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# **Employment FAQs**

These FAQs are designed to provide plain English answers to frequently asked questions about employment in the DMCC free zone, which is governed by Federal Law No. 33 of 2021 (as amended) (the “**UAE Labour Law**”) and Cabinet Resolution No.1 of 2022 (the “**Implementing Regulations**”). Wherever relevant reference is made to the UAE Labour Law in square brackets. For example, Article 38 of the UAE Labour Law would be shown as [38]. All responses are based on the minimum requirements of UAE Labour Law, however employers are free to offer additional benefits in order to attract and retain talented employees and all responses to the FAQs are subject to anything more beneficial contractually agreed by employers.

**Definitions:**

Employee – in this document employee has the same meaning as given to “Worker” in Article 1 of the UAE Labour Law.

Disclaimer: The responses in these FAQs are based on English translations of the UAE Labour Law. The information and material provided in this document is for the purposes of general information and guidance only and is not intended to constitute legal or other professional advice on which reliance should be placed. Should you require legal advice in relation to any employment matter, DMCC recommends that you obtain specialist and independent legal advice. Although DMCC makes reasonable efforts to update all information on its website, we make no representations, warranties or guarantees, whether express or implied that the information and content is accurate, complete and up-to-date.

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## Employment Contracts

### 1. What is an employment contract? [1]

An employment contract is an agreement between an employer and an employee whereby the employee commits to work for the employer and agrees to work under the employer's management and supervision, for which the employee receives remuneration from the employer.

### 2. What requirements must be covered in an employment contract? [8]

The employment contract shall be in accordance with the work model agreed upon with the employee (e.g. full-time work, part-time work, temporary work, flexible work, remote work or job sharing).

DMCC provides employment contract templates through the DMCC portal for the different models of work, which cover all of the provisions required under the UAE Labour Law.

The employment contract should be written with two copies signed, one for employer and one for employee.

### 3. Is an oral employment contract recognised in DMCC?

No, DMCC requires parties to enter into a written contract of employment setting out all of the minimum terms required by the UAE Labour Law.

### 4. As an employer, can I choose whether to offer a limited or unlimited term contract? [8]

No. The UAE Labour Law specifies that all employment contracts entered into on or after 2 February 2022 shall be for a limited term, not exceeding three (3) years. However, upon agreement between the employee and employer, the term of the employment contract can be extended or renewed for similar or shorter periods on multiple occasions. In the case of extending or renewing the employment contract's term, the new term(s) shall be deemed as extension(s) of the original term and shall be added to it when calculating the employee's continuous service.

If an employer has employees' on unlimited term contracts, the employer has until 1 February 2023 to convert those employee's onto limited term contracts.

### 5. Can the limited term contract be terminated before the expiry of the term? [42] [43]

Yes, limited term employment contracts can be terminated on notice during the course of the employment contract term provided:

- There is a legitimate reason for terminating the employment contract. Legitimate reason is not defined in the UAE Labour Law but is likely to include poor performance or misconduct (and some limited redundancy reasons such as bankruptcy or insolvency); and

- The period of written notice of termination under the employment contract is provided by the party wishing to terminate the contract (which is a minimum of thirty (30) days and a maximum of ninety (90) days).

The limited term employment contract can also be terminated before the expiry of the term:

- During the probationary period (see Q&A 9);
- If the parties both mutually agree;
- If the employee's work permit cannot be renewed for any reason beyond the employer's control; or
- If the employee is terminated for gross misconduct (see Q&A 41).

## **6. What happens to a limited contract if it is not explicitly renewed? [8]**

If a limited contract is not explicitly renewed or extended by mutual consent and the employee remains in service, then the original employment contract will be deemed as implicitly extended on the same terms and conditions as the original contract with all other terms unchanged.

## **Authority Approvals**

### **7. What approvals do I need to allow an employee to commence service?**

The employer must obtain the correct permits for the employee to work from the DMCC Free Zone. For further details, please refer [Employment Matters Decision Charts](#).

## **Probation Period**

### **8. What is the maximum probation period? [9]**

The employee may be required to complete a probation period not exceeding six (6) months.

### **9. Can an employer terminate an employment contract during the probation period? [9]**

Yes, the employer may terminate the services of the employee by serving the employee with at least fourteen (14) days written notice of termination, prior to the expiry of the probation period. No end of service benefit is payable if the termination occurs during the probation period.

**10. Can an employee terminate an employment contract during the probation period? [9]**

Yes, the employee can terminate their employment contract during their probation period on fourteen (14) days written notice to the employer. However:

- Where an employee wishes to leave to join another employer within the UAE, the employee must serve at least thirty (30) days' notice. In such case, the new employer shall undertake to compensate the current employer for the costs of recruiting the employee (unless otherwise agreed);
- Where an expatriate employee intends to leave the UAE on the termination of their employment, they must still serve at least fourteen (14) days' notice on the employer. However, if the employee returns to work in the UAE within three (3) months from their date of departure, then their new employer shall undertake to compensate the current employer for the costs of recruiting the employee (unless otherwise agreed).

