

PwC Legal Middle East

Limited term contracts: deadline extension!

Federal Law No. 33 of 2021 (the **Labour Law**) and its executive regulations overhauled the employment framework in the UAE. One of the most significant changes was to require all employers to transition from unlimited to limited term contracts and to do so by 1 February 2023.

Ministerial Resolution No. 27 of 2023 (the **Resolution**), which was announced by the UAE Government on 25 January 2023, has extended the deadline for updating contracts. Employers now have until 31 December 2023 to execute revised contracts.

The Resolution is officially effective once published in the Gazette and the effective date is therefore to be confirmed.

The extension will mean that employers benefit from a total grace period of one year and 11 months to make this change. It is unlikely that any further extension will be granted by the MoHRE.

Impact

- Employers must ensure that all their employees have entered into limited term contracts which are compliant with the Labour Law before 31 December 2023.
- Employers may still agree with their employees on the duration of the fixed term contract (following the removal of the three year cap). There is no upper limit on duration.

If you have any questions following this announcement or require support with the transition, please reach out to the PwC Legal Middle East Employment & Reward team.



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