



## FACT SHEET: GUIDANCE FOR UAE EMPLOYERS NAVIGATING WORKFORCE ISSUES DURING THE COVID-19 PANDEMIC

Last updated: 03/31/20

Question	Quick Answer	Details
1. Is there a fixed compensation as per law to pay for those we want to withdraw the offer from?	No – assuming that the offer is withdrawn before it is accepted by the prospective employee, there will be no contract of employment.	Federal Law 8 of 1980 (“ <b>UAE Labour Law</b> ”) governs the obligations of an employer to an employee that he has validly concluded a contract of employment with. To the extent that an employer has withdrawn an offer before it has been accepted, there would be no valid contract of employment and therefore no obligations on the employer to pay compensation.
2. We have some staff in another country waiting to fly in before this started. Are we able to employ remotely for exceptional roles?	No – the UAE currently suspended the issuance of work visas.	As the UAE has currently stopped issuing work visas, it will not be possible for the relevant employees to satisfy the required steps to become employees in the UAE.
3. So until further notice we cannot complete the process of employing someone who signed an employment contract with us who is currently overseas, like Saudi?	Yes – the UAE currently suspended the issuance of work visas.	As the UAE has currently stopped issuing work visas, it will not be possible for the relevant employees to satisfy the required steps to become employees in the UAE.

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<p>4. As you mentioned we can't reduce the compensation of employee if it is in his labor contract what if we need to change an internal policy which might impact the benefits of employees and reduce the total package how would this be treated</p>	<p>Yes – provided that the compensation is not reduced below what is provided for the employment contract.</p>	<p>UAE Labour Law requires the employer to provide the remuneration that is required pursuant to the terms of the relevant employment contract. To the extent that the change of the policy does not result in the employer breaching its obligations under the employment contract, this should be acceptable.</p>
<p>5. Can you please clarify how companies can manage temporary lack of work; i.e. if employees are not fully loaded, can we reduce hours of work and consequently reduce base pay?</p>	<p>The default position is that employees will be entitled to receive the benefits that are included in their employment contract, unless the employee agrees otherwise.</p>	<p>The default position is that the employee will be entitled to receive what is included in their employment contract, therefore if base pay does not provide for a mechanism to reduce pay based on hours worked this would not be permissible.</p> <p>However, it should be noted Ministerial Resolution 279 of 2020 (the “<b>Covid-19 Resolution</b>”) allows employers impacted by the Covid-19 outbreak and the measures implemented by the government to curb the spread of the Covid-19 virus to temporarily or permanently reduce salaries of Non-UAE Nationals, as detailed below.</p> <p><b>Temporary Salary Reduction (Non-UAE National):</b></p> <p>Employer and employee may enter into a temporary supplement that reduces the relevant salary of the employee, provided that such supplement would expire when the measures implemented to curb the spread of the Covid-19 virus are lifted.</p> <p><b>Permanent Salary Reduction (Non-UAE National):</b></p> <p>Employer may apply for the employment contract details amendment service to obtain MoHRE’s approval to reduce permanently reduce the salary of the relevant employee and to enter into a new Employment Contract to be agreed by employer and employee.</p>

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6. What if we want to reduce the total package of employee by certain percentage and give an additional day off as weekend?	The default position is that employees will be entitled to receive the benefits that are included in their employment contract.	<p>The default position is that the employee will be entitled to receive what is included in their employment contract, therefore if the employment contract does not allow the employer to reduce the pay that it is currently providing and provide an additional day in lieu, the employer making a unilateral change would not be permissible.</p> <p>As stated above in question 5, the Covid-19 Resolution allows employers impacted by the Covid-19 outbreak (and the measures implemented by the government) to execute a temporary supplement, provided that the relevant employee agrees to such supplement.</p>
7. Given that government announced working from home can we hold on paying employee transportation allowance even it is there in their employment contract?	The default position is that employees will be entitled to receive the benefits that are included in their employment contract.	<p>If the relevant transportation allowance is included in the employment contract, the employee will be entitled to receive them. To the extent that the travel allowance is provided by policy, but not included in the relevant employment contract, they may be reduced.</p> <p>Employer's should note that they may enter into a voluntary agreement with their employees to suspend the obligation of the employer to pay the transport allowance, while the relevant Covid-19 related measures are in place.</p>
8. Can a person start working for a new employer of they already resigned but now cannot cancel their visa due to the current situation?	No – if the person is still employed by one employer, it is not permissible to work for a different employer.	<p>We assume that in the given scenario, an employee has resigned, but is currently working out the required notice period under an employment contract, for which their employer has agreed to maintain their visa status.</p> <p>Assuming that this is the case, the employee will still owe duties to its employer and cannot work for another employer, without the agreement of their current employer without exposing themselves to the possibility of a claim from the current employer.</p>

