

The New Egyptian Labor Law: A Journey from Drafting to Implementation

By: Ibrahim Shehata



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Introduction

Shaping the Future of Employment: The Revolutionary Impact of Egypt's New Labor Law No. 14 of 2025"

- The New Egyptian Labor Law No. 14 of 2025 (the “**New Labor Law**”) has been officially published and will come into force at the beginning of the month following the lapse of ninety days from its date of issuance in the Egyptian Official Gazette (i.e., **1st of September 2025**), with specialized labor courts commencing operations as of 1st of October 2025. However, the New Labor Law introduces significant reforms aimed at enhancing employment practices and promoting a more flexible, business-friendly environment. These legislative changes reflect a move toward a modernized legal framework that seeks to balance economic development with the advancement of the workforce.
- At Shehata & Partners Law Firm, we have carefully examined the main differences between the Labor Law No. 12 of 2003 (the “**Old Law**”) and the New Labor Law, shedding the light on the potential implications for both employers and employees.

Key Concepts for Consideration

This Presentation will cover the main concepts and critical areas of difference between the Old Law and the New Labor Law such as:

- **Limited & Unlimited Term Employment Contracts.**
- **Individual Employment Contract.**
- **Maternity Leave.**
- **Annual Leaves.**
- **Sick Leave.**
- **Childcare Leave.**
- **Accidental & Paternity Leave.**
- **Study Leave.**
- **Official Holidays.**
- **Training Fund.**
- **Harrasment & Bullying**
- **Resignation**
- **Women's Employment.**
- **File Retention & Record Keeping.**
- **Wages & Equal Wages.**
- **Child Labor.**
- **Foreign Employment.**
- **Medical Test for Employees.**
- **Allowances & Bonuses.**
- **New Employment Work Patterns.**
- **Competent Labor Courts**

Limited & Unlimited Term Employment Contracts

Termination, Compensation & Renewal

a) For Limited - Term Employment Contracts

- The New Labor Law explicitly provides, under Article (154), that if a limited-term employment contract is terminated by the employer before its expiry, the employee is entitled to an end of service gratuity equivalent to **one month's salary for each year of service**. However, the New Labor Law does not expressly clarify whether this entitlement applies solely to cases of early termination or if it also extends to situations where the contract is not renewed or ends upon the completion of its term.
- Under the New Labor Law, the limited-term employment contracts retain their status as limited-term contracts, if it is renewed before its expiry.

b) For Unlimited - Term Employment Contracts

- Similar to the Old Law, if the employer terminates an unlimited-term employment contract without a legitimate reason, the employee is entitled to compensation of not less than two months salary for each year of service.
- In contrast to the Old Law, the New Labor Law has **standardized** the duration of the notice period to be **three months** regardless of the length of the employee's service with the employer.

Individual Employment Contract

Nature of the Individual Employment Contract

- As per Article (87) of the New Labor Law, the individual employment contract may be concluded for an unlimited term, or for a limited term if the nature of the work so requires. Further, the contract may also be renewed for similar periods upon the agreement of both parties.
- In contrast to the Old Law, the employer shall be required to draw up the employment contract in **writing**, in **Arabic**, in **four copies**. One copy shall be retained by the **employer**, one shall be delivered to the **employee**, the third shall be submitted to the competent **Social Insurance Office**, and the fourth to the **competent administrative authority**.
- A new provisions has been incorporated in the New Labor Law to address the cases in which the employment contract is considered unlimited-term from the moment it is concluded as follows:
 1. If it is not **written**.
 2. If the contract does not stipulate its **term**.
 3. If it is concluded for a specific period of time and the parties continue to **implement** it after the expiry of this period without a written agreement between them.

