

Hiring in the UAE: Overview

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A Practice Note considering the legal obligations and practical implications that a foreign employer needs to be aware of when hiring a local or foreign employee in the United Arab Emirates (UAE), excluding the Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM) freezones.

This Note also considers any legal risks involved in the recruitment process and the steps that an employer should take to avoid them.

Foreign employers can limit their exposure to potential compliance breaches and employment claims through careful adherence to local laws when recruiting a new employee in a different jurisdiction. This Note details the requirements that a foreign employer must fulfil when it decides to recruit a new employee in the UAE (both local and foreign), excluding the financial free zones of ADGM and the DIFC, including:

- The options for how a new employee can be hired by a foreign employer in the UAE.
- Any pre- or post-employment registration requirements.
- The main labour laws and regulations that a foreign employer should be aware of and those that are specifically relevant to the hiring of local and foreign employees.
- The law relating to background checks in the UAE.
- The obligations on a foreign employer when a new employee starts employment in the UAE.
- The local requirements in relation to pay, tax, social security, and benefits.
- Any obligations in relation to working time and training employees.

Options for Foreign Entity

Foreign Employer

A foreign entity cannot directly employ local or foreign individuals or carry out commercial activities in the UAE, unless it has a corporate presence and the requisite licence to carry out a business in the country, as issued by the relevant licensing authority in the UAE, being either the Department of Economic Development in the applicable Emirate or the freezone authority licensing department if the corporate presence is to be established in a UAE freezone.

The corporate presence can be in the form of a branch office, representative office, or a subsidiary company, or any other type of corporate form as permitted in the UAE or the freezones, as applicable. However, although a representative office can employ

people, it cannot conduct commercial activities and is therefore generally restricted to marketing, market research, business development, and brand presence, for example.

Two of the more common commercial establishments are a limited liability company (LLC) or a branch of a foreign company. Decisions regarding the most suitable structure typically depend on the nature of the parties and the commercial activity intended in the UAE. See *Practice Note, Trading Vehicles: Overview (UAE)*.

The hiring of employees (both local and foreign) can only be undertaken following the issuance of a commercial licence and establishment card of the corporate establishment. The establishment card facilitates various business operations in the UAE, including financial transactions and the accessing of government services, such as visa and work permit issuance and renewal.

For information on the process for registration of an employee with the *Ministry of Human Resources and Emiratization (MoHRE)*, see *Registration as Employer*.

Using an Employer of Record

The UAE does not recognise third-party entities such as an Employer of Record (EOR) or a Professional Employment Organisation (PEO), where an employee is listed under the PEO or the EOR and is carrying out the business of, and acting as a representative of, a different employer (such as a global company).

Given the requirement for individuals to be sponsored for work permit and residency visa (foreign national only) purposes by a locally licensed and registered entity in the UAE, any individual employed by an EOR, PEO or some other on demand labour supply services company, would be deemed an employee of the EOR, PEO or labour supply services company, not the foreign entity. In this regard, EOR, PEO or labour supply services companies are not generally commonly utilised corporate vehicles for foreign entities seeking to establish a permanent presence in, and conduct business activities from, the UAE.

Engaging an Independent Contractor or Consultant

Historically, the right to work in the UAE has been intrinsically linked to the immigration regime. Individuals are generally required to be directly sponsored for work permit and (in the case of foreign employees only) residency visa purposes by a locally licensed and registered corporate entity to validly engage in employment.

The concept of an independent contractor or consultant, as commonly understood in other common law jurisdictions, is not recognised. Instead, engaging an independent contractor or consultant requires the setting up of a company by the individual consultant or contractor (typically in a UAE freezone) and the rendering of services (via such a company vehicle) to third parties under the terms of a consultancy or services agreement.

However, recent reforms to the UAE foreign residency regime and the Labour Law have liberalised this traditional working model with foreign individuals now also being permitted to be self-sponsored (under a self-sponsorship freelance permit issued by the MoHRE) without the requirement for direct sponsorship by an employing entity for UAE residency visa purposes, or an employment contract. This provides an additional and more flexible option over the traditional employer sponsorship and consultancy model.

Unlike a traditional "employee" (who has a work permit and residency visa directly sponsored by the employing entity in the UAE), an independent contractor or consultant (whether under a MoHRE issued self-sponsoring permit (self-residence) or via a company they have established in a licensed free zone) is generally viewed as outside the scope of the Labour Law and can provide their services in accordance with the consultancy or service arrangement entered into with the employer. However, the self-sponsored permit (self-residence) issued by the MoHRE is currently not freely available and remains largely untested.

An employee governed by the Labour Law is entitled to various benefits such as fixed working hours, medical insurance, and social security schemes like end of service gratuity and paid leave. These benefits do not apply to an independent contractor or consultant who is not subject to the Labour Law.