**11. Is the probation period included in the employee's total period of service? [9]**

Yes. If the employee passes the probationary period, and remains in service, the probation period is included in the employee's total period of service.

**12. Can the probation period be repeated? [9]**

No. The probation period may not be repeated (although the initial probation period may be extended so long as it is clear that it is the same probationary period and subject to the total period not exceeding six (6) months).

## **Salary Payments**

**13. Can a salary be paid in a foreign currency? [22]**

Yes, provided this is agreed by the parties in the employment contract.

**14. Is it mandatory to provide a salary slip to employees?**

No, however, whilst it is not mandatory, DMCC recommends that employers provide salary slips to their employees as a record of the components of the remuneration paid each month. This can be done via an electronic pay slip/system.

**15. Is there a minimum wage in DMCC? [27]**

No minimum wage is currently fixed for employees under the UAE Labour Law. However:

- Article 27 of the UAE Labour Law states that the Cabinet, based on a proposal made by the Minister in coordination with the competent authorities may issue a decision identifying the minimum wage of employees or any category of employee; and

- Some countries have set minimum wages for their nationals who work in the UAE including by way of agreement between the governments or linked to immigration clearance.

## Working Hours

### 16. What are the maximum number of working hours per day? [17]

Eight (8) hours per day or forty-eight (48) hours per week (assuming a six (6) day working week) for an adult. Where an employer operates a five (5) day working week, the total working hours may not exceed forty (40) hours per week (i.e. eight (8) hours per day).

Article 17 of the UAE Labour Law states that the Cabinet may, based on a proposal made by the Minister in coordination with the relevant authorities, increase or decrease the daily working hours for certain sectors or certain categories of employee.

The Implementing Regulations provide for a maximum of fifty-six (56) hours work per week for employees working on a shift basis providing the nature of the business requires continuation of work through successive shifts.

During Ramadan there is a two (2) hour reduction in working hours per day.

### 17. Is the commute to work included as part of working hours? [17]

The commute to work is not included in working hours, except for working hours in the following cases:

- The period the employee spends in the means of transportation in case of bad weather and responding to the warnings of the National Center of Meteorology regarding weather changes and fluctuations;
- The time the employee spends on the means of transportation provided by the employer in the event of a traffic accident or emergency malfunction; or
- If the two parties expressly agree this in the contract.

### 18. Is the break (or breaks) included as part of working hours? [18]

Employees must not work over five (5) hours consecutively without one or more breaks the total duration of which may not be less than one (1) hour. Such break(s) shall not be included in calculating an employee's working hours.

### 19. Can employees work in excess of their normal working hours? If so, what is the maximum number of overtime hours per day? [19]

Yes, however overtime may not exceed two (2) hours per day and total working hours may not exceed one hundred and forty-four (144) hours every three (3) weeks.

**20. How is remuneration for overtime during the working week calculated? [19]**

If circumstances require that an employee works more than the normal working hours, the overtime is paid at the employee's basic wage plus an increase of at least 25%.

If the overtime is between 10.00 pm and 4.00 am, overtime is paid at the employee's basic wage plus an increase of at least 50%.

**21. Is overtime pay applicable to managers and supervisors? [20]**

The Implementing Regulations state that the following categories of employees are excluded from the provisions related to the maximum working hours:

- Chairmen of boards of directors and the members of such boards;
- Persons occupying supervisory positions (if such positions confer powers of the employer upon the individuals);
- Crews of naval vessels and other employees working at sea;
- Businesses whose technical nature requires continuation of work through successive shifts or tours (provided that the average working hours do not exceed fifty-six (56) hours per week); or
- Preparatory or complementary works that must be carried out outside the time limits generally established for work in the facility.

**22. Can an employer ask an employee to work on Fridays? [21]**

The UAE Labour Law states that an employee shall be entitled to one weekly rest day to be agreed with the employer. The weekly rest day does not have to be on a Friday (subject to any contrary agreement with the employee contained in their employment contract). Employees cannot be asked to work more than two Fridays successively.

**23. Can an employer ask their employees to work during Public Holidays? [28]**

If work necessitates that an employee works on any public holiday, then the employee shall be compensated:

- With a day off in lieu for each day worked which is a public holiday; or
- The employee must be paid their basic wage plus an increase of at least 50% for the days worked.

**24. Are employee's entitled to leave on UAE public holidays? [28]**

Under the UAE Labour Law, employees are entitled to official leave with full pay on public holidays, which are announced by virtue of a Cabinet Resolution.



## Annual Leave

**25. Is an employee entitled to annual leave if their period of service is less than six (6) months? [29]**

No. However, an employer can elect to give the employee annual leave against the employee's annual leave balance during the employee's probation period should they be agreeable to doing so.

**26. Is an employee entitled to annual leave if their period of service is less than one (1) year? [29]**

Yes, holiday accrues at the rate of two (2) days per month from six (6) to twelve (12) months' service. Days are considered to be calendar days.

