

inBrief



New cost relief measures implemented by UAE authorities in response to COVID-19

By Charles Laubach | 16 April 2020

The UAE authorities have taken a number of measures to reduce the costs that businesses are facing during the current crisis. We now report on some of the measures that have been introduced, current as of 12:00 noon on Thursday, 16 April 2020.

Abu Dhabi Department of Economic Development (ADDED) *Administrative Resolution No. 92 of 2020*

On 14 April 2020, the ADDED issued *Administrative Resolution No. 92 of 2020 on the Reimbursement of 20 per cent of the Rent Value for the Restaurant, Tourism and Recreational Sectors in Abu Dhabi (Resolution)* with immediate effect.

The Resolution applies to rents of the following establishments anywhere in Abu Dhabi:

- restaurants, coffee shops, cafeterias, and outlets selling prepared meals;
- all entertainment establishments;
- all tourism and recreational establishments; and
- all desert resorts and tourist parks.

The Resolution applies to rents collected from the period of 1 October 2019 until 31 March 2020 as well as rents from both existing and new contracts, regardless of the date of conclusion of the contract, that will be collected from 1 April 2020 until 30 September 2020.

In the event rents consist of a fixed rental portion plus a percentage of revenue portion, the Resolution will apply to the fixed portion only.

If a particular landlord has filed suit or applied for a provisional remedy against a tenant and wishes to withhold the 20 per cent refund, then it must make a request to the ADDED supported by a judgment in its favour attaching such refund.

The Author



Charles Laubach
Partner
claubach@afриди-angell.com

Charles is a partner at Afridi & Angell's Dubai office. He has practiced as a legal consultant in the UAE since 1986. He advises on general corporate matters, military procurement and offsets, project finance, employment, and international trade controls. Charles is a member of the Pennsylvania and DC Bars. He holds a JD and an MA from the University of Pennsylvania, an MA from the University of London School of Oriental and African Studies, and a BA from Dartmouth College.

Commercial Vehicle Registration in Abu Dhabi

The authorities in Abu Dhabi have also announced that owners of commercial vehicles may renew vehicle registration free of charge until the end of 2020. This measure will be applied retroactively to any renewals completed after 16 March 2020.

The Federal Tax Authority's (FTA) Extension of the Tax Period

The FTA has announced the extension of Excise Tax returns for the month of March. Excise Tax filings for the months of March and April are now due no later than Sunday, 17 May 2020. Excise Tax is levied on specific categories of goods, such as tobacco products and sweetened beverages.

Dubai Multi Commodity Center (DMCC) Business Support Package

The DMCC announced a comprehensive package which includes discounts and waivers for DMCC's existing member companies, as well as new companies looking to set up. Measures in the package, which will apply from 1 April 2020 until 30 June 2020 (unless stated otherwise) and complement the various economic initiatives announced by the UAE Government, include the following range of discounts and waivers:

For existing DMCC member companies

- 100 per cent waiver for late licence renewal penalties
- 100 per cent waiver for all flexi desk and DMCC business centre penalties until the end of 2020
- 100 per cent waiver of the office sharing permit fee
- 100 per cent waiver of the company reinstatement fees
- 30 per cent discount on licence renewal
- Waiver of outdoor area rents for JLT retailers with existing contracts, where DMCC is the building owner/landlord
- Waiver of rent for two months for commercial establishments impacted by the latest Dubai Economy directive requiring a temporary closure, where DMCC is the building owner/landlord
- A three-month suspension of rent for flexi desk and DMCC business centre tenants renewals or monthly/quarterly instalment with no discount

For new registrations, and companies already in the process of registering in DMCC

- 80 per cent reduction on the total company set up fee if shareholders are residents of JLT
- Up to 50 per cent reduction on the total company set up fee, along with a flexi desk for one year
- Flexible payment options for new DMCC business centre tenants
- Complete digital process for business set up from the comfort of home

Jebel Ali Free Zone's Payment Flexibility Plan (JAFZA)

JAFZA has created a payment flexibility plan for DP World, UAE Region's Parks and Zones that include JAFZA, National Industries Park and Dubai Auto Zone to help businesses sustain, and maintain their cash flow as they navigate through this challenging season of COVID-19.

The plan enables all businesses operating in JAFZA's parks and zones to defer their rental payments for two months, and pay with easier instalments effective from 1 April 2020. To avail this plan, businesses need to apply online seven days prior to the cheque due date.

Rescheduling Rental Payments in Sharjah

Through an announcement on 5 April 2020, Sharjah Chamber of Commerce and Industry called on property owners in the Emirate of Sharjah to adopt the same approach as that of the Sharjah government in delaying rent payments of those affected by COVID-19, especially in the case of commercial properties. This was in addition to a recently adopted stimulus package by the Sharjah government to support the interests of the government and private institutions. ■

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