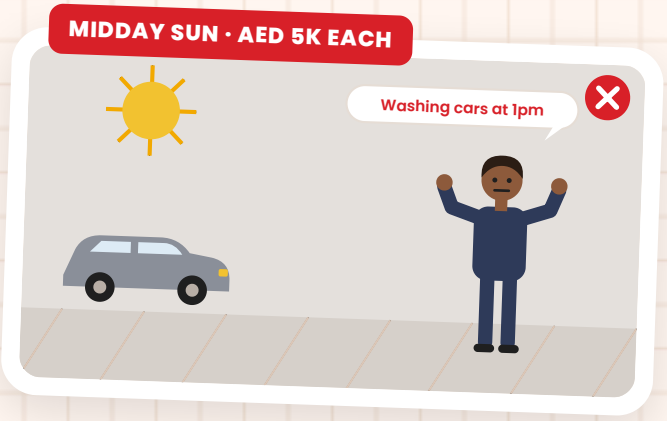
• AED 1,000,000 · TRAVEL BANS Payroll, permits, contracts, car wash & exits

Labour Law & Wages Compliance Guidebook for Automotive Companies

Salary deadlines, work permits, contracts, the midday break and gratuity: what MoHRE checks, **and why a late payroll now triggers penalties automatically.**





1st
of every month: the new WPS salary deadline (Jun 2026).

AED 1M
maximum fine for unauthorised employment.

AED 50K
maximum midday break fine.

5 standards · 12 checkpoints · Decree-Law 33/2021 · MR 340/2026 · Right way / wrong way · Ideal fix time

Aug 2024 Fines up to AED 1M → **Jun 2026** Pay by the 1st → **Summer** Midday break → **Penalties now run automatically.**

WHY THIS GUIDEBOOK EXISTS

Payroll is late on day 2. Permits stop on day 5.

From **1 June 2026**, salaries must be paid through WPS by the 1st of the month, with no grace period. Penalties escalate automatically: warnings, permit suspension, fines, disputes, then legal action and **travel bans**. Unauthorised employment is fined up to **AED 1,000,000**.

This guidebook covers the 5 labour standards most likely to affect a dealer group.

WHERE THE RISK SITS

Payroll
WPS by the 1st
LB-01

Permits
Everyone on site
LB-02

Contracts
Registered and matching
LB-03

Heat
Midday break
LB-04

Exits
Gratuity in 14 days
LB-05

Emiratisation
See separate guide
EM

WHO ENFORCES IT

MoHRE
Human Resources & Emiratisation
Inspections, fines, permits

Labour courts
Disputes
Employee claims

Prosecution
Public Prosecution
Serious breaches, travel bans

ICP / GDRFA
Residency
Visa status

WHO IT'S FOR

Owners & MDs
Understand automatic escalation.

HR & payroll
Pay on time, permit everyone.

Auditors
Test WPS dates and permits.

ESCALATION NOW RUNS BY THE CALENDAR

Salaries late by 21 days. Travel bans on officials.

The June 2026 WPS rule escalates automatically: **permit suspension on day 5**, fines on day 11, automatic labour disputes on day 16, and legal action with travel bans on day 21.

THE PENALTY LADDER

LEVEL 1
Day 5
Work permits suspended.

LEVEL 2
Day 11
Fines and classification downgrade.

LEVEL 3
AED 1M
Unauthorised employment, per worker multiplied.

LEVEL 4
Day 21
Legal action and travel bans.

REAL CASES FROM US AUTOMOTIVE BUSINESSES

WHO	RESULT	WHAT HAPPENED
WPS rule MR 340/2026 · Jun 2026	**1st** of the month	No grace period; 85% of wages per employee.
Labour law amendment Aug 2024	**AED 1M** maximum	Unauthorised employment and circumvention.
Midday break Every summer	**AED 50K** maximum	AED 5,000 per worker.

10 UNPERMITTED WORKERS
AED 1M+
Fines multiplied per worker.

LATE PAYROLL
Day 5
Permits frozen.

AND THEN
Travel ban
Company officials **can't leave the UAE**.

HOW TO USE THIS GUIDE

One page per standard. Pay on time.

