

Newsletter 3/2016 (31. May 2016)

In this newsletter we will highlight recent legal updates in the UAE and Oman.

United Arab Emirates**I. Dubai Customs**

By Customs Notice No. 3 of 2016, issued on 13.04.2016, Dubai Customs published new regulations with regard to customs declarations of goods which have been stored in free zones for re-export. Until now, free zone companies were required to deposit a guarantee in the amount of 5% of the goods' value when importing goods for re-export. Starting from 01.06.2016 no cash or bank guarantee has to be deposited with Dubai Customs if the goods are being imported and re-exported from the same customs office. This rule will, however, only apply to the Jebel Ali Free Zone, Dubai Airport Free Zone and the Dubai Logistic City.

II. End of Service Gratuity

The Ministry of Labor announced a new regulation aimed at safeguarding the end of service benefits of employees. In accordance with the decision, which shall become effective on July 1, 2016, employers will be obliged to set aside a certain amount of the income in order to guarantee the payment of its employees' end of service gratuities. How exactly this decision will be implemented and whether it will also apply to free zone companies, remains to be seen.

III. Dubai Land Department

Based on recent information received from the Registration Department of the Dubai Land Department (DLD), foreign companies are no longer allowed to acquire real estate property in the Emirate of Dubai. Only companies holding a Department of Economic Development license or Jebel Ali Free Zone license can purchase property in designated areas, so called free hold areas. Apparently, this new administrative practice is applied only on new transactions and shall not affect existing registrations. Previously, foreign companies were able to directly engage in real estate transactions.

IV. New Commercial Companies Law

The new Commercial Companies Law (Federal Law No. 2 of 2015; “CCL”) provided in article 374 a transitional period of 1 year for companies to adapt their Articles of Association (AoA) to the new provisions. Non-compliant companies can be fined with a penalty if the AoA has not been adapted to the new provisions within the transitional period. The transitional period, which started on July 1, 2015, will now expire on June 30, 2016. As per verbal information received from the Department of Economic Development (DED) an extension of this period is not intended. However, the DED – for now – also does not intend to fine companies which did not comply with the new law. Despite this information, it remains to be seen if and for how long this administrative practice of the DED of not issuing penalties will be observed. Therefore, it is important for companies who did not adapt their AoA to do so as soon as possible.

Oman

I. Trade Names

The Ministry of Commerce and Industry released with Ministerial Decision no. 124 of 2016 several new provisions with regard to trade names of companies established in the Sultanate of Oman. This decision, *inter alia*, states that trade names must be in Arabic and shall not contain any foreign words. Exceptions are possible for branches of foreign companies, joint ventures with foreign shareholders as well as companies wholly owned by foreign investors. Furthermore, trade names of branches of foreign companies are not allowed to operate under an independent name, meaning a trade name not consisted with the one of the parent company. In case of non-compliance, companies will either be asked to reserve a new trade name or to amend its existing trade name.

II. Share Capital

By Ministerial Decision no. 139 of 2016 the Ministry of Commerce and Industry introduced new provisions to attract foreign investment to the Sultanate. In accordance with said decision the minimum share capital, until now OR 150,000.00 (One Hundred Fifty Thousand Omani Riyal), has been abolished. The new regulation applies to all legal forms except joint stock companies. It will have to be seen, whether minimum share capital requirements will be imposed in individual cases (e.g. depending on the activity of the company).

This article only constitutes a simplified and shortened description of some legal developments and can in no way replace legal consultation. The team at SCHLÜTER GRAF will gladly support you in case of any questions.

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