



Trench & Associates DMCC  
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## Client Alert: New Labour Law

### FAQs

#### 1. When did the Labour Law come into force?

The Labour Law came into force on the 2 February 2022.

#### 2. What is the most significant change brought into by the Labour Law and the Implementing Regulations?

##### **Fixed Term Employment:**

Perhaps one of the most significant changes introduced by the Labour Law is that all employees must be employed on fixed term employment contracts. Employers have until **1 February 2023** to transition into fixed term contracts (Article 68.2 of the Labour Law).

##### **Equality and Non-Discrimination:**

The Labour Law introduced protected characteristics and prohibits discrimination (Article 4 of the Labour Law).

##### **Anti-Harassment:**

The Labour prohibits harassment such as bullying or any verbal, physical or psychological violence (Article 14.2 of the Labour Law).

##### **Internal Policies and Procedures:**

Employers with more than 50 employees must implement internal policies and procedures addressing issues such as working hours, holidays, grievance procedures, disciplinary sanctions and health and safety (Articles 14 and 24.6 of the Implementing Regulations).

##### **Compensation for Workplace Injuries:**

Compensation for workplace accidents has now been increased, along with an obligation by the employer to pay for all medical treatment (Articles 36 and 37 of the Labour Law).

#### 3. Can notice for good cause be given under fixed term contracts?

Yes, either party may give notice for good cause, even a fixed term contract, under Article 43.1 of the Labour Law by giving notice in writing. First, the parties should decide on the period of the fixed term contract – not less than one (1) year and not more than 3 years. Secondly, they should decide on the Notice Period which should not be less than 1 month nor more than 3 months.

**4. What should we do if we have an employee on the old form indefinite duration contract, whom we wish to terminate after 2 February 2022?**

You can terminate an employee on old form indefinite duration contract post 2 February 2022 (and so can the employee) by giving notice as per Article 65.6 of the Labour Law, that is, if period of service is less than five (5) years, 30 days' notice, if more than five (5) years but less than ten (10) years, 60 days' notice, and if more than ten (10) years, 90 days' notice.

**5. Can employers and employees agree to shorter notice periods than the periods prescribed under Article 65.6 of the Labour Law?**

Yes, employers and employees can of course mutually agree to a shorter notice at the time of termination (Article 42.1 of the Labour Law); the Courts tend to interpret legislation provisions generously in favour of employees and may allow them a shorter notice especially if the existing agreements expressly state this.

**6. What are the changes made to severance pay or end of service gratuity (EOSB) by the Labour Law?**

a) The other important change to the Labour Law is that the full severance pay is payable even if an employee is summarily dismissed or even if he/ she resigns:

- (21) working days' wage for each of the first five years of service.
- (30) working days' Wage for each subsequent year of service.

b) The reference to 'working days' rather than just 'days' requires clarification. It is now clarified that it remains as calendar days as with the previous Labour Law.

c) Payment of EOSB must be made within 14 days of the expiry of the contract as per Article 53 of the Labour Law.

d) If the Employer or Employee terminates an indefinite duration contract before 1 February 2023 in accordance with Article 65.6, he may use the previous Labour Law calculation formula (Article 68.3 of the Labour Law).

**7. What kind of penalties can we expect to pay for violations of the Labour Law?**

Penalties of at least Dhs 5,000 to Dhs 1,000,000 could be levied for violation of any provisions of the Labour Law as per Article 63.

**8. Have there been any significant changes to working hours?**

Working hours are stipulated to be the same as before, except provision can be made for Shifts for certain categories of employees (Article 18 of the Labour Law);

Article 15.4 of the Implementing Regulations now provides that certain categories are excluded from the provision on maximum working hours, which include, amongst others:

- Chairmen and members of boards of directors;
- Persons holding supervisory positions if such positions give them power of the employer; or

- Employees whose technical nature necessitates the continuation of work through consecutive shifts, provided that the average working hours per week do not exceed (56) hours.

