



Employment Benefits

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Overview

Employment benefits in the United Arab Emirates (UAE) continue to be among the most closely scrutinised and frequently misunderstood aspects of labour law. While the legal framework provides clear-cut statutory entitlements, uncertainty often surrounds how these rights are interpreted, enforced, and applied in real workplace settings.

This Practice Note cuts through the legal complexity, offering a practical roadmap to the core employment benefits available to private sector employees. It also sets out the parallel obligations employers must meet under UAE law. Designed for legal professionals, human resource (HR) teams, and business owners alike, this Practice Note demystifies the UAE's employment benefits regime and helps ensure compliance in day-to-day practice.

Definitions

- *ADGM*: Abu Dhabi Global Market.
- *DIFC*: Dubai International Financial Centre.
- *Free zone*: One of the designated free zone areas outside the UAE onshore jurisdiction.
- *MOHRE*: Ministry of Human Resources and Emiratisation.
- *UAE*: United Arab Emirates.

Practical Guidance

Applicable law

The legal framework governing employment benefits in the UAE is set out in Federal Decree-Law No. 33/2021 On Regulation of Labour Relations, along with Cabinet Decision No. 1/2022 On the Implementing Regulation of Federal Decree-Law No. 33/2021 Regarding the Regulation of Employment Relationships. These laws apply across UAE mainland and all free zones, except the Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM) which have their own separate employment regimes.

Together, Federal Decree-Law No. 33/2021 and Cabinet Decision No. 1/2022 establish the minimum statutory entitlements and benefits that private sector employees are entitled to under the UAE law.

Key employment documents

To engage employees in the UAE the documents discussed below are required.

Onshore jurisdiction

- **Ministry of Human Resources and Emiratisation (MOHRE) employment contract:** Includes basic terms of the employment arrangement, such as job title, remuneration, and notice period. This contract is in a standard bilingual form (English and Arabic) and is mandatory for all employees. It is not possible to make substantive amendments to the content of this standard form.
- **Supplementary employment contract:** Since the MOHRE employment contract cannot be substantively amended, employers often use a more detailed internal or supplementary employment contract. This document outlines the specific terms, conditions, and applicable policies under which the employees will be engaged. It should specify any additional benefits the employees may be entitled to under company policy and includes key business protection provisions such as intellectual property rights, data protection and privacy obligations, anti-bribery and corruption clauses, or restrictive post-termination covenants etc.

Free zones other than the DIFC or ADGM

- **Free zone employment contract:** Many free zones in the UAE provide a standard employment contract that outlines the basic terms of employment. Limited amendments to this contract are generally permitted, provided they comply with the regulatory framework under Federal Decree-Law No. 33/2021.
- **Supplementary employment contract:** In addition, employers may choose to execute a supplementary employment contract, which is more detailed than the standard free zone employment contract. This supplementary agreement sets out the specific terms, conditions, and applicable policies governing the employee's engagement.

Visa sponsorship and immigration requirements

The first and most essential requirement for an expatriate employee to legally work and reside in the UAE is a residence and employment visa sponsored by a UAE-based company that is duly licensed and approved by the relevant authorities.

Application for new visa

The process for obtaining an employment visa in the UAE depends on the location of the employer (mainland or free zone) and the employee's existing visa sponsorship arrangements. Generally, the process involves submitting the required documents,

including a copy of the employee's passport and paying the applicable fees to the MOHRE for mainland entities or to the relevant free zone authority for free zone entities.

Medical checkup

Once the initial employment visa application is submitted and approved, the employee is required to undergo a mandatory medical fitness test at a government-approved medical center in the UAE. A medical certificate confirming that the employee is "fit" is a prerequisite for proceeding with the remaining steps of the visa process. Following a successful medical test, the employee can apply for an emirates identity document (ID) and proceed with residence visa stamping.

Flexibility to work

Federal Decree-Law No. 33/2021 introduces a range of work permit in the UAE, empowering employees to choose work arrangements that align with their personal and professional needs. This enhanced flexibility is particularly valuable for individuals looking to reduce their working hours, take on multiple roles, or pursue non-traditional employment models.

In addition, article 22 of Federal Decree-Law No. 33/2021 allows employees to receive their salary in a currency other than UAE Dirhams, as long as this has been mutually agreed upon by both the employer and employee and is expressly stated in the employment contract.

Federal Decree-Law No. 33/2021 recognises several permitted work models, giving employees and employers the flexibility to tailor working arrangements to operational and personal needs. These include:

- Full-time work: Traditional employment with a single employer on a full-time basis.
- Part-time work: Employment with one or more employers, based on a set number of hours or days.
- Temporary work: Engagement for a specific duration or to complete a defined task, with the employment ending upon its completion.
- Flexible working: A variable schedule where working hours or days may shift according to workflow, operational demands, and the nature of the role. This model allows employees to adapt their working pattern to business requirements.

Fixed-term contracts

Under article 8 of Federal Decree-Law No. 33/2021, employees must be hired on fixed-term employment contracts for a clearly specified duration, as set out in the employment contract.

