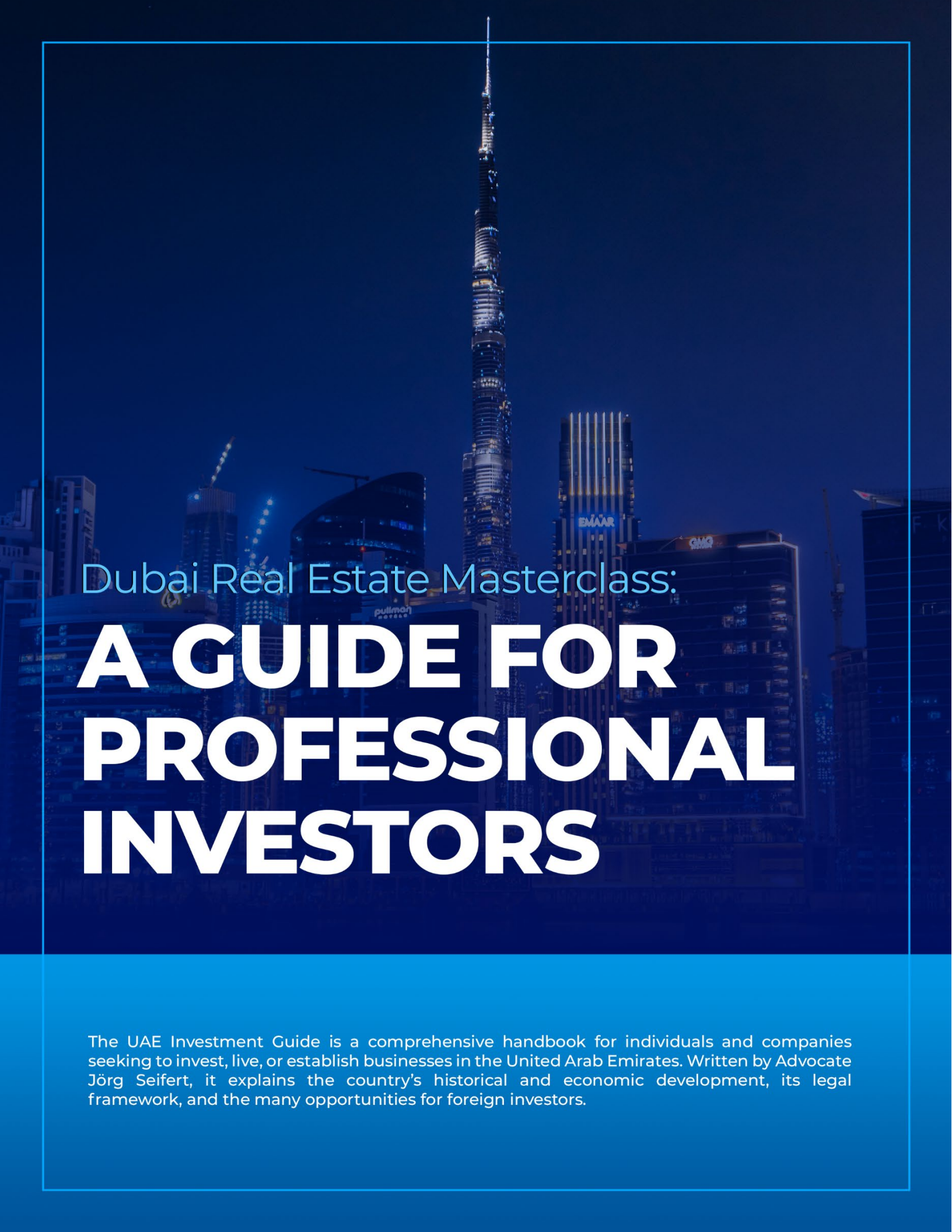


A night-time photograph of the Dubai skyline, featuring the Burj Khalifa as the central, tallest skyscraper. Other illuminated buildings are visible in the background, including one with 'EMAAR' signage. The image is framed by a thin blue border.

Dubai Real Estate Masterclass:

# **A GUIDE FOR PROFESSIONAL INVESTORS**

The UAE Investment Guide is a comprehensive handbook for individuals and companies seeking to invest, live, or establish businesses in the United Arab Emirates. Written by Advocate Jörg Seifert, it explains the country's historical and economic development, its legal framework, and the many opportunities for foreign investors.

**Advocate Jörg Seifert** ([www.dubai-lawyer.com](http://www.dubai-lawyer.com))

Advocate Jörg Seifert has been working exclusively as a commercial lawyer in the Middle East since 1995. He initially headed the European department of the law firm Dr. Hasan Al Mulla Lawyers & Legal Consultants in Riyadh, Saudi Arabia, for three years. During his time there, he was appointed by the Austrian Foreign Ministry as the official legal advisor to the Austrian Embassy in Riyadh.

Mr. Seifert is a member of the Oldenburg Bar Association in Lower Saxony and is authorized to appear before all local, regional, and higher regional courts in Germany.

At the end of 1998, Mr. Seifert moved to Dubai, United Arab Emirates. Until mid-2024, he worked at the local law firm Al Sharif Advocates & Legal Consultants, where he was primarily responsible for providing commercial law advice to international clients and assisting them in initiating and implementing investment projects in the UAE and other countries of the Gulf Cooperation Council.

Mr. Seifert now runs his own law firm (Attorneys at Law | Rechtsanwälte Seifert & Associates FZE LLC). In exclusive cooperation with Al Sharif Advocates & Legal Consultants, Mr. Seifert continues to cover the area of commercial law in the UAE and the other GCC countries. He primarily advises international clients on all commercial law matters and provides them with targeted support in initiating and implementing investment projects in the UAE and other countries of the Gulf Cooperation Council. Mr. Seifert is a specialist in cross-border transactions, direct investments and marketing within the countries of the Gulf Co-operation Council and more particularly the UAE.

Mr. Seifert is an honorary member of the Association of Fellows and Legal Scholars of the Center for International Legal Studies in Salzburg and has published over 70 different treatises on commercial law in the UAE and other countries of the Gulf Cooperation Council.

# Table of Contents

1. Historical Development of the UAE
2. Economic Development of the UAE
3. Acquisition of Real Estate by Foreign Nationals
4. Tenancy Law in Dubai
5. Legal Particularities
6. Sponsorship in the UAE
7. Visa Regulations
8. Forms of Economic Activity in the UAE
9. Trade
10. Public Procurement
11. Company Formation
12. Representative Office or Branch
13. Company Formation in the UAE (Including Joint Ventures)
14. The UAE Limited Liability Company (LLC)
15. Company Formation in a Free Zone
16. Offshore Companies
17. Particularities for Service Firms and NGOs
18. Cheque Liability
19. Arrest on Re-Entry for Debt
20. Banking and Finance
21. Insolvency Law
22. Tax Law
23. Labour Law in the UAE
24. Intellectual Property
25. Civil Jurisdiction in the UAE
26. Arbitration
27. Inheritance Law in the UAE
28. Foundations in the UAE

# **1. Historical Development of the United Arab Emirates (UAE)**

Until the mid-twentieth century, the lands that now form the United Arab Emirates consisted of seven independent sheikhdoms Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Quwain, Ras al-Khaimah, and Fujairah. Life in these emirates was shaped by tribal structures, and their economies relied primarily on fishing, pearl diving, and coastal trade along the shores of the Persian Gulf.

## **The British Protectorate (“Trucial States”)**

From the mid-nineteenth century onward, the emirates came under British protection, a measure designed above all to secure sea routes and safeguard Britain’s commercial interests. These treaties created a political arrangement that left internal autonomy largely in the hands of the local rulers while ceding foreign and defense policy to the British. The term “Trucial States” derives from the truces concluded between the local sheikhs and the British Crown.

