



COUNCIL of  
SLOVAK  
EXPORTERS

# DOING BUSINESS IN THE UAE





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# PREAMBLE & INTRODUCTION

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## Preamble

The Council of Slovak Exporters has compiled a high-level Ease of Business report for conducting business in the United Arab Emirates, hereinafter referred to the (UAE) – this should act as a guide on how to navigate specific trade, business set up (costs), all types of visas, taxation issues and critical information related to import and export. It is by no means binding and all potential entities or individuals seeking to engage in business practices in the UAE should do so at their own initiative and discretion. Many regulations and laws are subject to frequent change and ratification and should you require any on-the-ground assistance please feel free to contact Panterra Advisory services based in Slovakia who may be able to guide you for specific requirements.

## Introduction

Considering Slovakia's significant presence at the Dubai Expo 2020 the Council of Exporters put together this report on behalf of its members, participating or otherwise and all those entities interested in expanding their business horizons in the UAE. The purpose of the report is to provide a high level of insight coupled with several assurances to those wishing to seek opportunities during and around the Expo 2020 event and further beyond. The UAE is an investor friendly destination that embraces innovation, opportunity and is always open to strategic partnerships, joint ventures and is an effective environment for expansion/export and growth. There is however a specific way of doing business in the region as outlined in the report.



# SNAPSHOT

The UAE is the 30th largest economy in the world and No.2 in the Middle East and North Africa. The UAE ranks 33rd out of 183 countries for the overall 'Ease of Doing Business' benchmarked as of June 2011. The absence of income tax more than compensates for some describe as a somewhat restrictive investment environment. The UAE comprises of a Federation of seven emirates namely, Dubai, Abu Dhabi, Sharjah, Fujairah, Ras Al-Khaimah, Umm Al-Quwain and Ajman which have their own rules and regulations. The UAE has one of the most liberal trade regimes in the Gulf region and attracts strong capital flows from across the region; UAE is focused on economic diversification in trade, logistics, banking, tourism, real estate and manufacturing and provides opportunities in various industries. The UAE has a well-established infrastructure, strong banking system and a stable political system.

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# BUSINESS ESTABLISHMENT

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This section requires a whole book in its entirety itself; but here's a snapshot of what can be later expanded upon;

There are several categories of licenses issued in Dubai to register a company. Depending on the nature of the activity a business entity plans to undertake, license in one of these categories will be issued:

**1. Commercial License** – to be issued to a company that will engage in any kind of trading activity.

**2. Industrial License** – to be issued to a company that will engage in manufacturing or any industrial activity.

**3. Professional License** – to be issued to service providers, professionals, artisans, and craftsmen.

The Department of Economic Development in Dubai is the government agency responsible for issuing local Dubai company licenses. This department operates from several locations to deliver licensing services.

## Dubai Company Register: Requirements for Business Licensing

### The approval process for a business registration in Dubai:

- Issuance of licenses for banks and other financial institutions must have the approval of the UAE Central Bank
- Issuance of licenses for manufacturing companies must have the approval of the Finance and Industry Ministry.
- Issuance of licenses for companies engaged in insurance and other relevant firms must have the approval of the Economy and Commerce Ministry
- Issuance of licenses for medical and pharmaceutical products must have the approval of the Health Ministry
- For companies engaged in gas or oil production, additional endorsements and approvals from other government agencies may be needed
- In addition, business registration must also have the involvement of the Dubai Chamber of Commerce and Industry

### Requirements for Business Ownership

Every company, other than those with a professional license, set up in Dubai or elsewhere in the United Arab Emirates [UAE] is required to have no less than fifty-one percent (51%) shareholding by UAE nationals.

### The exception to this requirement would be any one of the following six conditions:

1. The company is established at any of the Free Zones in Dubai.
2. In cases where the law requires 100% local ownership.
3. Where a company wholly owned by the Gulf Cooperation Council (GCC) enters into a partnership with another company wholly owned by UAE nationals.
4. In certain activities, 100% ownership for GCC nationals or entities is permitted.
5. In artisan or professional companies in which total foreign ownership is allowed.
6. In the case of a foreign entity registering a representative or branch office in the UAE.

7. In the case where a professional license is being applied for such professions such as architect, doctor, artist etc. The foreign ownership can be 100%. However, a local national must be taken as 'service agent'.

Subsequent to a recent amendment in UAE Law the following is now acceptable and has been put into place;

Federal Decree-Law No. 26 of 2020 (the "**CCL Amendment Law**") introduced these amendments to the CCL, including the replacement of the requirement for a minimum of 51% of the shares in a UAE mainland company to be held by one or more UAE nationals. The law devolves power to local authorities to determine and implement foreign ownership requirements (i.e. allowing for 100% foreign ownership). The requirement for a UAE national to act as an agent for a branch or representative office of a foreign company in the UAE has also been removed by the CCL Amendment Law. The UAE Ministry of Economy has announced that these foreign ownership amendments are effective as of 1 June 2021.

The Emirates' Departments of Economic Development ("**DED**") have now released lists of licensed activities that are eligible for 100% foreign ownership under the CCL Amendment Law.

The Dubai DED list is limited to commercial and industrial activities, but with service-related activities excluded at present. The Dubai DED's list of activities is available [here](#).

