

The Littler International Guide

United Arab Emirates

FALL 2025 EDITION

CONTRIBUTING FIRM

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ABOUT THE LITTLER INTERNATIONAL GUIDE

For more than 15 years, Littler has published the International Guide, which provides a comprehensive, comparative analysis of workplace laws and regulations for more than 45 countries and territories. Written by a combination of Littler attorneys and selected attorneys and scholars from around the globe, the compilation tracks the employment cycle in a Q&A format, with each jurisdiction providing responses to the same questions. Recently redesigned to add new questions that address relevant trends, the Guide helps multinational corporations respond to the needs of the changing global workplace. With the redesign, each Guide contains additional information prepared by the editors: an introduction to each section to provide readers an overview of the scope of coverage, and a Glossary of Terms at the end of the Guide.

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UNITED ARAB EMIRATES

1. SETTING UP BUSINESS & STRUCTURING THE EMPLOYMENT RELATIONSHIP

Once a company makes a business decision to open operations in a country, from an employment law standpoint, a company must decide what corporate structure it plans to use or establish when hiring workers in the new country. This section provides information on the employment relationship and the various types of workers (*e.g.*, employees, independent contractors, temporary workers, and outsourced workers) recognized within the country. This section also details key employment considerations for: (1) hiring employees directly or through the creation of local entities; (2) hiring workers through third-party entities; (3) utilizing outsourcing services; and (4) addressing worker misclassification.

New terminology in this area, such as an “employer of record (EOR)” or “digital nomad,” are included in the [Glossary of Terms](#) at the end of this Guide.

1.1 Is a business without a physical presence in the country required to create a local entity to engage local workers?

Yes, a foreign employer must establish a branch office or another form of formal corporate presence in the United Arab Emirates (UAE) before it can hire any workers.

Incorporation and/or Registration Requirements

Before employing personnel, whether local or foreign, a foreign employer must register with the UAE Federal Ministry of Human Resources and Emiratization (“Ministry” or MOHRE). This registration process involves submitting certain documentation and applicable fees, and may include an inspection of the employer’s place of work.¹ There is no specified timeframe for completing the registration process from the date of the document submission.

Depending on the nature of the business, additional registration may be required if the business is located in one of the many registered free zones (*i.e.*, free-trade zones) within the UAE. In such cases, the employer must also register the employee with the free zone authority. In free zones, the MOHRE registration typically does not apply; the employee is governed by free zone rules unless otherwise specified. Additionally, employers must also obtain work permits for foreign employees in accordance with Article 6 of the Labor Law, and cannot employ workers without these permits.

Options for a Foreign Entity Engaging an Employee in the United Arab Emirates

The question of what corporate entity the foreign employer should form largely depends upon tax considerations, how the company wants to present itself on the UAE market, and what is the most

¹ Labor Law, art. 6.

practical way to ensure the company meets all employer obligations with regards to employment, social security, and tax law.

In the UAE, the common types of local entities used by foreign employers are:

- **Branch Office:** which is an extension of the main establishment. A branch office in the UAE is not considered a separate legal entity. However, a branch office may have employees and must have an office space. A branch office is a common company structure for foreign companies with limited operational requirements in the UAE.
- **Subsidiary:** which may be in various legal forms with the most common legal form being a limited liability company. Depending on the nature of the business activity and the needs of the company, the subsidiary may be established in mainland “onshore” UAE or in one of the designated UAE free zones.

Whether the local entity will be in the form of a branch office or a subsidiary (in the form of a limited liability company or other legal form), registration with the Ministry will be the same. Furthermore, the rules and regulations applicable for employers and employees will be the same unless the entity is established in one of the two financial free zones being the Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM). The DIFC and the ADGM each have distinct rules and regulations governing relationships between employees and employers.

Penalties for Failure to Comply with Registration Requirements

Failure to properly register employees with the Ministry or the provision of incorrect information or documents for employees may result in administrative penalties or monetary fines ranging from AED 20,000 to AED 100,000.²

1.2 Is a business permitted to engage a third-party entity to either assume the role of employer or to employ individuals locally? If so, are there restrictions on these arrangements?

Yes, a business may engage a third-party entity to assume the role of employer or to employ individuals locally. However, businesses should be aware of the applicable restrictions and relevant legal considerations.

1.2(a) Employer of Record

In the UAE, employers must be the legitimate employer of the employee and this relationship must be accurately recorded and registered with the Ministry. The party that sponsors a labor permit and a residence visa for an employee will be viewed locally as that person’s employer, even if that employee is in fact deployed into the services of another party. All of the employment obligations imposed by the UAE Labor Law are in the first instance obligations of that employer to that employee. This applies to an employer of record (EOR), a global employment organization (GEO), professional employer organization (PEO), and/or temporary work agencies (TWA) or staffing firm arrangements.

² Labor Law, art. 59.

1.2(b) *Global Employment Organization*

This third-party entity is not recognized in the UAE.

1.2(c) *Professional Employer Organization*

This third-party entity is not recognized in the UAE.

1.2(d) *Temporary Work Agencies or Staffing Firms*

Contingent employee services can be used only in specific cases and through temporary employment agencies (TEAs) that are in charge of selecting workers and introducing them to companies based on their profile searches. The TEA is required to fulfill all legal obligations toward the employee, regardless of whether the employer or beneficiary meets their obligations. The TEA holds primary responsibility for ensuring compliance.³

TEAs must have an exclusive corporate purpose of supplying industrial, administrative, technical, and professional staff to third-party companies. They provide workforce to the employer for the agreed-upon period and ensure that the workers meet the required qualifications and skills.⁴ Companies may hire workers through a TEA for a specific period of time or for task-based work that concludes upon completion.⁵

In the above two situations, the name of the company's employee who is on leave must be specified in the agreement. If the company's employee returns to the position and the company retains the TEA worker, the TEA worker will be deemed a direct employee of the company.

Additionally, a company may hire workers through a TEA:

1. if the company's increased business activities require additional workers, on an exceptional and extraordinary basis;
2. to organize or participate in congresses, conferences, fairs, exhibitions, or programs;
3. to perform urgent tasks to prevent accidents or repair equipment when these duties cannot be performed by regular staff; or
4. when, due to extraordinary or temporary needs, tasks not related to the company's usual business activities are required.

In the above four situations, the hiring period must not exceed six months in a one-year period, or one year in a three-year period. If the hiring exceeds these limits, the employee will be considered a direct employee of the company.

Therefore, to hire workers through a TEA, the company must provide evidence that the hiring corresponds to one of these extraordinary circumstances. If a company does not comply with these legal requirements, the worker may claim that the company fraudulently used the TEA to avoid proper labor registration under local labor laws and seek to be correctly registered by the company. If the company refuses to do so, the worker may claim constructive dismissal and seek severance compensation, plus applicable fines for

³ Ministerial Decision 51 of 2022 art.8(1).

⁴ Ministerial Decision 51 of 2022 art. 8(3).

⁵ Labor Law art 7. C.

incorrect registration. Openings that are not related to an extraordinary need of the company cannot be covered by contingent workers. To do so would be against the law.

However, if parties understand that the opening could be covered by the contingent worker, that worker must resign from the employment relationship with the TEA and enter into a new employment contract with the company.

1.3 Is outsourcing allowed, and what are the legal considerations to reduce a company's exposure to liability?

Outsourcing of work by the employee is prohibited under the UAE Labor Law, which provides that the employee must complete work under the direction and supervision of the employer or its representative and cannot outsource the work to any other employee or person.⁶

However, a company may entrust another employer (service provider) with the performance of any of the company's original works or part thereof, and the service provider will be solely responsible for the rights of the employees or workers who carry out the work unless the parties agree otherwise.⁷

An employee cannot outsource their work duties. However, a company may outsource functions to third-party service providers, including independent contractors (as discussed in 1.5).

1.4 What are the major laws that govern the employment relationship?

In the UAE, employment relations are governed by the following:

- **UAE Labor Law and Implementing Regulations:** The UAE Federal Decree-Law No. 33 of 2021 on the Regulation of Labor Relations as amended ("UAE Labor Law") and Cabinet Decision No. 1 of 2022 on the Implementing Regulation of Federal Decree-Law No. 33 of 2021 as amended ("Implementing Regulations") govern employment relationships in the UAE. The UAE Labor Law together with the Implementing Regulations set forth rules related to employment contracts, restrictions on the employment of juveniles and women, maintenance of records and files, wages, working hours, leave, safety and protection of employees, medical and social care, codes of discipline, termination of employment contracts, end of service benefits, compensation for occupational diseases, labor inspections, penalties, and employment related injuries. The Labor Law applies to all workers working in the UAE, whether national or non-national, with the exception of the following categories:
 - employees of federal and local government entities;
 - members of the armed forces, police, and security units; and
 - domestic servants.
- **Free Zone Laws:** Employees who are based in the many free zones of the UAE are often subject to labor regulations that are specific to the relevant free zone. This publication generally refrains from discussing the employment regulations of the free zones.

⁶ Labor Law, art. 16.

⁷ Labor Law, art. 11.

1.5 What categories of workers are recognized, and what tests do courts or agencies use to evaluate these categories?

The following categories of workers are recognized in the UAE:

Employee

Under UAE Labor Law, an *employee (worker)* is every physical person authorized by the Ministry to work for one of the licensed establishments in the UAE under the supervision and direction of the employer.⁸ Licensed establishments include every technical, industrial, commercial, or other economic unit approved in the UAE, employing workers, aiming to produce goods, market them or provide services, and is licensed by the competent entities (such as the relevant economic department in the particular Emirate). The Labor Law does not include a specific test to determine when an employer/employee relationship exists, however, the scope of the law (outlined under Article 3) applies for all Establishments, Employers and Workers in the Private Sector in the UAE.

Independent Contractor

This relationship lacks the element of supervision or control that characterizes the employment relationship. In order to undertake commercial activities in the UAE, such individuals or corporate entity must be licensed to do so. As such, one cannot be identified as an independent contractor in the absence of a sufficient license to provide the services they wish to provide. Where the individual does provide such services, holds the requisite license, and is not an employee of the company, that person is likely operating as an *independent contractor*. In relation to whether there are any “tests” to distinguish an employee from an independent contractor, this is rarely an issue in the UAE because an employee must hold a labor permit sponsored by the employer. In the absence of this labor permit, the employee would have difficulty establishing that an employment relationship existed.

Temporary Worker

There is no specific definition for a *temporary worker* in the Labor Law. However, *temporary work* is defined in the Labor Law as any work that, by nature, must be completed within a specified period of time or is focused on a specific work task and ends with the completion of the same. In relation to whether there are any “tests” to distinguish a temporary worker, this is rarely an issue in the UAE, because an employee must hold a labor permit sponsored by the employer. In the absence of this labor permit, the employee would have difficulty establishing that an employment relationship existed.

1.6 What rights, protections, or entitlements are attached to each category of worker?

The status of an individual as an employee, independent contractor, or temporary worker will result in an identifiably separate set of rights for the individual. Key employment rights for each type of worker are summarized in the table below:

Rights	Employee	Independent Contractor	Temporary Worker
Discrimination Protection	Yes	No	Yes

⁸ Labor Law, art. 1.

Rights	Employee	Independent Contractor	Temporary Worker
Holiday	Yes	No	Yes (with limitations) ⁹
Maternity Leave and Pay, etc.	Yes	No	Yes
National Minimum Wage	No	No	No
Pensions / Retirement Benefits	No	No	No
Statutory Sick Pay	Yes	No	Yes
Unfair Dismissal	No	No	No
Whistleblowing Protection	No	No	No

1.7 What legal claims can be brought for misclassifying a worker?

Misclassification in the UAE brings with it the risk of litigation from workers.

Employers may also be subject to significant fines ranging from AED 20,000 to AED 100,000 and potential licensing and administrative penalties (such as suspension of license renewals or suspension of visa issuance) which may disrupt day-to-day operations for the company in case of misclassification.

Employers must at all times register their employees and employment relationships with the Ministry and ensure compliance with their obligations under the UAE Labor Law.

1.8 Are there emerging categories of workers based on technological innovations or economic changes?

The UAE now offers the following types of permits:

- **Freelancer labor permit:** which allows Gig Workers to remain in the UAE between gigs.
- **Remote work permit:** which (although less available now than was the case previously) allows an employee to work for a UAE employer without actually being in the workplace or even in the same country.

2. PRE-HIRE & HIRING

Rules and regulations governing the hiring process are as varied as they are complex. The types of information and the degree to which employers may seek information from job applicants differ significantly from country to country, and even by location within a country. Depending on the jurisdiction, whether an employer can conduct background checks (*e.g.*, request an applicant's criminal record, credit history, or educational background), conduct health screenings or perform drug and alcohol tests, may be required, lawful with restrictions, or outright illegal. Other pre-employment steps, such as whether employers must disclose pay information and/or inquire about a job applicant's pay history—also vary by

⁹ In case of part-time workers, leave is calculated according to the actual working hours spent with the employer in accordance with Article 29(2) of the UAE Labor Law.

country. This section focuses on issues that employers may need to consider at the pre-hire and hiring stage of the employment lifecycle.

2.1 Is an employer permitted to carry out background checks on an applicant or to ask an applicant about certain topics?

2.1(a) Credit Checks

There are no laws governing credit checks of job applicants. As a general point, credit checks are not standard practice in UAE.

2.1(b) Criminal Record Checks

There are no laws governing criminal record checks of UAE job applicants. An employer seeking to hire a foreign national, however, must obtain from the employee a certificate of good conduct issued by the relevant authority (usually the police or other government department) in the country in which the prospective employee has resided for the past five years as part of the work authorization process. Apart from hiring foreign nationals, criminal record checks are not customary for employees. However, in case the employer will be acting as a sponsor to the employee, such information may become available during the visa application process.

2.1(c) Drug and Alcohol Testing

While mandatory medical testing is required for the employment of foreign nationals, there is no specific test required for alcohol usage. Drug use and possession are crimes in the UAE. Although the possession or consumption of alcoholic beverages without a liquor permit has been decriminalized, public intoxication continues to be an offense.

