
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. 8 of 1980 (as amended) (the “**UAE Labour Law**”). 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 with a limited or unlimited period, 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? [35] [36]

DMCC provides an employment contract template through the DMCC portal, which covers all of the provisions required under the UAE Labour Law to be included in the employment contract, including the date of the contract, date of commencement, nature of the work, place of work, duration (if a limited period) and remuneration. 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, is it important whether an employment contract is limited or unlimited? [38] [115]

Yes. An employment contract may be for a limited or an unlimited period. A limited contract is for a fixed period whereas an unlimited contract is an open ended contract. If a limited contract is terminated before expiry of the fixed term, compensation may be payable by the terminating party (either the employee or employer) as explained below. There are significant differences in the calculation of the end of service benefits for limited contracts and unlimited contracts in cases where an employee's employment terminates by reason of resignation. The differences are outlined in the [DMCC End of Service Benefit Calculation guidance](#).

5. How do I know if a contract is limited (determined period) or unlimited (undetermined)? [38] [39] [40]

Limited Contract	Unlimited Contract
<ul style="list-style-type: none"> •The contract has a commencement and termination date or specifies the duration of the contract. •Term cannot exceed four (4) years. •May be renewed through mutual consent for a similar or lesser period, which will be added to the total period of service. 	<ul style="list-style-type: none"> •The contract has a commencement date only. •Also considered “unlimited” if: <ul style="list-style-type: none"> ✓ it is an oral contract; ✓ it is not for a specified period; ✓ if a limited contract is not explicitly renewed by mutual consent and the employee remains in service, then the employment will continue on the basis of an unlimited contract with all other terms unchanged; ✓ the purpose of the employment is to complete specific work but not in a specified time-frame; or ✓ it is by its nature likely to be renewed and the contract continues after the work agreed upon is completed.

6. What happens to a limited contract if it is not explicitly renewed? [40]

If a limited contract is not explicitly renewed by mutual consent and the employee remains in service, then the employment will continue on the basis of an unlimited 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? [37]

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

9. Can an employer terminate a contract during the probation period? [37]

Yes, the employer may terminate the services of the employee without notice and without payment of end of service benefit during the probation period.

10. Can an employee terminate an employment contract without notice during the probation period?

Article 37 of the UAE Labour Law only provides the employer with the right to terminate the services of an employee without notice during the probation period. However, if the contract provides for mutual termination without notice or on reduced notice by both employer and employee during the probation period (i.e. something which is more favourable to the employee than the position under the UAE Labour Law) then the employee will also be able to terminate the contract without notice or on reduced notice during the probation period.

11. Is the probation period included in the employee's total period of service? [37]

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? [37]

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? [55]

No. Remuneration is to be paid in UAE Dirhams, being the national currency. Remuneration is to be paid on a working day.

14. Is it mandatory to provide a salary slip to employees? [54]

No, however, employers (with more than 15 employees) are required to maintain a register of remuneration containing the names of all employees, dates of joining, the amount of daily, weekly or monthly pay, benefits, piece-meal pay, commission, working days, and the date of final departure from work.

While 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.

15. Is there a minimum wage in DMCC? [63] [64]

No minimum wage is fixed for employees under the UAE Labour Law. However, 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? [65]

Eight (8) hours per day or forty-eight (48) hours per week (assuming a 6 day working week) for an adult. Where an employer operates a five (5) day working week, the total working hours may not exceed 40 hours per week (i.e. 8 hours per day). In the case of commercial establishments, hotels, restaurants, watchmen and similar operations, working hours may be increased to nine (9) hours per day. The commute to work is not included in working hours.

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

17. Is the break hour included as part of working hours? [66]

Break times are not counted in working hours. Employees must not work over five (5) hours consecutively without a break for rest, food or prayer with a total break of at least one (1) hour.

18. Can employees work in excess of their normal working hours? If so, what is the maximum number of overtime hours per day? [69]

Yes, however overtime may not exceed two (2) hours per day unless work is necessary to prevent substantial loss, serious accident or to eliminate or alleviate both.

