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# **New UAE Labor Law: the impact and restructuring needed**

**Dubai, 3<sup>rd</sup> February 2022**

## With you today



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## What's in it for you today?



**Introduction on  
the New Labour  
Law**



**Legal  
practical  
advise**



**Hands-on  
support**



**Decades of  
local  
expertise**



**Precise  
answers to  
your  
questions**



**The lawyer  
who is here  
for YOU!**

## What's new?

New UAE Labour  
Law

New UAE  
Companies Law

Submission of  
Economic  
Substance  
Regulations

Compliance & Anti-  
Money Laundering  
Regulations

Abolition of the  
DIFC-LCIA  
Arbitration Centre

Intellectual  
Property Law

Laur...den

New Corporate tax  
law



# Overview of New Amendments

## I. General Changes





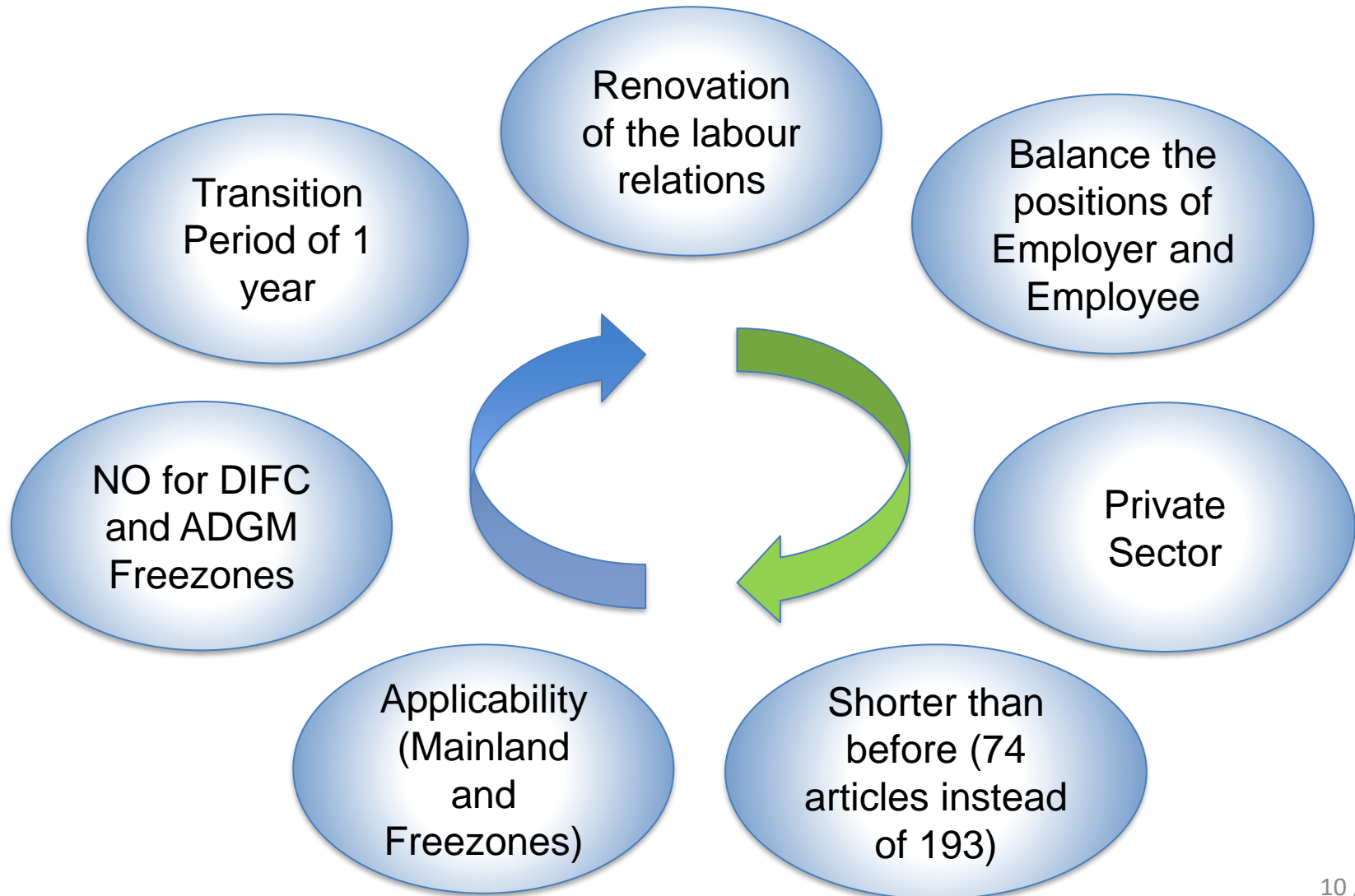
## I. General Changes

Effective  
from 2<sup>nd</sup>  
February  
2022

~~Federal Law  
No. 8 of  
1980)~~

Federal Decree No.  
33 of 2021

## I. General Changes



## II. Employment Relationship

- a. Work models
- b. Employment contracts
- c. Working hours/working days
- d. Remuneration
- e. Probation Period