2.1(d) Educational History

There are no laws governing educational history checks on job applicants. An employer seeking to hire a foreign national, however, must provide copies of the fully authenticated diplomas and transcripts evidencing the employee's educational qualifications as part of the work authorization process. Depending on the role for the employee, it is not uncommon for employers to request this information.

2.1(e) Health or Medical Screening

Prior to the issuance of a residence visa or labor permit, the foreign national must undergo certain medical tests at a medical facility designated by the UAE Federal Ministry of Human Resources and Emiratization ("Ministry"). If the medical tests produce unfavorable results, the employment visa or labor permit will not be issued by the Ministry, and the foreign national will be required to leave the UAE. The tests are specifically directed at HIV, hepatitis B and C, tuberculosis, and leprosy. No similar tests are required for UAE national employees.

2.1(f) References from Previous Employers

Job applicants with in-country employment history are typically required to submit a "service certificate" from each of their prior employers. The service certificate will contain details of the date of commencement and termination of employment, the total duration of employment, the type of work performed, the last paid wage, and any supplements.

2.1(g) *Salary History or Prior Compensation*

The UAE Labor Law imposes no prohibitions or restrictions on an employer's inquiry into an applicant's salary history or prior compensation. On the contrary, applicants with in-country employment history would typically be required to submit a "service certificate" from each of their prior employers, which would state the employee's final salary in addition to other particulars.

2.1(h) *Social Media or Public Web Page Searches*

The UAE Labor Law does not regulate the search of an applicant's social media presence. It is fairly common for employers to review certain platforms such as Linked-In. Review of such platforms where information is publicly available does not require consent of the applicant. However, to the extent that any information is not publicly available, accessing the data of an applicant may be captured under separate regulations pertaining to data protection in which case consent would be required.

2.2 *Is an employer required to hire particular groups of people in preference to others?*

The UAE government has implemented mandatory Emiratization rules for private-sector companies under the jurisdiction of the Ministry of Human Resources and Emiratization (MOHRE), excluding entities operating within free zones such as the Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM). Pursuant to Ministerial Decision No. 279/2022, as amended by Decision No. 663 of 2022, companies employing 50 or more staff are required to ensure that UAE nationals comprise 2% of their skilled workforce, with this target increasing by 1% every six months, reaching 10% by the end of 2026.

The Decision further specifies that at least one UAE citizen must be employed for every 50 skilled workers (or part thereof), meaning one national where there are up to 50 skilled workers, two where there are 51 to 100, three where there are 101 to 150, and one national for each additional block of 50 skilled workers. Employers that do not meet these ratios will be subject to fines starting at AED 6,000 per unfulfilled position in 2023, increasing annually by AED 1,000 to reach AED 9,000 in 2026.

Ministerial Decision No. 455/2023 expanded the Emiratization requirements to companies with 20 to 49 employees in designated sectors. These businesses must employ one UAE national by 2024 and an additional one by 2025. Failure to comply will result in fines of AED 96,000 in 2025 and AED 108,000 in 2026.

Ministerial Resolution No. 663 of 2022 regulates the posting of job vacancies and the employment of UAE nationals in the private sector. It requires that each Emirati employee hold a valid MOHRE work permit, receive wages through the Wage Protection System, and be registered with the competent pension authority, thereby ensuring that Emiratization is genuine and not merely nominal.

The enforcement and penalty framework was first set out in Cabinet Decision No. 95 of 2022 and Ministerial Decision No. 296 of 2023, which imposed administrative fines ranging from AED 20,000 to AED 500,000 for offences such as fictitious Emiratization, submission of false documents, or deliberate circumvention of hiring quotas. These fines increased for repeat violations and were supplemented by the power to recover any financial support obtained under the Emirati Talent Competitiveness Council (NAFIS) programs.

Cabinet Decision No. 43 of 2025 repealed and replaced Cabinet Decision No. 95 of 2022, with the new decision continuing to authorize MOHRE imposition of administrative fines for fictitious Emiratization,

submission of incorrect data, or failure to meet the procedural obligations set out in the Labor Law and its implementing decisions. Penalties range from AED 20,000 to AED 100,000 per worker for each case of false Emiratization, and from AED 100,000 to AED 500,000 where establishments intentionally circumvent Emiratization targets.

The decision further allows recovery of benefits paid under NAFIS programs, suspension of government support, and—where violations persist—referral to the Public Prosecution. It also introduces a formal grievance procedure, enabling establishments to challenge administrative fines within 10 days, with a decision to be issued within 20 days of filing.

There are also protections for UAE national employees in the event of termination (see in [10.1\(c\)](#)).

2.3 Is an employer required to provide information on pay or pay ranges when advertising a job?

There are no requirements in the UAE Labor Law for employers to disclose the salary range for open positions.

2.4 Are there any notices that employers must provide to employees upon hiring? If so, what are the notices?

No, employers are not required to provide any notices to employees upon hiring.

2.5 Must an employer or a foreign national obtain any prior approval (e.g., a visa, work permit, or sponsorship license) from a government authority before a foreign national can work in the jurisdiction?

Before a foreign national can work in the jurisdiction, one of the following is required:¹⁰

- **Employment Visa**
 - **Approval Authority:** UAE Federal Ministry of Human Resources and Emiratization
 - **Processing Time:** Typically, seven to 14 business days, however this is subject to variation.
 - **General Cost:** This may vary but often between AED 6,000 to AED 8,000.
 - **Additional Details:** An employment visa consists of two components: a labor permit and a residence visa. It requires employment and sponsorship by a UAE-based employer, which must sign and file an employment contract with the Ministry. The employee may sponsor their spouse and children enabling them to obtain residence visas. The residence visa does not permit the spouse and/or children to work without a separate employment sponsorship.

The first step in the entry process for an expatriate professional employee is to enter the UAE on an employment visa. To obtain an employment visa from the Ministry, the following documents are required:

- a copy of the employee's passport;

¹⁰ Labor Law, arts. 6, 7, 8, & 13.

- two passport photographs of the employee;
- copies of the fully authenticated diplomas and transcripts evidencing the employee's educational qualifications;¹¹
- salary details of the employee;
- the offer letter signed by the employee;
- a certificate of good conduct;¹²
- a copy of the company's UAE License;
- a fully authenticated copy of the Power of Attorney in favor of the Authorized Signatory;
- a copy of the Authorized Signatory's Specimen Signature;
- an original Authorized Signatory's e-card;
- a copy of the Establishment Card from the Immigration Department; and
- a copy of the Labor Computer Card.

The documents referred to above must be submitted to one of the "typing centers" approved by the Ministry together with a completed application form.

After an expatriate professional employee has obtained an employment visa from the Ministry, a residence visa application must be submitted to the Immigration Department within 60 days of the expatriate employee's arrival in the UAE (*i.e.*, the employee's arrival on the employment visa described above). After an expatriate professional employee has obtained an employment visa from the Ministry, the employer is required to complete the procedures for issuance of a labor permit within 60 days of an employee's arrival in the UAE.

An employer must adhere to a standard form of employment contract mandated by the Ministry. The employer is also required, as part of the recruitment process, to obtain the signature of the employee on an offer letter that conforms with the standard form of employment contract. Any departures from the standard form must be specifically approved by the Ministry to be enforceable.

- **Property Ownership Visa**

- **Approval Authority:** UAE Federal Ministry of Human Resources and Emiratization¹³
- **Processing Time:** This is subject to variation.
- **General Cost:** This may vary but often between AED 15,000 to AED 20,000.

¹¹ The diplomas and transcripts of the employee will need to be notarized and fully authenticated up to the level of the UAE Embassy in the expatriate's home country and subsequently by the UAE Ministry of Foreign Affairs.

¹² All new entrants to the UAE applying for a labor permit need to obtain and submit a certificate of good conduct issued by the relevant authority (usually the police or other government department) in the country in which they have resided for the past five years. Officials announced that this requirement, which went into effect in February 2018, would not apply to employees in the UAE as of that date which subsequently changed employers.

¹³ Cabinet Decision No. 56/2018, art. 4.

- **Additional Details:** The UAE Cabinet has introduced a five-year residency visa for investors in UAE real estate. A five-year residency visa may be applied for by investors in real estate in the UAE if the following conditions are met:
 - the investor must have invested in one or more properties in the UAE with a total value of no less than AED 5 million;
 - the amount invested must not be derived from the proceeds of a loan (consequently, it will not be possible for there to be a mortgage over the property if the visa is to be applied for);
 - the property must be owned by the investor for at least three years from the date of issuance of the residency visa;
 - the investor must not be financially liable for any claims or civil judgements that reduce their financial solvency below a certain amount; and
 - investors must have a comprehensive health insurance policy covering themselves and their family members.

In addition, Dubai issues a property ownership entry permit that allows property owners to enter Dubai for six months, subject to renewal. The holder of this permit is not permitted to work in Dubai. This permit extends to the property owner's spouse and children.

- **Golden Visa**

- **Approval Authority:** UAE Federal Ministry of Human Resources and Emiratization
- **Processing Time:** Typically, seven to 10 business days however this is subject to variation.
- **General Cost:** This may vary but often between AED 15,000 to AED 20,000.
- **Additional Details:** In 2019, the UAE implemented a new system for long-term residence visas. The new system enables foreigners to live, work, and study in the UAE without the need of a national sponsor and with 100% ownership of their business on the UAE's mainland. Golden Visas may be granted to investors and entrepreneurs as well as individuals demonstrating exceptional academic performance with promising scientific capabilities or individuals with specialized talents, including researchers in various scientific fields. These visas are issued for a period of either five or 10 years and renew automatically.

Where an individual is eligible for a Golden Visa on the basis of specialized talents or are researchers, such eligibility may be granted to doctors, specialists, scientists, or inventors. In addition, creative individuals in the field of culture and art may also be eligible for a Golden Visa on the grounds of demonstrating a specialized talent.

3. EMPLOYMENT CONTRACTS

Employment contract requirements vary from country to country, including if they are required and whether a contract must be in writing or in a particular language. The specific provisions required to be in a contract, along with recommended provisions, vary as well. This section addresses common contract requirements employers may encounter, such as the duration of the contract, whether probationary periods are permitted, and whether employment contracts may be signed electronically. Employers may also need to note whether they have the ability to change the terms of an employment contract

unilaterally or if employees are entitled to a flexible work arrangement in their country. Another area of law that differs greatly between countries is whether restrictive covenants—including noncompete, non-solicit, and confidentiality agreements—are permissible. This section covers which restrictive covenants are permitted, if any, and the general legal framework for such agreements, as well as potential challenges to the validity of each.

The *Glossary of Terms* at the end of this Guide provides general definitions of the various restrictive covenants that may be permitted in some countries.

3.1 Is an employer required to provide an employee with a written employment contract or other written document? If so, what terms of employment are required to be included?

Yes, employers are required to provide all employees with a written contract. According to the Labor Law, employment contracts and all amendments to such contracts are required to be in writing¹⁴ and approved by, and registered with, the UAE Federal Ministry of Human Resources and Emiratization (“Ministry”). Notwithstanding the foregoing, the terms and conditions of employment may be proved by any means of proof admissible by law.

Employment contracts for foreign nationals must be in writing in the format approved by the Ministry, although employment contracts for UAE nationals need not be in writing.

An employment contract must include the following information:

- amount of salary;
- date on which the employment contract was signed;
- employment commencement date;
- duration of the employment contract, which must be a specified term not in excess of three years; and
- nature and location of the workplace.¹⁵

3.2 What terms of employment are recommended to include in a written employment contract?

Additional clauses that are recommended to include in an employment contract include:

- any restrictive covenants;
- duties of the employee;
- any bonus or performance based remuneration;
- language relating to the renewal process for the expiry of the fixed term employment contract;

¹⁴ Labor Law, art. 8.

¹⁵ Labor Law, art. 8.

- any confidentiality provisions;
- a list of company property to be provided to the employee; and
- data protection considerations that the employer deems appropriate to include in the contract.

3.3 Are fixed-term employment contracts permissible?

Yes, fixed-term (specified-term) employment contracts are standard. A *fixed-term contract (specified-term contract)* is a contract for a defined specific term. By way of example, the employment contract may be for a fixed term of three years with an option for the parties to renew upon expiry of the specific term. Previously, employment contracts could either be for specified or unspecified terms. Under the current Labor Law, an employment contract must be for a specified term not in excess of three years. With the agreement of both parties, the contract may be extended or renewed, on a single occasion or on multiple occasions, for another similar period or for a shorter period.¹⁶

In the event of contract extension or renewal, the new period or periods will be considered an extension of the original period for purpose of calculation of the employee's end-of-service benefits and entitlements.

After expiration of the term of the contract, or after completion of the assignment that was agreed, if the parties continue with the employment relationship even without an express agreement, then the original contract will be deemed implicitly extended on the same conditions.¹⁷

3.4 Are probationary periods allowed, and if so, do restrictions apply?

Yes, probationary periods are allowed with limitations. Employees in the UAE are generally hired on an initial probationary basis, although this is not a legal condition for employment. The probationary period of an employee cannot exceed a period of six months.¹⁸

Termination of the employment agreement during the probationary period by either party requires the terminating party to give 14 days' written notice.

In the event a foreign national employee wishes to terminate the employment contract during the probationary period to go to another employer in the UAE, such employee must notify the original employer in writing within a period not less than one month from the start date of the employee's wish to terminate the contract, and the new employer must compensate the original employer with the costs of recruitment or contracting with the worker, unless otherwise agreed.¹⁹ In the event the employee wishes to terminate the employment contract during the probationary period and to leave the UAE, the employee must notify the employer of the same in writing at least 14 days before the date specified for termination of the contract. In the event the employee wishes to return to the UAE and obtain a new work

¹⁶ Labor Law, art. 8.

¹⁷ Labor Law, art. 8.

¹⁸ Labor Law, art. 9.