19. How is remuneration for overtime during the working week calculated? [67][68]

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

If the overtime is between 9.00 pm and 4.00 am, overtime is paid at normal remuneration plus an increase of at least 50% of the remuneration.

20. Is overtime pay applicable to managers and supervisors? [72]

Overtime pay is not applicable to a small group of very senior employees holding responsible senior posts in management or supervision where those employees have the authority of employer over employees. By way of guidance, under Ministerial Resolution 7/1 of 1981, this is limited to the chair of the board of directors, general managers, departmental heads and those in a supervisory function provided that, in all cases, the employee has delegated authority to act on behalf of the company.

In DMCC, these posts can be denoted at the time of employment although ultimately, regardless of how the post is denoted, it will be a matter for the Labour Court in the event of a dispute to determine whether an employee's role falls within the overtime exemption.

21. Can an employer ask an employee to work on Fridays? [70] [71]

Friday is the normal weekly holiday for all employees, except for those paid on daily salary basis. If the employee is required to work on Friday, they shall receive 100% remuneration for such work and shall be granted one (1) additional day off for rest or be paid their basic wage plus an increase of at least 50% of the basic wage. An employee may not work on more than two successive Fridays.

*It should be noted that, whilst the UAE Labour Law refers to basic wage in this context, case law in this regard has been inconsistent and there is some risk that, in the event of a dispute, the Labour Court could require overtime rates in these circumstances to be calculated on the basis of total remuneration. The DMCC template contracts therefore refer to total remuneration.

22. Can an employer ask employees to work during Public Holidays? [81]

If work necessitates that an employee works on public holidays in respect of which they normally receive full or partial remuneration, then:

- The employee shall be compensated with a substitute day off plus an increase in remuneration of not less than 50% of the employee's remuneration; or
- If not given a substitute day off, then the employer must pay an increase to the remuneration equivalent to 150% of the employee's basic wage for the days worked.

*It should be noted that, whilst the UAE Labour Law refers to basic wage in this context, case law in this regard has been inconsistent and there is some risk that, in the event of a dispute, the Labour Court could require overtime rates in these circumstances to be calculated on the basis of total remuneration. The DMCC template contracts therefore refer to total remuneration.

23. What are the public holidays under UAE Labour law? [74]

Under the UAE Labour Law, employees are entitled to official leave with full pay on:

Hijra New Year	One day
New Year	One day
Eid Al Fitr	Two days
Eid Al Adha and Waqfa day	Three days
Birthday of the Prophet	One day
Ascension Day	One day
National Day	One day

Additionally, a new public holiday was announced named Martyrs' Day (one day). A public holiday may fall on a weekend day already taken by the employee. The UAE Labour Law does not provide for additional days in lieu in such cases.

Annual Leave

24. Is an employee entitled to annual leave, if their period of service is less than 6 months? [75]

No.

25. Is an employee entitled to annual leave if their period of service is less than one year? [75a]

Yes, two (2) days per month from six (6) to 12 months' service. Days are considered to be calendar days.

26. What is the annual leave entitlement for an employee who has completed one year of continuous service? [75b]

30 days per annum for any employee whose period of service exceeds one year. Days are considered to be calendar days.

27. Can an employer fix annual leave dates? [76]

Yes, the employer has the discretion to determine the date for commencement of annual leave and may divide the leave into two parts.

28. How is annual leave salary calculated? [78]

During annual leave an employee is entitled to receive their basic wage plus their housing allowance (if any).

If circumstances necessitate that the employee works during part or all of their annual leave, then either:

- The period of leave can be carried forward to the next year; or
- The employer can pay the remuneration plus a leave allowance at a rate equal to the basic wage for every annual leave day worked.

29. 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

30. What is the annual sick leave entitlement? [83]

Up to 90 calendar days per annum.

31. Is the employee entitled to paid sick leave during the probation period? [83]

No.

32. When does the employee become entitled to paid sick leave? [83]

After completing the probation period and a further three (3) months in the continuous service of the employer, employees become entitled to sick leave of not more than 90 calendar days per annum.

