



# United Arab Emirates

## PAYROLL & BENEFITS BENCHMARK

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# Welcome!

Our vision at Papaya Global is to make global employment as easy and transparent as possible. We are passionate about sharing knowledge and assisting our clients in exploring and reaching out to new markets.

All data is compiled from Papaya's knowledge center, comprised of the benefits of over 200 international companies as of June 2018. The benefits collected are from various countries including both mandatory and compulsory requirements. This guide is particularly enlightening due to differences in benefit packages not only from industry to industry but even among companies within the same industries.

This guide is to be shared exclusively among verified position holders within organizations responsible for managing employee's benefit plans.

Our team at Papaya Global is here to support all needs. Operational in more than 100 countries, our Global HRIS platform can assist in everything from immigration to employment of record, payroll and outsourcing.

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## Employees Mandatory Benefits in United Arab Emirates

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<b>In General</b>	Under UAE labor law, there are two types on employment contracts, limited and unlimited terms.
<b>Pay Cycle</b>	Monthly.
<b>Pay Date</b>	Pay date is commonly by the 25th of each month.
<b>Limited Contract</b>	<p>A limited contract must mention the notice period ranging from a minimum of one month to a maximum of three months.</p> <p>Either party can terminate the original contract or a renewed contract provided the legal consequences of early termination are considered:</p> <ul style="list-style-type: none"> <li>› Written notice at least one month in advance (but no longer than three months).</li> <li>› Honoring the contact obligation for the duration of the notice.</li> <li>› Compensating the other party to the level that was agreed to by both parties, provided this does not exceed the equivalent of three months' gross wages.</li> </ul> <p><b>Basis for Termination</b></p> <p>A limited contract can be terminated on the following terms:</p> <ul style="list-style-type: none"> <li>› An employee contract is terminated if the term of the contract expires and is not renewed.</li> <li>› If both, the employer and employee mutually agree to end it.</li> <li>› If a worker commits any of the violations as mentioned under Article 120 of the Labor Law.</li> </ul>

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<b>Termination of Unlimited Contract</b>	<p>In cases of unlimited contracts, an employment relation is terminated in one of the following instances:</p> <ul style="list-style-type: none"> <li>› Both employer and employee mutually agree to terminate the contract.</li> <li>› When either party decides, at any time, to terminate the contract provided that the terminating party abides by the legal notice requirements and continues to honor his obligations for the duration of the notice period, which cannot be less than one month and no longer than three months.</li> <li>› When either party acts unilaterally to terminate the contract, without complying with the legal notice and without reasons of default by the other party - in this case, the terminating party bears the legal consequences of early termination.</li> </ul>
<b>Expats Grace Period on Termination</b>	<p>After termination of employment contract and cancellation of work visa, the terminated employee is granted a 30-day grace period from the date of cancellation, where he can either obtain a new residence permit or leave the country. Illegal residents are liable to be fined and or deported.</p>
<b>Working Hours</b>	<p>Full time working hours are considered 40-48 hours pers week.</p>
<b>Public Holidays</b>	<p>There are 12 public holidays.</p>
<b>Annual Leave</b>	<p>Employees are entitled to 30 days leave once the employee has completed their first year.</p>
<b>Sick Leave</b>	<p>Employees are not entitled to sick leave during their probation period. However, after those <b>6 months</b>, employees are paid 100% of their wages for the first 15 days of the sick leave, 50% for the next 30 days and are not reimbursed for any additional days following.</p>
<b>Pension Contribution</b>	<p>Total pension fund contribution is 26%, with 6% contribution from the government. This is applicable only to locals.</p> <p>Expatriate workers are not entitled to pension but are entitled to end-of-service benefits also known as gratuity or severance pay.</p>

**Termination Benefits**

If the employee resigns of his or her own free will before completing one year, then they will not be entitled to any gratuity pay.

The worker is entitled to a gratuity for the served fraction of a year, provided that he completes one year of continuous service.

The end of service, gratuity is calculated on basis of last wage which the employee was entitled to, namely the basic salary. Hence, it will not include allowances such as housing, conveyance, utilities, furniture etc.

**Calculations of Gratuity Pay****Limited Contract:**

- › Less than 1 year worked: Not entitled to any gratuity pay.
- › 1-5 years worked: Entitled to full gratuity pay based on 21 days' salary for each year of work.
- › 5+ years worked: Full gratuity pay based on 30 days' salary for each year of work.

**Unlimited Contract:**

- › Less than 1 year worked: Not entitled to any gratuity pay.
- › 1-3 years worked: Entitled to one third (1/3) of 21 days' basic salary as gratuity pay.
- › 3-5 years worked: Entitled to two-thirds (2/3) of 21 days' basic salary as gratuity pay.
- › 5+ years worked: Entitled to full 21 days' basic salary as gratuity pay.

**Maternity Leave**

Female workers are entitled to three months of fully-paid maternity leave. After resuming employment, she is entitled to two hours of daily leave for the first year after delivery to nurse her child.

**Paternity Leave**

Males are entitled to three days' paternity leave.

**Work Permit (Residence Visa) - Health Screening**

Foreigners planning to work in the UAE will need to undergo medical tests at government approved health centers in the UAE. Candidates will be tested for communicable diseases/conditions such as those related to HIV and/or TB. Those found to be HIV positive or having tuberculosis will be deported immediately by the UAE authorities. Hence, if you suspect that you suffer from a communicable disease it is advisable to get tested in your home country first.

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**Residence Visa**

The duration of residence visa depends on the type of sponsor and the person sponsored. It is issued for one, two or three years. Visa renewals are subject to conditions similar to those of new visas.

Family residence permits are linked to the residence permit of the sponsoring expatriate employee. If the sponsoring family member's visa is cancelled, visas of dependents will also be canceled,

Dependents are granted a 30-day grace period from the date of expiry or cancellation of their visa to obtain a new residence permit. If the employee fails to renew or cancel the visa of his dependents, the dependents would be deemed illegal residents and could be liable to pay a fine.

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**Health Insurance Expats**

Employers and sponsors are responsible to provide health insurance coverage for their employees and their families (1 spouse and 3 children under 18 years).

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## Employees Common (Benchmark) Benefits in United Arab Emirates

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**Expats Benefits**

- › Housing allowance
  - › Phone allowance
  - › Transportation allowance
  - › Annual air fare to their country of origin
  - › Relocation allowance upon moving to UAE.
  - › Pension contribution - While this is not mandatory it's becoming common for employers to contribute 5% with a matching contributions from the employee
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