¹⁹ Labor Law, art. 9.3.

permit within three months from the date of departure, the new employer will be required to pay the compensation referred to above for recruitment fees to the old employer.²⁰

If either party terminates the employment agreement without observing the proper notice periods, that party must pay to the other party compensation equal to the employee's remuneration for the notice period or the remaining period of the notice period. Further, if a foreign employee leaves the UAE without providing the adequate notice, the employee will not be granted a work permit to work in the UAE for a period of one year from the date of leaving the UAE.

Probationary periods are customary and during the specified probationary period (which may be a term of up to six months), either party may terminate the employment agreement with a notice period of 14 days (this is less than the minimum notice period outside the probation period, which is 30 days).

3.5 Can an employer change the terms or conditions of employment unilaterally (i.e., without the employee's agreement)?

No, an employer cannot change the terms or conditions of employment unilaterally. To change a term or condition of employment, both parties must agree, and a new contract must be registered with the Ministry reflecting the changed conditions. To the extent that an employer changes the terms of employment without consent of the employee, the employee may file a case. In such instances, courts often apply the terms most favorable to the employee.

3.6 Is there a language requirement for written employment contracts or other employment documents?

The Labor Law requires employment contracts to be in the Arabic language, and in the event that a second language is included, the Arabic version remains the authoritative version.²¹

3.7 Can e-signatures be used to execute employment contracts or other employment documents?

Yes, electronic signatures (e-signatures) are generally permissible.

An *electronic signature* is defined under Federal Decree-Law 46 of 2021 on Electronic Transactions and Trust Services ("Electronic Transactions Law") as a signature consisting of letters, figures, codes, sound, fingerprint or processing system of electronic form attached or logically linked to an "Electronic Document," which verifies the identity of the signatory and the acceptance of the latter of the content of the data associated thereto. An *electronic document* is further defined under the Electronic Transactions Law as an electronic record, email, or an informational statement that is created, stored, extracted, copied, sent, communicated, or received by information technology means, on any medium, and is retrievable in an understandable manner.

Prior consent is required for an e-signature to be valid and a person's consent to use the electronic document may be inferred by committing any behavior that indicates their consent to the same.

²⁰ Labor Law, art. 9.4.

²¹ Labor Law, art. 66.

3.8 What are the rules regarding flexible work arrangements?

Flexible work arrangements²² are permissible and may be available to employees in certain circumstances. Although employees generally are not *entitled* to a flexible work arrangement, the Ministry does at times issue statements that employers must allow employees the option to have flexible work arrangements such as work from home (*e.g.*, in case of severe weather conditions).

Unilateral Implementation of Flexible Work Arrangements

Employers cannot unilaterally implement a flexible work arrangements.

Whether a New Employment Contract Is Necessary

To the extent that introduction of flexible work results in material changes to the employment contract, a new contract may be required. It depends upon the extent of the changes to the original working arrangements.

Considerations When Working Remotely from Another Country

Working remotely from another country is not addressed under the UAE Labor Law. However, this may have potential tax implications for the employer.

3.9 Are post-employment restrictive covenants enforceable? If so, under what conditions?

Yes, post-employment restrictive covenants are enforceable. For a post-termination restrictive covenant to be enforceable it must be limited in terms of time, location, and type of work and must only restrict to the extent necessary to protect the legitimate business interests. UAE recognizes these types of restrictive covenants: noncompete, non-solicitation, nondisclosure agreement, and intellectual property protection.

Noncompetition

In the event that the nature of an employee's employment allows the employee to gain knowledge of the employer's clients or the secrets of its business, the employment contract may contain a noncompetition clause (*e.g.*, following termination of the employment contract, the employee is prohibited from competing with the employer or from taking part in any business competing with that of the employer). However, any noncompete clause would be unenforceable if the employer terminated the employment contract in violation of the provisions of the Labor Law.

For a noncompetition clause to be valid, the noncompetition clause must be limited in time, place, and nature and only to the extent necessary to safeguard the employer's business, and the duration must not exceed two years from the date of the expiry of the contract.²³

²² *Flexible work arrangements* encompass telework (work from home) arrangements, schedule modification, among others.

²³ Labor Law, art. 10. Moreover, Ministerial Resolution No. 297 of 2016 authorizes the Ministry to deny or revoke a labor permit application for an individual who is subject to a covenant not to compete that has been upheld by a UAE court.

Intellectual Property

For a post-termination restrictive covenant regarding intellectual property to be enforceable it must be included in the employment contract signed and agreed between the parties.

Non-solicitation

Restrictive covenants regarding non-solicitation are enforceable as a contractual obligation. For a non-solicitation restrictive covenant to be enforceable, it must be included in the employment agreement.

Additionally, post-employment restrictive covenants must be included in the employment agreement.

4. WORKING TIME & COMPENSATION

Almost every country has laws and regulations regarding work time and compensation. In addition to possible penalties for noncompliance, violations of these laws and regulations may give rise to costly and time-consuming litigation. To help avoid these consequences, it is important for employers to become familiar with the various wage and hour requirements in the countries in which they operate, particularly since there is a wide variation among countries, and even within countries where there may be differences based on region or industry. This section addresses the laws, regulations, and issues relating to work hours and compensation, including: (1) restrictions on the number of hours an employee may work; (2) rest, meal, and other break times during the workday; (3) required minimum wage and overtime pay requirements; (4) the frequency, schedule, form, and currency in which wages must be paid; (5) mandatory or customary bonuses; (6) required payroll deductions; and (7) what laws, if any, apply to pay equity and transparency.

4.1 Is there a limit to the number of hours an employee can work daily and/or weekly? Can an employee opt out of such restrictions?

Employees are limited to working eight hours per day or 48 hours per week.²⁴ During Ramadan, working hours are reduced by two hours per day.²⁵ The total working hours may not exceed 144 hours every three weeks.²⁶

Employees may not work more than two hours of overtime per day. Employees, other than employees paid on a daily basis, may not be required to work on more than two consecutive days of rest.²⁷

Breaks are not counted as work hours.²⁸

4.2 What general activities constitute compensable working time?

In the UAE, the employee and the employer will have a set amount for the remuneration. This will be included in the employment contract. Furthermore, the UAE Labor Law sets out specific regulations relating to “working hours”²⁹ pursuant to which, the maximum normal working hours for workers will be

²⁴ Labor Law, art. 17.

²⁵ Labor Law, art. 17.

²⁶ Labor Law, art. 19.

²⁷ Labor Law, art. 19.

²⁸ Labor Law, art. 17.

²⁹ Labor Law, art. 17.

eight hours a day or 48 hours per week. Some economic sectors may have an increase or decrease in the daily working hours and may also have variation in rest hours and hours during which it is prohibited to work for certain categories of workers according to the employment classification.

Overtime working hours are also regulated under the UAE Labor Law and upon satisfaction of certain conditions, overtime work will warrant additional remuneration. (See 4.5.)

The periods of commute between the workers place of residence and the workplace are not counted within the working hours (save for some categories of workers).

4.3 Are there required rest, meal, or other break periods during the workday?

Break periods include the following:

Rest Break Period

Employees are entitled to a rest break of at least one hour after five hours of work.

Meal Break Period

There are no required meal breaks. However, see below regarding required rest periods.

Other Break Periods

Employees must not work more than five consecutive hours without a rest period or periods of not less than one hour in total provided that these periods are not included in the calculation of working hours.³⁰

4.4 Is there a national minimum wage?

The Labor Law does not prescribe a minimum wage.

4.5 If an employee works overtime, how is it compensated?

Overtime work must be paid at the rate of 125% of the employee's basic salary.³¹ Overtime worked between 10:00 P.M. and 4:00 A.M. must be paid at the rate of 150% of the employee's basic salary.³²

When an employee is required to work on the day of rest specified in the employment contract or the work regulations, the employee must be given another day off or must be paid at the rate of 150% of their basic salary.³³

4.6 What elements are considered part of a salary?

The following are considered as part of a salary:

- basic salary;
- housing allowance;

³⁰ Labor Law, art. 18.

³¹ Labor Law, art. 19.

³² Labor Law, art. 19.

³³ Labor Law, art. 19.

- car allowance;
- travel allowance; and
- any other cash allowance.

4.7 What is the required schedule for paying wages, and in what form and currency must wages be paid?

A Wages Protection System (WPS) was introduced in 2009, applicable to all employers registered with the Ministry of Human Resources and Emiratization. (All employers are required to register with the Ministry, there are no exceptions.) Ministerial Resolution No. 788 of 2009 on Protection of Wages specifically provides that all employers registered with the Ministry must pay their workers' wages at least once a month, or on the dates specified in the work contract if the wages are to be paid more frequently than monthly.

Wages must be paid on a working day, at the place of work, and in the currency of the UAE. The employer can pay wage in cash, by direct deposit, or by cheque.

4.8 What bonuses, if any, are mandated? What bonuses are customary?

There are no legally required bonuses in the UAE. Customary bonuses vary from employer to employer with the nature of the employment.

4.9 What are the employer and employee payroll contributions?

Employer and employee payroll contributions include:

Type	Employer	Employee
Social Security	Abu Dhabi: 15%; Rest of UAE: 12.5%	5%
Total*	12.5 to 15%	5%

*There may be other applicable payroll contributions.

4.10 Are there any rules related to pay equity and/or pay transparency?

4.10(a) Pay Equity

The Labor Law does not include any requirements or prohibitions relating to pay equity.

4.10(b) Pay Transparency

The Labor Law does not include any requirements or prohibitions relating to pay transparency. There is no provision in the law that requires employers to report gender pay information internally. However, Government entities, such as the Ministry of Human Resources and Emiratization, may require certain information regarding wages in the case where an employee initiates a labor claim against an employer.

4.10(c) Retaliation

The Labor Law does not specifically address employer retaliation against an employee who advocates pay equity or pay transparency. However, an employer that commits wrongful termination would be liable for

damages. If an employer wishes to terminate an employee for disclosing salary information to other employees, the employer must demonstrate that the disclosed information was confidential.

5. TIME OFF FROM WORK

Issues associated with employee leave rights are a challenge for many employers due, in part, to the wide variety of types of leaves available to employees across the globe. Ignorance of leave laws may leave employers at risk of litigation. This section discusses the various leave rights available to employees and the corresponding employer obligations. This section also provides additional detail on leaves associated with the birth or placement of a child, such as prenatal and postnatal leave for a birth parent, related time off for a non-birth parent, and adoptive or foster parents' leave. Employers' obligations do not end once an employee returns to work after the arrival of a child. Additional laws may govern whether the employer must provide accommodations for breastfeeding, day care facilities, or flexible working arrangements for new parents.

5.1 What are the national (bank) holidays? What are the requirements if an employee works on such holidays?

The UAE celebrates the following public holidays each year:

Holiday	Date
Gregorian New Year's Day	January 1
Eid Al-Fitr	Variable
Day of Arafat	Variable
Eid Al Adha	Variable
Hijri New Year	Variable
Birthday of the Prophet Muhammad	Variable
Commemoration Day	December 1
UAE National Day	December 2, 3

Employees are entitled to an official fully paid holiday on the official holidays detailed above (as well as any other official holiday announced by the UAE government). If circumstances of work require the worker to work during any of the official holidays, the employer must compensate the employee with another day of rest in exchange for every day of holiday, or the employee must be paid the remuneration of that day according to the remuneration prescribed for normal working days plus an increase of not less than 50% of the basic salary for that day.

5.2 Is there a required day of rest? What are the requirements if an employee works on that day?

Employers are required to provide a rest break of at least one day per week, which is stipulated in the employment contract or the company rules.³⁴

Where an employee is required to work on the day of rest, the employer must provide another day off, or the employee must be paid their basic salary for the overtime hours worked plus an additional amount equal to at least 50% of basic salary.³⁵ No employees other than employees paid on a daily basis may be required to work on more than two consecutive days of rest.³⁶ It should be noted that these rules do not apply to shift workers.

5.3 Is an employee entitled to annual leave or vacation?

Yes, employees are entitled to annual vacation. If a worker has been employed for more than six months but less than one year, they receive two days' vacation per month. If the worker has been employed for more than one year, they receive 30 days' vacation per year. Part-time employees are entitled to a pro-rated amount of vacation.³⁷

In case an employee leaves employment without having used their accrued but untaken vacation, they are be entitled to payment in lieu for those days.

The employer may fix the dates for the employee's annual leave. Leave may not be divided into more than two periods.³⁸ Any statutory holidays or sick days falling within an annual leave constitute part of the annual leave and are not treated separately.³⁹

If an employee is required to work during their scheduled annual leave and the time is not carried forward to the following year, the employer must compensate the employee on the basis of the employee's salary when the leave entitlement arose.⁴⁰

5.4 Is an employee entitled to time off if they are sick, including for medical leave?

Employers must provide medical leave in certain circumstances. An employee who has completed at least three months of service following the probation period is entitled to up to 90 days of sick leave per year, which may be taken consecutively or otherwise.⁴¹

The leave is paid, but the amount of payment depends on the length of leave. During the first 15 days of leave, the employee receives their full salary. For the following 30 days, they receive half salary, and the

³⁴ Labor Law, art. 21.

³⁵ Labor Law, art. 19.

³⁶ Labor Law, art. 19.

³⁷ Labor Law, art. 29.

³⁸ Labor Law, art. 29.

³⁹ Labor Law, art. 29.

⁴⁰ Labor Law, art. 29; Implementing Regulations, art. 19.

⁴¹ Labor Law, art. 31.

remaining days are without pay.⁴² However, an employer is not required to pay an employee on sick leave if the leave is a direct result of the employee's misconduct, including the consumption of alcohol or narcotic drugs.⁴³

5.5 Is an employee entitled to caregiver leave (e.g., to care for a close relative)?

There are no requirements that an employer provide caregiver leave to employees.

