

COVID-19: PEOPLE: 10 KEY POINTS YOU SHOULD KNOW REGARDING EMPLOYEE PAY REDUCTIONS (UAE)

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Legal Briefings

The UAE Ministry of Human Resources and Emiratization (“**MOHRE**”) published Ministerial Resolution 279 of 2020 on 26 March 2020, (“**MR**”) to equip both businesses and their employees with guidance to better deal with the effects of the preventative and precautionary measures currently being taken by the UAE Government in response to COVID-19. Here, we outline 10 key points from the Circular that every employer should know.

10 KEY POINTS

1. The MR is effective immediately and until such time as the Government’s precautionary measures are removed.
2. The MR applies to private sector workers only.
3. The MR applies to non-national employees only (so not Emirati nationals - who enjoy enhanced protections under UAE legislation in any event).
4. Only employees under MOHRE’s remit are affected; the MR does not apply inside some freezones including the DIFC and ADGM.
5. Employers have the right to impose the following measures (albeit steps (iii) to (v) require employee consent):

- i. Working from home
 - ii. Leave with pay
 - iii. Unpaid Leave
 - iv. Temporary salary reduction
 - v. Permanent salary reduction
2. If the employer and employee agree a temporary reduction in salary, further steps are required to formalise the arrangement, including completing a MOHRE-approved form which records the temporary reduction and the applicable period.
 3. Where the employee agrees a permanent salary reduction, the employer must apply to MOHRE for the Labour Contract to be amended.
 4. There are material disincentives for employers to reduce headcount:
 - i. Employers will remain liable for housing costs and other entitlements (save basic salary) of any redundant workforce until the employee in question leaves the UAE or joins another employer (or until the Government's precautionary measures are removed).
 - ii. Employers will also need to register outgoing employees' details on MOHRE's jobseeker portal (the Virtual Labour Market).
2. Employers looking to hire foreign nationals must post the role on the Virtual Labour Market.
 3. Any foreign national can add their details to the Virtual Labour Market.

COMMENT

Whilst there is no concept of 'redundancy' under UAE Labour Law, it has been implicitly recognised in the MR. Although the MR does not expressly give an employer the right to dismiss employees by reason of redundancy, reliance on the MR will give employers an added argument to support such dismissals during the COVID-19 crisis. An obvious note of caution though; the MR will only be effective until such time as the UAE Government's measures are removed.

[More on COVID-19](#)

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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