1. **Header**: code, area, owner and the maximum penalty
2. **The law**: which regulator and which regulation
3. **The cost**: fine, what else can happen and a real case
4. **Right / wrong**: illustrated pass and fail, plus how to audit

THE 5 STANDARDS

LB-01	Salaries Paid by the 1st (WPS)	MR 340/2026	CRITICAL	Suspension + fines	Immediate	5
LB-02	Valid Work Permits Only	DL 9/2024	CRITICAL	AED 100K–1M	Immediate	6
LB-03	Contracts Registered on MoHRE	FDL 33/2021 Art. 8	CRITICAL	Fines + disputes	7 days	7
LB-04	Midday Break	MoHRE	SEVERE	AED 5K / worker	Immediate	8
LB-05	End-of-Service Gratuity Paid	FDL 33/2021 Art. 51	CRITICAL	Fines + disputes	72 hours	9

IDEAL FIX TIME · COUNTED FROM AUDIT SUBMISSION

Immediate	Stop now · serious harm or clear breach	3 standards
72 hours	Fix within 3 working days	1 standard
7 days	Fix within 1 week · records, notices, training	1 standard

SCORING EACH CHECKPOINT

PASS

Every criterion met at the time of audit, with evidence captured.

FAIL

Any criterion not met at the time of audit. Record what you saw and who owns the fix.

N/A

Only where "Applies when" rules it out. Record why.

Note. Free zones may have their own employment rules. This guide covers mainland MoHRE-regulated entities.

LB-01 LABOUR · MOHRE · STANDARD 01 OF 05

Salaries Paid by the 1st (WPS)

Area **Payroll** | Person in charge **Payroll Manager · Finance Director** | Regulator **MoHRE**

MAXIMUM PENALTY

AED Travel ban

on officials from day 21

Day 5 permit suspension · day 11 fines

• CRITICAL

THE LAW

FDL 33/2021

Federal Decree-Law No. 33 of 2021 on Labour Relations (as amended by Decree-Law 9/2024) · **Ministerial Resolution 340/2026** (from 1 Jun 2026): pay by the 1st of the month through WPS

WHAT WE CHECK

Salaries are paid through WPS by the 1st of each month for the previous month, with at least 85% of wages paid to every employee.

CHECKPOINTS IN THE AUDIT

- Q1 Are salaries paid through WPS by the 1st of each month?
- Q2 Does every employee receive at least 85% of entitled wages?
- Q3 Are delays escalated before day 2?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

The 2024 amendments set fines of **AED 100,000–1,000,000** for hiring without permits and other serious breaches, **multiplied** by the number of workers.

BEYOND THE FINE

MoHRE can **suspend new work permits**, downgrade the company's classification (raising fees), and refer cases to prosecution with travel bans on officials.

REAL ENFORCEMENT

Day 5

Under the **June 2026 WPS rule**, work permits are suspended 5 days after the 1st-of-month salary deadline is missed.

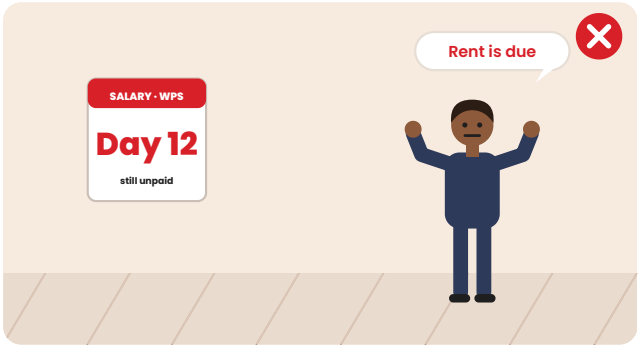
✔ RIGHT WAY



Paid on the 1st through WPS.

✖ WRONG WAY

TRAVEL BAN



Unpaid on day 12.

PURPOSE

Since June 2026 there's no 15-day grace period, and penalties escalate automatically.

FIX IT WITHIN

Immediate

AUDIT CRITERIA · PASS WHEN

- Paid by the 1st
- Through WPS
- 85% rule met

IDEAL WAY OF AUDITING

1. Check WPS dates for 3 months
2. Check per-employee coverage

Evidence: WPS reports.

WORST CASE Day 5: permits suspended. Day 11: fines. Day 21: **legal action and travel bans** on officials.

