



# Insights into the key provisions of the Employment (Amendment) Act, 2025

## EMPLOYMENT LAW ALERT

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5th Floor, Insurance Tower,  
Plot 6 Lumumba Avenue  
P.O. Box 9566, Kampala.  
Tel: +256 312 244 100  
Fax: +256 414 349 954  
info@kaa.co.ug

After a period of close to four years since the Employment (Amendment) Bill was introduced, the legislative process was finally completed when the President assented to the Employment (Amendment) Act, 2025 and effectively marks the official amendment of the Employment Act pending the gazetting of the commencement date. The Amendment Act amends the Employment Act, Cap. 226 and, by cross-reference, the Labour Disputes (Arbitration and Settlement) Act, Cap. 227.

The Employment (Amendment) Act, 2025 may fairly be described as one of the 11th Parliament's most significant farewell gifts to employees and, arguably, one of the most meaningful Labour Day gifts to Uganda's workforce.



By introducing clearer protections around dismissal, sick leave, breastfeeding and childcare, casual employment, harassment, severance, and the employment of migrant workers, the Act marks a substantial shift towards a more structured, protective and accountable employment-law framework.

The key employment law amendments introduced by the final Act include the following:

## **Key Employment Law Amendments**

### **1. Labour Officers, arbitration, adjudication and the Labour Disputes Act**

One of the notable changes introduced by the Employment (Amendment) Act, 2025 is the restructuring of the dispute-resolution role of Labour Officers.

Under the previous framework, the role of Labour Officers was often discussed in the context of mediation, conciliation, arbitration and adjudication. This created uncertainty around the precise extent of their powers, particularly where Labour Officers were called upon to perform functions that appeared quasi-judicial in nature.

The Amendment Act responds to this uncertainty by removing the word “arbitration” from section 12(1)(a) of the Employment Act and repealing sections 2, 3 and 4 of the Labour Disputes (Arbitration and Settlement) Act, Cap. 227. These changes significantly narrow the arbitration-related mandate previously associated with Labour Officers.

However, the Act does not completely remove Labour Officers from the dispute-resolution framework. On the contrary, it preserves a defined statutory role for Labour Officers in handling employment complaints. Labour Officers retain powers to receive and determine certain employment-related complaints, particularly in relation to unfair dismissal. They may also order the statutory procedural penalty of four weeks’ net pay where an employer fails to comply with the prescribed dismissal procedure, and may grant compensation

under the amended remedies provisions. Orders made by Labour Officers may also be executed through the Industrial Court.

The effect of the Amendment Act is therefore not the abolition of Labour Officers’ dispute-resolution powers, but their restructuring. The Act removes arbitration terminology and repeals key provisions of the Labour Disputes Act, while retaining complaint-handling, determination and compensation powers under the Employment Act. This creates a more targeted statutory role for Labour Officers, with the Industrial Court remaining central to the enforcement and final resolution of employment disputes.

### **2. Sexual harassment, intimidation and workplace harassment**

The Employment (Amendment) Act, 2025 expands the employer’s workplace protection obligations beyond the previous sexual harassment framework. The Act substitutes section 6(4) of the Employment Act and now requires every employer to put in place measures to prevent sexual harassment at the workplace and to display those measures in a conspicuous place at the workplace.

This is a significant compliance development. The final wording of the Act refers to “measures” rather than only a formal sexual harassment “policy”. However, in practice, a written sexual harassment policy remains the most effective way for an employer to demonstrate compliance. Such a policy should be supported by clear reporting channels, investigation procedures, confidentiality safeguards, anti-retaliation protections, staff sensitisation, and visible workplace notices.

The Act also introduces a broader prohibition against workplace intimidation and harassment through the new section 6A. Under this provision, an employer or the employer’s agent is prohibited from intimidating or harassing an employee at the workplace. The provision is wide in scope and covers written, verbal and physical abuse, as well as behaviour that interferes

with work or creates an intimidating, hostile or offensive working environment.

The new provision also gives practical examples of prohibited conduct. These include degrading public tirades by a supervisor or colleague, insults relating to an employee's personal or professional competence, threatening or insulting comments whether made orally, in writing or by email, desecration of religious or national symbols, withholding food or other contractual necessities, and conduct that insults the modesty of an employee.

This amendment therefore broadens the statutory protection of employees from workplace misconduct and places a clearer duty on employers to maintain respectful, safe and dignified workplaces. Importantly, contravention of the new section 6A constitutes an offence, which means that workplace harassment and intimidation are no longer merely internal disciplinary or human-resource concerns, but matters with potential statutory liability.

### **3. Casual employment, domestic workers and piecework**

The Employment (Amendment) Act, 2025 also introduces important protections and clarifications for domestic workers, casual employees and employees engaged under piecework arrangements.

