



UAE's Labour Law & Employment Regulations

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Organiser: BIPO | Make Life Easier.

Speaker



Ashraf Abdulrahiman

HR Service Delivery Manager, BIPO Dubai

- Accomplished human resources and talent management professional with over 15 years of experience.
- Holds a Master's degree in Human Resources Management, along with specialised credentials from CIPD UK (Postgraduate Level 7) and SHRM USA (Senior Certified Professional - SCP).
- Experience spans multiple sectors, including holding companies, commercial, industrial, and professional fields.
- Collaborates with senior leadership to deliver innovative and comprehensive HR services and solutions that meet clients' needs across the GCC region as the Country Representative for BIPO Dubai.



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BIPO's One-stop Solution

Total HR Solutions for your Global Workforce



10+
Years of
experience

560,000
Users
globally

160+
Countries
covered for EOR

Payment in
180
Currencies

900+
Employees
worldwide

40+
International
offices

20+
Payroll engines
across countries

More than
4,600
Clients

Leader in Asia

- Based in **Asia**, with **global reach**
- Helping global companies. expand **into and out of Asia**
- Core USP: 20+ specialist **payroll engines** in Asia.

Recognised by Peers



Awards & Accolades



Centuro INT-X Awards – UK

- Most Inspirational Global Expansion 2023



Grand Prize

- HR Vendor of the Year - **Hong Kong**

Gold

- Best Payroll Software - **Hong Kong & Singapore**
- Best Payroll Outsourcing Partner - **Hong Kong & Singapore**
- Best HRMS (Enterprise & SMB) - **Malaysia**



HKIHRM HR Excellence Awards 2023/24 – Hong Kong

- Payroll Provider Award (Excellent)



Digitech Awards – Indonesia

- The Best IT Human Capital Development
- The Best Digital Technology Development Team



Barcelona New Economy Week (BNEW)

- Talent Vertical - Best Startup Award 2024

Security & Compliance

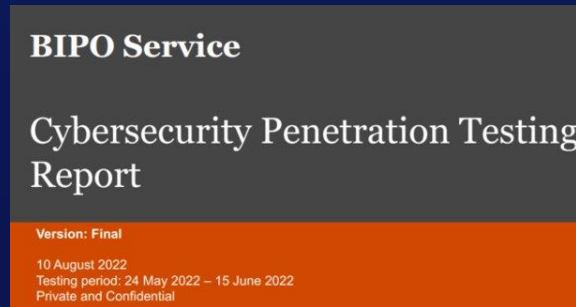
Audit




Attested by: 
pwc

- SOC 1 – Type 2
- SOC 2 – Type 2

Penetration Test



Performed by: 
pwc



The OWASP Top 10 is a regularly-updated report outlining security concerns for web application security, focusing on the 10 most critical risks.

Certification



ISO-27001
Information Security
Management System Certification



Fundamentals of UAE Employment Regulations

Essential Guidelines for Businesses Expanding
to the UAE

Introduction

Understanding UAE Employment Law

Federal Decree-Law No. (33) of 2021

Regulation of Employment Relationships

- Applies to all private sector companies unless otherwise stated by special laws.
- Aims to protect both employers and employees under a clear legal framework.



Employment Contracts



Mandatory Employment Contracts

- All employees must have a written, MOHRE-compliant employment contract.
- Since February 2022:
 - Only **fixed-term (limited)** contracts allowed
 - Duration: generally **2 years**, renewable



Contract Contents

- Job title and responsibilities, Salary breakdown and benefits, Work location, working hours
- Leave entitlements, Contract duration, Probation conditions, Termination conditions



Registration Requirement

- Contracts must be registered with **MOHRE**.
- Amendments must be documented and registered with **MOHRE**.

Probationary Period

Employee Assessment Period: 0-6 months

Maximum probation: **6 months**

Termination during probation

- **Employer termination:**
 - 14 days' written notice required.
- **Employee resignation:**
 - 14 days' notice (if leaving UAE).
 - 1-month notice (if transferring within UAE to another UAE employer, subject to compensation obligations to the employer).
- Only one probationary period is permissible with an employer. A worker cannot be placed under probation more than once.
- If the employee successfully completes the probationary period and continues to work, the contract becomes valid according to the agreed terms.
- The probation period is counted as part of the worker's total term of service.



