

The United Arab Emirates (UAE) is a federation composed of seven regions. Most companies look to incorporate in Abu Dhabi, Dubai, or one of the country's approximately 45 Free Trade Zones. Although the incorporation process might seem simple, many businesses find it labor-intensive to meet the UAE's requirements and regulations on payroll and other matters of compliance.

Instead of getting caught up in this confusing process, Globalization Partners can give you access to our local talent to help your expansion succeed. We ensure that all employees on our United Arab Emirates payroll are paid in accordance with local compliance requirements. All risk of compliance is on our shoulders, so you can focus on your business.

Payroll Taxation Rules

The UAE does not mandate any employer taxes, which is one of the reasons it is such an attractive place for expansion. It does not have a corporate income tax, except for specific industries such as branches of foreign banks and companies in the oil and gas industries. However, we recommend you still accrue 8.3% of the employee's compensation for the End of Service Benefit or Gratuity.

United Arab Emirates Payroll Options

Just as companies have multiple business structure options for incorporation, you'll find a variety of payroll options for your business:

- Remote: If your parent company already runs payroll, you can add your UAE employees to that payroll. However, you'll need to follow separate employment compliance laws based on the location for each set of employees.
- Internal: Larger subsidiaries may run their own payroll in the UAE. This option is the most expensive since you would have to hire a full HR staff.
- A United Arab Emirates payroll processing company: If outsourcing is a better option for your company, you can work with a local UAE payroll processing company. However, you will still be held liable for all of their work and any compliance mistakes.
- Outsourcing Services from Globalization Partners: With Globalization Partners, you can

outsource your local service needs and we are responsible for payroll and compliance.

How to Set up United Arab Emirates Payroll

If you opt to set up your United Arab Emirates payroll alone, you will need to establish a subsidiary first. The process differs based on the type of entity you incorporate as, but you are legally required to complete your subsidiary's setup before running payroll. You will also need an in-country bank account if you are required to pay employees registered under the Wage Protection System (WPS) .

Entitlement and Termination Terms for Payroll

When terminating an employee in the UAE, you will typically owe some type of severance. Employees who have worked for your company for a year or more should receive severance or a gratuity depending on the length of their service. For example, employment of more than one year but less than five years are entitled to 21 days of pay, while employees who have worked for more than five years must receive 30 days paid per year of service.

United Arab Emirates Payroll Processing Company

Let Globalization Partners hire and process payroll in the United Arab Emirates so you can get access to the talent you need to succeed in a foreign environment. [Contact us today](#) to learn more.