The Abu Dhabi DED list is limited to commercial and industrial activities, mainly relating to industrial, manufacturing and related service activities. The Abu Dhabi DED's list of activities is available [here](#).

The DEDs have announced that no additional fees, guarantees, capital or similar criteria will be required to attain 100% foreign ownership.

Importantly, 100% foreign ownership is available for new incorporations and existing companies. Foreign investors wishing to amend their UAE company's current shareholding structure in light of the CCL Amendment Law will still need to consider their current shareholding arrangements. This includes the extent to which they are able to take 100% control of their local UAE business and termination of arrangements with their UAE silent partner(s) in accordance with any contractually agreed terms and the relevant legal procedures.



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# TYPES OF LEGAL BUSINESS STRUCTURES

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A major consideration in business registration in Dubai and the other Emirates is the choice of business structure.

**The Federal Law defines the seven legal structures of business organizations, as follows:**

1. General Partnership
2. Partnership in Commendam
3. Public Shareholding
4. Private Shareholding
5. Joint Venture
6. Share Partnership
7. Limited Liability

Both 6 and 7 are generally used by small and medium-sized entities.

## **Establishment of a representative or branch office**

A branch in Dubai or a representative office of a foreign entity in Dubai is allowed to be 100% foreign owned. This privilege is given on the condition that a local agent is appointed. Said local agent must be a UAE national (or a company 100% owned by UAE nationals).

Setting up a representative or branch office in Dubai may also be a consideration worth looking into as far as some foreign entities are concerned. The business registration in Dubai for this option is covered by the Commercial Companies Law.

## **Dubai company register: Procedure**

### **Step 1.**

Decide who will be your local partner – “Sponsor”  
This step requires careful consideration of what

services you expect from the sponsor.

- Would you like him to assist you in resolving your problem with the government procedures or?
- Would you just want his name on the license and nothing else?
- What fees are you prepared to pay per year?

A good rapport with your sponsor prevents many potential problems.

### **Step 2.**

Get a name and activity approval from the Department of Economic Development (DED)

This can be applied for and done on a standard application form and submitted at DED

### **Step 3.**

Look for business premises and make a tenancy contract

All business in Dubai must have business premises evidenced by a tenancy contract in order to get registered.

### **Step 4.**

Make a Memorandum of Association (MOA) with the sponsor and submit to the DED.

Any legal firm can type out the memorandum which must specify in a special arrangement and ownership percentage among all partners.

### **Step 5.**

Submit the MOA and the License application at DED along with the required legal documents and the tenancy contract.

All charges and fees must be paid at this stage. You should get a license after about a week from step 5.



## Free Zones Company Formation

Many businesses shy away from investing in the UAE due to the compulsion of having a UAE national as a partner with 51% shares owned by them. Because of this, free zones have become a popular form of business registration in the UAE, where 100% foreign ownership is allowed. A free zone, or free trade zone, is an area with special tax-free status and low trade barriers where goods can be manufactured, imported/exported, handled, or reconfigured without paying any customs duty. Free trade zones are generally located in strategic geographical locations like national borders, international airports and major seaports, to maximize trading advantages.

The UAE government has set up multiple free zones in the Emirates, each designed for specific business activity. UAE free trade zones offer lucrative facilities to non-resident corporates, like the convenience of single-window administration, no bureaucratic red tape, and 100% ownership. There are about 44 free zones situated all over United Arab Emirates that have attracted foreign direct investment in the form of 200,000 companies contributing to the GDP growth. The free trade zones vary in their focus, setup costs and paperwork needed, but the basic requirements are the same.

### List of Free Zones in the UAE

Most of the UAE Emirates have set up free zones to boost the economy in the region, promote foreign investment, and drive growth. Free Zone Authority is the government body that registers and issues business licenses to non-resident companies in UAE free zones. The list of free zones established across the UAE are mentioned below:

## DUBAI

- [Jebel Ali Free Zone \(JAFZA\)](#)
- [Dubai Airport Free Zone \(DAFZA\)](#)
- [Dubai International Financial Centre \(DIFC\)](#)
- [Dubai Healthcare City \(DHCC\)](#)
- [Dubai World Trade Center \(DWTC\)](#)

- [Dubai South Free Zone](#)
- [Dubai Knowledge Village](#)
- [Dubai Logistics City](#)
- [Dubai Media City \(DMC\)](#)
- [Dubai Silicon Oasis \(DSO\)](#)
- [Dubai Academic City](#)
- [Dubai Biotechnology & Research Park \(DuBiotech\)](#)
- [Dubai Car and Automotive City Free Zone \(DUCAMZ\)](#)
- [Dubai Design District](#)
- [Dubai Gold and Diamond Park](#)
- [Dubai Industrial City \(DIC\)](#)
- [Dubai International Academic City](#)
- [Dubai Internet City \(DIC\)](#)
- [Dubai Multi Commodities Centre or Jumeirah Lakes Towers Free Zone](#)
- [Dubai Outsource Zone](#)
- [Dubai Studio City](#)
- [Dubai Techno Park](#)
- [Dubai Technology and Media Free Zone](#)
- [International Media Production Zone](#)
- [Economic Zones World](#)
- [Dubai Flower Centre](#)
- [Meydan Free Zone](#)
- [International Humanitarian City](#)