In practice, many employers align the contract term with the validity period of the employee's work visa. This approach helps ensure consistency in operational planning and supports compliance with immigration and labour regulations.

Language requirements

In the UAE, employment contracts must be executed in Arabic. Where the employee does not speak Arabic, the contract must also be provided in a language understood by the employee.

It is generally acceptable and common practice for employment documentation to be drafted in both Arabic and English, with the Arabic version prevailing in the event of a conflict between the two texts.

Probation

Subject to the discretion of the employer, an employee may be required to complete a probation period at the beginning of their employment. As per Federal Decree-Law No. 33/2021, the said probation period can vary from zero months (i.e., no probation) to a maximum of six months. Employers are not permitted to extend the probation period beyond six months or place the same employee on probation more than once.

During probation, an employee is not entitled to take leave under Federal Decree-Law No. 33/2021, however, the employer may, at their discretion, permit such leave on a case-to-case basis. Employees do accrue annual leave during the probation period at the rate of two days per month but are generally permitted to utilise such accrued leave only after the successful completion of the probation period, subject to the employer's internal policies.

Working hours

Federal Decree-Law No. 33/2021 does not expressly prescribe a specific working week or designated rest day for private sector employees. However, in practice, the standard working week in the UAE private sector is typically Monday to Friday, from 9:00am to 6:00pm, which includes eight working hours per day with a one hour break.

Employees must be granted a paid weekly rest day of not less than one day, and no employee may work more than five consecutive hours without a rest period.

During the holy month of Ramadan, regular working hours are reduced by two hours per day.

Under Federal Decree-Law No. 33/2021, employees may work a maximum of 48 hours per week, or 144 hours over a rolling three week period, unless otherwise permitted under specific exemptions.

Overtime

Generally, overtime must not exceed two hours per day, except in cases where it is necessary to prevent substantial loss, a serious accident, or to eliminate or alleviate its effects, as stipulated in article 15 of Cabinet Decision No. 1/2022.

Overtime pay is calculated at 125% of an employee's normal remuneration for the hours worked beyond regular working hours. If the overtime occurs between 10:00pm and 4:00am, the overtime pay rate increases to 150%, in accordance with article 19 of Federal Decree-Law No. 33/2021.

Annual leave

Under article 29 of Federal Decree-Law No. 33/2021, for each year of service, UAE employees are entitled to paid leave of not less than:

- Two calendar days paid leave per month, for an employee who has more than six months' service but no more than one year of service.
- 30 calendar days of paid leave per year, for an employee with more than one year of service.

This paid leave is in addition to the national holidays announced by the UAE Cabinet. If a public holiday falls on a weekend, employers are not obliged to provide an additional day off to compensate. However, if the employee is required to work during any of the official holidays, the employer will compensate them with another day of rest, in exchange for every day of holiday, or he will be paid the remuneration of that day according to the remuneration prescribed for normal working days, plus an increase of not less than 50% percent of the basic salary for that day.

For part-time employees, annual leave is calculated proportionally based on actual hours worked. The duration of annual leave is determined by converting total working hours into working days, divided by the number of working days in the year, and multiplying by the legally prescribed leave. Every such employee is entitled to a minimum of five working days per year, with any fraction of a day counted as a full day.

Sick leave

Article 31 of Federal Decree-Law No. 33/2021 entitles employees in the UAE to sick leave with the following pay structure:

- the first 15 days at full pay;
- the next 30 days at half pay; and
- the remaining 45 days unpaid, within a 12-month period.

Probationary employees are generally not entitled to paid sick leave unless the employer allows it. Employers are required to obtain a sick leave certificate approved by the relevant health authority depending on the emirate (i.e., the Dubai Health Authority (DHA) in Dubai or the Department of Health (DOH) in Abu Dhabi).

These certificates must be issued electronically by licensed healthcare facilities and comply with the respective authority's regulations to validate the employee's entitlement to sick leave.

Maternity leave

Article 30 of Federal Decree-Law No. 33/2021 entitles female employees to maternity leave consisting of 45 calendar days at full pay, followed by 15 calendar days at half pay. Additionally, employees may combine other leave entitlements, such as parental leave or annual leave, with their maternity leave as necessary. Maternity leave can be taken starting from the beginning of the last month of pregnancy when the employee is due to deliver.

Other leave

Compassionate leave

Employees are entitled to five days of paid bereavement leave for the death of a spouse and three days for the death of a parent, child, sibling, grandchild or grandparent, commencing from the date of death.

Parental leave

Employees (mothers or fathers) are entitled to five days of paid parental leave to be taken within the six months following the birth of their child. This leave is in addition to a female employee's entitlement to maternity leave and has no service requirement.

Disability leave

Female employees who have given birth to children with disabilities may be entitled to an additional 30 days fully paid leave, beyond the standard maternity leave period, which can be further extended by up to 30 days on an unpaid basis.

