

The New Labor Law

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Overview

On 5 May 2025, the long-awaited new Labor Law No. 14 for the year 2025 (the “**New Labor Law**”) was finally issued and published in the Official Gazette, replacing the long-standing Labor Law No. 12 of 2003 (the “**Previous Labor Law**”). The New Labor Law introduces important reforms affecting several core aspects of labor relations. In doing so, Egyptian labor regulations are now expected to become more aligned with evolving economic conditions, promote greater job security, and enhance clarity with regards to employer and employee obligations.

The New Labor Law shall come into effect at the beginning of the month following ninety (90) days from the date of its issuance, and the specialized labor courts shall operate as of 1 October 2025.

The New Labor Law mandates that all employers submit key employment-related data, including number of employees in the establishment, job description of each employee and salaries, to the competent administrative authority within 30 days from its effective date.

As mentioned above, the New Labor Law introduces key reforms, including clearer rules on working hours and leave entitlements, resignation procedures, recognition of new and modern working patterns, maternity leaves and enhanced dispute resolution mechanisms through specialized labor courts.

In addition, the New Labor Law keeps pace with technological advancement by allowing the use of electronic records in place of paper ones.

Key Changes

Salary

The New Labor Law clearly outlines the difference between the basic and variable salary clarifying ambiguities in this regard under the Previous Labor Law. Further, it clarifies the difference between gratuities (tips) granted to employees and service charges paid in the tourism and hospitality sector.

In line with the State’s strategy to shift into a cashless economy and the practice followed by most employers, the New Labor Law explicitly states that payment of salaries can be done through bank transfers.

Discrimination – Harassment – Bullying

Under the New Labor Law, it is prohibited to discriminate between employees, whether based on religion, creed, gender, ethnicity, political affiliation, etc., with regard to salaries, benefits and employees’ rights; equal opportunities must be granted to all employees in all aspects.

Further, the New Labor Law defines harassment, bullying and forced labor. Employers are prohibited from following any forced labor practices. Further, harassment and bullying are prohibited.

In this regard, the New Labor Law obliges establishments to provide a safe work environment free from harassment, bullying and violence, and to implement safety measures to prevent such acts.

Time-off from Work/Leaves

The New Labor Law provides for major amendments to some of the leaves granted to employees, as follows:

Maternity leaves: The maternity leave is extended to four months instead of the previous three months limitation. In addition, the previous prerequisite for maternity leave for the female employee to have been employed with the employer for at least 10 months, has been cancelled.

Childcare leaves: To align with the Child Law No. 12 for the year 1996, the New Labor Law allows for female employees working in establishments having 50 employees or more to take up to three unpaid childcare leaves instead of the previously stipulated two, provided that the female employee has completed one year of service with the employer.

Annual leaves: The New Labor Law grants employees the right to paid annual leaves as follows: (i) fifteen days during the first year of employment; (ii) twenty-one days starting from the second year; (iii) thirty days for employees who completed ten full years of service, or if they are over fifty years of age; and (iv) forty-five days for individuals with disabilities and dwarfs.

Casual Leave: Employees were previously entitled to six days of casual leave in case of emergency per year. The New Labor Law increased this entitlement to seven days annually.

Paternity Leave: The New Labor Law grants employees a paternity leave as an emergency leave entitlement. An employee is granted one paid day off on the day of the child's birth, with a maximum of three occasions allowed throughout the entire duration of employment.

In addition to the above, the New Labor Law regulates study leaves, sick leaves, including leaves for those who are in contact with a person diagnosed with a contagious disease, and public holidays.

Working Hours and Overtime

Mostly, the New Labor Law follows the same provisions as the Previous Labor Law.

With regard to overtime regulations, the most important deviation from the Previous Labor Law is that now employers are only required to notify the competent administrative authority in case the employees are required to work overtime, and are not required to wait for written approval.

