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## UAE issues new labour law to regulate employment, up to Dh1 million fine announced.

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Additionally, the new decree introduces criminal penalties for fictitious recruitment, including fictitious Emiratization.

The UAE government has issued a federal decree-law amending specific provisions regarding the regulation of employment relationships in the 'UAE Labour Law'.

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The decree is part of the UAE's ongoing efforts to further develop its legislative and legal framework. It aims to ensure the efficiency and competitiveness of the labor market, regulate employment relationships, clearly define the rights and obligations of all parties involved, and ensure their protection by law.

### **Hefty fines**

The decree imposes fines of no less than AED100,000 and no more than AED1 million on any employer who employs workers without a proper permit, hires workers or brings them to the country and fails to provide them with a job, misuses work permits, or shuts down a business or suspends its activities without settling workers' rights. The same penalties apply to the illegal employment of minors or allowing minors to work in violation of the law by their guardians.

### **Criminal penalties**

Additionally, the new decree introduces criminal penalties for fictitious recruitment, including fictitious Emiratization. Therefore, employers found guilty of bypassing the provisions of the laws or executive regulations or decisions regulating the labor market, by faking their recruitment of one or more employees, will face fines ranging from AED100,000 to AED1 million. The penalty is multiplied by the number of workers involved in the fictitious employment.

### **Settling disputes**

The amendments state that in the case of labor disputes, and if there is a disagreement with a decision the [Ministry of Human Resources and Emiratisation](#) issued to solve the dispute, the case shall then be brought before the Court of First Instance rather than the Court of Appeal. The court shall revoke proceeding with any claims filed after two years from the termination of the employment relationship, by the provisions of the present law.

Furthermore, the new decree stipulates criminal proceedings for fictitious employment, including fraudulent Emiratization, can only be initiated at the request of the Minister of Human Resources and Emiratisation or his/her authorised representative.

The decree also provides the ministry with the power to settle such cases upon the employer's request before a court sentence is issued, provided that the employer pays at least 50 percent of the minimum specified fine and pays back to the government all the financial incentives received by his/her fictitious employees.

Additionally, according to the new decree-law, the Courts of Appeal shall refer all requests, disputes and grievances regarding the regulation of employment relations, in their current state, to the competent Court of First Instance, starting from the date of the implementation of the provisions of this decree-law, except from the disputes that have been adjudicated or reserved for the issuance of a judgment.