Therefore, misclassifying employees as independent contractors or vice versa can lead to significant legal consequences, involving fines and potential licensing and administrative penalties (such as suspension of licence renewals or suspension of visa issuance). However, the chances of misclassification are low in the UAE as an individual who is an employee must have a work permit and residency visa sponsored by the employer, whereas an individual who does not have a work permit and provides services to a company on an independent visa and licence, is not categorised as an employee subject to the Labour Law.

Pre-Employment Requirements

Registration as Employer

An entity must register with the MoHRE before being able to register employees under its sponsorship. The registration process includes submission of certain documents, payment of fees, and in some instances may also require a workplace inspection.

There is no requirement for a registered local representative.

Failure to register with the MoHRE prevents an employer from recruiting and sponsoring employees and also constitutes a breach of the Labour Law, which may result in significant monetary fines and administrative penalties, ranging from UAE Dirhams (AED) AED100,000 to AED1,000,000 (Article 60, Labour Law).

Depending on the nature of the business and the establishment, there may be additional registration requirements. For example, if the business is located in one of the registered free zones in the UAE, the employer is also required to register the employee with the free zone authority.

Employer Sponsor

The UAE workforce is primarily composed of UAE national employees and non-UAE national employees, with UAE national employees having a priority right to work over foreign employees. Generally, an employee is legally permitted to reside and work in the UAE only after they have obtained a valid residency visa (for foreign nationals only) and work permit (for both foreign nationals and UAE nationals).

Except in certain instances where the employee has obtained their UAE residency or work permit independently from their employer (see *Engaging an Independent Contractor or Consultant*), it is the UAE employer's responsibility to sponsor all foreign national employees for UAE work permit and residency visa purposes. The employer must be the legitimate employer of the employee, and this relationship must be accurately recorded and registered with the MoHRE.

As part of the obligations of a UAE employer wishing to employ a foreign national, the company is required to sponsor the foreign national's UAE residency visa. This is commonly referred to in the UAE as employee sponsorship.

The MoHRE imposes a quota on the number of employee work permits that can be issued to each company based on its business activity, office size and space, and broader health and safety requirements and considerations. These quotas can be increased with the authorisation of the MoHRE and are generally assessed on a case-by-case basis.

In the case of UAE national employees (as well as nationals of other *Gulf Cooperation Council* (GCC) countries), the employer is required to procure and obtain a UAE work permit only (not a UAE residency visa).

In addition, a compulsory biometric identity card must be obtained (in the case of employees, by their employer) for both UAE national and foreign national employees residing in the UAE and for access to many public and private services and facilities. An integral part of the Emirates ID card application process consists of fingerprints and facial recognition, which is ultimately linked to, and stored as part of, the unique smart chip embedded in the Emirates ID card.

Employers may face penalties, including fines ranging from AED100,000 to AED1,000,000, where they employ individuals who are not authorised to work for them or where they misuse or miscategorise work permits (Article 60, Labour Law).

In addition, the UAE Immigration Law also provides for a fine of AED50,000 for employing individuals without complying with the required work permit and residency visa rules and regulations (Article 25(1), UAE Immigration Law), which can be doubled in the event of repetition. This is in addition to the fines imposed by the MoHRE.

Medical Examination

A foreign employee is legally permitted to reside and work in the UAE only after they have passed a medical screening examination.

The medical screening examination is a mandatory pre-requisite to the issuance (and on renewal every two years) of a UAE residency visa and Emirates ID card and is conducted by the UAE Department of Health. The examination principally screens for HIV, AIDS, tuberculosis, and Hepatitis. A failure to successfully clear the medical screening examination will result in the automatic rejection of a UAE residency visa.

Registration of New Employees

Employers are required to initially submit to the MoHRE for every employee a duly signed offer letter, followed by an employment contract (once initial approval for a work permit has been granted by the MoHRE), both in a form prescribed by the MoHRE and in dual Arabic and English (see *Offer Letters*). Each individual employee relationship must be registered with the MoHRE. This applies to both foreign employees and UAE national employees.

Failure to properly register employees with the MoHRE or provision of incomplete or incorrect information or documents for employees, as well as the employment of individuals without the required work permits, may result in administrative penalties or monetary fines ranging from AED 20,000 to AED 1,000,000 (Articles 59 and 60, Labour Law).

Eligible UAE and other GCC national employees must also be registered with the General Pension and Social Security Authority (GPSSA) for state pension purposes. UAE nationals in Abu Dhabi must be registered with the Abu Dhabi Pension Fund (ADPF).

For information about the requirements to register employees who are entitled to a pension, see *Tax, Social Security, and Other Contributions*.

For information about the requirement for registering new employees in the Wage Protection System (WPS), see *Pay*.

Employment and Labour Laws

Employment matters in the UAE private sector are principally governed by *Federal Decree Law No. (33) of 2021 Regarding the Regulation of Labour Relations*, as amended (Labour Law) and its Executive Regulations, *Cabinet Resolution No.(1) of 2022 on the Implementation of Federal Decree Law No. (33) of 2021 Regarding the Regulation of Labour Relations* (Implementing Regulations).

While freezones other than the DIFC and ADGM fall under the scope of the Labour Law, internal processes and documents for employee registration and employment contracts may differ from freezone to freezone.

