

CHAPTER VII

TERMINATION AND SEVERANCE PAY

SECTION I

Termination of Employment

Article 113

An employment contract shall terminate in any of the following cases:

- • By mutual agreement of the Parties, provided that the worker's consent is given in writing;
- • Upon expiry of its term, unless it has been expressly or implicitly extended according to the provisions of this Law;
- • For the convenience of either party to an indefinite term contract, provided that the provisions of this Law concerning the notice and the valid grounds of termination without arbitrariness are adhered to.

Article 114

An employment contract shall not terminate by reason of the employer's death unless the subject of the contract is connected with his person. A contract shall, however, be terminated by reason of the worker's death or total disability to work, as established by a medical certificate approved by the competent health authority in the State.

If a worker is capable, notwithstanding partial disability, of performing other work consistent with his state of health, the employer shall assign him, at his request, to that other work, if available, and pay him the wage normally paid to holders of such jobs, without prejudice to any entitlements and compensation due to the worker under this Law.

Article 115

Where an employment contract is for a definite term and the employer revokes it for reasons other than those specified in Article (120) he shall be required to compensate the worker for any damage the latter sustains, provided that the amount of compensation shall in no case exceed the aggregate wage due for a period of three months or the remaining period of the contract, whichever is shorter, unless otherwise stipulated in the contract.

Article 116

Where a contract is revoked by the worker for reasons other than those specified in Article (121), he shall be required to compensate the employer for any damage the latter sustains as a result, provided that the amount of compensation shall not exceed half a month wage for three months or for the remaining period of the contract, whichever is shorter, unless otherwise stipulated in the contract.

Article 117

1. Either the employer or the worker may terminate an indefinite term contract for a valid reason at any time following its conclusion, by giving the other party a notice in writing at least 30 days prior to termination.
2. For the daily-paid workers, the notice period shall be as follows:
 - a- One week: if the worker has been employed for more than six months but less than one year.
 - b- Two weeks: if the worker has been employed for not less than one year.
 - c- One month: if the worker has been employed for not less than five years.

Article 118

A contract shall subsist throughout the notice period referred to in the preceding Article and shall terminate only on expiry of that period. The worker shall be entitled in respect of the notice period to full pay, calculated on the basis of his last wage, and shall continue to perform his duties during that period if the employer so requests.

The Parties may not agree to waive the notice requirement or to reduce the notice period; however, they may agree to extend the period.

Article 119

If either the employer or the worker reduces the period of, or fails to serve a notice of termination on the other, the forbearing party shall pay the other a "compensation in lieu of notice", irrespective of whether or not the other party has sustained damage as a result of such failure or shorter notice. The said compensation shall be equal to the worker's wage in respect of the entire or reduced period of notice. Compensation in lieu of notice shall be calculated on the basis of the last wage received, in the case of monthly, weekly, daily and hourly paid workers, and on the basis of the average daily wage referred to in Article 57 of this Law in the case of those paid on piecemeal.

Article 120

An employer may dismiss a worker without notice if and only if the worker:

- a- a- Assumes a false identity or nationality or submits forged certificates or documents.
- b- b- Is engaged on probation and is dismissed during or at the end of the probationary period;
- c- commits a fault resulting in substantial material loss to the employer, provided that the latter notifies the labour department of the incident within 48 hours of his becoming aware of its occurrence;
- d- disobeys instructions on the safety of work or workplace, provided that such instructions are in writing and posted at a conspicuous place and are communicated verbally to the worker, in case he is illiterate;
- e- defaults on his basic duties under the contract and fails to redress such default despite a written interrogation and a warning that he will be dismissed if such default is repeated;
- f- is finally convicted by a competent court of a crime against honour, honesty or public morals
- g- reveals any confidential information of his employer;
- h- is found in a state of drunkenness or under the influence of a narcotic drug during working hours;
- i- assaults the employer, the manager in charge or any of his workmates during working hours; or
- j- absents himself from work without a valid reason for more than 20 non-successive days in one single year, or for more than seven successive days.

Article 121

A worker may abandon his work without notice in either of the following cases:

- A- A- If the employer fails to honour his obligations towards the worker, as provided for in the contract or in this Law.
- B- If he is assaulted by the employer or the employer's legal representative.