5.6 Is an employee entitled to other types of leave?

Other types of leave an employee may be entitled to include:

Type of Leave	Yes	No	Details
Bereavement	X		- The employee receives five days of leave for the death of a husband or wife and three days for the death of a parent, child, sibling, grandchild, or grandparent. - The leave is paid. - These leaves begin on the date of the death.
Court Summons		X	
Family Events		X	
Jury Duty		X	
Menopause		X	
Menstruation		X	
Military Leave	X		- The employee may receive a sabbatical leave to perform national military and reserve force service. - The leave is paid.
Moving Day		X	
Religious Events	X		- During Ramadan, the working hours for all employees, regardless of religious practices, are reduced by two hours per day. - The two hours are paid.
Union-related		X	
Voting Leave		X	
Other:			

⁴² Labor Law, art. 31.

⁴³ Labor Law, art. 31.

Type of Leave	Yes	No	Details
Study Leave	X		- The employee receives 10 days of leave to study in order to sit for exams, if they are affiliated with or regularly studying in one of the educational institutions approved in the UAE. Employees only receive this leave if they have been working for the employer for at least two years. - The leave is paid upon provision of adequate notice.

5.7 Is an employee entitled to leave related to the birth of a child?

Employees are entitled to the following leave related to the birth of a child:

5.7(a) *Pregnancy/Maternity/Birth*

An employee is eligible for 60 days of maternity leave. The leave is paid at full salary for the first 45 days, and half salary for the remaining 15 days.⁴⁴

If the employee has an illness resulting from pregnancy or delivery that prevents her from resuming work, she can receive an additional 45 days of leave after traditional maternity leave. The 45 days need not be taken consecutively. This leave is unpaid. To receive the leave, she must present a medical certificate.⁴⁵

5.7(b) *Miscarriage/Stillbirth*

Under Article 30 of the Federal Decree Law No. 33 of 2021, a female worker is entitled to the maternity leave stated in Article 30 (1), if the childbirth took place after six months or more of pregnancy, whether the fetus was born dead, or alive and then died.

5.7(c) *Adoption*

There are no requirements related to leave for adoption.

5.7(d) *Paternity*

See parental leave in 5.7(e).

5.7(e) *Other Parental Leave*

An employee, male or female, has the right to take five days of parental leave at any time from the birth of a new child until the child reaches six months of age. This leave is paid. The right to leave for this purpose is available immediately upon commencement of employment. The UAE Labor Law does not specify notice requirements.⁴⁶

⁴⁴ Labor Law, art. 30.

⁴⁵ Labor Law, art. 30.

⁴⁶ Labor Law, art. 33.

5.8 What requirements are there for employees with infants (e.g., breaks for breastfeeding, day care entitlements, part-time work)?

5.8(a) Breastfeeding Rules

An employee who resumes work after giving birth while still breastfeeding is entitled to breaks. A new mother may take two breaks per day (in addition to her normal break periods) provided that the duration of both periods does not exceed one hour.⁴⁷ This may continue until the child is six months old. These breaks are paid.⁴⁸

5.8(b) Day Care Facilities

There are no requirements related to day care facilities.

5.8(c) Flexible Work Arrangements⁴⁹

There are no requirements related to flexible work arrangements.

5.8(d) Other Employer Requirements

There are no further employer requirements related to employees with infants.

6. DISCRIMINATION & HARASSMENT

Discrimination and harassment laws are often controlled by a country's constitution, antidiscrimination statutes, and employment laws and regulations. In today's diverse workforce, employers may need to provide compliant policies to prevent discrimination and harassment based on various protected categories of employees in the workplace. Laws will differ from country to country, as some countries may offer protections for more or fewer groups. Countries that are part of the E.U. will have additional obligations due to protections by the Charter of Fundamental Rights and European Directives related to protected categories in hiring, promotions, compensation, terminations, and training or apprenticeship programs, which some European countries have incorporated into their own legislation.

The terminology in this section may vary from country to country, so for ease of reference, see the *Glossary of Terms* at the end of this Guide.

6.1 What characteristics or categories of individuals are protected under the antidiscrimination laws?

Characteristics or categories of individuals protected under the antidiscrimination laws include:

Law(s) Protecting Workers Against Discrimination	Categories Protected
The Labor Law	The current law prohibits discrimination based on race, color, sex (gender), religion, national origin, social origin, or

⁴⁷ Labor Law, art. 33.

⁴⁸ Labor Law, art. 30.

⁴⁹ *Flexible work arrangements* encompass telework (work from home) arrangements, schedule modification, among others.

Law(s) Protecting Workers Against Discrimination	Categories Protected
	disability. There is a further prohibition against discrimination among employees in a single job category. ⁵⁰
Federal Decree-Law No. 34 of 2023 (on Combating Discrimination, Hatred, and Extremism)	The current law contains general prohibitions on discrimination, which are potentially applicable to hiring practices and to conduct in the workplace. Article 6 of Federal Decree-Law No. 34 of 2023 makes it a crime to commit any act of discrimination of any form by any means of expression.
Cabinet Resolution No. 43 of 2018 On the Support of Employment of Persons with Disabilities (People of Determination)	The current law prohibits discrimination based on disability.

6.2 What types of conduct are prohibited in relation to these protected categories?

The Labor Law prohibits discrimination based on race, color, sex (gender), religion, national origin, social origin, or disability.⁵¹ Additionally, Federal Decree-Law No. 34 of 2023 (on Combating Discrimination, Hatred, and Extremism) broadly defines discrimination, covering distinctions based on religion, belief, race, color, ethnic origin, and gender.⁵²

Discrimination is defined as “any distinction, exclusion or restriction due to disability, aimed at impairing, damaging, or nullifying the recognition of any of the prescribed rights according to the legislation in force at the State, or enjoying or exercising these rights on an equal basis.” Specific protections against discrimination include:

- ensuring nondiscrimination in any work phase or advantage;
- protecting employees’ rights in matters such as salaries, wages, incentives, rewards, and other functional privileges granted to other employees; and
- ensuring that the wording of any job vacancy announcement does not contain any discriminatory language, such as requiring applicants to be free of defects and impairments, or without visual, motor, and auditory defects, especially if the nature of the vacancy does not necessitate proper sensory and physiological abilities.

While Cabinet Resolution No. 43 of 2018 specifically addresses disability discrimination, the broader anti-discrimination framework applies to all protected categories.⁵³

⁵⁰ Labor Law, art. 4.

⁵¹ Labor Law, art. 4.

⁵² Federal Decree-Law No. 34 of 2023, art. 1.

⁵³ Cabinet Resolution No. 43 of 2018, art. 1.

6.3 Are there any types of prohibited discriminatory conduct against other groups?

Amid infectious pandemics, such as the novel coronavirus (COVID-19), employers should consider consulting with local counsel to help ensure that all workplace policies implemented to protect workers from infection are applied uniformly to all employees and job applicants regardless of their ethnicity, race, or other protected categories.

6.4 Are there legal justifications for otherwise impermissible discrimination?

The Labor Law and Cabinet Resolution No. 43 of 2018 On the Support of Employment of Persons with Disabilities (People of Determination) do not contain any exceptions to the prohibitions against discrimination. Moreover, the Labor Law provides that rules and procedures designed to enhance the participation of UAE nationals in the labor market are not considered discrimination.⁵⁴

6.5 Is an employer required to make adjustments for an employee based on the employee's religion?

During Ramadan, the ordinary working hours for all employees, irrespective of religious practices, is reduced by two hours per day.⁵⁵

6.6 Is an employer required to make adjustments for an employee based on the employee's disability?

Cabinet Resolution No. 43 of 2018 On the Support of Employment of Persons with Disabilities (People of Determination) includes specific protections against discrimination regarding persons with disabilities and includes requirements for employers and the relevant authorities to make reasonable accommodation arrangements for persons with disabilities. *Reasonable accommodation arrangements* are defined as appropriate and convenient adjustments and arrangements that do not impose any inappropriate or unnecessary burden, and which are needed in a specific case to ensure that persons with disabilities enjoy and exercise, based on equality with others, all the human rights and fundamental freedoms.

6.7 What types of harassment are prohibited under the law?

The Labor Law prohibits the sexual harassment, bullying, or any verbal, physical, or psychological violence against the employee from the employer, superiors, colleagues, or peers. Sexual harassment is not defined or detailed under the UAE Labor Law.⁵⁶

Depending on the conduct at issue, remedies might exist under applicable civil and criminal statutes. For example, the use of obscene language or obscene gestures can constitute a criminal offense, subject to fines and imprisonment.

⁵⁴ Labor Law, art. 4.

⁵⁵ Labor Law, art. 17; *see also* Cabinet Decision No. 1 of 2022 on the Implementing Regulation of Federal Decree-Law No. 33 of 2021 as amended.

⁵⁶ Labor Law, art. 14.

6.8 What prohibitions exist regarding retaliation/reprisal?

If the employer terminates an employee's services for an improper reason, and particularly if done in retaliation for the filing of a labor grievance by the employee, then the employer could be liable for damages for wrongful termination. Such damages could equal up to three months of the employee's salary.⁵⁷

6.9 Is an employer required to provide training on prevention of discrimination, harassment, or retaliation?

There is no requirement in the Labor Law for employers to provide their employees with anti-harassment and anti-retaliation training.

6.10 Are employers required to investigate allegations of discrimination, harassment, or retaliation?

The Labor Law does not set out any requirement for employers to investigate allegations of harassment or discrimination, though such acts are prohibited. Employers may set out a grievance procedure in their internal policies.

However, pursuant to the UAE Penal Code, there is a general duty for persons to report crimes that have been committed. Although there is no free-standing antiharassment law in the UAE, there are several provisions of the UAE Penal Code and Labor Law⁵⁸ that potentially criminalize conduct amounting to workplace sexual harassment.

6.11 May individual persons be liable for discrimination, harassment, or retaliation?

While the Labor Law prohibits the sexual harassment, bullying, or any verbal, physical, or psychological violence against the employee from the employer, superiors, colleagues, or peers, there is no explicit mention of individual liability for such acts under the Labor Law.⁵⁹ However, remedies might be available under applicable civil and criminal statutes. For example, as noted in 6.7, some forms of harassment can constitute a criminal offense. An act of discrimination under Federal Decree-Law No. 2 of 2015 may be punished by imprisonment up to five years and/or a fine of not less than AED 500,000 and not more than AED 1 million.

It should be noted that an employer cannot dismiss an employee arbitrarily. However, there are no provisions that address the making of hiring decisions on an arbitrary basis. More generally, an employee is protected by the Labor Law only after the employment relationship is created, but not before.

7. WORK RULES & POLICIES

An employer's obligation to create, update, and enforce workplace policies is often dictated by a country's laws. The applicability of such laws may depend on the size of the employer, the industry in which they operate, and even the region within a country where the employer is established. Even when two jurisdictions mandate similar policies in the workplace, they may diverge greatly in their notification,

⁵⁷ Labor Law, art. 47.

⁵⁸ Labor Law, art. 14.

⁵⁹ Labor Law, art. 14.

enforcement, and applicability requirements. This section addresses common workplace policies employers may be required to enact, including internal work rules, whistleblowing policies, health and safety policies, and general codes of conduct. Additionally, this section includes common issues related to notification, amendment, and compliance obligations.

7.1 Are there internal work rules or policies that an employer must adopt?

Yes, some employers are required to adopt work rules and policies. Pursuant to the Cabinet Decision No. 1 of 2022 on the Implementing Regulation of Federal Decree-Law No. 33 of 2021 as amended (“Implementing Regulations”), establishments that employ 50 or more workers must set regulations for the organization of work, such as the regulation of work, instructions, penalties, promotions and rewards, and the procedures for terminating the employment relationship, subject to certain conditions. Such conditions include (without limitation):

- that the regulations must be compliant and must not contradict the UAE Labor Regulations or the Implementing Regulations;
- the regulations must include:
 - penalties in case of violations by employees;
 - work instructions such as daily working hours, the designated weekends for the establishment, holidays, and necessary measures and precautions to be taken to avoid injuries and fire hazards;
 - regulation of promotions and rewards must include criteria and controls related to promotions and rewards; and
 - the employer is required to inform employees of these regulations by any available means, and must make them aware of such regulations in a language the employees understand.

7.2 Do whistleblower protections exist?

While there are no specific whistleblower protection laws in the UAE, if an employer dismisses an employee because the employee filed a complaint with the Ministry of Human Resources and Emiratization (“Ministry”) or filed a valid lawsuit against their employer, the dismissal would be an illegal termination and the employee may be able to sue (see 6.8).

Additionally, there are multiple laws in the UAE that protect the reporting of misconduct including bribes, corruption, money laundering offenses, and other criminal acts. Such laws extend a degree of protection to the whistleblower from possible retaliation.

7.3 What general health and safety rules apply in the workplace?

Overview of Health & Safety Rules

The UAE Labor Law regulates workplace health and safety in the UAE. Employers are also required to abide by the provisions contained in Federal Law 13 of 2020 on Public Health as well as Administrative Decision No. 19 of 2023 Relating to Occupational Safety and Health & Labor Accommodations and Ministerial Resolution No 657 of 2022, pursuant to which employers must report cases of workplace accidents and injuries.

The Ministry is responsible for overseeing all aspects of the employment relationship including reporting of workplace accidents and illnesses.

Employer Obligations

The UAE Labor Law requires employers to provide necessary means of prevention to protect workers from occupational injuries and diseases that may occur during work, ensure safety regulations are adhered to, provide appropriate workplace training, and conduct periodic evaluations to ensure all parties comply with occupational security and safety requirements.⁶⁰ The UAE Labor Law also requires employers to ensure that the working environment is safe and appropriate.⁶¹ Establishments with 50 or more workers must prepare a special system to monitor the work injuries and occupational diseases.

Employee Obligations

If the employee does not follow health and safety requirements, the employee may be subject to disciplinary action from the employer.

Industry-Specific Obligations

There are no specific requirements under the law for certain industries or workers in particular roles.

Fatalities/Serious Occupational Injuries

In case of an injury or death at the workplace, the employers must inform the Ministry within 48 hours of the incident.

