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United Arab Emirates

Payroll & Employment Law Guide

2026 Edition · Last updated June 2026

Federal Decree-Law No. 33/2021 · WPS Resolution No. 340/2026 (1 June 2026)

Overview

A reference for employing in the Emirates

The United Arab Emirates combines a tax-free salary environment with one of the most actively reformed labour frameworks in the region. There is no personal income tax, yet employers carry defined obligations for working hours, leave, social insurance, wage protection and end-of-service benefits. This guide sets out those obligations for mainland and standard free-zone employment, and flags where the DIFC and ADGM diverge.

Three headline reforms shape 2026: the WPS overhaul under Resolution 340/2026, mandatory salary transparency in employment contracts, and the increase of the Emirati minimum wage to AED 6,000. Each is covered in the sections that follow.

0%	48h	30d	6,000AED
PERSONAL INCOME TAX	MAXIMUM WORKING WEEK	ANNUAL LEAVE · 1 YR+	EMIRATI MINIMUM WAGE

WHAT THIS GUIDE COVERS

I

Jurisdiction & Company Setup

Before hiring, an employer must establish which of three frameworks governs the relationship. Mainland companies and most free zones apply the Federal Labour Law through MOHRE. The Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM) are fully independent jurisdictions: Federal Labour Law does not apply to them, and each operates its own employment law and end-of-service regime.

JURISDICTION	GOVERNING LAW	SOCIAL SECURITY	EOSB / RETIREMENT
Mainland + most free zones	Federal Law 33/2021 (MOHRE)	GPSSA (Dubai + 5) / ADPF (Abu Dhabi) — Emiratis only	Gratuity (expats) / GPSSA pension (Emiratis)
DIFC	DIFC Employment Law 2/2019	DEWS (employer fund)	DEWS scheme
ADGM	ADGM Employment Regulations 2019	GPSSA / ADPF	Gratuity / GPSSA pension

A note on scope

DIFC and ADGM are fully independent employment jurisdictions; Federal Labour Law does **not** apply to either. The remainder of this guide addresses mainland and standard free-zone employment, with DIFC and ADGM differences flagged where they are material.

Choosing the wrong framework misstates leave, gratuity and social-security obligations from the first day of employment. Jurisdiction should therefore be confirmed before an offer is made, since it determines which of the tables in the following sections apply.

II

Working Hours & Leave

The Federal Labour Law caps the working week at 48 hours and eight hours per day, reduces hours during Ramadan, and sets out a structured regime of annual, sick, maternity and paternity leave. Overtime is paid at defined premiums; unused annual leave is cashed out on termination and cannot be forfeited.

WORKING HOURS & OVERTIME

- **Standard:** maximum 48 hours/week and 8 hours/day.
- **Ramadan:** 6 hours/day for ALL employees (not only Muslims), paid at the normal rate.
- **Rest:** entitlement not exceeding 1 hour in total after 5 consecutive hours; break time does not count as working time.

OVERTIME TYPE	RATE
Standard overtime	125% of basic hourly wage
Night shift (21:00–06:00)	150%
Public holiday work	150% or compensatory day off
DIFC (from the 8th hour)	150%

LEAVE ENTITLEMENTS

LEAVE	ENTITLEMENT
Annual — 6 mo to <1 yr	2 days per month of service
▸ **Annual — 1 year and above**	30 calendar days paid (DIFC: 20 working days after 1 year)
Sick leave	First 15 days full pay; next 30 days at 50%; remaining 45 days unpaid; beyond 90 cumulative days the employer may terminate (EOSB retained)
Maternity	60 calendar days (45 full + 15 half pay); no minimum service; +45 days unpaid for pregnancy-related illness; +30 paid / +30 unpaid for a sick or disabled child; 1 hr/day nursing break for 6 months. DIFC: 65 calendar days fully paid
Paternity / parental	5 working days paid, within 6 months of birth, for either parent. The UAE was the first Arab state to introduce private-sector paternity leave

On accrued leave

Unused annual leave is cashed out on termination, and an employee cannot be compelled to forfeit it. The distinction between calendar days and working days is material to the calculation.

III

Social Security — GPSSA & ADPF

There is no personal income tax in the UAE, and social insurance covers UAE nationals only. Contributions run through the GPSSA in Dubai and the five northern emirates and through the ADPF in Abu Dhabi, with rates that depend on the employee's registration date. A separate scheme, ILOE, is mandatory for every private-sector employee, national and expatriate alike.

GPSSA — DUBAI AND THE FIVE NORTHERN EMIRATES (NATIONALS)

SYSTEM	APPLIES TO	EMPLOYEE	EMPLOYER	GOV. SUBSIDY	TOTAL
Old Law (7/1999)	Registered before 2 Oct 2023	5%	15%	—	20%
▸ **New Law (57/2023)**	First registered from 2 Oct 2023	11%	15%	+2.5%	26%

> **Subsidy & caps**
> Where an Emirati employee's contribution-account salary is below AED 20,000, the government pays 2.5% of the employer share. Salary caps apply: AED 50,000 under the Old Law and AED 70,000 under the New Law.

ADPF — ABU DHABI (NATIONALS)

SYSTEM	APPLIES TO	EMPLOYEE	EMPLOYER	SALARY CAP
In-Service Active	Registered before 1 Dec 2023	5%	15%	AED 150,000 / mo
New Active Members	First registered from 1 Dec 2023	11%	15%	AED 100,000 / mo

ILOE — INVOLUNTARY LOSS OF EMPLOYMENT INSURANCE

Mandatory for all private-sector employees (nationals and expatriates) since January 2023. The employee contributes AED 5–10 per month, deducted from salary, and the employer pays nothing. After twelve months of contributions, an insured employee made involuntarily redundant may receive up to three months' salary, capped at AED 20,000 per month.