Leave Entitlements

Annual Leave



Entitlement

- 30 calendar days of paid leave for each year of completed service.
- 2 calendar days of paid leave for each month of service if the employee has completed more than six (6) months but less than one (1) year of service.

Before completing six (6) months of service

- Employees are not legally entitled to annual leave. However, some employers may offer pro-rated leave at their own discretion. This is not a statutory obligation.

Encashment of Unused Leave

- If the employment relationship ends (whether by resignation or termination), the employee is entitled to monetary compensation for any unused accrued annual leave, based on the employee's basic salary at the time of termination.

Leave During Notice Period

- Employees may use accrued leave during the notice period if both parties agree, or they may be compensated in lieu if not taken.

Sick Leave



Eligibility

- Available after the **probation period** is completed.

Entitlement

- **Maximum Sick Leave:** 90 days per year, broken down as follows:
 - **First 15 days:** Full pay
 - **Next 30 days:** Half pay
 - **Remaining 45 days:** Unpaid

Additional Conditions

- **Medical Certificate Submission:** A **valid medical certificate** must be provided for sick leave.

No Wage for Sick Leave Due to Misconduct

- An employee **is not entitled** to paid sick leave if the illness results from the employee's **own misconduct**, as defined under the **Implementing Regulations** of the Labour Law.

Termination Following Sick Leave

- The employer **may terminate** the employee's service after they have exhausted their sick leave if the employee **is unable to return to work**.
- In this case, the employee must be paid all **financial entitlements** due in accordance with the Labour Law and its Implementing Regulation.

Maternity and Parental Leave



Paid Maternity Leave

Female employees are entitled to **60 calendar days of maternity leave** as follows:

- **45 days** at full pay.
- **15 days** at half pay.



Unpaid Extension

An additional **45 days of unpaid leave** can be granted if required for medical reasons. The employee must **provide medical documentation** to support the need for the extension.



Parental Leave

- **5 paid working days.**
- **Available for both mothers and fathers.**
- **To be taken within 6 months of the child's birth.**
- The **Parental** leave is separate from maternity leave and is specifically granted.

Other Leave Types

Types of Leave	Remarks
Bereavement Leave	<p>3–5 days depending on family relation.</p> <ul style="list-style-type: none">• 5 days in the event of the death of a spouse (husband or wife).• 3 days in the event of the Death of close relatives (of the mother, father, son, daughter, brother, sister, grandson, grandfather, or grandmother).
Study Leave	<p>10 working days per year, in order to sit for exams</p> <ul style="list-style-type: none">• Eligibility: Employees who are enrolled in an accredited educational institution in the country.• The leave must be taken for educational purposes that directly relate to the employee's role or career development.• Documentation: Employees may need to provide proof of enrollment in an accredited institution and the dates for their exams or studies.
Sabbatical Paid Leave – National Service	<ul style="list-style-type: none">• Eligibility: National workers (UAE citizens) are entitled to sabbatical paid leave to perform national service as per the prevailing laws and regulations in the UAE.• Return to Work: After the completion of national service, the employee is entitled to return to their position, and their continuous service is maintained.

Public Holidays

Official Paid Holidays	Remarks
New Year's Day	Gregorian calendar
Eid Al Fitr	typically 3-4 days
Arafat Day and Eid Al Adha	typically 3-4 days
Islamic New Year	
Prophet Muhammad's Birthday	
Commemoration Day	December 1
UAE National Day	December 2



Working on Holidays

Compensated with **time off in lieu** or **Payment + 50% extra** on normal salary.



Health Insurance

Health Insurance Requirements

Mandatory Health Coverage

 **Employer obligation across all Emirates.**

By Location	Remarks
Dubai	Mandatory under DHA (Dubai Health Authority) regulations
Abu Dhabi	Mandatory under DOH (Department of Health) regulations
Other Emirates	Based on MOH & local authority rules

Minimum Coverage Requirements (as per latest laws)

- Consultations with general practitioners and specialists
- Diagnostics and laboratory investigations
- Maternity services (prenatal, delivery, and postnatal care)
- Emergency treatments (including ambulance services)
- Essential surgeries and hospitalisation
- Chronic disease management

Cost Responsibility

Employers must bear the full cost of the employee's basic health insurance.