Penalties

An employer's noncompliance or failure to discharge their obligations may result in penalties ranging in severity from criminal sanctions, fines, civil compensatory damages, contractual liability, and administrative penalties depending on the particular violation and the damages caused by the same.

7.4 What should employers consider when implementing a global policy and/or a global code of conduct locally?

Issues for employers to consider for the lawful and effective implementation of a global policy or code of conduct include:

- Any global policy must comply with UAE labor law. Article 2 of Federal Decree-Law No. 33 of 2021 ("Labor Law") states that the law aims to "regulate employment relationships and determine the rights and obligations of the parties in a balanced manner." Therefore, a global policy must not contradict any mandatory provisions of UAE labor law, such as working hours, nondiscrimination, or termination procedures.
- While English is commonly used in practice, Cabinet Decision No. 1 of 2022, Article 14(5) requires that the Labor Law regulations be communicated to workers in a language they understand, however, Arabic is the official language of the UAE. Based on this, employers would be required to provide versions of the policy in a language understood by employees and potentially an Arabic version as well.

⁶⁰ Labor Law, art. 13.

⁶¹ Labor Law, art. 22.

- The policy may be implemented unilaterally. UAE law does not require consultation or approval from employee representative bodies, as trade unions and collective employee representation are not recognized under current labor legislation. This is implicit from the lack of any reference to employee representatives in both the Labor Law and its Implementing Regulations.
- Under Article 13(7) of Federal Decree-Law No. 33 of 2021 and Article 14 of Cabinet Decision No. 1 of 2022, employers with 50 or more employees are required to establish internal regulations including work instructions, penalties, promotions, and termination procedures. These must be communicated to employees, either as part of the internal work regulation or as separate policies.
- UAE law does not mandate a signed acknowledgment for internal policies. However, to fulfill the employer's obligation under Article 13(7) of Federal Decree-Law No. 33 of 2021 and to ensure employees are aware of their rights and obligations, employers may want to consider having employees sign an acknowledgment.

Whether Noncompliance Can Justify Disciplinary Action

Noncompliance with a valid workplace policy could be a ground for disciplinary action, including termination, provided that the policy is compliant with UAE labor law and the disciplinary process follows the statutory framework.

8. PRIVACY & PROTECTION OF EMPLOYEE PERSONAL INFORMATION

Protecting the rights of individuals, including employees, with respect to their personal information must be balanced against an employer's need to collect, use, store, and transfer employee data to facilitate business operations and to comply with laws around the world. In addition, unauthorized access to and improper disclosure of personal information have serious consequences to both organizations and the individuals involved. New statutes and regulations continue to emerge around the globe. And, while some countries do not have a comprehensive data protection framework specifically regulating data privacy, their federal constitution, the civil or criminal codes, and/or judicial doctrines inform the general obligations—applicable to both organizations and natural persons—with respect to the access and treatment of an individual's personal information.

This section examines the data privacy laws protecting the personal data of employees, including the employer's obligations when processing an employee's personal data, including sensitive personal data, and the employee's rights with respect to their personal data. The discussion also reviews the restrictions that may apply to an employer's transfer or export of the personal data of its employees. Finally, the applicable penalties for failure to comply with the data privacy laws are outlined, as well as an employer's obligations in the event of a data breach involving the personal information of employees. Although this comparison covers important aspects of each country's legal framework related to this topic, it is not all-inclusive and the current status should be verified by counsel as this is an area rife with frequent changes.

Refer to the [Glossary of Terms](#) at the end of this Guide for an overview of some of the terminology used in this section.

8.1 Are there any data privacy laws protecting the personal data of employees or job applicants?

With respect to the UAE generally, the Labor Law does not contain provisions regarding the protection of employees' personal information. However, Federal Decree Law 45 of 2021 on the Protection of Personal Data ("UAE DP Law") came into effect on January 2, 2022, and does address the protection of personal information in the employment context. Nevertheless, the executive regulations that would implement the UAE DP Law have not yet been issued. Controllers and processors will have six months from the date that the executive regulations are issued to comply with the UAE DP Law.

Note, also, that within the free zones, there are robust data privacy laws that protect the personal data of employees and job applicants. These privacy laws include:

- Dubai International Financial Center (DIFC):
 - DIFC Data Protection Law No. 5 of 2020
 - Dubai Guide to the Data Protection Law (2014);
- Abu Dhabi Global Markets (ADGM):
 - ADGM Data Protection Regulations 2021.⁶²

8.2 What are an employer's obligations when processing (*i.e.*, collecting, storing, using, handling, etc.) personal data of employees or job applicants?

Employers acting in the capacity of a data processor or data controller must comply with the provisions and obligations applicable to them under the UAE DP Law. This includes (without limitation), ensuring any processing is done in compliance with Article 5 of the UAE DP Law (*i.e.*, done in a fair, transparent and lawful manner), for sufficient purposes, kept securely and protected from any breach, infringement or illegal or unauthorized processing. Personal data should be properly anonymized and must not be kept after fulfilling the purpose(s) for its collection and processing.

Employers owe the same duty to their employees as any other person or entity acting in the capacity as a Data Processor or Data Controller in the UAE.

8.2(a) Lawful Basis for Processing

Under the UAE DP Law, for an employer to collect, process, or maintain the personal information of an employee or job applicant, the data must be sufficient for and limited to the purpose for which the "processing" is made. Moreover, the employer must obtain the consent of the employee to collect and process their data unless such collection or processing is in satisfaction of any of the conditions detailed under Article 4 of the UAE DP Law.

The UAE DP Law takes a similar approach to the approach taken in the two financial free zones: Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM).⁶³

⁶² Available at

https://adgmen.thomsonreuters.com/sites/default/files/net_file_store/ADGM1547_23167_VER2021.pdf.

⁶³ The DIFC and the ADGM each have distinct rules and regulations governing relationships between employees and employers.

8.2(b) Notice of Processing

There is an obligation for the employer acting in a capacity as a data processor or data controller to be transparent with the employee as a data subject. Data subjects have certain rights under the UAE DP Law such as the right to obtain information (relating to the data of the data subject).

8.2(c) Security, Accuracy, and Retention of Personal Data

As part of the requirements to process and control data, the employer has an obligation to ensure data collected is correct, accurate, limited to what is necessary, and for only as long as is necessary. Additionally, the employer would also have an obligation to keep personal data secure and to deploy adequate safeguards for access to and storage of personal data.

The DIFC and ADGM have similar safeguards and requirements.

8.2(d) Other Obligations

Employers must ensure compliance with their obligations under the UAE DP Law when collecting, processing, and storing the personal data of their employees. Furthermore, employers are also required to observe and ensure they are upholding all rights afforded to the employees as data subjects under the UAE DP Law. Depending on the size and nature of the establishment and the data being collected and processed, additional requirements (such as creation of a data protection policy and appointment of certain data protection officers) may also be required.

The DIFC and ADGM have similar safeguards and requirements.

8.3 Are there any special requirements related to sensitive personal data of employees or job applicants?

Employers should keep in mind that a person's health data is considered sensitive information and protected under the privacy laws. Unlawful infringement of the right to privacy—such as obtaining health data without consent or unlawfully disclosing it to third parties—constitutes a tortious act, which can form the basis for damages. Accordingly, employers implementing policies or practices to collect employees' health data should consider working with local counsel to help ensure such policies and practices comply with local law.

Furthermore, the UAE DP Law includes additional requirements in relation to *sensitive personal data*, which is defined as

any data that directly or indirectly reveals a natural person's family, racial origin, political or philosophical opinions, religious beliefs, criminal records, biometric data, or any data related to the health of such person, such as his/her physical, psychological, mental, genetic or sexual condition, including information related to health care services provided thereto that reveals his/her health status.

Processing of sensitive personal data requires additional safeguards such as appointment of a Data Protection Officer in accordance with Article 10 of the UAE DP Law.

8.4 What rights do employees and job applicants have with respect to their personal data?

The UAE DP Law provides data subjects (in this case employees) with the following data privacy rights:

- **Right to Obtain Information:** Under Article 13, data subjects have the right to obtain clear information from the data controller, including: the nature and purpose of the processing, the entities with whom the data is shared, and the rights available to the data subject. This includes the right to be informed whether their data is being processed and to receive details about retention periods, transfer mechanisms, and the means to file a complaint.
- **Right to Request Personal Data Transfer:** Under Article 14, data subjects have the right to receive their personal data in a structured, commonly used, and machine-readable format. This right applies if:
 - the processing is based on the data subject's consent or a contract; or
 - the processing is conducted through automated means.
- **Right to Correction:** Under Article 15(1), data subjects have the right to request the correction of inaccurate or incomplete personal data held by the controller, and the controller must take appropriate steps to ensure accuracy.
- **Right to Erasure:** Under Article 15(2), data subjects may request the erasure of their personal data if:
 - the data is no longer necessary for its original purpose;
 - the data subject withdraws consent and there is no other lawful basis for processing;
 - the processing is unlawful; or
 - the data subject objects to the processing, and there are no overriding legitimate grounds to continue.
- **Right to Restriction of Processing:** Under Article 16, the data subject may request to restrict processing in the following situations:
 - where the accuracy of the data is contested;
 - where the processing is unlawful and the data subject opposes erasure;
 - where the controller no longer needs the data but it is required for legal claims; or
 - while an objection to processing is being evaluated.
- **Right to Stop Processing:** Under Article 17, the Data Subject has the right to object to and request the cessation of the processing of their personal data in the following circumstances:
 - when the processing is carried out for direct marketing purposes, including any profiling related to such marketing;
 - when the processing is undertaken for statistical survey purposes, unless it is essential to serve the public interest; or
 - when the processing is conducted in breach of the provisions set out in Article 5 of the UAE DP.

- **Right to Processing and Automated Processing:** Under Articles 17 and 18, data subjects have the right to object to processing where it relates to direct marketing or profiling, and to challenge decisions made solely on automated processing that produce legal or significant effects. This right does not apply if the automated decision is necessary for a contract, authorized by law, or based on explicit consent.
- **Right to Remove Consent:** Under Article 6, if personal data is processed based on consent, the data subject has the right to withdraw their consent at any time.

8.5 Is an employer permitted to transfer the personal data of its employees or job applicants?

8.5(a) *Transfers Within the Jurisdiction*

Transfers within the UAE are permitted, but with specific requirements.

8.5(b) *Transfers Outside the Jurisdiction*

Transfers outside of the UAE are permitted, but with specific requirements.

At present under the UAE DP Law, personal data may be transferred outside the UAE if the country or territory to which the personal data is being transferred has special legislation on personal data protection, including: the provisions, measures, controls, requirements, and rules for protecting the privacy and confidentiality of the personal data of the data subject and the data subjects' ability to exercise their rights; and provisions relating to imposing appropriate measures on the controller or processor through a supervisory or judicial authority.

The DIFC and the ADGM also allow for the transfer of personal data outside the UAE provided that such jurisdictions are on a list of permitted jurisdictions approved or recognized by the free zone authority. Alternatively, for jurisdictions not on the list, permission will be granted if additional requirements and safeguards are met.

In light of the above, the export of data to the United States is not prohibited per se, although a data processor in the UAE—particularly in the aforesaid free zones—might be required to take additional measures to ensure that the data will be given adequate protection in the United States.

8.6 What are the penalties for failure to comply with the data privacy laws?

Penalties for breaches in relation to data protection range significantly from administrative penalties and fines to possible imprisonment.

8.7 In the event of a data breach involving personal information of an employee, what are the employer's obligations?

In case of a data breach, the employer (acting as the processor or controller) has obligations to notify the authorities and prepare a report detailing the breach including (without limitation) the nature, form, cause, approximate number and records of the infringement or breach, the data of the appointed Data Protection Officer, the potential and expected effects, procedures and measures to address the breach to reduce the negative effects, the documentation of the infringement, and any other requirements stipulated by the UAE Data Office.

9. WORKERS' REPRESENTATION, UNIONS & WORKS COUNCILS

While most industrialized and developing nations recognize individuals' right of association as a fundamental right, each country's labor and employment laws create a unique legal framework that governs employees' right to organize and be represented collectively. Union membership across the globe varies based on whether workers in a given country must organize at the individual employer level or whether a country's labor laws invite unions to negotiate collective bargaining agreements for entire sectors or classes of workers. Equally impactful, the role of works councils in a particular country may also determine the collective consultation rights provided to workers. To assist multinational employers in understanding the individual laws governing their relationship with worker representative bodies, this section helps inform when an employer is required to recognize and work with unions or works councils and what rights and obligations that recognition entails. This section also provides information on the extent to which strikes, lockouts, picketing, and secondary actions are recognized, or possibly restricted, if a labor dispute arises.

The *Glossary of Terms* at the end of this Guide provides an overview of some of the terminology in this section.

9.1 Do workers have a fundamental right of association and representation regarding their working conditions?

No, the Labor Law does not permit the formation of trade unions or works councils.

9.2 What are the types of worker representative bodies recognized in the jurisdiction?

The Labor Law does not permit the formation of trade unions or works councils.

9.3 When is an employer required to recognize a worker representative body?

The Labor Law does not permit the formation of trade unions or works councils.

9.4 Do workers acquire special rights, protections, or obligations by being a member of a worker representative body?

No, the Labor Law does not permit the formation of trade unions or works councils.

9.5 Is the employer required to bargain with, consult, and/or inform the worker representative body? If so, under what circumstances?

No, the Labor Law does not permit the formation of trade unions or works councils.

9.6 What are the primary mechanisms of action (e.g., strikes, picketing, etc.) workers may use to advocate for their collective rights or working conditions?

The Labor Law does not permit collective action.

9.7 Does the law prohibit or otherwise limit workers' right to strike in specific industries, job positions, or circumstances?

The Labor Law does not permit collective action.

