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## UAE's Labour Law & Employment Regulations

### Overview

The United Arab Emirates (UAE) is a dynamic and strategically located country at the crossroads of Asia, Europe, and Africa, serving as a critical gateway to the Middle East and global markets. With a population of 11 million, the UAE holds one of the most diversified and advanced economies in the Arab world, boasting a GDP of \$537.08 billion ([IMF, 2024](#)), and playing a central role in regional trade, finance, and innovation.

This document provides a comprehensive overview of the essential employment regulations governing the private sector in the UAE under **Federal Decree-Law No. (33) of 2021**. It is designed to help businesses expanding to the UAE understand and implement legal employment practices from hiring through to termination.

With the UAE's labour framework increasingly aligned with global best practices, adherence to these guidelines is vital for sustainable operations and to safeguard both employee welfare and business interests.

### Basic Country Facts



#### Capital

Abu Dhabi



#### Population

11 million

[IMF](#)



#### Currency

United Arab Emirates dirham (AED, د.إ.)



#### GDP per Capita

USD 49,500 (as of 2025)

[IMF](#)

# Labour Law & Employment Regulations

## Employment Contracts & Probationary Periods

The law mandates written employment contracts for all employees, using Ministry of Human Resources & Emiratisation (MOHRE)-compliant formats. Since 2022, only **fixed-term contracts** (typically up to two years) are permitted. Contracts must include essential details such as:

- Job title and responsibilities
- Remuneration
- Working hours
- Leave entitlements
- Probationary period
- Notice Period
- Termination conditions

The **probationary period** is capped at **six months**. During this period:

- Employers must give **14 days' notice** to terminate the employee.
- Employees must give **14–30 days' notice** depending on whether they plan to join a new employer or return home.
- Probation can only be applied once per employer.

## Working Hours and Weekly Rest Days

Under UAE Labour Law:

- **Normal working hours** are capped at **8 hours per day or 48 hours per week**.
- During **Ramadan**, working hours are reduced by **2 hours per day** for all employees.
- Certain sectors (e.g., retail, hospitality) may operate on flexible schedules provided the **weekly total does not exceed 48 hours**.
- A **minimum of one rest day per week** is mandatory—typically Friday, Saturday or Sunday, depending on business needs. The majority of companies in the UAE follow a two-day weekly rest period (usually Saturday and Sunday), in line with global business practices and to align with international workweek standards.
- **Compressed work schedules** (e.g., 10 hours/day over 4 days or 9 hours/day over 5 days) are allowed with mutual agreement.

### Overtime compensation:

- **125%** of basic wage for extra hours on regular days.
- **150%** if work is performed between 10 PM and 4 AM or on a rest day.

## Leave Entitlements Simplified

Type of Leaves	Details
Annual Leave	<ul style="list-style-type: none"><li>• <b>30 calendar days</b> after completing <b>one year</b> of continuous service.</li><li>• <b>2 calendar days per month</b> for employees who have completed <b>more than six months</b> but <b>less than one year</b>.</li><li>• Leave must be scheduled in coordination with the employer and can be <b>carried forward</b> or <b>compensated</b> as per law.</li></ul>

Type of Leaves	Details
Sick Leave	<ul style="list-style-type: none"> <li>• <b>90 calendar days</b> per year (after probation): <ul style="list-style-type: none"> <li>○ First 15 days: <b>full pay</b></li> <li>○ Next 30 days: <b>half pay</b></li> <li>○ Remaining 45 days: <b>unpaid</b></li> </ul> </li> </ul>
Maternity Leave	<ul style="list-style-type: none"> <li>• <b>60 calendar days</b> (first 45 days fully paid, next 15 days half paid)</li> <li>• Up to <b>45 additional unpaid days</b> may be granted on medical grounds</li> </ul>
Parental Leave	<ul style="list-style-type: none"> <li>• <b>5 working days</b> for both mothers and fathers, to be taken <b>within 6 months</b> of childbirth.</li> </ul>
Bereavement Leave	<ul style="list-style-type: none"> <li>• <b>5 days</b> on the death of a spouse</li> <li>• <b>3 days</b> on the death of a parent, child, sibling, grandparent, or grandchild</li> <li>• Must be taken immediately after the incident; documentation may be requested</li> </ul>
Study Leave	<ul style="list-style-type: none"> <li>• Up to <b>10 working days per year</b> of paid leave</li> <li>• Applicable only to employees who: <ul style="list-style-type: none"> <li>○ Have completed <b>two years of service</b> with the employer</li> <li>○ Are enrolled in a <b>UAE-accredited educational institution</b></li> </ul> </li> <li>• Must be used for final exams; proof of enrolment and exam schedule is required</li> </ul>