**First**, the Act amends section 33 of the Employment Act by expressly adding domestic workers and casual employees to the categories of workers addressed under that provision. This is reinforced by amendments to section 96, which expand the Minister's regulation-making powers to include matters relating to domestic workers and casual employees. The effect is to bring these categories of workers more clearly within the statutory employment framework and to provide a basis for more detailed regulations governing their engagement.

A particularly significant amendment is the insertion of the new section 34A on casual employment. Under this provision, an employer is prohibited from employing a person as a casual employee for a continuous

period exceeding six months. The Act further provides that where an employer lays off a casual employee and later rehires that employee, the casual employment will be treated as continuous. This is an important compliance point for employers who rely on repeated or rolling casual engagements, as temporary breaks in service may not be sufficient to avoid the statutory six-month limitation.

The Act also introduces a new section 34B, which recognises piecework contracts. Piecework is defined as work where an employee is paid by reference to the amount of work completed. This statutory recognition is important because it acknowledges work arrangements where remuneration is linked to output rather than time worked, while still locating such arrangements within the broader employment law framework.

Taken together, these amendments signal a move towards greater regulation of non-standard work arrangements. Employers who engage domestic workers, casual employees or piecework labour will need to review their contracts, payroll practices and engagement models to ensure that these arrangements do not inadvertently create legal exposure under the amended Employment Act.

### **4. Breastfeeding and child-care facilities**

The Employment (Amendment) Act, 2025 introduces clearer workplace protections for breastfeeding mothers and employees with young children.

The Act inserts a new section 56A, which requires every employer to make available at the workplace time, space or a facility for breastfeeding and childcare for children of employees. This protection applies in respect of children aged between three months and thirty-six months. The Act further requires the Minister to prescribe operational standards for breastfeeding and childcare facilities by regulations.

This amendment is likely to have practical implications for workplace planning, particularly for employers with physical

premises, shift-based operations or large numbers of employees. Employers will need to consider how to provide reasonable time and appropriate space for breastfeeding and childcare in a manner that is safe, dignified and consistent with the operational standards to be prescribed.

The Act also strengthens pregnancy-related protection within the dismissal framework. Under the new section 65C, an employer is expressly prohibited from dismissing an employee or imposing a disciplinary penalty on the basis of a female employee's pregnancy or for any reason connected with the pregnancy.

These amendments reinforce the principle that pregnancy, breastfeeding and early childcare responsibilities should not be treated as grounds for adverse employment action. They also require employers to move beyond general non-discrimination commitments and adopt practical workplace arrangements that support maternal health, childcare and continued participation of women in employment.

## **5. Sick leave, medical incapacity and sickness-related termination**

The Employment (Amendment) Act, 2025 significantly revises the statutory framework on sick leave and termination on medical grounds.

Under the amended section 54, the previous two-month sick-leave framework is replaced with a six-month structure. An employer is now required to pay an employee full wages for the first two months of sickness. Where the sickness continues beyond the second month, the employer is required to pay half of the employee's monthly wages for the subsequent four months.

If the employee's sickness continues at the expiry of the sixth month, the employer may terminate the contract of service, provided that the employer complies with all contractual obligations due up to the date of termination. This means that termination on medical grounds remains available, but only after the extended statutory protection period has been observed.

The Act also introduces an additional safeguard where termination is based on sickness. Under the amended section 64, an employer must, before terminating an employee's contract on grounds of sickness, seek the opinion of a medical doctor concerning the employee's medical condition. This requirement creates a more objective basis for assessing whether the employee's medical condition genuinely affects their ability to continue performing their duties.

The sick-leave amendments should also be read together with the new section 65C, which protects an employee's temporary absence from work for a period of up to three months on reliable grounds, including illness or injury. During that protected period, illness or injury cannot lawfully be used as a ground for dismissal or the imposition of a disciplinary penalty.

These amendments therefore extend the protection available to employees facing illness or injury, while preserving an employer's right to terminate employment on medical grounds where the statutory period has expired, the employee remains unable to work, medical opinion has been obtained, and all contractual obligations have been complied with.

## **6. Termination of employment and dismissal from employment**

The Employment (Amendment) Act, also introduces a clearer statutory distinction between termination of employment and dismissal from employment. This is one of the most important structural changes in the amended Employment Act, as it separates ordinary termination scenarios from dismissal-based decisions and summary dismissal.

Section 64 now deals with termination of employment. In addition to the existing modes of termination, the section now expressly recognises termination in cases of redundancy, sickness lasting more than six months where the employee is unable to perform the contract, and circumstances where continued employment may lead to breach of a statutory obligation.