33. What are an employee's notification obligations for sick leave and what are the employer's obligations? [82]

If an employee takes sick leave, the employee must report their illness to their employer within a maximum of two days. The employer is then required to take necessary measures to have the employee medically examined for the purposes of verifying his/her illness [82]. In practice, this means that an employee is required to either submit a medical certificate or undergo a medical examination arranged by the employer for the purposes of verifying his/her illness.

34. What may an employer do if an employee fails to return to work after leave? [89]

An employee may be deprived of their remuneration for the period of absence from the day after the end of the sick leave.

35. What is the annual sick leave pay entitlement? [83] [84]

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 ill behavior, 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? [85] [124]

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 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 90 days' sick leave (the first 45 of which are paid and the second 45 days of which are unpaid) only the first 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. What payment is due if an employee resigns due to illness before the first 45 days of sick leave? [86]

The employee is entitled to the remaining sick pay amount (up to 45 calendar days in total) provided a physician appointed by the employer approves the reason for the resignation.

Other Leave

38. Are employees entitled to Hajj Leave? [87]

Special one-time only leave without pay, not exceeding 30 calendar days, shall be granted for the performance of pilgrimage.

Health and Safety

39. What are my health and safety obligations as an employer? [91-101]

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

- Protecting employees against occupational injury and disease, by providing personal protective equipment, and following safety measures;
- Prominently display instructions for prevention of fire and protection of employees;
- Providing first aid boxes within easy reach, at a rate of one (1) to every 100 employees and assigned to a person trained in giving first aid;

- Ensuring the office is perfectly clean and ventilated and providing adequate lighting, drinking water and toilets;
- Providing a physician to carry out an examination of employees 'at risk' of contracting any of the occupational diseases specified in the UAE Labour Law at least every six (6) months, and to report all cases of occupational disease;
- Providing medical care and health protection measures in accordance with the Dubai Health Authority requirements;
- Providing detailed instructions of job hazards and safety measures; and
- Ensuring no alcohol is consumed in the workplace and no person under the influence of alcohol is allowed to enter the workplace.

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? [113][114]

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 respect of limited contracts, unless the contract is explicitly or implicitly extended;
- At the option of either party in respect of unlimited contracts provided that the correct notice is given and the grounds for termination are not arbitrary; or
- If the employee dies or is completely incapacitated from working as evidenced by a medical certificate.

41. Can an employer terminate an employee during their leave? [90]

With the exception of cases where the employer has the right to dismiss the employee without notice [88] [120] and without end of service benefit [138] [139], the employer cannot dismiss an employee or serve notice of dismissal during the employee's leave.

42. When can an employer terminate an employee without notice? [120] [88]

The UAE Labour Law states that an employer may dismiss the employee without notice in the following cases:

- If the employee adopts a false identity or nationality or submits forged documents or certificates;
- If the employee is under probation;
- If the employee commits an error causing substantial material loss to the employer, 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, in case of an illiterate employee, the employee has been informed verbally 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 warning of dismissal if repeated;
- If an employee divulges any secrets of the establishment where employed;
- If the employee is convicted by a competent court, in a crime of honour, honesty or public morals;
- If the employee is found drunk or under the influence of drugs during working hours;
- If, in the course of work, the employee commits an 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; or
- If the employee works for another employer during annual or sick leave.

The UAE Labour Law contains a minimum statutory disciplinary process which employers should follow prior to termination, where appropriate.

Please note that termination under Article 120 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 120, an employer seeks independent legal advice.

43. Can an employer terminate the employee because that employee has a dispute against the employer? [122] [123]

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 arbitrary. The same applies where the reason for the termination of the employee's employment has nothing to do with the employee's work.

If an employee is arbitrarily dismissed, they 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? [121]

An employee may resign without notice in the following cases:

- a. If the employer does not fulfil their obligations towards the employee as provided for in the contract or under UAE Labour Law; or
- b. If the employer or its legal representative has committed an act of assault against the employee.

Final Settlements

45. What is included in the employee's final settlement if the employer revokes a limited contract before its expiry? [79] [115] [119] [123] [131] [132]

Any employee under a limited contract that is terminated by the employer prior to expiry date, except if the termination is for a reason under Article 120 of the UAE Labour Law (including during the probation period), 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-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;
- Compensation equal to three (3) months' remuneration or remuneration for the period to the end of the contract, whichever is shorter; and
- Potentially, a one-way repatriation ticket to the employee's country of origin (see response to FAQ 59 below in relation to repatriation).

