



KEY LEGAL QUESTIONS IN THE UAE RIGHT NOW: CONTRACTS, EMPLOYMENT & INVESTMENTS

A. INTRODUCTION

Recent geopolitical developments have created a ripple effect across global markets, supply chains and day-to-day business operations. While the UAE remains stable and proactive in its response, individuals and businesses alike are starting to ask practical legal questions:

“Can I get out of my contract?”

“What happens to my job if things slow down?”

“Can I pause or exit a property investment?”

In times like these, legal rights and obligations do not disappear, but how they are applied can become more nuanced. Below are some of the most common legal questions currently arising in the UAE, and what you need to know.

B. KEY LEGAL QUESTIONS

1. Does the current situation qualify as force majeure under UAE law?

Under UAE law, force majeure is not simply about inconvenience or financial difficulty. Article 273 of the UAE Civil Code provides that where a force majeure event makes performance impossible, the corresponding obligation may be extinguished. The key threshold here is impossibility, not mere hardship or increased cost.

However, the position is rarely straightforward in practice. Many contracts include custom-made force majeure clauses which may define triggering events more broadly, such as war, political instability or supply chain disruption. As a result, whether the current situation qualifies will depend heavily on the wording of the contract and the specific circumstances surrounding performance. Each case must therefore be assessed individually to determine whether the event falls within the contractual definition and whether it genuinely prevents performance.

→ *Force majeure is not automatic: it is contractual and highly fact-specific.*

2. Can employers change working arrangements, salaries or terminate employees?

Employment relationships remain governed by the UAE Labour Law, even during periods of disruption, but there is some flexibility in how arrangements can be adapted. Remote working, for example, is not something that can be imposed unilaterally and is generally best implemented through mutual agreement between employer and employee. Similarly, salary reductions may be possible (currently up to 50% in affected sectors), but they require employee consent and should be properly documented to avoid future disputes. Unpaid leave is another commonly used option where both parties agree, while annual leave can be required by the employer provided that at least 30 days' notice is given. Importantly, employers cannot simply terminate employees without following proper legal procedures, including having respecting contractual/statutory notice periods.

From a compliance perspective, any changes to salary or employment terms should be reflected in the Wage Protection System (WPS) to avoid penalties. At the same time, the government has introduced a degree of flexibility on a case-by-case basis in relation to work permits to support certain sectors.

→ *Flexibility exists but it must be agreed, documented and compliant.*

3. Can buyers exit real estate investments or ongoing projects?

In the real estate context, the ability to exit an investment is almost entirely governed by the terms of the Sale and Purchase Agreement. This includes how force majeure is defined, whether there are any conditional obligations linked to project milestones and what rights are triggered in the event of delay or disruption. Where an investor simply wishes to withdraw without a valid contractual basis, this does not automatically entitle them to a refund.

Depending on the stage of the project, the developer may be entitled to retain the deposit or even claim a percentage of the purchase price. The progress of construction and the specific contractual provisions will play a significant role in determining the outcome.

→ *Wanting to exit is not enough: your contract and applicable law determine your rights.*

4. What happens to business licences, renewals or company set-ups?

The UAE authorities have adopted a pragmatic approach in light of current conditions, introducing measures to support businesses in managing their regulatory obligations. This includes extended grace periods for trade licence renewals (currently up to three months effective from April 1st) as well as reduced fees in certain cases for both new licences and renewals. These measures are designed to ease the immediate financial and administrative burden on businesses. At the same time, processes relating to new business set-ups, amendments and regulatory filings have been made more flexible to ensure continuity.

→ *There is support available, but businesses still need to act proactively.*

5. Should I be thinking about wills and succession planning right now?

Wills and succession planning are always important, regardless of external circumstances, but periods of uncertainty tend to bring these issues into sharper focus. In practice, this often leads to an increase in demand for will registrations, which can result in longer waiting times for appointments with relevant authorities such as ADJD or DIFC. For individuals who have been considering putting a will in place, delays in acting may simply lead to administrative bottlenecks later on.

Importantly, both ADJD and DIFC offer online registration processes, meaning that wills can be prepared and registered remotely whether an individual is in the UAE or abroad. This provides a level of flexibility and accessibility, particularly for those who may have chosen to travel or temporarily relocate during this period. Taking steps now helps ensure that affairs are clearly structured and legally enforceable, rather than left to uncertainty.

→ *If it has been on your mind, this is the time to act not delay.*

C. IMPLICATIONS AND TAKEAWAYS

Across all of these areas, one theme remains consistent: legal obligations in the UAE continue to apply, but their practical impact depends heavily on the specific

contractual framework and how proactively parties respond. Whether dealing with force majeure, employment arrangements, real estate investments or business operations, assumptions can be costly, particularly where the law draws a clear distinction between inconvenience and true impossibility.

At the same time, the UAE has demonstrated a willingness to introduce measured flexibility to support individuals and businesses, but this does not remove the need for proper documentation, compliance and informed decision-making. In many cases, taking early advice and reviewing contractual positions can make the difference between managing a situation effectively and facing avoidable disputes or financial exposure.

If you resonate with any of the above questions or require support during this time, our team at [Meyer-Reumann & Partners](#) will be pleased to help. For assistance, please contact our lawyer Natacha El Azar at natacha@meyer-reumann.com.

**Please note this article is for general informational purposes only and does not constitute legal advice.*

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