

COVID-19: UAE Issues Guidelines for Private Sector Employment



On 26 March 2020, the UAE Ministry of Human Resources and Emiratization (MOHRE) issued Ministerial Resolution No. 279/2020 addressing the impact of Covid-19 on the status of employment contracts and parties' obligations.

In light of the new resolution, Shiraz Sethi and Ali-Al Assaad from the DWF Employment team consider the practical implications of this legislation and provide meaningful guidance for employers operating within the UAE.

Scope of Application

The new resolution is binding for all entities registered with the MOHRE and applies only to expatriate employees. Whilst such resolutions do not extend to free zone companies, in principal, the majority of free zone authorities tends to adopt the Ministerial Resolutions issued from time to time; however, it is recommended to approach the respective free zone authorities to confirm their position regarding this resolution and whether or not they recognize this for its employers and employees.

Reorganisation in the workplace

Companies affected by the Covid-19 precautionary measures, and willing to restructure their organization

Many companies have been severely impacted by the Covid-19 outbreak. As such, the MOHRE has released guidelines on the gradual measures employers should take when deploying measures to reduce costs within business. Accordingly, the below listed actions, (with the employees consent) except where the applicable laws provide otherwise should be followed in such order:

- Remote work
- Paid leave
- Unpaid leave
- Temporary wage reduction
- Permanent wage reduction

Employee Surplus

Companies with a surplus of employees are advised to register them in the Virtual Labour Market (<https://mohre.hyrd.com/>) so other companies can benefit from their services. Whilst the employer shall continue to honour their obligations towards those

employees (including accommodation and other entitlements), the salaries of such individuals shall be paid by the new employer until the employee either returns to work with his or her primary employer, leave the country or until they obtain a new work permit for a different employer.

Temporary Salary Reduction

With companies trying to tackle the impact of this pandemic, employers are looking at measures to reduce costs and maintain business continuity. As such, a number of employers are considering salary reductions. These must be agreed by both the employer and the employee. To legitimize such agreement, the parties must sign the addendum template in the form provided by the MOHRE. The salary reduction will continue to apply until the addendum's expiry date or until such time that the precautionary measures have been lifted, whichever comes first. In the event the addendum expires and the measures are still in force, parties can mutually agree to renew or extend the duration of the addendum.

Permanent Salary Reduction

Whilst employers are looking for temporary solutions to cut costs during the Covid-19 pandemic, if employers are looking to effect permanent salary reductions for their employees then they will require mutual consent and the approval of the MOHRE.

This Ministerial Resolution which comes into effect immediately will change the landscape of how employers are tackling exits within their respective businesses to reduce the impact on business continuity as a result of Covid-19.

What is clear from the Resolution is that employers cannot take draconian measures from the outset and must take reasonable steps and exhaust all possible alternative measures gradually before taking the decision to exit their employees otherwise they run the risk of legal proceedings being issued by employees through the local courts with a wave of claims for arbitrary dismissal compensation..

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