The key pieces of legislation governing immigration in the UAE are:

- *Federal Law by Decree No. (29) of 2021 Concerning Entry and Residence of Foreigners* (UAE Immigration Law).
- *Cabinet Resolution No. (65) of 2022 Issuing the Executive Regulations of Federal Law by Decree No. (29) of 2021 Concerning the Entry and Residence of Foreigners*, as amended (UAE Immigration Regulations).

Additional legislation applies with respect to the employment of UAE nationals, including:

- *Ministerial Resolution No. (663) of 2022 Regarding Compliance with Emiratisation Regulations in the Private Sector* (Ministerial Resolution 663).
- *Ministerial Resolution No. (279) of 2022 Monitoring Mechanisms of Emiratisation Rates in the Private Sector & Contributions Imposed on Non-Complaint Establishments* (Ministerial Resolution 279).
- *Ministerial Resolution No. (455) of 2023 Concerning the Process for Implementing the Emiratisation Targets for Private Sector Establishments that Employ Between 20 and 49 Employees in Selected Economic Activities* (Ministerial Resolution 455).
- *Ministerial Decree No. (212) of 2018 on the Regulation of Employing Nationals in the Private Sector* (Ministerial Decree 212).

There may also be further regulations and guidance which extend to employee and employer relations for certain industries (such as banking and insurance) and in the various UAE free zones.

Types of Employees

An employee or worker includes every physical person authorised by the MoHRE to work for one of the licensed establishments in the UAE under the supervision and direction of that licensed establishment as their employer (Article 1, Labour Law).

Licensed establishments include entities engaged in technical, industrial, commercial, or other economic activities approved in the UAE, employing workers, aiming to produce goods, market goods, or provide services. On this basis, the Labour Law does not differentiate employees based on their trade.

However, in addressing "types of employees," one would typically consider the different types of employment contracts available. In this regard, some examples of the "types" of employees include full time employees, part-time employees, and temporary workers.

Article 10(4) of the Implementing Regulations refers to the following work patterns:

- Full-time employment contract.
- Part-time employment contract.
- Temporary work contract.
- Flexible work contract.

- Remote work contract.
- Job sharing contract.

See also *Practice Note, Fixed-Term Contracts (UAE)*.

Emiratisation

There are generally no strict limits on job titles or "types of employees" that a foreign entity can employ. However, the MoHRE adopts a policy of "Emiratisation," which is broadly designed to increase the number of UAE nationals working in the private sector, given the historical oversaturation of UAE national employees in the public sector.

Quotas have been in place for several years in the banking and insurance sectors with a year-on-year increase of UAE national employees at the rate of 4% and 5%, respectively. For trade sectors with a workforce of 50 or more employees, a target of employing 2% UAE nationals was required, effectively, a headcount of one UAE national for every 50 employees.

Specific roles have also traditionally been reserved for UAE national employees, including:

- For companies with a workforce of 100 or more employees, the role of Public Relations Officer.
- Human Resources Officer.
- For companies operating in the construction and industrial sectors and with a workforce of 500 or more employees, the role of Health and Safety Officer.
- New secretaries.
- For the insurance sector, the role of Compliance Officer.

In line with the UAE Government's target of creating 75,000 new jobs for UAE nationals in the private sector by 2025, aggressive new Emiratisation targets have been put into place as follows:

- Employers registered with the MoHRE and employing more than 50 employees are required to increase their current Emiratisation rate of highly skilled jobs by 2% annually, raising this rate to 10% by 2026, pursuant to Ministerial Resolution 279.
- Employers with a workforce of between 20 and 49 employees and operating in specific sectors (including IT, real estate, education, arts, and entertainment) must employ at least one UAE national in 2024, and then at least another one UAE national in 2025, pursuant to Ministerial Resolution 455.

Stringent penalties will be imposed on employers for failure to comply with Emiratisation targets, including fines.

Recruitment

There are no separate rules and regulations relating to the recruitment of employees in the UAE other than the laws mentioned above.

There is no prescribed recruitment process that a foreign employer is expected to follow, and recruitment processes can differ from employer to employer based on their internal guidelines and procedures.

However, employers must ensure that they comply with advertising standards and consumer protection laws in relation to the advertising of any employment roles in the UAE. The publishing of any misleading advertisements could lead to civil or administrative penalties in the UAE. For more information, see [Practice Note, Advertising: Overview \(UAE\)](#).

The Labour Law also expressly prohibits employers from charging employees for the fees and costs of recruitment and employment or collecting them from the employee, whether directly or indirectly (Article 6(4), Labour Law).

Whilst the Labour Law prohibits discrimination on the basis of specific protected characteristics (Article 4(1), Labour Law), these provisions appear to apply to workers only, who are defined as every natural person authorised by the MoHRE to work for a licensed establishment in the UAE, under the supervision and direction of the employer. Arguably, therefore, as a job applicant will lack the required work permit authorisation from the MoHRE, such anti-discrimination provisions are unlikely to be engaged. This remains largely untested.

