

iGlobal Law : 2022 Annual Update : United Arab Emirates

Legal Change	Effective Date	Action required
<p>The Ministry of Human Resources and Emiratization has announced an overhaul to the labour laws in the UAE. The new UAE Labour Law (Federal Decree Law No. 33 of 2021) (“New Law”).</p> <p>The main changes evident in the New Law are as follows:</p> <ul style="list-style-type: none"> - Removal of unlimited term contracts and mandating that all employees are placed on fixed term contracts (maximum term three years); - Contract termination; fixed term contracts will be terminable by the employer and the employee during the course of the term for a ‘legitimate reason’, provided that the terminating party gives written notice (minimum 30 days’ and a maximum of 90 days’ notice). - The concept of redundancy will be expressly recognised as a valid reason for termination. - The concept of “arbitrary dismissal” has been removed. Instead, the law provides that an employee’s termination is unlawful (i) if the termination was as a result of the employee filing a serious complaint against the employer (akin to the concept of victimisation in other jurisdictions); or (ii) the employee filed a case against the employer which is successfully upheld. The Court can award up to three months’ salary by way of compensation. It remains to be seen if the Labour Courts effectively treat this the same as arbitrary dismissal. - End of service gratuity reduction provisions for resigning employees are absent therefore resigning employees are entitled to a full end of service gratuity payment (provided that they have completed at least one full year of service). - A minimum notice period of 14 days for employers wishing to terminate an employee whilst on probation has been introduced. The maximum period of probation remains six months. If an employee resigns to join another employer in the UAE, the employee must provide a minimum of one months’ notice and 	<p>2 February 2022</p>	<p>It is important for all UAE companies (both onshore and within the free zones (with the exception of the DIFC and ADGM)) to review their contracts (which in many cases will involve putting in place new employment contracts), employee handbooks and any other employment policies and procedures to ensure consistency with the New Law.</p>

<p>the new employer is obligated to compensate the current employer for the employee's recruitment costs. If the employee resigns to leave the UAE, the employee must provide 14 days' notice.</p> <ul style="list-style-type: none"> - All end of service entitlements must be paid within 14 days from the termination date. - Part Time and Flexible Working arrangements; - The New Law introduces provisions on anti-discrimination and equal pay. - The New Law also introduces protections for employees against bullying and sexual harassment in the workplace. - Maternity leave has been increased to 60 calendar days. In addition, compassionate leave for five days, parental leave for five days and study leave for 10 days have been introduced in the New Law. - Salaries may now be paid in a currency other than UAE Dirhams, where agreed in the employment contract. - The inclusion of non-competition restrictions in an employment contract is permitted provided that the provisions are limited in time / duration, place/geographical scope and to the extent necessary to protect the legitimate business interests of the employer. However, the law specifically introduces a maximum restrictive period of two years from the termination date. - Unless advised otherwise by an employer, employees must utilise their annual leave in the applicable annual leave year. Employees are entitled to a payment in lieu of unused leave upon the termination of employment calculated on the basis of an employees' basic salary only. - 		
<p>A new unified law</p> <p>A new unified law (Federal Decree Law No. 47 of 2021), will apply to all labour within the UAE, in both private and public sector.</p>	<p>2 February 2022</p>	<p>This aims to unify general employment laws across both public and private sectors. The practical implication of this vis a vis the public sector remains to be seen.</p>