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AHK Business Breakfast

UAE Law – Review of New Laws and Regulations 2020-2021

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With you today



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New Legal Initiatives in the UAE

1. Alcohol license
2. 100% Foreign ownership allowed
3. Economic Substance Regulations
4. Visa Incentives: 10 years Golden Visa | Green visa / Freelancer Visa
5. Abolition of the DIFC-LCIA Arbitration Centre
6. Anti-Money Laundering Reporting System in the UAE

1. Alcohol License

- Since 7th November 2020, the UAE removed the law which stated anyone consuming alcohol should be in possession of an alcohol license in Dubai.
- **Drinking alcohol without a license is no longer a criminal offence**, however it is still needed the license to purchase and possess alcohol in Dubai.
- The curious fact is that the tourist no need to apply for a license, but they'll just need to visit a store with their passport and Dubai entry stamp.
- This option is not available to resident visa holders in Dubai for which is mandatory a license of the cost of Dhs 270.



2. 100% Foreign ownership allowed

- Federal Decree-Law no. 26 of 2020 that amended the Federal Law no. 2 (Commercial Company Law).
- **Effective from 1st June 2021.**
- More than 1,000 commercial and industrial activities in Dubai and Abu Dhabi Development Economy Department (“DED”), excluding activities with strategic impact as security, defence, and services related to banks and finance companies.
- **It’s no longer mandatory to have an Emirati partner with 51% of shares.**
- **Branches of foreign companies do not require an Emirati agent.**

3. Economic Substance Regulations (“ESR”)

- UAE Cabinet Resolution no. 57 of 2020 and updated guidance Ministerial Decision no. 10 of 2020.
- **UAE onshore and free zone Companies to demonstrate an adequate “economic presence” in UAE.**
- **From December 2020:**
 - Submission of **Notification of ESR** within **6 months** from the end of the financial year.
 - **Submission of ESR** within 12 months from the end of the relevant financial year.

4. Visa Incentives

- **Launch of 10 years Golden Visa**

- A. Investors in public investments of at least AED 10 million**

- The amount invested not to be loaned and to be retained for at least three years.

- B. Persons with specialised talents (science and creativity)**

- Accreditation by Emirates Scientists Council or by Ministry of Culture and Youth.
 - Any relevant and recognized evidence of award or certificates and research of appreciation in the field of the applicant's work.

- **Green Visa / Freelance Visa**

- Investors and highly skilled workers as well as top students and graduates.
 - Will allow to have a visa without being sponsored by an employer.

5. Abolition of the DIFC-LCIA Arbitration Centre

- Decree No. 34 of 2021 with immediate **effect from 20th September 2021.**
- **Abolition of DIFC-LCIA Arbitration Centre.**
- **New Establishment** of one Arbitration Centre for Dubai: **Dubai International Arbitration Centre (“DIAC”)**.
- DIAC will supervise the ongoing cases before the DIFC-LCIA Arbitration Centre.
- For the future, the agreements referring to the abolished DIFC-LCIA, will be regulated by **DIAC, unless otherwise agreed by the parties.**
- **Recommendation:** to stop including DIFC-LCIA arbitration in dispute resolution clauses and to not include yet DIAC Rules with a DIFC seat, since the Decree provides DIAC with six months to implement certain changes to its internal structure and rules.

6. Anti-Money Laundering Reporting System in the UAE

- Creation of the National Committee for Combating Money Laundering and the Financing of Terrorism and Illegal Organisations (NAMLCFTC);
- Formation of an independent Financial Intelligence Unit (the UAE FIU) within the UAE Central Bank (CBUAE);
- The GoAML system platform for **online reporting on any suspicious activities;**
- **Obligation of Compliance and Risk assessments** practices with corporates;
- Two main categories: (1) Financial Institutions and (2) Designated Non-Financial Businesses and Professions (DNFBPs);
- **Mandatory registration of the Ultimate Beneficiary Owner (UBO).**



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