The Labour Law does, however, provide that any rules and regulations that aim to enhance the participation of UAE nationals in the labour market shall not constitute discrimination (Article 4(2), Labour Law). Accordingly, employers are permitted to positively discriminate in favour of UAE nationals as part of their recruitment processes and procedures.

In addition, employers registered with the MoHRE's "Nafis" programme (which means "to compete" in Arabic and is designed to increase competitiveness between UAE national job candidates in the private sector) are required to publicly post and advertise new roles on the Nafis e-portal, enabling UAE nationals to apply for the position and (where relevant) commence the interview process.

Federal Decree by Law No. (45) of 2021 Concerning the Protection of Personal Data ([UAE Data Protection Law](#)) grants data subjects the right not to be subject to decisions made by automated processing in certain instances that have legal consequences or seriously affect the data subject (Article 18, UAE Data Protection Law). Employers should also generally adhere to the UAE Data Protection Law with respect to any requests for, and processing of, personal data (see [Data Protection](#)).

See also [Practice Note, Pre-Employment Screening and Data Protection Law Requirements \(UAE\)](#).

Background Checks

The Labour Law does not impose any restrictions on an employer conducting background checks (including basic health checks, education verification, previous employment verification, criminal checks, or credit checks) on applicants.

An employer can conduct relevant background checks as they deem appropriate at any stage during the recruitment process. These background checks can also be conducted through third-party agencies.

UAE federal laws do not generally prohibit any types of pre-employment screening. However, employers must comply with applicable laws, including the UAE Data Protection Law, which generally necessitates:

- Processing personal data fairly, lawfully, and transparently.
- Providing certain information and prior notification to data subjects.
- Allowing data subjects to access their personal data and correct or erase the personal data they hold under certain circumstances.
- Consent of data subjects to the collection and processing of data.

- Only disclosing personal data to third parties in limited circumstances.

(Articles 4, 5 and 7(5), 8, 10, 13, 15 and 21, UAE Data Protection Law.)

See also *Data Protection* and see *Practice Note, Pre-Employment Screening and Data Protection Law Requirements (UAE)*.

There are no specific laws governing criminal record checks of UAE job applicants. Employers hiring non-UAE nationals (foreign nationals) may be required to 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 resided for the past five years as part of the work authorisation process.

Criminal record checks by employers are quite common practice in the banking industry, education industry, and those industries catering to the care of vulnerable persons or those with disabilities. However, generally, as part of the UAE residency visa application process, the UAE General Directorate of Residency and Foreigners Affairs conducts a type of pre-employment criminal background check on prospective employees to screen for any State security concerns.

Offer Letters

Offer letters must be provided to employees by employers to trigger the initial work permit approval process with the MoHRE (see *Pre-Employment Requirements*). However, this compulsory element extends only to the MoHRE's prescribed template dual Arabic and English offer letter which both parties are mandatorily required to sign, and the employer is required to register with the MoHRE.

It is common market practice for employers to give successful candidates either a short-form offer letter in a company-specific format in the English language (followed by a longer-form "company" employment contract) or a standalone company employment contract (without a separate employer-specific offer letter).

Subject to any express contractual pre-conditions, it is possible for offer letters to be withdrawn. The usual grounds for withdrawal might be a failure to secure the necessary MoHRE approvals for employment or a failure to successfully pass employer background checks (such as satisfactory references).

Employment Contracts and Internal Work Policies

Under the old labour law regime, there were two primary forms of employment contracts: unlimited-term contracts and fixed-term contracts. However, with the introduction of the Labour Law in February 2022, the concept of unlimited-term contracts is no longer recognised, and employees can now only be engaged under fixed-term contracts (Article 8(3), Labour Law).

There is currently no cap on the duration of fixed-term contracts under the Labour Law, and so employment may be extended multiple times for the same or shorter period, either expressly or impliedly. At the current time, however, the MoHRE and freezone authorities tend to impose a restriction on the maximum duration of fixed-term contracts (as part of their prescribed form templates), typically aligning them to the maximum duration of UAE residency visas and work permits (being two years renewable). Accordingly, it is common market practice for employers to apply a similar cap on fixed-term contracts for their employees as part of any supplementary employment contractual documentation.

In the UAE, an integral part of the UAE work permit application process is the submission by the employer to MoHRE of a standard form (dual Arabic and English) employment contract (the terms of which must not differ from the standard form offer letter the employer must initially have registered with the MoHRE to initiate the work permit application process (see *Registration of New Employees*)).

It is common practice to supplement the standard MoHRE form employment agreement with a longer form "company" employment agreement which more substantively addresses additional terms such as duties, confidentiality, post-termination obligations and potential company performance benefits and incentives like bonus schemes and commissions.

The company employment contract must be prepared in Arabic and must also be provided in a language understood by the employee, which must match the Arabic text (Article 66, Labour Law). That said, it is common among international companies to see internal company employment contracts in the English language.

