



HOW TO HIRE MY FIRST EMPLOYEE IN UNITED ARAB EMIRATES

MAIN LEGAL STEPS TO FOLLOW TO HIRE A FIRST EMPLOYEE

1. Signing of employment contract;
2. Submission of resident visa;
3. After arrival of employee in UAE, he/she will undergo a medical test, then preparation of labour employment contract;
4. Applying for Emirates ID; and
5. Submission of passport, medical test result and labour employment contract for visa stamping.

DESIGN AND CONTENTS OF AN EMPLOYMENT CONTRACT

As of July 2014, labour contracts in UAE are electronic and of one of two types: Limited and Unlimited. You can use any design and template of Employment contract but it needs to cover regulations/policies as per UAE Labour Law. It is important to know which contract you have, as the legal rights and entitlements between the two are different.

I. Limited or "Fixed" Term Contract

- A Limited contract has a start date and an end date;
- It cannot exceed a period of 4 years, although it can be renewed if both the employer and employee agree to it;
- Unless the contract is renewed, it is automatically canceled when it expires;
- In the event of an employee with a limited contract being terminated by the employer – for reasons other than that stated in Article 120 of the UAE Labour Law – then the employer is liable to pay compensation to the employee. The compensation should be based on either 3 month's wages or for the remaining contract period; whichever is less;

Article 120 of the UAE Labour Law states: The employer may dismiss the employee without notice in the following cases:

1. If the employee adopts a false identity or nationality or if he submits forged documents or certificates;
2. If the employee is appointed under a probationary period and dismissal occurred during or at the end of said period;
3. If he commits an error causing substantial material loss to the employer, provided that the latter advises the labour department of the incident within 48 hours from having knowledge of the same;
4. If the employee violates instructions concerning safety of the place of business provided that such instructions are displayed in writing at conspicuous places and in case of an illiterate employee the latter be informed verbally of the same;
5. If he fails to perform his basic duties under the contract of employment and persists in violating them despite formal investigation with him in this respect and warning him of dismissal if the same is repeated;
6. If he divulges any secrets of the establishment where he is employed;
7. If he is awarded final judgment by the competent court in respect of an offence prejudicing honour, honesty, or public morals;
8. If during working hours he is found drunk or under the influence of drugs;
9. If in the course of his work he commits an assault on the employer, the manager, or any of his colleagues; and



10. If he absents himself without lawful excuse for more than twenty intermittent days or for more than seven successive days during one year.

Note: If, however, the employee resigns of his or her own free will – for reasons other than those stated in Article 121 of the UAE Labour Law - then they will be liable to compensate the employer. The employee will have to pay either 45 days salary or the remaining period of the contract; whichever is less.

Article 121 of the UAE Labour Law states: The employee may leave the service without notice in the following cases:

1. If the employer does not fulfill his obligations towards the employee as provided for in the contract or in this Law; or
2. If the employer or his legal representative has committed an act of assault against the employee.

II. Unlimited contract

- An Unlimited contract has a start date, but no end date;
- The contract may be terminated by either the employer or the employee so long as 30 days' notice is given. It is possible to extend this notice by mutual agreement;
- The employee's wages during the notice period will be paid in full for the entire notice period served;
- If, for one reason or another, no notice period was given, whoever should have given the 30 day notice must compensate the other with the payment of 30 days wages;
- If the employee violates any of the points stated in Article 120 of the UAE Labour Law, the employer may terminate the employee's contract without issuing notice;
- The employee may terminate the contract without notice if the employer fails to fill his obligations as stated in Article 121 of the UAE Labour Law;
- The employee will be entitled to compensation of three months' wages if they are terminated without justification. Compensation for damages, if any, awarded to the employee for unreasonable dismissal will not affect the employee's entitlement to end of service gratuity and payments in lieu of notice.

Standard Employment Contract Contents (may include but not limited to):

1. Remuneration/Breakdown of Salary
2. Terms/Cover Period of Contract
3. Probation Period(optional)
4. Duties, responsibilities, working hours, etc.
5. Benefits e.g. (housing allowance, medical insurance, leave allowance/s, etc.)
6. Renewal
7. Termination/Repatriation
8. End of Service Benefits
9. Confidentiality

CAN SOMEBODY DO BUSINESS FOR ME AND NOT BE AN EMPLOYEE?

Only through an Agency Contract between that person and your company. But this person should/must have a valid trade license for the business.