



COUNTRY GUIDE: UAE

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<https://zapeo.net/uae/>

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ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record (EOR) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



WORK PERMITS AND VISAS



In the UAE, an employment entrance visa is also known as a pink visa. The employer must apply for visa quota approval on behalf of the employee to begin the process of acquiring this permission. This authorization will be sought from the Ministry of Labor (MOL).

Following that, the employer will file an employment contract with the MOL. This contract must be signed by the prospective employee.

Before awarding an employment entrance visa, the Ministry must approve the work permit application. After receiving clearance and obtaining a visa, the employee will have two months to visit the UAE.

When an employee enters the UAE on a pink visa, he or she has 60 days to secure a resident visa and a formal work permit. Work permits in the UAE must be sponsored by an entity that is locally licensed and established in the UAE, which is one of the distinctive concerns. This criterion may make the procedure more difficult for organizations in the early phases of worldwide expansion.

Some employees may prefer to bring family members to the UAE with them. After receiving their own resident visa, employees can sponsor family members' visas.

EMPLOYMENT CONTRACTS



Probation period

In the UAE, the probation term for new employees is commonly set at three to six months. Any probation period extension that exceeds six months is illegal.

Notice period

Either party to an employment contract may terminate it for good reason by providing the other party written notice. The worker must complete his obligations throughout the notice time specified in the contract, which must be at least 30 days and no more than 90 days.

Minimum wage

There is no required minimum wage for expatriates.

The minimum wage for UAE nationals is determined by their degree of education:

- 3,000 AED - no high school diploma
- 4,000 AED - high school diploma
- 5,000 AED - college degree or higher

Working hours and overtime

The standard work week is 48 hours. The working day may be shortened during Ramadan, and Free Zones may have varied working hours. When overtime is worked, there are two rates of overtime pay. Overtime is computed at 125% of the usual wage rate for night-time overtime between the hours of 9 p.m. and 4 a.m., and 150% for all other times. Employees who work on Fridays are entitled to an additional paid day off and overtime compensation at the rate of 150% of their usual wage.

Termination

Severance pay is mandated in the UAE if applicable and is defined by length of employment and must be paid within 14 days of termination.

1-5 years of service – the employee is entitled to 21 days of pay for each year of service and 30 days of pay for each consecutive year beyond 5 years of service.

If the basis for termination is not recognized by UAE law, the employee may be entitled to three months' salary in addition.

EMPLOYMENT CONTRACTS



Severance

Workers are often eligible for severance compensation of 25 to 40% of their average salaries over the previous 12 months for each year of service. The proportion is determined by the duration of service and the terms of the collective bargaining agreement.

Non-compete clause

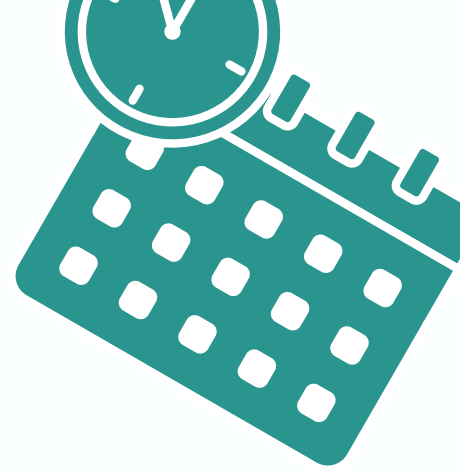
According to the new law, if the employer wants to preserve its economic interests, it must enter into a Non-Compete Agreement with the employee.

- An agreed-upon period of time, not to exceed two years, during which the employee shall not work for a prospective employer that competes with the former employer;
- The geography within which the employee shall be restricted from taking up employment; and
- The types of work which the employee shall not be permitted to undertake for the agreed-upon period of time in order to protect the former employee's business interests.

Collective bargaining

The right of workers to organize and create trade unions is not recognized by the Labor Law.

PAID TIME OFF



Annual Vacation

Paid leave in the UAE is defined in the employment contract as a minimum of 30 days paid leave each year after completing one year of service. This time off is in addition to any paid holidays.

Sick

Employees who have completed three months of work are eligible for paid sick leave up to a maximum of 90 days per year and must present a medical certificate within 48 hours of the first day of illness.

Maternity

The employee is permitted to take maternity leave both before and beyond the due date. Employees may also take up to 45 days of unpaid absence (consecutive or intermittent) owing to a medical condition connected to pregnancy or delivery if a professional medical certificate is provided.

Paternity

N/A

Family

In the UAE, there is no additional parental leave. Both parents are entitled to 5 days of paid leave for private-sector employees. Employees are permitted to take leave until the kid reaches the age of six months.

National Holidays

There are seven holidays in all, totaling 14 days.

Other Paid Time Off

Compassionate leave - 5 days (death of spouse), 3 days (death of family member)

Take a Study Break - 10 days after 2 years of employment

EMPLOYEE BENEFITS



Statutory

Unemployment

Employees in federal government and public sector contributes AED 5-10 depending on salary.

Workers compensation

Covered by Employer.

Social Security

Only applicable to nationals not expats. Employee 5% and employer 12.5% of monthly earnings.

Retirement

Covered by Social Security.

Health

Employers are mandated to provide medical insurance to their employees and up to 3 children and their spouse.

Private

Workers compensation

Private workers compensation available.

Retirement

Private retirement schemes available.

Health

Private health insurance available.

Life

Private life Insurance available.

TAX



Personal Income Tax (PIT)

- **Tax year** : In the United Arab Emirates, there is no personal income tax.
- **Tax rate** : In the United Arab Emirates, there is no personal income tax.
- **Tax method** : In the United Arab Emirates, there is no personal income tax.
- **Tax residency requirements** : In the United Arab Emirates, there is no personal income tax.
- **Double taxation agreements (DTA's)** : The UAE has a robust network of tax treaties, with over 115 now signed and in force, and many more in the works. The validity of the respective tax treaties in the counter jurisdiction, however, depends on the interpretation of the respective tax authorities if they consider the UAE to be a no-tax or low-tax country.

Investment Income Tax

N/A

Taxable Income

N/A

PAYROLL



Payroll Elements

- **Income:** Salary, earnings, bonuses, overtime pay, benefits, allowances, and certain lump sum perks are examples of remuneration.
- **Deductions:** Income tax as well as Social Security Contributions.
- **Benefits in Kind:** Some companies may provide benefits in kind.
- **Employer contributions:** Social security, Health Insurance.

Payroll Taxes

Local employees must contribute 5% of their wages or salaries to pension social security, while employers must contribute 12.5%. Employees in the UAE must be paid within two weeks after the conclusion of the pay month.

Payroll Calendar

In the UAE, the payroll cycle is normally monthly, with payment given on the final working day.

LEGISLATION AND STATUTORY BODIES



LEGISLATION

- UAE Labor Law

STATUTORY BODIES

- Social Security Fund
- Tax Authority



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