LB-02 LABOUR · MOHRE · STANDARD 02 OF 05

Valid Work Permits Only

Area **HR · Valeting** | Person in charge **HR Manager** | Regulator **MoHRE**

MAXIMUM PENALTY

AED 1,000,000

maximum · unauthorised employment

From **AED 100,000** · multiplied per worker

• CRITICAL

THE LAW

FDL 33/2021

Federal Decree-Law No. 33 of 2021 on Labour Relations (as amended by Decree-Law 9/2024) · **Decree-Law 9/2024**: employing workers without a work permit

WHAT WE CHECK

Nobody works at the dealership (including valeters, drivers and contractors on site) without a valid MoHRE work permit sponsored or authorised for that role.

CHECKPOINTS IN THE AUDIT

- Q1 Does every worker on site hold a valid work permit for this employer or an approved arrangement?
- Q2 Are permits checked for contractor and agency staff?
- Q3 Are expiries tracked?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

The 2024 amendments set fines of **AED 100,000–1,000,000** for hiring without permits and other serious breaches, **multiplied** by the number of workers.

BEYOND THE FINE

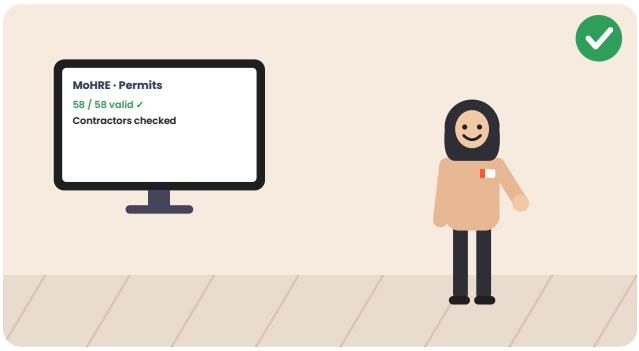
MoHRE can **suspend new work permits**, downgrade the company's classification (raising fees), and refer cases to prosecution with travel bans on officials.

REAL ENFORCEMENT

Aug 2024

labour law amendments raised fines to **AED 100,000–1,000,000** for unauthorised employment.

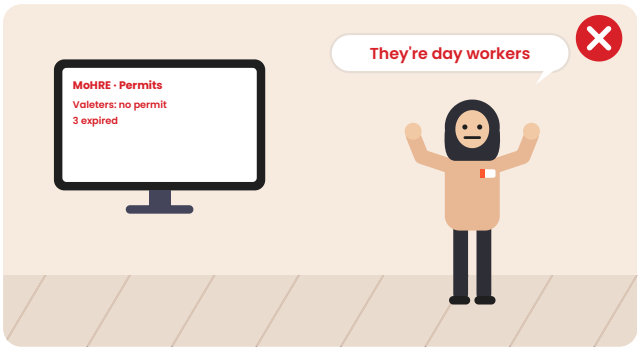
✔ RIGHT WAY



Every worker has a valid permit.

✖ WRONG WAY

AED 1M



Valeters working without permits.

PURPOSE

Unauthorised employment now carries the heaviest labour fines.

FIX IT WITHIN

Immediate

AUDIT CRITERIA · PASS WHEN

- Valid permits
- Contractors checked
- Expiries tracked

IDEAL WAY OF AUDITING

1. Headcount vs MoHRE list

Evidence: Permit list.

WORST CASE **AED 100,000–1,000,000**, multiplied per worker.

LB-03 LABOUR · MOHRE · STANDARD 03 OF 05

Contracts Registered on MoHRE

Area **HR** | Person in charge **HR Manager** | Regulator **MoHRE**

MAXIMUM PENALTY

AED 1,000,000

maximum · unauthorised employment

From **AED 100,000** · multiplied per worker

• CRITICAL

THE LAW

FDL 33/2021

Federal Decree-Law No. 33 of 2021 on Labour Relations (as amended by Decree-Law 9/2024) · **FDL 33/2021** fixed-term contracts registered with MoHRE

WHAT WE CHECK

Every employee has a MoHRE-registered contract matching actual pay, role and hours, in Arabic (and another language where used).

CHECKPOINTS IN THE AUDIT

- Q1 Is every contract registered with MoHRE?
- Q2 Do contract pay and role match reality?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

The 2024 amendments set fines of **AED 100,000–1,000,000** for hiring without permits and other serious breaches, **multiplied** by the number of workers.

