

Globalization Partners provides employer of record services for customers that want to hire employees and run payroll without first establishing a branch office or subsidiary in the UAE. Your candidate is hired via Globalization Partners' UAE PEO in accordance with local labor laws and can be onboarded in days instead of the months it typically takes. The individual is assigned to work on your team, working on your company's behalf exactly as if he or she were your employee to fulfill your in-country requirements.

Our solution enables customers to run payroll in the UAE while HR services, tax, and compliance management matters are lifted from their shoulders onto ours. As a Global PEO expert, we manage employment contract best practices, statutory and market norm benefits, and employee expenses, as well as severance and termination if required. We also keep you apprised of changes to local employment laws in the UAE.

Your new employee is productive sooner, has a better hiring experience and is 100% dedicated to your team. You'll have peace of mind knowing you have a team of dedicated employment experts assisting with every hire. Globalization Partners allows you to harness the talent of the brightest people in more than 185 countries around the world, quickly and painlessly.

## **Hiring and Sponsoring Visas via a PEO in the UAE**

The United Arab Emirates comprises 7 Emirates. Most US technology companies hiring sales employees in the UAE focus on the emirates of Abu Dhabi or Dubai. Traditionally, companies in the UAE would establish a branch office or subsidiary in Abu Dhabi, Dubai or one of the Free Trade Zones, which would enable the company to sponsor work permits and thus hire employees. By using our service, you can hire in the UAE without setting up branch offices or subsidiaries.

Via its Global PEO, Globalization Partners mostly sponsors mainland visas, which gives the employees the right to work in any of the seven Emirates. Free trade zone visas only permit employees to work in the FreeTrade zones. The Free Trade zones essentially look like airport hangers and malls of office space; while appropriate for some businesses, they do not

provide access to the UAE market at large. It is important to ensure that your employee is sponsored under the correct visa in the UAE.

A manpower license is required to provide PEO and employer of record services in the UAE. Globalization Partners' local company is fully registered and has a wonderful family as its sponsor, which will be important to your employees living and working in the UAE. If you would like to engage a third party to hire an employee on your behalf in the UAE, make sure the local employing entity is licensed. If an employee is found to be living and working in the UAE without a visa, or for a company that does not sponsor his or her visa which is not licensed to provide employer of record services, he or she could be asked to leave the country. Both the employee and the client company may be blacklisted from doing business in the UAE.

When negotiating terms of an employment contract and offer letter with an employee in the UAE, it may be useful to keep the following in mind:

### **Employment Contracts in the UAE**

A written contract is required to submit an application for visa sponsorship. This is a simple template in Arabic. We recommend that in addition to the template used to sponsor the work permit, that companies put in place a strong, written contract, in English and in Arabic, which spells out the terms of the employee's compensation, benefits, and termination requirements. An offer letter and employment contract in the UAE should always state the salary and any compensation amounts in United Arab Emirates Dirham (AED) rather than a foreign currency. The employment contract template is part of the service with Globalization Partners; no need to draft a separate template if you use our employer of record and PEO service in the UAE.

### **Working Hours in the UAE**

In the UAE, the standard working week is considered Sunday through Thursday – the weekend is Friday and Saturday. However, according to local labor laws only Friday is a mandated day off and many private companies operate with a 5 ½ or 6 day work week. If

circumstances require that an employee works on Friday, he or she is entitled for another day off or be paid his basic pay for normal working hours plus an increase of not less than 50% of that pay.

The maximum working hours in the UAE are 8 hours a day, or 48 hours in a week. While public employees often work from 7:30 am to 2:30 pm, the normal hours at private companies can vary. During Ramadan, local laws state that working hours must be reduced by 2 hours a day.

### **Vacation Leave in the UAE**

Thirty calendar days of vacation is a market norm benefit in the UAE. Vacation leave is often based on length of service:

Less than 6 months: The employee is not entitled to annual vacation

6-12 months: The employee is entitled to an annual vacation of not less than two days for each month

Over 1 year: The employee is entitled to 30 days of vacation

### **Sick Leave in the UAE**

After three months of continuous service following the probation period, the employee is entitled to:

- Full wage for the first 15 days.
- Half wage for the next 30 days.
- Any following period will be without wage.

However, if the employee's illness is directly caused by his misconduct, s/he is not entitled to any wage during the sick leave.

## **Maternity/Paternity Leave in the UAE**

Working women with a year of continuous service are entitled to 45 days maternity leave with full pay. (This includes the period before and after the delivery). The maternity leave is granted with half pay if the woman has not yet completed one year of service. She may then extend her maternity leave for a maximum period of 10 days without pay – this can be continuous or interrupted if caused by an illness (in this case a certified doctor’s note is required). Finally, female employees are entitled to two daily intervals of up to 30 minutes for the purpose of nursing.

A new law in 2016 entitles government employees to 3 days of paternity leave, and private companies should expect to offer 3 days or more.

## **Gratuity Pay, End of Service Benefits, and Severance in the UAE**

An employee who completes one year or more in continuous service is entitled to a severance (sometimes referred to as a ‘gratuity’) at the end of their service.

- 21 days wages for each year of the first five years.
- 30 days wages for each additional year on condition that the total of the gratuity does not exceed the wages of two years.
- These amounts may be reduced for employees that terminate earlier than five years of employment.

## **Employment Taxes in the UAE**

There are no employer taxes in the UAE, however, we recommend accruing 8.3% of the employee’s compensation as for the End of Service Benefit or Gratuity.

## **Health Insurance Benefits in the UAE**

Health insurance is mandatory in Abu Dhabi and Dubai and must be provided to the employee’s spouse and dependents. Sharjah provides a “Health Card” which gives employees and their families access to government hospitals only, while private hospitals will

charge additional fees. Insurance is not mandatory in Ras Al Khaimah, however, most employers of expatriates provide private health cover. Private health care is also available through Globalization Partners.

### **Additional Benefits in the UAE**

Pilgrimage leave: Per UAE employment law, an employee is entitled for a one-time pilgrimage leave of 30 days without pay during the years of his or her employment contract.

### **Public Holidays in the UAE**

Employees are entitled for an official holiday with full pay on the following days:

- Hijri New Year
- Gregorian New Year
- Isra and Mi'raj (Accession day)
- Prophet Mohammad's Birthday and National Day
- 2 days for Eid Al-Fitr
- 3 days for Arafah Day and Eid Al Adha.

### **Why Globalization Partners**

Establishing a branch office or subsidiary in the UAE to engage a small team is time-consuming, expensive and complex. Labor law in the UAE has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to expand into the UAE. We can help you hire your candidate of choice, handle HR matters and payroll, and ensure that you're in compliance with local laws, without the burden of setting up a foreign branch office or subsidiary. Our UAE PEO and [Global Employer of Record](#) solution provides you peace of mind so that you can focus on running your company.

If you would like to discuss how Globalization Partners can provide a seamless employee leasing or PEO solution for hiring employees in the UAE, please [contact us](#).

Watch our webinar on [Expanding to the Middle East](#).