## ABU DHABI

- [Abu Dhabi Airport Free Zone \(ADAFZ\)](#)
- [Abu Dhabi Global Markets \(ADGM\)](#)
- [Khalifa Industrial Zone Abu Dhabi \(KIZAD\)](#)
- [Twofour54](#)
- [Abu Dhabi Ports Company \(ADPC\) – Khalifa Port and Industrial Zone \(KPIZ\)](#)
- [Industrial City of Abu Dhabi](#)
- [Higher Corporation for Specialized Economic Zones \(ZonesCorp\)](#)
- [Masdar City Free Zone](#)

## SHARJAH

- [Hamriyah Free Zone](#)
- [Sharjah Airport International Free \(SAIF\) Zone](#)
- [U.S.A. Regional Trade Center \(USARTC\) Free Zone](#)
- [Sharjah Publishing City Free Zone](#)
- [Sharjah Media City Free Zone](#)

## AJMAN

- [Ajman Free Zone](#)

## FUJAIRAH

- [Fujairah Free Zone](#)
- [International Free Zone Authority \(IFZA\)](#)

## RAS AL KHAIMAH

- [Ras Al Khaimah Investment Authority \(RAKIA\)](#)
- [Ras Al Khaimah Economic Zone \(RAKEZ\)](#)
- [Ras Al Khaimah Media Free Zone](#)
- [RAK Maritime City](#)

## UMM AL QUWAIN

- [Umm Al Quwain Free Trade Zone \(UAQFTZ\)](#)

### Benefits of Setting Up a Business in the UAE Free Zones

There are many benefits of starting a business in the UAE. But the UAE free zones offer some additional advantages if an investor decides to set up a business in one of the free zones. They are:

- 100% foreign ownership
- 100% repatriation of capital and profits
- 100% exemption from corporate, personal and income taxes
- 100% free transfer of funds, and no foreign exchange controls
- Exemption from all import and export duties
- Low freight charges
- Abundant and inexpensive energy
- Inexpensive workforce, and easy recruitment procedures
- Efficient communication procedures and single-window administration
- Liberal government policies and legal framework
- The timely and streamlined immigration process
- Sponsorship and visas for an affordable skilled workforce

- Flexibility to operate 24/7
- Freehold offices available for sale or lease
- Ready-made offices, factories, and warehouses
- Easy start-up and licensing procedures
- Unique industry clustering and purpose-built infrastructure
- 3-year UAE residence visa
- No restrictions on hiring expatriates

### Types of Entities Allowed to Set Up in the UAE Free Zones

Business setup in the UAE free zones is smooth and hassle-free, as the Emirates government has eased the company formation process in the UAE to draw maximum foreign investors with the minimum capital investment.

There are mainly three types of entities one can set up in the UAE free trade zones, namely,

- Branch of a foreign or local company
- Free Zone Establishment (FZE), with a single shareholder
- Free Zone Company (FZC), with 2 to 5 shareholders

### Types of Licenses Available in the UAE Free Zones

Business formation in UAE free zones is incomplete without procuring a business license. Following types of business licenses can be obtained by applicants in the UAE free zones:

#### 1. General Trading License

Allows investors to trade in all kinds of products

#### 2. Trading/Commercial License

Grants a time-limited authorization to perform industrial, commercial, or consulting activities

#### 3. Service License

Allows law firms, accounting firms, and business consultancy firms to operate

#### 4. Industrial License

Permits importing raw materials, manufacturing goods, and exporting finished products, across global boundaries

## 5. Warehousing License

Investors can avail this license to avail warehousing facilities on lease for distribution, packaging, and storage of goods

## 6. Manufacturing License

Permits applicants to manufacture products

### How to Set Up a Business in the UAE Free Zones

Company set up in free zones is not subject to the commercial company's law. Free zones in the UAE are outside the jurisdiction of the UAE and have rules and regulation set by concerned free zone authorities. These free zones offer an excellent business opportunity for investors from all around the world and provide a liberal working environment and easy company setup procedures. The procedure is plain and simple.

### Procedure to Set Up a Business in the UAE Free Zones

#### 1. Determine the type of legal entity

Determine which type of entity you want to set up in any of the free zones. The capital requirement for such entity depends upon that particular free zone where you want to form a company; for example, there is no minimum capital requirement for setting up a business in twofour54, whereas in Dubai Airport Free Zone (DAFZ) you are supposed to have a minimum share capital requirement of AED 150,000.

#### 2. Choose a trade name

After deciding the type of legal entity, choose a trade name for your company. Note that you ought to cross-check with the respective free zone authority about the permitted trade names and whether the intended name has already been registered.

#### 3. Apply for a business license

After choosing a trade name and registering the same in the free zone authority's portal, you have to apply for a business license. The list of the different business licenses issued by the free zone authorities has been stated above. The type of business license depends on the primary

activity of your business. You need to submit the supporting documents while applying for the license.

#### 4. Choose an office space

Free zone authorities provide flex-desk office service to support start-ups. You can either buy or lease office spaces in free zones. Office requirements depend on the number of employees and type of business activity of your company.