Article 122

A worker's service shall be deemed to be arbitrarily terminated by his employer if the reason for termination is irrelevant to the work. More particularly, a termination shall be regarded as arbitrary if it is prompted by a formal complaint filed by the worker with the competent authorities or a

legal action instituted against the employer that proved to be valid.

Article 123

- a- Where a worker is arbitrarily dismissed, the competent court may order the employer to pay him a compensation, to be assessed by the court with due regard to the nature of the work, the extent of damage sustained by the worker and his period of service, and after investigating the work circumstances, provided that such compensation shall in no case exceed the worker's wage for three months, calculated on the basis of his last wage.
- b. The provisions of the preceding paragraph shall not prejudice the worker's right to the gratuity he is entitled to and the compensation in lieu of notice provided for in this law.

Article 124

An employer may not terminate the service of a worker for lack of medical fitness before the worker exhausts all the periods of leave legally due to him. Any agreement to the contrary shall be null and void, even if concluded before this Law comes into effect.

Article 125

The Employer shall provide the worker, at the latter's request upon expiry of his contract, with an end of service certificate, which shall be free of charge and shall specify the service commencement and end dates, total period of service, the nature of the work he was performing, and his last wage and supplements, if any. The Employer shall return any certificates, documents and tools belonging to the worker.

Article 126

Where a change occurs in the form or legal status of the firm, employment contracts that are valid at the time of such change shall remain in force between the new employer and the firm workers, and their service shall be deemed to be continuous. The original and the new employers shall remain jointly liable for a period of six months for the discharge of any obligations resulting from employment contracts during the period preceding the change; after the lapse of that period the new employer shall solely bear such liability.

Article 127

Where the work assigned to a worker allows him to become acquainted with the employer's clients or to have access to his business secrets, the employer may require him to undertake not to compete with him or participate in any enterprise competing with his own, after the

termination of his contract. For such an undertaking to be valid, the worker must be at least 21 Gregorian years of age at the time the agreement is concluded, and the agreement must be confined, in terms of time, place and the nature of the business, to the extent necessary to safeguard the employer's legitimate interests.

Article 128

A non-National worker, who abandons his work without a valid reason before the expiry of his definite term contract, may not, even with the employer's consent, take up other employment until the lapse of one year from the date on which he abandons his work. No other employer may knowingly recruit such worker or keep him in his service before the lapse of such period.

Article 129

A non-National, who notifies the employer of his desire to terminate his indefinite term contract but abandons his work before the expiry of the statutory period of notice, may not, even with the employer's consent, take up other employment until the lapse of one year from the date on which he abandons his work. No other employer may knowingly recruit such worker or keep him in his service before the lapse of such period.

Article 130

The provisions of Articles 128 and 129 shall not apply to a non-National worker who, before taking up other employment, obtains the approval of the Minister of Labour and Social Affairs based on the consent of the original employer.

Article 131

Upon expiry of contract, the employer shall bear the cost of the worker's repatriation to his point of hire or to any other point that was mutually agreed upon. Where a worker joins another employer upon expiry of his contract, the latter shall bear the cost of the worker's repatriation at the end of his service.

Without prejudice to the foregoing, if the employer fails to return the worker or to pay his repatriation expenses, the competent authorities shall do so at the employer's expense and may then recover any expenditure incurred in this connection by attachment.

Where the reason for the termination of the contract is attributable to the worker, his repatriation shall be at his own expense if he has the means to pay.

Article 131 (repeated)

- 1- 1- For the purpose of the preceding Article, the worker's "repatriation expenses" refers to the value of his travel ticket as well as the travel expenses of his family and the cost of shipping of his personal effects, as stipulated in the Labour contract or the firm's policies.
- 2- 2- A worker who is provided with accommodation by his employer shall vacate it within thirty days from the date of termination of his service.
- 3- 3- The worker shall not overstay in the accommodation beyond the specified period for any reason, provided, however, that the employer pays the worker the following:
 - A- the expenses specified in paragraph 1 of this Article.
 - B- severance pay and any other entitlements the employee is bound to pay in accordance with the employment contract, the firm's policies, or the law.
- 4- if the worker contests the amount of the expenses and entitlements referred to above, the Labour Department concerned shall urgently determine these expenses and entitlements within a week from notification, and shall promptly inform the worker accordingly.
- 5- 5- In this case, the thirty-day grace period referred to in paragraph 2 of this Article shall be calculated to run from the date on which the employer deposits the value of the expenses and entitlements, as determined by the Labour Departments concerned, with the Ministry of Labour's treasury. If the worker does not vacate the accommodation within the said thirty-day period, the Labour Department, with the assistance of the authorities concerned in the Emirate, shall take the necessary administrative measures for eviction.
- 6- 6- The provisions of this Article shall not prejudice the worker's right to contest its application before the competent court.