## II. Employment Relationship

### a. Work models



#### **FULL TIME**

Working for an Employer for full hours of work during all the working days



#### **PART TIME**

Working for an Employer for a specified number of working hours of the day



#### **TEMPORARY**

Work carried out for a specific duration or for specific tasks



#### **FLEXIBLE**

Work involving variable working hours or days depending on workflow and economic and operational changes

## II. Employment Relationship

### b. Employment Contracts



## II. Employment Relationship

### b. Employment Contracts

#### LIMITED CONTRACT



#### RENEWED

If the conditions has been changed  
(salary, work model...)



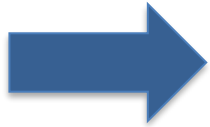
#### EXTENDED

Extension of time with the same  
conditions of employment contract

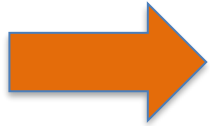
**IN ANY CASE, CONTRACTS CAN BE RENEWED/EXTENDED FOR  
MULTIPLE TIMES FOR EQUAL OR SHORTER TERMS**

## II. Employment Relationship

### b. Employment Contracts



The Executive Regulation is also important to determinate the **templates** of Employment Contracts to be followed by the Employer for the new employments and for the existing employment



The **Prevailing language** for all the records, files, statement, circular and any other document connected and addressed to the workers is the **ARABIC**

If the worker is a NON- ARABIC speaker  
another language understood by a non-Arabic speaker is used beside Arabic

## II. Employment Relationship

### c. Working Hours



**MAXIMUM** working hours shall be still, based on a 6-day-working-day week, 8 hours per day and 48 hours per week



Overtime: Up to two **EXTRA** hours per day for all business, provided that on 3 weeks basis 144 hours are not exceeded



## II. Employment Relationship

### c. Working days



MINIMUM 1 day weekly paid rest day per week



No mention of any specific “day of rest”

Companies to determinate the concrete day-off



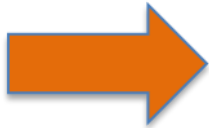
If Employee working on a rest day: 1 replacement day off or payment of normal salary + 50% of basic wage

## II. Employment Relationship

### d. Remuneration



A resolution MAY be issued specifying the minimum wage of employees or by category of work



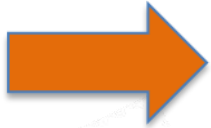
The remuneration shall be paid in UAE Dirham or in any other currency as agreed by both parties



Deduction of remuneration :capped at 20% of salary per month. If multiple deductions are made on numerous grounds, total deductions must not exceed 50% of the wage.

## II. Employment Relationship

### e. Probation Period



Cannot exceed more than 6 months

### NOTICE PERIOD

Termination is only possible after informing the other Party

➤ By the EMPLOYER:

- IN WRITING with a notice period of 14 days

➤ By the EMPLOYEE

Who wishes to leave the Country

- IN WRITING with a notice period of 14 days

Who wishes to change job within the Country

- IN WRITING with a notice period of 30 days

## II. Employment Relationship

### e. Probation Period



### **COMPENSATION FOR RECRUITMENT COSTS** (Employee resignation during Probation Period)

The NEW Employer must compensate the Old Employer for RECRUITMENT COSTS

### **ALSO IF**

The Employee leaves the Country and then returns for another job within 3 months

### **III. Termination of Employment Contracts**

- a. Termination of existing unlimited contracts**
- b. Termination with or without notice period**
- c. Compensation/Termination**
- d. Termination during leaves**
- e. End of Service Gratuity**

### **III. Termination of Employment Contracts**

#### **a. Termination of existing unlimited contracts**

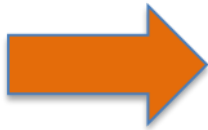


Regarding the existing UNLIMITED contracts, the Parties may terminate the contract for a legal cause:

- By giving 30 days prior written notice, if period of service is less than 5 years
- By giving 60 days prior written notice, if the period of service exceeds 5 years
- By giving 90 days prior written notice, if the period of service exceeds 10 years

### III. Termination of Employment Contracts

#### b. Termination with or without notice period



#### Termination WITH Notice (in writing)

Notice Period shall be NOT less than 30 days and shall NOT exceed 90 days



- If the Employment contract has been terminated by Employer, the Worker shall be entitled to absent from work for ONE WORKING DAY PER WEEK WITHOUT PAY to search for another job
- 3 days prior notice necessary

