UAE INTRODUCES FIXED MONTHLY SALARY DEADLINE FOR PRIVATE SECTOR EMPLOYERS UNDER NEW WPS RULES

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The Ministry of Human Resources and Emiratisation (MoHRE) issued Ministerial Resolution No. 340 of 2026 on 12 May 2026, establishing a revised Wage Protection System (WPS) framework for private sector employers in the UAE. The Resolution takes effect from 1 June 2026 and replaces Ministerial Resolution No. 598 of 2022, which previously governed wage protection obligations.

This article sets out the key provisions of Resolution 340, including the new payment deadline, compliance thresholds, enforcement procedures, exemptions, and the rules on payroll delegation.

PAYMENT DEADLINE

Resolution 340 sets the 1st day of every calendar month as the unified salary payment date for private sector employees. Wages due relate to the preceding calendar month. Any salary transferred after this date is classified as delayed under the Resolution.

Under the prior framework, employers had a 15-day window from the due date to pay wages before being considered late, unless the employment contract specified a shorter period. There is no grace period under the new framework – the deadline is the 1st, and any payment made after that date is treated as non-compliant from the moment it falls due.

All establishments registered with MoHRE must process payments through the approved WPS or through any other payment system formally recognised by the Ministry for this purpose. Establishments are also required to maintain and provide supporting documents and data evidencing salary payments when requested, in accordance with the controls and procedures set by MoHRE.

COMPLIANCE THRESHOLDS

The Resolution does not require full disbursement of the total wage bill to establish compliance. It sets two separate thresholds – one at the entity level and one at the individual employee level.

At the entity level, an establishment is considered compliant where it transfers at least 85% of the total wages due to its workforce by the payment deadline.

At the individual level, an employee is not treated as unpaid where they receive at least 85% of their contracted salary, provided any shortfall is attributable to lawful deductions or withholdings permitted under Article 25 of Federal Decree-Law No. 33 of 2021 (the UAE Labour Law).

The individual threshold represents a change from the prior regime, which was set at 80%. Neither threshold affects the employee's right to claim any amounts that remain outstanding – these thresholds operate for the purpose of WPS compliance monitoring only.

ENFORCEMENT: THE ESCALATION SCHEDULE

Annex 1 to the Resolution sets out a sequential enforcement regime. Measures are applied at defined intervals following the payment deadline and are calibrated by the size of the establishment and, in some cases, by whether a violation is being repeated.

From the due date onwards: MoHRE initiates electronic monitoring of all registered establishments to track whether salaries have been paid.

From Day 2: Non-compliant establishments receive automated notifications and alerts instructing them to make payment.

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Day 5: New work permit applications for the establishment are suspended. The employer is formally notified of the suspension and directed to settle outstanding wages.

Day 11: Where the violation is repeated within a six-month period, two further measures apply: administrative fines are imposed in accordance with Cabinet Resolution No. 21 of 2020, and the establishment's classification is downgraded to Category 3 under Ministerial Resolution No. 209 of 2022.

Day 16: Individual or collective labour disputes are automatically registered for affected workers, and further work permit suspensions are imposed. This stage applies to two categories of establishment. The first is non-compliant establishments employing 25 or more workers across all sectors, in accordance with MoHRE's applicable regulations. The second is establishments under common ownership where the total number of workers whose wages have not been paid across all such establishments reaches 25 or more — but only where those establishments operate in construction, transport and storage, security services, cleaning services, recruitment agencies, or domestic worker recruitment offices.

Day 21: The most serious set of measures becomes available, including the issuance of enforcement instruments requiring payment of outstanding wages, precautionary asset seizures against the establishment, travel bans on persons responsible at the establishment, and referral of the matter to the Public Prosecution and other competent authorities with relevant documentation.

Referral to the Public Prosecution applies in any of the following three situations as set out in the Resolution:

- Non-compliant establishments employing 50 or more workers, in the event of a repeated violation.
- Establishments owned by the same employer or employers — taking into account unity of ownership — where the total number of workers whose wages have not been paid across those establishments reaches 50 or more, provided the establishment's activity falls within the sectors of construction, transport and storage, security services, cleaning services, recruitment agencies, or domestic worker recruitment offices.
- Where there exists a risk relating to the stability and regularity of the labour market, regardless of the size of the establishment.

