

## **Wages**

Payment of wages is the responsibility of the employer. The salary should also be clearly defined in the employment contract.

All private sector employers must pay their employees' salaries through the Wages Protection System. Failure to do so will result in fines and penalties.

The WPS system transfers employee salaries to accounts in banks or financial institutions authorised by the Central Bank of the UAE. MoHRE doesn't process any transactions. The salary payments can be:

- In Emirati Dirham.
- Any other currency agreed upon by both parties in the employment contract.

Employees wages are due from the first day of the month following the expiry of the period for which the wages are specified in the contract.

If this period isn't specified, the employee must be paid once a month, at minimum.

The employer defaults on paying the salary if they do not do so within the first 15 days after the due date. A shorter period may be agreed upon in the employment contract.

## **Minimum Wages**

The UAE Labour Law doesn't currently define a minimum salary. However, the law mentions that salaries should be enough to cover the employee's basic needs.

## **Unpaid Or Delayed Salaries**

If you have any complaints or concerns regarding unpaid or delayed salaries, you can contact MoHRE. You can register a salary complaint and wait for the authorities to help deal with the issue.

## **Gratuity**

Employees who have spent one year or more in continuous service are entitled to gratuity upon the termination of the contract. The gratuity is calculated as follows:

- Full gratuity pay is based on 21 days' salary for each year of work when the employee has served for more than one year but less than five.
- Full gratuity pay of 30 days' salary for each year worked following the first five years if the employee has served more than five years.

Please note that the total gratuity shouldn't exceed two years' salary.

For other types of employment contracts, the gratuity is calculated differently. The calculations are based on the following:



- The number of working hours per year divided by the number of working hours in a full-time contract multiplied by 100, equal to the percentage on which the benefits are calculated. The percentage will then be multiplied by the value of the end-of-service benefit due for the full-time contract.

With MaxHR's automated payroll module, you can ensure that salaries are processed accurately and on time, all in accordance with UAE labor laws and Wage Protection System (WPS) requirements. MaxHR's system efficiently handles complex payroll calculations, including overtime, deductions, and allowances. Comprehensive reporting features keep you ready for audits and help ensure compliance with regulations. Let MaxHR simplify your payroll management so you can focus on achieving your core business objectives.