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<p>9. Do we have a legal right to take certain action if an employee has failed to comply with the government directive on self-isolation? in my view this is serious but some staff have not yet obtained work permit and visa (delay linked to them). Risk?</p>	<p>This will depend on the specific circumstances.</p>	<p>An employer does not have a right to take legal actions against employees specifically for such failure to comply with the relevant government directive, as enforcement of those directives are the prerogative of the government.</p> <p>The employer should note that Article 120 of the Labour Law allows an employer to dismiss an employee for not fulfilling their basic duties under their employment contract despite being warned.</p> <p>To the extent that the actions of the relevant employee in failing to comply with the government directives means that they do not comply with their basic duties under their employment contract, they may also be dismissed by the employer.</p>
<p>10. The MoHRE issued amendments to the employment laws yesterday. Do these changes make it more difficult to make redundancies? Are employers required to still make all other payments (such as HRA and other allowances) except basic salary?</p>	<p>We believe you are referring to Ministerial Resolutions Nos 279 – 281 of 2020, which were issued between the 26 March and 29 March 2020. These Ministerial Resolutions do not make it more difficult to make redundancies.</p>	<p>Please see a summary of the relevant Ministerial Resolutions below:</p> <ul style="list-style-type: none"> <li>• The Covid-19 Resolution, allows employers that are affected by the precautionary measures introduced by the government to take certain action to support business continuity, such as implementing remote working and temporarily or permanently reducing salaries.</li> <li>• Ministerial Resolution 280 of 2020 relates to the establishment of a committee that has certain functions, including the development of certain support packages to ensure that citizens remain in the labor market.</li> <li>• Ministerial Resolution 281 requires private sector establishments to reduce worker attendance to the minimum level required for the conduct of work, provided that the number of workers whose work requires their attendance in the workplaces does not exceed 30% of the total workforce at each establishment.</li> </ul> <p>The relevant Ministerial Resolutions do not make it more difficult to make redundancies.</p>

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11. One query we have had is if employers reduce salaries and either party terminates the contract at a later point, does this mean any ESOB owed will be calculated on reduced rate rather than the original salary?	The end of service gratuity is typically calculated on the basis of the final salary of the individual.	The end of service gratuity payable under Article 132 of the Labour Law is calculated on the basis of the individual's final salary.  Therefore, assuming that the relevant employees agrees to a permanent reduction in salary, the relevant end of service gratuity will be calculated on the basis of the reduced salary.
12. How about benefits, can you reduce benefits?	No - the default position is that employees will be entitled to receive the benefits that are included in their employment contract.	If the relevant benefits are included in the employment contract, the employee will be entitled to receive them. To the extent that the benefits are provided by policy, but not included in the relevant employment contract, they may be reduced.
13. Salary means basic salary or including other benefits?	Salary is the amount specified in the relevant employment contract.	
14. How about benefits in contract but not necessarily mandate by law?	The default position is that employees will be entitled to receive the benefits that are included in their employment contract.	If the relevant benefits are included in the employment contract, the employee will be entitled to receive them. To the extent that the benefits are provided by policy, but not included in the relevant employment contract, they may be reduced.
15. How about reducing transportation allowance, given that they are not commuting due to work from home?	The default position is that employees will be entitled to receive the benefits that are included in their employment contract.	If the relevant transportation allowance is included in the employment contract, the employee will be entitled to receive them. To the extent that the travel allowance is provided by policy, but not included in the relevant employment contract, they may be reduced.  Employer's should note that they may enter into a voluntary agreement with their employees to suspend the obligation of the employer to pay the transport allowance, while the relevant Covid-19 related measures are in place.