While the MoHRE standard form employment agreement must be registered with the MoHRE for the employee to commence working for the employer, it is not, however, mandatory for the employer to register with the MoHRE any supplementary "company" employment contract.

The MoHRE standard form contract is typically recognised by the UAE labour courts as the operative contract. However, to the extent that there is a discrepancy or inconsistency between the terms of the MoHRE standard form contract and any internal company employment contract, the UAE labour courts (in the event of a dispute between the parties) will apply the terms most beneficial to the employee.

There are no specific statutory time limits employers need to adhere to when issuing employment contracts to their employees. In practice, because of the requirement to enter into the MoHRE employment contract as part of the overall sponsorship application process, employers will generally issue an internal company employment contract shortly after extending an offer of employment and make clear that such a contract supplements the MoHRE standard contract.

Employment contracts cannot generally be withdrawn once signed by the employer and employee, unless the employee fails to fulfil any express contractual pre-conditions for employment or fails the medical screening examination required as part of the UAE residency visa application process.

Terms which must be included in the employment contract entered into between the parties (typically any internal company employment contract) include:

- The remuneration or wage of the employee.
- The term (fixed term) of the employment arrangement.
- The details of the employer, such as name and address.
- The details of the employee including name, nationality, and date of birth.
- Proof of identity of the employee (typically passport information).
- The qualifications of the employee.
- The job title or occupation.
- The date of the employee's joining.
- The working hours.
- The rest days.
- The probationary period.
- The agreed benefits and allowances of the employee.

- The annual leave entitlements.
- The notice period.
- Procedures for terminating the employment contract.

(Article 8, Labour Law, and Article 10, Implementing Regulations.)

The employer and employee may also include additional terms provided that those provisions do not breach the Labour Law and the Implementing Regulations.

Works councils, collective associations and trade unions are illegal in the UAE. Therefore, collective agreements are not a common practice in the UAE. Presently there is no procedure for or recognition of collective bargaining employment agreements.

Employers must set out internal work policies and regulations where they employ 50 or more employees (Article 14, Implementing Regulations). These policies include matters such as regulation of penalties and disciplinary measures that may be imposed on violating employees, as well as working instructions (daily working hours, weekends, holidays, and precautions to be taken to avoid work injuries and fire hazards). These regulations and policies must be made available to employees in a language that they understand. It is common for these regulations and policies to be accessible via an employer's internal staff intranet system or portal.

Fines ranging from AED5,000 to AED1,000,000 may be imposed in accordance with Article 63 of the Labour Law for any violation of the Labour Law and the Implementing Regulations, which potentially includes non-compliance with provisions governing employment contracts and internal work policies.

Pay

The Wages Protection System (WPS) was introduced in 2009 on a phased basis and is applicable to all employers registered with MoHRE. Employers registered with certain free zones in the UAE, currently the Jebel Ali Free Zone and the Dubai Multi Commodities Centre, are also required to subscribe to the WPS despite not being registered with the MoHRE.

WPS is an electronic salary transfer system to pay employees electronically through a WPS agent and is designed to guarantee and safeguard the timely and full payment of employee salaries, failing which employers are subjected to administrative penalties and fines.

Employers are classified by MoHRE into three categories: first, second and third, based on their:

- Adherence to the Labour Law.
- Commitment to the WPS Ministerial Decision.
- Alignment with the UAE's policy on promoting cultural and demographic diversity.

Classification in the first and second categories will result in administrative fee discounts (or in certain cases, fee exemptions) on new and renewal work permits, whereas classification in the third category will not.

An employer must register a new employee with WPS within 30 days from the commencement of employment.

Under the UAE Ministerial Decision No. (43) of 2022 Regarding Wages Protection System (WPS Ministerial Decision), which supplements the Labour Law, all in-scope employers are required to register to the WPS and pay all employees through WPS on the first day of the month following the registered pay day in the employment contract. If the period of payment is not mentioned in the employment contract, the remuneration must be paid at least once a month. Salary can be paid in AED, or any other form of currency agreed by the parties in the employment agreement.

Unless a shorter period has been agreed in the employment contract, an employer who does not pay wages within 15 days of the due date is considered late in payment and appropriate penalties will be imposed on these employers, ranging from the suspension of issuance of new work permits to administrative penalties prescribed under the WPS Ministerial Decision or reclassification of the category of the employer.

Certain categories of employees are excluded from the WPS, such as those who:

- Have instituted legal proceedings before the labour court for unpaid wages.
- Have absconded (provided the MoHRE has been duly notified).
- Are on agreed unpaid leave (provided supporting documents pertaining to the unpaid leave arrangements have been submitted to the MoHRE).

(Article 5, WPS Ministerial Decision.)

Some employers are also expressly exempt from the WPS, including banks, houses of worship, and fishing boats and public taxis owned by UAE nationals (Article 6, WPS Ministerial Decision).

As the WPS is an electronic system to transfer salary to an employee, there is no legal requirement to provide a payslip or statement of wages to an employee.