### III. Termination of Employment Contracts

#### b. Termination with or without notice period



#### Termination WITHOUT Notice (in writing)

- After conducting a written investigation with the Employee
- **2 NEW Reasons ADDED** from old art. 120 (now art.44)
  - *The worker illegally exploiting his job position to obtain results and personal gains*
  - *The Worker joining work with another Establishment without complying with the rules and procedures prescribed in this regard*





### III. Termination of Employment Contracts

#### b. Termination with or without notice period



#### Resignation WITHOUT Notice

#### 2 NEW Reasons ADDED from old art. 121 (now art.45)

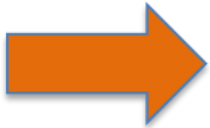


– *In case there is a serious risk that threatens the employee's safety or health inside the workplace*

- *In case the employer requests the employee to perform some work that substantially differs from the work agreed upon in the Employment Contract, without obtaining the employee's written consent to the same*

### III. Termination of Employment Contracts

#### c. Compensation



#### COMPENSATION in lieu of Notice:

- Compensation shall be equal to worker pay for the entire notice period even though the notice period is reduced or waived.

#### COMPENSATION Unlawful Termination:



- Unlawful if **serious complaint submitted to Ministry or filing of a lawsuit** by the Employee which is proven to be valid
- **Reiteration** regarding the compensation that cannot exceed 3 months pay

### III. Termination of Employment Contracts

#### d. Termination during leaves



If either party wishes to terminate the employment contract during the leave,

**the Notice Period shall only commence the DAY AFTER the employee returns from his leave**

and NOT during the leaves

(unless otherwise agreed between the Parties)

### III. Termination of Employment Contracts

#### e. End of Service Gratuity



**NO REDUCTION or CANCELLATION of SEVERANCE PAY** in case of:

- Resignation of employee before 5 years  
or
- Termination for cause / without notice



ESG shall be paid **within 14 days** of the termination date



**Accrued but unused leave** shall be reimbursed –  
calculation based on the BASIC salary

## **IV. Leaves**

- a. Leaves during Probation Period**
- b. Annual leaves**
- c. Sick leaves**
- d. Maternity leaves**
- e. NEW leaves**



## IV. Leaves

### a. Leave during Probation Period

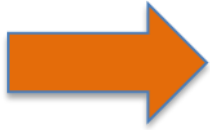


#### ANNUAL LEAVE

Employer may approve giving annual leave to new employee from his annual leave balance during the Probation Period

## IV. Leaves

### b. Annual Leaves



#### **NO CHANGES**

- **2 days per month**
- **30 days after 1 year**

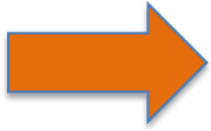
#### **LEAVES CARRY OVER MORE CLEAR**

Employer may not prevent Employee from using his accrued annual leave for more than 2 years, unless Employee wants to carry over or be paid in lieu of leave



## IV. Leaves

### c. Sick leaves



#### **NO CHANGES**

- Regular sick leaves 90 DAYS
  - First 15 days full pay
  - Following 30 days half pay
  - Subsequent 45 days NO pay



#### **INFORMATION of the sick leave**

Employee must inform the Employer **WITHIN 3** working days of the illness

#### **PROVIDING Medical Report**



## IV. Leaves

### d. Maternity Leave



**60 DAYS (Instead of 45 days fully paid)**

- 45 days fully paid (possible 30 days extension if child is sick or with special needs)
- 15 days half paid
- Up to 45 days with no pay in case of other birth caused sicknesses of child or mother

**NO LONGER** dependent on the length of service of the employee with the Company (up to 1 year only 50%)

## IV. Leaves

### e. NEW Leaves

➤ **Paternity Leave:**

5 working days to be taken successively or within the period of 6 months following the birth.

➤ **In the event of death** in the Family - Employee is entitled to:

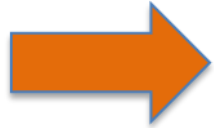
- 5 days leave in case of death of spouse
- 3 days in case of death of parents, child, siblings, grandparents and grandchild.