**27. What is the annual leave entitlement for an employee who has completed one year of continuous service? [29]**

Thirty (30) days per annum for any employee whose period of service is one (1) year or more. Days are considered to be calendar days.

**28. Can an employer fix annual leave dates? [29]**

Yes, the employer has the discretion to determine the date for commencement of annual leave based on work requirements, subject to serving the employee with thirty (30) days' notice of the leave date(s).

**29. How is annual leave salary calculated? [29]**

During annual leave an employee is entitled to receive their total wage.

Where annual leave is paid out during employment, this should be on the basis of total wage.

If the employee is paid in lieu of their annual leave on termination, this shall be paid at the employee's basic wage.

**30. Are employees entitled to an annual airline ticket under UAE Labour Law?**

No. Any entitlement to an annual airline ticket is entirely based on company policy.

## Sick Leave

**31. What is the annual sick leave entitlement? [31]**

Up to ninety (90) calendar days per annum.

**32. Is the employee entitled to paid sick leave during the probation period? [31]**

No.

**33. When does the employee become entitled to paid sick leave? [31]**

After completing the probation period an employee becomes entitled to sick leave of not more than ninety (90) calendar days per annum.

**34. What are an employee's notification obligations for sick leave and what are the employer's obligations? [31]**

If an employee takes sick leave, the employee must report their illness to their employer within a maximum of three (3) days and provide the employer with a medical certificate from a UAE licensed medical/healthcare establishment.

**35. What is the annual sick leave pay entitlement? [31]**

Once eligible, the entitlement is:

- a. The first 15 calendar days, with full pay;
- b. The next 30 calendar days, with half pay; and
- c. Any subsequent period, without pay.

If illness is due to the employee's misconduct or if the employee violates safety instructions which were known to them, the employee shall not be entitled to any remuneration during any related sick leave.

**36. Can the employer terminate an employee who cannot return to work due to illness? [31]  
[33]**

Yes, the employer may terminate the services of an employee, in accordance with the notice provisions, if the employee is unable to resume their duties following ninety (90) calendar days' sick leave in any year of service. The employer must allow the employee to take the full sick leave entitlement before terminating. On such termination, the employee remains entitled to end of service benefit. However, unpaid periods of service are not included for the purposes of length of service for calculating end of service benefits. As such, if the employee has taken ninety (90) days' sick leave (the first forty five (45) of which are paid and the second forty five (45) days of which are unpaid) only the first forty five (45) days must be included in the end of service benefits calculation.

Please see the DMCC End of Service Benefit Calculation guidance for further detail.

**37. When does the notice period commence if either party terminates the contract during the employee's sick leave? [35]**

If either party wishes to terminate the contract during the employee's sick leave, the notice period in the employment contract will only commence on the day following the date on which the employee returns from leave, unless the parties agree otherwise.

## Other Leave

### 38. Are employees entitled to any other types of Leave? [32]

Yes. The UAE Labour Law provides for the following types of leave:

- Bereavement Leave: Five (5) days paid leave for the death of a spouse and three (3) days paid leave for the death of a parent, child, sibling, grandchild or grandparent;
- Study Leave: For affiliate students or full-time students at an accredited UAE educational institution of ten (10) working days per year for the purpose of taking exams, subject to the employee having completed at least two (2) years' service with the employer;
- Sabbatical Leave: To perform National or Reserve Service for Emirati employees; and
- Maternity and Parental Leave: See Maternity and Parental Leave section of the Q&A below.

## Health and Safety

### 39. What are my health and safety obligations as an employer? [13] [36]

There are a number of obligations on employers with respect to health and safety which include:

- Providing necessary safety means to protect employees from the risks of occupational injury and disease, by providing guidance and awareness and proper training;
- Performing regular assessments to ensure all parties are in compliance with the requirements of safety and security on both occupational and health levels;
- Providing a safe and suitable working environment; and
- Adhering to the provisions of Federal Law no. 13 of 2020 on Public Health and all resolutions issued for the implementation thereof.

The Implementing Regulations also place the obligations on employers to:

- Provide the appropriate means of protection to protect employees from the dangers of occupational injuries and diseases that may occur during working hours, as well as the dangers of fire and all other dangers that may result from the use of machines and other work tools and follow all other methods of prevention decided by the Ministry;
- Prominently display detailed and clear instructions for the prevention of fire and other dangers the employee may be exposed to while performing their work, methods of prevention and how to treat accidents that occur because of such dangers (in Arabic and a language that the employee understands);

- Put warning signs in front of dangerous sites;
- Inform employees, prior to assuming work, of the risks of the profession they practice, such as the dangers of fire, machinery, falls and occupational diseases;
- To assign a specialist to supervise first aid and to provide medical aid, and all that is necessary for each first aid box;
- To provide the necessary means to prevent fire, as well as the appropriate extinguishing devices for the materials existing in the facility and the materials used in industries;
- To take the necessary measures to ensure on an ongoing basis that the prevailing conditions in the workplace provide adequate protection for health and safety of the employees employed in the facility;
- To take the appropriate scientific means to prevent, reduce or eliminate health hazards in the workplace;
- To take the necessary precautions to protect employees from the dangers of falling, falling objects, flying fragments, sharp objects, caustic or hot liquid materials, flammable or explosive materials, or any other materials with a harmful effect, as well as taking the necessary precautions to protect employees from the dangers of compressed gases and electricity;
- Hang guiding signs in the place of machines or the place various operations indicating the necessary technical instructions; and
- Where the employer employs fifty (50) employees or more, an employer must set regulations which amongst other things, must include the necessary measures and precautions to be taken into account to avoid work injuries and fire hazards (which must be in a language that the employee understands).