Employment Contracts, Records and Reporting

The New Labor Law also allows employers to either into indefinite employment contracts or definite period employment contracts. However, it states that definite period employment contracts can be executed if the nature of the work to be performed can be undertaken under a fixed duration. This provision raises immense ambiguity with regard to definite period employment contracts and what constitutes a justified reason for executing a definite period employment contract.

Employers are now required to keep employees' files, whether in physical form or electronically, after the termination of the employment contract for a period of at least five years.

Under the New Labor Law, employment contracts must be executed in four counterparts, one for each party, one to be submitted to the Social Insurance Authority and one to be submitted to the competent administrative authority.

Further, employers are obligated to notify the competent administrative authority of a series of employment-related information, including detailed workforce reports within 30 days of starting operations, and annual updates each January regarding workforce composition, vacancies, and projected needs. Employers must also maintain records of employees with disabilities and submit labor market data upon request to support the national labor database.

Modern Working Patterns

Due to the widespread emergence of various new work patterns in the market, The New Labor Law regulates new and modern employment relationships. The New Labor Law defines a new work pattern as any form of non-traditional work, when performed by an employee under the supervision of an employer, in return for a salary in whatever form. In particular, the New Labor Law expressly identifies several emerging work patterns as falling within this scope, as follows: (i) remote working through digital platforms; (ii) part-time employment; (iii) agile working arrangements; (iv) work sharing; and (v) any other patterns to be determined by a Minister of Labor decree.

In this regard, to avoid any issues, the new work pattern relationship must be clearly defined in the employment contract.

Termination of Individual Employment Relationship

The New Labor Law states that employees are entitled to a severance payment equivalent to one month's salary for each month of service in case the employer terminates a definite period employment contract.

Further, the notice period in case of the termination of an indefinite period employment contract is now three months regardless of the employee's years of service with the employer.

The New Labor Law provides for new rules regarding the submission of the employees' resignation to avoid any abusive practices by employers in this regard. To this end, now resignation letters, in addition to being signed by the employee, must be certified by the competent administrative authority.

Further, the New Labor Law considers an employee to have resigned without a justified reason if the employee is absent for more than twenty non-consecutive days, or for more than ten consecutive days, within a single year.

The Competent Labor Courts

Under the New Labor Law, all employment disputes shall now be handled by specialized labor courts. Additionally, specialized appellate chambers shall be formed within each Court of Appeal to review appeals against judgments issued by the specialized labor courts.

Training and Rehabilitation Fund

The New Labor Law finally amended the contributions payable by employers to the Training and Rehabilitation Fund. Now, establishments employing thirty employees or more are required to pay 0.25% of the minimum social insurance wage per employee annually. This contribution is set at a minimum of EGP 10 and a maximum of EGP 30 per employee and must be paid by the establishment annually. That said, the competent minister shall issue a decree outlining the rules for exempting employers from this contribution in case they provide training programs to their employees.

All disputes currently pending before courts relating to the payment of the previous contributions (i.e. 1% of the net profits) shall be dismissed, unless the employer decides to continue with the court case.

Market Reaction

Egyptian President Abdel Fattah Al-Sisi described the legislation as representing “a qualitative leap in the journey of labor rights,” adding that it “guarantees clear gains for workers, consolidates concepts of worker protection and fairness, affirms the rights due to working women, enhances job security guarantees for employees, and complies with international labor charters and agreements”.

On the other hand, the Head of the Trade Union Federation Abdel Moneim El Gamal insisted that some articles of the bill come at the expense of workers and their rights, while the Justice Party’s Abdel Moneim Imam argued that the bill is biased against the private sector. Meanwhile, Labor Minister Mohamed Gobran called it “one of the most important pieces of legislation in recent years”.

Final Thoughts

The introduction of this law marks a significant development in Egypt’s regulatory framework. The labor team at Shalakany would be happy to address any queries or concerns regarding the New Labor Law and its application, and to provide tailored advice to ensure compliance with the law.