There is no statutory requirement for an employer to pay any additional salary on the 13th or 14th month or give an increment to employees. There is also no mandatory requirement to pay bonus or additional salary to employees who work remotely.

While there is no minimum salary expressly stipulated under the Labour Law, various supplementary laws and guidelines issued by MoHRE or other applicable UAE authorities (such as the General Directorate of Residency and Foreigners' Affairs) have mandated the payment of a minimum salary in certain circumstances. For instance, Ministerial Resolution No. (44) of 2022 Regarding Occupational Health and Safety and Labour Accommodation mandates non-free zone-based employers with 50 or more employees to provide accommodation to any employee earning a total monthly salary of less than AED1,500.

Tax, Social Security, and Other Contributions

There are currently no payments or withholding of employment-related taxes.

There is currently no mandatory pension or retirement scheme in place for foreign employees in the UAE, except in the DIFC.

There are separate social security schemes for UAE national employees in the UAE. All eligible (UAE) national employees and GCC nationals who work in the UAE are entitled to a pension under the GPSSA retirement system.

The two significant laws governing pension contribution to national employees is *Federal Law No. (7) of 1999* (Old Pensions Law) and *Federal Decree Law No. (57) of 2023* (New Pensions Law). The Old Pensions Law and the New Pensions Law are

applicable to all UAE based federal, government, and private sector entities (except for those governed under the ADPF and the Sharjah Pension Fund).

The New Pensions Law only applies to new UAE nationals employed in the UAE on or after 31 October 2023. All other UAE nationals currently (or historically) employed in the UAE and registered with the GPSSA continue to be governed by the Old Pensions Law.

Only UAE nationals who hold a "family book" (documenting their lineage in the UAE) are eligible to be enrolled into the pension scheme with the GPSSA. Those without a family book are entitled to the end of service gratuity payment under the Labour Law (provided they meet the qualifying conditions for payment) (see [Requirements on Termination](#)). Other GCC nationals are eligible for registration with the GPSSA simply by virtue of their nationality (and their ability to prove this); there is no separate requirement to provide a family book.

An employer is required to register an eligible employee with the GPSSA within one month of commencement of employment. Under the New Pensions Law, all contributions must be made on a monthly basis to the GPSSA based on the employees' total salary (including allowances, commissions, or bonus). The aggregate contribution is 26% made up of the following contributions:

- An employer must contribute 15% (of which 2.5% is paid by the government where an employee earns less than AED 20,000).
- An employee must contribute 11%, which is deducted by the employer from the employee's salary.

Pension contributions (and any applicable pension caps) for other GCC nationals vary depending on the employee's nationality, as each of the GCC states have different contribution requirements.

Eligible Abu Dhabi based and employed UAE nationals are required to be registered with the ADPF, whereas other GCC nationals based and employed in Abu Dhabi are still required to be registered with the GPSSA.

The applicable pension regime in Abu Dhabi comprises:

- Law No. (2) of 2000 Regarding Civil Retirement Pensions and Benefits in the Emirate of Abu Dhabi, as amended ([Old Abu Dhabi Pensions Law](#)).
- Law No. (18) of 2023 amending Law No. (2) of 2000 Regarding Civil Retirement Pensions and Benefits in the Emirate of Abu Dhabi ([New Abu Dhabi Pensions Law](#)) for UAE nationals employed after 1 December 2023.

The pension contributions under the New Abu Dhabi Pensions Law are 15% employer contributions and 11% employee contributions (Article 14, New Abu Dhabi Pensions Law).

For further information, see [Practice Note, Hiring in the DIFC and ADGM: Overview](#).

Benefits

Statutory Employee Benefits

Medical Insurance

The UAE requires employers to cover the cost of medical insurance for their employees in accordance with Article 13(9) of the Labour Law. In some Emirates, this requirement may also extend to the employees' dependents. Medical insurance is a mandatory prerequisite to the issuance (and renewal) of UAE residency visas and work permits.

Health insurance is required to be maintained during the entire duration of the employment period. Non-compliance with this requirement may result in general fines (Article 63, Labour Law).

In Dubai, fines may also be incurred for violations by employers of Dubai Law No. (11) of 2013 on Health Insurance in the Emirate of Dubai (*Dubai Health Insurance Law*) and these fines may range from AED500 to AED150,000. Violations include the employer not procuring or obtaining health insurance coverage for its employees, providing coverage below the basic coverage stipulated by the Dubai Health Insurance Law, or failing to pay the cost of health services or medical intervention in emergency cases.

Unemployment Insurance Scheme

Federal Decree Law No. 13 of 2022 Concerning Unemployment Insurance Scheme (*UE Scheme*) was issued in late 2022. The objective of the UE Scheme is to provide the insured with income during periods of unemployment. As part of the UE Scheme, employees are eligible to receive compensation on becoming unemployed, subject to having been insured for 12 consecutive months under the UE Scheme.