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For redundancy-based termination, the employer must be able to demonstrate that the business has ceased operations or that the employee's role is no longer required because of reorganisation of work, introduction of labour-saving devices, change in work patterns, or the need for fewer employees to perform the existing work. Where termination is based on sickness, the employer must first seek the opinion of a medical doctor on the employee's medical condition.

By contrast, dismissal from employment is now specifically addressed under the new section 64A. The statutory grounds for dismissal are narrower and include abscondment from duty, presentation of forged documents or lack of required qualifications at the time of recruitment, conduct inside or outside employment that may adversely affect the employer's business, and any other ground specified in the contract of employment. Abscondment is deemed to occur where an employee is absent from work without the employer's permission and knowledge for a consecutive period of more than thirty days.

The Act also substitutes section 68 to provide specifically for summary dismissal. Summary dismissal is permitted where the employee's conduct amounts to a fundamental breach of his or her contractual obligations. It arises where an employer dismisses an employee without notice, or with less notice than the employee is entitled to under the law or the contract. In such cases, the employee is not entitled to payment in lieu of notice.

The amended section 67 further requires an employer, in any claim arising out of dismissal, to give reasons for the dismissal. Where the employer fails to do so, the dismissal is deemed to be wrongful. The reasons relied upon must be those which the employer genuinely believed existed at the time of dismissal and which caused the employer to dismiss the employee.

The practical effect of these amendments is that employers should no longer treat termination, dismissal and summary dismissal as interchangeable concepts. While the Act distinguishes ordinary termination from dismissal, it also expands the statutory grounds for termination and imposes evidential requirements in specific cases, particularly redundancy and sickness-based termination. Employers should therefore continue to document the lawful basis for all employment separation decisions, including the factual justification, supporting evidence, process followed, contractual basis, and statutory ground relied upon. This will be especially important in cases involving redundancy, sickness, statutory compliance concerns, misconduct, abscondment, qualifications, or contract-based dismissal grounds.

## **7. Dismissal process, unfair dismissal and wrongful dismissal**

The Act also introduces a statutory distinction between unfair dismissal and wrongful dismissal. Dismissal is unfair where an employer dismisses an employee for a reason other than the grounds specified under section 64A. By contrast, dismissal is wrongful where the employer fails to fulfil its contractual obligations in the course of dismissing the employee.

In determining whether a dismissal is wrongful, a Labour Officer or court may consider several factors. These include the employee's contract of employment, the Disciplinary Code in Schedule 2, the extent of the employer's compliance with contractual obligations before and after dismissal, the procedure followed, the communication of the dismissal decision, the handling of any appeal, the employee's conduct and capability up to the date of dismissal, the employer's previous conduct in managing the situation, and any other matter considered just or equitable.

The substituted section 70 also clarifies the complaint procedure. An employee may lodge a dismissal complaint within three months from the date of dismissal, or within a later period where this is shown to be just and equitable. However, an employee serving under a probationary contract may not lodge a complaint under section 70.

Where a dismissal dispute is referred to the Industrial Court and the Court finds that the dismissal was unfair, the Court may order reinstatement, re-employment or compensation. Reinstatement or re-employment is to be ordered unless the employee does not wish to return, the circumstances make continuation of the employment relationship intolerable, reinstatement or re-employment is not reasonably practicable, or the dismissal is unfair only because the employer failed to follow proper procedure.

The compensation framework has also been revised. An employee who has been unfairly dismissed is entitled to a basic compensatory order of eight weeks' wages. In addition, the Labour Officer may award further compensation ranging from one month's to three months' wages. In determining additional compensation, the Labour Officer may consider factors such as the employee's length of service, reasonable expectation of continued employment, prospects of obtaining comparable employment, severance entitlement, unpaid wages or other claims, expenses arising from the dismissal, the employee's contribution to the dismissal, failure to mitigate loss, and any compensation or ex gratia payments already received.

These amendments make the dismissal process more structured and evidence-driven. Employers should therefore ensure that dismissal decisions are supported by clear grounds, proper notice, adequate preparation time, a fair hearing, documented representations, reasoned outcomes and proper appeal handling where applicable.

## **8. Probationary employment**

The Act amends section 66 so that if an employer does not extend a probationary contract and continues to pay the employee after the probationary period lapses, the employee is deemed to have been confirmed in employment. It also substitutes the previous seven days' probationary termination notice with one month's notice.

## **9. Collective termination and redundancy notification**

The Employment (Amendment) Act, 2025 also refines the statutory notification requirements applicable to group termination and redundancy-related processes.

Section 80 is amended to refer to an employer that "intends to terminate" employment in the circumstances covered by that provision. The amendment also introduces a clearer timing requirement: the employer must notify the Commissioner responsible for labour and the labour union, if any, at least thirty days before the termination takes effect.