## **Oil Discoveries and Economic Transformation**

Large petroleum reserves especially in Abu Dhabi were discovered in the 1950s and 1960s, triggering a profound economic transformation. Abu Dhabi emerged as the wealthiest emirate, generating the lion’s share of oil revenues and thereby providing the economic foundation for the future federation. Dubai, with only modest oil resources of its own, pursued diversification early, building its fortunes on trade, real estate development, transport, and later tourism.

## **Founding of the United Arab Emirates (1971)**

When Britain announced its withdrawal in the late 1960s, the rulers began talks on political union. On 2 December 1971, six of the seven emirates (all except Ras al-Khaimah) founded the United Arab Emirates; Ras al-Khaimah joined in January 1972. The federation secured stability, sovereignty, and a common path of economic development.

## **Political Structure and Federalism**

The UAE is a federal monarchy in which the seven emirates retain their status as individual realms. Each emirate is ruled by a sheikh who serves as its supreme authority. At the federal level, the rulers constitute the Supreme Council, the highest legislative and executive body, which elects the President and Vice President. Since the federation’s founding, Abu Dhabi has traditionally held the presidency, while Dubai has often provided the Vice President and Prime Minister.

## **Profiles of the Individual Emirates**

Abu Dhabi. The largest emirate and principal producer of oil and gas, Abu Dhabi customarily supplies the federation's President and shapes foreign policy and the broad economic course. Over recent decades, it has invested oil revenues in diversification renewable energy, culture (e.g., the Louvre Abu Dhabi), and large-scale infrastructure.

Dubai. The second-largest emirate, with relatively limited oil, pursued liberal economic policies, free-trade zones, and heavy investments in infrastructure (such as Jebel Ali Port and Dubai International Airport), becoming a global hub for commerce and tourism.

Sharjah. Known for its conservative social ethos and cultural patronage, Sharjah has emphasized education and the arts and maintains comparatively strict regulations relative to Dubai and Abu Dhabi.

Ajman, Umm al-Quwain, Ras al-Khaimah, Fujairah. The smaller emirates have focused on local economic development, tourism, and in some cases industrial and free-trade zones. Ras al-Khaimah is noted for its natural landscapes and is increasingly cultivating tourism.

## **Modernization and Global Integration**

Since the 1990s, the UAE has pursued a consistent strategy of economic diversification to reduce dependence on oil. Massive investments in infrastructure, education, healthcare, and new technologies have followed. The country has become a significant global center for finance and trade and drew worldwide attention with international events such as Expo 2020 (held in 2021/22).

## **Social Change**

Economic openness has gone hand in hand with social transformation. The UAE today is a pluralistic society with a large expatriate workforce and professional class. It offers a degree of political stability that is distinctive in the region. The leadership has increasingly undertaken social reforms and a measured opening of public life without fundamentally challenging the monarchical order and traditional structures.

## **Regional and International Role**

On the international stage, the UAE acts as a key player in the Middle East, pursuing an active foreign policy, economic partnerships, and diplomatic initiatives. The federation is a member of numerous international organizations and seeks roles as a mediator in regional conflicts.

If you'd like, I can also deliver this translation as a polished Word document or print-ready PDF with headings and page numbers.

## **2. Economic Development of the United Arab Emirates (UAE)**

The United Arab Emirates has journeyed from a traditional society rooted for centuries in fishing, pearl diving, and mercantile exchange into a modern, diversified economy. The discoveries of oil and natural gas in the 1950s and 1960s, especially in Abu Dhabi, marked a decisive turning point. Abu Dhabi quickly became the federation's principal oil producer and invested petroleum revenues on a grand scale: building infrastructure, expanding education, and establishing robust state institutions. Dubai, by contrast, with far smaller hydrocarbon reserves, pursued deliberate diversification early. Through targeted investment in trade, tourism, real estate, aviation, and financial services, Dubai positioned itself as an international hub for commerce and finance. The other emirates Sharjah, Ras Al Khaimah, Ajman, Umm Al Quwain, and Fujairah likewise developed by leveraging their specific regional strengths.

From the 2000s onward, the UAE adopted an active strategy to reduce dependence on oil. The country created free-trade zones with attractive tax regimes, drew in multinational companies, and channeled investment into renewable energy and advanced technologies. Digitalization, aviation, tourism, healthcare, and clean energy have all recorded strong growth. With mega-projects such as Expo 2020 in Dubai, sustained infrastructure spending, and a liberal economic policy, the UAE has consolidated its role as the Middle East's leading growth engine and as a significant global location for trade and investment.

Today, the UAE is among the region's most competitive economies a result of combining traditional resource endowments with innovative development strategies. Ongoing diversification and deepening international integration underpin the federation's long-term growth and stability.

Current economic indicators highlight this trajectory. Nominal GDP is estimated at about USD 537.08 billion for 2024, with an expected increase to roughly USD 548.6 billion in 2025. GDP per capita stands near USD 49,500. In Q4 2024, real GDP grew by 3.3%, driven by manufacturing, trade, and construction even amid declining oil output underscoring the success of diversification. Inflation remained moderate at about 2.3%, with a 2.1% projection for 2025. Unemployment is comparatively low at around 2.13%, reflecting a stable labor market. Foreign direct investment strengthened as well: FDI reached USD 30.69

billion in 2023, an increase of roughly 35% year-on-year clear evidence of the UAE's continuing attractiveness for global capital.

Taken together, these developments and figures illuminate a broader story: while oil sparked the initial transformation, it is the sustained commitment to diversification, openness, and innovation that now propels the UAE's economy and will likely continue to do so in the years ahead.

## **3. Acquisition of Real Estate by Foreign Nationals**

### **3.1 The UAE Real Estate Market**

The real estate market of the United Arab Emirates above all Dubai also recorded a very high number of transactions in 2024. Experts expect this positive trajectory to continue into 2025, as many people keep relocating to the UAE and/or investing in property. Global geopolitical uncertainty, economic crises, and political instability elsewhere further enhance the appeal of the UAE's property market.

### **3.2 Purchasing Real Estate**

Foreign nationals may purchase property in Dubai and the other emirates of the UAE within designated areas.

Alongside the UAE's structural advantages

- Tax Freedom (Exceptions: Value-Added Tax Since 01-01-2018; Corporate Tax Since 01-06-2023);
- Free Transfer Of Capital And Profits;
- Free Trade;
- Low Import Duties;
- The Dirham's Peg To The US Dollar;
- Double-Tax Treaties With A Number Of Countries;
- State-Of-The-Art Infrastructure;
- Low Wages And Ancillary Labor Costs

the ability of foreigners to acquire real estate constitutes an additional, important incentive to invest.

### **3.3 Legal Framework**

#### **No Federal Real-Estate Code**

The UAE still has no unified federal real-estate statute. Property law is the responsibility of the individual emirates, each of which has issued its own rules and regulations.

#### **Dubai Applicable Law**

Dubai's property law allows UAE and GCC nationals as well as companies that are 100% GCC-owned to acquire freehold property without restriction throughout the emirate. Foreign nationals and companies licensed in the UAE may purchase property in designated zones. The legally defined freehold and leasehold (up to 99 years) areas remain in force.

The Dubai Land Department is the competent authority for land registration and issues the Title Deed. The usual registration fee is 4% of the purchase price. Although buyer and seller may split this fee in principle, in practice it is most often borne by the buyer.

 **In Dubai, the registration fee is usually 4% of the purchase price, paid by the buyer.**

Sales of properties in the planning or construction phase remain subject to strict requirements: proof that construction has commenced; the necessary approvals; and management of payments through project-specific escrow accounts maintained with approved banks. Five percent of the purchase price is retained for one year after handover as a defect-liability security.

