

inBrief

**Amendments to the Labour Law – employers, *en garde!***

By Mevan Bandara and Ramesh Fernando | 21 August 2024

On 29 July 2024, the UAE enacted Federal Decree Law 9 of 2024 (the **Amendment**) introducing some significant changes to Federal Decree Law 33 of 2021 (the **Labour Law**), UAE's principal legislation on employment. The Amendment replaces Article 54 of the Labour Law pertaining to individual labour disputes, and, Article 60 of the same law which sets out the penalties applicable for certain violations by employers. The Amendment comes into force on 31 August 2024.

The key amendments are as follows:

Article 54 (individual labour disputes)

- The time bar for labour disputes is now two years from the date of termination of employment- i.e., a labour dispute may be filed within two years from the date of termination of employment.
- Final appeal in small claims matters (i.e., claims below AED 50,000) is now before the Court of First Instance, and not before the Court of Appeal.

Article 60 (penalties)

- Enhanced penalties for violations.

The penalties applicable to employers under this provision for certain violations have been substantially enhanced under the Amendment. The previous penalty ceiling of AED 200,000, for these violations, has been raised to AED 1 million under the Amendment. Accordingly, employers should take note that once the Amendment becomes effective, they may be exposed to penalties ranging between AED 100,000 and AED 1 million for the following violations:

- a) Employing an employee without obtaining a work permit;
- b) Recruiting an employee and not providing work;
- c) Misusing work permits for purposes other than those for which they were issued;
- d) Closing an establishment or suspending its activities without settling workers' rights or entitlements; and
- e) Employing a minor in violation of the Labour Law.

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Mevan practices in the firm's dispute resolution group. He advises and represents clients in arbitration, DIFC Court litigation and on-shore litigation. Mevan has represented clients in DIFC-LCIA, DIAC, ICC and ad hoc arbitrations seated in London, Dubai, Singapore and Sri Lanka. He specialises in cross-border disputes, tax, construction, banking, real estate, maritime and employment disputes.

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Ramesh has considerable experience in litigation and alternate dispute resolution. Ramesh also advises on and drafts legal opinions for multi-national corporations, non-governmental entities, and investors, when retained to advise on potential legal issues, regulatory steps, and changes to applicable legislation.

➤ Penalty for engaging in fictitious employment.

Significantly, the Amendment also imposes an identical penalty (between AED 100,000 and AED 1 million) for fictitious recruitment of employees. The Amendment specifies that this penalty is multiplied depending on the number of employees who are employed fictitiously.

The Amendment also provides that the Ministry of Human Resources and Emiratization may institute criminal proceedings against employers for fictitious recruitment of employees.

This stringent fine is intended to deter employers and employees from subverting government policies and public benefit measures, such as the Emiratization programme.

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