

1. Government requirements

Registration requirements

The **General Pension and Social Security Authority (GPSSA)** handles social security insurance for all the emirates excluding Abu Dhabi. Only UAE nationals, who hold a family book, or Gulf Cooperation Council (GCC) national employees, are entitled to be enrolled in the GPSSA pension scheme. UAE nationals who are not eligible for registration with the GPSSA and expatriates in the UAE are entitled to receive an end of service gratuity payment in accordance with the UAE Labor Law. Employers and GCC employees must make monthly contributions to the pension scheme. The contributions are calculated as a percentage of the salary and are mandated by each GCC country.

The **Abu Dhabi Retirement Pension and Benefits Fund (ADRPBF)** manages the social security contributions for UAE nationals in the emirate of Abu Dhabi. Similar considerations and obligations outlined above apply in Abu Dhabi.

Ongoing compliance requirements

Pension payment to the insured

In respect of government employment, an eligible UAE national employee is required to contribute 5% of their monthly salary and the government employer is required to contribute 15%. In respect of private sector employment, employers would pay 12.5% with an additional 2.5% being contributed by the government. The monthly minimum salary subject to social security contributions is AED1,000 and maximum of AED50,000 for GPSSA while ADRPBF contributions at AED3,000.00 and AED60,000.00 respectively. ADRPBF does not manage Social Security Insurance (SSI) and pension on behalf of GCC Nationals and this responsibility still lies with GPSSA. Where pension contributions are paid late, the GPSSA may impose relevant fines as applicable for each day the contributions are overdue.

2. Pension requirements

Pension contributions are due only in respect of nationals of the GCC countries. Registration and ongoing compliance requirements are as

3. Employment obligations

General employer obligations

As part of the immigration process for foreigners, new employees must be given a Ministry of Human Resources and Emiratization (MOHRE) formatted job offer. The aim of the job offer is to ensure that foreign workers are fully aware of their rights, responsibilities and remuneration before coming to the UAE to complete the remainder of the immigration process. The ultimate employment contract has the same conditions as the job offer and the two are linked in the ministry system. The Official Federal Labor Contract is written in both Arabic and English and should state details such as the start date, location, type of employment, duration, salary and terms and conditions. This must be printed in two copies; one should be with the employer and the other with the employee. The electronic copy should be with the Labor Ministry. It has no legal effect unless submitted to the Ministry of Labor. There are two types of contracts – Limited and Unlimited.

Limited and Unlimited Contracts

The difference between Limited and Unlimited Contract is that Unlimited or Indefinite Contract is a renewable contract. The contract can be renewed upon expiration.

A Limited Contract on the other hand, only specifies a definite term or period of employment. Renewal of the contract upon expiration is not guaranteed.

Leave entitlements

A working woman is entitled to a maternity leave of

45 days including the time before and after delivery. If the woman has completed one year of continuous employment for the same employer, she is entitled to full pay during maternity leave; otherwise, she is entitled to half pay.

Annual leave

For every year of service, an employee is entitled to annual leave of not less than the following:

1. Two days of leave for every month if his or her service is more than six months and less than one year
2. A minimum of 30 days annually, if his or her service exceeds one year

Annual leave is usually calculated on the basis of a calendar month rather than by working days.

Sick leave

The employee must report to the employer any injuries or illnesses preventing him or her from working within a maximum period of two days. After a period of three months of continuous service following the probation

period, the employee is entitled to sick leave (continuous or intermittent) wages as follows:

1. Full wage for the first 15 days
2. Half wage for the next 30 days
3. Any following period will be without wage

4. Payroll requirements

Payroll requirements are governed by the UAE Labor Law. There is no specific guidance for payslips, however, in general practice, payslips are released to employees monthly.

Gratuity pays

The end of service gratuity is calculated on basis of the last wage which the employee was entitled to, namely the basic salary. Hence, it will not include allowances such as housing, conveyance, utilities, furniture, etc.

Under Limited Contract

In the event where the employer terminates a Limited Contract, the calculation will be as follows:

- If an employee has served for less than one year, he is not entitled to any gratuity pay.
- If an employee has served more than one year but less than 5 years, he is entitled to full gratuity pay based on 21 days' salary for each year of work.
- If an employee has served more than 5 years, he is entitled to full gratuity pay based on 30 days' salary for each year of work.

Under Unlimited Contract

In the event where the employer terminates an Unlimited Contract, the calculation will be as follows:

- If an employee has served for less than one year, he is not entitled to any gratuity pay.

- If an employee has served more than 1 year but less than 5 years, he is entitled to 21 calendar days' basic salary for each year of the first five years of work.
- If an employee has served more than 5 years, he is entitled to 30 calendar days' basic salary for each additional year, provided the entire compensation does not exceed two years' pay.

In the event where the employee under an unlimited contract resigns, calculation will be as follows:

- If an employee resigns before completing one year of service, he is not entitled to any gratuity pay.
- If an employee has served between 1 and 3 years, he is entitled to one-third of 21 days' basic salary as gratuity pay for each year of work.
- If an employee has served between 3 and 5 years, he is entitled to two-thirds of 21 days' basic salary as gratuity pay for each year of work.
- If an employee has served more than 5 years, he is entitled to full 21 days' basic salary as gratuity pay for the first 5 years of work and 30 days' salary for each subsequent year of work.

Employee Workplace Savings Plan

Effective February 2020, Dubai International Financial Center (DIFC) in UAE has introduced a progressive end of service benefit plan that offers employees a voluntary savings option – DIFC Employee Workplace Savings Plan (DEWS).

According to the scheme, for employees with a period of up to five years' service, the employer will contribute a minimum 5.83% of basic salary as the monthly contribution.

For employees with a period in excess of five years' service, the contribution will be 8.33% of basic salary. All contributions should be made in USD.

5. Banking requirements related to payroll

WPS is only applicable to mainland entities registered within MOHRE in UAE. This does not apply to Free zones, except for Jebel Ali Free Zone in Dubai. The employer will have to transfer salary payments via WPS within two weeks of their due date, or on the dates specified in the work contract if such salary or wages are paid more frequently than monthly. It is mandatory to have a local bank account and a salary transfer in UAE dirham.