

# Staff need not pay hiring fees

Employers must give undertaking that they will bear recruitment expenses



**LEGAL VIEW**  
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I joined a company at DMCC free-zone seven months back. The offer letter I signed with the employer has a clause stating that I will have to pay Dh12,000 towards training and induction cost if I break the contact within the first two years. Also, it is mentioned in the offer letter that there will be a Dh100 increase in the salary once I complete six months probationary period based on the performance. But, my employer is not ready to increase my salary now. I want to resign from my current job and search for a new job. If am not able to find the job I want, I wish to go back to my home country.

And in the contract with DMCC, there was nothing mentioned about the Dh12,000. Will I have to pay the amount if I leave the company?

Labour issues at the Dubai Multi Commodities Centre (DMCC) are regulated as per the provisions of the Federal Law No. 8 of 1980 on Labour Relations (the 'Federal Law') along with the provisions of Ministerial Orders issued in pursuance of the Federal Law.

It is understood that you have been working in a company incorporated at the DMCC for the last seven months and now you intend to resign from your employment. Further, it is understood that your offer letter for the job contains a clause which requires you to pay a sum of Dh12,000 in respect of 'training and induction costs' in the event you terminate the contract within the first two years of employment.

You may argue that you are not obliged or required to make any payments in respect of recruitment fees as it is opposed to the Federal Law. As such, all employers in the UAE are required to give an undertaking to the effect that they will

sponsor the employee and bear his recruitment expenses, in accordance with Article 6 clause (a) of Ministerial Order No (52) of 1989 (on 'the rules and procedures to be adopted at the labour permit sections with respect to the recruitment of non-national labours for employment in UAE') which states: "The employer or its legal representative shall sign the recruitment application form prepared by the Ministry for this purpose, such a form shall include the following undertakings: (a) An undertaking from the employer to the effect that he shall sponsor and be responsible for the recruited labourer, the bearing of his recruitment expenses and his employment in accordance with the employment contract in a way not prejudicing the provision of the Federal Law No (8) of 1980 referred to herein...."

In all cases of employment regulated by the Labour Law, it is primarily required to draw up an employment contract in accordance with Article 35 of the Labour Law which states: "Subject to the provisions of article 2, a contract of employment shall be written in two copies, one being delivered to the worker and the other to the employer. In the absence of written contract, adequate proof of its terms may be established by any means of evidence."

Further, Article 36 of the Labour Law states: "A contract of employment shall more particularly specify the date of its conclusion, the date on which work is to begin, the nature and the place of the work, the duration of the contract (if it is for a limited period) and the amount of the remuneration."

Pursuant to the aforesaid, your employment contract filed with DMCC does not contain a clause obliging you to pay 'training and induction costs to your employer.

**“ Subject to the provisions of Article 2, a contract of employment shall be written in two copies**

Further, your employer shall not have any bona-fide reason to charge you for the said costs on the basis of the content of the offer letter only as the provisions of your labour contract should supersede the offer letter. Having said the above, your employer may argue, whether successfully or otherwise, that these costs are not recruitment costs and are incurred during the period of employment.

Pursuant to the aforementioned provisions of the Federal Law, you shall not be required to pay any amount(s) to your employer if you leave the employment:

**Rate of rent increase should not exceed that specified by Rera**

**We have been living in our current flat for two years and we just received a letter from the landlord stating that our rent for the next year will be increased by 9 per cent.**

**However, when I checked with the Real Estate Regulatory Agency (Rera) rental increase calculator, it says that we are not eligible for any rental increase.**

**I have two questions;**  
**> Since this is our third year in the same flat, can the landlord increase our rent irrespective of what the RERA website says?**  
**> Can we renew our contract for a period of six to seven months instead of one year?**

The rent calculating application provided at the website of the Rera is in pursuance of the provisions of 'Decree No (2) of the Ruler's Court (Govt. of Dubai) Regarding Rentals in the Emirate of Dubai'. The basic

rules regarding rental increase in various localities in the Emirate Dubai are laid down under Article 1 of the Decree, which states: "The maximum rent increase percentage of property units in the Emirate of Dubai leased before the enforcement of this Decree shall be as follows:

> There should not be any rent increase, if the rent for the real estate unit is up to 25 per cent below the average similar rent.

> If the rent value was 26 per cent to 35 per cent less than the average similar rent; the maximum rent increase shall be equal to 5 per cent of such value.

> If the rent value was 36 per cent to 45 per cent less than the average similar rent; the maximum rent increase shall be equal to 10 per cent of such value.

> If the rent value was 46 per cent to 55 per cent less than the average similar rent; the maximum rent increase shall be equal to 15% of such value.

> If the rent value was less than 55% of the average similar rent; the maximum rent increase shall be equal to 20% of such value."

In view of the circumstances stated by you, we are of the view that although your landlord is within his rights to increase the rent for the third year, the rate of increase should not be more than the rate as specified by Rera, in accordance with the Article 10 of the Law No. 26 of 2007 Regulating Relationship Between Landlords and Tenants In

the Emirate of Dubai which states: "The agency shall have the exclusive authority to specify percentage increase in the Emirate, in view of economical circumstances."

Pursuant to the aforementioned provisions of laws regulating tenancy, you may negotiate with your landlord in the matter of the rental increase. In the unfortunate event of failure to amicably resolve this matter between you and the landlord, you may lodge a case against the landlord with the municipal committee for settlement of disputes between landlords and tenants, in Dubai.

The existing rental laws do not specify whether a tenancy contract should subsist for a year or a lesser period. Rather, it provides that the period of tenancy has to be specified in the tenancy contract. As Article (2) of the Law No 33 of 2008 (Amending some provisions of Law No 26 of 2007 Regulating Relationship Between Landlords & Tenants in the Emirate of Dubai) defines the term 'Tenancy Contract' as follows: "The contract by which landlord is committed to enable tenant to benefit from the property for specified purpose and period against specified consideration."

Therefore, you may negotiate with your landlord the time period for which you want to renew your tenancy contract and pursuant to which you may draw up a fresh tenancy contract with respect to your tenancy.

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