Payroll and Wage Protection System (WPS)

Payroll and Wage Protection System (WPS)

WPS Setup	WPS Integration	Timely Wage Payment	Consequences of Non-Compliance	Additional Employer Obligations
<ul style="list-style-type: none">• The establishment must open a bank account with a UAE-based bank.• Sign a WPS agreement with an approved agent (bank, exchange house, or authorised financial institution).• If the employee does not have a bank account, the employer must open one for the employee with one of the authorised agents.	<ul style="list-style-type: none">• New employees must be integrated into WPS within 30 days of joining.	<ul style="list-style-type: none">• Wages must be paid within 15 days of the due date, unless a shorter period is specified in the employment contract. Failure to comply results in non-compliance classification.	<ul style="list-style-type: none">• Fines.• Suspension of new work permits.• Other legal penalties.	<ul style="list-style-type: none">• Maintain payroll and wage records for at least 2 years.• Issue detailed payslips showing: Basic salary, Allowances, Deductions



Termination

Contract Termination Rules



Types of Termination

- Employee resignation
- Employer-initiated termination
- Termination by mutual agreement
- Termination on contract expiry
- Notice Period:
Minimum 30 days,
maximum 90 days, as per
contract or agreement.

Employer Duties on Termination

- Document and justify the reason for termination - Termination must be for a legitimate reason related to work performance, behaviour, business operational or legal matters.
- Serve the appropriate notice period.
- Notify MOHRE (Ministry of Human Resources and Emiratisation) and cancel the work permit and visa provided.
- Maintain employee records for a minimum of 2 years after the employment relationship ends.

Employee Obligations on Resignation

- Serve the full notice period as per the employment contract.
- If the employee fails to serve the notice period, they must pay the employer compensation equal to their basic wage for the notice period not served (payment in lieu of notice).

Employee Rights

Right to compensation if the employer fails to properly serve the notice period or validate reason for termination.

End of Service Benefits (EOSB)

Gratuity (EOSB) Overview

- **Eligibility:** Employee must complete at least one (1) year of continuous service under an unlimited or limited contract.

Calculation

- **First 5 years of service:** 21 days of basic salary for each completed year.
- **After 5 years of service:** 30 days of basic salary for each additional completed year.
- Total gratuity amount must not exceed two (2) years' worth of basic salary.

Deadlines for Payment

- Employer must settle the gratuity and all final dues within 14 days from the employee's last working day.

Deductions / Reductions

- In case of resignation before completing 5 years, the employee is still entitled to full gratuity (no reduction) under the latest law — unless gross misconduct is proven.
- No gratuity is payable if the employee is dismissed without notice for a reason under Article 44 (serious misconduct).



Important Rules

- Gratuity is calculated only based on the basic salary, excluding allowances (housing, transport, etc.).
- Periods of unpaid leave are not counted when calculating the total service duration.
- If the employee continues working during the notice period, the notice period is counted toward service length for EOSB calculation.
- EOSB applies even if the contract was repeatedly renewed (service counted cumulatively).
- In case of death, the gratuity and all financial entitlements must be paid to the employee's legal heirs.

Employer Obligations

Key Employer Responsibilities

- Provide a safe, healthy, and respectful work environment including providing the necessary means of prevention to protect workers from the risks of occupational diseases and injuries that may occur during work.
- Timely payment of salaries and all statutory entitlements.
- Maintain accurate and updated employee records.
- Prevent any form of discrimination based on race, gender, religion, nationality, disability, or social background.
- Bearing the costs of the worker's medical care in accordance with the legislation in force in the State/Country.
- Provide necessary training and development relevant to the employee's job role.
- Facilitate employee participation in national programs (e.g., national service, Emiratization programs if applicable).
- Abide by WPS (Wage Protection System) requirements for salary payments.
- Respect employee rights to annual leave, sick leave, parental leave, and other statutory leaves.
- Protect employee confidentiality and personal data.
- Inform MOHRE (Ministry of Human Resources and Emiratization) about employment status changes (termination, renewal, cancellations).
- Comply with grievance handling and workplace investigation obligations if an employee raises a complaint.