#### **Abu Dhabi Applicable Law**

Since 2019, Abu Dhabi's property law has allowed foreign natural and legal persons to acquire real estate without restriction throughout the emirate.

#### **Sharjah Applicable Law**

Since late 2022, foreign natural and legal persons may acquire real estate without restriction throughout the emirate of Sharjah.

#### **Ajman Applicable Law**

Ajman allows UAE and GCC nationals to purchase property in the emirate without restriction. Foreigners may acquire property only in certain areas designated by the Ruler.

### **Fujairah Applicable Law**

Because of its geography, Fujairah remains less suited to very large-scale developments. Foreign acquisition is now possible, but some projects still offer only long-term leaseholds. It is advisable to review each project's specific rules with the competent authorities in advance.

### **Ras Al Khaimah Applicable Law**

Foreigners may purchase property in certain areas designated by the Ruler. RAK Properties remains the key state-supported company offering land and real-estate projects.

### **Umm Al Quwain Applicable Law**

In late 2023, Umm Al Quwain enacted several new laws comprehensively regulating mortgages, property prices, investor rights, escrow accounts, land registration, and protection of investors in the event of project delays. These measures increase transparency and legal certainty for buyers.

## **3.4 The Purchase Process**

Unlike in most European countries, real-estate purchase contracts in the UAE do not require notarization; a private written agreement is legally binding. Ownership passes upon agreement and registration in the land register (Art. 1277 UAE Civil Code). In practice, the land-registry entry is made only after full payment of the purchase price.

Off-plan contracts typically require a down payment of 10%–30%, with further installments until completion and handover. For properties under construction, a pre-registration (OQUOOD) in favor of the buyer in the land registry is mandatory.

Financing through local banks remains possible, depending on the project and the buyer's creditworthiness.

Condominiums (apartments) establish a community association that manages the common property.

Real-estate brokers are still the norm in property sales. Lists of licensed developers and brokers can be accessed online via the supervisory authorities of the respective emirates.

In Dubai, the land-registry fee is 4% of the purchase price, in principle shared between buyer and seller but typically paid by the buyer.

For resales on the secondary market, careful attention should be paid to the seller's authority to sell and the completeness of all payments and documents.

Agents (attorneys-in-fact) may represent buyers and sellers. Powers of attorney must be notarized and, if issued outside the UAE, legalized where required.

### **3.5 Holiday Homes and Vacation Rentals**

Offering furnished private accommodation as a holiday property remains attractive, since short-term rentals generate substantially higher income than long-term leases.

Short-term letting on a daily, weekly, or monthly basis requires a license from the Dubai Department of Tourism and Commerce Marketing (DTCM). DTCM also regulates the areas in which such holiday homes may be offered, in order to uphold quality standards and maintain registration databases.

### **3.6 Tax Considerations**

#### **Worldwide-Income Principle**

Income from letting, leasing, and speculative gains is, as a rule, taxable in the taxpayer's home country unless a double-taxation agreement (DTA) provides otherwise.

Under these DTAs, income from self-employment, business profits, dividends, interest, royalties, and rental income may, in principle, be taxed in the UAE. Since the UAE levies no personal income tax, these types of income are effectively tax-free in the UAE.

#### **Taxation in the UAE**

The UAE levies no taxes on wages, real property, net wealth, capital gains, gifts, or inheritances.

Rental income earned by private individuals is tax-free in the UAE. Corporate profits from rental activities are subject to corporate income tax at 9% from June 2023, above an annual threshold of AED 375,000.

Commercial property purchases, sales, and leases are subject to value-added tax (generally 5%).

Dubai also levies a rental tax, paid by the tenant: 5% of the annual rent for residential property and 10% for commercial property.

### **Inheritance-Law Aspects**

Since the end of 2020, non-Muslim foreigners in the UAE may, by will, designate the law to be applied to their assets located in the UAE. If there is no such will or no choice of law then the law of the deceased's nationality applies.

This rule significantly enhances legal certainty for foreign investors and expatriates.

## **4. Tenancy Law in the Emirate of Dubai**

In the United Arab Emirates there is no independent, nationwide tenancy code. General rules on lease contracts are contained in the UAE Civil Code. For the renting of apartments, houses, and commercial premises, however, each emirate has enacted its own specific regulations. Dubai's framework consists chiefly of the tenancy law and the rent-increase law; together they govern the relationship between landlords and tenants across the emirate.

### **4.1 Legal Foundations**

All tenancy agreements must be registered with the Dubai Real Estate Regulatory Authority (RERA). This registration known as EJARI is now fully online following recent technical upgrades, which has made the process more efficient and more digital. Proof of EJARI registration remains a prerequisite for activating electricity and water services.

Dubai has, for several years, required use of a standard lease form issued by the Dubai Land Department. That template is updated from time to time to reflect market conditions and legal amendments.

A security deposit is payable at the start of the tenancy. As a rule of thumb in Dubai, this is 5% of the annual rent for unfurnished properties and 10% for furnished ones. These rates remain industry standard, though tenants should always check the deposit terms for their specific lease, as some new developments may diverge.

## 4.2 Rent Increases

The tenancy law sets out the rights and obligations of both parties; the rent-increase law specifies when and by how much rent may lawfully be raised.

This rent-increase framework applies to residential, commercial, and public-sector leases, including premises in free zones and the Dubai International Financial Centre (DIFC). Whether and to what extent rent may be increased depends on the gap between the current rent and the market benchmark (the “customary local rent”). Landlords may raise rent only within the following bands and only if the statutory preconditions are met:

- **5% if the current rent is 11–20% below the market benchmark;**
- **10% if it is 21–30% below;**
- **15% if it is 31–40% below;**
- **20% if it is more than 40% below the benchmark.**

If the current rent is no more than 10% below the benchmark, no increase is permitted. The benchmark can be checked using the online Rental Increase Calculator. Before any increase, landlords should consult the latest data and formulas published by the Dubai Land Department to ensure compliance.

Even where an increase is permitted, the landlord must observe strict notice rules: any rent increase (or other contract change) requires written notice at least 90 days before the end of the lease term. Oral notice is not sufficient. Acceptable service methods include notarized letters delivered by court officer, registered mail, personal delivery, or other legally recognized methods. The landlord carries the burden of proof that notice was served in time. If the tenant disputes the increase because notice was defective, late, or for other reasons the tenant should inform the landlord; failing agreement, the matter can be taken to the tribunal.

## 4.3 Termination of the Tenancy

On entering into a new lease, the rent-increase limits above do not apply; landlords and new tenants are free to agree a rent. In practice, when market rents have risen quickly, some landlords prefer to end existing tenancies in order to re-let at current rates especially because a fixed-term lease does not end automatically at term without a proper termination.

To protect tenants, the law ties termination to specific grounds. Even where a lease is fixed for a year, a landlord may refuse renewal or demand vacant possession only under the conditions set out in Article 25(2)(a)–(d) of the tenancy law most commonly personal use by the landlord or an intended sale of the property.

A landlord may terminate on 12 months' notice. In line with rulings of the Dubai Rental Disputes Settlement Center, termination need not wait for the first renewal date; it can be served at any time after the lease takes effect. The notice must state the reason and be served by notarized letter delivered by court officer or by registered mail. As a rule, personal hand-over, fax, or email do not suffice. The landlord again bears the burden of proving proper and timely service. If the notice is defective in form or time, it is invalid.

