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Dubai International Finance Centre expands employment protections

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Certain employee protections were expanded and existing provisions clarified under recent employment law changes in the United Arab Emirates' (UAE's) Dubai International Finance Centre (DIFC), effective 1 Oct 2021. The measures are included in DIFC Law No. 4 of 2021 and the Employment Regulations 2021. The DIFC is a special economic zone and independent jurisdiction under the UAE constitution.

Highlights

- Employers must establish a Qualifying Scheme defined contribution pension in the DIFC, along with a scheme trustee and administrator regulated by the Dubai Financial Services Authority. Employers are exempt from this requirement only in specific circumstances, and those not in compliance have a 12-month period to make the changes.

- Employers must provide employees working from home with health and safety information and training, and information about any dangers associated with their employment. However, employers are not required to inspect an employee's home.

- Short-term employees (where employment does not exceed 30 days, aggregated over a 12-month period) are now protected from discrimination and harassment.

- Seconded employees working for a DIFC company are protected from harassment and discrimination, and must comply with their employer's confidential information policy.

- Employees on fixed-term contracts of six months or fewer have a probation period that cannot exceed more than half their contractual term. The overall employment period for employees hired on successive fixed-term contracts is now aggregated to calculate any end-of-service gratuity or contribution to the DIFC Employee Workplace Savings Plan.

- Employees can now bring claims against their employer during their employment. The time period for determining compensation is capped at two years, with the exception of certain types of claims, for example, maternity and paternity pay, time-off for antenatal or adoption proceedings, end-of-service gratuity or Qualifying Scheme contributions.

- Employers and employees can agree to carry forward accrued leave periods exceeding five days, for up to 12 months. Employees on paternity leave will continue to accrue leave entitlement.
- The law includes the rules for calculating "core benefits," such as pension contributions to a Qualifying Scheme, and prohibits any arrangement or agreement with an employee that reduces their basic wage to make such payments appear discretionary.

Related resources

Non-Mercer resources

- DIFC Law No. 4 of 2021 (DIFC, 21 Sep 2021)
- Employment Regulations 2021 (DIFC, 21 Sep 2021)

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- UAE: Savings plan effective 1 February for DIFC employees (28 Jan 2020)

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