

LEGAL ALERT

THE EMPLOYMENT (AMENDMENT) ACT, 2025

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The Employment (Amendment) Act, 2025 - What Every Employer Needs to Know

The President of Uganda assented to the Employment (Amendment) Act, 2025 (the **"Employment (Amendment) Act"**) on 29th April 2026. This alert summarizes the key changes introduced by this legislation, provides commentary on the policy context that informed the amendments, and outlines practical steps employers should take to ensure compliance.

The Employment Act, Cap. 226 (the **"Employment Act"**) was enacted in 2006 and revised in December 2023. It forms the cornerstone of Uganda's employment law, governing the formation, content and termination of contracts of employment, minimum working conditions, leave entitlements, the protection of employees from unfair and unlawful dismissal, remedies for dismissed employees, and the regulation of specific categories of workers.

Why Was It Amended?

While the Employment Act represents a notable improvement over the previous legislation it replaced [the Employment Act, Cap 219], it left several gaps that became apparent in practice over the following two decades.

The regulatory framework for casual and domestic workers remained inadequate, leaving this vulnerable workforce without essential protections. The interchangeable use of the terms "termination" and "dismissal" introduced significant complications in the enforcement of employee rights and the clarity of obligations for employers. This ambiguity in definitions and applications created uncertainty in labour jurisprudence. Sick leave provisions fell short of international standards, particularly for those facing long-term illness. The rise in labour export, coupled with unregulated private recruitment agencies, posed significant risks for Ugandan workers seeking employment abroad. Additionally, workplace harassment beyond sexual harassment was not explicitly addressed, and severance pay calculations relied heavily on contracts and judicial discretion, leading to unpredictable outcomes.

The amendment also reflects Uganda's obligations under international labour standards, including conventions of the International Labour Organization, as well as the need to harmonize domestic law with the East African Community labour framework.

Extended Definitions and Broadened Scope

The Employment (Amendment) Act introduces several important new definitions. It defines a "workplace" to cover not only permanent indoor workplaces such as offices, factories, and shops, but also temporary worksites, open-air locations, fields, roads, oil refineries, and mobile

workplaces such as trucks, aircraft freight decks, and ships. The definitions of "domestic work" and "domestic worker" are formally inserted, bringing this previously unregulated category of worker within the scope of labour law protections. Definitions of "recruitment agency" and "foreign recruitment agency" are also introduced, paving the way for their regulation under the new Part IVA.

Harassment and Intimidation at the Workplace (Sections 6 and 6A)

The obligation on all employers to have a sexual harassment policy in place has been reinforced, and the policy must now be displayed in a conspicuous place at the workplace, not merely held on record.

A new section 6A expressly prohibits employers and their agents from intimidating or harassing any employee. "Harass" is defined broadly to include written, verbal, or physical abuse, or behaviour that interferes with work or creates an intimidating, hostile, or offensive working environment. "Intimidate" covers a wide range of conduct, including degrading public tirades by supervisors, insults relating to personal or professional competence, threatening or insulting communications (including by email), desecration of religious or national symbols, withholding food or basic necessities to which the employee is contractually entitled, and conduct that insults the modesty of an employee. Contravention of this section is a criminal offence.

Casual Workers and Domestic Workers (Sections 33, 34A and 34B)

A new section 34A provides that no person may be employed as a casual employee for a continuous period exceeding six months. Critically, where an employer lays off a casual employee and then rehires that person, the employment is treated as continuous and an employer cannot use the brief interruption to reset the clock. After six months of continuous casual employment, the worker must either be engaged on a regular contract of employment or have their employment lawfully terminated.

A new section 34B formally recognizes piecework contracts, allowing parties to agree on payment calculated by the amount of work completed rather than time. Domestic workers and casual employees are now expressly included in sections 33 and 96, bringing them within the ambit of minimum protection under the law.

Regulation of Recruitment Agencies: Part IVA

An entirely new Part IVA establishes a comprehensive licensing and regulatory framework for recruitment agencies that place Ugandan workers in employment abroad. No person may operate

a recruitment agency without a license issued by the Minister for Labour (the “**Minister**”) on the recommendation of the Commissioner responsible for employment services, which is valid for two years and is subject to renewal or revocation. Eligibility for licensure is restricted to companies incorporated under Uganda’s Companies Act, Cap 106, and the amendment expressly disqualifies insolvent companies, entities whose licences were previously cancelled within the last five years, and companies whose directors have been convicted of illegal recruitment or human trafficking offences, reflecting a deliberate policy to professionalize the sector and exclude actors with a history of exploitation or non-compliance.

Beyond licensing, the amendment imposes substantive operational and contractual obligations on licensed agencies. Agencies are required to orient workers on terms and conditions prior to contract execution, ensure that contracts are witnessed by the worker's next of kin, verify that recruited persons possess the skills demanded by the relevant job order, and maintain comprehensive records of all persons recruited. Workers must additionally undergo pre-departure training at a Ministry of Labour-accredited institution before deployment. At the contractual level, every employment contract for work abroad must include a repatriation clause guaranteeing the employee's return at the employer's expense upon expiry or termination of the contract, or in the event of the employee's death, a provision that directly addresses the vulnerability of migrant workers and reinforces Uganda's obligations under international labour standards.

The amendment establishes the right for individuals aggrieved by a Minister's decision to appeal to the High Court, rather than to the Industrial Court, the specialized Labour Court in Uganda. The High Court's decision will be final.