To avoid these hurdles, some landlords ask tenants, when signing a one-year lease, to sign a pre-drafted termination effective at the end of the term. If a tenant signs such a document and hands it over at the start, it will generally bring the lease to an end at the agreed time.

#### **4.4 Rental Tribunal**

Parties to private or commercial leases (including in free zones) may bring disputes before Dubai's specialized tribunal, the Rental Disputes Settlement Center.

The filing fee is 3.50% of the annual rent, with a minimum of AED 500 and a maximum of AED 15,000. For eviction claims, the fee may be increased to AED 20,000. Cases are to be decided within 30 days after the chamber receives them.

Appeals are available against first-instance judgments from AED 100,000 in dispute value. Regardless of the amount, any judgment ordering termination/eviction under Article 25 may be appealed. Appeal decisions are final and not subject to further appeal. Once final, judgments can be enforced.

## **5. Legal Particularities**

Different countries, different rules. Every investor should bear this in mind not only socially and culturally, but also legally so the planned business can be structured optimally and, in the event of a dispute, rest on a sound contractual footing. Re-using contract templates that “worked elsewhere” and making only minor edits for the UAE often backfires and becomes an expensive legal own goal. For example, a German forum-selection clause that is sensible in Germany is of little use in the UAE, because a German court judgment is, as a rule, not enforceable against a company domiciled in the UAE. The UAE is not a party to the Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters.

### **5.1 Retention of Title**

Under UAE law, ownership of movable goods generally passes upon conclusion of the contract, not upon physical delivery. While retention of title is recognized and may be agreed so that ownership is reserved until full payment, it is not a fail-safe security: it lasts only as long as the goods remain clearly identifiable. If goods are combined, mixed, or processed, retention of title lapses. A good-faith purchaser of goods under retention may acquire ownership, as good-faith acquisition takes priority. Public-law claims likewise take precedence. To guard against non-payment, it is advisable to deliver only against a confirmed, irrevocable letter of credit.

### **5.2 Product Liability and Consumer Protection**

The UAE has had a federal consumer-protection law since 2006; it was replaced by a new law in 2020, with updated implementing regulations entering into force at the end of 2023. These rules are complemented by the 2018 Product Safety Law. Notably, the term “consumer” in the UAE includes natural and legal persons. As a result, the consumer-protection regime applies not only to B2C but also to B2B transactions.

### **5.3 General Terms and Conditions (GTC)**

There is no dedicated statute on general terms and conditions. GTCs bind the counterparty only if the customer has consciously taken note of them and accepted them; a mere reference is not sufficient. Best practice is to draw explicit attention to the GTCs when concluding each contract and to ensure the customer can reasonably review them ideally with a signature on each order.

## **5.4 Incoterms**

Protecting goods in transit is essential in cross-border trade. The Incoterms 2020 provide a uniform framework for the main delivery obligations of buyers and sellers. They supplement sales law on delivery, but they do not replace the contract and do not regulate transfer of title, payment, or other contractual duties. In the UAE, it is important to state expressly that Incoterms 2020 apply, because the UAE Commercial Code contains its own rules for international trade that do not always align exactly with the Incoterms.

## **5.5 Assignment of Receivables**

Since late 2021, the UAE has had a statute on assignment and factoring that governs the assignment of payment claims. The law defines assignment as an agreement by which the assignor transfers its contractual right to collect a receivable to the assignee including security assignments and an irrevocable sale of receivables. It applies to most commercial and civil transactions, subject to specified exclusions (e.g., personal/family purposes, netting agreements, foreign-exchange transactions, interbank payment systems).

Certain claims are excluded such as those arising from negotiable instruments, bank deposits, documentary credits, or guarantees. An assignment may cover future receivables and remains valid even if the underlying contract prohibits assignment. Once the debtor pays the assignee, the debtor cannot reclaim that payment.

## **5.6 Warranty (Defects Liability)**

The seller is liable for ensuring that goods are free from third-party rights; liability for legal defects cannot be excluded. Claims for material defects require that a defect existed at contract conclusion or at delivery and that it was not recognizable for a non-expert buyer. Merchants have enhanced duties to examine and give notice. If the buyer was informed of, or knew of, the defect, warranty claims are excluded. Disclaimers of liability are permissible but not for fraudulently concealed defects. As a matter of law, the primary remedy is rescission (undoing the sale); price reduction is generally excluded. However, if an additional defect arises after the contract, the buyer can no longer press for rescission on account of the earlier defect, but instead acquires a right to reduce the price.

## **5.7 Limitation Periods**

The UAE Civil Code recognizes procedural limitation only: the underlying claim survives, but after the period lapses it can no longer be enforced in court. The limitation defense must be pleaded by the defendant; courts do not apply it ex officio. The general limitation period is 15 years for civil claims and five years for

commercial claims. Special periods include, for example: five years for services by doctors, pharmacists, lawyers, engineers, and teachers; five years for rent/lease; three years for cheques; three years for insurance contracts; and one year for employee claims. For sales of goods under commercial law, apparent defects must be notified to the seller within 15 days of receipt and suit filed within 60 days; hidden defects must be notified without delay upon discovery, and actions must be brought within six months.

## **6. Sponsorship in the United Arab Emirates**

### **6.1 General**

Almost every investor who does business in the Middle East encounters the term “sponsor.” What is often unclear, however, is what tasks and functions a sponsor may, or may not, perform for a foreign company.

### **6.2 Forms of Sponsorship**

In the UAE, the word sponsor is used for a range of different roles. It appears most frequently in the following contexts:

#### **Majority Shareholder (historic model)**

Until the end of 2020, foreign individuals and companies could typically participate in UAE mainland companies only as minority shareholders. At least 51% of the share capital had to be held by a UAE national or by a legal entity that was 100% UAE-owned. Where such a local partner acted merely pro forma receiving a fixed annual fee and having no say in management or share in profits or losses people commonly referred to this person as a sponsor.

Since late 2020, foreign investors have, as a rule, been able to hold 100% of the shares in a UAE mainland company across many economic activities. A small number of sectors remain exceptions, typically those considered strategic for national security or the economy, where a local sponsor or partner is still required. Where the rules are unclear for a particular activity, it is prudent to seek professional advice to verify whether full foreign ownership is in fact permitted.

#### **Sole Establishment (with Local Service Agent)**

For certain lines of business, foreigners may form a sole establishment that is registered 100% in their own name. The law, however, still requires appointing a Local Service Agent. This agent handles administrative tasks such as visa arrangements, license renewals, and similar support but bears no operational or financial

liability for the business. The service-agency agreement may be terminated at any time in accordance with its contractual terms.

### **Employer as “Sponsor”**

Because a foreign employee is, by law, linked to the employer for immigration purposes, the employer is often colloquially called the employee’s sponsor. With the introduction of the new visa system and the Golden Visa, the requirements and responsibilities attached to employers in this sponsor role have evolved for certain categories of workers.

 **Golden Visa holders can sponsor family members with the same privileges.**

## **7. Visa Regulations**

### **7.1 General**

Residence and immigration rules are federal and apply across all emirates. Different visa types cover visits, residence, and work.

### **7.2 Visitor/Tourist Visa**

Most European nationals receive an on-arrival visa for tourism, business (without taking up employment), or visits up to 90 days within 180 days. Overstays incur fines and potentially removal; extensions are possible case-by-case. This visa does not permit paid or unpaid work.

### **7.3 Residence & Categories**

To live and work in the UAE, a residence visa is required. Common tracks include employee, remote worker, freelancer, entrepreneur, retiree, student, and property owner.