EXEMPTIONS FROM WPS CALCULATION

Article 4 of the Resolution lists the categories of workers excluded from the WPS compliance calculation. The exemptions generally require either a formal notification to MoHRE or the submission of supporting documentation:

- Workers whose wages are the subject of an active labour claim referred to the competent court, or for whom an enforcement instrument has been issued — limited to the wage amount and period under dispute
- Workers against whom an absence notification has been formally lodged, for the duration of that notification
- Workers whose personal liberty has been restricted by order of a competent authority, for the period during which they are unable to perform work, subject to MoHRE notification and documentation
- Workers on approved unpaid leave, for the approved leave period, subject to MoHRE notification and required documentation
- Seafarers working aboard vessels, subject to an application by the establishment and MoHRE approval
- Foreign workers employed by foreign establishments or their UAE branches who receive their wages outside the UAE, subject to an application by the establishment and worker consent
- Workers holding mission-type work permits with a duration not exceeding three months
- Fishing boats owned by UAE nationals
- Public taxis owned by UAE nationals
- Banks and financial institutions
- Places of worship

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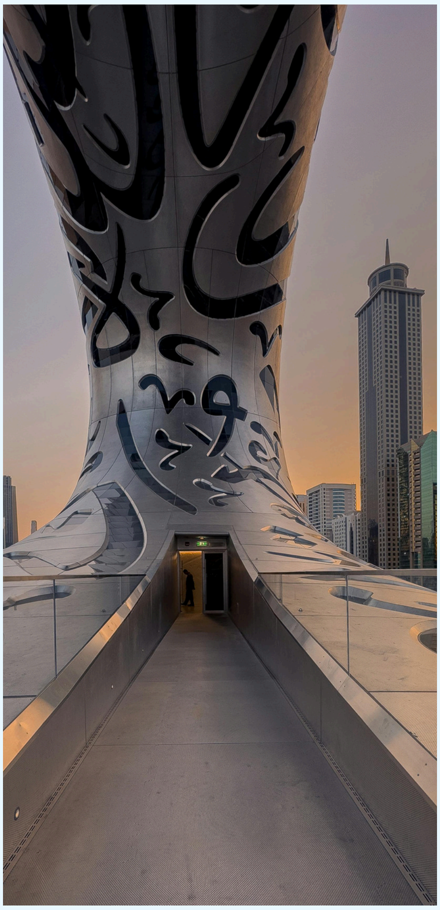
DELEGATION OF PAYROLL PROCESSING

Under Article 5, an establishment may authorise a third party to process salary payments on its behalf. To do so, the establishment must provide MoHRE with details of the authorised party and a copy of the authorisation document or the contract with that party, including the scope of the delegation and the obligations and responsibilities attached to it.

The legal responsibility for timely payment, however, remains with the employing establishment in all circumstances. Where a delegated party fails to pay wages on time, all enforcement measures under the Resolution are applied to the establishment, not to the delegate. This is without prejudice to any recourse the establishment may have against the delegate under their contractual arrangement and applicable law.

PRACTICAL CONSIDERATIONS



Payroll processing timelines. The 1st-of-month deadline requires WPS submissions to be completed before the last working day of the preceding month. Weekends and public holidays can reduce the available window further, requiring payroll approval cycles to be restructured accordingly.

Cash flow planning. In practice, employers may need to complete payroll funding and WPS submissions before the last banking day of the preceding month, rather than drawing on income received in the early days of the following month. This has implications for businesses with project-based or receivables-heavy revenue models, as well as SMEs with tighter liquidity cycles. Industry observers have noted that pre-funded payroll accounts and access to payroll financing facilities are becoming more relevant operational considerations under the new framework.

Deduction documentation. The tightened 85% individual threshold means any deduction that reduces an employee's net payment below that level must be clearly documented and legally grounded. Deductions not formally recorded in accordance with the Labour Law may result in the affected employee being classified as unpaid for WPS purposes.

Group and multi-entity structures. The Day 16 and Day 21 provisions aggregate unpaid workers across establishments under common ownership in specified sectors. Groups with multiple registered entities need to monitor WPS compliance across all entities together, as the headcount thresholds triggering escalation can be met on a consolidated basis even where no single entity would individually reach them.

EFFECTIVE DATE

The Resolution was published for entry into force on 1 June 2026, as stated in Article 8.

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