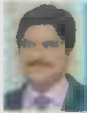


Landlords can hike rent within limit



LEGAL VIEW
ASHISH MEHTA

I live in a one-bedroom apartment Al Nahda-2, Al Qusais, Dubai. In March, there was a change in the ownership of the flat while my lease renewal was effective from April. The previous owner, not foreseeing there would be a change in the ownership of the apartment, renewed my lease in February.

The new contract increased my rent by 20 per cent. Now the new landlord says there will be a 20 per cent increase every year. We can't leave the apartment now because I gave cheques to the previous landlord and these cheques cannot be retrieved.

How can I get the cheques back? Can the new landlord increase the rent every year? The new landlord has also added a yearly maintenance charge of Dh1,000. Is that legal?

The ownership of the apartment where you reside changed in March, before the renewal of your tenancy contract, which was in April. Upon renewal of the contract, your annual rent was increased by 20 per cent and your previous landlord continues to retain the post-dated cheques you had handed over to him at the time of your tenancy contract renewal.

Your tenancy contract is subject to the provisions of Dubai's Law No 26 of 2007 Regulating Relationship Between Landlords and Tenants in the Emirate of Dubai. They are further amended by Law No 33 of 2008 (together referred to as the "Tenancy Law").

The change of the ownership of your flat shall have no effect upon your tenancy contract being renewed. It shall be carried on upon the same terms and conditions you had agreed upon with your previous landlord. This is in accordance with Article (28) of the Tenancy Law which states:

"The transfer of title to a new landlord shall not affect (the) tenant's right to continue occupation of the premises in accordance with tenancy contract signed

with the previous owner, provided that tenancy contract has (a) fixed date."

Following the provision, the previous landlord has the right to encash the cheques you gave him as your rent, subject to his arrangement with the current landlord. Why do you need to retrieve the cheques from the previous landlord if the current landlord is not demanding the rent for the period when you paid the money to the previous landlord?

The current landlord is within his rights to increase the rent of the apartment, subject to Article 9 of the Tenancy Law which says:

"1. Landlord and tenant must specify rent value in the tenancy contract. If both parties have not specified the same or if it becomes impossible to prove their agreement then rent shall be as per the similar rent.

2. The committee shall specify the similar rent in accordance with the standards of specifying the rent increase percentage applied by the agency and in accordance with the general economic circumstances in the emirate, and pursuant to the property status, the similar market rent in the same area and in accordance with any valid legislation in the emirate regarding properties rent and any other factors the committee may decide."

However, rents may not be increased beyond a certain limit which has been stipulated in accordance with provisions of Article (1) of Dubai Decree No 2 of 2011 Regarding Rentals in the Emirate of Dubai. They say:

"The maximum rent increase percentage of property units in the Emirate of Dubai leased before the enforcement of this decree shall be as follows:

a - 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.

b - If the rent value was 26 to 35 per cent less than the average similar rent; the maximum rent in-

crease shall be equal to 5 per cent of such value.

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

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

e - If the rent value was less than 55 per cent of the average similar rent; the maximum rent increase shall be equal to 20 per cent of such value."

Subsequently, the new landlord may also ask for a maintenance deposit from the tenant in order to carry out maintenance works at the premises. This is in accordance with Article (20) of the Tenancy Law which states:

"Landlord may obtain maintenance deposit amount from tenants to guarantee maintenance of premises at the end of tenancy contract, provided that landlord shall undertake to refund this deposit, or any remaining amount, upon expiry of contract."

Service termination benefits

After I worked for eight years and a month with an organisation, they said I was not performing my duties and terminated my services after a month's notice. What are the termination or end of service benefits that I am eligible for? In case I am deprived of any of these, whom can I approach?

Since you have not mentioned the nature of the organisation you were working for — whether it is a government-owned or private entity and whether it is registered with a free zone or is a mainland entity — the response to your queries is based on the provisions of Federal Law No 8 of 1980 on Labour Relations.

You are legally entitled to receive the following as your end-of-service benefits:

Compensation for termination (in case of 'limited-period' contract holders or 'arbitrary termination' of the employment contract)

Severance payment or gratuity.

Leave salary for the period of leave not availed

Cost of repatriation.

An employee may be entitled to compensation of up to three months' salary for the prejudice suffered if the employment contract was limited in nature and terminated without a just reason. Article 115 of the Labour Law states that "where a contract of employment is for a limited period of time and the employer revokes it for reasons other than those specified in article (120) he shall be required to compensate the worker for any prejudice the latter sustains: provided that the amount of compensation shall in no case

“ An employee may be entitled to compensation of up to three months' salary ... if the employment contract was ... terminated without a just reason

exceed the aggregate remuneration due for a period of three months or the residual period of the contract, whichever is shorter, unless the contract contains a provision to the contrary."

An employee may also be entitled to compensation of up to three months' salary in the event of an arbitrary termination, in accordance with Article 123 of the Labour Law:

"a - Where a worker is arbitrarily dismissed, the competent court may order the employer to pay him compensation. The court shall assess such compensation with due regard to the nature of the work, the amount of prejudice he has sustained and his period of service, and after investigating the circumstances of the work. The amount of the compensation shall in no case exceed the worker's remuneration for three months calcu-

lated on the basis of the last remuneration he was entitled to.

b - The provisions of the preceding paragraph shall not prejudice the worker's right to the gratuity he is entitled to and the termination notice allowance provided for in this law."

You shall also be entitled to gratuity from your employers. The gratuity will be calculated in accordance with the provisions of Article 132 of the Labour Law which states that "a worker who has completed a period of one or more years of continuous service shall be entitled to severance pay on the termination 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. 21 days' remuneration for each year of the first five years of service.

2. 30 days remuneration for each additional year of service provided that the aggregate amount of severance pay shall not exceed two year's remuneration."

Following these provisions of the Labour Law, your gratuity or severance pay shall be calculated upon your basic salary. The amount for the total service period of eight years shall be calculated as follows:

[(21 days basic salary) x 5] + [(30 days' basic salary) x 3]

You shall also be entitled to remuneration for the number of days of leave not availed by you in accordance with Article 79 of the Labour Law which states:

"Where a worker is dismissed or leaves his job after the period of no-

tice prescribed by law, he shall be entitled to remuneration in respect of any days of annual leave not taken. Such remuneration shall be calculated on the basis of the remuneration that he earned on the date on which the leave became due."

You employer shall also be required to pay for the cost of repatriation that is, the air fare to your place of residence, subject to Article 131 of the Labour Law which states that "an employer shall, on the termination of a worker's contract, defray the cost of returning him to the district from which he was recruited or to any other place agreed upon between the two parties. Where after the termination of his contract, a worker enters the service of another employer, the latter shall defray the worker's travelling expenses on the termination of his service. Subject to the provisions of the preceding sentence, if the employer fails to return the worker or to defray his travelling 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 contract is attributable to the worker, his travel shall be at his own expense if he has the wherewithal to pay."

Pursuant to the aforementioned provisions of the Labour Law, you are entitled to receive all the benefits as such. However, in the event your employer does not cooperate, you may approach the Ministry of Labour, file a complaint against your employer and may further take the matter to the courts of relevant jurisdiction in the UAE.

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