Further health and safety obligations are set out in the DMCC Free Zone Rules and Regulations.

## **Termination of an Employment Contract**

### **40. When is an employment contract considered terminated? [42]**

An employment contract is terminated in any of the following cases:

- Mutual consent by both parties to terminate the contract, provided that the employee's consent is in writing;
- On expiry of the specified period in the limited term contract, unless the contract is extended or renewed in accordance with the UAE Labour Law;

- At the option of one party's request, subject to the provisions of the UAE Labour Law and provided that the correct notice is given;
- If the employee dies or is completely incapacitated from working as evidenced by a medical certificate;
- If an employee is sentenced to imprisonment for a term of not less than three (3) months;
- In the event of the employer's bankruptcy or insolvency or other economic or exceptional reasons that prevent the continuity of a project (subject to applicable Regulations) or the final closure of the establishment; or
- If an employee's work permit is not capable of being renewed for reasons beyond the employer's control.

**41. Can an employer terminate an employee during their leave? [31] [35] [46]**

With the exception of cases where the employer has the right to dismiss the employee without notice [44] , the employer cannot dismiss an employee during the employee's leave. The employee or employer can however serve notice during the leave period, but the notice period will only commence on the day following the date on which the employee returns from leave unless the parties agree otherwise.

**42. When can an employer terminate an employee without notice? [44]**

The UAE Labour Law states that an employer may dismiss the employee without notice, but after conducting a written investigation, in the following cases:

- If the employee adopts a false identity or submits forged documents or certificates;
- If the employee commits an error causing gross material loss to the employer or purposely damages the employers property and admits to the same, provided that the employer advises the DMCC Disputes Centre (by creating a case through the DMCC Help Centre) of the incident within 48 hours of becoming aware;
- If the employee violates safety instructions at the place of business, provided that
- such instructions are displayed in writing at conspicuous places and the employee has been made aware of the same;
- If the employee fails to perform their main duties under the contract of employment
- and does not remedy them despite formal investigation and receiving two warning of dismissal;
- If an employee divulges any trade secrets or intellectual property of the establishment where employed and such disclosure results in loss to the employer, loss of opportunity or the employee achieved a personal benefit;

- If the employee is found drunk or under the influence of drugs or a psychotropic substance during working hours or commits any act of moral turpitude at the workplace during working hours;
- The employee commits a verbal, physical or any other form of assault on the employer, the manager or any colleague;
- If the employee is absent without valid cause, for more than twenty (20) intermittent days or for more than seven (7) successive days, during any year;
- If the employee misuses his position for private gain; or
- If the employee joins another establishment without complying with the controls and procedures prescribed in this respect.

There is a minimum statutory disciplinary process which employers should follow prior to termination, where appropriate.

Please note that termination under Article 44 of the UAE Labour Law is difficult in practice, as it is a very high hurdle to satisfy and may involve referrals to the police and/or other third parties for independent confirmation of the allegations prior to termination. We therefore recommend that prior to terminating under Article 44, an employer seeks independent legal advice.

#### **43. Can an employer terminate the employee because that employee has a dispute against the employer? [47]**

If an employer terminates an employee's employment because the employee has lodged a complaint or claim against the employer, the termination shall be deemed unlawful.

In these circumstances, the employee may raise a claim and, if successful, may be entitled to compensation up to a maximum of three (3) months' remuneration.

#### **44. When can an employee resign without notice? [45]**

An employee may resign without notice in the following cases:

- If the employer breaches their obligations towards the employee as provided for in the employment contract or under UAE Labour Law or the implementing resolutions and despite receiving a notice to that effect by the Ministry of Human Resources and Emiratisation, the employer fails to address the breach (provided the employee advises the [DMCC Disputes Centre (by creating a case through the [DMCC Help Centre](#)) of the incident within 48 hours of becoming aware];
- If it is proven that the employer or its legal representative committed an act of violence or harassment against the employee during work (provided the employee advises the [DMCC Disputes Centre (by creating a case through the [DMCC Help Centre](#)) of the incident within 48 hours of becoming aware];

- If there is a serious risk in the workplace to the employee's safety or health, provided that the employer was made aware of its existence but failed to take measures to remove it; or
- The employer assigns the employee to perform work that is substantially different to the work agreed under the employment contract without the employee's written consent (without the exception of the exigencies set out in Article 12 of the UAE Labour Law).

