Dubai Courts Confirm Employment Salaries are Payable in Cryptocurrency

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In a significant evolution of the UAE judiciary's approach to cryptocurrency, the Dubai Court of First Instance has made a landmark ruling in 2024, effectively recognizing the payment of salaries in cryptocurrency under employment contracts. This decision, rendered in case number 1739 of 2024 (Labour), represents a notable departure from a previous judgment by the same court in 2023, where a similar claim involving cryptocurrency was denied due to the employee's failure to provide a precise valuation of the digital currency.

Case Background and Summary

The case arose when the plaintiff employee filed a lawsuit claiming unpaid wages, wrongful termination compensation, and other related employment benefits. The plaintiff's employment contract stipulated a monthly salary in fiat currency and an additional **5,250 EcoWatt tokens**, a form of cryptocurrency. The dispute centered on the defendant's failure to pay the EcoWatt token portion of the salary for six months and the allegedly wrongful termination of the plaintiff's employment. The court's disposition is particularly noteworthy for its recognition and enforcement of cryptocurrency as a valid form of remuneration, despite the traditional payment norms that typically involve fiat currencies.

The 2023 Judgment: A Cautious Approach

In the 2023 case (Judgment No. 6947 of 2023), the court was faced with an employment dispute where part of the employee's remuneration was supposed to be paid in **EcoWatt tokens**. The court acknowledged the inclusion of these tokens in the employment contract but ultimately refused to award the amount in EcoWatt tokens. The refusal was based on the employee's failure to provide a clear method of calculating the value of the cryptocurrency in terms of its equivalent in fiat currency. The court's reasoning reflected a more traditional view, requiring precise and tangible evidence of financial obligations, especially when dealing with unconventional forms of payment like digital currencies.

The court's ruling in 2023 emphasized:

"It is established according to the Court of Cassation that determining the employment relationship, its start, duration, and the resulting effects falls under the authority of the trial court (Appeal No. 85 of 2005 Labour). Accordingly, it is evident to the court from the case documents and evidence that the employment relationship between the claimant and the respondent is governed by the fixed-term employment contract previously mentioned. Regarding the determination of the start date of the claimant's employment and the monthly salary, the court relies on what the claimant stated, with the start date being [redacted], and the gross and basic salary being [redacted] AED, with the end of service date being [redacted] (according to the termination letter). As the claimant did not provide evidence of the value of the digital currency (EcoWatt tokens), the court disregards it, since the respondent did not provide opposing evidence or any defense, and therefore, the court concludes that the duration of the claimant's service was [redacted] and that the gross and basic salary was [redacted] AED, and the court rules in the case accordingly."

This statement from the 2023 judgment reflected a cautious and

traditional approach, where the court required concrete evidence of the digital currency's value before it could enforce such a claim.

The 2024 Judgment: Embracing Cryptocurrency

In a remarkable turn, the Dubai Court demonstrated a more progressive stance in the 2024 judgment, where it again addressed an employment dispute involving remuneration in EcoWatt tokens. This time, the court ruled in favor of the employee, not only recognizing the validity of payment in cryptocurrency but also ordering the payment to be made in EcoWatt tokens rather than converting it into fiat currency.

The court's decision in 2024 was based on the principle that **wages are a right of the employee for the work agreed upon**. The court noted:

"Regarding the request for the monthly salary for [redacted] days of [redacted], it is established according to Article 912 of the Civil Transactions Law that wages are a right of the worker against the employer in return for the agreed work, and the provisions of Article 22 of Federal Decree-Law No. (33) of 2021 on the Regulation of Labour Relations and Article 16 of the Cabinet Resolution No. 1 of 2022 concerning the Executive Regulations of this Decree-Law provide that the employer is obligated to determine the amount and type of wage in the employment contract, and if not, the court shall determine it. The employer must pay the wages to the workers on the due dates, either through the Wage Protection System (WPS) or any other approved systems, and it is the employer who is tasked with proving the payment of wages to the workers and providing evidence of that. As the respondent did not provide evidence of payment of the claimant's salary for the claimed period, and since the documents were void of such evidence, the court orders the respondent to pay the claimant [redacted] AED in

addition to [redacted] EcoWatt tokens.

Regarding the claimant's request for [redacted] AED for the delayed salaries over [redacted] months in EcoWatt tokens according to the contract, as the respondent did not provide evidence of payment of the due amount to the claimant for the claimed months in EcoWatt tokens, the court orders the respondent to pay the claimant the value of her wages in EcoWatt tokens amounting to [redacted] EcoWatt tokens."

This ruling marks a significant shift in the court's approach, demonstrating a greater acceptance of cryptocurrency as a valid and enforceable means of remuneration. It underscores the importance of upholding contractual agreements as long as they are clear, agreed upon by both parties, and not in conflict with public policy or law.

Legal Foundations and Implications

The court's reliance on **Article 912 of the UAE Civil Transactions Law** and the **Federal Decree-Law No. (33) of 2021** in both the 2023 and 2024 judgments highlights the consistent application of legal principles regarding the determination and payment of wages. However, the interpretation of these provisions evolved between the two judgments, reflecting the broader acceptance and integration of digital currencies in the UAE's legal and economic framework.

Conclusion

The Dubai Court's 2024 ruling is a testament to the UAE's progressive legal environment, particularly regarding the use of digital currencies in employment contracts. The court's willingness to enforce cryptocurrency payments as stipulated in contracts sets a positive precedent that will likely encourage further integration of digital currencies in various sectors, not just in employment.

This evolution from the 2023 to the 2024 judgment illustrates the UAE courts’ readiness to adapt to the changing financial landscape, providing a robust legal framework that respects modern financial practices while ensuring the protection of contractual rights.

Author: Mahmoud Abuwasel
Title: Partner – Disputes
Email: mabuwasel@waselandwasel.com
Profile: https://waselandwasel.com/about/mahmoud-abuwasel/

Lawyers and consultants.
Tier-1 services since 1799.
www.waselandwasel.com
business@waselandwasel.com