46. What components are included in the employee's final settlement, if the employee revokes a limited contract before its expiry? [79] [116] [131] [138]

If the employee revokes a limited term contract before its expiry, the following components 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, if the employee has worked for more than six (6) months;
- End of service benefit, if the employee has worked for more than five (5) years; and
- Potentially, a one-way repatriation ticket to the employee's country of origin (see response to FAQ 59 below in relation to repatriation).

Except where the employee resigns for reasons listed under Article 121 of the UAE Labour Law, the employee will owe the employer, as compensation, an amount equal to half a month's remuneration for three (3) months or for the period until the end of the contract, whichever is shorter.

47. What components are included in the employee's final settlement, if the employee is terminated under an unlimited contract? [79] [117] [119] [131] [132]

Any employee whose employment is terminated by the employer under an unlimited contract, except if the termination is for a reason under Article 120 (including during probation), will (in addition to any contractually agreed payments and/or benefits) be eligible for:

- Remuneration until the employee's last day of employment;
- Notice period in accordance with the employment agreement or payment in lieu of notice period (based on last remuneration);
- 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 (1) or more years; and
- Potentially, a one-way repatriation ticket to the employee's country of origin (see response to FAQ 59 below in relation to repatriation).

48. What components are included in the employee's final settlement, if the employee resigns under an unlimited contract? [79] [117] [119] [131] [132]

On resignation from an unlimited term contract the following final settlement components will apply (in addition to any contractually agreed payments and/or benefits):

- Remuneration until the employee's last day of employment;
- Notice period in accordance with the employment agreement or payment in lieu of notice period (based on last remuneration) (unless the employee resigned pursuant to Article 121 of the UAE Labour Law);
- 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 year. This may be subject to reductions depending on the employee's length of service (as explained in the DMCC End of Service Benefit Calculation guidance referred to above); and
- Potentially, a one-way repatriation ticket to the employee's country of origin (see response to FAQ 59 below in relation to repatriation).

49. What components are included in the employee's final settlement, if the employee is terminated under Article 120? [79] [120] [131]

Any employee whose employment is terminated by the employer under Article 120 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; and
- Potentially, a one-way repatriation ticket to the employee's country of origin (see response to FAQ 59 below in relation to repatriation).

Such an employee is not eligible for:

- End of service benefit;
- Payment of notice period (unlimited contracts); or
- Payment of early termination compensation (limited contracts).

50. Is an employee entitled to a payment in respect of accrued but unused annual leave after contract termination? [79]

Yes. The employee is entitled to receive remuneration in respect of annual leave days not used if they were dismissed or left the service after completing the notice period. The remuneration is calculated on the basis of the remuneration received by the employee at the time such leave became due. Holiday pay on termination should be paid on the basis of total remuneration.

51. Is compensation payable to the employer if an employee terminates a limited contract? [116]

Yes. If the contract is terminated by the employee (unless pursuant to Article 121 of the UAE Labour Law) the employee is liable to compensate the employer against losses incurred by it in consequence of termination of the contract. The amount of compensation must not exceed half a month's pay for a period of three (3) months or for the remaining period of the contract whichever is shorter, unless the terms of the contract provide otherwise.

End of Service Benefit Calculation

52. What is “remuneration” for the purposes of End of Service Benefit (EOSB) calculation? [134]

The end of service benefit shall be computed on the basis of the last remuneration to which the employee was entitled. The remuneration on which the end of service benefit is calculated includes basic pay and commission but 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 education allowance, recreation and social services allowance or any other allowances.

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

53. How is End of Service Benefit calculated? [132-139]

The DMCC EOSB Calculation Guide provides practical advice on calculating the amounts due to employees based on type of contract, period of service, reason for termination, and party that initiated the termination. For further details, please refer to the End of [Service Benefit Calculation guidance](#).

54. What are the pension and EOSB entitlements for GCC nationals and voluntary contributors? [140] [141]

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 are not generally entitled 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.