10. INDIVIDUAL DISMISSALS & COLLECTIVE REDUNDANCIES

An employer's decision to end the employment relationship with an employee may arise from a variety of reasons stemming primarily from the employee's conduct or actions (*e.g.*, poor performance) or due to economic or other business reasons (*e.g.*, business cessation, layoffs, reorganization of internal departments or introduction of technology so that an employee's tasks are to be phased out and no longer required). The term *redundancy* in this section refers to a dismissal for a reason not related to the employee's performance but for economic, technical, or structural reasons.

The laws surrounding terminations vary greatly from country to country. In some countries, the legal framework is relatively simple, requiring no different treatment based on the reasons behind the employer's decision to terminate or the number of employees involved (*e.g.*, *small-scale redundancy*⁶⁴ compared to a *collective redundancy*⁶⁵). Other countries prohibit employers from taking any unilateral action and, instead, require the employer to engage in a process of consultation and negotiation with the works council or worker representative bodies prior to any collective redundancy taking effect. The sanctions for noncompliance can be significant—including compensation, court injunction, and criminal penalties. Terminating employees is an area particularly fraught with legal risk, so it is recommended that employers always seek advice from legal counsel.

10.1 On what grounds can an employer dismiss an employee?

10.1(a) Permitted Grounds

10.1(b) Misconduct

Pursuant to the UAE Labor Law, a contract of employment may terminate in any of the following ways related to misconduct:⁶⁶

1. the employee assumed a false identity or nationality, or otherwise submits false certificates or documents;
2. the employee has caused the employer to suffer a material loss (provided that the employer notified the Ministry of Human Resources and Emiratization ("Ministry") within 48 hours of discovering such incident);
3. the employee reveals a "secret of the establishment";
4. the employee is found guilty of an offense involving honor, honesty, or public morals;
5. the employee is found, during working hours, in a state of drunkenness or under the influence of narcotic drugs;
6. the employee, during working hours, assaults their employer, manager, or any colleagues;

⁶⁴ A *small-scale redundancy* is a dismissal of one or more employee(s) for Redundancy that will generally *not* trigger enhanced consultation with worker representative bodies (such as unions, works councils, etc.) and other notification obligations (equivalent to WARN in the United States or collective redundancies across Europe).

⁶⁵ A *collective redundancy* includes plant closures or business cessation that may be subject to additional notification or consultation obligations equivalent to the WARN Act (in the United States) and collective redundancies (across Europe). Synonyms include mass layoff, large-scale reduction-in-force, or collective dismissal.

⁶⁶ Labor Law, art. 42.

7. the employee is absent from work, without valid reason, for more than 20 nonconsecutive days in one year or more than seven consecutive days;
8. the employee illegally exploits their job position to obtain results and personal gains; or
9. the employee joins another work or another establishment without complying with the rules and procedures prescribed in this regard.⁶⁷

10.1(b)(i) Capabilities and Performance

Pursuant to the UAE Labor Law, a contract of employment may terminate in any of the following ways related to capabilities or performance:⁶⁸

1. the employee fails to carry out instructions regarding industrial or workplace safety, provided that such instructions were in writing and posted in an accessible location or, if the employee is illiterate, the employee had been informed of them orally; or
2. the employee fails to perform their basic duties under the employment contract despite knowledge that they will be dismissed if such failure continues, and with at least two written warnings of the same.

10.1(b)(ii) Economic and Structural Reasons (e.g., Redundancy)

Pursuant to the Labor Law, a contract of employment may terminate in any of the following ways related to economic or structural reasons:⁶⁹

1. permanent closure of the workplace establishment, in accordance with the legislation in force in the UAE;
2. bankruptcy or insolvency of the employer or any economic or exceptional reasons that prevent the continuation of the project, in accordance with the conditions, rules, and procedures which will be specified in Implementing Regulations;⁷⁰ or
3. upon the death of the employer if the subject of the contract is related to the employer in person.

10.1(b)(iii) Other Reasons

Pursuant to the Labor Law, a contract of employment may terminate in any of the additional ways:⁷¹

1. upon mutual agreement by the parties, provided that the employee's agreement to such termination is made in writing;
2. in the event that the employment contract is for a specified term and the specified duration has expired, unless the contract has been expressly or implicitly extended by the parties;
3. at the request of either party, provided that the provisions regarding termination and proper notice are adequately followed;

⁶⁷ Labor Law, art. 44.

⁶⁸ Labor Law, art. 42.

⁶⁹ Labor Law, art. 42.

⁷⁰ Cabinet Decision No. 1 of 2022 on the Implementing Regulation of Federal Decree-Law No. 33 of 2021 as amended.

⁷¹ Labor Law, art. 42.

4. death or permanent total disability of the employee, as evidenced by a certificate issued by the “Medical Entity” (*i.e.*, the UAE government entity responsible for health affairs); or
5. failure of the employee to meet the conditions for renewing the work permit for any reason beyond the control of the employer.⁷²

10.1(c) *Prohibited Grounds*

There are various instances where the employer is prohibited from dismissing an employee, for example:

- during the employee’s annual leave;
- based on health reasons if the employee is on sick leave and the dismissal occurs prior to the employee having exhausted the periods of sick leave to which they are entitled under the Labor Law;⁷³ and
- terminating the services of a female employee due to her pregnancy.⁷⁴

Any agreement to the contrary is null and void.⁷⁵

The termination of an employee’s services by the employer will be considered illegal if such termination is due to the employee filing a serious complaint to the competent authorities or if the employee brought a claim to court against the employer and the employee’s case proved to be genuine.⁷⁶

UAE Nationals

It is important to note the regulations regarding the termination of UAE national employees. Ministerial Decision No. 212/2018 on the Regulation of Employing Nationals in the Private Sector states that dismissing a UAE national without their consent is generally not permissible. Replacing a UAE national employee requires compliance with detailed regulatory requirements. The Decision outlines protections for UAE nationals in the event of termination. Employers must conduct an exit interview and submit it to the Ministry of Human Resources and Emiratization (MOHRE). A termination may be deemed invalid if it is not due to gross misconduct, if a non-UAE national is retained in the same position, or if it follows a grievance or complaint raised by the employee. In cases of wrongful termination, the MOHRE may suspend the employer’s ability to obtain new work permits for up to six months.

10.2 Does the employer have to inform the employee of the grounds for dismissal?

In the UAE, the law requires that either party wishing to terminate the contract for a “legitimate reason” can do so upon provision of notice.⁷⁷ No clarity or definition is provided regarding what may constitute a “legitimate reason.” However, plant closings, workforce reductions, and personnel redundancies are generally viewed by the Ministry and the courts as constituting “valid” reasons for this purpose.

⁷² Labor Law, art. 42.

⁷³ Labor Law, art. 31.

⁷⁴ Labor Law, art. 30 (6).

⁷⁵ Labor Law, art. 45.

⁷⁶ Labor Law, art. 47.

⁷⁷ Labor Law, art. 43.

10.3 What process must an employer follow when dismissing an individual employee?

Either party may terminate an employment contract for a legitimate reason with prior written notice. The notice period must be no less than 30 days and no more than 90 days.⁷⁸ The validity of the contract of employment continues throughout the notice period. The employee is entitled to full salary calculated on the basis of the employee's last salary and is required to work throughout such period, unless the employer determines that the employee should not be required to work throughout the notice period. This latter circumstance is equivalent to pay in lieu of notice.

In the event that proper notice is not provided prior to the termination of the contract of employment, the party having such obligation must provide compensation in lieu thereof equal to the employee's last salary for the time period by which proper notice was reduced.⁷⁹

10.3(a) *Termination Based on Employee Misconduct*

For terminations based on employee misconduct (see list in **10.1(a)(i)**), the Labor Law provides that an employer may terminate a contract of employment without notice provided it has conducted a written investigation with the employee, and the dismissal is in writing and justified.⁸⁰

10.3(b) *Termination Based on Capabilities and Performance*

The UAE Labor Law does not distinguish in terms of procedure for termination in case of capabilities or performance. The same procedures regarding notice and payment obligations would apply in case of termination based on capabilities and performance.

10.3(c) *Termination Based on Small-Scale Redundancy*

The UAE Labor Law does not distinguish in terms of procedure for termination in case of "downsizing" or redundancy. The same procedures regarding notice and payment obligations would apply in case of termination based on "downsizing" or redundancy.

Most Common Method for Executing a Small-Scale Redundancy

While statutory provisions allow for unilateral termination with the required notice and payments, many employers in the UAE prefer to pursue mutual separation agreements by offering additional compensation beyond the statutory requirements. This approach helps mitigate potential legal disputes, maintains the company's reputation, and facilitates a smoother transition for affected employees.

10.3(d) *Termination Based on Other Reasons*

As discussed above, either party to the employment contract may terminate the contract for any legitimate reason, provided that the other party is notified in writing and commits to work within the notice period agreed in the contract and provided that the period is not less than 30 days and not more than 90 days.⁸¹

⁷⁸ Labor Law, art. 43.

⁷⁹ Labor Law, art. 43.

⁸⁰ Labor Law, art. 42.

⁸¹ Labor Law, art. 43.

10.3(e) *Additional Risks*

During the termination process, employers in the UAE may face several risks, particularly in cases of redundancy. Although Federal Decree-Law No. 33 of 2021 does not explicitly distinguish redundancy as a separate ground for termination, it requires compliance with general termination procedures. One key risk is the potential for wrongful termination claims under Article 47, which considers a dismissal unlawful if it is based on an employee filing a complaint or legal claim against the employer. Additionally, if the employer fails to adhere to the statutory notice requirements under Article 43, they may be required to compensate the employee for the full notice period. Another risk is non-compliance with Article 53, which mandates the timely payment of all dues, including end-of-service benefits. Employers who fail to meet these obligations within 14 days of termination could face legal claims and penalties.

Furthermore, termination decisions must be made in good faith and not be perceived as discriminatory, as Article 4 prohibits discrimination based on race, gender, religion, or disability. Any termination that appears arbitrary or unjustified may lead to reputational damage, increased legal exposure, or government scrutiny.

General Risk Level

The execution of redundancy or termination of an employee in the UAE falls under the moderate risk category. While Article 42 of the Labor Law provides valid grounds for terminating an employment contract, including economic reasons, employees may still challenge the termination if they believe it lacks justification. The UAE labor courts generally recognize redundancy as a legitimate reason for dismissal, but employers must ensure procedural compliance to minimize risk. Failure to provide adequate notice, settle dues, or demonstrate the necessity of redundancy could lead to wrongful termination claims. Although there is no statutory compensation for unfair dismissal beyond the employee's contractual entitlements, legal proceedings may result in cost exposure equivalent to several months' salary if the court rules in favor of the employee.

Mutual Separation

In the UAE, employers often prefer mutual separation rather than unilateral termination to reduce legal risks, facilitate smoother employee exits, and maintain a positive reputation. Mutual separation agreements, which typically include additional compensation beyond statutory entitlements, minimize disputes and wrongful termination claims. Since both parties voluntarily agree to the terms, the risk of litigation is lower compared to unilateral termination. Additionally, these agreements enable employers to negotiate waivers of future claims, providing further protection from legal challenges.

10.4 *For collective redundancies, are there additional or different rules?*

While UAE labor law does not explicitly distinguish "collective redundancies" as a separate category, it does include provisions on collective labor disputes. Federal Decree-Law No. 33 of 2021, Article 56, provides that in case of a dispute between an employer and a group of workers, if no amicable settlement is reached, the dispute must be referred to the Ministry of Human Resources and Emiratization (MOHRE), which may impose administrative measures or refer the matter to a designated Collective Labor Disputes Committee.

10.4(a) *Triggering Event*

Article 42 of Federal Decree-Law No. 33 of 2021 states that employment contracts may be terminated due to the "permanent closure of the establishment" or "economic or exceptional reasons that prevent the continuation of the project." As referenced in **10.1(a)(iii)**, a contract of employment may terminate

upon the permanent closure of the workplace establishment, in accordance with the legislation in force in the UAE. It is notable however, that such circumstances do not negate the requirement to provide notice and make the relevant payments upon termination of the employment.

10.4(b) *Employer Obligations*

An employer may terminate a contract of employment for a “valid” reason with 30 days’ prior written notice to the employee or any other such notice period as may be specified in the employment contract.⁸² Plant closings, workforce reductions, and personnel redundancies are generally viewed by the Ministry and the courts as constituting “valid” reasons for this purpose.

The Labor Law does not cover collective dismissals *per se*, but it does provide a procedure for collective work disputes (briefly discussed in 12.2). Accordingly, this procedure is available only when a collective dismissal is contested by the employees.

10.4(c) *Timing*

In theory, this would be within the time frames set out in 10.4(b).

10.4(d) *Additional Risks*

The Labor Law does not cover collective dismissals *per se*, but it does provide a procedure for collective work disputes. The termination of the employee’s services by the employer will be considered illegal if such termination is due to the employee filing a serious complaint to the competent authorities or if the employee brought a claim to court against the employer and the employee’s case proved to be genuine.⁸³ If the employer terminates an employee’s services for an improper reason, and particularly if done in retaliation for the filing of a labor grievance by the employee, then the employer could be liable for damages for wrongful termination. The Labor Law provides for compensation to be paid to an employee who has been dismissed for unlawful reasons and such damages could equal up to three months of the employee’s salary.⁸⁴

10.4(e) *Most Common Method for Executing Collective Redundancies*

There is no statutory provision specifying the most common method for executing collective redundancies in the UAE. However, in practice, employers typically follow unilateral termination by making statutory payments, as permitted under Article 42, which allows termination due to company closure or economic conditions. Another approach is mutual separation, where employers provide additional payments beyond the statutory requirement to encourage voluntary departures and avoid disputes. In some cases, other methods, such as voluntary resignations or job transfers within the organization, may also be used depending on the employer’s strategy and business needs.

⁸² Labor Law, art. 43.

⁸³ Labor Law, art. 47.

⁸⁴ Labor Law, art. 47.