## Final Settlements

### 45. What is included in the employee's final settlement if the employer or employee serves notice to terminate a contract before its expiry? [13] [29] [43] [51]

If notice is served to terminate the limited contract by the employer or employee for a legitimate reason prior to expiry date (except if the termination is for a reason under Article 44 of the UAE Labour Law), (in addition to any contractually agreed payments and/or benefits) the employee will be eligible for:

- Remuneration until the commencement of the notice period;
- The employee's full wage for the notice period;
- Encashment of accrued but un-used annual leave, if the employee has worked for more than six (6) months;
- End of service benefit, if the employee has worked for one or more years; and
- Potentially, a one-way repatriation ticket to the employee's country of origin (see response to FAQ 60 below in relation to repatriation).

### 46. What components are included in the employee's final settlement, if the employee resigns without serving notice on the employer before the expiry of the limited term? [13] [29] [43] [45] [51]

If the employee resigns from the limited term contract before the expiry of its term, but does not give the required notice, the following payments will (in addition to any contractually agreed payments and/or benefits) form part of an employee's final settlement:

- Remuneration until the employee's last day of employment;
- Encashment of accrued but un-used annual leave, up until the employee's resignation date, if the employee has worked for more than six (6) months;
- End of service benefit, if the employee has worked for more than one (1) year; and
- Potentially, a one-way repatriation ticket to the employee's country of origin (see response to FAQ 60 below in relation to repatriation).

Except where the employee resigns for reasons listed under Article 45 of the UAE Labour Law, the employee will owe the employer, as compensation in lieu of notice, an amount equal to the amount of the employee's salary for the notice period (or remaining part thereof).

**47. What components are included in the employee's final settlement if the employer terminates the contract for a legitimate reason but without serving the required notice on the employee before the expiry of the employee's limited term? [13] [29] [43] [44] [51]**

If the employer terminates the employee's limited term contract before the expiry of the term for a legitimate reason, but does not give the required notice, the following final settlement components will be payable to the employee (in addition to any contractually agreed payments and/or benefits):

- Remuneration until the employee's last day of employment;
- Except where the employer terminates for reasons listed under Article 44 of the UAE Labour Law, the employer will owe the employee, as compensation in lieu of notice, an amount equal to the amount of the employee's salary for the notice period (or remaining part thereof);
- Encashment of accrued but un-availed annual leave up until the employee's termination date, if the employee has worked for more than six (6) months;
- End of service benefit, if the employee has worked for one or more than one (1) year; and
- Potentially, a one-way repatriation ticket to the employee's country of origin (see response to FAQ 60 below in relation to repatriation).

**48. What components are included in the employee's final settlement, if the employee is terminated under Article 44 (summary dismissal)? [13] [29] [44] [51]**

Any employee whose employment is terminated by the employer under Article 44 (summary dismissal) will (in addition to any contractually agreed payments and/or benefits) be eligible for:

- Remuneration until the employee's last day of employment;
- Encashment of accrued but un-availed annual leave, if the employee has worked for more than six (6) months;
- End of service benefit, if the employee has worked for one or more than one (1) year; and
- Potentially, a one-way repatriation ticket to the employee's country of origin (see response to FAQ 60 below in relation to repatriation).

Such an employee is not eligible for payment of early termination compensation.



**49. What components are included in the employee’s final settlement, at the expiry of the employee’s limited term contract? [13] [29] [44] [51]**

Any employee who works their full contract term until expiry of the contract (in addition to any contractually agreed payments and/or benefits) be eligible for:

- Remuneration until the employee’s last day of employment;
- Encashment of accrued but un-availed annual leave, if the employee has worked for more than six (6) months;
- End of service benefit, if the employee has worked for one or more than one (1) year; and
- Potentially, a one-way repatriation ticket to the employee’s country of origin (see response to FAQ 60 below in relation to repatriation).

**50. Is an employee entitled to a payment in respect of accrued but unused annual leave after contract termination? [29]**

Yes. The employee is entitled to receive remuneration in respect of annual leave days not used calculated up until their termination date if they are terminated or resign. Holiday pay on termination should be calculated based on the employee’s basic wage at the termination date.

## **Unlawful Termination**

**51. Can an employee receive any compensation for an unlawful termination? [47]**

An employee’s termination will be unlawful:

- if the termination was as a result of the employee filing a serious complaint against the employer (i.e. victimisation); or
- if the employee filed a case against the employer which is successfully upheld.

Where termination is found to be unlawful in accordance with these grounds, the Labour Courts may oblige an employer to pay compensation of up to three month’s total remuneration (basic salary and allowances), in addition to all other contractual and statutory entitlements.

## **End of Service Benefit Calculation**

**52. What is “remuneration” for the purposes of End of Service Benefit (EOSB) calculation? [51]**

The EOSB shall be computed on the basis of the employee's basic wage (and in some circumstances, commission). There have been instances whereby the courts have taken into consideration bonuses in certain specific cases when assessing EOSB entitlement. This will depend on how the bonus scheme is structured. The EOSB shall not include anything given to the employee in kind or by way of housing allowance, transport allowance, travel allowance, overtime allowance, representation allowance, cashier's allowance, children's education allowance, recreation and social services allowance or any other allowances.

