



COMPENSATION IN LIEU

ESO INTERPRETATIONS AND GUIDANCE #01

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PURPOSE

This document has been prepared by the Employment Standards Office (ESO) of the Qatar Financial Centre (QFC) with the purpose of:

- Providing guidance on compensation in lieu of notice period and compensation in lieu of annual leave accrued but not taken
- Avoiding misinterpretation of the Employment Regulations
- Preventing contraventions and disputes

This document is not meant to replace the provisions of the Employment Regulations and is not binding. It reflects, however, the approach of the ESO in case of dispute regarding compensation in lieu.

DEFINITIONS

“Compensation in lieu” is the amount paid in place of a statutory or contractual entitlement.

“Compensation in lieu of notice” is the amount paid to an employee who is not requested to work during the notice period; it is equal to the “normal salary”.

“Compensation in lieu of leave” is the amount paid to an employee for leave accrued but not taken; it is equivalent to the “normal salary”.

“Normal salary” is the salary the employee is normally paid; it includes basic salary, allowances and benefits given at each pay period.

NOTICE PERIOD AND COMPENSATION IN LIEU OF NOTICE

According to the Employment Regulations, employer and employee are normally entitled to a minimum period of notice on termination of employment, during which the employee must be paid the “normal salary” as defined above.

If the employer requests the employee not to work during the notice period but the employment will terminate at the end of the notice (so called “garden leave”), the employee must receive the “normal salary”.

In cases not covered by Article 24 of the Employment Regulations, if the employer terminates the employment with immediate effect and without notice, the employee is entitled to a compensation in lieu equal to the “normal salary”.

The compensation in lieu of notice must be equal to the amount that would have been payable had the employee continued to work until the end of the notice period, without any deduction (“normal salary”).

No compensation in lieu of notice is normally paid in case of dismissal for gross misconduct, in accordance with Article 24 of the Employment Regulations.



COMPENSATION IN LIEU OF LEAVE

The compensation in lieu of annual leave accrued but not taken is equivalent to the salary the employee would have been paid while on leave ("normal salary").

Any query related to the compensation in lieu can be addressed to

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