



Dear Friends and Clients,

Are we living in an island of the blessed? If you read HH Shaikh Mohammed's statement at the end of our newsletter you must admit that there is hardly any other country in the world which has achieved such success. This is exactly what we have always written for the 11 years we have been doing business in a country that has so much more to offer than fossil energy. Due to future oriented decisions and realizations of visions, this part of the world has become the connecting hub between the old world and the new emerging markets and countries in Asia.

Where else – in a stable political and economic environment - can you make 8-10% profit on a condominium? If you buy a studio or 1 BR apartment in one of the hotel towers in Dubai and rent out your apartment on a long-term lease to a hotel you are earning at least 8% on the capital invested. And of course, you shouldn't buy in your own name – better form a JAFZA offshore company or a Dubai Free Zone company and let that be the owner. This saves you from any trouble with Sharia law regarding your last will and maybe also help keeping you from any trouble with your home country's Inland Revenue.

Services in UAE are running well, banking could be improved mainly by attracting more foreign banks to do retail business and loosening the grip of US influences. Finally, the Emirate's future looks bright, never mind the outcome of the US presidential election if the world will be ruled by Clinton or Trump, the real rulers will still stay the same.

The main advantage is that we can feel safe here, unlike living in Europe. And it is better to be under permanent supervision than not knowing when and where the next bomb will explode. So let's be thankful that we have the opportunity to live and work in this country.

Wishing you a nice and joyful cool season.

Yours,

Theodor Strohal

Dubai Real Estate Outlook

A recent shift in the demand of businesses towards smaller office deals can be seen in Dubai. Therefore, a number of office towers across Dubai are catering to this trend for smaller units. Index Tower (located in the DIFC), for example, has divided four floors into smaller units, offering suits of 50, 150 and 300 sq m on a fully-fitted, ready-to-lease basis. This change in DIFC has proven to be successful and most of the floors with smaller offices in DIFC are already leased out. Furthermore, there are some office projects which will soon be completed including, but not limited to: Business Bay, Dubai Silicon Oasis, The Greens and Tecom.

The third quarter saw the delivery of two huge retail projects with a total gross leasable area (GLA) of 28,000 sqm. 25,000 sqm have been developed into the Outlet Village, a community type development in Saih Shuaib, while the other community centre is in Dubai Silicon Oasis. Also a total of 5,500 hotel rooms have entered the market since the beginning of the year. Among these hotel projects completed in Q3 were Westin Al Habtoor and Atana Hotel in Tecom.

In the residential segment, the completion of 5,400 units during Q3 marked the highest quarterly completion since Q4 2012. Additionally, the supply pipeline of real estate remains active with a further 11,000 units scheduled to enter the market in Q4, including approximately 2,500 townhouses and apartments in Akoya by Damac on Al Qudra Road. Other major projects expected to be completed by the end of 2016 include the Jumeirah Al Naseem and Dukes Dubai on Palm Jumeirah. The 117-key Nikki Beach Resort on the Palm Jumeirah is also expected to be completed by the end of the year, following the opening of its beach club earlier in 2016.

VAT Update

SMEs and family-run businesses in the UAE are likely to face significant challenges to get ready for the introduction of value added tax (VAT) in January 2018. The new UAE VAT law has not been published in detail yet. However, the latest updates are the following:

When are businesses supposed to start registering for VAT?

Registration for VAT is expected to be made available to businesses that meet the requirements criteria three months before the launch of VAT. Businesses will be able to register online using eServices.

How often are registered businesses required to file VAT returns?

Registered businesses will be expected to submit VAT returns on a regular basis. It is expected that the default period for filing VAT returns will be three months for the majority of businesses. Registered businesses will be able to file their returns online using eServices.

What kind of records are businesses required to maintain, and for how long?

Businesses will be required to keep records which will enable the authorities to identify the details of the business activities and review transactions. The specifics regarding the documents which will be required and the time period for keeping them will be communicated in due course.

How can someone access UAE VAT law?

UAE VAT law is currently being finalized, and will be published once approved. Announcements regarding the UAE VAT law will be made to the press and details will be published on the Ministry of Finance website (<https://www.mof.gov.ae/en/budget/pages/vatquestions.aspx>).

We will keep you informed on all the details of the UAE VAT law as soon as it has been published and keep you updated about all further proceedings.

New Ras Al Khaimah Port free zone area starts operating

Ras Al Khaimah Port, one of the Emirate's five port facilities, has now established a new free zone area that comes under the license jurisdiction of the RAK Maritime City Freezone Authority.

Commenting on the new facility, Captain Clifford Brand, CEO of Ras al-Khaimah Ports, said, "We believe that introducing a free zone alternative within RAK Ports will prove popular with tenants looking for a location that is within the city and also directly connected to the port facility itself. Importantly, we have ensured that accessibility is not an issue for tenants and their customers, something that can be problematic given the high security levels that are naturally associated with ports. To accomplish this, new security access points have been established which will enable easier entrance, while still adhering to the established customs and free zone protocols. The objective is to enable our tenants and their clients to conduct their business as efficiently and rapidly as they would want to."

