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LEGAL ALERT

EMPLOYMENT (AMENDMENT) ACT, 2025

What Employers and Employees Need To Know

May 2026

The President assented to the Employment (Amendment) Act, 2025 on 29th April 2026, marking the most significant overhaul of Uganda's employment laws since the enactment of the Employment Act, Cap. 226 in 2006. The Act amends the Employment Act, Cap. 226 and, by cross-reference, the Labour Disputes (Arbitration and Settlement) Act, Cap. 227.

Its principle objectives are:

a. Extending statutory protection to domestic workers, casual employees, and migrant workers;
b. Introducing a structured and predictable sick leave and medical termination framework;
c. Drawing a clear distinction between termination, dismissal, and summary dismissal;
d. Strengthening protections against workplace harassment, intimidation, and pregnancy-related discrimination;
e. Standardising the severance allowance formula to remove contractual uncertainty;
f. Regulating the recruitment of migrant workers and the licensing of recruitment agencies; and
g. Restructuring the dispute-resolution role of Labour Officers.

The commencement date has not yet been gazetted. Therefore, employers should treat this window as a compliance preparation period.

1. Restructuring of Labour Officers' Dispute Resolution Powers

One of the foundational structural changes in the Act concerns the role of Labour Officers in the resolution of employment disputes. This reform affects how employment complaints are handled at the administrative level and the interface between Labour Officers and the Industrial Court.

Current Law	Labour officers were empowered to perform functions of mediation, conciliation, arbitration, and adjudication under Cap 226 and the Labour Dispute (Arbitration and Settlement) Act, Cap. 227.
Amendment	The Act removes the word 'arbitration' from Section 12(1)(a) of Cap. 226. Labour Officers retain powers to receive and determine employment complaints. Equally, Sections 2, 3 and 4 of the Labour Dispute (Arbitration and Settlement) Act Cap. 227 are repealed.
Effect	Arbitration clauses in employment contracts are no longer enforceable for disputes under Cap. 226. Employment contracts and workplace policies must be updated to remove arbitration as a dispute resolution mechanism. Employees can no longer be compelled to arbitrate employment disputes.

2. Workplace Harassment, Intimidation and Sexual Harassment.

The Act substantially expands the scope of statutory workplace protection beyond the previous sexual harassment framework, creating new employer obligations and introducing criminal liability for workplace harassment.

2.1. Sexual Harassment Policy

Current Law	Section 6(4) required only employers with more than 25 employees to put in place measures to prevent sexual harassment at the workplace. Employers below that threshold had no statutory obligation to establish a sexual harassment policy.
Amendment	Section 6(4) is substituted. Every employer, regardless of workplace size, must now have sexual harassment prevention measures in place and display them at a conspicuous place at the workplace.
Effect	All employers are legally obligated to have and visibly display harassment prevention measures. Failure to comply may undermine a defence in harassment-related claims and expose the employer to regulatory action.

2.2. Workplace Intimidation and Harassment

Current Law	The Act addressed sexual harassment but contained no express general prohibition on workplace intimidation, bullying, or non-sexual harassment.
Amendment	New Section 6A expressly prohibits an employer or the employer's agent from intimidating or harassing any employee. The prohibition covers written, verbal, and physical abuse, as well as any conduct that creates an intimidating, hostile, or offensive working environment. Contravention of Section 6A constitutes an **criminal offence**.
Effect	Workplace harassment is no longer merely an internal HR matter. Employers face potential criminal liability for harassment or intimidation by themselves or their agents. Internal complaint-handling and reporting mechanisms must be established.

3. Casual Employment, Domestic Workers and Piecework

The Act introduces important protections for some of Uganda's most vulnerable workers-domestic employees, casual labourers, and persons engaged under piecework arrangements who were previously excluded or insufficiently protected under the Employment Act.

3.1. Domestic Workers and Casual Employees

Current Law	The Act defined a 'casual employee' but made no specific provision for the terms of engagement, rights, or entitlements of casual employees or domestic workers, leaving them without adequate statutory protections.
Amendment	Section 33 is amended to expressly include domestic workers and casual employees. Section 96 is also amended to empower the Minister to prescribe regulations governing their terms and conditions.
Effect	Domestic workers (including housekeepers, cooks, guards, and gardeners engaged in households) and casual employees are now expressly within the framework of the Employment Act and entitled to its core protections, pending specific Ministerial regulations.

