As the 2019 Novel Coronavirus (COVID-19) continues to spread across the globe, businesses are facing weakened financial markets, disruption to workplace operations, and economic uncertainty. We have seen unprecedented measures taken by the UAE to prevent the spread of the disease including mandatory work from home instructions and business shut downs.

However, there has been uncertainty as to what steps an employer can take to mitigate the impact of the virus while protecting the rights of the workforce during this unprecedented time. To address this, the Ministry of Human Resources and Emiratisation (MOHRE) published on 30 March 2020, a new Resolution (279 of 2020) (Resolution). The Resolution provides welcome guidance designed to help employers navigate difficult employment issues arising in connection with the crisis. We have summarised the key elements of the Resolution below.

**Who does the Resolution apply to?**

The Resolution applies to non-national employees working for private sector companies registered with the MOHRE. However, while the Resolution does not specifically state that it applies to free zone companies, we would expect the spirit of the Resolution to be followed and applied offshore.

**Permitted measures to ease financial burden of employment costs on employers**

The Resolution permits the “gradual” application of the following steps to be taken with the agreement of the employee:

- **Implementation of a remote working system** - Save for those companies which fall within the exempt categories, all companies are currently required to ensure that 70% of their workforce is not working onsite. However, the ability to work from home may not be practical for all roles.
- **Provision of paid leave**
- **Provision of unpaid leave**
• **Temporary salary reduction** - The Resolution allows employers to implement salary reductions. Such reductions must be recorded in a “temporary addendum” to the labour contract. The MOHRE has provided a template temporary addendum document which must be signed by both parties and submitted to the MOHRE upon request. The salary deduction would be removed upon the earlier of: (a) the end of the addendum term; or (b) the expiry of the Resolution.

• **Permanent salary reduction** - Permanent salary reductions must be implemented in accordance with the MOHRE’s current salary amendment procedure and require the approval of the MOHRE.

Companies should be able to demonstrate: (a) all alternatives steps have been considered/taken before moving to implement harsher measures; and (b) express employee consent.

**Redeployment of excess employees**

Employers who have excess employees unable to work should register those employees with the “Virtual Labour Market System”. This is a MOHRE online platform which matches vacancies with suitable candidates. Employers remain required to continue to meet housing and other employment obligations of registered employees (with the exception of payment of salary) until the employee exits the UAE or is authorised to work for an alternative employer.

Employers looking to onboard new recruits must list the vacancies on the Virtual Labour Market and search the database of registered jobseekers.

In light of the current suspension on the issuance of new work permits, this initiative is a sensible move to ensure that the ability to mobilise in-country talent is maximised in order to efficiently address talent gaps in the market.

**How long will employers and employees be subject to the Resolution?**

The Resolution refers to its terms applying “during the period of applying precautionary measures to control the novel coronavirus outbreak”. It seems that the Resolution is applicable for as long as the COVID-19 procedures are in place. A formal timeframe has not been identified at this time (subject to further government announcements).

For further information, please feel free to contact one of the lawyers below or your usual Baker McKenzie contact.
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