## WPS, Payroll, and Health Insurance Obligations

### Wage Protection System (WPS)

- Employers must register employees in the **WPS** within **30 days of hiring**.
- Salaries must be processed through **approved UAE banks or financial agencies**.
- Salary must be paid no later than the 14<sup>th</sup> day of the following month after the wage period ends (e.g., salary for May must be paid by 14 June).
- Delays beyond this date will trigger **WPS non-compliance status**, which may result in **fines, labour bans**, and **suspension of new work permits**.

### Health Insurance

- Mandatory in all Emirates; **employers bear full cost**.
- Insurance must cover:
  - Basic and emergency care
  - Maternity services
  - Chronic illness and long-term conditions
- Failure to provide insurance may result in penalties.

## Termination & End of Service Benefits (EOSB)

Termination must follow **legal procedures** including:

- Proper documentation
- Required notice periods
- MOHRE notification and clearance

### EOSB Calculation for Expat Employees:

- First 5 years: **21 days' basic wage per year**
- Beyond 5 years: **30 days' basic wage per year**
- EOSB is calculated on **basic salary only** and must be settled within **14 days** from the employee's final working day.

## Employer Responsibilities and Disciplinary Procedures

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Employers are legally required to:

- Provide a **safe, respectful, and inclusive workplace**
- Avoid **discriminatory practices**
- Maintain **accurate employment records**
- **Protect employee data** and maintain confidentiality
- Train employees according to job requirements
- Follow all **WPS and statutory leave** obligations
- Bear **repatriation and medical expenses** upon contract completion

**Disciplinary procedures** must follow due process, including:

- Internal investigation
- Written communication of warnings
- Proportional and documented penalties

## Non-Competition Clauses

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Non-compete clauses can be included in employment contracts **only if the employee's role involves access to confidential information or key client relationships**.

For the clause to be enforceable, it must:

- Be limited to a **reasonable geographic** area aligned with business operations
- Not exceed **two years** from the employment end date
- Clearly define the **scope of restricted activities**
- Be **proportionate** to the employee's role and business risk
- Protect a **legitimate business interest**
- Not unreasonably hinder the employee's ability to secure future employment

Employers must **demonstrate necessity**, such as the risk of unfair competition, rather than use the clause as a restrictive measure.

## Why This Matters

The UAE's labour laws are designed to attract global businesses while safeguarding workforce rights. For companies expanding into the UAE, **compliance is not optional**—it is a strategic necessity. Missteps in employment practices can lead to **financial penalties, reputational damage, or legal disputes**.

A proactive approach to regulatory alignment not only reduces legal risk but also positions businesses as employers of choice in a competitive talent market.

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4-6 May

EVS Saudi Arabia 2025



## Singapore

6-7 May

HR Tech Asia 2025



20 May

Workday Elevate Singapore 2025



## UAE

15 May

UAE's Labour Law & Employment Regulations with Ashraf Abdulrahiman



## About BIPO

Established in 2010 and headquartered in Singapore, BIPO is a trusted provider of payroll and people solutions in **over 170 global markets**.

Our comprehensive HR offerings include **Human Capital Management solutions**, **Global Payroll Outsourcing**, and **Employer of Record services**, powered by our award-winning HR Management System and Athena BI (Business Intelligence) platform.

At BIPO, we deliver customised services and scalable tech-enabled solutions that automate processes, simplify workflows, and generate actionable insights.

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