



Dear Friends and Clients,

The hot season together with the Holy Month of Ramadan is at our doorsteps. There are a few days left to register or amend your company, your MOA according to the new Commercial Companies Law, or to reregister your offshore company in Ras al Khaimah after the merger of the two offshore authorities.

When the Holy Month starts, authorities will be slower due to the reduced working hours and long Iftar and Suhoor nights. And just after Ramadan, the summer heat will hit with full power which slows the country down again. School holidays in the international schools will drive the expats away from the heat and make business life stagnate.

So get what you need done as soon as possible. Build up some emergency cash for the dull business summer months and make sure your postdated cheques are covered by sufficient funds in your account. Otherwise you will experience an uncomfortable return to the great United Arab Emirates, namely from walking from immigration to jail.

Our office will also have reduced working hours during Ramadan, closing at 3 pm. However, you will still be able to reach our lawyers by email and cell phone as always.

Please obey the special rules and customs during Ramadan: no eating, drinking, smoking, kissing (not even on the cheek) in public. The Holy Month is a good opportunity to meet the local decision makers in their home and majlis, talk with them in a private atmosphere and discuss strategic steps for the forthcoming business year. But be aware that no important decisions will be made during this month.

Wishing you a RAMADAN KAREEM!

With kind regards,

Theodor Strohal

Office News

We welcome Ms Dominika Zaleski to our team in Ras al Khaimah. She has graduated from Trier university with a 2nd state exam. She will assist our Polish speaking clients in all chambers.

We further welcome Mr Sameh Mahmoud Ahmed Ossman, LLB who has graduated from Tanta University, and will assist our RAK office in all matters that need Arabic language skills.

Events: Jana Krok, LL.M., will hold a speech about the legal framework in the UAE at the "2nd Round Table" at the Winzerverein Hagnau am Bodensee, Germany, on June 10, starting from 5:30 pm.

Dr. Theodor Strohal will be a keynote speaker at the "Breakfast Briefing" in Vienna, Austria, Haus der Industrie, Krupp Saal on July 1st at 7:30 am.

He held speeches in April at the Rotary Club in Gleisdorf, Austria, at the "Sales Manager Akademie" in Vienna and gave Interviews for the daily paper "Kurier" and the ORF Radio Steiermark.

New offshore authority in Ras Al Khaimah

The most important information for business owners in Ras Al Khaimah is the merger of the Offshore Authorities RAK IC and RAK IBC/RAK Offshore into the new RAK ICC.

Registration at the RAK ICC is possible from April 2016 onward.

One of the most outstanding changes is that the new regulations regarding international business companies provide the possibility to incorporate companies by guarantees (with or without authorization to issue shares), unlimited companies (with or without authorization to issue shares), and this is in addition to the (so far only permitted) incorporation of company limited by shares.

For details please read our special newsletter on that subject which was distributed some days ago.

Plan for Solar show in Dubai

The Dubai Electricity and Water Authority (DEWA) is organizing the Dubai Solar Show for the 4th – 6th of October 2016. As the renewable energy industry is growing, the show shall encourage partnerships between the public and the private sectors and the development of innovative energy solutions. It will be the key platform for building partnerships, learning about current and future projects and for taking part in them.

The event will be held alongside the 18th Water, Energy, Technology and Environment Exhibition 2016 (WETEX) at the Dubai International Convention and Exhibition Centre under the directives of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, and under the patronage of Sheikh Hamdan bin Rashid Al Maktoum, Deputy Ruler of Dubai, Minister of Finance and President of DEWA.

Solar energy is playing an increasingly important role in the region and the UAE plans to reduce carbon emissions in the future. For this purpose, the UAE is transitioning from an electricity generation system, which is nearly entirely powered by gas power plants, to a more diverse system, powered by nuclear, solar and other renewable sources. The government has the Mohammed bin Rashid Al Maktoum Solar Park in Dubai, the largest single-site strategic renewable energy project of its kind in the world. Stepwise, the Solar Park will increase its capacity from 13 megawatts in 2013 to 200 megawatt in 2017 and 1,000 by 2020, and so on.

The drive for alternative energy in Dubai is well known and of course welcomed. This is the only way to escape the claws of big brother Abu Dhabi. That being said, we must also remember that it was Al Nahyan's support that enabled Dubai to survive the 2008/09 crisis.

New taxes on hotel bills in Abu Dhabi

The tourism industry is also affected by a tax increase. The government introduced a 4% fee on hotel bills and a general 15 AED charge per night per room in April 2016. The fees will be added to the government budget of the Department of Municipal Affairs and collected by the Abu Dhabi Tourism and Culture Authority (TCA).

The new taxes will be added to the existing hotel charges in Abu Dhabi, i.e. a 6% city tax and a 10% service charge. It remains to be seen, however, if the tax increase is applicable to all customers, or exclusively to guests from abroad. As the hotel guest numbers rose by 18% in 2015, compared to the previous year, it is assumed that the additional fees will not have an influential impact on hotel demand in the Emirate. Furthermore, because of the declining occupancy rate in early 2016, which is attributed to the absence of large trade fares this year in Abu Dhabi, the average daily room rate in February 2016 fell 27% compared to the numbers from 2015. That is also a reason why it is forecasted that the additional fees will not have an impact on hotel demand.

