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UAE: DUBAI'S INTERNATIONAL FINANCIAL CENTRE REVISES EMPLOYMENT LAW

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19 Jun 2019

Employers face tougher penalties for violating the Dubai International Financial Centre (DIFC)'s new employment law, which features statutory paternity leave and reduced statutory sick pay. Effective 28 Aug 2019, [Law No. 2 of 2019](#) applies to both full- and part-time employees, and some measures apply to secondees. The law aims to balance the interests of employers and employees and align the DIFC with international best practice, according to the DIFC. A separate DIFC initiative addresses changes to end-of-service gratuity payments.

The DIFC is a financial free zone established by a United Arab Emirates decree with authority to establish its own legal and regulatory framework — approximately 24,000 employees work in the DIFC.

HIGHLIGHTS

Key provisions of the law include the following:

- Fathers who have been employed for at least 12 months can take up to five days' paid paternity leave on the birth or adoption of a child under age 5. The leave must be taken within one month of the birth or adoption.
- Sick leave entitlement will be calculated over a 12-month period. The leave will be paid at 100% of the employee's daily wage for the first 10 days, then reduced to 50% for the next 20 days, and unpaid for the remaining 30 days.
- End-of-service gratuity payments and any other pay due to the employee must be paid within 14 days of the employee's termination date. Employers will have to pay a penalty for late payment of salary or gratuity payments in certain circumstances.
- The law features enhanced protection against discrimination, harassment and victimization. Age, pregnancy and maternity have been added to the list of prohibited grounds. Employees must bring claims for discrimination within six months of the alleged act or failure by the employer.

- Employers and employees can enter settlement agreements to terminate an employee's employment or resolve a dispute.
- Probationary periods capped at six months will be permitted, but they must be specified in the employees' contracts.
- Employees will have six months to bring claims for alleged violations, and the DIFC authority has authority to impose fines and penalties.

RELATED RESOURCES

Non-Mercer Resources

- [Law No. 2 of 2019](#) (DIFC, 30 May 2019)

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- [Dubai International Finance Centre Mulls End-of-Service Gratuity Payments](#) (28 May 2019)

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