

# Broker's fee in Dubai is negotiable



**LEGAL VIEW**  
**ASHISH MEHTA**

I am searching for apartments for a short term (monthly basis) for the summer, but most ads I come across on the internet are by agents who are demanding high agency fees. Is it not the law that they cannot demand more than 5 per cent of the contract value as agency fees? If they persist, what can one do?

It is understood that you are currently looking for a rented apartment on a monthly basis and it is presumed that you are looking for the apartment in Dubai only.

It may be noted that real estate brokerage in Dubai is regulated by By-Law No (85) of 2006 Regarding the Regulation of Real Estate Brokers' Register in the Emirate of Dubai (the 'Broker's Law').

Pursuant to your queries, it may be advised that there are no specific legal provisions stating the broker's fee in Dubai and the same is negotiable. However, the broker's fee may also be determined on the basis of the 'prevailing practice' and once the fee is agreed upon, it has to be included in the brokerage agreement between the client and the broker in addition to further details. This is in accordance with the provisions of Article (26) and Article (27) of the Broker's Law, which states as follows:

"Article (26): The brokerage contract shall be in writing and shall state the names of the contracting parties, specifications of the real property and the brokerage conditions. The contract shall be registered in the real estate register.

Article (27): A broker's fee shall

be determined by agreement. If there is no agreement, the fees shall be determined according to the prevailing practice."

The prevailing practice in terms of the broker's fee is five per cent of the tenancy annual contract amount. If the broker charges a higher fee after the brokerage agreement is entered or in the event of any dispute with respect to bro-

**“ A broker's fee shall be determined by agreement. If there is no agreement, the fees shall be determined according to the prevailing practice**

kerage agreement, the dispute may be referred to a special council of the land department, provided the dispute resolution clause in the brokerage agreement contains a provision as such. This is in accordance with Article (34) and Article (35) of the Broker's Law which states:

"Article (34): The Department shall have a Council composed of four persons, in addition to the legal consultant of the Department. They shall be appointed by a decision issued by the Director. The council shall have competency to settle disputes related to brokerage.

Article (35): The council shall not consider disputes of real estate brokerage unless the brokerage contract contains the condition for amicable dispute settlement by the department, or the adversaries agree subsequently to refer their dispute to the Council for arbitration. The agreement on arbitration shall only be established in writing and it shall specify the subject of the dispute in the dispute settlement document."

## End-of-service benefits include leave salary, gratuity

I am an Indian worker who has been working for four years in a contracting company. I have not been allowed to go home for my sister's wedding. The firm promised me that they would send me last month but are delaying it. I just want to go as the wedding is fixed for July 8. The company even posted a notice at my labour camp saying that I have absconded. What is the procedure for me to file a complaint with the labour ministry or the consulate?

My ID card is with me but they have taken my passport. How do I get my dues and ticket?

It is understood that you are employed by a contracting company in the UAE and that you have been working for the last four years. And it is assumed that your employment is subject to provisions of the Federal Law No 8 of 1980 on Labour Relations (the 'Labour Law').

In the UAE, all employment-related disputes involving entities governed by the Labour Law, are initially required to be referred to the Ministry of Labour.

Pursuant to your queries, it is advised that you file a complaint at

the Ministry of Labour (the "Ministry") against your employer. In order to file a complaint, you may approach any of the offices of the ministry to file your complaint. Once a complaint is filed, the ministry will call on the employer to attend at the ministry to address your grievances.

Further, it must be noted that withholding the passport against the will of the passport holder is unlawful in the UAE. In order to recover your passport, you may report the matter to the ministry who may direct your employer to hand over your passport. Further, you may consider lodging a complaint with the police who may subsequently take action on the same and ask your employer to hand over your passport.

However, you have not given a proper account of your grievances against your employer and also it is not clear whether your employment contract is already terminated or you wish to terminate it. So it cannot be advised as to what benefits you are entitled to seek at the Ministry. It may be advised that you will still be entitled to the following end-of-service benefits, which are:

- > Leave salary (for the period of leave not taken); and
- > Severance pay or gratuity.

You are entitled to receive your remuneration for the number of days of leave which were 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 notice 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 shall also be entitled to receive gratuity from your employers. The amount of gratuity that you shall be entitled to will be calculated in accordance with the provisions of Article 132 of the Labour Law which states: "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:

- > 21 days' remuneration for each year of the first 5 years of service.
- > 30 days remuneration for each additional year of service provided that the aggregate amount of severance pay shall not exceed 2 year's remuneration."

Pursuant to the above mentioned provision of the Labour Law, your gratuity or severance pay shall be calculated upon your basic salary only. Thus, your gratuity shall be for the total service period of eight years shall be: 21 days' basic salary x 4 years.

Further, you may receive an air-ticket to return to India as cost of repatriation. But it shall be based on how and by whom your employment contract was terminated and will depend on the decision of the Ministry. This is in accordance with Article 131 of the Labour Law which states:

"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."

*Ashish Mehta, LLB, F.L.C.A., M.C.I.T., M.C.I.Arb., is the founder and Managing Partner of Ashish Mehta & Associates. He is qualified to practise law in Dubai, the United Kingdom, Singapore and India. He manages a multi-jurisdictional law firm practice, providing analysis and counselling on complex legal documents, and policies including but not limited to corporate matters, commercial transactions, banking and finance, property and construction, real estates acquisitions, mergers and acquisitions, financial restructuring, arbitration and mediation, family matters, general crime and litigation issues. Visit [www.amalawyers.com](http://www.amalawyers.com) for further information. Readers may e-mail their questions to: [news@khaleejtimes.com](mailto:news@khaleejtimes.com) or send them to Legal View, Khaleej Times, PO Box 11243, Dubai.*