#### 5. Get pre-approval, register your business, and get the license

Get the initial approval and the related business approvals from the specific authorities, register your business at the portal, and get your license. It will merely take 2-4 weeks to get done with this process. Once you get the license, you are good to start your business.

### Documents Required to Set Up a Business in the UAE

Several documents need to be translated into English, attested, and notarized by the Gulf Cooperation Council (GCC) or the Arab Embassy.

#### General Documents

- Duly filled application license form
- Business card of the contact person
- Copy of business plan
- Notarized and attested Memorandum of Association (MOA) and Articles of Association (AOA)
- Passport copies of the partners and business managers
- Original bank reference letters and license of the partner's existing company, if applicable

#### Documents for Consultancy License

- A copy of the degree or diploma certificate mentioning the desired activities, or the experience certificate [any of these documents is a must]

#### Documents for Industrial License

- Business feasibility study
- Existing company profile
- Duly filled form for the investor's project profile

### Documents for Branch of Companies

- Attested copy of the registration certificate, incorporation certificate, and the Memorandum and Articles of Association (MAA)
- Original Board Resolution that guarantees financial commitment of the branch
- Original Power of Attorney of a legal representative, and their passport copy
- Last 3 months' bank statements of the parent company

### Why Set Up a Business in the UAE Free Zones?

Companies registered outside the UAE free zones cannot be owned solely by a foreign national (a maximum of 49% foreign ownership by the foreign national, and at least 51% ownership by a UAE national is mandatory), which is one of the primary reasons why global investors throng to UAE free zones for business investment. Apart from this, there are [many advantages for start-ups](#) setting up their business in free zones. Lucrative incentives and the wide spectrum of opportunities provided to investors is what make free zones in the UAE the most sought-after areas for setting up a business. There are a few reasons listed below as to why one should set up business in the UAE.

#### 1. A Wide Range of Business Licenses and Activities

A company in the UAE free zone is permitted to engage in a variety of business activities with multiplicity in the type of licenses. The only thing is UAE free zone companies are not allowed to engage in is the insurance business.

#### 2. Confidentiality

A free zone company is protected by the highest level of privacy adopted in the UAE about the identity of its owners, directors, and activities within acceptable international standards.

#### 3. Bank Account and Registered Office

A free zone company can have a registered office at the location of the free zone area it is licensed under. Additionally, one can open a bank account anywhere outside the UAE.

New laws have been introduced recently for: Investors/Property Owners/Retirees/Students – please see section on Business Visas.

### Pros & Cons of Free Zones

Free-trade zones in the United Arab Emirates are areas that have a special tax, customs and imports regime and are governed by their own framework of regulations (with the exception of UAE criminal law). The UAE has a number of free zones across Dubai, Abu Dhabi, Sharjah, Fujairah, Ajman, Ras al-Khaimah and Umm al-Quwain. Free zones may be broadly categorized as seaport free zones, airport free zones, and mainland free zones.

#### Free-trade zone exemptions are:

- 100% foreign ownership of the enterprise
- 100% import and export tax exemptions
- 100% repatriation of capital and profits
- Corporate tax exemptions for up to 50 years
- No personal income taxes
- Assistance with labor recruitment, and additional support services, such as sponsorship and housing.

Each Free Zone is designed around one or more business industry categories and only offers licenses to companies within those categories. An independent Free Zone Authority (FZA) governs each free zone and is the agency responsible for issuing FTZ operating licenses and assisting companies with establishing their business in the FTZ.

Investors can either register a new company in the form of a Free Zone Establishment (FZE) or simply establish a branch or representative office of their existing or parent company based within the UAE or abroad. An FZE is a limited liability company governed by the rules and regulations of the Free Zone in which it is established. Except for acquiring nationality in the UAE, the provisions of the Commercial Companies Law (CCL) do not apply to FZEs, provided that the Free Zones have special provisions regulating such companies.

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# UAE VISA STRUCTURES (NON-EMPLOYMENT BASED)

## GOLD VISAS/ENTREPRENEURSHIP STRUCTURES/ 10- & 5-YEAR VISAS

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Cabinet Resolution No. 56 of 2018 Regarding the Organization of Residence Permits for Investors, Entrepreneurs and Professional Talent regulates granting golden visas to

- investors
- entrepreneurs.
- specialized talents and researchers in various fields of science and knowledge
- bright students with promising scientific capabilities

### Eligibility for a 10-year visa

The following categories are entitled to apply for a 10-year residence visa in the UAE.

#### **1-Investors in public investments of at least AED 10 million**

The investment may take many forms such as:

- A deposit of at least AED 10 million in an investment fund inside the country
- Establishing a company in the UAE with a capital of not less than AED 10 million
- Partnering in an existing or a new company with a share value of not less than AED 10 million
- Having a total investment of not less than AED 10 million in all areas mentioned, on condition that the investment in sectors other than real estate is not less than 60 per cent of the total investment.

#### **Conditions**

Granting a visa is subject to the following conditions:

- The amount invested must not be loaned.
- The investment should be retained for at least

three years.

- There should be a financial solvency up to AED 10 million.

Visa can be extended to include business partners, on the condition that each partner contributes AED 10 million.

The long-term visa can include the spouse and children, as well as one executive director and one advisor.

