



Out with the old, in with the new

The New Labour Laws in the UAE

The New Labour Laws

The New Labour Law (33/2021) and its Implementing Regulations (together the “**New Laws**”) were introduced in February 2022. They apply to all private sector employers in the United Arab Emirates (“**UAE**”) with the exception of employers within the Dubai International Financial Centre (“**DIFC**”) and Abu Dhabi Global Market (“**ADGM**”) financial centre free zones.

The New Laws represent the biggest change in the employment law landscape in the UAE for 40 years and while there will be continue to be a period of time over which the Courts will test and probe the New Laws, HR practitioners, business owners and legal counsel with responsibility for people related matters in the UAE need to be familiar with the changes and, critically, ensure compliance.

Be aware

The New Laws came into effect on 2 February 2022. This means that all organisations outside of the DIFC and ADGM should already be complying with the New Laws. A grace period of 12 months for employers to issue limited term contracts expires on 1 February 2023.

Be ready

We have set out a comparative table highlighting the key differences between the Old Law (No 8 of 1980) and the New Laws, together with some considerations and/or action points for HR practitioners and business owners in the region. This should assist by way of an internal check or audit for your own policies and procedures and help identify some key actions required in 2023.

| Position under Old Law | Position under New Laws | Considerations / action points |
|--|---|---|
| Limited term contracts and key terms | | |
| Limited term (i.e. fixed-term) or unlimited term contracts | <ul style="list-style-type: none"> — From 1 February 2023, unlimited term contracts will no longer be lawful — All contracts must be of a limited or fixed, term — Fixed term contracts can be: <ul style="list-style-type: none"> — terminated early with notice; — end upon expiry; — renewed on agreed terms; or — extended on the same terms. | <ul style="list-style-type: none"> — Review your current contract templates in place and revise to include a limited (or fixed) term — Consider the length of limited term contracts to be offered – perhaps by job family group — Ensure all key terms / changes are captured in the new contracts — Consider the information cascade to employees and the timing of the provision of the new contracts |
| Models of work – part-time and flexible working | | |
| Limited options for part-time or flexible working | <ul style="list-style-type: none"> — Full-time: working for one employer on a full-time basis — Part-time: working for one or more employers for specific (less than full-time) hours — Temporary: for a specific period / completion of specific task — Flexible: variable timing / days — Remote — Job-share | <ul style="list-style-type: none"> — Consider how the new working models can benefit, and modernise, your workplace and build on talent attraction and talent retention within your business — Ensure that your contracts and internal policies are revised to ensure that they address considerations relevant to the new ways of working |
| Probationary periods | | |
| Six months during which employment could be terminated by either party without notice | <ul style="list-style-type: none"> — Six months during which employment can be terminated by: <ul style="list-style-type: none"> — employer giving 14 days’ written notice; or — employee giving: <ul style="list-style-type: none"> ▪ 14 days’ written notice if leaving UAE; or ▪ one month’s written notice if leaving to take up new employment in UAE. — Note: New employer is required to compensate the former employer’s recruitment costs if the employee joins another company in the UAE immediately or takes up new employment in the UAE within three months of leaving | <ul style="list-style-type: none"> — Ensure that your contracts and internal policies are revised to reflect the new position in relation to probationary periods — Ensure that line managers are aware of the change to notice entitlements / requirements in relation to termination of employment during probation — Implement a process to record recruitment costs associated with the onboarding of a new hire |
| Overtime | | |
| Maximum of two hours of work per day permissible Overtime pay rates varied depending on when the overtime hours were worked | <ul style="list-style-type: none"> — Daily limit of two hours overtime remains the same — Maximum working hours over a three week period capped at 144 hours — Overtime pay calculated by reference to basic salary | <ul style="list-style-type: none"> — Ensure that you have adequate internal processes in place to monitor and record employee’s hours of work |

