

UAE Labour Court: The Cost Implications

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At the end of an employment relationship, ideally parties seek an exit strategy agreeable to both. However, often breakdown of the employment relationship is fractious and emotive and litigation is initially threatened and then pursued. At the outset, it is important that parties are able to put emotions to one side and consider the practicalities of litigation particularly the costs involved. It is a practical reality that, on many occasions, the costs involved in litigation can sometimes outweigh any amount claimed. It is therefore imperative that careful commercial consideration is given to each case, on its own individual merit, before engaging in a litigation process. The typical costs that a party may incur during the litigation life cycle include legal professional fees, court fees and the fees of any required court appointed expert.

In further detail, this article considers these costs and expenses that may arise from litigation before the Dubai Labour Court.

Court Fees

The Labour Court is divided into 2 separate circuits, namely –

- The Minor Circuit – for all claims up to the value of AED 100,000. Claims before the minor circuit are presided over by a single Judge; and
- The Major Circuit – for all claims in excess of AED 100,000. Claims brought before the major circuit are presided over by a panel of three Judges.

The Court of First Instance filing fee for claims raised before both circuits is 5% of the total sum claimed to a maximum of AED 40,000. In the event of an appeal before the Court of Appeal, the court fee payable is 50% of the court fee charged before the Court of First Instance to a maximum of AED 20,000. Should a final appeal be issued before the Court of Cassation a flat court fee of AED 2,000 is payable.

A respondent employer must pay the Labour Court's court fees regardless of the outcome of any claim, as claimant employees are exempt by law from paying such fees. The court fees will become payable upon the issuance of a final Judgment in the matter and will be included in the execution statement issued to be paid at the conclusion of the case.

In the event a respondent employer wishes to issue a counterclaim against a claimant employee, the court fee payable upon the submission of the counterclaim is 5% of the value of the amount claimed.

Should a branch appeal (where a respondent employer seeks to appeal a Court of First Instance Judgment in response to an employee's appeal of the Judgment) be warranted, the respondent employer would be required to pay a court fee equivalent to 50% of the Court of First Instance court fee upon submission of the branch appeal.

Expert Expense

In the event an expert is appointed then the fee for such appointment is borne by the claimant employee given it is generally a claimant that makes the application to the court for the expert's appointment. It is important to note, however, that it is within the Labour Court's discretion to direct both parties to pay the expert fees equally, irrespective of who has requested the expert appointment. The Labour Court also has the discretion to decide the fee payable to an appointed expert and in current practice, this ranges from between AED 5,000 – AED 10,000 depending on the complexity of the issues arising in any given claim.

“The expense to an employer respondent for defending an employee claim before the Dubai Labour Court is significant and therefore commercial consideration is merited in advance of committing to defending claims.”

Legal Professional Fees

Unlike many common law jurisdictions, in the UAE each party is responsible for their own legal costs as well as disbursements, which are not recoverable from by a winning party, with the exception of a small nominal amount (between AED 2,000 – 5,000) awarded at the final hearing to the winning party at the complete discretion of the court.

In summary, the expense to the parties in pursuing and defending claims before the Dubai Labour Court can be significant. It is always advisable that both parties factor this aspect into their deliberations and give commercial consideration to resolving matters by other means in advance of proceeding with litigation.

Al Tamimi & Company's employment team regularly advises on all aspects of employment law. For further information please contact [Samir Kantaria](mailto:s.kantaria@tamimi.com) (s.kantaria@tamimi.com) or [Gordon Barr](mailto:g.barr@tamimi.com) (g.barr@tamimi.com).