When assessing EOSB entitlement it should be considered whether specialist and independent legal advice is required.

**53. How is EOSB calculated? [51] [52]**

This will depend on whether the employee is full time or employed under another work model. The DMCC EOSB Calculation Guide provides practical advice on calculating the amounts due to employees based on type of work model and period of service. For further details, please refer to the End of [Service Benefit Calculation guidance](#).

**54. How soon following termination do EOSB and the other payments due to the employee need to be paid? [53]**

All payments due to the employee on termination of employment should be paid to the employee within fourteen (14) days of the termination/expiration of the contract.

**55. What are the pension and EOSB entitlements for GCC nationals and voluntary contributors? [51]**

The position in relation to EOSB for GCC nationals is more complicated. As GCC nationals are entitled to receive contributions into the state pension scheme, they have no statutory entitlement to receive EOSB. However, this will depend on the employee's nationality and, in some cases, salary. Specialist legal advice should be taken on this issue.

The UAE Labour Law does not provide a mechanism for non-GCC nationals to make contributions into a retirement scheme in lieu of EOSB.

## **Notice Period**

**56. What notice period is required to terminate a limited contract? [43]**

Both the employer and the employee may terminate the limited contract before the expiry of the contract for a legitimate reason by giving not less than thirty (30) calendar days' written notice (subject to any longer notice period set out in the contract of employment).

A longer notice period will apply if this is included in the employment contract, however, this may not exceed ninety (90) calendar days.

**57. Can the parties agree to waive or reduce the notice period? [43]**

The parties can agree to waive the notice period clause or to reduce the term of the notice period, in which case all the employee's dues to which he would be entitled during the notice period will be paid in lieu.

**58. What are the entitlements of a party if the other party fails to serve notice? [43]**

If the employer or the employee has failed to serve notice to the other party for termination of the contract or has reduced the notice period, the party obliged to serve the notice shall pay to the other party compensation in lieu of notice of an amount equal to the amount of the employee's salary for the notice period (or the remaining part thereof).

The amount of compensation in lieu of notice is an amount equal to the employee's Salary for the notice period in full or the remaining part thereof.

**59. What is the EOSB and annual leave eligibility during the employee's notice period?**

The notice period of an employee is considered to be part of the total employment tenure. Hence, the EOSB and the annual leave will continue to accrue during the notice period.

**60. Who bears the repatriation costs on termination of employment? [13]**

Expenses for repatriation of a non-UAE national employee (to their homeland or other agreed place) are covered by the employer regardless of the place of recruitment and whether termination takes place during or after the probation period. The visa status of the employee is also irrelevant for the purposes of whether a repatriation ticket should be provided. However, if the employee takes up employment somewhere else in the UAE, repatriation expenses upon termination of their service shall be paid by the new employer.

If the employer fails to repatriate the employee and has not paid the repatriation expenses, the competent authorities shall do this at the employer's expense.

If the cause for termination of contract is attributed to the employee, the employee is responsible for repatriation at their own expense if they have the means to pay.

## **Records, Files and Certificate**

**61. What records must be kept by an employer? [13] [66]**

The employer is required to keep files and records of employees pursuant to the terms and conditions and procedures issued by the Ministry of Human Resources and Emiratisation for not less than two years after the employee's employment comes to an end.

The files and records should be in Arabic.

**62. What information should be mentioned in the certificate of termination of service? [13]**

If requested by the employee, the employer must provide the employee, at the end of their service, an end of service certificate free of charge. The certificate shall include:

- Date of appointment;
- Date of termination;
- Total period of service;
- Job title;
- Nature of work performed;
- Last wage received by the employee plus allowances, if any; and
- The reason for ending the employment contract.

The end of service certificate may not contain any statements that might defame the employee or diminish their chances of finding other job opportunities.

Certificates or diplomas, papers and tools belonging to the employee must be returned to the employee.

## Effect of Change of Company Status

### **63. Is an employment contract affected by changes in the form or legal status of a company? [48]**

If any change takes place in the form of the establishment or in its legal status, valid contracts at the time of change shall continue to exist between the new employer and the employees of the establishment, and service shall be deemed to be continuous.