IV

WPS — Wage Protection System

Resolution No. 340/2026, effective 1 June 2026, is the most significant overhaul of the Wage Protection System since 2009. It shifts the system from post-payment reporting to pre-validation: salary files must be approved before any transfer executes. The former grace periods have been removed, and enforcement now escalates on a fixed daily timetable.

NEW REQUIREMENTS FROM JUNE 2026

RULE	REQUIREMENT
Salary payment deadline	1st of each month, for the preceding month
Old 15-day grace period	Abolished — day 1 is counted
▸ **Compliance threshold**	≥85% of total wages paid on time (raised from 80%)
New employee grace period	30-day grace period eliminated
Deduction cap	Effective 15% cap for WPS compliance purposes

ENFORCEMENT ESCALATION TIMELINE

DAY	ACTION
Day 1	Automated electronic monitoring begins
Day 2	MOHRE notifications and warnings
Day 5	New work permit issuance suspended
Day 11	Administrative fines and company classification downgrade
Day 16	Labour disputes registered automatically; further permit suspensions
▸ **Day 21**	Asset attachment, travel bans and Public Prosecution referral (50+ staff, repeat violations)

V

End-of-Service Gratuity — EOSB

For expatriate employees, end-of-service gratuity is governed by Article 51 of the Federal Decree-Law and calculated on basic salary only, after a minimum of one year's continuous service. Since 2021, all eligible employees receive their full gratuity regardless of how the employment ends. In the DIFC, gratuity is replaced by the funded DEWS savings scheme.

ENTITLEMENT (BASIC SALARY ONLY)

TENURE	ENTITLEMENT PER COMPLETED YEAR
Years 1–5	21 calendar days' basic salary
Year 6 onward	30 calendar days' basic salary
▸ **Maximum cap**	2 years' total basic salary

WORKED EXAMPLE — 7 YEARS 3 MONTHS, AED 8,000/MONTH BASIC

COMPONENT	CALCULATION	AED
Years 1–5	5 × 21 × (8,000/30)	28,000
Years 6–7	2 × 30 × (8,000/30)	16,000
Partial year (3 months)	3/12 × 30 × (8,000/30)	2,000
▸ **Total EOSB**		46,000

DIFC — DEWS (EMPLOYEE WORKPLACE SAVINGS)

DEWS replaces classic gratuity in the DIFC with a funded scheme. The employer contributes **5.83%** of basic salary per month for the first five years and **8.33%** thereafter. There is no waiting period — the employee is vested from day one — and any classic gratuity accrued before 1 February 2020 is held separately. Under Decree-Law 33/2021, final EOSB payment is due within 14 calendar days of termination.

VI

Hiring & Termination

All employment contracts must be fixed-term, for a maximum of three years, and registered with MOHRE; they auto-renew where both parties continue. From 1 January 2026, salary transparency rules require every contract to specify the exact basic salary and allowance breakdown, and MOHRE publishes standardised templates for each work model.

Probation	Maximum 6 months. Termination during probation requires a minimum of 14 days' notice.
Standard notice	Minimum 30 days on termination or resignation; contracts often specify 30–90 days.
Summary dismissal	Under Article 44, no notice is required and EOSB is retained.
Final settlement	Due within 14 calendar days of termination.

VII

Emiratisation (Tawteen)

Companies with 50 or more employees must grow their Emirati headcount in skilled roles by 2% each year, reaching roughly 10% overall by the end of 2026. Non-compliance carries a fine of AED 6,000 per month for each missing Emirati hire, rising by AED 1,000 a year through 2026.

- **Emirati minimum wage:**
  AED 6,000/month from 1 January 2026, raised from AED 5,000.
- **Adjustment deadline:**
  existing Emirati employees must reach AED 6,000 by 30 June 2026.
- **From 1 July 2026:**
  Emiratis paid below AED 6,000 are excluded from the Emiratisation quota count.

VIII

Practical Notes

The obligations set out in this guide translate into a short list of checks that prevent the most common and most costly UAE payroll errors. Each should be settled before the first pay run.

Jurisdiction	Mainland, DIFC and ADGM carry different employment rules. Determine the jurisdiction before hiring, as it governs every table above.
WPS 340/2026	The 15-day grace period is gone. Payroll must be processed and banked by month-end for payment by the 1st, with pre-validation approval before any transfer executes.
GPSSA system	The pre- or post-2 October 2023 system must be verified for each Emirati employee; rate errors trigger retrospective penalties.
Basic salary	EOSB is calculated on basic salary only. Artificially suppressing the basic component is a known audit risk.
Minimum wage deadline	Meet the AED 6,000 Emirati minimum by 30 June 2026. From 1 July, a shortfall blocks the Emiratisation quota and new permit issuance.
ILOE deduction	Mandatory for all employees at AED 5–10 per month; include it in the payroll setup.

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UAE PAYROLL DOSSIER · 2026

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WPS filing on the 1st, GPSSA/ADPF contributions, EOSB and Emiratisation tracking, plus in-country EOR. Datassist runs payroll and employment for international employers across Turkey, the UAE and the wider MENA region from a single center.

Schedule a Meeting →

7+ MENA MARKETS COVERED	1 SINGLE COMPLIANCE OPERATION	0% MISSED WPS DEADLINES