Maternity Leave

Enhanced Maternity Protections under the New Labor Law

- In contrast to the Old Law, the New Labor Law eliminates the minimum period required for the female employee to be spent in the employer's service in order to become entitled to maternity leave.
- One of the most notable changes in the New Labor Law is the extension of the maternity leave period from **three months to four months**. Additionally, the New Labor Law has increased the number of times of entitlement to maternity leave to **three times instead of two times throughout her years of service**.
- As per Article (54) of the New Labor Law, the daily working hours of pregnant women shall be reduced by at least **one hour** starting from the **sixth month** of pregnancy, and they may not work additional working hours throughout the duration of pregnancy and until the end of **six months** from the date of maternity leave.

Annual Leaves

New Structure for Annual Leaves in the New Labor Law

- In contrast to the Old Law, the New Labor Law eliminates the previous structure for annual leaves entitlements and introduces a new framework, under which the annual leaves are now as follows:
 1. **Fifteen days** in the first year.
 2. **Twenty- one days** starting from the second year.
 3. **Thirty days** for those who have spent **ten years** for one or more employers, or for those over the age of **fifty**.
 4. **Forty- five days** for disabled employees.

Sick Leave

Key Reforms to Sick Leave and Infectious Disease Protocols

- In contrast to the Old Law, the New Labor Law extends paid sick leave duration and increases compensation rates for employees in industrial establishments. On the Notice, under Article (131) of the New Labor Law, an employee proving illness shall be entitled to sick leave every three years of service as follows:
 1. **First 3 months:** Full pay (previously 1 month).
 2. **Next 6 months:** 85% of wages (previously 8 months at 75%).
 3. **Final 3 months:** 75% of wages (previously 3 months unpaid).
- Pursuant to Article (132) of the New Labor Law, the competent medical authority shall prohibit an employee who has been in contact with a family member suffering from an infectious disease from performing his work for an appropriate period not exceeding **three months**. These diseases shall be determined by a decision issued by the Minister of Health Affairs [*this Article has been newly added in the New Labor Law*].

Childcare Leave

Childcare Leave Policy Under the New Labor Law

- The New Labor Law expressly provides that the childcare leave for female employees working in establishments with fifty or more employees shall be entitled to unpaid leave for a period not exceeding **two years** to care for her child. In contrast to the Old Law, the New Labor Law has increased the period for childcare leave for female employees to **three times** instead of **two times** provided that the female employee has been in work for at least **one year** and the period between the first leave and the second leave shall not be less than **two years**.

Accidental & Paternity Leaves

New Regulations on Accidental and Paternity Emergency Leave

- Unlike the Old Law, the New Labor Law has increased the period for an employee to be absent from work for an accidental cause to **seven days** instead of **six days** during the year, with a maximum of **two days** at a time. Moreover, this accidental leave shall be deducted from the annual leaves prescribed for the employee.
- Concerning the paternity leave, the New Labor Law introduces a new provision stating that male employees who has a newborn child shall be entitled to paternity paid leave on the day of their child's birth, up to a maximum of **three times** during the period of service. However, such a paternity leave shall not be deducted from his annual leave balance.

Study Leave

Study Leave Provisions

- The employee has the right to determine the timing of their annual leave if they are sitting for exams at any stage of education, provided that the employer shall be notified at least fifteen days in advance *[same as the Old Law]*. Furthermore, under the New Labor Law, the employee shall be entitled to a paid study leave for the actual days of examination, which shall not be deducted from their annual leave balance, subject to the following conditions:
 1. The employer shall be notified at least ten days prior to the leave.
 2. Proof of actual attendance of the examination shall be submitted.

Official Holidays

Holiday Work: From Mandatory Overtime Pay to Employee Choice

- Under the New Labor Law, employees are granted the right to either receive overtime wages for work performed on official public holidays or, alternatively, to take a compensatory day off instead. If the employee chooses the latter, the day off must be requested in writing and the request must be documented in the employee's employment file. Under the Old Law, only the payment of overtime wages was provided for in such cases, with no option to substitute it with a day off.