10.5 What general costs will an employer pay for dismissing an employee?

10.5(a) Termination Pay

Statutory Termination Pay

Severance pay is calculated on the basis of the employee's basic salary.⁸⁵ The Labor Law provides for severance pay for employees who have completed a period of at least one year of continuous service, which is calculated as follows:

1. 21 days' basic salary for each year of the first five years of employment; and
2. 30 days' basic salary for each additional year of employment, provided that the aggregate amount thereof does not exceed two years' salary.⁸⁶

Additionally, Article 13 of the Labor Law states that an employer must bear the cost of repatriation unless the employee has joined another employer or is terminated for reasons attributable to the employee. Article 51(3) of the Labor Law provides that a foreign worker is entitled to end-of-service gratuity for fractions of the year in proportion to the period worked during that year, provided that they have completed at least one year of continuous service.

For example, the severance based on years of service is calculated as follows, provided that the aggregate amount thereof does not exceed two years' salary:

- **One to five years of service:** 21 days of basic salary per each year of service.
- **Four years and four months of service:** 91 days' basic salary.
- **Four years and eight months of service:** 98 days' basic salary.
- **Five years and six months of service:** 120 days' basic salary.
- **Six years of service:** 135 days' basic salary.
- **Six years and six months of service:** 150 days' basic salary.
- **Seven years of service:** 165 days' basic salary.

Additional Payments (e.g., Mutual Separation)

There is no statutory requirement under UAE labor law mandating employers to provide additional payments beyond statutory severance pay when executing redundancies through mutual separation. However, in practice, employers may offer enhanced termination packages to encourage voluntary departures and avoid potential disputes. The range of additional payments varies widely depending on factors such as the employee's length of service, seniority, and the employer's financial position. While there is no set formula, common arrangements include providing an additional one month's salary per year of service or offering lump-sum payments ranging from two to twelve months' salary. These discretionary payments are typically negotiated on a case-by-case basis and are not enforceable under Federal Decree-Law No. 33 of 2021 unless contractually agreed upon. The statutory severance pay remains governed by Article 51, which mandates 21 days of basic salary for each year of service up to five years and 30 days of basic salary for each subsequent year, with a cap of two years' salary.

⁸⁵ Labor Law, art. 51.

⁸⁶ Labor Law, art. 51.

10.5(b) Notice Pay

Either party may terminate the contract with written notice of at least 30 days and not more than 90 days.⁸⁷ Additionally, if either party fails to comply with the notice period, they must compensate the other party with payment equal to the worker's remuneration for the entire notice period or the remaining part thereof.

10.5(c) Other Required Pay or Benefits

In addition to the severance payment as repatriation costs (as applicable), the employer must also pay the employee for any accrued but untaken holiday.⁸⁸

10.6 What penalties apply for an employer's alleged noncompliance in dismissal situations?

10.6(a) Individual Dismissals

The employee may file a claim against the employer for any statutory entitlements. Furthermore, if the court finds that the employer has wrongfully terminated the employment or has failed to fulfil their statutory requirements the employer may be required to pay up to three months compensation to the employee. Such payment is only applicable where the termination is retaliatory or discriminatory. In addition, as a practical matter, the employer may also face administrative penalties if such a case were to be filed as it may restrict the employer's ability to hire new employees during the term of the investigation and case.

Dismissal Based on Prohibited Grounds

If the employer terminates an employee's services for an improper reason (see [10.1\(b\)](#)), and particularly if done in retaliation for the filing of a labor grievance by the employee, then the employer could be liable for damages for wrongful termination. The Labor Law provides for compensation to be paid to an employee who has been dismissed for unlawful reasons and such damages could equal up to three months of the employee's salary.⁸⁹

Dismissal of UAE Nationals

Resolution No. 176 (discussed in [10.1\(b\)](#)), provides the consequences of "illegally" dismissing a UAE national employee. If the Ministry is not convinced that the dismissal was legitimate, it will inform the employer. The employer has 15 days to resolve the dispute with the UAE national employee according to the Ministry's directives. If the employer fails to resolve the dispute within this period, the matter is referred immediately to the relevant court and the Ministry will put on hold the issue of all new labor permits (applied for by the employer) until the court renders a final judgment in the matter.

10.6(b) Redundancy and Collective Redundancies

The UAE Labor Law does not have specific penalties for non-compliance regarding redundancy or collective redundancy.

⁸⁷ Labor Law, art. 43.

⁸⁸ Labor Law, art. 29.

⁸⁹ Labor Law, art. 47.

10.7 What obligations apply when an employee resigns?

An employee may leave their employment without notice while retaining their rights upon termination of service in any of the following cases:

1. where the employer breaches any of its obligations to the employee under the employment contract or by law, provided that the employee has notified the Ministry 14 working days prior to the date of leaving, and without the employer removing the effects resulting from this breach despite being notified of the same by the Ministry;
2. where the employee can prove that the employer or a representative of the employer has assaulted the employee or subjected the employee to violence or harassment during the employment, provided that the employee informs the concerned authorities and the Ministry within five working days from the date of the employee's ability to report;
3. if there is a serious danger in the workplace that threatens the safety and or health of the employee, provided that the employer is aware of its existence and the employer has failed to take measures to remove the issue; or
4. where the employer assigns the employee to carry out work that is fundamentally different from the work agreed under the employment contract, without the employee's written consent.⁹⁰

10.8 Is an employee's release of claims in a separation agreement enforceable?

An employee's release of claims in a separation agreement is likely enforceable. However, this is not expressly addressed under the UAE Labor Law.

The Labor Law does not address the release of claims of a former employee. An employee whose labor permit is cancelled is usually called upon by the Ministry, as part of the cancellation process, to recite that the employee has received all of their entitlements. Employees rarely bring claims after the termination of their labor permits. However, the only formal safe harbor for an employer is the two-year time bar on labor claims that is set forth in the Labor Law.⁹¹

11. EMPLOYMENT & CORPORATE TRANSACTIONS

Corporate transactions can have legal and practical implications for employees. The structure of a corporate transaction (whether a share sale, indirect share sale, or business sale) will determine the nature and extent of the buyer's and seller's obligations to employees, employee representative bodies (*e.g.*, unions, works councils, social economic committees, etc.), and governmental authorities, as well as the timing of such obligations.

In a share sale or indirect share sale, the identity of the employer does not change. The buyer becomes the new owner of the employer entity and the employment relationship between the employer and its employees continues as it was before the sale.

In contrast, what happens to the employer's employees in the event of a business sale varies across jurisdictions. In some jurisdictions, employees are protected by laws providing for their automatic transfer from the seller to the buyer with the sale of the business (*i.e.*, the buyer becomes the new employer

⁹⁰ Labor Law, art. 45.

⁹¹ Labor Law, art. 54.

automatically). In other jurisdictions, there is no such statutory automatic transfer mechanism to protect employees and the employees' employment would need to be terminated with the seller, and new employment entered into with the buyer. Jurisdictions may or may not have other protections pertaining to the transfer of employees from seller to buyer. For example, buyers may be required to offer employment on the same terms and conditions, employee consent may be required, or certain payments relating to the termination of employment by the seller may need to be made.

This section covers the different types of corporate transactions and compares the legal obligations of the seller and buyer in each circumstance. Because of the many potential employment-related complexities involved with a business sale, those transactions are treated in greater depth below compared to share sales.

Finally, this section assumes that the relevant entities are private companies. Where the transaction involves a company that is listed on a stock exchange, additional rules may apply that are outside the scope of this Guide.

To the extent the reader may be unfamiliar with some of the terms used in this section, see the [Glossary of Terms](#) at the end of this Guide.

11.1 Are there legal obligations to inform, consult, and/or reach agreement with employees, worker representative bodies, or any government agency in certain corporate transactions?

11.1(a) Share Sale

No, there are no such legal obligations in a share sale, unless provided by contract.

In the event of a share sale, the seller is not required to notify or consult with employees, employee representatives, or government labor agencies prior to the transaction unless its employees have specific rights to the contrary arising from employment contracts. Similarly, the buyer has no specific notice or consultation requirements that are triggered by a share purchase of another business. However, the buyer as a new employer would have obligations towards the existing workforce to comply with and provide all notice periods as required by law and under the individual employment contracts for its employees.

Customarily, the employees may be notified as a courtesy in case of a share sale where there will be a change of control. However, this is not mandatory where the employees will remain under the employment of the company following the share sale unless their contract provides otherwise.

11.1(b) Indirect Share Sale

No, there are no such legal obligations in an indirect share sale, unless provided by contract.

In the event of an indirect share sale, the seller is not required to notify or consult with employees, employee representatives, or government labor agencies prior to the transaction unless its employees have specific rights to the contrary arising from employment contracts. Similarly, the buyer has no specific notice or consultation requirements that are triggered by an indirect share purchase of another business. However, the buyer as a new employer would have obligations to the existing workforce to comply with and provide all notice periods as required by law and under the individual employment contracts for its employees.

It is not customary to notify or consult the employees and workers in case of an indirect share sale unless they are contractually required to do so.

11.1(c) *Business Sale*

No, there are no such legal obligations in a business sale, unless provided by contract.

In the event of a business sale, the seller is not required to notify or consult with employees, employee representatives, or government labor agencies prior to the transaction unless its employees have specific rights to the contrary arising from employment contracts. Similarly, the buyer has no specific notice or consultation requirements that are triggered by an asset purchase of another business. However, the buyer as a new employer would have obligations to the existing workforce to comply with and provide all notice periods as required by law and under the individual employment contracts for its employees.

Customarily, the employees may be notified as a courtesy in case of business sale where there will be a change of control. However, this is not mandatory where the employees will remain under the employment of the company following the business sale unless their contract provides otherwise.

11.2 What are important legal considerations within the context of a business sale?

11.2(a) *Process for Employee Transfers*

In a business sale, employee contracts do not automatically transfer from the seller to the buyer. If the seller does not wish to retain personnel following the sale, then the seller must terminate their services. The buyer may choose to rehire the affected personnel on similar or different terms of employment.

If the seller and buyer wish to transfer employees rather than requiring them to be terminated by the seller and rehired by the buyer, then all three parties—the previous employer (seller), the new employer (buyer), and the employee—must agree to and implement a transfer process. In such cases, any change to the employment contract requires the employee's consent and cannot be imposed unilaterally by the employer (whether the employer is under the control of the buyer or the seller).

11.2(b) *Employee Consent or Objection*

As set forth in **11.2(a)**, when an employee has been terminated by the seller in the course of a business sale, the employee may choose whether to enter into new employment with the buyer. Similarly, a tripartite transfer agreement between the seller, buyer, and an employee requires the employee's consent. The employee may accept or reject such transfer on their own volition. To the extent that the employee rejects the agreement, the employment will likely be terminated and all notice periods and payments will need to be observed.

11.2(c) *Successor Liability*

When a seller chooses to terminate those employees affected by a business sale (rather than the parties entering into a tripartite transfer agreement), the seller must pay all dues and entitlements afforded to the affected employees under the law and pursuant to their employment contracts.

If the buyer chooses to rehire the affected personnel, the buyer may agree to assume the dues of the employees that accrued during their service with the seller, thereby giving the employees continuity of

service. In this case, if accepted by the employees, the accrued entitlements will not be paid by the seller but instead will be assumed by the buyer.

11.2(d) Continuation of Benefits and Service

This is not applicable in the UAE.

11.2(e) Selective Offers of Employment

The buyer may offer employment to selected employees. If this happens, the seller would be responsible for termination of and payment to the other employees prior to completion of the acquisition. If the buyer purchases the entity without the sellers having terminated the employment of any undesired employees, this responsibility will carry to the buyer as the new employer.

11.2(f) Additional Rights of Employees

This is not applicable in the UAE.

11.2(g) Union Recognition and Collective Bargaining

This is not applicable in the UAE.

11.3 Are there additional important legal considerations within the context of a share sale or indirect share sale?

There are no additional important legal considerations regarding a share sale or indirect share sale in the UAE.

11.4 Are there any legal restrictions that prevent or restrict the use of secondment or transitional services arrangements?

There are no restrictions that prevent the use of secondment or transitional services arrangement. However, the employment relationship must be properly registered with the Ministry of Human Resources and Emiratisation ("Ministry") and the employee will be entitled to all contractual and statutory benefits detailed above.

11.5 Are there any other issues that may give rise to a material liability, a material legal risk, or a material delay because of the transaction?

There are no other issues that may give rise to material liability, legal risk, or delay because of the transaction.

12. EMPLOYMENT DISPUTES & LEGAL LANDSCAPE

Disputes may arise throughout any stage of the employment relationship. If and when the relationship goes awry, employers can more wisely address the situation if they are familiar with the many governmental bodies and public entities enforcing the laws and understand the dispute resolution processes that come into play. These vary not only by country, but often by regions and jurisdictions within each country as well. This section provides an overview of the entities and mechanisms available to enforce the laws governing the employment relationship and sets forth guidelines on the types of claims employers may face. This section also discusses options for addressing and/or resolving employment

disputes and concludes with a summary of areas of greatest risk for foreign employers, offering possible suggestions on how to minimize such risks.

12.1 What government bodies enforce the major laws that govern the employment relationship?

The UAE Federal Ministry of Human Resources and Emiratization (“Ministry”), previously known as the Ministry of Labor—presided over by a Minister who is a member of the UAE Federal Cabinet (“Cabinet”)—is responsible for the enforcement of employment law.

12.2 What are the primary mechanisms to resolve employment disputes?

Employment-related disputes must be presented in the first instance to the Ministry. The Ministry is required to summon the parties and conduct a hearing to resolve the dispute amicably. If the parties are unable to reach an agreement, the Ministry is required to submit the dispute to the relevant court within 15 days from the date on which the complaint was filed. The court is then required to schedule a hearing with the parties within three days from the date on which the request was received so it can consider the claim.⁹²

Somewhat different procedures apply to the resolution of a *collective labor dispute*, defined as any dispute that concerns the joint interests of all employees or of certain employees in a given vocational sector. In the event of a collective labor dispute that cannot be settled amicably, the Labor Law states that employees are required to file a complaint with the Ministry in accordance with the rules and procedures stated in the Implementing Regulations.⁹³ The Minister may impose administrative procedures or measures for the establishment where the existing collective dispute may harm the public interest.