Investors from abroad may apply for a multiple-entry permit for a six-month period.

#### **2-Persons with specialized talents**

This includes specialized talents and researchers in the fields of science and knowledge such as doctors, specialists, scientists, inventors, as well as creative individuals in the field of culture and art. The visa advantage extends to the spouse and children. All categories are required to have a valid employment contract in a specialized field of a priority in the UAE.

#### **Conditions**

Granting a visa is subject to the following conditions:

- Scientists must be accredited by [Emirates Scientists Council](#) or holders of the Mohammed Bin Rashid Medal for Scientific Excellence.
- Creative individuals in culture and art must be accredited by Ministry of Culture and Youth.
- Inventors must obtain a patent of value, which adds to the UAE's economy. Patents must be approved by [Ministry of Economy](#).
- Exceptional talents must be documented by

patents or a scientific research published in a world-class journal.

- Executives must be owners of a leading and internationally recognized company or holders of a high academic achievement and position.
- Doctors and specialists must meet at least two of the following conditions:
- a Ph. D. degree from one of the top 500 universities in the world (refer to [ICA](#) for information)
- an award or certificates of appreciation in the field of the applicant's work
- contribution to a major scientific research in the respective field of work
- published articles or scientific books in distinguished publications in the respective field of work
- membership in an organization related to the field
- a Ph. D. degree, in addition to 10-year professional experience in his field
- specialization in areas of priority to the UAE.

### Eligibility for a 5-year visa

The following categories are entitled to apply for a 5-year residence visa in the UAE.

#### 1-Investors in a property in the UAE

##### Conditions

Granting a visa is subject to the following conditions:

- The investor must invest in a property of a gross value of not less than AED 5 million.
- The amount invested in real estate must not be on loan basis.
- The property must be retained for at least three years.

#### 2- Entrepreneurs

- This category includes those having an existing project with a minimum capital of AED 500,000, or those who have the approval of an accredited business incubator in the country.
- The entrepreneur is allowed a multi-entry visa for six months, renewable for another six months. The long-term visa includes the spouse and children, a partner and three executives.

#### 3- Outstanding Students

This includes:

- outstanding students with a minimum grade of 95 per cent in public and private secondary schools
- university students within and outside the country having a distinction GPA of at least 3.75 upon graduation.

Long-term visa includes families of the outstanding students.

### BUSINESS VISAS (under the Golden Visa Umbrella)

#### What is a business visa?

A business visa is part of the Golden Visa system under which foreigners can obtain a long-term visa for themselves and their dependents. It aims to create an attractive environment for businesses and the UAE's economic growth.

#### Eligibility criteria

Professionals from any country with entrepreneurial experience are eligible to apply for the business visa. An eligible entrepreneur is anyone who has set up a business of his own at some point in his career and wishes to do so again in the UAE.

To obtain the business visa, you must:

- be able to substantiate your experience as an entrepreneur
- have been a majority shareholder of a start-up or a member of its senior leadership
- be willing to relocate to the UAE and legally establish a business in one of the seven emirates
- have a business idea or a business plan that you wish to bring to life in the UAE.

In addition, applicants must successfully pass the requirements of the Federal Authority for Identity and Citizenship, including a background check and health assessment.

Qualifying for the business visa does not guarantee that the applicant will receive the visa. Specialized committees review the application and the attached documents and grant an approval accordingly. Once approved, the applicant will be required to follow the requirements of the Federal Authority for Identity and Citizenship in order to be issued the visa.



### Applying for a Business visa

In order to apply for a business visa, you will need to have your nomination approved by an incubator supported by the UAE government (currently, [AREA2071](#) in Dubai and [HUB71](#) in Abu Dhabi). Once your nomination has been approved, you will be invited to apply for the visa through the Federal Authority for Identity and Citizenship.

The procedure for nomination is as follows:

1. Visit <https://business.goldenvisa.ae> and create a new account.
2. Once your account is verified, log in and apply for nomination.
3. Submit your completed application. The process might take up to 30 days for your application to be reviewed.

Note:

- If your nomination is successful, you will receive a link to upload the required documents and complete your application for the visa.
- If your nomination is not approved, please apply again after 90 days.

### Visa Issuance

Once your nomination has been approved, you will be invited to complete the application for the visa through the [Federal Authority for Identity and Citizenship's](#) website. Once completed, you will

receive an email with further instructions on how to receive your visa.

If you are residing outside the UAE, you will be given a six-month visa to enter the UAE, explore the opportunities and settle. Before your temporary visa expires, you will be required to convert it into the residency permit.

If you are currently residing in the UAE, you will be given a temporary one-month visa and will be required to convert it into the residency permit before it expires.

In both cases, you can convert your visas into the residency quickly and conveniently at SERVICES1 in Emirates Towers, Dubai or directly through the [Federal Authority for Identity and Citizenship](#).

### Benefits of a Business visa

Once the visa is issued, the applicant is allowed to:

- enter the country for a period of six months with a multiple-entry visa, to facilitate the procedures of establishing the business
- nominate up to three of his business's senior staff to obtain residency.

All visa holders will be allowed to sponsor their dependents subject to the [conditions and requirements](#) as set out by the Federal Authority for Identity and Citizenship.