➤ **Study Leave – 10 days**

➤ **Unpaid Leave**



## V. Others

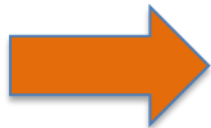


### **NON COMPETITION CLAUSE**

Duration maximum of 2 years, limited in space and object  
NOT valid in case if unlawful termination



**JUDICIAL FEE EXEMPTIONS** for employees relating to  
disputes not exceeding AED 100,000

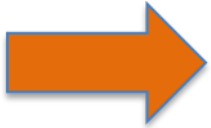


### **UNAUTHORIZED ABSENCE FROM WORK**

If worker absents himself from work without legitimate reasons,  
a LABOR BAN of 1 year may be requested by Employer to  
block the employee on obtaining a new work permit

## V. Others

### **RECORDS AND FILES**



The Employers are legally required to maintain employees' records for a minimum period of two years post termination of employment.

## V. Others

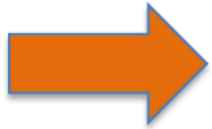


### DISCIPLINARY SANCTIONS

**The Employer may impose any of the following sanctions to the worker who violates the provisions of the law with:**

- Written attention draw / Written Notice (Warning)
- Deduction of maximum 5 days in a month from the wage
- Suspension from work for not more than 14 days and denial of the wage during the suspension
- Denial of increments for a maximum of 1 year
- Denial of promotion for a maximum of 2 years (if applicable)
- Dismissal with payment of severance pay

## V. Others



### **EQUAL PAY FOR WOMEN**

Women shall receive the same wage as men for the same work or for a work of equal value



Reinforcement of  
**NON DISCRIMINATION**

## VI. Penalties



**Fines between AED 5,000 and AED 1,000,000 may be imposed against whoever is violating the provisions of the new Labour Law**



**Fine NO LESS than AED 20,000 and NO MORE than AED 100,000 whoever:**

- provides false information with the intent to bring a foreigner to the UAE for employment
- obstructs or prevents any employee entrusted with the implementation of provisions of this law or attempts or tries to prevent him from the discharge of his functions whether by force violence or threat
- divulges any business secret in the course of the work, also if he already left the work

# Action Points



# WHAT SHOULD YOU DO TO BE COMPLIANT?



## 1. Speak to your Lawyer

If you have any questions about new laws and how these may affect your business, **MENA LEGAL is here to support you!**



## 2. To adapt and update the unlimited contracts to fixed contracts NO LATER February 2nd 2023



## 3. Communicate with your Employees

We encourage Companies' HRs to communicate with the employees regarding the new changes

**If you are unsure what to say, we would be happy to help you with some inputs!**

### 3. Re-draft of internal Policies according with the New Law:

For example:

- Maternity and Paternity leaves
- Sick leaves during Probation Period



### 4. Update Existing Disciplinary Policy

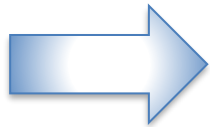


- Including additional reasons of termination
- Prohibition on Discrimination and Equality
- Language (Arabic)

## Launch of Golden Visas



## Launch of Golden Visas



**To attract Top Talents and New Investors in order to  
boost the economy**

### Benefits....

- long-term residency to foreigners (from 5 to 10 years Visa)
- No need of a national sponsor
- Extension of the residency to the Family:

spouses, children, parents and dependent siblings,  
depending on the visa category.

- NO LIMIT to the number of children who may be sponsored by the Golden Visa holder.

## Launch of Golden Visas

**Investors  
Residency Visa**

- **Investment Fund**
  - ❖ 10 years visa
  - ❖ investment of minimum AED 2 Million
  - ❖ Extension to Family
  
- **Senior Employees of an Investor in Public Investments**  
**(Executive Director or Advisor appointed by an investor in public investment)**
  - ❖ 10 years visa
  - ❖ investment at least of AED 10 million
  - ❖ Extension to Family
  
- **Real-Estate Investor**
  - ❖ 5 years visa, renewable
  - ❖ one or more properties whose value is not less than AED 2 Million not subject to a loan
  - ❖ Extension to Family



## Launch of Golden Visas

### Entrepreneur Residency Visa

- 5 years visa, renewable
- project value is not less than AED 500,000
- Extension to the Family



### Residency Visa for retired foreigner

- 5 years visa
- Service period prior to his/her retirement shall not be less than 15 years, whether inside or outside the country, or that s/he has completed 55 years of age
- Requirement of a property in UAE or UAE Bank deposit of AED 1 Million that must remain in the account for the entire duration of the visa

## Launch of Golden Visas

### Specialised talents

- 10 years visa
- University degree accredited by Ministry of Education
- No less than 5 years of experience with same position
- Salary Certificate of at least AED 50,000
- Extension to the Family



### Outstanding Students with promising scientific capabilities

- **Highschool student**
  - ❖ 5 years visa without a sponsor
  - ❖ Recommendation letter from Ministry of Education
- **University student**
  - ❖ 10 years without a sponsor
  - ❖ Recommendation letter from the university
- Extension to the Family (Parents of the Student and siblings dependents of his father)







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