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| Non-discrimination | | |
| <p>Equal pay protection</p> <p>Employers prohibited from discriminating employees or threatening to terminate their employment on grounds of pregnancy or maternity leave</p> | <ul style="list-style-type: none"> — Equal pay protection retained — Non-discrimination protections extend to discrimination on basis of race, colour, sex, religion, nationality or social origin or disability — Fines for violations: AED 5,000 - AED 1,000,000 | <ul style="list-style-type: none"> — Consider your internal processes in relation to speaking out about inappropriate behaviours — Ensure managers are aware of these changes and how their decisions and actions need to be free from discrimination — Update your internal policies and procedures within your handbook to reference these new protections |
| Harassment | | |
| <p>No provision</p> | <ul style="list-style-type: none"> — Prohibition of sexual harassment, bullying, use of verbal, physical, or psychological violence by employers, superiors and colleagues — Employees subjected to such behaviour can terminate their employment without notice | <ul style="list-style-type: none"> — Ensure managers are aware of these changes — Update your internal policies and procedures within your handbook to reference these new protections |
| Maternity leave | | |
| <p>If more than one year's continuous employment 45 days' paid maternity leave, if not 45 days maternity leave at half pay</p> <p>Post-maternity illness allowance of 100 unpaid days</p> <p>Two nursing breaks per day, up to 30 minutes, for a period of 18 months from the date of birth</p> | <ul style="list-style-type: none"> — All female employees entitled to 60 days' maternity leave (45 days' full pay plus 15 days' half-pay) and no length of service requirements — Post-maternity illness allowance of 45 unpaid days — Enhanced maternity entitlements where an infant is sick or has special needs — one to two nursing breaks per day, up to one hour in total duration, for a period of six months from the date of birth | <ul style="list-style-type: none"> — Update your internal policies in relation to maternity leave entitlements — Update payroll systems to reflect new entitlements — Ensure managers are aware of the changes to maternity entitlements, and to the nursing entitlements for the mother on her return to the workplace |
| Parental Leave | | |
| <p>Five days 'parental leave' which could be taken within six months of the child's birth</p> | <ul style="list-style-type: none"> — No change to the position under the Old Law | <ul style="list-style-type: none"> — Check your internal policies reflect the correct entitlement to parental leave |
| Bereavement Leave | | |
| <p>No provision</p> | <ul style="list-style-type: none"> — five days' paid leave for death of spouse — three days' paid leave for death of parent, child, sibling, grandchild, or grandparent | <ul style="list-style-type: none"> — Update your internal policies in relation to bereavement leave entitlements, if necessary — Update payroll systems to reflect new entitlements — Ensure managers are aware of the changes |

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| Study Leave | | |
| No provision | <ul style="list-style-type: none"> Employees with two years' service entitled to 10 days study leave per year provided relevant course is with an UAE accredited institution | <ul style="list-style-type: none"> Consider whether or not you will pay for such leave Update internal policies and procedures Ensure managers and payroll are aware of any changes introduced |
| Notice Periods | | |
| 30 days minimum and three months maximum – duration linked to length of service | <ul style="list-style-type: none"> 30 days minimum and 90 days maximum | <ul style="list-style-type: none"> Determine appropriate notice period duration by job family Update contracts in relation to notice entitlements |
| Termination of employment | | |
| <p>Employment contracts could be terminated as follows:</p> <ul style="list-style-type: none"> mutual agreement; during probation; without notice in accordance with Articles 88 and 120; with notice for a valid reason (where the contract was unlimited); or expiry of limited term. <p>Employees could claim arbitrary dismissal compensation if employment is terminated without a "valid" reason or compensation in the event their limited term contract is terminated before the expiry of the term</p> | <p>Employment contracts may be terminated as follows:</p> <ul style="list-style-type: none"> mutual agreement; expiry of contract term; with notice (N.B. all employees employed under limited term contracts can be terminated on notice for a "legitimate reason"); without notice under Article 44 (N.B. the grounds listed at Article 44 largely mirror the current Article 120 grounds); in the event of death or permanent disability; if the employee is imprisoned for a term of three months or more; in the event of permanent closure of an establishment; or where the employer becomes bankrupt, insolvent or unable to continue business for economic or exceptional reasons. <ul style="list-style-type: none"> The New Laws do not make reference to arbitrary dismissal but do provide for end of service gratuity in all circumstances (see below) | <ul style="list-style-type: none"> Ensure line managers and HR teams are aware of the changes Consider if any changes are required to template documentation Review disciplinary policy to ensure that it accords and aligns with the Article 44 (dismissal without notice) provisions |

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| End of service gratuity (EOSG) | | |
| <p>One year of employment required to be eligible</p> <p>Calculated on basis of basic salary of 21 calendar days' pay for each of the first five years of service, and basic salary of 30 calendar days for each subsequent year of service</p> <p>Full EOSG paid to employees on termination with notice; no EOSG paid on summary termination</p> <p>Employees who resigned with under five years' service or mid-way through a limited term contract received either a proportion of EOSG or no EOSG</p> | <ul style="list-style-type: none"> — Eligibility criteria and calculation process is the same — Employees will receive their full EOSG regardless of whether their employment is terminated with or without notice — No reduction in EOSG entitlement if employee resigns — EOSG is to be paid within 14 days of date of termination | <ul style="list-style-type: none"> — Update internal templates for assessing cost of exits in the case of potential gross misconduct scenario — Ensure managers are aware of the changes to entitlement to EOSG payments — Ensure payroll team are aware of the new timeframe for payment — Ensure basis for financial accruals are revised if previous approach included consideration of potential scenarios in which EOSG was not paid in full |

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