BEYOND THE FINE

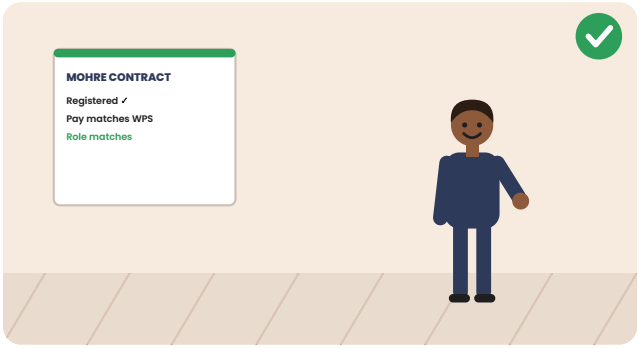
MoHRE can **suspend new work permits**, downgrade the company's classification (raising fees), and refer cases to prosecution with travel bans on officials.

REAL ENFORCEMENT

Aug 2024

labour law amendments raised fines to **AED 100,000–1,000,000** for unauthorised employment.

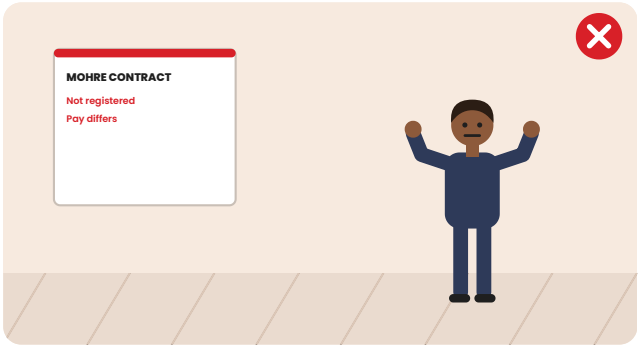
✔ RIGHT WAY



Registered contract matching WPS pay.

✖ WRONG WAY

FINES



Unregistered contract, pay different.

PURPOSE

Contract mismatches are what labour disputes are built on.

FIX IT WITHIN

◷ 7 days

AUDIT CRITERIA · PASS WHEN

- Registered contracts
- Pay and role match

IDEAL WAY OF AUDITING

1. Sample 10 contracts vs WPS

Evidence: Contracts + WPS.

WORST CASE Mismatches lead to disputes, fines and classification downgrades.

LB-04 LABOUR · MOHRE · STANDARD 04 OF 05

Midday Break

Area **Car wash · Lot** | Person in charge **Operations Manager** | Regulator **MoHRE**

MAXIMUM PENALTY

AED 50,000

maximum · AED 5,000 per worker

Plus **establishment file suspension**

• SEVERE

THE LAW

FDL 33/2021

Federal Decree-Law No. 33 of 2021 on Labour Relations (as amended by Decree-Law 9/2024) · MoHRE midday break: 15 June–15 September, 12:30–3:00pm, outdoor work

WHAT WE CHECK

Outdoor staff (car wash, lot, delivery prep) don't work in direct sun from 12:30pm to 3:00pm between 15 June and 15 September, and have shade and water.

CHECKPOINTS IN THE AUDIT

Q1 Is outdoor work stopped from 12:30 to 3:00pm in summer?

Q2 Are shaded rest areas and water provided?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

The 2024 amendments set fines of **AED 100,000–1,000,000** for hiring without permits and other serious breaches, **multiplied** by the number of workers.

BEYOND THE FINE

MoHRE can **suspend new work permits**, downgrade the company's classification (raising fees), and refer cases to prosecution with travel bans on officials.

REAL ENFORCEMENT

AED 50K

maximum fine for breaking the **midday break** (AED 5,000 per worker).

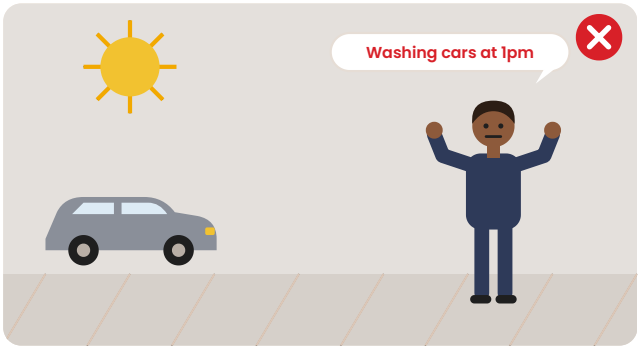
✔ RIGHT WAY



Outdoor staff resting in shade at midday.

