

Unilateral salary reduction illegal



LEGAL VIEW
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I work for a private company in Dubai on an unlimited contract and draw a monthly salary of Dh10,000.

My basic salary is Dh5,000, and other allowances Dh5,000. After completion of two years, the company restructured this as basic salary Dh3,000 (30 per cent) and other allowances Dh7,000 (70 per cent).

I understand the end of service benefits (EOSB) are computed on the last drawn basic salary which, in my case, has diminished to Dh3,000.

Does the UAE Labour Law provide any guidelines on the percentage of the basic salary? Can the basic salary be changed by the company when it wishes as was done in my case? Can I complain to the labour department?

It is understood that you work for a private company in Dubai on an unlimited duration employment contract and were drawing a monthly salary of Dh10,000 which included Dh5,000 (50 per cent) as basic salary.

It is further noted that upon completion of two years of em-

ployment your employer renewed your labour contract and at the time of its renewal reduced your basic salary to Dh3,000 (30 per cent) and other allowances were fixed to Dh7,000 (70 per cent).

The Federal Law No. 8 of 1980 (Labour Law) of UAE which regulates labour relationships does not specify the guidelines on the percentage of basic salary to be paid by the employer.

Article 1 of the Labour Law defines "Basic Wage" as "the wage specified in the labour contract during its validity between the two parties. Allowances of whatever kind are not included in this wage."

Normally the basic salary component may range between 30%

to 40 per cent of the total remuneration paid by the employer to the employee.

The employer cannot unilaterally and at its own discretion reduce the remuneration in the employment contract filed with the Ministry of Labour, unless there is a written consent by the employee. In your case it is assumed that you had signed the bilingual labour contract accepting a change in your remuneration which is to be submitted by your employer to the Ministry of Labour.

The said employment contract submitted to the Ministry of Labour is treated as your written consent as you have already agreed to the terms and conditions in the labour contract by signing it

which also states your basic salary as Dh3,000. Therefore, you are now not in a position to claim from your employer the salary drawn by you previously nor you

can file a complaint at Ministry of Labour challenging the reduction of your basic salary to Dh3,000 as mentioned in your present labour contract.

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