3.2. Six-Month Cap on Casual Employment

Current Law	No statutory limit on how long a person could be engaged as a casual employee. Employers could maintain workers on indefinite casual terms to avoid formal employment obligations.
Amendment	New Section 34A prohibits employing any person as a casual employee for a continuous period exceeding **six (6) months.** Where an employer lays off a casual employee and subsequently rehires them, the period before the lay-off is treated as continuous (the clock does not reset).
Effect	Employers relying on rolling casual arrangements beyond six months must convert those workers to formal contracts of service or lawfully terminate. Repeated short-term re-engagements to circumvent the cap will not be effective.

3.3. Piecework Contracts

Current Law	Piecework arrangements – where payment is by reference to work completed rather than time, had no statutory recognition, leaving them in a legal grey area.
Amendment	New Section 34B recognises and defines piecework contracts, bringing them expressly within the employment law framework.

Effect	Employers using piecework arrangements (common in agriculture, construction, and manufacturing) now have a statutory basis for such contracts, with clarity that piecework employees remain within the scope of the Employment Act and its protections.

4. Breastfeeding, Childcare, and Pregnancy Protection

The Act introduces strengthened statutory protections for breastfeeding mothers and pregnant employees, placing affirmative obligations on employers to support maternal health and childcare in the workplace.

4.1. Lactation and Childcare Facilities

Current Law	The Act provided for maternity leave but imposed no specific obligation on employers to provide breastfeeding facilities, breaks, or childcare arrangements.
Amendment	New Section 56A requires every employer to provide time, space, or a facility for breastfeeding and childcare for employees' children aged between three and thirty-six months. Ministerial regulations will prescribe operational standards.
Effect	All employers must now provide reasonable time and appropriate space for breastfeeding and childcare. Specific standards (space requirements, hygiene, privacy, etc.) will be prescribed by the Minister and must be tracked and implemented once gazette.

4.2. Prohibition on Pregnancy-Based Dismissal

Current Law	The Act prohibited discrimination generally but contained no express prohibition specifically against dismissal or disciplinary action on grounds of pregnancy.
Amendment	New Section 65C expressly prohibits dismissal or disciplinary action on any ground related to an employee's pregnancy. An employee's temporary absence of up three months due to pregnancy related illness or injury is protected.
Effect	Any dismissal connected to pregnancy, however framed, is unlawful. Such dismissals will be treated as both wrongful and potentially unfair, exposing employers to significant liability.

5. Sick Leave and Medical Termination

One of the most operationally significant changes in the Act is the overhaul of the sick leave and medical termination framework. The previous two-month structure is replaced with a more protective six-month regime that imposes structured obligations on employers.

5.1. Extended Sick Leave Framework

Current Law	An employer was required to provide sick leave, buT after two months of sickness, an employer could commence the process of terminating the employee's contract on medical grounds.
Amendment	Section 54 is replaced with a structured six-month regime: a. Months 1–2: Full wages b. Months 3–6: Half wages c. After month 6: **Termination permitted only after obtaining a medical doctor's opinion** and fulfilling all contractual obligations to the termination date.
Effect	Employers now carry a materially higher payroll obligation during an employee's illness before medical termination is lawful. A medical opinion is now a statutory prerequisite not just a best practice, before any health-grounds termination. Sick leave policies and contracts must be updated.

6. Termination, Dismissal, and Summary Dismissal

The Act introduces one of its most important structural reforms: a clear statutory distinction between termination, dismissal, and summary dismissal. Prior to this amendment, these concepts were often conflated in practice, leading to procedural errors and litigation.

6.1. Termination of Employment (Revised Grounds)

Current Law	The Act provided for termination but did not expressly list redundancy, sickness, or statutory compliance as recognized grounds, nor did it distinguish termination from dismissal.
Amendment	Section 64 now exclusively governs termination. Recognised grounds include: a. Redundancy — cessation of operations, reorganisation, introduction of labour-saving technology, change in work patterns, or reduced need for employees. b. Prolonged sickness — inability to perform after the six-month sick leave period, subject to prior medical opinion. c. Statutory compliance — where continued employment would lead to a breach of a statutory obligation.

