



How DIFC Calculates End-of-Service Today

A. Introduction

The Dubai International Financial Centre (DIFC) administers its own employment framework, distinct from the UAE's federal labour system. Today, end-of-service benefits in the DIFC follow an international, contribution-based approach delivered through an employer workplace savings arrangement known as a Qualifying Scheme.

B. What changed on 1 February 2020

The DIFC replaced the traditional lump-sum gratuity with a savings model funded monthly by employers. Employees who complete at least one year of continuous service are entitled to benefits calculated on basic salary only. Instead of waiting for a payout at termination, employers must make monthly contributions into a Qualifying Scheme that satisfies the DIFC Employment Law and Employment Regulations.

C. Default scheme and certification

The DIFC Employee Workplace Savings Plan (DEWS Plan) is the default Qualifying Scheme. Employers may adopt another workplace savings plan, but only if it has first obtained a Certificate of Compliance from the DIFC Authority confirming all regulatory conditions are met. Without certification, an alternative plan cannot be used to meet statutory obligations.

D. Contribution structure and voluntary top-ups

- Years 1–5: employer contribution of 5.83% of the employee's monthly basic salary
- From year 6 onwards: employer contribution of 8.33% of monthly basic salary

Employees may also make voluntary contributions to the DEWS Plan by notifying their employer.

E. Transitional service before February 2020

Employees already employed in the DIFC before the change may have service periods under both systems. Any gratuity accrued under the legacy framework remains payable unless employer and employee expressly agree in writing to transfer that accrued amount into the DEWS Plan. Transfers are optional and require the employee's written consent. If employment ends part-way through a year, the gratuity for that partial year is calculated on a pro rata basis.

F. How the legacy gratuity worked

Under the previous DIFC rules, end-of-service benefits were paid as a single lump-sum based on basic salary only: 21 days' basic wage for each of the first five years of service and 30 days for each additional year, subject to a cap of two years' salary. Allowances were excluded from the calculation.

G. Why the current model matters

The contribution-based system aligns the DIFC with global practice in major financial centres. It replaces a deferred, end-of-employment payout with regular employer funding into professionally managed investment funds. This provides greater transparency, continuous provisioning, and portable, investment-backed savings for employees, while giving employers a clear, rules-based structure for meeting end-of-service obligations.

H. Support

Legal counsel is recommended to ensure your end-of-service arrangements are compliant. Our team at [Meyer-Reumann & Partners](#) will be pleased to assist you with tailored advice and comprehensive support. Please reach out to us by emailing katharina@meyer-reumann.com.

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