The onus is on the employee to subscribe to the UE Scheme. New employees must register within four months of their joining date (if hired after 1 January 2023). The UE Scheme is mandatory for all employees in the private and public sectors, including UAE nationals, except the following:

- Investors.
- Domestic workers.
- Contractors or temporary workers.
- Juveniles under the age of 18.
- Pension receiving retirees who have joined a new employer (applicable to UAE nationals).

All employees are eligible to receive 60 percent of their basic salary during unemployment. The subscription fee and maximum compensation is dependent on the category of employee:

- The first category applies to employees earning a basic salary of AED16,000 and under. Employees in this category must pay a subscription to the UE Scheme of AED 5 per month and their compensation is limited to a maximum of AED10,000 per month for a maximum period of three months or until they find alternative employment, whichever is earlier.
- Employees in the second category must earn a basic salary exceeding AED16,000 and must pay a subscription fee of AED 10 per month with the compensation limited to a maximum of AED20,000 per month for a maximum period of three months or until they find alternative employment, whichever is earlier.

Eligible employees can choose the frequency of the payments with most opting to make a single payment representing the yearly premium.

The UE Scheme also provides that the insured may opt into additional benefits with the relevant service provider. The UE Scheme stipulates that compensation is not applicable if an employee resigns or was dismissed for disciplinary reasons (including gross misconduct) under the Labour Law. In addition, compensation is not provided to the employee if fraud or deceit was involved in the insurance claim.

Aside from the above, there are no other insurance obligations towards employees.

Common Non-Mandatory Benefits

It is common (but not required) for employers in the UAE to provide additional benefits such as an allowance for housing, transportation, yearly travel tickets, and possibly even tuition fees for dependents.

When recruiting foreign employees from outside the UAE, it is market practice for employers to procure and obtain temporary serviced accommodation for them as they settle into the country (this non-mandatory benefit is typically for one month).

Working Time

Under the Labour Law, the maximum normal working hours for an employee is eight hours per day, 48 hours per week across a 6-day working week or eight hours per day, 40 hours per week across a 5-day working week.

An employee is entitled to not less than one rest day per week, as determined by the employer. A five-day working week is common market practice across the private sector with Saturday and Sunday being the designated weekend days.

During the holy month of Ramadan, working hours are reduced by two hours per day for all employees, irrespective of whether they are Muslim or non-Muslim, fasting or not fasting.

An employer may require an employee to work more than the maximum daily working hours, provided it does not exceed an additional two hours a day. The total working hours may not exceed 144 hours every three weeks.

An employee working more than the maximum daily working hours has the right to overtime payment in accordance with the Labour Law, depending on when the overtime is performed as follows:

- Overtime performed between the hours of 4:00 a.m. to 10:00 p.m. on a normal working day entitles the employee to their basic salary for the overtime hours worked, plus an uplift of 25% of that basic salary.
- Overtime performed between the hours of 10:00 p.m. to 4:00 a.m. on a normal working day entitles the employee to their basic salary for the overtime hours worked, plus an uplift of 50% of that basic salary.

(Article 19(2) and (3), Labour Law.)

If an employee is required to work overtime on a weekend or a public holiday, the employer is required to compensate the employee with either:

- A day off in lieu.
- The employee's basic salary for the overtime hours worked, plus an uplift of 50% of that basic salary.

(Article 19(4), Labour Law.)

An employee cannot generally be required to work for more than two consecutive weekend days (Article 19(5), Labour Law).

An employee cannot waive the right to overtime. However, certain categories of employees (such as chairpersons and members of the board of directors, individuals holding supervisory positions, or individuals carrying out preparatory or complementary work that require work to be carried out beyond the stipulated time) are excluded from the provisions relating to maximum working hours under the Labour Law (Article 15, Implementing Regulations). Despite the scope of employees falling within this category being very limited, it is common market practice for employees holding senior or managerial positions to work additional hours without overtime pay; and the Labour Courts have historically been reluctant to award overtime to such categories of personnel.

There is no specific rule or statutory provision on how an employer must record time of the employees and this can be recorded as per the employer's internal processes and IT policies. However, it is recommended that any employee overtime is clearly and carefully documented by employers to ensure that appropriate provision is made for statutory overtime payments, where applicable.

Non-compliance by the employer of the working time rules may lead to fines of between AED5,000 to AED1,000,000 (Article 63, Labour Law).

Training

The Labour Law generally requires employers to provide its employees with training on health and safety standards, hazards arising out of the use of tools and machinery, safety risks and the proper and effective use of protective equipment, where applicable (Article 13(6), Labour Law, Article 23, Implementing Regulations).

There is also a general training obligation as part of broader employee role upskilling (Article 13(5), Labour Law).

The Labour Law does not provide any further information or guidance on these training obligations, leaving it on the employer to determine the scope, parameters, and frequency of such training as part of its internal policies and procedures.

Ministerial Resolution 663 additionally provides that the employer must ensure that its UAE national employees are provided with a "minimum level of training, qualifications, and empowerment" (Article 3, Ministerial Resolution 663). No further guidance is provided on the level, scope and frequency of such training or qualifications or indeed the mechanisms to be deployed in empowering UAE national employees.