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# NATIONAL TENDERS

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The U.A.E. requires a company to be pre-qualified, and registered, in order to be invited to participate in a government tender. Government tendering is not conducted according to generally accepted international standards. Re-tendering is the norm, often as many as three or four times. To bid on federal projects, a supplier or contractor must either be a U.A.E. national or a company in which U.A.E. nationals own at least 51% of the share capital. Federal tenders must be accompanied by a bid bond in the form of an unconditional bank guarantee for 5% of the value of

the bid. However, these rules do not apply to major project awards or defense contracts, where there is no local company that can provide the goods or services required. The U.A.E. has no formal requirement that a portion of any government tender be subcontracted to local firms, but local companies clearly enjoy a competitive advantage. It is also worth noting, that these laws and regulations aren't always the case, and can be evaluated on a case by case basis.

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# TRADE RESTRICTIONS FOR SLOVAK BUSINESSES & ENTREPRENEURS

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There are currently no free trade restrictions or embargos that are specific to Slovak entrepreneurs, however it is worth noting the following: Whilst it is understood that there is a list of sanctioned individuals and entities, this list is only circulated internally amongst the UAE authorities. It is however thought to include sanctions against Iran, North Korea, and Somalia with regards to nuclear, chemical, and biological weapons, and weapons of mass destruction. In addition, dealings with specific persons and terrorist organizations are prohibited. In order to do business in the U.A.E., outside one of

the free zones, a foreign business must have a U.A.E. national sponsor, agent, or distributor. Once chosen, sponsors, sales agents, or distributors are given exclusive rights for non-food products only – Agency law does not pertain to food products.

## **What are the consequences for a breach of sanctions in the UAE?**

Information regarding the UAE sanctions regime is not readily available. However, given that a sanctions regime is in place, the provisions relating to the



general import and export of prohibited goods will be applied to breaches of sanctions, to the extent that they involve similar trade measures.

With regards to the breach of export control rules, the potential penalties for export of export-controlled items without a license comprise the following:

- at least one year's imprisonment
- a fine of at least Emirati Dirham 50,000 (approximately USD 13,610) but no more than Emirati Dirham 500,000 (approximately USD 136,100).

The fine is doubled in instances of repeated offences and the goods may also be confiscated.

In addition, where the action in question also constitutes a particular crime, for example the funding of a terrorist organization, criminal penalties may also be imposed.

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# TARIFFS & REGULATIONS

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Tariffs and duty rates are constantly revised and are subject to change without notice. A customs duty of five per cent is generally levied on imported goods (several categories are exempt, some agricultural products and pharmaceuticals) and luxury goods such as tobacco is 50 to 70 per cent.

A number of UAE 'free zones' have been established, where customs duties are not payable, such as Dubai International Financial Centre (DIFC) or Jebel Ali port. Goods may only be imported by an entity which is registered in the UAE. Only companies in the UAE that have the appropriate trade license can import products into the country. Import controls exist for a few products including alcoholic beverages, pork and pork products, medicinal substances, printed matter such as magazines and videos, photographic material, firearms and fireworks.

The entry of many kinds of products has been banned in accordance with the local values, religious beliefs and morals.

## **Special permission is required for the import of:**

- alcohol
- drugs
- firearms
- ammunition and explosives
- agricultural pesticides
- industrial alcohol-denatured
- methyl alcohol
- methylated and medicated spirits.

<https://www.government.ae/en/information-and-services/finance-and-investment/clearing-the-customs-and-paying-customs-duty>

## **Prohibited Goods**

Prohibited goods are any goods the import or export of which is prohibited under the provisions of the Common Customs Law or any other regulation or law applicable in the State. Whereas the restricted goods are those goods the import or export of which is restricted under the provisions of the Common

Customs Law or any other regulation or law applicable in the State, and may only be released subject to the approval of the competent authority

### **Some Prohibited Items:**

1. All kinds of narcotic drugs (considering the control of prohibited items in general and narcotic substances, where certain prohibited goods may be imported or exported subject to producing approvals of the competent authorities).
2. Goods of Israeli origin or bearing Israeli flags and emblems.
3. Gambling tools, machineries and devices of all kinds.
4. Nylon fishing nets.
5. Live swine.
6. Used, reconditioned and inlaid tires.
7. Radiation and nuclear fallout contaminated substances.
8. Items that contradict Islamic faith and public morals.
9. E-cigarettes and electronic hookah.
10. Any other goods or items, the importation of which is prohibited under the Common Customs Law or any other law or regulation applicable in the UAE.
11. Alcohol & Pork products require specific licensing.

### **The import of military / firearms material and dual-use goods**

Strategic goods are goods that only have a military use, dual-use goods, weapons of mass destruction (WMDs) and goods used to produce WMDs.

Dual-use goods are items that can be used for both civil and military purposes, ranging from raw materials to parts and complete systems. Such goods can also be items used to produce military goods, such as manufacturing equipment and computers.

Strategic goods are listed in Federal Law No.13 of 2007 concerning the goods subject to import and export control. If an item is not listed, but you are notified by the Committee for Goods and Materials Subjected to Import and Export Control in writing that the product will be used in a related activity, you must obtain the

import/export permit.

