



## ALERT - UAE WAGE PROTECTION SYSTEM LATEST UPDATE

Significant changes to wage payment compliance in the United Arab Emirates ("**UAE**") will take effect on 1 June 2026. Under Ministerial Resolution No. 340 of 2026 ("**Resolution 340**"), issued by the Ministry of Human Resources and Emiratization ("**MOHRE**"), private-sector employers will no longer benefit from the current 15-day grace period for salary payments made through the Wage Protection System ("**WPS**"). Instead, wages for the preceding month must be paid by the first day of each Gregorian month, and any later payment will be treated as delayed.

### Unified Wage Due Date and Employer Obligations

Article 1 of Resolution 340 introduces a single monthly due date for wage payments and removes the flexibility previously available to employers:

- The due date for wages is the first day of each Gregorian month, covering wages for the preceding month.
- Any payment made after that date is automatically regarded as delayed.
- All private-sector establishments registered with MOHRE must pay wages through the WPS or another Ministry-approved system.
- Employers must also maintain records showing that wages were paid on time.

Article 2 of Resolution 340 outlined that for the WPS compliance, an establishment shall be compliant with its obligation if it has transferred no less than 85% of the total wages due to its workers by the due date, this is without prejudice to an employee's right to their full entitled wages.

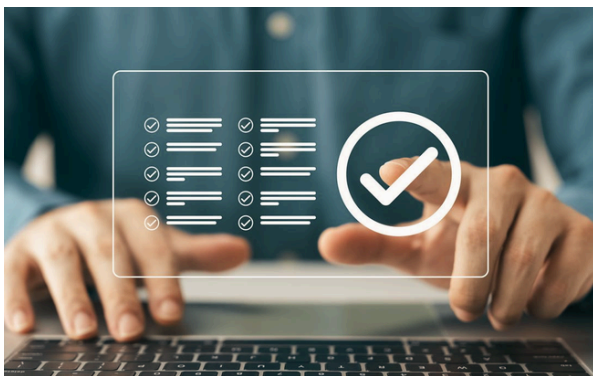
### Escalating Enforcement Measures

Article 3 and Annex 1 of Resolution 340 set out a staged enforcement regime that begins immediately once wages are overdue:

- **From the due date:** the establishment becomes subject to electronic monitoring.



- **From day 2:** MOHRE issues notifications and alerts and suspends the issuance of new work permits.
- From day 5: an administrative fine is imposed under Cabinet Resolution No. 21 of 2020.
- **From day 11:** establishments that have repeatedly breached the WPS within six months may be reclassified into the Third Category under Ministerial Resolution No. 209 of 2022.
- **From day 16:** establishments with at least 25 workers may face automatic registration of an individual or collective labour dispute, together with further suspension of work permits.
- **From day 21:** the consequences intensify further. For establishments with fewer than 50 workers, an executive instrument may be issued for wage payment. For establishments with 50 or more workers, collective labour dispute procedures may be initiated. In addition, the authorities may impose precautionary attachment over the establishment's assets and a travel ban on the person in charge.



### Exclusions from the WPS:

Article 4 identifies several categories of workers and establishments that fall outside the WPS:

- Workers whose wage claims have been referred to a competent court or are subject to an executive instrument.
- Workers against whom an absconding report has been filed.
- Workers whose liberty has been restricted by order of a competent authority.
- Workers on approved unpaid leave, provided MOHRE has been notified and supporting documents have been submitted.
- Seafarers working on ships.
- Foreign workers employed by foreign establishments and paid outside the UAE.
- Workers on mission work permits not exceeding three months.
- Fishing boats and public taxis owned by individual citizens.
- Banks and financial institutions.
- Places of worship.



## Higher-Risk Sectors and Anti-Avoidance Measures

Certain sectors are subject to stricter enforcement thresholds. These include construction, transport and storage, security services, cleaning services, recruitment agencies, and domestic worker recruitment offices. In those sectors, escalated measures may apply where as few as 25 workers are affected.

Resolution 340 also applies a unity-of-ownership rule, under which workers across establishments owned by the same employer may be aggregated. This is intended to prevent employers from avoiding enforcement by splitting operations across multiple entities. In addition, referral to the Public Prosecution may occur regardless of the size of the establishment where the delay poses a risk to the stability and regularity of the labour market.



## Recommended Next Steps for Employers

In light of Resolution 340, private-sector employers should consider taking the following steps before 1 June 2026:

- Review payroll calendars, internal cut-off dates, and bank processing times to ensure wages can be transferred by the first day of each Gregorian month.
- Confirm that WPS registration, payment channels, and supporting processes are functioning properly and can accommodate the revised payment timeline.
- Assess internal approval workflows and escalation procedures to reduce the risk of administrative delay in salary processing.
- Ensure wage records, supporting documents, and compliance files are complete and readily available in the event of MOHRE review or enforcement action.
- Consider whether related group entities could be affected under the unity-of-ownership rule, particularly where workers are employed across multiple establishments.
- Give particular attention to compliance planning if operating in a higher-risk sector where stricter thresholds may trigger earlier escalation.



## Recommended Next Steps for Employers

Resolution 340 tightens the UAE wage payment regime by replacing the existing grace period with a fixed monthly payment deadline and by introducing a rapid escalation of administrative and enforcement measures for non-compliance. Private-sector employers should therefore review payroll timing, WPS processes, internal approvals, and record-keeping practices well in advance of 1 June 2026 to ensure wages are paid on time and to reduce the risk of fines, permit suspensions, labour disputes, and other enforcement action.

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