Golden Visa (5 or 10 years). Since 2019, eligible foreigners can live, work, and study in the UAE without a local sponsor. Illustrative eligibility includes:

 **Golden Visa holders can sponsor family members with the same privileges.**

**Entrepreneurs/business owners with UAE-registered turnover  $\geq \sim\text{€}250,000$ ,**

**Property investors with real estate  $\geq \sim\text{€}500,000$  (aggregate allowed),**

**Retirees (55+) with monthly pension  $\geq \sim\text{€}5,000$ ,**

**Highly skilled professionals** (e.g., medicine, science, tech, law, culture) with UAE job contract and salary  $\geq \sim\text{€}7,500$ ,

Exceptional talent, scientists/researchers with official recommendation.

Family members can be sponsored under the Golden Visa. With residence, holders may open bank accounts, rent housing, get phones, register vehicles, and enroll children in schools. The UAE also offers a remote-work visa for digital nomads who remain employed by foreign companies while living in the UAE.

 **Golden Visa holders can sponsor family members with the same privileges.**

## 8. Forms of Economic Activity in the UAE

### 8.1 Overview

There are, in principle, no blanket restrictions on foreign investors' business activities, though some sectors require extra approvals (e.g., education, construction, health, architecture, logistics, tourism, manufacturing, media, agriculture, advertising, finance/insurance/banking). Some activities are reserved to UAE nationals. The UAE's diversification prioritizes technology, renewables, finance, and high-tech while free zones continue to offer 100% foreign ownership.

## **8.2 Trade Fairs & Exhibitions**

Dubai remains a leading global venue for sector-specific trade fairs; Abu Dhabi and Sharjah host significant shows as well.

## **8.3 Modes of Doing Business**

Trade. Includes one-off exports, using commercial agents, or selling via an independent distributor (own account). Public tenders. Local and international procurement routes exist.

Company formation. Options include Representative Office, Branch, partnerships /corporations (often now with 100% foreign ownership outside free zones), free-zone companies, offshore companies, and professional firms (medical, academic, crafts, advisory). Foundations. Used for asset holding, succession, protection, consolidation, real estate, philanthropy, employee incentives, co-investment. Set up in ADGM, DIFC, or RAK ICC (common-law courts in ADGM/DIFC). Corporate tax generally 0% for foundations due to passive income profile.

# **9. Trade**

## **9.1 One-Off Export Deals**

Any UAE-licensed company with import permissions can import goods; you do not need a registered commercial agent for import. Protect payment contractually ideally via advance payment or a confirmed, irrevocable letter of credit because litigation is time-consuming and costly. In practice, UAE payment terms can be 60–120 days; without unique leverage, stricter terms may be hard to obtain. Post-dated cheques remain common; while criminal liability for bounced cheques was removed in 2022, civil and commercial remedies remain.

## **9.2 Agents vs. Distributors**

A commercial agent procures sales in the principal's name for commission; contracts are between principal and end-customer. An independent distributor buys and resells in its own name and on its own account. A new Commercial Agencies Law (enacted end-2022, effective mid-2023) governs principal-agent relations; only UAE nationals or UAE-majority entities may act as registered commercial agents. Foreign suppliers

can sell directly if no registered agent exists. Forum-selection clauses for foreign courts are invalid; arbitration (including outside the UAE) is permissible.

### **9.3–9.7 Registration & Effects**

Only registered agency contracts benefit from statutory protections (exclusivity, commission rights including on parallel imports, and mechanisms to curb grey imports). The law facilitates termination without a “serious cause,” but notice and potential compensation rules apply. Unregistered relationships fall back on the Civil/Commercial Code generally easier to exit and with fewer statutory entitlements. The UAE has no special franchise law; franchises rely on contract, and agency rules can apply by analogy if registered.

## **10. Public Procurement**

### **10.1 General**

Public purchases (construction, roads, healthcare, etc.) run via transparent, competitive tenders, increasingly digital and rule-bound. Participation typically requires pre-qualification/registration with the awarding authority. Foreign awardees often need a UAE legal presence or a local partner to perform. Separate rules apply to defence/security.

### **10.2–10.6 Emirate Portals**

**Abu Dhabi:** Abu Dhabi Government Procurement portal (registration required).

**Dubai:** eSupply is the central portal for Dubai Government suppliers.

**Sharjah:** eProcurement portal for tenders and supplier registration.

**Ajman:** iSupplier registration via the Department of Finance.

**Ras Al Khaimah:** Supplier registry with an ownership rule (e.g., at least 15% UAE national shareholding).

## 10.7 Conclusion

The system aims for clarity, efficiency, and cost control; mandatory pre-qualification helps ensure capable, reputable bidders. Digitization enhances accessibility and auditability.

## 11. Forming a Company

Form follows function. The appropriate legal form depends on the intended activities. Since late 2020, 100% foreign ownership is broadly available outside free zones for many sectors (some strategic fields still require a local partner).

Trade vs. services. The Companies Law reserves the classic LLC primarily for trading or industrial activities; pure services are commonly licensed via branches/representative offices or professional firms. Mixed models (trade + services) are possible if closely linked, or via an LLC plus a separate branch for the service component.

Industrial activities require a preliminary approval from the competent industry authority and are usually located in industrial areas/zones; they may receive incentives (land/utilities at favorable terms, customs reliefs, export supports, bank preferences), now granted more selectively since 2023.

**Free zones:** long-standing route to 100% ownership with streamlined setup. New license models (2023/24) support freelancers, e-commerce, home-office, and multi-activity operations, especially for SMEs and startups.

## 12. Representative Office or Branch

### 12.1–12.2 General & Distinction

Foreign companies may establish Representative Offices or Branches (including in free zones). Both are extensions of the parent (no separate legal personality; parent remains liable). A Representative Office cannot conduct commercial activities; a Branch may conduct limited activities aligned to the parent's business.

### **12.3 Scope of a Representative Office**

Permitted functions include market research, project studies, marketing, promotions, contract intermediation, customer support, training, and tender monitoring. It may not trade in its own name, invoice, or sign sales contracts. Many firms use a Rep Office as a regional coordination hub.

### **12.4 Branch Activities**

A Branch's license defines its scope. It typically focuses on services/consulting and can, in specific cases, handle trading in the parent's products. Free zones may allow broader scopes depending on their rules. Since late 2020, Branches/Rep Offices no longer require a Local Service Agent, simplifying setup. Licensing is handled by the relevant emirate authority or free-zone authority.

## **13. Company Formation in the UAE (Including Joint Ventures)**

### **13.1 General**

“Joint venture” is used broadly for cooperative business between foreigners and UAE nationals. Liberalization since 2020/21 has reduced or eliminated the need for local partners in many sectors by allowing 100% foreign ownership on the mainland, subject to exceptions.

### **13.2 Legal Forms**

The Companies Law recognizes partnerships, Simple Commandit, Public/Private Joint Stock Companies, SPACs, SPVs, and the widely used LLC. Each carries specific governance and capital rules.

### 13.3 100% Ownership & Free Zones

Free zones long allowed full foreign ownership. Since 2020, many mainland activities also permit 100% foreign-owned LLCs or other forms subject to emirate-level activity lists and sector approvals.

### 13.4 Recent Developments

E-registration and the 2021 Commercial Companies Law have streamlined incorporations, governance, and shareholder rights. Sector regulators may impose additional approvals (e.g., SCA, Central Bank).

## 14. The UAE Limited Liability Company (LLC)

Then vs. now. Previously, mainland LLCs required 51% UAE ownership. Since late 2020, in many sectors 100% foreign ownership is possible. Federal Decree-Law No. 32/2021 (effective 2 Jan 2022) is the current framework.

### 14.1 Key Changes

**Ownership:** No mandatory UAE majority; single-member LLC allowed (up to 50 shareholders).

**Capital:** No statutory minimum; authorities may still test adequacy.

Holding companies permitted.

