

# Updated Retirement Regime in the Dubai International Financial Centre Comes Into Force in 2020

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Starting in January 2020, the Dubai International Financial Centre (“DIFC”) is updating its end of service gratuity regime for expatriate workers to move from a defined benefit model to a defined contribution model. DIFC employers will be required to enroll as participating employers and offer either the DIFC Employee Workplace Savings Plan (the “DEWS Plan”) or another qualifying scheme. A qualifying scheme is one that offers “money purchase benefits” or “benefits the rate or amount of which is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purposes of their provision to the member (it being immaterial for purposes of this definition if the calculation of the rate or amount of the benefit includes deductions in relation to administrative expenses or commission)” and that meets additional criteria. Specifically, the scheme must (i) mandate employer contributions at least as favorable as DEWS, (ii) pay out to members (or beneficiaries) on termination of employment or reaching age 65 if sooner, (iii) be regulated by a recognized regulator, and (iv) be DIFC Trust, if the scheme is established in the DIFC.

In FAQs, the DIFC has indicated that seconded employees from other regions are not required be enrolled in the DEWS Plan. However, participation would be optional.

For multinational corporations that have a presence in the DIFC it may be worth taking a closer look to determine if employees are really “seconded” to the DIFC or are working there. Additionally, employers will want to watch this space as the DIFC issues additional guidance in rolling out this new system.

For more information, we’ve included links to the FAQs and the most recent guidance:

[Dubai International Financial Centre Frequently Asked Questions](#)

[Dubai International Financial Centre Employment Law Amendment Law & New Employment Regulations](#)

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