**9. Can employees, who are serving out their notice periods or being terminated, be absent from work while they look for another job?**

Yes, Article 43.5 of the Labour Law does require employers to allow exiting employees to take off one (1) unpaid day off per week to look for another job.

## Summary of other important provisions

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<b>Probationary Period</b>	Notice period is now at least 14 days if notice is given within the probationary period
<b>Models of Work</b>	Different models of work have been introduced. These models allow flexibility in working arrangements and allowing for part-time and temporary working arrangements.
<b>Leave</b>	Annual leave can be carried forward so long as this is agreed upon between the parties (Article 29.5 of the Labour Law and Article 19 of the Implementing Regulations). Under the Labour Law, there is now Bereavement leave (Article 32.1 (a)), Paternal leave (Article 32.1 (b)), Study leave (Article 32.2) and Unpaid leave (Article 33).
<b>Maternity Leave</b>	Female employees are now entitled to 60 days maternity leave (with the latter 15 days at half pay) which is 15 days more than in the old Law (Article 30.1 of the Labour Law).
<b>Anti-discrimination</b>	The Labour Law reiterates the UAE's stance on non-discrimination in the workplace, whether it is on the ground of race, colour, gender, religion, national origin or disability (Article 4 of the Labour Law). Interestingly there's no mention of age.
<b>Anti-harassment</b>	Sexual harassment, bullying, verbal, physical or mental violence is expressly prohibited (Article 14 of the Labour Law).
<b>Bankruptcy and Insolvency</b>	Termination due to bankruptcy, insolvency or inability to continue business for economical or exceptional reasons can now be invoked (Article 42.8 of the Labour Law) – the Labour Law now clarifies that termination on this basis is not a ground for the employee to claim arbitrary compensation.
<b>Non-compete/restrictive covenants</b>	Employer intending to protect their business interests can enter into non-compete agreements / restrictive covenants in the employment agreement. The Labour Law has now clarified that non-compete periods in such agreements/covenants should not exceed two (2) years after the termination or expiry of the employment contract. Territorial limit should be mentioned (as provided for in the Implementing Regulations), therefore it is prudent to include such parameters when drafting such provisions. The statute of limitation for a claim to be filed for breach of the restrictive covenant is one year from the date when the breach is discovered.

### Next steps checklist:

- Internal Communication Campaign**  
If you have not already done so, consider delivering an approved internal communication campaign aimed at engaging with employees on how they will be impacted by the changes to the Labour Law.
- Update Employment Contract Templates**  
Review and update standard form employment agreements to align with the new provisions of Labour Law. Move existing employees from indefinite term contracts to definite term contracts by 2 February 2023.
- HR Handbooks and Manuals**  
Review and amend internal policy documents such as employee handbooks and manuals to reflect amendments to statutory entitlements such as maternity and paternity leave, sick leave, working time policies and compassionate leave entitlements.
- Anti-Harassment/Respectful Workplace Program**  
Design and implement respectful workplace program/policies and review and amend existing grievance policies to ensure compliance with the new express equal opportunities and anti-harassment obligations under the Labour Law.
- Grievance and Disciplinary Policies**  
Align existing disciplinary policies and process with the Labour Law.
- Review current workplace insurance covers**  
Liaise with your insurance company/broker to ensure that your company's cover is aligned with the new compensation and continued care obligations under the Labour Law.
- Review and update HSE/OHS**  
Review, implement and test your company's Occupational Health Systems ("OHS"). Employers are required to clearly communicate, train and make visible OHS policies and procedures. Clients should work with their HR teams to further integrate OHS at all employee touchpoints such as onboarding, career planning, handbooks, disciplinary processes which may touch upon deliberate misconduct should also be aligned with the Implementing Regulations with respect to work related injuries/diseases.
- Update your company's yearly training calendar**  
Work with the HR training team to update the company's yearly training agenda to include training on all the new policies required to be implemented by the Labour Law and Implementing Regulations. Identify and community which training sessions are mandatory and consider linking attendance to KPIs.

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