Article 131 (repeated1)

1. 1. Employer shall submit to the competent labour department a bank guarantee whose type, value, submission procedures, firms and companies to whom it is applicable, and other relevant terms shall be specified in a Council of Ministers' resolution. This guarantee shall be used to ensure optimum fulfillment of employer's obligations provided for under Articles 131 and 131 (repeated), of this Law.

2. Deduction of any amount from the bank guarantee referred to in para 1 hereof shall be based on a court judgment, with the exception of the following:

A. A. Cost of a worker's repatriation to his country of origin or the point agreed upon with the employer.

B. B. The amounts that the employer admits before the competent labour court that they are due to the worker.

In these two cases, the Ministry reserves the right to deduct such entitlements from the guarantee referred to in para I hereof and pay to the worker in fulfillment of his established dues.

SECTION II

Severance Pay Article 132

A worker who has completed one or more years of continuous service shall be entitled to severance pay at the end of his employment. The days of absence from work without pay shall not be included in calculating the period of service. The severance pay shall be calculated as follows:

1. 1. 21 days' wage for each of the first five years of service.
2. 2. 30 days' wage for each additional year of service provided always that the aggregate amount of severance pay should not exceed two year's wage.

Article 133

A worker shall be entitled to severance pay for any fraction of a year he actually served, provided that he has completed one year of continuous service.

Article 134

Without prejudice to the provisions of laws that grant pensions or retirement benefits to employees in certain firms, severance pay shall be calculated on the basis of the wage last due for monthly, weekly and daily paid workers, and on the basis of the average daily wage referred to in Article 57 hereof for those paid on piecemeal.

The wage used as a basis for calculating severance pay shall not include whatever is given to the worker in kind, housing allowance, transport allowance, travel allowance, overtime pay, representation allowance, cashier's allowances, children education allowance, allowances for recreational and social facilities, and any other bonuses or allowances.

Article 135

An employer may deduct any amounts owed to him by a worker from the latter's severance pay.

Article 136

For the purposes of Article 132, no severance pay shall accrue for the employment cases that preceded the enforcement of this Law except where the worker is a National. This, however, shall be without prejudice to any rights acquired by the worker under the repealed labour laws, the employment contract, or under any agreement, regulations or work rules of the firm. In the event of the worker's death, his severance pay shall be paid to his legal heirs.

Article 137

Where a worker under an indefinite term contract abandons his work at his own initiative after a continuous service of not less than one year and not more than three years, he shall be entitled to one-third of the severance pay provided for in the preceding article. Such a worker shall be entitled to two thirds of the said severance pay if his continuous service exceeds three years up to five years, and to the full severance pay if it exceeds five years.

Article 138

Where a worker under a definite term contract abandons his employment at his own initiative before the expiry of his contract period, he shall not be entitled to severance pay unless his continuous period of service exceeds five years.

Article 139

A worker shall forfeit entitlement to his entire severance pay in any of the following two cases:

- (a) (a) If he is dismissed from service for any of the reasons specified in Article 120 hereof or if he abandons his employment in order to

avoid being dismissed in accordance with that Article.

- (b) If he abandons his employment of his own accord, otherwise than in either of the two cases specified in Article 121 hereof, without notice (in the case of indefinite term contracts) or before completing five years of continuous service (in case of definite term contracts).

Article 140

Where a firm has a provident fund for the workers and the rules of the fund stipulate that whatever the employer pays into the fund for the worker's account is in discharge of his legal obligation in respect of severance pay, the worker shall be paid the savings balance in his account or the severance pay due under the Law, whichever is the greater. Where the rules of the fund do not stipulate that the amounts paid by the employer are in discharge of his legal obligation toward the severance pay, the worker shall receive whatever is due to him in the provident fund in addition to the statutory severance pay.

Article 141

Where a firm has a retirement, insurance or a similar scheme, a worker who is entitled to a retirement pension may opt for treatment under the said pension or severance pay or under the pension or insurance scheme, whichever is more advantageous to him.