For a dispute that the Ministry is unable to settle amicably, the Cabinet may, based on the Minister’s proposal, form one or more committees under the name “Collective Labor Disputes Committee” to consider such collective labor dispute. The resolution decision issued in such an instance must specify the Committee’s formation, tasks, system of work, mechanism for issuing and implementing the resolution, and other provisions related to the proper workflow before the Committee.⁹⁴

12.3 May an employer compel employees to arbitrate employment disputes?

Grievances must be referred to the Ministry.⁹⁵ Arbitration cannot be compelled, and no resulting award would be enforceable.

12.4 Can an employee bring claims on behalf of other workers (i.e., class or collective action)?

A former employee may bring claims on behalf of other employees only pursuant to the collective labor dispute provisions. This is encountered very rarely, if at all. If the dispute does not involve collective labor presentation, an employee cannot bring claims on behalf of other workers.

⁹² Labor Law, art. 54.

⁹³ Cabinet Decision No. 1 of 2022 on the Implementing Regulation of Federal Decree-Law No. 33 of 2021 as amended.

⁹⁴ Labor Law, art. 56.

⁹⁵ Labor Law, art. 54.

12.5 What are the most important characteristics of the legal culture relating to employment?

The most important aspect of the legal culture relating to employment is paternalism. Labor unions, strikes, and pickets are not permitted. Instead, the government, acting through the Ministry, acts as the guardian of the interests of employees. The Ministry tends to interpret the Labor Law and employment contracts in a manner designed to protect the interests of employees, and often expressly proceeds from the premise that the employee is the weaker party. It can be very difficult to deprive an employee of the statutory benefits that the Labor Law provides, even in exchange for more generous contractual benefits.

At the same time, a large segment of the UAE work force originates from neighboring countries where good jobs are scarce. They can be extremely reluctant to jeopardize their employment in the UAE, and are therefore easily exploited by unscrupulous employers. In response, the Ministry has begun taking measures to extend further protections to employees, and there has been discussion of allowing collective bargaining.

12.6 What are the five most common mistakes foreign employers make and what can be done to help avoid them?

Some of the most common mistakes foreign employers make include:

1. **Employers often terminate employment contracts without notice.** However, this is permissible only in limited circumstances of employee misconduct. It is generally the case that an employer is required to provide an employee with 30 days' prior notice of termination. Extra care will have to be taken when dismissing an employee who is a UAE national.
2. **Employers often disregard local overtime rules.** Overtime salary must be paid to an employee who is eligible for overtime salary, whenever the employee is required to work after hours or on weekends or holidays. In addition, many employers fail to give their non-Muslim employees shorter hours of work during Ramadan, on the premise that only Muslim employees observe Ramadan. However, the Labor Law requires that all employees be accorded shorter working hours during Ramadan, regardless of their religious faith.
3. **Employers frequently attempt to change the terms and conditions of employment unilaterally, perhaps by changing the formula for an allowance or other components of compensation.** If the change is not accepted by the employee, then the employee may be able to treat the situation as one of constructive termination by the employer.
4. **Employers often include non-competition clauses in employment agreements that are excessively broad.** Non-competition clauses are permitted by the Labor Law; however, for them to be enforceable, they must be limited for a specific period of time not in excess of two years after the expiry date of the contract and must be geographically limited. Moreover, a noncompetition clause could be denied enforcement if the employer improperly terminated the employment agreement.
5. **Employers may fail to meet the Emiratization requirements applicable for private companies.** Under the UAE's Emiratization rules, private businesses are required to meet specific quotas in their recruitment and hiring of Emiratis employees. As of January 1, 2023, employers in the UAE must ensure that a minimum of 2% of their workforce is comprised of UAE national employees. That percentage is set to increase gradually each year until it reaches 10%. Moreover, the scope of the Emiratization program has been expanded to include

additional categories of employers. Employers that fail to comply with the Emiratization requirements may face significant fines (termed “contributions”) imposed by the Ministry for non-compliance.

To help avoid these mistakes, employers should seek proper legal advice from local counsel familiar with applicable laws.

GLOSSARY OF TERMS⁹⁶

1 – Setting Up Business & Structuring the Employment Relationship

- **Digital Nomad:** Foreign employees who relocate to another country but maintain their employment relationship with their original employer in their home country.
- **Employer of Record (EOR):** An EOR takes on the legal responsibility for employees and assumes the role and duties of “employer” for its client company. This allows the client company the opportunity to expand into a new country without creating its own separate, local entity. Although similar to a PEO, the EOR generally offers a smaller range of services than a PEO.
- **Gig Workers:** Workers performing paid work, on demand, outside of a traditional full-time employment relationship with one employer. This includes app-based ride-hail and food-delivery work.
- **Global Employment Organization (GEO):** Similar to both an EOR and PEO, a GEO can act as the employer of record for a client company that expands globally as well as take on the administrative HR functions similar to a PEO. A GEO has local entities through which it will hire workers to carry out business operations and offers a range of HR services.
- **Outsourcing:** The transfer of a part of a company’s tasks to third parties that were previously carried out by the company’s own employees. When discussing outsourcing, “company” refers to the company that is hiring a third-party service provider to provide workers to perform a company task. “Service provider” refers to the third-party service provider / intermediary company that provides workers to a company to perform tasks under the outsourcing agreement. The workers remain employees of the service provider.
- **Platform Workers:** A category of gig workers whose work is based on software apps and digital platforms.
- **Professional Employer Organizations (PEO):** A PEO will hire employees in a foreign market for a client company such that the company does not need to set up its own local entity. Among other HR services, PEOs may assist with recruitment, onboarding, and payroll.
- **Temporary Work Agencies (TWA) or Staffing Firms:** TWAs or staffing firms are entities that employ a worker and then place that individual in one or more “user companies”; the individual’s employment contract is with the TWA and not the user company.
- **Worker Misclassification:** Refers to when employers treat certain employees/workers as independent contractors or self-employed.

3 – Employment Contracts

- **Flexible Work Arrangements:** This term encompasses telework (work from home) arrangements, schedule modification, among others.
- **Intellectual Property Protection:** An agreement stating that employer owns the rights to intellectual property developed during the employment relationship.

⁹⁶ This Glossary was created by the editors of *The Littler International Guide*. Specific jurisdictions may have more nuanced definitions of the terms.

- **Noncompete:** A provision that purports to prevent an employee from working for a competitor after employment with a current employer.
- **Nondisclosure Agreement:** An agreement that restricts the employee from using or disclosing the employer's confidential information.
- **Nonpoach:** A provision that purports to prevent an employee from enticing away a colleague but does not prevent the employee from working for a competitor.
- **Nonsolicit:** A provision that purports to prevent an employee from enticing away a client but does not prevent the employee from working for a competitor.

6 – Discrimination & Harassment

- **Adjustments Based on Disability:** Refers to any modification or accommodation to a job duty, work environment, or a hiring practice to provide an employee who has a disability equal opportunity to get a job and to successfully perform job duties. Examples of disability adjustments may include, but are not limited to, facility enhancements (accessible restrooms, ramps, etc.), modified work schedules, equipment modification, etc.
- **Adjustments Based on Religion:** This phrase refers to any adjustment or accommodation to the work environment that allows an employee to practice their religion. Adjustments may include, but are not limited to, flexible scheduling, exceptions to an employer's dress or grooming code, voluntary shift substitutions or swaps, job reassignments, and modifications to workplace policies or practices.
- **Direct Discrimination:** This refers to discrimination of an individual or a group who are being treated less favorably due to one or more protected categories. In some countries, this may be referred to as a direct distinction.
- **Indirect Discrimination:** This is the general idea that an employment practice, policy, or procedure that applies to all employees on its face has a detrimental effect on an individual or group in a protected category. In some jurisdictions, such as the United States, this is referred to as disparate treatment.
- **Harassment:** Harassment is generally understood to include unwelcome conduct, such as creating a hostile or offensive environment, based on a protected category.
- **Moral Harassment:** Such harassment is unwelcome conduct that is humiliating in nature that takes place in the workplace. Moral harassment may include actions that intend to embarrass or intimidate an individual in the workplace. In some jurisdictions, such as New Zealand, this is referred to as workplace bullying.
- **Protected Category:** This refers to a group of people who have legal protection from being discriminated against due to a certain trait. Common traits include race, sex, national origin, religion, and age. Other jurisdictions may refer to this concept as a protected group, protected ground, protected characteristic, or protected class.
- **Retaliation/Reprisal:** Retaliation, also known as reprisal, is when an employer takes an adverse action against an employee for engaging in a legally protected activity, such as filing a complaint against the employer for unlawful discrimination. An adverse action may include, but is not limited to, termination, reassignment of a job position, or workplace discipline. In some jurisdictions, this is referred to as victimization.

- **Sexual Harassment:** This form of harassment is based on the protected category of “sex,” and may include unwelcome behavior such as physical or verbal advancements of a sexual nature. In some jurisdictions, such as Denmark, this is commonly known as transgressive behavior.

8 – Privacy & Protection of Employee Personal Information

- **Data Controller:** The natural or legal person, organization, or any other entity that alone or jointly with others determines the purposes and means of the processing of personal data. May be referred to as “personal information handler” or “personal information controller” in some jurisdictions.
- **Data Dissociation:** A method of pseudonymization that processes the collected information or data separately from the identifiable specific person. Typically used for research data.
- **Data Processor:** A natural or legal person (other than an employee of the Data Controller), organization, or other entity that processes personal data on behalf of the Data Controller. An entity can be both a controller and a processor at the same time, depending on the function the entity is performing. May be referred to as “personal information processor” in some jurisdictions.
- **Data Processing:** Any operation or set of operations that is performed on personal data or on sets of personal data, whether or not by automated means, such as collection, recording, organization, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure, or destruction. May be referred to as “personal information handling” in some jurisdictions.
- **Data Subject:** An identified or identifiable natural person. May be referred to as “principal,” “data owner,” “registered individual,” or “holder” in some jurisdictions.
- **Personal Data:** Any information relating to an identified or identifiable natural person. Identification may be direct or indirect by means of other information. May also be termed “personal information” in some jurisdictions.
- **Sensitive Personal Data:** Data that is more significantly related to the perception of a reasonable expectation of privacy, such as medical or financial information. Note that data may be considered more or less sensitive depending on context or jurisdiction. May also be referred to as “special categories of personal data” or “sensitive information” in some jurisdictions.

9 – Workers’ Representation, Unions & Works Councils

- **Labor Unions:** Voluntary associations that represent workers in various industries and negotiate with employers to secure better wages, benefits, or working conditions for their members.
- **Lockouts:** Temporary suspension of work or closure of the workplace, usually to pressure employees to modify their bargaining demands.
- **Picketing:** Placing individuals outside a workplace to publicly protest the employer; most often takes place during strikes.
- **Secondary Action:** An effort to disrupt the business of a second employer to place pressure on the original employer involved in a labor dispute.
- **Strikes:** The cessation of work or other concerted activity on the part of employees, usually to pressure an employer to meet their bargaining demands.

- **Trade Unions:** Typically organized for a specific trade or occupation, so may have a narrower focus and scope of representation. A subset or synonym of trade unions may also be called industrial unions (representing particular workers in an industry) or sectoral unions (representing workers in a particular sector).
- **Works Councils:** Committees that include employees of a particular employer that discuss wages and working conditions for that employer.

10 – Individual Dismissals and Collective Redundancies

- **Redundancy:** Refers to a dismissal for a reason not relating to the employee's performance but for economic (business cessation, lay-offs), technical, or structural reasons. The precise definitions and terminology may vary across jurisdictions.
- **Small-Scale Redundancy:** A dismissal of one or more employee(s) for Redundancy that will generally not trigger enhanced consultation with worker representative bodies (such as unions, works councils, etc.) and other notification obligations (equivalent to WARN in the United States or collective redundancies across Europe).
- **Collective Redundancy:** Collective dismissals by reason of Redundancy, including plant closures or business cessation that may be subject to additional notification or consultation obligations equivalent to WARN (in the United States) and collective redundancies (across Europe). Synonyms include mass layoff, large-scale reduction-in-force, or collective dismissal.

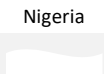
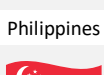
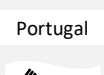
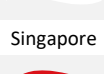
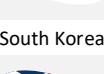
11 – Employment & Corporate Transactions

- **Business Sale:** The buyer acquires a bundle of assets and rights comprising the target business of the employer; this may also be referred to as an "asset sale."
- **Closing:** when the transaction is legally completed (*i.e.*, the shares or assets have transferred to the buyer and all conditions precedent are completed).
- **Indirect Share Sale:** When the parent company of the employing entity is sold; may also be referred to as a "change of control."
- **Share Sale:** The buyer acquires all of the shares in the employing entity.
- **Signing:** When a binding legal agreement to the transfer is entered into where the closing will take place in the future subject to certain conditions.



ABOUT THE LITTLER INTERNATIONAL GUIDE

For more than 15 years, Littler has published the International Guide, which provides a comprehensive, comparative analysis of workplace laws and regulations for the countries and territories listed below. For more information, contact innovation@littler.com.

				
Argentina	Australia	Austria	Belgium	Brazil
				
Canada	Chile	China	Colombia	Costa Rica
				
Denmark	Dominican Republic	Ecuador	Egypt	El Salvador
				
European Union	France	Germany	Guatemala	Honduras
				
Hong Kong	India	Indonesia	Ireland	Israel
				
Italy	Japan	Mexico	Netherlands	New Zealand
				
Nicaragua	Nigeria	Norway	Panama	Peru
				
Philippines	Poland	Portugal	Puerto Rico	Romania
				
Singapore	South Africa	South Korea	Spain	Sweden
				
Switzerland	United Arab Emirates	United Kingdom	United States	Venezuela