Restructured Sick Leave (Section 54)

The previous three-month sick leave framework has been replaced by a structured six-month regime. An employee who falls sick is entitled to full pay for the first two months of illness. If sickness continues, the employer is entitled to pay half the employee's monthly wages for the subsequent four months. If the sickness extends beyond six months, the employer may terminate the contract of service, but only after first obtaining an opinion of a medical doctor and complying with all contractual obligations up to the date of termination.

Breastfeeding and Childcare Facilities (Section 56A)

Every employer is now required to make available at the workplace time, space or a facility for breastfeeding and childcare for employees' children between the ages of three months and thirty-six months. The Minister is empowered to prescribe operational standards for such facilities by regulation.

Overhauled Termination and Dismissal Framework

The Employment (Amendment) Act makes comprehensive changes to the law governing termination and dismissal, arguably the most significant reforms within this legislative framework.

The grounds for termination (**section 64**) have been expanded to include redundancy, sickness lasting more than six months rendering the employee unable to perform duties, and situations where continued employment would lead to a breach of a statutory obligation. Redundancy is now defined as arising where the employer has ceased business operations, due to reorganisation of work, the introduction of labour-saving devices, changes in work patterns, or a reduced need for employees for existing work.

New grounds for dismissal (**section 64A**) have also been introduced, such as abscondment from duty (absence of more than thirty consecutive days without the permission or knowledge of the employer), presentation of forged documents or unqualified representations at recruitment, and conduct inside or outside employment that may adversely affect the employer's business. These grounds are not exhaustive, and employers still have the discretion to dismiss employees for any other grounds stated in the contract of employment.

The amendment has also made it explicit that a pre-dismissal hearing (**section 65**) is now required. Before making any dismissal decision, an employer must explain the reasons for dismissal to the employee in a language the employee understands, allow the employee to have a person of their choice present, and give the employee five working days to prepare their defence. Failure to comply with this procedure results in an automatic liability of four weeks' net pay, regardless of whether the dismissal was substantively justified. This penalty is separate from any other remedy and is consistent with the Industrial Court's jurisprudence.

Clear statutory definitions of unfair dismissal (**section 65A**) and wrongful dismissal (**section 65B**) are now in the statute. Dismissal is unfair if it is for any reason other than those in section 64A. Dismissal is wrongful if the employer has not fulfilled contractual obligations during the dismissal process and has not met specific statutory criteria, including compliance with the Disciplinary Code in Schedule 2 of the Employment Act.

Probationary Employment (Section 66)

Two important changes apply to probationary contracts. First, where an employer does not formally extend a probationary contract but continues to pay the employee after the probationary period lapses, the employee is now deemed to have been confirmed in employment.

Second, the payment in lieu of notice required of the employer to terminate employment during a probationary period has been extended from seven days to one month.

Severance Pay (Sections 86 and 88)

The grounds entitling an employee to severance pay have been expanded to include termination of employment by the employer due to physical incapacity or redundancy, and termination of a contract by a labour officer when the employer has refused to pay wages. The calculation of severance allowance has been standardized and is now one month's salary for each year worked. This replaces the previously uncertain position, which was heavily dependent on contractual terms and judicial precedent.

Redundancy Notice (Section 80)

The amendment establishes a statutory requirement to notify the Labour Commissioner of any intended redundancies at least thirty days prior to the scheduled termination date.

Remedies for Unfair Dismissal (Sections 76 and 77)

The amendment has increased the basic compensatory order awardable by a Labour Officer upon a finding of unfair dismissal from four weeks' wages to eight weeks' wages. Labour Officer's orders may be executed in the Industrial Court.

Employment of Migrant Workers - Part IXA

The amendment inserts a new Part IXA regulating the employment of non-citizen workers in Uganda. The Minister, by Gazette notice, may declare categories of jobs that migrant workers may not be offered. The National Citizenship and Immigration Board is prohibited from issuing entry permits for declared jobs unless the worker holds an exemption certificate from the Commissioner. Exemptions are available where a bilateral or multilateral agreement applies, or where the job requires a particular skill that no Ugandan citizen possesses. Employing a migrant worker in a declared category without an exemption certificate is a criminal offence.

Labour Dispute Resolution Structural Reform

The Employment (Amendment) Act repeals sections 2, 3 and 4 of the Labour Disputes (Arbitration and Settlement) Act, Cap. 227 (the "**LADASA**") and removes "arbitration" from section 12(1)(a) of the Employment Act, eliminating arbitration as a mechanism for resolving individual employment

disputes and consolidating dispute resolution around the labour officer adjudication pathway and the Industrial Court. Significantly, the repeal of sections 2 and 3 of LADASA removes the prescribed trigger and timeline that previously activated the eight-week window within which a labour officer was required to dispose of a dispute, failure to do so entitling either party to request a referral of the dispute to the Industrial Court for disposal. The referral pathway is now governed by section 92(7) of the Employment Act, under which only the complainant may request a referral to the Industrial Court if a dispute is not resolved by the Labour Officer within three months of the dispute being reported.

Conclusion

These reforms reflect a determined legislative effort to modernize Uganda's labour regulatory framework, bringing it closer to international standards and addressing long-standing gaps in worker protection across the economy. For employers, the changes carry significant new compliance obligations in areas ranging from dismissal procedure and severance pay to the regulation of recruitment for employment abroad.

The commencement date of the Employment (Amendment) Act, 2025, is yet to be gazetted.

Contact Us

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