## Deductions from Employees

### **64. What deductions can be made from an employee's remuneration? [6] [25] [51]**

Deductions are not permitted from the employee's remuneration except in the following cases:

- Redemption of loans granted to the employee (such deduction is subject to the maximum rate of monthly deductions from the employee's remuneration) after obtaining the written approval of the employee, and without any interest;
- Redemption of amounts paid to the employee in excess of their entitlement; provided that the deduction does not exceed 20% of the employee's wage;
- Amounts deducted for the purpose of calculating contributions in gratuities, pensions, and securities in accordance with applicable legislations in the UAE;

- Contributions of the employee in the Saving Fund of the company, or the loan due to the fund, which are approved by the Ministry of Human Resources and Emiratisation (MOHRE);
- Installments of any social project or any other benefits provided by the employer and approved by the MOHRE; on the condition that the employee agrees in writing to contribute in the project;
- Amounts deducted from the employee due to violations committed by him/her in accordance with the Penalties Regulation applicable in the establishment and approved by the MOHRE, which shall not exceed 5% five percent of the employee's remuneration;
- Debts which are due in execution to a court judgment, which shall not be more than quarter of the remuneration due to the employee, except for the adjudged alimony debt where it is permitted to deduct more than quarter of the remuneration;
- The amounts required for repairing damages caused by the employee, due to an error committed by the employee, or to violating the instructions of the employer, which lead to damage, destruction or loss of tools, machines, products, or materials owned by the employer; provided that deduction does not exceed the pay of five days per month.
- In the case of multiple reasons for deductions being made, then the maximum deduction permitted is 50% of the remuneration.
- Article 29 of the Implementing Regulations also sets out when an employer is permitted to make deductions from an employee's EOSG.

The employer is not permitted to reclaim any visa or related expenses from the employee.

**65. If an employee damages or destroys equipment or tools, can the employer recover the cost? [25]**

If an employee has breached instructions of the employer or committed an error, resulting in damage to, or destruction of, or loss of equipment, tools, machines, products or materials owned by the employer, then the employer has the option to recover the cost of repair or replacement from the employee. The amount cannot exceed five (5) days' remuneration per month. A greater amount may only be deducted in such circumstances based on the approval of a competent court.

## **Renewal of a Visa**

**66. What should an employer do if the visa expires a short period before the expiry or termination of an employment contract?**

All employees must hold a valid employment visa until their employment has terminated. It is the obligation of the employer to sponsor the employee for the period of employment.

## Absconder Notifications and Bans

### 67. Under what circumstances can an employee be reported as an absconder?

As per Article 1 of the Ministerial Decision on the Procedures of Escape Reports (2006) (reflected in the DMCC Free Zone Rules and Regulations), if an employee is believed to be in the UAE and does not report to work for seven (7) days without informing the employer, the employer may report the employee as an absconder.

Article 28 of the Implementing Regulations states that when an expatriate employee absents himself from work without legitimate reason, the employer must notify the Ministry if the absence from work is for more than 7 consecutive days and the employer does not know of the employees location and the employer cannot communicate with the employee.

### 68. Can a DMCC employee be banned from working in the UAE?

Yes. There are two (2) circumstances under which a DMCC employee can be banned. Bans are imposed by the Immigration Department based on a NOC from DMCC.

DMCC may issue a NOC based on the below submissions:

- The evidence of a police report of criminal record against an employee; or
- A certificate from the hospital which proves that the employee has tested positive to a disease which is not tolerated in the UAE.

The banned person will not be able to enter UAE until the ban period is completed.

## Maternity & Parental Leave

### 69. How is maternity leave calculated? [30]

The minimum leave entitlement is sixty (60) calendar days: forty five (45) calendar days at full pay and the remaining fifteen (15) days at half pay. This entitlement also applies to a female employee who delivers a baby after six (6) or more months of pregnancy where the child is still born or dies post birth.

An employee who is suffering from a disease resulting from pregnancy/delivery or whose baby is suffering from a disease resulting from pregnancy or delivery, may then go on to unpaid leave for a period not exceeding forty five (45) days (consecutive or intermittent) (subject to production of a medical certificate).

Where the employee delivers a sick baby, or a handicapped baby, and the baby's health condition requires permanent care, then the employee shall be entitled to a further sixty (60) calendar days of leave: thirty (30) days at full pay and the remaining thirty (30) day's unpaid.

**70. Is a nursing mother entitled to additional leave? [30]**

Yes, for six (6) months following the date of delivery, a nursing mother is entitled to one (1) or two (2) breaks a day, the total duration of which should not exceed one (1) hour, with no salary deduction.

**71. Is there any entitlement to parental leave? [32]**

Yes, employees (whether the father or the mother) are entitled to five (5) day's paid parental leave within the first six (6) months following the birth of their child. The leave can be taken either consecutively or inconsecutively. Parental leave must be evidenced by providing a birth certificate of the child (if required by the employer).

## **Breach of Confidentiality & Non-Compete**

**72. How can an employer protect their confidential information?**

Employers can require that employees enter into confidentiality agreements as part of the employment contract. We would recommend taking specialist legal advice on the content of such an agreement.

There are steps that an employer can take where it has evidence that an employee (or former employee) has breached its confidential information. For example, in very serious cases, it may be possible to terminate the services of an employee who has revealed secrets of the establishment in which they are employed under Article 44 of the UAE Labour Law. Please note that termination under Article 44 of the Labour Law is difficult in practice, as it is a very high hurdle to satisfy and may involve referrals to the police and/or other third parties for independent confirmation of the allegations prior to termination. We therefore recommend that prior to terminating under Article 44, an employer seeks independent legal advice.