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16. What happens if employees do not consent to salary reduction or unpaid leave?	The employer may be able to terminate the relevant employment contract by providing the relevant notice required.	<p>As mentioned above, the Covid-19 Resolution requires the consent of the relevant employee to enter into a supplement to temporarily reduce the salary of the relevant employee. To the extent that such consent is not forthcoming, the relevant supplement cannot be executed.</p> <p>In such a case, it is open to the employer to terminate the employment contract in accordance with Part VII Chapter I of the Labour Law by providing the requisite amount of notice and paying the relevant entitlements to the employee in question.</p>
17. Where staff have travelled outside of the country, despite being asked not to, are employers legally able to reduce their pay for self-isolation? On the basis of staff being warned of this beforehand?	An employer can reduce an employee's pay temporarily and permanently, with the consent of the relevant employee, not simply because the relevant employee travelled.	<p>The Covid Resolution allows employers to temporarily and permanently reduce their employee salaries, as follows:</p> <p><b>Temporary Salary Reduction (Non-UAE National):</b></p> <p>Employer and employee may enter into a temporary supplement that reduces the relevant salary of the employee, provided that such supplement would expire when the measures implemented to curb the spread of the Covid-19 virus are lifted.</p> <p><b>Permanent Salary Reduction (Non-UAE National):</b></p> <p>Employer may apply for the employment contract details amendment service to obtain MoHRE's approval to reduce permanently reduce the salary of the relevant employee and enter into a new Employment Contract to be agreed by employer and employee.</p> <p>As this is the case, the employer may not unilaterally reduce pay for self-isolation. However, in accordance with Article 76, the employer may determine the date of commencement of the employee's annual leave and require them to take the time for self-isolation as annual leave.</p>

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18. Where are forced leaves - both paid and unpaid distinguished in the law? Does one of them require employee's consent and the other does not?	Paid leaves can be agreed with the employee however unpaid leaves in the UAE is unlawful.	<p>Paid leave and annual leave can be agreed between the employer and employee.</p> <p>Following the publication of Ministerial Decision No. (281) of 2020, employers may also arrange for their employees to work remotely, provided they have made available to the employee the necessary tools to carry out their tasks.</p> <p>It is not otherwise lawful for employers in the UAE to put employees on unpaid leave or suspend their employment. Any such event would be viewed as an unlawful failure to pay employees' wages in accordance with the UAE Labour Law. Employers would need to reach a fresh agreement with employees for them to take unpaid leave.</p>
19. Is there a cap on how much we can reduce someone's basic salary?	Provided that the employer and employee agree pursuant to Covid-19 Resolution, there is no cap on the reduction of salary that can be agreed.	There is no minimum salary stipulated in the UAE Labour Law, however salaries must cover the basic needs of the employee. Article 63 of the Labour Law provides guidance on how an employee's minimum wage and cost of living is determined. Therefore, provided that Article 63 of the Labour is satisfied and the employee agrees to amend their contract, there is no strict numerical limit that the reduction must comply with.

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<p>20. What do with regards to cutting salaries if the business is struggling?</p> <ul style="list-style-type: none"> <li>- I'm aware that cutting someone's salary should be on the basis of performance level, however what does it mean for times of business struggle?</li> <li>- Also, how would that be communicated to employees</li> </ul>	<p>Employers can temporarily and permanently reduce employee salaries if agreed by the relevant employee.</p>	<p>Pursuant to article 60 of UAE Labour Law an employee's salary may be reduced in circumstances where both parties agree to the reduction and a new employment contract has been entered into.</p> <p>Furthermore, the Covid-19 Resolution allows employers that are affected by the measures implemented to curb the spread of Covid-19 to temporarily and permanently reduce their employee salaries, as follows:</p> <p><b>Temporary Salary Reduction (Non-UAE National):</b></p> <p>Employer and employee may enter into a temporary supplement that reduces the relevant salary of the employee, provided that such supplement would expire when the measures implemented to curb the spread of the Covid-19 virus are lifted.</p> <p><b>Permanent Salary Reduction (Non-UAE National):</b></p> <p>Employer may apply for the employment contract details amendment service to obtain MoHRE's approval to reduce permanently reduce the salary of the relevant employee and enter into a new Employment Contract to be agreed by employer and employee.</p>

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