This is an important procedural safeguard for employers undertaking restructuring, redundancy or other group termination exercises. It means that affected employers should not treat notification as a post-decision or last-minute administrative step. Instead, the notice to the Commissioner and the relevant labour union should be built into the planning timetable before implementation.

In practical terms, employers contemplating terminations within the scope of section 80 should prepare a clear notification package setting out the reasons for the proposed termination, the number and categories of employees likely to be affected, the proposed timing, the selection criteria, and the measures considered to mitigate the impact on affected employees. This will assist in demonstrating procedural compliance and reducing exposure to challenges arising from defective or delayed notification.

## **10. Employment of migrant workers in Uganda**

The Employment (Amendment) Act, 2025 introduces a new Part IXA to regulate the employment of migrant workers in Uganda. This is a significant development for employers who recruit or engage non-citizen employees, particularly in sectors that rely on specialised foreign labour.

Under the new framework, the Minister may, by notice published in the Gazette, declare certain jobs that migrant workers shall not be

offered. Once a job has been declared under this framework, the National Citizenship and Immigration Board may not issue an entry permit to a migrant worker who has been offered employment in that job unless the migrant worker holds an exemption certificate issued by the Commissioner responsible for employment services.

The obligation is not limited to the immigration process. Employers are also directly prohibited from offering employment to a migrant worker in a declared job unless that migrant worker has obtained the required exemption certificate. This places a clear compliance burden on employers to confirm, before recruitment or onboarding, whether the role in question has been declared restricted and whether an exemption certificate is required.

The Act also recognises limited categories of persons to whom this Part does not apply. These include persons covered by diplomatic privileges, non-citizens employed by prescribed organisations, workers or service providers permitted under the East African Community Common Market framework or any applicable treaty or agreement, employees of foreign security agencies acting in collaboration with Ugandan security agencies, and any other person exempted by the Minister.

Exemptions may be granted where an agreement permits the employment, where reciprocal arrangements allow movement of workers, or where the relevant job requires a particular skill that no Ugandan citizen possesses. This preserves flexibility for specialised skills, treaty-based arrangements and regional labour mobility, while also giving the Government a statutory tool to reserve certain employment opportunities for Ugandan citizens.

For employers, the practical effect is that foreign recruitment and work-permit planning will require closer coordination between employment law compliance and immigration compliance. Employers should review their migrant worker engagement processes, confirm whether any roles have been gazetted as restricted, and ensure that

exemption certificates are obtained where required before offers of employment are made or work permit applications are pursued.

## 11. Severance allowance

The Employment (Amendment) Act, 2025 introduces a clearer statutory formula for the calculation of severance allowance.

The Act substitutes section 88 of the Employment Act and now provides that the severance allowance payable to an employee is one month's salary for each year worked by the employee. This is an important clarification because the final Act uses the term "salary" and not "gross salary".

The Act also expands the circumstances in which severance allowance may become payable. Section 86 is amended to include cases where the employer terminates the contract of employment due to the employee's physical incapacity, where the employee's position is declared redundant, or where the employer refuses to pay wages and the contract of service is terminated by a Labour Officer under section 30(1) of the Employment Act.

At the same time, the Act repeals paragraphs (d), (e) and (f) of section 86, thereby revising the statutory categories under which severance allowance is payable.

The practical effect of these amendments is that severance allowance is no longer left entirely to contractual negotiation or judicial assessment where the contract is silent. Employers now have a statutory baseline for calculating severance and should ensure that termination, redundancy and incapacity-related exit processes properly account for this entitlement where it arises

Practical compliance implications for employers

In light of the Employment (Amendment) Act, 2025, employers should undertake an immediate review of their employment documentation, workplace policies and human-resource procedures to ensure alignment with the new statutory framework.

Key documents and processes that require review include disciplinary codes, contracts of employment, probationary employment templates, casual-worker arrangements, redundancy procedures, sick-leave policies, sexual-harassment and harassment-prevention measures, recruitment-agency arrangements, migrant-worker onboarding controls, and severance-payment frameworks.

Overall, the Act requires employers to adopt a more deliberate, documented and procedurally compliant approach to employment management. Employers who update their policies and practices early will be better positioned to reduce disputes, manage workplace risk, and defend employment decisions where they are challenged.

### Caveat

The contents of this article are intended to convey general information only and do not constitute legal advice or a legal opinion. Readers should obtain specific legal advice before acting on any matter addressed in this article, particularly because commencement, regulations, transitional issues and sector-specific circumstances may affect implementation

## Authors



**Augustine Obilil Idoot**  
Partner  
aidoot@kaa.co.ug  
info@kaa.co.ug

Legal500

WTR  
1000

CHAMBERS  
AND PARTNERS

IFLR1000