**Management:** One or more managers; non-compete duties apply.

**General assembly:** Annual meeting; quorum and notice rules specified.

**Share pledge:** Now recognized, though procedurally complex.

Enforcement/auction of shares with pre-emption rights.

**Free-zone carve-outs:** FZ entities follow zone rules; some can operate outside subject to conditions.

### 14.2–14.8 Name, Objects, Supervision, Reserve, Capacity, Choice-of-Law, Formation

Name must include “LLC”; object defines licensed scope (banking/insurance excluded).

Supervisory board required above 15 shareholders.

**5% of net profit to legal reserve until 50% of capital reached.**

Full legal capacity begins upon commercial-register entry and trade-license issuance.

**LLCs** are mandatorily subject to local law; foreign law cannot govern the entity itself. Arbitration seated in the UAE is possible.

Formation involves name/activity clearance, approvals, notarized articles, office lease, capital processes, and licensing; “Instant License” options exist for limited cases. Costs vary by emirate and documentation/attestations required.

### **14.9–14.11 Costs, Dissolution/Liquidation, and Loss of Limited Liability**

Typical cost items: attestations/legalizations (home country, UAE Embassy, MOFA), translations, DED fees, audit confirmations, municipal/IHK dues, etc.

Dissolution grounds include term expiry, purpose achieved/lost, total loss of assets, merger, or shareholder resolution; liquidation follows with public notices and appointed liquidators.

Limited liability can be compromised before registration, by omitting LLC status on documents, through personal guarantees, or via cheque practices under certain circumstances.

## **15. Company Formation in a Free Zone**

### **15.1 General**

Each emirate operates free zones, distinct jurisdictions where local and federal rules apply insofar as the zone has not enacted its own regulations. Imports into a free zone are duty-free. Free-zone entities enjoy 100% foreign ownership and streamlined setup. Since 2021, many mainland activities can also be 100% foreign-owned an important alternative depending on the target market.

## 15.2 Landscape

There are roughly 50 free zones, many in Dubai. Examples and focuses: JAFZA (logistics/trade/production), DMCC (commodities/finance/IT/consulting; freelancer/startup programs), Dubai Internet/Media City (tech/creative), ADGM (finance under common law), RAKEZ (broad sectors, SME-friendly).

## 15.3 How Free Zones Differ

**Typical incentives:** 100% foreign ownership, no local sponsor, no import duty into the zone, multi-year tax holidays, easy capital/profit repatriation, modern infrastructure, visa facilitation, and flexible office solutions.

Licenses usually apply within the zone. Selling into the mainland often needs an import-licensed counterparty or registered distributor, with 5% customs (CIF) on such imports. Some Dubai free zones allow participation in outside public tenders and project execution without forming a separate on-shore project company.

## 15.4 Legal Forms & Setup

Common forms include Branch, FZE (single shareholder), FZCO/FZ-LLC (multiple shareholders). Minimum capital varies by zone; many no longer require a paid-in minimum. Visa quotas depend on leased space. Most zones provide online portals for registration, licensing, and visas.

## 15.5 Takeaway

Choosing between free zone and mainland depends on your market (UAE vs. regional/global) and activity (trading, consulting, manufacturing). With newer laws, both routes can offer full foreign ownership, the optimum mix hinges on sales channels, regulatory approvals, and cost.

# 16. Offshore Companies

What they are. Offshore companies often called “International Business Companies (IBC)” are corporations without their own local staff or office space, formed in jurisdictions that offer tax advantages and light regulation. They are lawful tools when used for legitimate purposes. Typical uses include holding bank

accounts; buying and selling goods or services; managing physical or digital assets and IP; acting as holdings; and structuring estates or privacy-sensitive ownership. They are not a substitute for an on-shore company for doing business inside the UAE.

Use-cases. Common objectives are privacy protection; estate planning for globally dispersed assets; cost and liability shielding for foreign ventures; licensing of patents/marks; clean holding structures; and asset splitting (e.g., separating operating assets from risk). In Dubai, foreign companies may acquire real estate through a UAE-based offshore entity entered in the land register. Offshore use is legal provided foreign shareholdings and income are correctly declared and taxed in the owner's home country.

Law & setup. Offshore companies can be formed in Dubai (JAFZA), Ras Al Khaimah (RAKICC), and Ajman with no minimum capital and no office requirement; a registered agent (often a licensed law firm) is mandatory. Permitted purposes typically cover trade and services, participation in companies, owning property, bank accounts, and asset management. Incentives often cited: no personal income, wealth, capital-gains, or withholding taxes; free repatriation; low logistics costs; no trade barriers; AED pegged to USD; and broad treaty networks though most DTAs exclude classic tax-haven benefits.

RAKICC & JAFZA. RAKICC requires name proposals, appointment of a manager/secretary, purpose, KYC, ID and address proofs, and a bank reference; it also allows redomiciliation into RAK if permitted by the home jurisdiction. JAFZA runs Dubai's offshore registry under similar conditions.

## **17. Particularities for Service Firms and NGOs**

Professional Firm / Civil Company. Activities that are neither trading nor manufacturing law, audit, architecture, consulting, crafts are run as Professional Firms or Civil Companies. Owners must be natural persons and may hold 100% ownership without a local equity partner; a Local Service Agent handles administrative matters (visas, renewals) but has no liability or control. Liability remains unlimited on the owner. Processes across emirates are increasingly digital, but liability rules are unchanged.

Architects & engineers (Dubai). Licensing is tiered (three categories) with experience thresholds and height limits for projects. Alternative routes include Associated Engineering Firms, Expert Engineering Firms, or a branch of a foreign firm each with stringent track-record and staffing requirements. Unrestricted filing rights are rare and require exceptional prior projects; many investors partner with an eligible local firm as a joint venture for submissions. Applications now run largely on Dubai Municipality's digital platforms.

Healthcare & DHCC. Multiple authorities exist (DHA, MOH, DHCC). Foreign doctors must meet UAE minimum qualifications, pass interviews, obtain provisional approval, fit out premises, undergo inspection, and then complete full licensing after which residence/work visas are issued. Dubai Healthcare City (a free zone) permits 100% foreign-owned clinics, rehab and diagnostics centers, pharmacies, medical education, and now telehealth/digital health.

NGOs. NGOs are independent, non-profit, often international organizations working on social, humanitarian, or environmental causes. (Local rules define recognition, licensing, and scope.)

## **18. Cheque Liability**

Definition & reform. A cheque is a negotiable instrument ordering a bank to pay a fixed sum; it must bear a date and the drawer's signature. Since early 2022, issuing a cheque without funds is no longer a standalone criminal offense. Instead, targeted criminal provisions now address knowing issuance without funds and clearly fraudulent conduct (e.g., stopping payment to thwart cashing, emptying the account, falsification). Penalties include substantial fines and, for aggravated cases, imprisonment; offenders can be barred from cheque books for five years.

Enforcement. Banks must make partial payments when funds are insufficient. Importantly, a bank's certificate that a cheque is unpaid now serves as an enforceable instrument, enabling expedited civil execution without a full trial while criminal sanctions focus on fraud. Interpol Red Notices may be sought if suspects flee abroad.

Bottom line. The law distinguishes routine non-payment (civil) from deceit (criminal), streamlining recovery for creditors.

## **19. Arrest on Re-Entry for Debt**

Risks. Individuals who left the UAE with unpaid obligations (rent, loans, cheques, contracts) may face arrest at the border on return if creditors obtained civil judgments and/or criminal complaints in the interim; entries are visible to customs and police. Bail is discretionary; passports are often held to prevent absconding.

