

# It is illegal for developers or landlords to ask 'key money'



## LEGAL VIEW Ashish Mehta

*My job requires me to look for lucrative locations to expand my employer's business in all emirates of the UAE. In the recent past, we have had to encounter an obstacle in acquiring commercial properties. This obstacle, as it is referred to in local parlance, is key money. This amount is to be paid before signing for a shop and is both non-refundable and without any documentary proof. The rent is charged separately as agreed up on after the payment of key money. My question is, what part of the law allows developers or landlords or even brokers to charge this money, which is usually between Dh50,000 and 500,000?*

There is no provision in the prevailing laws which legalise key money. Therefore, it is not legal to ask for 'key money' either by developers or landlords or brokers, although this may be a market practice. The real-estate bro-

ker is only eligible for broker fees if the contract is concluded by both parties. This is in accordance with Article 28(1) of Law No. 85 of 2006 regulating the Real Estate Brokers Register in the Emirate of Dubai which states: "A Real Estate Broker will be entitled to remuneration for his brokerage services only if a contract is concluded between both parties. A contract will be deemed concluded if all parties agree on the conditions provided for in the brokerage agreement." You may file a complaint in the land department and or in Real Estate Regulatory Agency against such individuals or companies demanding 'key money'.

### Employee entitled to 2 days annual leave per month

*I am writing to clear a doubt about employee leave eligibility. I have completed seven months of continuous service with my current employer and requested 14 days leave. The employer agreed to the leave, but said that it must be unpaid because after seven months service I will have only two leave days accumulated. Given my understanding of UAE labour laws, I am eligible for 14 days leave. Could you please clarify this matter?*

An employee is entitled to two days of annual leave per month if he has completed six months of employment but less than one year of service. This is in accordance with Article 75 of the Federal Law No. 8 of 1980 regulating Employment Relations in the UAE (the 'Employment Law'). It states: "Every worker shall, within each year of service, be granted a period of annual leave of not less than:

(a) two a month, where the worker's period of service is more than six months but less than one year;

(b) 30 days a year, where the



### Know the law

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(a) two a month, where the worker's period of service is more than six months, but less than one year;  
(b) 30 days a year, where the worker's period of service is more than one year.

worker's period of service is more than one year.

Where a worker's service is terminated, he shall be entitled to annual leave in respect of fractions of the last year."

It should be noted that annual leave accumulates from the day of joining employment at the rate of two days leave per month as mentioned in the aforesaid provision of law, but can only be availed upon completion of six months of service. We assume that your employer has not taken into consideration the first six months of service and has calculated your annual leave upon completion of six months. The calculation of annual leave will be since the beginning of service but can be availed only upon completion of six months of service. Therefore, your employer should not deduct your salary for such 14 days of approved annual leave.

### Employee need not pay recruitment costs

*I have a question on behalf of my employer. If an employee is terminated during his probation due to poor performance,*

*or dismissed due to misconduct during this time, does the employer have the right to recover the visa and labour cost associated with that particular employee?*

An employee is not entitled to pay the employer the recruitment costs borne by the employer at the time of recruitment if he is terminated during his probation due to poor performance or dismissed due to misconduct during this time. This is in accordance with Article 6(a) of the Ministerial Order No. 52 of 1989 pertaining to rules and procedures to be adopted at the labour permit sections with respect to the recruitment of non-national labour for employment in the UAE, which states: "An undertaking from the employer to the effect that he shall sponsor and be responsible for the recruited employee, 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."

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### Know the law

A real estate broker will be entitled to remuneration for his brokerage services only if a contract is concluded between both parties. A contract will be deemed concluded if all parties agree on the conditions provided for in the brokerage agreement



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