3% tax on expat property rentals in Abu Dhabi

Renting in Abu Dhabi has become even more expensive. A new tax for expatriates was introduced in the Abu Dhabi Emirate. Renting homes in Abu Dhabi will be taxed with 3% on the value of the yearly lease. The fee will be collected by Tawtheeq (tenancy contract registration system in Abu Dhabi) through registration costs for tenancy contracts. Further, it will be collected by the Abu Dhabi Water and Electricity Authority via utility bills on a monthly basis, unless otherwise stipulated.

Taxation on rent exclusively for expatriates is nothing new in the country. In neighboring Dubai rentals have been subject to a 5% housing tax through bills from DEWA (Dubai Electricity and Water Authority) since 2006. Fortunately, Ras Al Khaimah is still tax free.

Governments and municipal authorities across the region are seeking new sources of revenue following the rapid decline of the price of oil from above \$110 a barrel in June 2014 to about \$43 at the end of this April. Value added tax, (VAT) is expected to be introduced across the GCC in 2018. Innovations in levying taxes can be studied in most European countries. Let's see how the Gulf states will adapt their system and if it is still worth doing business here if they learn too much from Europe.

Recent project: The Mohammed Bin Rashid Al Maktoum City - District One

Meydan Sobha, the joint venture behind the Mohammed bin Rashid Al Maktoum City - District One (MBR City) development, has launched the third phase of works. The project is located in the centre of Dubai, just four minutes away from Downtown Dubai. Meydan Sobha, the joint venture between the Meydan Group and the Sobha Group, announced that phase three will contain 217 four, five and six-bedroom villas and will be ready by the end of 2018. Unusual for Dubai, these properties will also contain basements. The results of phase one and two are viewable by driving around Al Khail Road. At the end of 2015, a new 8.5 kilometre cycling and running track had been delivered.

Phase one is set to be delivered by the end of 2016, and will include a total of 267 villas, a section of crystal lagoon as well as landscaping and other community features. Phase two will contain 347 villas and mansions and is due to be completed by the end of 2017.

The Meydan Group's chairman, Saeed Al Tayer, said that phases one and two of the project have both sold out. Relating to this, a recent report by property broker Cavendish Maxwell has found that villas dropped in price by an average of 8 per cent during 2015, although some areas, such as The Springs, suffered drops of as much as 18 per cent as buyers chose homes in newer communities and developers offered better payment terms and incentives to buy off-plan homes.

Furthermore, the firm's survey found that 57% also predicted further falls in villa value during the first quarter of this year.

Union National Bank records considerable net income drop

The Abu Dhabi-based bank said that its net income dropped by 27 per cent in the first quarter of 2016 compared to last year. The bank's net income fell to Dh450 million in the first three months of 2016 compared with Dh615 million in the same period of 2015. Slowing economic growth and tumbling oil prices prompted the bank to set money aside for bad debt. As well as the rise in cash set aside for bad debt, UNB had a decline in net interest income as the interest it paid on deposits rose, while squeezing its margins.

Raids for duplicate food goods in Ras Al Khaimah

The Department of Economic Development (DED) which is in charge of trademark protection in RAK, has seized over 2600 counterfeit food products from markets all over the Emirate. The seizure followed a complaint from a distributor of the original products.

The Emirate combats the production and distribution of counterfeit goods with its specialized inspection team. The examination of the suspected outlets and markets has been accompanied by an agent of the original brand. All duplicate products of the original brand have been seized and destroyed. Furthermore, an unidentified fine has been imposed against the shop.

For trademark protection in the Emirate, the trade control section of the DED has urged the public to report any commercial fraud to the department. The commercial protection section is reachable round the clock at: 227 1222.

In the UAE, the owner of a registered trademark may commence legal proceedings for trademark infringement to prevent unauthorized use of their trademark. However, under certain circumstances unregistered rights may also be enforced. Therefore, the use, or the reasonably expected use, in the area of the violation has to be proven.

Reminder: MoA Amendment for onshore/mainland companies by 30 June 2016

After the introduction of the new Commercial Companies Law (CCL) in the UAE (Law No. 2 of 2015) on 1 July 2015, active involvement of shareholders has been requested. Just as it was outlined in our Newsletter in April 2016, all onshore/mainland companies are required to amend their existing memorandums and articles of association to reflect, and comply with, the changes introduced by the new CCL. Any company that fails to make the requisite amendments by 30 June 2016 will be automatically dissolved. Please also note, there are no amendments needed for offshore or free zone companies.

Contact:**STROHAL LEGAL GROUP**
UAE/SINGAPORE/MYANMAR/AUSTRIA**UAE Head Office:****STROHAL LEGAL CONSULTANTS**

Villa 2, 20b Street, Community 153
P.O.Box 31484, Ras Al Khaimah, UAE
Tel: (971) 7 2364530 ,
Fax: (971) 7 2364531
Mobile: (971) 503765847

SINGAPORE Office:**STROHAL LEGAL GROUP PTE. LTD**

20 Upper Circular Road #02-10
The Riverwalk, Singapore, 058416
Fax: +65 65330313,
Tel: +65 65330212

MYANMAR Office:

U MIN SEIN & STROHAL
ASSOCIATES PARTNERSHIP
7 B189-195 Pansodan Tower
Pansodan Street
Yangon, Myanmar
Tel: +959975061451

AUSTRIA Office:**MARSCHALL & HEINZ**

Goldschmiedgasse 8, A 1010
Vienna – Austria
Tel: +431 5335256
Fax: +431 513191124

Email: office@slg-strohallegalgroup.com**Web:** www.slg-strohallegalgroup.com

If you do not wish to receive our newsletter anymore just
write an email mentioning, “unsubscribe” to
office@slg-strohallegalgroup.com