

Important features of the UAE Labour Law

If you are working in the UAE, to know the labour laws of the country is crucial. It helps one clarify doubts regarding working hours, annual leave and several other job-related matters. The laws also spell out details about maternity leave, sick leave, employee records, safety standards, termination of employment and end of service gratuity payments.

Working in the private sector

Federal Law No. 8 of 1980 also known as the Labour Law governs the labour rights of employees in the private sector. The labour law handles a wide range of job-related matters. Ministry of Human Resources and Emiratisation, known before as Ministry of Labour, is responsible for overseeing the employer-employee relations and maintaining labour rights for the private sector.

Working hours

Article 65 of the UAE Labour Law identifies the normal working hours for the private sector as 8 hours per day or 48 hours per week.

- The working hours may be increased to 9 hours a day for businesses, hotels and cafes after approval from MoHRE.
- Government entities are not governed by the labour law and they operate for 7 hours daily.
- Working for more than 7 hours a day is prohibited in arduous or unhealthy works and industries.
- Normal working hours are reduced by two hours daily during the holy month of Ramadan.

Overtime

An overtime is considered if the nature of job demands working beyond normal working hours and it will entitle the employee for a pay equal to normal working hours' remuneration plus 25 per cent of that pay. It could increase to 50 per cent if overtime is done between 9 pm and 4 am.

Official leaves and vacations

Friday is the official weekend for all workers, except for daily wage workers. If circumstances require an employee to work overtime on that day, he/she will be entitled for regular working hours' pay, plus an increase of not less than 50 per cent of that amount.

Public holidays

Employees are entitled for paid leave on the following public holidays:

- Hijri New Year - 1 day
- Gregorian New Year - 1 day
- Eid Al Fitr - 2 days
- Waqfa day and Eid Al Adha - 3 days
- Prophet Mohammed's birthday - 1 day
- Isra and Miraj or the Ascension Day - 1 day
- Martyr's Day - 1 day
- National Day - 1 day

Annual leave

Employees are entitled to an annual leave of:

- 2 days per month, if they have completed six months of service but not one year
- 30 days, if they have completed one year of service.

Sick leave

Employees are entitled to a sick leave of not more than 90 days per year subject to conditions stipulated in the law. They will receive full pay for the first 15 days, half pay for the next 30 days and no pay for the rest 45 days.

Special leave

- Employees may be granted a special leave without pay, which may not exceed 30 days for the performance of Haj once throughout his service. This is granted only once during his years of employment.
- Employees are not entitled to any paid sick leave during the probation period.
- Maternity, childcare leave
- Working females are entitled to 45 days of full pay for maternity leave provided that she has served continuously for at least one year. Maternity leave is paid with half pay if one year of service has yet to be completed. At the end of the maternity leave, the woman has the ability to extend her leave at an unpaid rate for a maximum period of 10 days.
- For the first 18 months following delivery, female employees who nurse their child are granted two paid rest intervals per day, not exceeding 30 minutes, in order to complete this task.
- Working fathers are not provided paternity leave under the law.
- Reduction in working hours
- Construction and industrial workers are not permitted to work during the hottest hours of the day during the summer. Any firm found to have staff working during the designated break time would be fined Dh5,000 per worker up to a maximum of Dh50,000.
- Also, employees are entitled to work 2 hours less every day during the holy month of Ramadan.

Minimum wages

There is no minimum salary stipulated in the UAE Labour Law, however, it broadly mentions that salaries must cover basic needs of the employees.

Article 63 of the law mentions that the minimum wage and cost of living index is determined either in general or for a particular area or a particular profession by virtue of a decree and consent of the Cabinet.

Wages Protection System (WPS)

The Wages Protection System (WPS) is an important step to ensure and protect the rights of workers, and to establish trust between organisations and their employees. Under this system, salaries of employees will be transferred to their accounts in banks or financial institutions, which are authorised by Central Bank of the UAE to provide the service. For any concerns or complaints regarding the salary, employees can contact the MoHRE or lodge a complaint through eNetwasal.

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End of service benefits

- If the employee resigns of his or her own free will before completing one year, then they will not be entitled to any gratuity pay.
- The worker is entitled to a gratuity for the served fraction of a year, provided that he completes one year of continuous service.
- The end of service gratuity is calculated on basis of last wage which the employee was entitled to, namely the basic salary. Hence, it will not include allowances such as housing, conveyance, utilities, furniture etc.
- If the employee owes any money to the employer, the employer may deduct the amount from the employee's gratuity.

Calculations for gratuity pay

1. Under limited contract

In the event where the employer terminates a limited contract, calculation will be as follows:

- If an employee has served for less than 1 year, he is not entitled to any gratuity pay.
- If an employee has served more than 1 year but less than 5 years, he is entitled to full gratuity pay based on 21 days' salary for each year of work.
- If an employee has served more than 5 years, he is entitled to full gratuity pay based on 30 days' salary for each year of work.

2. Under unlimited contract

In the event where the employer terminates an unlimited contract, calculation will be as follows:

- If an employee has served for less than 1 year, he is not entitled to any gratuity pay.
- If an employee has served more than 1 year but less than 5 years, he is entitled to 21 calendar days' basic salary for each year of the first five years of work.
- If an employee has served more than 5 years, he is entitled to 30 calendar days' basic salary for each additional year, provided the entire compensation does not exceed two years' pay.

In the event where the employee under an unlimited contract resigns, calculation will be as follows:

- If an employee resigns before completing 1 year of service, he is not entitled to any gratuity pay.
- If an employee has served between 1 and 3 years, he is entitled to one third (1/3) of 21 days' basic salary as gratuity pay.
- If an employee has served between 3 and 5 years, he is entitled to two-thirds (2/3) of 21 days' basic salary as gratuity pay.
- If an employee has served more than 5 years, he is entitled to full 21 days' basic salary as gratuity pay.

