

# 10 KEY CHANGES UNDER THE NEW UAE LABOUR LAW - A BIG STEP FORWARD

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Legal Briefings - By **Stuart Paterson, Benjamin Hopps and Emily Kemp**

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We assess the core measures as the UAE unveils its first major overhaul of labour law for more than 40 years.

On 15 November, it was announced that a new UAE labour law will be coming into force early next year. Federal Decree-Law No 33 of 2021 on the Regulation of Labour Relations (the **New Law**), which will be replacing Federal Law No. (8) of 1980, is due to take effect from 2 February 2022. This bulletin sets out 10 key changes which will be implemented under the New Law.

## 1. ABOLITION OF UNLIMITED CONTRACTS

Under Article 8 of the New Law, unlimited contracts are to be abolished and replaced with work contracts of a fixed term for a period of three years, which may be renewed on the same conditions with the consent of both parties for a similar period or less.

## 2. DEADLINE OF 1 FEBRUARY 2023 FOR THE DRAFTING OF NEW EMPLOYMENT CONTRACTS

All employers in the private sector shall be required to replace their current employment contracts with contracts which comply with the New Law. Employers have a maximum period of one Gregorian year from the date of the New Law's implementation in which to do this, i.e. 1 February 2023.

## 3. MINIMUM WAGE

Article 27 of the New Law will set a minimum wage, which is an unprecedented move for the UAE. The minimum salary amount shall be determined and announced by the UAE Cabinet following a proposal by the Minister of Human Resources and Emiratization, in collaboration with the relevant authorities.

## **4. EQUAL PAY FOR EQUAL WORK**

In addition to articles prohibiting discrimination based on race, sex, religion etc., the New Law explicitly affirms that all provisions regulating the employment of workers without discrimination shall apply to working women, with an emphasis on granting women the same wage as men if they perform the same work or other work of equal value.

## **5. NEW CATEGORIES OF LEAVE GRANTED TO EMPLOYEES**

Employees shall have the right to request additional types of leave under the New Law, including (i) bereavement leave of three days following the death of close family members, (ii) parental leave of five days, to be taken intermittently or consecutively within six months of the birth of a child and (iii) study leave of 10 days for an employee who has to take exams, provided that they complete two years of work with that employer. Mothers will also receive longer maternity leave, with 45 days of full pay and the next 15 days with half pay.

## **6. NEW MODELS OF WORK ANNOUNCED**

With a view to enhancing the flexibility and productivity of the labour market, the New Law provides new models of part-time work, temporary work and flexible work.

## **7. 'CONDENSED' WORKING WEEK**

The New Law also provides for the option of a shorter working week via a condensed working hours model. Article 65 of the current law stipulates normal working hours for the private sector are 8 hours per day or 48 hours per week. The New Law gives the option for employers to allow their employees to work for 40 hours in a week on a condensed model, i.e. a 4-day week consisting of 10 hours per day. This change is likely to have been made with the new 4 ½ day working week for public sector employees in mind.

## **8. NON-COMPETITION CLAUSE**

The New Law strengthens the non-compete protections afforded to an employer by introducing a statutory requirement for a Non-Compete Agreement to be executed between the employer and employee. This Agreement must stipulate its duration, geographical scope and the types of work it applies to.

## 9. 14-DAY NOTICE OF TERMINATION REQUIRED DURING A PROBATION PERIOD

Whilst an employer may dismiss an employee at any time during their probationary period, the New Law requires that employees must still serve 14 days' notice on their employer if they wish to do the same.

## 10. JUDICIAL FEES EXEMPTION

Under the New Law, employees or their heirs may file petitions, pursue litigation or enforcement orders against employers without incurring judicial fees at any stage of the process, provided that their claim does not exceed Dh100,000 in value.

The New Law also provides that the employer shall bear the fees and expenses of recruitment and employment and may not recover them directly or indirectly from the employee.

We await the official publication of the New Law and the accompanying Executive Regulations and will provide a further update on these changes in due course. At the time of going to press, the UAE Federal Government has also just announced a shift in the working week for public sector employees from Sunday/Thursday to Monday/Friday. We will publish a separate [bulletin] on this shortly. Should you have any questions regarding the New Law or shift in the UAE working week and what it could mean for you or your company, please contact your usual HSF contact for assistance

## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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