Disciplinary Procedures



Permissible Disciplinary Actions

- Verbal warnings
- Written warnings
- Monetary fines (capped at a deduction of not more than five (5) days' wage per month)
- Work suspension (for a period not exceeding fourteen (14) days)
- Delay of promotion (up to one (1) year) — applicable to establishments that follow a periodic promotions system
- Dismissal for disciplinary reasons — must comply with lawful grounds under UAE Labour Law



Mandatory Due Process

- Conduct a formal investigation before imposing any disciplinary action
- Maintain thorough records of all disciplinary actions taken
- Allow the employee an opportunity to respond before any penalty is finalised
- Communicate disciplinary decisions in writing to the employee



Additional Points

- Disciplinary penalties must be proportionate to the violation
- Penalties must be imposed within 30 days from the date the employer becomes aware of the violation
- No two disciplinary penalties may be imposed for the same violation if the first penalty is still in effect
- Disciplinary Actions Documentation must be recorded in the employee's personal file

Non-Competition Clauses Protecting Business Interests

Validity Conditions

- Applicable if the employee's role exposes them to confidential information or key clients, Valid only if exposure to sensitive business information.
- Restrictions must be reasonable and clearly defined: to Maximum of 2 years duration.
- Specific to geographic area.
- Clearly stated restricted activity.
- Non-competition clauses become nullified if the employer terminates the employment contract.

Enforceability

- Depends on fairness, necessity, and proportionality of restriction.
- Can be waived by mutual agreement after contract termination.
- Employer must prove actual harm or risk to enforce the clause.
- Any claim for breach must be filed within one (1) year from discovering the violation.

Exemptions

- Workers belonging to critical professional categories (as defined by MOHRE) may be exempt if needed for the labour market.

Employee's Right

- Employee can challenge non-competition terms if they are excessively broad, vague, or unreasonable under UAE Labour Law.

BIPO Resource Hub

Webinar Series
UK Labour Law

Common Employee Benefits in the UK

UK Employee Benefits

BIPO

Webinar Series
Updates in Thailand’s Labour Law

Statutory Contribution

Social Security (submission: monthly)
Base salary (Actual with max/cap 15,000 THB) 5% from both EE/ER (Minimum calculate base at 1,650 THB)

	EE ¹	ER ²
Deduction & Contribution by EE & ER equally		
12,000 (5%)	600	600
15,000 (5%)	750	750
1,650 (minimum calculate base)	83	83

Submission method (Monthly)
Manual submission before 7th of next month
Online submission before 14th of next month (company need to have online credential)

Workmen Compensation (submission: yearly)
Base salary (Actual with max/cap 20,000 THB)

	Minimum Risk	Maximum Risk
15,000	0.1	1%
20,000	>15000* 1% (15/month)	>15000* 1% (150/month)
	>20000* 1% (20/month)	>20000* 1% (200/month)

Contribute by Employer

15,000	240	2400
20,000		

Submission method (yearly, pro-rate)
Due Date (1st submission 31st Jan)
Second submission (after Workmen office revise the amount, 28th Feb)

BIPO

Ask Our Experts Series
Payroll Compliance in Kenya

Minimum wage of Kenya compared to other East African Countries

Kenya: ± 101.505 USD/Month
Tanzania: ± 60 USD/Month
Uganda: ± 33 USD/Month
Rwanda: ± 1.84 USD/Day

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BIPO TIMES

January 2025 Issue

The Netherlands’ Labour Law & Employment Regulations

October 2024 Issue

UK’s Labour Law and Employment Regulations

September 2024 Issue

Updates on Japan’s Labour Law and Employment Regulations

June 2024 Issue

Updates on Thailand’s Labour Law

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Africa's Labour Law & Employment Regulations

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THANKS



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