Data Protection

Employers must adhere to the onshore data protection regulation, namely Federal Decree Law No. (45) of 2021 (*UAE Data Protection Law*) when collecting and processing any personal data. The UAE Data Protection Law applies to all data subjects who reside in or work in the UAE (except the ADGM and DIFC, which have their own data protection laws).

An employer must obtain specific, clear, and unambiguous consent from the data subject prior to collecting or processing any personal information (Article 6(1)(b), UAE Data Protection Law). This consent must indicate the data subject's right to withdraw their consent at any time (Article 6(1)(c), UAE Data Protection Law).

Consent is a pre-requisite to collect any personal information, however, there are a few exceptions to this rule such as:

- If the processing is necessary for the performance of a contract to which the employee is a party.
- Where it is necessary to fulfil the employer's obligations under UAE laws.

(Article 4, UAE Data Protection Law.)

An employer must ensure that personal data is collected for a specific and clear purpose and that it is processed in a fair, transparent, and lawful manner (Article 5(1) and Article 5(2), UAE Data Protection Law).

The employer must also implement necessary safeguards for the protection and security of personal data and must preserve the confidentiality and privacy of that personal data (Article 5(6), UAE Data Protection Law).

The employer must not retain any personal data after the purpose for which it was processed is completed, unless the identity of the data subject is anonymised (Article 5(7), UAE Data Protection Law).

The executive regulations to the UAE Data Protection Law are yet to be issued and it is expected that these regulations will contain further guidance on the collection and processing of personal data, as well as the specific penalties for breach of the UAE Data Protection Law.

Ongoing Compliance

An employee's files and records must be retained by the employer during their employment and for a minimum period of two years after the termination of employment (Article 13, Labour Law). No further guidance is provided on the specific employee information or data to be retained.

Unless there are changes to the employee's employment terms, employers are not generally required to provide employees with any documents on an ongoing basis during their employment.

The employer must keep the employee informed of the various policies and by-laws of the company as they are updated from time to time (Article 13(3), Labour Law).

Aside from the required medical examination conducted as part of the initial, and renewal, UAE residency visa application process (see [Medical Examination](#)), there is no obligation on the employer to organise any other medical examinations of its employees during their employment.

Requirements on Termination

For UAE and other GCC national employees, an employer is obliged to notify the GPSSA within 15 calendar days following the termination of their employment to ensure that the GPSSA's records are appropriately updated (Article 11, New Pensions Law). A similar obligation exists to the ADPF for eligible UAE national employees in Abu Dhabi.

As part of the termination process, the employer and employee are required to sign a standard prescribed sponsorship cancellation form (issued by the MoHRE or the applicable freezone authority) wherein the employee:

- Affirms their termination.
- Acknowledges receipt of all their end of service dues.
- Confirms that they have no claims against their employer.

This form ensures the deregistration of the employee from the employer's sponsorship under the MoHRE or applicable freezone authority's systems and will generally be treated as an operative waiver of claims by the employee (assuming all payments have in fact been made by the employer).

There are no other requirements on employers to consult with or notify the MoHRE or freezone authority when terminating foreign employees. UAE and other GCC nationals are similarly required to sign this standard sponsorship cancellation form.

Where termination involves UAE national employees, the employer is required to comply with additional obligations pursuant to Ministerial Decree 212, which importantly includes prior MoHRE approval to any such termination (see *Practice Note, Individual Employee Termination (UAE)*).

The penalties under Article 60 of the Labour Law for violations of the Labour Law and Implementing Regulations (see *Registration as Employer*) may be applicable if the employer fails to properly register the termination.

Also, under the Labour Law, on termination of employment, a foreign national who has completed at least one year of continuous service with the employer is entitled to receive an end of service gratuity severance payment (irrespective of the reason of resignation or termination of employment) (Article 51(1), Labour Law). End of service gratuity is calculated based on the foreign employees' basic pay as at termination (Article 51(2), Labour Law).

Repatriation costs must also be paid if the employee is a non-UAE national hired from outside the UAE (Article 13(12), Labour Law). The cost for this is typically equivalent to the price of a travel ticket (economy class), as well as any other travel expense as stipulated in the employment agreement or policies.

Additional Obligations for Certain Employees

There are additional protections, controls, and safeguards in place in relation to UAE national employees. Any termination is tightly regulated and subject to the prior approval of the MoHRE (see *Practice Note, Individual Employee Termination (UAE)*).

In addition, there are regulations which apply to certain special classes of employees, such as children and youths, who are described as "juveniles," and defined as being between the ages of 15 and 18 (Article 1, Labour Law).

An employer is prohibited from recruiting persons under 15 years old (Article 5, Labour Law). The employment of juveniles is also tightly regulated by the Labour Law with explicit restrictions on working hours, weekend work, overtime, and work activity. There is also a requirement for parental consent to work and the provision of a medical certificate issued by a health authority confirming the juvenile's general fitness to perform the role (Article 5, Labour Law).

END OF DOCUMENT