For non-GCC nationals, it is potentially possible to make contributions into a pension scheme on an employee's behalf in lieu of end of service gratuity entitlement. However, in order for such contributions to validly waive an employee's entitlement to end of service gratuity, certain requirements must be met. Specialist legal advice should be taken on this issue.

Notice Period

55. What notice period is required to terminate an unlimited contract? [117]

Both the employer and the employee may terminate an unlimited contract by giving not less than 30 calendar days' written notice.

For employees working on a daily basis the notice is less as follows:

- One (1) week if the employee has been employed for more than six (6) months but less than one year;
- Two (2) weeks if the employee has been employed for not less than one (1) year; and
- One (1) month if the employee has been employed for not less than five (5) years.

56. Can the parties agree to waive or reduce the notice period? [118]

The parties may not agree to waive the notice requirement or to reduce the notice period, however the employer may elect not to require the employee to perform services during the notice period. The employee must be paid their full remuneration during the notice period. The parties may also agree to extend the notice period.

57. What are the entitlements of a party if the other party fails to serve notice? [119]

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.

The amount of compensation in lieu of notice is an amount equal to the employee's remuneration for the notice period in full or in proportion to the diminished part.

58. 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 accrue during the notice period.

59. Who bears the repatriation costs on termination of employment? [131]

Expenses for repatriation of a non-UAE national employee (to their place of origin 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

60. What records must be kept by an employer? [53] [54]

If employing five (5) or more employees, the employer must keep a file for every employee recording:

- Employee name;
- Occupation;
- Age;
- Nationality;
- Address;

- Marital status;
- Date of employment;
- Wage and any adjustments;
- Penalties inflicted;
- Occupational injuries and diseases;
- Leave by type (annual, sick and other); and
- Date and reason for termination.

Employers employing 15 or more employees are also required to complete detailed payroll, occupational injuries, basic work regulations and disciplinary measures records.

61. What information should be mentioned in the certificate of termination of service? [125]

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 the date of appointment and date of termination, total period of service, nature of work performed and the last remuneration plus allowances, if any. Certificates or diplomas, papers and tools belonging to the employee must be returned to the employee.

Effect of Change of Company Status

62. Is an employment contract affected by changes in the form or legal status of a company? [126]

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

63. What deductions can be made from an employee's remuneration? [60] [18]

Employers may only make deductions from the employee's remuneration in the following cases:

- Recovery of advances or amounts of money paid to the employee in excess of their entitlement, provided that deduction is not more than 10% of the employee's periodic pay;
- Installments which are payable by law by the employees from their remuneration, such as social security and insurance schemes;
- Contributions of the employee to a saving fund or repayment of loans due to the fund;
- Installments for a social scheme or other privileges or services provided by the employer and approved by the Labour Department;
- Fines imposed upon the employee due to offenses committed; or
- Any debts payable due to a court judgment provided no more than one quarter of the employee's pay is deducted. In the event of numerous debts or creditors, the maximum deduction is one half of the remuneration, and the sums of money shall be divided pro rata among beneficiaries after payment of any legal alimony amounting to one quarter of the remuneration.

A labour agent or supplier is prohibited from taking a commission or reward from an employee in return for arranging recruitment or as compensation for recruitment expenses (except as may be decided or approved by the Ministry of Labour and Social Affairs). The relations between employees and the employer shall be direct and without any interference from the labour agent, whose task and relation with them shall cease to exist as soon as they are introduced to and employed by the employer.

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

64. If an employee damages or destroys equipment or tools, can the employer recover the cost? [61]

If an employee has breached instructions of the employer, resulting in damage to or destruction of equipment or tools, 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.

Renewal of a Visa

65. 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

66. 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.

67. 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 & Nursing

68. How is maternity leave calculated? [30]

If the employee has completed at least one (1) continuous year of service, the minimum entitlement is 45 calendar days at full pay, otherwise the entitlement is half pay for 45 calendar days. If the employee suffers a pregnancy related illness that is verified by medical certificate, they are eligible for up to a further 100 consecutive or non-consecutive days without pay.

69. Is a nursing mother entitled to additional leave? [31]

Yes, for 18 months following the date of delivery, a nursing mother is entitled to two breaks of up to half an hour each per day, with no salary deduction.