Training & Qualification Financing Fund

Training Fund Contribution Requirements

- In establishments employing thirty or more employees, the New Labor Law replaces the previous requirement of contributing **1%** of net profits with a new mechanism based on **0.25%** of the total minimum social insurance monthly wages. Moreover, the New Labor Law also introduces a minimum contribution of EGP 10 and a maximum of EGP 30 per employee, such contributions shall be paid on a monthly basis *[Article 21 of the New Labor Law]*.
- The New Labor Law expressly states that, the rules and conditions for full exemption from the aforementioned contributions shall be determined by a decision of the Minister of Labor, in cases where establishments provide training to their employees in accordance with their operational needs or the approved internal regulations of the establishment *[This Paragraph has been newly added in Article 21 of the New Labor Law]*.

Harrasment and Bullying

Establishing a Safe Work Environment: New Legal Measures Against Harassment and Bullying.

- The New Labor Law strictly prohibited all forms of harassment, bullying, or any form of verbal, physical, or psychological violence against the employee. Additionally, the New Labor Law obligates the employers to ensure a safe and non-hostile work environment, free from harassment, bullying, and violence, and shall provide the necessary means to prevent such conduct.

Resignation

New Rules Governing Resignation and Unjustified Absence under the New Labor Law

- According to the New Labor Law, An employee may submit their resignation in writing to the employer, provided that it is signed by the employee or their authorized representative and authenticated by the competent administrative authority. In contrast to the Old Law, such resignation may be submitted by the employee without any required authentication. Furthermore, the New Labor Law allow the resigning employee or their authorized representative to revoke the resignation within **ten days** insted of **seven days** from the date they are notified of the employer's acceptance of the resignation, provided that the revocation is in writing and authenticated by the competent administrative authority.
- Under the New Labor Law, absence without a legitimate reason for more than **twenty non - consecutive** during one year or **ten consecutive days** shall be considered as a resignation instead of a ground for termination under the Old Law [Article 69], with a notice requirement by the employer or their authorized representative to the employee after **ten days in the first case** and **five days in the second case**.

Women's Employment

New Provisions Supporting Women in the Workplace under the New Labor Law

- The New Labor Law requires employers with at least **one female employee** to display the women's employment regulations at the workplace, whereas the Old Law applied this obligation only to establishments with **five or more female employees**.
- The New Labor Law introduces a new provision granting female employees the right to terminate their employment contract due to marriage, pregnancy, or childbirth, provided that the employer shall be notified in writing within **three months** from the date of marriage, proof of pregnancy, or the date of childbirth, as the case may be. This termination shall not affect any of the rights granted to the employee under the provisions of the New Labor Law or the Social Insurance and Pensions Law.

File Retention & Record Keeping

File Retention Requirements under the New Labor Law

- The New Labor Law extends the period that the employer shall keep the employee's file to **five years** instead of **one year** to ensure transparency and record - keeping.
- The New Labor Law gives the employers the right to maintain the employee's files in electronic format and mandates the inclusion of proof of the employee's social insurance registration within their employment files.
- By virtue of Article (37) of the New Labor Law, the latter requires establishments employing persons with disabilities to keep a register—either written or electronic record documenting the names of their disabled employees.

Wages & Equal Wages

Updated Wage Payment Methods and Equal Pay Standards in the New Labor Law

- The New Labor Law allows employers to pay employees' wages via bank transfers as an alternative to the traditional method of cash payment at the workplace
- Under the New Labor Law, all male and female employees are entitled to equal pay for work of equal value, including all forms and components of remuneration such as cash or in-kind benefits, bonuses, incentives, allowances, and other components. *[Article 53 of the New Labor Law]*

Child Labor

New Minimum Age Requirements for Employment and Training under the New Labor Law

- The New Labor Law, raises the minimum employment age for children from **fourteen to fifteen years**. Furthermore, it increases the minimum age for eligibility for training programs from **twelve to fourteen years**, provided that such training does not interfere with their continued education.
- The New Labor Law obligates the employer training a child under the age of **fifteen** to issue a card confirming the child's training with the employer, affixed with the child's photo, authenticated by the competent administrative authority, and stamped with the competent administrative authority seal.

