

# Client Alert



## Amendment to the UAE Federal Labour Law

By Saurbh Kothari and Nazim Hashim | 24 October 2023

Article 54 of the Labour Law (Federal Decree-Law 20 of 2023 on the regulations of labour relations, as amended) dealing with employment disputes has been amended to give greater powers to the Ministry of Human Resource and Emiratization (the **Ministry**). The amended provision shall come into effect from 1 January 2024.

### Authority to issue a decision

Under the Labour Law, in case of an employment dispute, before filing a case before the Court of First Instance, the employer or the employee is required to file an application to the Ministry. The Ministry is required to examine the application and take appropriate actions it deems necessary to amicably settle the dispute between the parties.

In case the parties fail to amicably settle a dispute, while earlier the Ministry was required to refer the matter to the courts (i.e., the Court of First Instance), now the Ministry has been given powers to decide a dispute with a final decision:

- i. if the claim amount in the dispute is less than AED 50,000; or
- ii. where a dispute relates to failure by either party to comply with an amicable settlement decision previously issued by the Ministry (irrespective of the claim amount).

The party in whose favour the Ministry has issued its decision can directly proceed with execution (a mechanism for enforcement of a decision) of the said decision as per the rules of execution under the UAE Civil Procedure Law.

The requirement to file an application to the Ministry is not applicable to free zone companies (employers) and its employees wherein an aggrieved party is required by the relevant free zone authority's rules to first approach the free zone authority instead of the Ministry. Although a free zone employer/employee is still required to approach the Ministry in order to obtain a referral letter to the court (stating that the employee can file a case before the court), the Ministry does not look into the substance of the dispute and its role is just to issue the referral letter. It will be interesting to see if the applicability of these provisions will also be extended to apply to disputes between free zone companies (employers) and its employees.

### The Authors



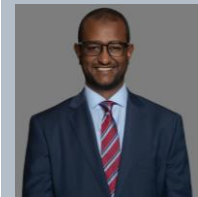
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### **Right to file the claim before the Court of Appeal**

Within 15 working days from the date of notification of the Ministry's decision, either party may file a case directly before the Court of Appeal (and not the Court of First Instance). The Court of Appeal shall set a date for hearing within three working days and issue its decision within 15 working days from the date of starting the proceedings before the Court of Appeal. The decision of the Court of Appeal shall be final.

If proceedings have commenced before the Court of Appeal, there will be a stay on the execution of the decision issued by the Ministry.

### **Failure to Amicably Settle a Dispute or Claim Amount of more than AED 50,000**

If the parties fail to amicably settle a dispute (within the timeframe provided under the law) and if the claim amount in the dispute is more than AED 50,000, the Ministry shall refer the dispute to the competent court (i.e., the Court of First Instance) together with a memorandum which shall include a summary of the dispute, the arguments of the parties and the Ministry's recommendation. Within three working days from the date of receipt of the application from the aggrieved party, the competent court is required to set a date for the hearing and promptly decide on the dispute.

These are welcome amendments to the Labour Law which will result in quick resolution of disputes where the claim amount is low and will reduce the workload of the UAE Court of First Instance. ■

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