If you want to export, re-export or make temporary shipment of strategic goods, you must first obtain an import/export permit from the Committee for Goods and Materials Subjected to Import and Export Control.

You must obtain a permit before mediating or negotiating any contract for ownership or sale of any strategic goods, if you know that a contract will result in the transfer of those goods to another country.

If you have been advised by the Committee for Goods and Materials Subjected to Import and Export Control that your goods are not listed but are to be used or likely to be used, wholly or partly, for a related activity, you may not export, re-export, ship or enter the goods for transit.

The same applies if you know without being advised that the goods or technology are to be used, in full or in part, for a related activity.

You must obtain approval before exporting any documents that contain information on strategic goods technology. This applies to any information you send through electronic means, or make available on computers in the UAE, that relates to any technology for strategic goods that can inform another person outside the UAE.

You must get approval to export the technology necessary for installation, operation or maintenance of any commodity exported, shipped or entered for transit. You do not need to get approval for commodities not listed.

If you are advised by the Committee for Goods and Materials Subjected to Import and Export Control that the technology used for unlisted items is to be used or likely to be used, wholly or partly, for a related activity, you cannot mediate, negotiate or perform any act to help close a contract for the acquisition or disposal of such technology. The same rule applies for publishing any document that contains technology registered or stored in it.

If you know, or have reasonable grounds to suspect, that a technology will be used in whole, or in part,

in a related activity, you are not allowed to mediate, negotiate or perform any act to help close a contract.

You must not publish, transfer or disclose any information or documents relating to strategic goods without the written consent of the chairman of the Committee for Goods and Materials Subjected to Import and Export Control.

This excludes supplying information or documents to the State at the request of the judicial authorities.

If you break any of the rules in regard to the import and export of strategic goods, you can be imprisoned for a minimum of one year and/or receive a fine of between AED 50,000 and AED 500,000.

If you repeat an offence, the penalty will be doubled.

If you are convicted, the court will confiscate the goods in question.

If you do not get approval, get a license, or inform the Committee for Goods and Materials Subjected to Import and Export Control or licensee of the disposal of strategic goods, you can be imprisoned for a minimum of one year and/or receive a fine of between AED 10,000 and AED 50,000. The same penalty will apply if you do not provide the Committee with any documents or information they request relating to such conduct.

If you breach the prohibition on publishing, transferring or disclosing information on strategic goods, you can be imprisoned for a minimum of one year and/or receive a fine of between AED 50,000 and AED 500,000.

The same penalty will apply if you give false or misleading information or pass on documents that contain false or incorrect statements, in order to obtain approval or a license.

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# IMPORT & EXPORT CONDITIONS

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Goods should be packed to provide protection against extreme heat and humidity, storage in the open and possible unloading into lighters.

The UAE Ministry of Health requires all pharmaceutical imports to be carried under temperature-controlled conditions of 25 degrees centigrade.

Outer containers should bear the consignee's mark and the port mark in Arabic, this is essential, as most wharf laborers cannot read English.

**Labels of imported goods/food need to have the following standard information and should be in English and Arabic:**

- product and brand
- ingredients, in descending order of proportion
- additives using their , E' numbers (group names are also accepted)
- the origin of all animal fats
- net contents in metric units
- production and expiry date
- country of origin
- manufacturer's name and address
- special storage and preparation instructions, if any.

## Special Certificates

UAE health authorities require Islamic Slaughter Certification for all shipments of food products containing meat and poultry. An Original Slaughter Certificate and Original Halal Products Certificate must be issued by an approved Halal center regionally.

## Methods of Quoting and Payment

Quotes should be in US dollars CIF or CIFC (Incoterms 1990) and may be requested in the form of proforma invoices to facilitate opening of letters of credit. The UAE Dirham is valued at a fixed rate against the US dollar.

### Methods of duty payment for import shipments are as follows:

- cash or cheque
- bank receipt if customs duty has been paid through a bank
- customs duty debit facility against bank guarantee

Irrevocable letters of credit are recommended until a firm trading relationship has been established.

## Documentary Requirements

Required Documents for Clearance:

- valid and relevant trade license copy
- delivery order from the shipping or line agent
- original supplier's commercial invoice
- certificate of origin
- packing list.

### Commercial Invoice

No prescribed form. Certification by an approved authority may be requested. The invoice must indicate:

- country of origin
- a full description of the goods, including net and gross weights, unit and total value, and details of the packing and should match the details on the bill of lading
- name of the manufacturer.

## Bill of Lading

- May be made out To Order.
- The appropriate tariff number should be shown. This should ensure the correct freight rate is applied to the items shipped.
- Original copy must be furnished (two original copies minimum).
- Original bill of lading must be endorsed by the shipper. In case they are not endorsed, a full set (usually three) of originals need to be surrendered to the line.

## Packing List

- A packing list is required, but there is no prescribed format. Details to match the bill of lading description.

## Certificate of Origin

- The certificate of origin must include the name and address of the manufacturer.
- Must be certified by the UAE Embassy in Austria and should contain the following clause: We certify that the goods or materials are of Slovak origin. Note: Fees are substantial.
- At the time of clearance, in case of original commercial invoice, if the certificate of origin and packing list is not available, clearance can be affected on the strength of photocopies and a deposit, which can be claimed back if the originals are submitted within 60 days of filing the bill of entry.