Breach of Confidentiality & Non-Compete

70. 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 120 of the UAE Labour Law. Please note that termination under Article 120 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 120, an employer seeks independent legal advice.

In addition, under the UAE Penal Code (Article 379), 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.

71. How do I prevent an employee from competing with my business after leaving? [127]

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 may restrict 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

72. What steps should be taken if there is a dispute between the employer and employee? [154-165]

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

73. What disciplinary measures are available to employers? [102] [104] [106] [107] [109]

Disciplinary measures due to misconduct in the workplace may include a warning, fines (one (1) breach up to five (5) days' remuneration with a maximum settlement amount of five (5) days in any month), suspension with reduced pay for up to 10 days, deferral or deprivation of periodic bonus (once per year only), deprivation from promotion (one (1) cycle only), dismissal with end of service benefits and dismissal without end of service benefits (if there has been a breach of Article 120). Employers cannot combine penalties. Ministerial Resolution No. 28 of 1981 sets out a guide to the sanctions that may be applied to certain violations relating to work hours, work system and conduct of the employee.

Such disciplinary measures may only be imposed after following the statutory minimum disciplinary procedure set out in the UAE Labour Law (summarized in the response to FAQ 75 below) together with any more onerous obligations set out in the employer's internal policies.

74. Are there any other rules associated with fines? [105]

Yes, the employer must maintain a register of fines and any amounts collected must be put towards the cost of social welfare facilities for the employees.

75. What steps should the employer take to address under performance and/or misconduct? [110] [111]

There are strict time limits within which disciplinary action must be taken. An employer must initiate the disciplinary procedure within 30 calendar days of discovering the misconduct, and any disciplinary penalty must be imposed within 60 calendar days of the investigation having been concluded and the employee's guilt being established.

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.

Occupational Injuries and Diseases

76. What procedures/policies apply with regard to occupational injuries and diseases? [142-148]

If an employee is affected by an occupational injury or disease listed in the UAE Labour Law, it is mandatory that the employer or the representative reports the incident immediately to the police (999). The employer should also report the incident to the DMCC (JLT Security Emergencies 04/4232999).

The employer's report must contain certain information relating to the occurrence and the police will carry out an investigation. Upon the completion of the investigations, the police will send a copy of the minutes/report to Dubai Municipality (in accordance with the guidance in the Local Order No. 61 of 1991 on the Environment Protection Regulations in the Emirates of Dubai), the Ministry of Labour and the employer who should submit a copy to DMCC.

The employer must pay the cost of the treatment of the employee in a governmental or private local medical centre until the employee's recovery or the employee is proven disabled. If the injury prevents the employee from performing their duties, the employer shall pay the employee an allowance 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 allowance may 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.

At the end of the treatment, the treating physician will prepare a report which includes the details of the treatment and the disabilities, if any, and copies of the same should be served to both the employee and the employer. The physician shall also make a note of the extent to which the employee is able to continue their work while the disability exists. If a dispute arises with regards to the fitness of the employee for service or the degree of disability or any other matters related to the injury or the treatment, such matter shall be referred to the Ministry of Health through the DMCC Disputes Centre by way of a dispute submission.

77. Is any compensation payable in regard to occupational injuries and diseases? [149-153]

If an employee suffers permanent total disability or dies as a result of an occupational injury or disease, the employee (or members of the employee's family (as the case may be)), is entitled to compensation equal to their basic remuneration for 24 months, subject to a minimum of AED18,000 and a maximum of AED35,000. If the employee suffers permanent partial disability they will be entitled to a percentage of such compensation depending on the nature of the disability (at the rates set out in the Schedule to the UAE Labour Law).

The employee (or the employee's family) will not be entitled to any compensation if it is established that the employee wilfully brought on the injury with the intention of committing suicide or of obtaining compensation or sick leave, if at the time the employee was under the influence of a narcotic drug or alcohol, or if the employee violated health and safety instructions, or if the injury resulted from the employee's gross or negligent misconduct or the employee refused (without good reason) a medical examination or treatment in accordance with Article 148 of the UAE Labour Law.