void.

Nevertheless, article 11 goes on to recognise that an employee may waive any right, remedy, obligation, claim or action under the law by entering into a written agreement with their employment to terminate employment or to resolve a dispute, provided that:

- the employee warrants in writing that they were given an opportunity to receive independent legal advice from a legal practitioner registered with the DIFC courts as to the terms and effect of the written agreement; or
- the parties took part in mediation proceedings provided by the DIFC courts prior to entering into the written agreement.

ADGM

Article 1 of the ADGM Employment Regulations 2019 states that the requirements contained in the Regulations are minimum requirements and that a provision in an agreement to waive or exclude those requirements, other than where permitted under the Regulations, is void.

Nevertheless, article 1 goes on to recognise that an employer and employee may enter into a settlement agreement under which either party agrees to waive all or any actual, threatened, or potential claims that they may have against the other arising out of the employment or its termination, including claims to enforce rights under the ADGM Employment Regulations 2019, provided that the agreement is in writing, signed by both parties, and valid consideration must be provided to the relevant party waiving such claims by the other party.

Law stated - 5 February 2024

Limitation period

What are the limitation periods for bringing employment claims?

Onshore

Pursuant to article 54(9) of the Labour Law, the time limitation for bringing employment claims is one year from the date of the claim or when the entitlement arose.

DIFC

Pursuant to article 10 of the the DIFC Employment Law, a court shall not consider a claim under the law unless it is presented to the court either during employment or not later than six months after the termination date. In the case of discrimination and victimisation claims, the court shall not consider a claim unless it is brought to the court before the end of:

- the period of six months from the date of the act or failure to do something to which the claim relates; or
- any other period determined by the court, where the complainant satisfies the court that there are circumstances in which a longer period ought to be allowed.

ADGM

The ADGM Employment Regulations 2019 do not provide for a limitation period for bringing a claim under the Regulations. However, the ADGM has adopted English legislation regarding limitation periods that would be applied and thus the statutory limitation period for filing a claim in the ADGM courts is six years.

Law stated - 5 February 2024

UPDATE AND TRENDS

Key developments and emerging trends

Are there any emerging trends or hot topics in labour and employment regulation in your jurisdiction? Are there current proposals to change the legislation?

The main developments in recent years in the UAE have occurred in onshore employment (ie, excluding the Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM) free zones). Starting with the overhaul of employment law through the introduction of Federal Decree-Law No. 33 of 2021, as amended (the Labour Law) and its implementing legislation, Cabinet Decision No. 1 of 2022, both of which came into force in 2022, the UAE has continued to introduce new legislation designed to enhance efficiency and transparency in the private sector, as well as supporting and developing UAE national representation in the private sector workforce. The most recent key developments are set out below.

Emiratisation

Although there have been a number of Emiratisation initiatives over the years, since 2022, the requirements for the private sector to ensure UAE national representation in its workforce has become stricter, and in 2023, the scope of the Emiratisation targets were extended to more private sector entities. Therefore, the consequences of failing to achieve those targets are likely to be felt by more entities during the course of 2024.

Ministerial Decision No. 279 of 2022 (the Emiratisation Decision) was issued on 6 June 2022 and required companies with 50 or more employees to ensure that at least 2 per cent of its skilled workforce were UAE nationals. This requirement increases by 2 per cent year on year, so that by 2026, 10 per cent of the skilled workforce within the concerned entities should be UAE nationals. The Emiratisation Decision sets out the calculation of the ratio, which is one UAE national for every 50 skilled employees (or less than 50 skilled employees) and the Ministry of Human Resources and Emiratisation (MOHRE) notifies companies of their required quota each year.

From 1 January 2023, private sector companies failing to achieve the required quotas were fined 6,000 UAE dirhams for each UAE national employee they had failed to comply with against the company's required quota. This fine increases by an additional 1,000 per employee shortfall each year (ie, 7,000 UAE dirhams per employee in 2024, 8,000 UAE dirhams per employee in 2025, etc).

Any UAE nationals employed by companies prior to the introduction of the Emiratisation Decision did not count towards the quota, as the focus is on additional UAE nationals on a year-on-year basis.

Companies who reach or exceed 70 per cent UAE national representation within the skilled workforce will be exempt from paying the annual fines.

In 2023, the calculation and payment of fines was adjusted by the MOHRE, so that the achievement of the increase in UAE nationals within the workforce is assessed every six months (rather than annually). This means that companies with 50 or more employees are

required to increase the number of UAE nationals in skilled roles by 1 per cent every six months, to achieve the 10 per cent target in five years.

From 1 January 2024, the Emiratisation targets were extended to companies that have between 20 and 49 employees, who work in certain sectors targeted by the MOHRE, by virtue of Ministerial Decision No. 455 of 2023 (the Supplemental Ministerial Decision), which was issued on 10 July 2023. This means that those companies impacted by this extension must ensure that they increase the number of UAE nationals within the company by one employee in 2024 and a further employee in 2025.

In addition to a sliding scale of penalties set out in the Emiratisation Decision, Ministerial Decision No. 296 of 2023 sets out a range of penalties for non-compliance with the Emiratisation quotas, including substantial fines.

Employment disputes

Prior to 1 January 2024, the MOHRE was responsible for facilitating settlement between the parties in the event of a dispute, and otherwise referring the dispute to the relevant labour court.

From 1 January 2024, the MOHRE has authority to settle a dispute by a final decision, where the value of the claim does not exceed 50,000 UAE dirhams, or where the dispute arises from non-compliance of an amicable settlement reached with the MOHRE, regardless of value. The decision of the MOHRE shall be treated as an executive order, which means that it has the same legal status as a final decision by the local courts, but may be appealed to the Court of Appeal. For disputes with a value greater than 50,000 UAE dirhams, the MOHRE shall continue to act as a mediator to the dispute, but must then refer the complaint to the competent court if it is unresolved.

This development is likely to significantly increase the speed by which low value claims are dealt with. However, the process by which the MOHRE determines a dispute and the extent to which parties seek to appeal decisions onto the Court of Appeal is still to be understood.

In addition, for employees working in free trade zones other than the DIFC and ADGM, the primary government agency responsible for overseeing employment rights within the free zones rests with the free zone authorities. However, the free zone authorities do not have the power to issue any executive order in the event of a dispute, and the impact of the new law elevating the position of the MOHRE in respect of certain disputes in the case of free zone employment is uncertain.

End of service gratuity

In accordance with the Labour Law, expatriate employees who have achieved at least one year's service, regardless of the reason for termination, are entitled to an end of service gratuity payment, calculated with reference to length of service.

However, Cabinet Resolution No. 96 of 2023, which came into force on 13 October 2023, and Ministerial Decision No. 668 of 2023, which came into force on 31 October 2023, introduced an alternative scheme to end of service gratuity. It is not mandatory for employers to opt into the scheme; however, where an employer chooses to opt into the scheme, it may select

the employees it wishes to participate in the scheme. If so selected, it is mandatory for the employee to participate in the scheme.

Where an employer opts into the scheme, gratuity must be calculated at that point, based upon the salary received by the employee at the time of subscription into the scheme, and must be paid out on termination of employment. From the point of subscription into the scheme, employers must pay a monthly contribution into the scheme, which is calculated as 5.83 per cent of the employee's basic salary for employees with up to five years' service, and 8.33 per cent of the employee's basic salary where the employee has more than five years' service.

It will be interesting to monitor the take up by employers of this alternative scheme during the course of 2024.

Law stated - 5 February 2024