Effect	Each ground carries its own requirements. Redundancy must be demonstrable on facts, not merely asserted. Termination for sickness requires six-month compliance and a medical opinion. Every termination file must document the specific ground relied upon.

6.2. Dismissal from Employment

Current Law	No statutory distinction existed between termination and dismissal, creating confusion about applicable standards, procedures, and remedies.
Amendment	New Section 64A specifically governs dismissal. Statutory grounds are: a. Abscondment: Unexplained absence for more than 30 consecutive days without the employer's permission or knowledge; b. Presentation of forged documents or misrepresentation of qualifications at recruitment; c. Conduct inside or outside employment that may adversely affect the employer's business; and d. Any other ground specified in the contract of employment. Amended Section 67 requires the employer to provide reasons for dismissal and failure to do so renders the dismissal wrongful.
Effect	Every dismissal must be grounded in a Section 64A or contractual reason, with reasons formally communicated and documented. Poor performance, serious misconduct, and integrity breaches must be expressly listed in contracts to be usable as dismissal grounds.

6.3. Distinction Between Unfair Dismissal and Wrongful Dismissal

Current Law	No clear statutory distinction existed between unfair dismissal and wrongful dismissal. The distinction was rather developed through case law.
Amendment	Sections 65A and 65B now codify the distinction: a. Unfair dismissal (S. 65A): dismissal for any reason other than the grounds in Section 64A. The test is substantive (the WHY of the dismissal). b. Wrongful dismissal (S. 65B): failure to comply with contractual obligations in the course of dismissal. The test is procedural (the HOW of the dismissal).

Effect	Both risks may arise from a single dismissal. Employers must satisfy themselves on the substantive ground (Section 64A) and the process followed. A dismissal can be fair in substance but wrongful in procedure, with separate remedial consequences for each.

6.4. Summary Dismissal

Current Law	Summary dismissal was addressed under the Act but the statutory framework lacked clarity on when it was justified and its procedural consequences.
Amendment	Section 68 is substituted. Summary dismissal applies where the employee's conduct amounts to a fundamental breach of contractual obligations. The employee is not entitled to notice or payment in lieu.
Effect	Summary dismissal is reserved for fundamental breaches only. Using it for ordinary misconduct that does not meet that threshold will expose the employer to wrongful and potentially unfair dismissal claims.

6.5. Probationary Period

Current Law	An employer could terminate during probationary by giving seven days' notice.
Amendment	The termination notice during probation is extended from seven days to one month. Separately, where an employer continues to pay an employee after the probationary period lapses without formally extending it, the employee is deemed confirmed in employment.
Effect	A full month's notice or payment in lieu is now required to exit an unsuitable probationer. Probation end dates must be actively managed; continued payment without a written extension or confirmation operates as automatic confirmation of employment.

7. Formula for Severance Allowance

Current Law	Severance pay was negotiable at the time of contracting. In the absence of agreement, it was left to a Labour Officer or court to determine creating unpredictable outcomes for both parties.
Amendment	Severance is standardised at a minimum of **one month's salary for each year of service.** Severance is payable on all terminations other than dismissal for gross misconduct. Note: The Act uses 'salary' rather than 'gross salary', a distinction that will require clear contractual definition to avoid disputes.

Effect	Employers now have a statutory minimum liability. Long-serving employee populations carry significant accrued exposure that must be reflected in financial planning. Employment contracts should precisely define what constitutes 'salary' for the purposes of this calculation.

8. Migrant Workers, Recruitment Agencies and Labour Export

The Act introduces a comprehensive framework for the regulation of migrant workers in Uganda, the employment of Ugandans abroad, and the licensing and conduct of recruitment agencies, areas that have been the subject of significant public concern following reports of exploitation and human trafficking.