Mitigation. Before re-entry, pursue a settlement with creditors. In many criminal matters, prosecution can cease if the victim withdraws the complaint following a notarized settlement. Engage a UAE lawyer to check for judgments/warrants, negotiate, validate releases, file to lift warrants, and confirm that electronic records are cleared before travel. Agreements should provide payment against a notarized waiver (no further claims) and prompt court orders to remove alerts.

Takeaway. Prepare early, document the deal, and verify deletions in all systems prior to flying.

## 20. Banking and Finance

Landscape & regulation. The UAE hosts 50+ active banks. The Central Bank of the UAE (CBUAE) licenses and supervises banks and financial activities under modern AML/CFT frameworks; DIFC and ADGM run separate regimes for their zones. Commercial and investment banks finance business across sectors.

### Opening accounts.

- **Individuals:** Passport, residence visa, and Emirates ID are standard; non-resident accounts exist but fall under CRS/AEOI reporting.
- **Companies:** Expect thorough KYC/UBO checks (sanctions, PEPs, source of funds), legalized corporate documents, premises lease, IDs of managers/UBOs, board resolutions, bank statements, and a business plan. Account opening can take up to three months given compliance scrutiny especially without real presence.

Other topics. Investment funds outside DIFC/ADGM require CBUAE approval; Hawala providers must register with CBUAE; securities markets operate in Abu Dhabi and Dubai under the SCA. DIFC is an autonomous common-law financial center regulated by the DFSA.

## 21. Insolvency Law

New law (in force 1 May 2024). The UAE replaced the 2016 framework with a new federal insolvency statute focused on reorganization, preventive settlement, and liquidation. It applies broadly to companies under the Commercial Companies Law, state-participated entities, most free-zone companies (except

DIFC/ADGM, which have their own rules), traders, and civil partnerships. Private insolvency (individuals) is governed by a separate law (since 2020).

**Key features.** A court-supervised reorganization plan can continue operations; preventive settlement aims to avert formal insolvency via creditor compromise while the debtor retains control; liquidation sells assets for distribution. Courts now have specialized bankruptcy divisions; decisions are immediately enforceable; moratoria pause creditor actions during restructuring; secured creditors may enforce through the insolvency court; and directors/managers can be liable if gross mismanagement leaves assets insufficient to cover at least 20% of debts (within a two-year limitation). Necessary post-opening payments can be authorized to maintain operations and subsistence.

## 22. Tax Law

**General picture.** The UAE levies no personal income, wealth, capital-gains, inheritance, or property taxes. VAT (5%) has applied since 1 January 2018. Since 1 June 2023, a federal Corporate Tax applies at 0% up to AED 375,000 and 9% above that threshold, with exemptions for qualifying free-zone income and natural-resource activities. Rental income of individuals is generally tax-free; commercial property transactions are usually subject to VAT; Dubai also levies a rental fee (5% residential / 10% commercial) paid by tenants. The UAE has 130+ double-tax treaties (2025).

**Cross-border notes (DACH).**

- **Germany:** No UAE DTA; worldwide-income principle applies.
- **Austria:** DTA uses credit method; many UAE-source items are fully taxed in Austria if untaxed in the UAE.
- **Switzerland:** DTA with exemption method plus progression (UAE income influences the rate applied to Swiss-taxable income). Details and anti-avoidance rules vary by country and activity.

## 23. Labour Law in the UAE

**Framework.** Federal Decree-Law No. 33/2021 (effective 2022) governs private-sector employment outside the public service and free zones with their own rules. Foreign workers require MOHRE permission and combined work/residence permits. There is no nationwide minimum wage; child labour is restricted; older

workers can obtain special permits. Offer letters must use MOHRE templates, and the signed contract must match the offer. Passport retention is prohibited.

Key rules. Only fixed-term contracts (up to 3 years, renewable); flexible models (part-time, project, flexible hours); equal pay for equal work; broad anti-harassment and anti-discrimination protections; longer stay (up to 180 days) after employment ends; employer bears recruitment/visa costs. Leave: weekly rest day; 30 calendar days annual leave; structured sick leave pay; 60 days maternity (45 full + 15 half pay) and 5 days paternity. Clear notice periods (30–90 days); specific grounds for summary termination; curated rules for probation exits; fee waivers for employees in smaller claims.

## **24. Intellectual Property**

Modernized system. Since 2021 the UAE has updated laws on trademarks, patents, designs, and copyright; it acceded to the Madrid Protocol for international trademarks and the Nice Agreement on classification. The UAE participates in WTO/WIPO treaties including PCT, Berne, and Paris Conventions.

Trademarks. Names, logos, 3D marks, holograms, sounds, and certain geographical indications can be registered with the Ministry of Economy; protection is 10 years, renewable. Prohibited signs include state emblems or marks contrary to public order.

Patents/designs/utility models. Patents require novelty, inventiveness, and industrial applicability (20-year term). Designs protect the appearance of industrial products (10 years). GCC-level filings are also available. Rapid raids and seizures are possible; court action must follow within eight days to maintain measures.

Copyright & anti-fraud. Copyright covers literary, artistic, scientific works and software (typical term: life + 50). Strong measures combat commercial deception and counterfeits across the UAE and in free zones, with fines, imprisonment, and potential business closure.

## **25. Civil Jurisdiction in the UAE**

Dual track. The UAE features onshore civil-law courts in all seven emirates and common-law courts in DIFC and ADGM. Onshore courts typically have exclusive jurisdiction over UAE-based defendants unless

arbitration is agreed; foreign court judgments are not readily enforceable absent specific bases. DIFC/ADGM offer English-language proceedings, international counsel access, faster timelines, and more predictable cost awards.

Procedure & evidence. A 2023 civil-procedure overhaul expanded Arabic-language requirements (with defined English exceptions), enabled video hearings, and tightened appeal/revision thresholds and timelines. Electronic evidence is expressly recognized; above AED 50,000, witness testimony is generally restricted in favor of documentary proof. Costs include court fees (capped in Dubai for first instance), translations, and expert fees; onshore fee-shifting is modest.

## **26. Arbitration**

### **26.1 What Arbitration Is**

Arbitration is a private, non-state forum that the parties choose to resolve their dispute finally and with binding effect. Unlike state courts, an arbitral tribunal has no sovereign power; its jurisdiction rests entirely on the parties' explicit consent typically a prior arbitration clause or a separate arbitration agreement. The procedure resembles a court case (pleadings, hearings, evidence), and the tribunal issues an award that is binding like a court judgment. At the same time, arbitration offers greater flexibility: the parties can agree on the number and qualifications of arbitrators, the language, the seat, and many aspects of procedure an advantage in international disputes spanning different legal cultures. Since Federal Law No. 6 of 2023 (the Federal Arbitration Law), the UAE has modernized its regime in line with international standards, especially the UNCITRAL Model Law, strengthening efficiency and party autonomy.

### **26.2 Advantages Over State Courts**

Arbitrators are independent specialists who can move a case forward without the backlog common in busy court systems. Parties enjoy procedural flexibility (language, venue, timetable, evidence rules), which helps bridge cultural and legal differences. Arbitral awards are, as a rule, final there is no ordinary appeal so disputes end sooner and with lower overall process risk. Proceedings are confidential, protecting trade secrets and reputation.

### **26.3 Disadvantages**

Arbitration is usually economical only for higher amounts in dispute; counsel and arbitrator fees can exceed court costs, especially with multi-member tribunals or complex evidence. Progress depends on party

cooperation tribunals have limited coercive powers so an uncooperative respondent can slow things down. Institutions typically require upfront deposits; if one party refuses to pay, the other may have to advance the fees. And enforcement of the award ultimately runs through state courts, adding a layer of judicial control and potential delay.

