

# WAGES & PAYMENTS

## IN THE UAE

MINIMUM WAGES	OVERTIME CALCULATION
<p><b>NO NATIONAL MINIMUM WAGE</b></p> <ul style="list-style-type: none"><li>» 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. — <i>Article 63 of the Labour Law</i></li><li>» In order for Emirati nationals to count towards Emiratisation quotas, minimum monthly earning requirements commencing at Dh7500 apply depending on the nature and education requirements of the role.</li><li>» Some countries have established minimum wages for their nationals through bilateral agreements (see table below).</li></ul>	<ul style="list-style-type: none"><li>» 125% of ordinary hourly rate</li><li>» 150% if conducted between 9 pm - 4 am</li></ul> <p>Overtime may not exceed 2 hours except in rare circumstances.</p>
	WORKING HOURS
	<ul style="list-style-type: none"><li>» 8 hrs/day or 48 hrs/week.<sup>1</sup></li></ul>
	END OF SERVICE GRATUITY
	<ul style="list-style-type: none"><li>• Calculated on last basic salary received.</li><li>• 21 days salary for each year of work, if worked one full year to five years and 30 days for each year more than five years .<sup>2</sup></li><li>• Total gratuity cannot exceed more than two years wages.</li></ul>

COUNTRY	AGREEMENT DATE	MINIMUM WAGE
India	2018	DH950+ based on sector.
Sri Lanka	2018	DH825 for domestic workers. Others by sector.
Indonesia	2007	DH800 for domestic workers. Others by sector.
Nepal	2007	DH900 for domestic workers, upwards based on category of work.
Bangladesh	2018	DH750 for Domestic Workers. Others by sectors.

*Bilateral agreements and MoUs between the UAE and select countries of origin*

NOTE: [Tadbeer Centres](#) have set wages for domestic workers, which differ from the wages listed above.

## WAGE PROTECTION SYSTEM (WPS) COVERAGE

- » WPS is an electronic salary transfer system. The system facilitates the issuance of monthly records to MoHRE of salary payments by employers to their employees through the system. Non-payment or delay in payment by employers to their employees should be flagged by the system without a requirement for employees to register formal complaints with the MoHRE, but employees may still do so.
- » Applies to all workers under the jurisdiction of the MoHRE - currently excludes domestic workers and those working in Free Zones.<sup>3</sup>

**92.22% OF ALL WORKERS ARE COVERED BY WPS** — ACCORDING TO LATEST WORKER WELFARE REPORT

- » Companies with 100 employees or more that delay the payment of salaries for 10 days may face a warning notice, followed by suspension of the MoHRE services as of the 16th day of the payment due date. If the company continues to delay payment regardless of the warning, the MoHRE may take additional steps against the employer, including:
  - \* *Requesting judicial bodies to initiate punitive procedures against the parties causing the delay;*
  - \* *Suspending other companies registered with the MoHRE under the name of the owner of the violating firm;*

- \* *Suspending new establishments' registration under the name of the owner of the violating firm;*
- \* *Implementing administrative fines.*
- » Employers delaying payment by more than 10 days will be deemed to be "late" in paying salaries, and those who are late more than 30 days late will be deemed to be "refusing" payment.
- » The ban applied for "late" payment will be withdrawn by the MoHRE once the payment has been settled. The ban imposed for "refusing" payment will remain active for 2 months from the date of settling payment.<sup>4</sup>

## WAGE DEDUCTIONS

- » Any amount deducted as a fine or disciplinary measure must be clearly communicated to the employee. Wage deduction as a penalty cannot be applied without having been given formal notification of action to be taken.
- » "The fine prescribed with regards to one breach may not exceed the wage of five days. Furthermore, for the settlement of the fines imposed on the worker, a maximum amount equal to the wage of five days may be deducted from the wage of the worker per month." - Article 104 of the labour law.

## IN KIND CALCULATIONS + ENTITLEMENTS

- » The labour law does not prescribe how the employee's salary has to be broken down. However, if an employee's allowance exceeds 40-50% of their full remuneration, there is a risk that in the event of a dispute the court would take such balance into account and award end of service gratuity on full remuneration.
- » Establishments with more than 50 workers who earn less than DH2000 per month must provide accommodation. — Ministerial Resolution No. 591 of 2016

## ANNUAL LEAVE

- » 30 days of annual leave after a year of service. For the first year of service, the employee is entitled to two days for each month after completing six months in service. — Article 75 of the Labour Law
- » Workers shall be entitled to receive any sums for accrued annual leave days should he be dismissed or should he leave work after the duly determined notice period. — Article 79 of the Labour Law

## HEALTHCARE

- » **DUBAI:** All employers are responsible for the procurement of health insurance coverage for their employees.
- » **ABU DHABI:** Employers are responsible for the procurement of health insurance coverage for their employees and dependents (1 spouse and up to 3 children under 18).
- » Other emirates do not mandate employer-provided health insurance coverage.

<sup>1</sup> 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. Overtime does not apply to employees in managerial positions.

<sup>2</sup> In cases where an unlimited contract employee resigns, their gratuity will be calculated as: 1/3 of 21 days' basic salary as gratuity pay if served 1-3 years; (2/3) of 21 days' basic salary as gratuity pay if served 3-5 years; 21 days if served more than 5 years. Any employee working less than 1 year, whether resigned or terminated, is not entitled to gratuity pay.

<sup>3</sup> Companies who fail to pay their staff within 10 days of the salary due date, may receive a fine, and could also receive a block on the processing of visas for new members of staff if payments are further delayed. Companies must pay no less than 80% of the total registered salaries for all employees of the company otherwise the MoHRE will immediately block the company and may impose an immediate fine. In order to remove a block, the company must ensure they make the payment again through WPS for all staff. The company may have to present themselves at the MoHRE with proof that staff have been paid and assurances that ongoing payments will be made through WPS.

<sup>4</sup> As of 2016 [source]