Justin Wardle, RAK Port's Operations Director, said, "We have purpose-built warehousing ready for 1,512 and 1,944 square meters, and open land of up to 50,000 square meters. We believe that our affordable pricing structure is one that potential tenants will be interested in. The free zone areas have direct access to our Port Zone and its quays. The smaller warehousing site can be split into two 756 square meter options, if required." Furthermore, the existing services provided by the port will continue, including marine layby, afloat repair, logistics, import and export, crew and vessel services, warehousing, cold store warehousing and open land storage.

RAKIA waives grace period for license renewals

Until now RAK Investment Authority (RAKIA) had given a grace period of 30 days from the license expiry date where no penalties for late-renewal would be applicable. Now, RAKIA has done away with this grace period with the consequence that penalties will apply from the first date of license expiry.

A delay penalty of AED 50 per day has been imposed by RAKIA in case the application for license renewal is submitted after the expiry date of the license. Furthermore, penalties for the late renewal of an immigration file will be AED 1,105 for the first month and AED 100 for every subsequent month.

As always, we will keep you informed about your due license renewal one month before the license expiry date. To avoid RAKIA's high penalties for late renewal, we recommend paying the fees immediately and submitting the needed documents on time.

American University of RAK plans Dh100m expansion

Seven years after its first students enrolled, the American University of Ras Al Khaimah is planning a Dh100 million expansion to accommodate thousands more. It is planned to increase the university's capacity to between 5,000 and 7,000 students, which is a great increase from the 900 students at present.

In addition to offering niche subjects such as petroleum engineering, AURAK's tuition fees and housing costs are competitive with other institutions in the UAE. On average, undergraduate degrees cost about Dh45,000 a year, about half the price of other universities.

The dusty little office and prefabricated buildings that once held administrators and staff are a thing of the past, with new and brightly coloured modern buildings springing up in their place, offering sports facilities and an auditorium.

New charter flights from Poland to Ras Al Khaimah and 157% rise in Polish visitors

Ras Al Khaimah Tourism Development Authority (RAKTDA), which develops the emirate's tourism infrastructure and plans and initiates and drives its domestic and overseas promotions, has welcomed two new charter flights from Poland to Ras Al Khaimah International Airport. Operated by Enter Air, the two new charter flights have been added by the pan-European tour operator TUI, following the new co-marketing agreement with RAKTDA which was signed in August.

"Our strategic marketing partnerships with tour operators like TUI are resulting in increased visitor numbers from all of our core markets, as well as new emerging markets. Polish visitor numbers to Ras Al Khaimah have increased by 157% year-to-date," said Haitham Mattar, CEO of Ras Al Khaimah Tourism Development Authority.

Dubai's economic milestones and achievements

His Highness Shaikh Mohammed bin Rashid Al Maktoum highlighted Dubai's economic milestones and achievements during the last 10 years. The following article is an excerpt of his statement:

Non-oil economy: We have continuously stressed in the past ten years, through legislation and policies, the importance of diversifying our economy away from dependence on oil. As a result, our non-petroleum exports have increased from Dh113 billion when I assumed office to Dh603 billion (including free zone trade) this past year. The economic contribution of the non-petroleum sector has increased from 66% to some 77% today. This has provided our economy with considerable protection throughout the recent decline in oil prices and means that we have been one of few countries worldwide which is cushioned against the resultant economic slowdown. With the development of government systems and services, the public sector's contribution to GDP has grown from Dh23 billion ten years ago to Dh86 billion currently.

FDI: Due to our open economic policies, Foreign Direct Investment has seen a sharp increase from Dh179 billion to Dh410 billion in the past ten years, while our banks' total assets has increased from Dh859.6 billion to Dh2,478.2 billion.

Health: When it comes to health and education, which we consider to be among the most important sectors for our people, the indicators of the health sector point to a significant progress. Our expenditure on the health sector has increased from Dh1.18 billion when I first assumed office to over Dh3.82 billion currently. The number of doctors has increased from ten to over 17 thousand.

Education: In education, we have increased public sector expenditure by 57% to reach Dh9.75 billion annually. The number of accredited programs in UAE universities has grown from 206 to 862. The rate of kindergarten enrollment has grown to 93%, making UAE among the highest globally. The rate of high school graduates has also reached 93%, which also makes us among the highest globally as well. Our work together across all sectors has been tireless.

National Agenda 2021: A few years ago, we announced the indicators for our National Agenda. There are 52 national key performance indicators in: education, health, housing, society, infrastructure, economy, environment, security, justice, and safety, among others, which we aim to achieve by 2021. This is so we will be among the best countries globally by that date, which marks the 50th anniversary of our union.

I have received a detailed report about the current progress in achieving these indicators - it stands at 62%, which means 38% of the indicators have not been effectively achieved. There is no room for procrastination, no time for delay. History is a witness to all of us.

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