## **26.4 Arbitration Clauses in the UAE**

UAE courts generally honor contractual arbitration clauses, allowing parties to choose arbitration as the exclusive forum and to exclude state jurisdiction for the covered dispute. The parties may select the governing law and the seat even a neutral third country. The 2023 federal law further eased enforcement of arbitration agreements, though recognition and enforcement of foreign awards can still meet resistance in local cases where jurisdiction is contested.

## **26.5 Recognition and Enforcement of Foreign Awards**

The UAE has been party to the 1958 New York Convention since 2006. The 2023 law fully embedded the Convention domestically, facilitating international recognition. Refusal is allowed only on limited Convention grounds (invalid agreement, lack of proper notice, public policy, excess of mandate, etc.). Practice is still evolving: some courts have treated foreign awards much like foreign judgments and, particularly where a UAE party is involved, have questioned arbitral jurisdiction.

## **26.6 Recognition and Enforcement of Local Awards**

To avoid uncertainties around foreign awards, parties often choose established local institutions such as DIAC, ADCCAC, SICAC, or the RAK center. Their awards are confirmed by local courts and are generally easier to enforce; parties may still choose a different substantive law (e.g., German law). Local awards also require a court confirmation step, but review tends to be less exacting than for foreign awards.

# **27. Inheritance Law in the UAE**

Many people never make a will, and even when they do, a lack of knowledge often leads to mistakes that cause stress and financial loss for heirs. In the UAE, an improperly drafted will can even be wholly invalid. Properly preparing the will is essential to ensure the estate goes where intended especially for residents with assets in the UAE.

## **27.1 Germany Basic Principles**

As a rule, succession is governed by the law of the deceased's nationality at the time of death. If there is no valid will, statutory succession applies and relatives inherit according to kinship. Guardianship covers a minor's person and property until majority; a will may nominate a guardian, otherwise the court appoints one (with the youth-welfare office).

## **27.2 UAE Muslim Decedents**

For Muslims in the UAE, succession generally follows Sharia based on four sources (Qur'an, Sunna, consensus, analogy). Key rules include: a testator may freely dispose of only up to one-third of the estate by will; gifts to particular heirs invalidate the will unless all adult heirs consent; extramarital and adopted children do not inherit; without a will the wife takes one-eighth alongside children (who share the rest with the son taking two parts to the daughter's one), or one-quarter if there are no children, with the balance passing to parents and siblings.

## **27.3 UAE Non-Muslim Decedents**

Since early 2023, a federal personal-status law for non-Muslims provides a secular substantive inheritance regime for foreign non-Muslims. Non-Muslim foreigners may also choose the applicable law in their will. If there is no will or no choice of law: with spouse + children, the spouse takes half and the children share half equally; with spouse only, spouse takes half and the parents share the other half; with spouse + one parent, spouse takes half and the parent plus siblings share the remainder; with no spouse/children/siblings, parents inherit all; failing spouse/children/parents, siblings inherit all. Alternatively, the law of the deceased's nationality may be applied on request.

## **27.4 Immediate Consequences of Death in the UAE**

Bank accounts including joint accounts are frozen; powers of attorney lapse; family residence visas become invalid (widows and minor children may obtain a one-year visa without a sponsor). End-of-service benefits pass to the heirs. There is no inheritance tax; repatriation of the body to the home country is not required; foreigners may be buried in the UAE regardless of religion.

## **27.5 Establishing Heirship**

Heirship is determined by the competent civil court; until then, assets (e.g., bank accounts) remain frozen. The heir files an application; after review, the court issues a certificate to enable transfers. Typical documents include marriage certificate, children's birth certificates, death certificate, certificate of inheritance, and the passports of heirs and decedent all duly notarized, legalized, translated into Arabic, and attested as required. A notarized power of attorney for counsel is usually needed.

## **27.6–27.9 Making and Depositing a Will**

If there is no will, the non-Muslim personal-status law applies by default. Wills may be drafted under the law of the home country and deposited there or drawn up under foreign law and deposited in the UAE, for example with the Dubai Courts Notary, the DIFC Wills Service, or the Abu Dhabi Judicial Department. DIFC and Abu Dhabi both accept English-language wills and allow guardianship provisions for minor children; they feature faster, English-language proceedings than ordinary courts. Dubai Courts accepts bilingual wills (Arabic + other language) for non-Muslims 21+ with assets in the UAE. In all cases, the court ultimately determines heirship.

## **27.10 Bottom Line**

Depositing a will with DIFC Wills and Probate Registry or the Abu Dhabi Judicial Department is often the most efficient path for non-Muslims, sidestepping lengthy heirship proceedings in the ordinary civil courts.

# **28. Foundations in the UAE**

## **What a Foundation Is Used For**

In the UAE, families and individuals use foundations for asset management, succession planning, asset protection, consolidation, real-estate ownership, charitable purposes, employee incentive schemes, and co-investment. UAE foundations are a hybrid form combining trust and corporate features; crucially, they are separate legal persons there are no “shares” to be inherited.

## **Where to Set One Up**

Foundations can be established in three principal free-zone jurisdictions: ADGM, DIFC, and RAK ICC. Their frameworks are broadly similar, with differences in rules and administration. ADGM and DIFC operate on common-law systems and offer investor-friendly certainty and flexibility; RAK provides a

modern, often more cost-effective option. UAE corporate tax introduced in 2023 generally does not affect foundations, which typically earn passive income.

### **Key Differences Among the Three**

ADGM emphasizes strict regulation and transparency with a well-developed governance framework appealing for larger family wealth and institutional purposes; seat and administration remain within ADGM. DIFC is flexible and internationally oriented, with English-language courts; it allows global asset holding and can place council/administration outside the zone. RAK ICC offers low-cost, straightforward setups with lighter administrative/reporting duties attractive for smaller estates and personal planning.

### **Takeaways**

Regimes allow founders to customize governance, keep control, and include family. Many have a protector with veto rights. Founders can be individuals or entities, and councils can be global. An onshore foundation option was introduced in 2020.

**Direct Contact**

Attorneys at Law | Rechtsanwälte Seifert & Associates FZE LLC

Advocate Jörg Seifert

Tel: +971 50 636 7443

E-Mail: [seifert@dubai-lawyer.com](mailto:seifert@dubai-lawyer.com)

Webpage: [www.dubai-lawyer.com](http://www.dubai-lawyer.com)

**Consulting Partner**

Aurantius Real Estate

Al Fattan Tower, Office 601, Dubai Marina

Tel: +97143929715

E-Mail: [info@aurantius.ae](mailto:info@aurantius.ae)

**Cooperation Partner**

Al Sharif Advocates & Legal Consultants

48 Burj Gate, 7th Floor, Shaikh Zayed Road, P.O. Box 8867, Dubai

Tel.: +971 4 348 8808

E-Mail: [secretary@dubailaw.ae](mailto:secretary@dubailaw.ae)

**Law Firm - Registered Activity - Legal Form**

Attorneys at Law | Rechtsanwälte Seifert & Associates FZE LLC

Legal Consultancy, Advocate & Lawyer Services

Free Zone Establishment Limited Liability Company

**Registered Address**

Business Centre

Sharjah Publishing City Free Zone

United Arab Emirates

[Click for Advocate Jorg Seifert Website](#)

[Click for Aurantius Real Estate Partner Website](#)



## **Copyright Notice**

© 2025 Jörg Seifert. All rights reserved.

This book and all of its contents are the intellectual property of the author. No part of this publication may be reproduced, distributed, or used in any form or by any means electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the copyright owner.

This work is provided for personal and educational use only and may not be used for commercial purposes.