8.1. Reserved Jobs for Ugandan Citizens

Current Law	Work permits were required for non-citizens, but no categories of jobs were reserved exclusively for Ugandan citizens.
Amendment	New Part IXA empowers the Minister to declare, by Statutory Instrument, categories of jobs that may not be offered to migrant workers. Work permits will not be issued for gazetted categories unless the employer obtains an exemption certificate based on unavailability of Ugandans with the required skills, or applicable treaty arrangements.
Effect	Employers must monitor the Gazette for reserved job categories. Engaging a migrant worker in a reserved role without an exemption certificate constitutes an offence. Sectors reliant on expatriate labour should audit their workforce composition now.

8.2. Employer Obligations to Migrant Workers

Current Law	No specific provisions set out an employer's obligations to migrant workers engaged in Uganda.
Amendment	Express obligations are now imposed ensuring employment is in accordance with the Act and applicable laws such as; a. Providing orientation on terms and conditions; b. Ensuring a valid work permit is held; and c. Repatriating the migrant worker (or their remains) upon contract expiry or termination.
Effect	Employers engaging non-citizen workers must comply with a structured set of obligations. Failure to repatriate a worker upon contract expiry, a recurrent problem is now a statutory breach. Employment contracts for migrant workers must include repatriation clauses.

8.3. Regulation of Recruitment Agencies

Current Law	Recruitment agencies for domestic workers and overseas placements operated without a comprehensive licensing or accountability framework.
Amendment	All recruitment agencies must obtain a licence from the Commissioner for Employment Services before operating. Additionally: a. Agencies must be registered companies, b. Conduct due diligence on employers, c. Maintain recruitment records, and d. Include mandatory repatriation clauses in all overseas employment contracts. Insolvent entities, those with cancelled licences, and those whose directors have trafficking or illegal recruitment
Effect	Unlicensed agencies will be operating illegally. Employers should verify that any recruitment agency they use holds a valid licence and that all overseas contracts include a repatriation clause.

9. Collective Termination and Redundancy Notice Requirements

Current Law	Employers were required to notify the Labour Commissioner before collective terminations, but the notice period was not clearly specified.
Amendment	Employers must notify both the Labour Commissioner and the relevant recognised trade union(s) at least 30 days before any collective termination or redundancy exercise takes effect.
Effect	The 30-day notice period must be built into any workforce reduction timeline from the outset. Failure to give the required notice will expose the employer to procedural unfairness claims.

10. Recommended Actions for Employers

The Employment (Amendment) Act, 2025 imposes significant new obligations on employers across Uganda. Given that the commencement date has not yet been gazetted, employers should treat the present period as a compliance preparation window and take the following steps:

1. **Conduct an employment documentation audit:** Review all contracts, staff handbooks, disciplinary codes, and HR policies against the requirements of the Act.
2. **Revise employment contracts:** Update contract templates to reflect new probationary notice periods, termination/dismissal distinction, severance formula, repatriation provisions, among others.
3. **Update sick leave policies:** Revise sick leave framework and establish a medical opinion protocol before any health grounds termination.
4. **Establish or update harassment policies:** All employers regardless of size must put in place sexual harassment measures and display them prominently and a comprehensive workplace harassment policy covering section must be adopted.
5. **Review casual and domestic worker arrangements:** Identify all casual workers approaching or exceeding six months and assess conversion to formal employment.
6. **Prepare lactation and childcare Facilities:** Designate appropriate space and time arrangements pending the Minister's operational regulations.
7. **Audit migrant worker engagements:** Confirm valid work permits, repatriation clauses in contracts, and monitor the Gazette for reserved job categories.
8. **Review recruitment agency relationships:** Verify that agencies hold valid licences and that overseas contracts include mandatory repatriation clauses.
9. **Redundancy Planning:** Factor the mandatory 30-day Commissioner notice into any restructuring exercise from the outset.
10. **Monitor the Gazette:** Track the commencement date notice, Ministerials regulations facilities and domestic workers, and reserved job category

Conclusion

This amendment represents a significant shift in Uganda's employment law framework. It substantially expands employee protections particularly for casual, domestic, and migrant workers while introducing materially higher compliance obligations and financial exposure for employers across all sectors.

For employers, the reforms require urgent attention. Employment contracts, HR policies, workplace procedures, and workforce structures will need to be reviewed and updated before the Act comes into force. We recommend engaging legal counsel for bespoke compliance planning tailored to your workforce and sector.

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