

UNITED ARAB EMIRATES (ABU DHABI) – AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	UAE nationals are eligible for state benefits, including retirement, death and disability benefits and high-quality health care. The retirement pension for UAE nationals is 60% of basic salary after a minimum of 15 years plus 2% of basic salary for each additional year, up to a maximum of 100%. If the employees' service exceeds 35 years, he is entitled to a lump sum payment equal to 3 months basic salary for each additional year of service. Expatriate employees are not eligible for state benefits, apart from basic health care. In order to qualify for a residence permit, expatriate employees in Abu Dhabi must choose to subscribe either to a public health scheme (limited to government hospitals) or to a private insurance scheme. Health insurance is also compulsory for residents and expatriates in Dubai.
Typical New Pension Plan	Expatriate employees would typically be provided with offshore pension arrangements and lump sum death benefits. International employers may provide benefit plans for local nationals. These plans typically provide a defined contribution benefit on retirement at age 65, based on contributions of around 8% of pay by the employer and 5% by the employee. A lump sum death benefit of 1 to 3 years' basic pay would also be provided. Most employers also provide private medical insurance.
Typical Costs	For UAE nationals, employers pay 12.5% of earnings for state benefits. Expatriate employees are not subject to social security contributions.
Tax Implications	Corporate tax is limited to foreign-owned oil companies and banks. There is no income tax or inheritance tax.
Labour Law Issues	Termination benefits for local employees and expatriates are required after one year's service. Local nationals are entitled to 45 days salary plus allowances for the first 5 years of service, 2 months for the next 5 years and 3 months for each year over 10 years. Expatriates are entitled to 21 days per year of service for the first 5 years plus 30 days per year of service for each year over 5 years, with a maximum benefit of two years' basic salary. Most termination benefits are unfunded and are treated as liabilities on the balance sheet.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	International Financial Reporting Standards are required for all listed companies.
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