



Dubai's tough unpaid wages laws

One of our trusted friends in Dubai recently alerted us to a local law which can only be described as T.O.U.G.H. on employers.

The law applies to workplaces in the DIFC (Dubai International Free Zone), one of the main locations in Dubai where significant numbers of international expatriate employees are based.

Specifically, the legal provision in question is Article 18 of the snappily-titled *DIFC Employment Amendment Law No.3 of 2012*.

Article 18 requires an employer to pay all wages and any other outstanding amounts owed to an employee within 14 days after the employee's employment terminates. So far, so good. But the kicker is that the legislation goes on to provide that

"If an employer fails to pay ... the employer shall pay the employee a penalty equivalent to the last daily wage for each day the employer is in arrears".

The penalty - a day's wages for each day late - applies irrespective of the amount owed, and irrespective of whether the failure to pay was deliberate or accidental. It also means that a canny employee who realises his or her employer has made a mistake, can keep quiet for a period of time and potentially make a significant profit from doing so.

The take-away for HR is that if you have employees in the DIFC who you let go, you need to make absolutely sure that all of their entitlements (including any end of service gratuity) are paid out, lest you risk a significant penalty for not doing so. If there is any doubt as to an employee's entitlement, it would be wise to try and reach an agreed settlement with the employee rather than take your chances.

If you have a workforce in the UAE, whether the DIFC or elsewhere, we have trusted contacts who we would be happy to introduce you to - let us know how we can help!