Sabbatical

A national worker will be entitled to a sabbatical leave to perform national and reserve service, in accordance with the applicable UAE laws and regulations.

Study leave

Employees with more than two years of service may be eligible for up to 10 working days per year as study leave if they wish to sit for exams, provided they have obtained admission from one of the institutes or colleges accredited in the UAE. The

admission documentation must specify the type of study, area of specialisation and duration of the program. Employers may request supporting evidence, including official examination schedules. Federal Decree-Law No. 33/2021 is silent as to whether this will be paid or unpaid leave, leaving it to employer discretion.

Other benefits

Health insurance

Employers are required to put in place health cover for their staff that meets the minimum standards set by the relevant emirate. In Dubai, this is governed by Dubai Law No. 11/2013 On Health Insurance in the Emirate of Dubai, while in Abu Dhabi, this falls under Abu Dhabi Law No. 23/2005 On the Health Insurance Scheme in the Emirate of Abu Dhabi Amended by Abu Dhabi Law No. 22/2018. The cost of the cover cannot be passed on to an employee.

The key difference between the two laws is that Abu Dhabi Law No. 23/2005 also requires employers to provide insurance coverage for an employees' spouse and dependents where they are under the employee's sponsorship.

In Dubai, the Dubai Health Authority (DHA) mandates that employers continue to provide health insurance coverage for employees for 30 days following the cancellation of their visa. This requirement applies to all employees under group health insurance policies. The coverage during this period must, at a minimum, include emergency medical expenses. This provides protection to the employee during the transition phase, whether they are planning to leave the country or move to a different employer.

Relocation and repatriation

The employer is responsible for all costs associated with recruiting and repatriating an employee. This includes expenses such as obtaining the employee's residency visa, labour card, and any flight tickets upon the termination of employment. None of these costs, including any kind of training expenses, necessary for the employee to perform their duties effectively, may be charged to the employee.

The only exception is that an employer may recover recruitment costs from a new employer if the employee resigns during their probation period to join another organisation.

Non-compete clauses

Employers may include a non-compete clause in employment contracts when the employee's role provides access to clients or confidential trade secrets. The duration of the non-compete clause must not exceed two years from the termination date of the contract, and the temporal and geographical scope must be clearly specified. Generally, the geographical restriction should not extend to more than three of the seven emirates.

In practice, non-compete clauses often boil down to non-solicitation agreements, restricting former employees from engaging in activities that could adversely affect the employer's business.

Furthermore, the non-compete clause does not apply if the contract is terminated due to reasons attributable to the employer.

It is important to note that neither employers nor employees can waive or write off statutory benefits, which remain protected under the law regardless of any contractual terms.

End-of-service benefits

Foreign nationals (non-Emirati or Gulf Cooperation Council (GCC) nationals) are entitled to end-of-service benefits in accordance with article 51 of Federal Decree-Law No. 33/2021 and Cabinet Decision No. 1/2022.

Calculation overview

Component	Formula / Basis	Value
Unpaid salary	Number of working days × daily gross salary XXX	XXX
Unused but accrued leave encashment	Number of days × daily basic salary	XXX
End-of-service gratuity (EOSG)	Calculated as per the breakdown below	XXX
Bonuses or incentives (if any)	As per the employment contract or company policy	XXX
Repatriation ticket	Applicable if the employee is leaving the country or is entitled to an annual air ticket	XXX
Deductions (loans or fines)	Deducted from total amount	XXX
Total final settlement	Total of all items above	XXX

The end-of-service gratuity for employees who have completed one or more years of continuous service is calculated as follows:

- First five years: 21 days' basic salary per year.
- Beyond five years: 30 days' basic salary per year.

The maximum gratuity payable will not exceed the equivalent of two years' last drawn. Gratuity is not payable for service under one year, regardless of whether the employee resigned or was terminated.

Related Content

Legislation

UAE

- Federal Decree-Law No. 33/2021 On Regulation of Labour Relations
- Cabinet Decision No. 1/2022 On the Implementing Regulation of Federal Decree-Law No. 33/2021 Regarding the Regulation of Employment Relationships

Dubai

- Dubai Law No. 11/2013 On Health Insurance in the Emirate of Dubai

Abu Dhabi

- Abu Dhabi Law No. 23/2005 On the Health Insurance Scheme in the Emirate of Abu Dhabi Amended by Abu Dhabi Law No. 22/2018

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Biography

Hina is a Senior Associate at Kochhar & Co.'s Dubai office, with over 13 years of post-qualification experience advising clients across diverse sectors including logistics, telecommunications, publishing, and retail. She is a commercially astute legal professional with extensive expertise in corporate advisory, M&A transactions, employment law, and regulatory compliance. Hina regularly drafts and negotiates a wide range of commercial agreements, including procurement, distribution, franchise, SaaS, and employment contracts, ensuring alignment with GCC and UAE legal frameworks. She also provides counsel on HR policies, workplace compliance, and employee relations matters. Hina is recognized for delivering strategic, business-focused legal solutions that help clients manage risk and achieve their operational goals.