In addition, under the UAE Crimes and Penalties Law (Law No. 31/2021), breach of confidentiality constitutes a criminal offence.

Such steps must be considered on a case by case basis and we would recommend taking specialist legal advice.

**73. How do I prevent an employee from competing with my business after leaving? [10]**

Where the work assigned to an employee allows them to become acquainted with the employer's clients or to become familiar with the secrets of the business, the employer may require them to refrain from competing with the employer or participating in any enterprise competing with the employer following the termination of their employment contract.

Employers can require employees to enter into a non-compete agreement. Non-compete agreements should be specific in terms of any restrictions on the employees from competing based on time, place and type of work, to the extent necessary to protect the employer's lawful interests.

The enforcement of non-compete agreements (and other restrictive covenants) in the UAE can be difficult and we would recommend taking specialist legal advice before entering into or seeking to enforce any restrictive covenants.

## Disputes

### 74. What steps should be taken if there is a dispute between the employer and employee? [54]

DMCC offers employment mediation services to member companies and their employees. DMCC's trained mediators are available by appointment to mediate disputes that the employer and employee have been unable to resolve internally. Mediation is a confidential process in which a neutral third party directs settlement discussions, but does not render judgment regarding any issue in dispute. It is a non-binding process and the goal is for the parties to reach an agreement with finality. The mediator will help the parties reach their own negotiated settlement. As mediation is an informal alternative to formal procedures, the parties retain the right to use the Ministry of Labour formal procedures, should they choose to do so.

## Poor Performance

### 75. What disciplinary measures are available to employers? [39] [41]

Disciplinary measures due to misconduct in the workplace may include:

- A non-disciplinary written notice (letter of reprimand);
- A written warning letter;
- A fine of no more than five (5) days in any month;
- Suspension for a period not exceeding fourteen (14) days with no pay; ,
- Deprivation of periodic increments for a maximum period of one (1) year;
- Deprivation from promotion for a maximum of two (2) years; and
- Dismissal (with EOSG).

Employers cannot combine penalties.

The Implementing Regulations set out some guidance on the factors to be considered when deciding the appropriate penalty and the controls for imposing a disciplinary penalty on an employee (Article 24). Such disciplinary measures may only be imposed after following the statutory minimum disciplinary procedure set out in the Implementing Regulations together with any more onerous obligations set out in the employer's internal policies.



The employee may not be accused of a disciplinary violation that has been detected for more than thirty (30) days, and a disciplinary penalty may not be imposed after the date of the end of the investigation of the violation and its confirmation against the employee by more than sixty (60) days.

The employee should be given a right of appeal against the disciplinary sanction imposed.

**76. What steps should the employer take to address under performance and/or misconduct? [111]**

No penalty may be imposed on an employee until the employee has been notified in writing of the charge against them, the employee's statements have been heard, the employee has been allowed to defend herself or himself and the same has been placed in a report in the employee's personal file. The penalty is to be entered at the end of the report.

The employee must be notified in writing of any penalties imposed on them including: the nature and amount of the penalties, the reasons for the penalty and the action which would be taken against them in the event of repetition of the offence (where relevant).

In relation to poor performance, in the event of a dispute, the Labour Court would expect to see evidence that the employee had been given an opportunity to improve their performance.

For any specific queries in relation to managing underperformance and/or misconduct, we recommend obtaining specialist legal advice.

## **Suspension**

**77. What pay is due to the employee if the employee is suspended whilst a disciplinary investigation is conducted? [40]**

An employer can temporarily suspend an employee from work on half pay (subject to anything contrary stated in the employee's contract of employment) for no more than thirty (30) days, to conduct a disciplinary investigation.

However, if the:

- disciplinary investigation is shelved; or
- it is concluded that the violation was not established; or
- if the employee only receives a warning letter,

then the employee shall be entitled to their full pay for the suspension period.

Please note that the rules around suspension whilst a disciplinary investigation is conducted are different to the rules which will apply when suspension is being imposed as a disciplinary sanction (see the Poor Performance section in relation to suspension as a disciplinary sanction).

## Occupational Injuries and Diseases

### 78. Does the employer have to bear the cost of any workplace injuries and/or occupational diseases? [37]

If the employee has any of the occupational diseases listed in the Schedule of the UAE Labour Law, the employer must:

- Pay the cost of the treatment of the employee in a governmental or private treatment facility until the employee's recovery and the employee is able to resume work or the employee is proven disabled;
- If the injury or occupational disease prevents the employee from performing their duties, the employer shall pay the employee an amount that is equal to full pay for the entire period of treatment, or for a period of six (6) months, whichever is shorter. If the treatment lasts for more than six (6) months, the amount shall be reduced by half for the following six (6) months or until the employee fully recovers, is declared disabled, or dies, whichever occurs first. The allowance should be based on the employee's last remuneration; and
- If the workplace injury or occupational disease caused the employee's death, the employee's family shall be entitled to compensation as set out in the UAE Labour Law.