

Top Concerns and Remedies Facing UK Businesses in the UAE

Preserving Cash Flow (i. Recovering debts faster, ii. Subsidising and/or reducing labour costs, iii. Reducing overheads, iv. Access to favourable short-term financing)

Globally, we have seen the introduction of stimulus packages on an unprecedented scale. The design of the stimulus has tended to fall into two approaches. The first is to concentrate on maintaining employment by subsidising wages as is the case in northern Europe and Australia. The alternative, which is the approach the UAE is taking, is to reduce household expenditure by reducing costs, indirect taxes and extending credit lines on a minimal sometimes 0% interest basis. The UAE is in a relatively unique position in that it does not have any federal income tax. Knowing what is available, and transparency of how it can be accessed is key.

Dubai Stimulus: On March 14, Dubai Government announced a 1.5AED billion plan that applies to both individuals and businesses. It includes: waving customs fees on imports, lowering municipal taxes for hotels, 10% off DEWA utility bills across households, companies and retailers.

Abu Dhabi is providing AED 5bn in electricity and water subsidies for citizens and business. Road tolls have also been put on hold for all vehicles until the end of 2020. For the tourism sector and restaurant sector there is up to 20% rebate on rentals and a suspension of fees.

On Sat 21 March the UAE Cabinet announced an additional AED16bn including reduction in fees to SME businesses to ensure business continuity and speeding up investment in major infrastructure projects.

A raft of measures have been initiated by the UAE authorities, most recently The Federal Tax Authority (FTA) issued a directive on an exceptional basis providing an alternative date of May 28, 2020 for the deadline of submitting value-added tax (VAT) returns and the payment of due tax for the tax period ended March 31, 2020.

Although these stimulus measures have been introduced, we are aware that using the banking sector as a delivery system has its challenges. Companies and in particular micro businesses and SMEs have struggled to get access to these funds via financial institutions - mainly due to bank procedures. Financial institutions have been asked not to put any pressure on their existing borrowers.

In a recent Department for Economic Development (DED) seminar, it was suggested that the UAE could follow [Bahrain's](#) example. Salary protections would help SMEs and ensure they don't lose their workforce.

Repatriation of unemployed UK Nationals *'A number of businesses have already failed and UK nationals are out of work – but unable to leave the UAE. This creates hardship and desperation, potentially leading to damaging behaviours (such as bolting/skips),*

Repatriation flights are available. British Government advice on financial assistance abroad in extreme cases can be found [here](#).

Local charities may also be able to help but this will depend on the circumstances, the amount and what the money is being used for. Ma'an is one such charity, information can be found [here](#).