Foreign Employment

The Employer Responsibilities for Foreign Employee Absence

- Under the New Labor Law, the employer shall be required to inform the competent authorities, if a foreign employee is absent from work for **fifteen consecutive days** without valid reason. Furthermore, the employer shall cover the cost of returning the foreign employee to their country of origin upon the termination of the employment relationship, unless otherwise agreed in the employment contract. *[Article 72 & 74 of the New Labor Law]*

Medical Test for Employees

Mandatory Medical Testing at Employer's Request under the New Labor Law

- Under the New Labor Law, employees may be required to undergo medical examinations for drug use or infectious diseases upon the employer's request. These tests shall be carried out at the employer's expense and conducted by either the General Authority for Health Insurance or the Central Laboratories of the Ministry of Health. Additionally, If the test result is confirmed to be positive, the employee shall be referred to the competent labor court to take the appropriate action [*Article 135 of the New Labor Law*].

Allowances & Bonuses

Adjustment of Periodic Allowance under the New Labor Law

- The New Labor Law, has reduced the annual periodic allowance to be not less than **three (3%)** instead of **seven (7%)** of the social insurance contribution wage. However, this allowance shall be due on the expiry of **one year** from the date of appointment, or from the date on which the previous periodic allowance was due. In cases where the establishment faces economic circumstances that make it impossible to pay the periodic allowance referred to, the matter shall be submitted to the national council for wages to decide on reducing or exempting the periodic allowance within thirty days from the date of submission.

New Employment Work Patterns

New Work Employment Patterns Introduced by the New Labor Law

- The New Labor Law introduces a new section, establishing a framework for non-traditional forms of employment. It defines any work performed by an employee in a non-conventional manner regardless of how the work is carried out or delivered as a new form of work. Specifically, the following are recognized as new employment work patterns:
 1. **Remote Work:** Performing work in a location different from the employer's traditional premises, using technological means.
 2. **Part-Time Work:** Work performed during fewer hours than the standard full-time equivalent for similar jobs.
 3. **Flexible Work:** Performing the required number of working hours in non-consecutive shifts, or with variable working times, hours, or locations, as agreed upon by both parties to the employment relationship.
 4. **Job Sharing:** When two or more individuals share the duties or time of a single position and receive wages according to their agreed division of work.
 5. **Any other forms of work** that may be determined by a decision of the Minister of Labor.
- The New Labor Law stipulates that the legal provisions governing traditional employment relationships shall equally apply to new employment work patterns.

- Under the New Labor Law, it is permissible by mutual agreement between the parties in new employment work patterns for the employee to work for more than **one employer**, provided that the employee maintains confidentiality and does not disclose any work-related secrets. Additionally, the employee may work on a self-employed basis alongside their employment with the employer. Additionally, The employment relationship under new employment work patterns must be clearly defined and documented in a written employment contract, whether in paper or electronic format.

Competent Labor Courts

The New Labor Law: Establishing Specialized Courts for Expedited Labor Dispute Resolution

- Pursuant to the New Labor Law, effective as of 1st of October 2025, specialized labor courts shall be established to adjudicate labor disputes. Significantly, in dismissal cases, the New Labor Law requires that the labor court shall render its decision on an expedited basis, no later than three months from the date of the first hearing.

Conclusion

- The New Labor Law reflects a forward-looking vision for labor governance in Egypt, aiming to strike a fair balance between business efficiency and employee's rights. Its provisions are set to reshape workplace dynamics and redefine employer obligations in a way that fosters long term sustainability. This presentation, prepared by Shehata & Partners Law Firm, offers a strategic overview of the New Labor Law key developments. Additionally, whether you are an HR leader, legal advisor, or business owner, this presentation is your chance to stay ahead of the curve and master the evolving regulatory landscape with confidence.

Q&As

Thank You!





SHEHATA & PARTNERS

info@shehatalaw.com | +20 102 225 6100