

The Middle East: A Snapshot of 2025's Key Employment Law Topics

As we progress through 2025, significant legal and regulatory developments are taking shape across the globe. This article provides an overview of key employment law trends across the Middle East, with a focus on Saudi Arabia and the UAE. We delve into recent legislative changes and anticipated developments.

Saudi Arabia

There are major amendments being made to the Saudi Labour Law, which took effect on 19th February 2025 and will have major impact on employers operating in Saudi Arabia.

Employers are advised to review and revise their employment contracts, HR policies, and compliance frameworks in line with these changes. Additional ministerial directives and implementing regulations are expected to provide further clarity.

Key changes include:

- **Employment Contracts:** fixed-term contracts without a specified duration will default to a one-year term and renew automatically. Employers must explicitly outline housing and transportation allowances in contracts.
- **Probation Period:** it will be capped at 180 days, with no exceptions for public holidays or sick leave.
- **Saudisation Compliance:** failure to meet Saudisation targets may result in the nonrenewal of work permits.
- **Anti-Discrimination Measures:** strengthened protections against discrimination in hiring and promotions based on factors such as race, gender, and disability.
- **Resignation Procedures:** resignations will be deemed accepted if an employer does not respond within 30 days. Employers can defer acceptance for up to 60 days with justification.
- **Leave Entitlements:** maternity leave extended to 12 weeks, while bereavement leave now includes three days for the loss of a sibling.
- **Termination Rights:** employees may terminate contracts in cases of resignation or employer bankruptcy.
- **Employee Grievances:** there will be expanded rights to challenge disciplinary actions and penalties.

In addition to the updates to the Saudi Labour Law, there will be some more important legal changes coming in. These are:

- **Saudisation Framework and Nitaqat System Updates:** To enhance workforce nationalisation, a revised three-year Saudisation strategy has been introduced, gradually increasing the required proportion of Saudi employees in private sector companies. This initiative is part of the existing Nitaqat programme, which categorises businesses based on their compliance levels. Companies may opt to pay monthly fees under the Parallel Nationalisation programme (introduced in 2017) to maintain or improve their Nitaqat classification. The fee amount depends on workforce size and the required number of Saudi employees to advance to the next category. Employers must proactively assess their workforce structure to ensure compliance with the evolving Saudisation requirements while maintaining operational efficiency.
- **Temporary Work Visas and Foreign Workforce Flexibility:** A new short-term work visa is now available through the online platform 'Qiwa', allowing qualified foreign nationals to work in Saudi Arabia for up to 90 days per issuance within a one-year period. The visa can be renewed at the end of each 90-day term. Each employer is limited to 50 temporary work visas, and these visas are nontransferable between companies.
- **Regional Headquarters (RHQ) Programme:** foreign businesses seeking government contracts in Saudi Arabia must establish a regional headquarters (RHQ) within the country. This initiative aligns with Vision 2030's goal to attract 480 multinational corporations and position Saudi Arabia as a key business hub in the Gulf. The programme will offer significant advantages for international firms looking to expand their presence in the region, including tax exemptions and special access to government contracts.

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The UAE

- **Stricter Emiratisation Rules:** The UAE has reinforced its Emiratisation policy, requiring private sector companies with 20 to 49 employees in certain sectors to hire one Emirati by 31st December 2024 and another by 31st December 2025. Non-compliance will result in fines of AED 96,000 in 2024 and AED 108,000 in 2025. Employers that meet quotas benefit from reduced fees and streamlined immigration processes.
- **UAE Data Protection Law (UAE DP Law):** The UAE DP Law, enacted on 2nd January 2022, awaits executive regulations expected in early 2025. Once issued, businesses will have six months to comply. The law covers personal and biometric data but does not yet specify penalties, which will be outlined in the upcoming regulations.
- **ADGM Whistleblowing Regulations 2024:** The ADGM Whistleblower Protection Regulations 2024, effective 5th July 2024, ensure whistleblowers' anonymity and protection from retaliation. They apply to all ADGM-registered entities, with certain organizations required to incorporate these regulations into policies and procedures and implement whistleblowing systems by 31st May 2025.
- **New Financial Fraud Measures in Dubai:** new law is being introduced to strengthen controls against financial fraud. It will Financial Audit Authority the power to suspend employees under investigation, impose travel bans, and confiscate assets of those accused of fraud.
- **New ADGM Employment Regulations:** The updated ADGM Employment Regulations, set to take effect on the 1st April 2025, bring significant changes. Notable amendments include:
 - **Remote Employees:** A new category for employees working outside the UAE is introduced, exempting them from the UAE's visa and work permit requirements.
 - **Employment Contracts:** Employers are required to provide compliant contracts within one month of hiring. Any changes to contracts must be agreed upon in writing by both parties.
 - **Probation Period:** The maximum probationary period is set at six months, with a minimum notice period of one week. Employees are entitled to unpaid sick leave and repatriation flights in case of termination.
 - **Part-time Employees:** Simplified calculations for entitlements for those working reduced hours.
 - **Working Hours:** A cap of 48 hours per week is established, unless otherwise agreed. Muslim employees are entitled to shorter working hours during Ramadan, without a reduction in pay.
 - **Parental Leave:** Parental leave is extended to include adoptive parents and cases of stillbirth. This also includes provisions for nursing breaks and job protection following maternity leave.
 - **Termination and Gratuity:** Minimum notice periods are required for all employees, and written references must be provided upon request. End-of-service gratuity is guaranteed, with no cap. Employers may also offer pension or savings schemes as alternatives.
 - **Discrimination:** Pregnancy and maternity are explicitly protected characteristics. Remedies for discrimination include compensation of up to three years' wages.
 - **Death in Service:** The estates of deceased employees may claim up to 24 months' worth of wages as compensation.
 - **Vicarious Liability:** Employers may be held liable for employee misconduct unless proper policies, such as anti-harassment measures, are in place.

This is a high level general update only. Legal advice should be obtained on specific circumstances.