✖ WRONG WAY

AED 5K EACH



Washing cars in the sun at 1pm.

PURPOSE

Heat stress kills, and the rule is heavily inspected every summer.

FIX IT WITHIN

Immediate

AUDIT CRITERIA · PASS WHEN

- Work stopped 12:30–3:00
- Shade and water
- Schedules adjusted

IDEAL WAY OF AUDITING

1 Visit at 1pm in summer

Evidence: Photos + roster.

WORST CASE **AED 5,000 per worker**, up to **AED 50,000**, plus file suspension.

LB-05 LABOUR · MOHRE · STANDARD 05 OF 05

End-of-Service Gratuity Paid

Area **Payroll** | Person in charge **Payroll Manager** | Regulator **MoHRE**

MAXIMUM PENALTY

AED 1,000,000

maximum · unauthorised employment

From **AED 100,000** · multiplied per worker

• CRITICAL

THE LAW

FDL 33/2021

Federal Decree-Law No. 33 of 2021 on Labour Relations (as amended by Decree-Law 9/2024) · **FDL 33/2021 Art. 51** end-of-service gratuity · payment within 14 days

WHAT WE CHECK

Leavers receive their gratuity (21 days' basic pay per year for the first 5 years, 30 days after) and final dues within 14 days of leaving.

CHECKPOINTS IN THE AUDIT

- Q1 Is gratuity calculated correctly on basic pay?
- Q2 Are final dues paid within 14 days?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

The 2024 amendments set fines of **AED 100,000–1,000,000** for hiring without permits and other serious breaches, **multiplied** by the number of workers.

BEYOND THE FINE

MoHRE can **suspend new work permits**, downgrade the company's classification (raising fees), and refer cases to prosecution with travel bans on officials.

REAL ENFORCEMENT

Aug 2024

labour law amendments raised fines to **AED 100,000–1,000,000** for unauthorised employment.

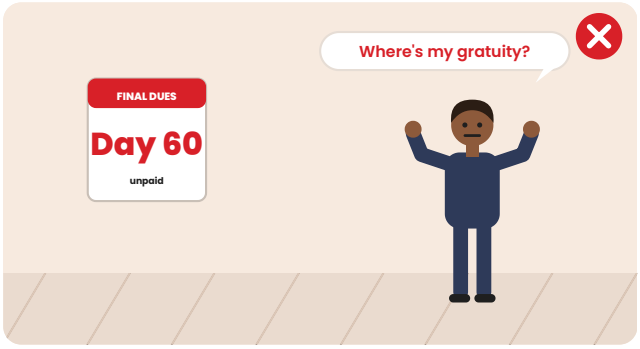
✔ RIGHT WAY



Paid in 9 days.

✖ WRONG WAY

FINES



Unpaid after 60 days.

PURPOSE

Unpaid dues are one of the most common labour complaints.

FIX IT WITHIN

◷ 72 hours

AUDIT CRITERIA · PASS WHEN

- Correct calculation
- Paid within 14 days

IDEAL WAY OF AUDITING

1. Recalculate 5 exits

Evidence: Exit files.

WORST CASE Complaints become disputes, fines and permit suspensions.

FIX PAYROLL BEFORE DAY 2

Your 30-day labour action plan.

Today

- [ ] **LB-01** Salaries Paid by the 1st (WPS)
  Immediate
- [ ] **LB-02** Valid Work Permits Only
  Immediate
- [ ] **LB-04** Midday Break
  Immediate

This week

- [ ] **LB-05** End-of-Service Gratuity Paid
  72 hours
- [ ] **LB-03** Contracts Registered on MoHRE
  7 days

This month

Re-audit the site in 30 days.

?/5 Count your passes. Payroll and permit fails can **freeze the business** in days.

SOURCES

- Khaleej Times: New UAE salary rule, fines, work permit and travel bans · khaleejtimes.com
- Legal 500: Amendments to Federal Decree-Law No. 33/2021 · legal500.com
- Khaleej Times: Midday break violators face up to Dh50,000 fine · khaleejtimes.com

Disclaimer. For compliance-audit guidance only; not legal advice.

AUDIT SIGN-OFF

DEALERSHIP / SITE	AUDITOR	DATE	SCORE __ / 5

BRANCH / DEALER PRINCIPAL SIGNATURE	COMPLIANCE LEAD SIGNATURE