## Public Health Requirements

- Livestock are inspected upon arrival.
- Agricultural pesticides may only be imported by a registered importer holding a valid import license.
- Imports of pharmaceutical products are subject to specific transport regulations.
- Food containing cyclamates is prohibited from entering Abu Dhabi and although there is no legislation prohibiting such food from entering Dubai, the practice is not encouraged.

## Weights and Measures

- The metric system.

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# TAXATION & VAT

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## Taxation

The UAE does not levy income tax on individuals. However, it levies corporate tax on oil companies and foreign banks. Excise tax is levied on specific goods which are typically harmful to human health or the environment. Value Added Tax is levied on the majority of goods and services.

## Excise Tax

Was introduced across the UAE in 2017. Excise tax is a form of indirect tax levied on specific goods which are typically harmful to human health or the environment. These goods are referred to as "excise goods".

When considering whether a product is an excise good, the following definitions apply:

- Carbonated drinks include any aerated beverage except for unflavored aerated water. Also considered to be carbonated drinks are any concentrations, powder, gel, or extracts intended to be made into an aerated beverage.
- Energy drinks include any beverages which are marketed, or sold as an energy drink, and containing stimulant substances that provide mental and physical stimulation, which includes without limitation: caffeine, taurine, ginseng and guarana. This also includes any substance that has an identical or similar effect as the aforementioned substances. Also considered to be energy drinks are any concentrations, powder, gel or extracts intended to be made into an energy enhancing drink.
- Tobacco and tobacco products include all items listed within Schedule 24 of the GCC Common Customs Tariff.

## Rate of Excise Tax

The rates of excise tax in the UAE will be:

- 50 per cent for carbonated drinks
- 100 per cent for tobacco products
- 100 per cent for energy drinks.

## VAT

The UAE government implemented value added tax (VAT) in the country from January 1, 2018 at a standard rate of 5%

A business must register for VAT if their taxable supplies and imports exceed the mandatory registration threshold of AED 375,000. Furthermore, a business may choose to register for VAT voluntarily if their supplies and imports are less than the mandatory registration threshold but exceed the voluntary registration threshold of AED 187,500. Similarly, a business may register voluntarily if their expenses exceed the voluntary registration threshold. This latter opportunity to register voluntarily is designed to enable start-up businesses with no turnover to register for VAT.

## Zero-Rated Items of VAT

VAT will be charged at 0% in respect of the following main categories of supplies:

- Exports of goods and services to outside the GCC;
- International transportation, and related supplies;
- Supplies of certain sea, air and land means of transportation (such as aircraft and ships);
- Certain investment grade precious metals (e.g. gold, silver, of 99% purity);
- Newly constructed residential properties, that are

supplied for the first time within 3 years of their construction;

- Supply of certain education services, and supply of relevant goods and services;
- Supply of certain Healthcare services, and supply of relevant goods and services.

### Exemptions of VAT

The following categories of supplies will be exempt from VAT:

- The supply of some financial services (clarified in VAT legislation);
- Residential properties;
- Bare land; and Local passenger transport

### VAT Audit

According to the federal law, it's necessary for the FTA to conduct regular VAT audits to ascertain the compliance of various businesses to the tax laws. These audits are often conducted at the workplace or at the other place of business of the involved party, as per the selection of the FTA. The notice of a similar should be issued to the person/business by the FTA a minimum of 5 days before.

Below are the elaborated procedures of VAT Audit. The involved party/business/person can file their tax returns on the FTA portal as per schedule. The FTA authorities can check the returns and alternative details. There should not be a selected reason for the FTA to conduct an audit of a business/ taxpayer. They will conduct it for any reason or whenever they are required. A notice is going to be issued to the involved party, a minimum of 5 days before the regular audit date. It will contain details, like the audit schedule, place, concerned parties, reason (if something particular), etc.

The auditor/s, and also the taxpayer can meet at the scheduled place at the scheduled time and the process can begin. The auditor might ask for business records, in original and/or copies, and take samples of products and alternative assets as obtainable at the place at the time.

Note: The audited party has the right to ask for the

credentials, like professional identification cards, from the tax auditors to see their authority.

The tax audit is to be conducted during the official FTA operating hours, unless the Director-General decides to conduct the audit of a business outside regular hours, in an exceptional case.

The taxpayer or the other person subject to a tax audit, in conjunction with his legal representatives and tax agents, are advised to participate and help the auditors performing their task.

If something suspicious is found within the results of the audit which may impact the tax return, the authority might order a re-audit for more analysis.

The audited person has the right to ask for the notification copy and connected documents and be present throughout the auditing procedures that are conducted outside of the official places.

### Other Taxes

#### Income Tax

The UAE does not levy income tax on individuals.

#### Corporate Tax

The UAE levies corporate tax on oil companies and foreign banks only. It has not yet applied corporate tax on other industries.

Businesses registered in the free zones are exempt from corporate tax for certain time and such time can be extended. Rules and regulations of independent free zones apply. Refer to the business file.

#### Double Taxation

The UAE has 94 agreements in place with other nations to [avoid double taxation on investments](#) overseas. The agreements on the Avoidance of Double Taxation are aimed to:

- promote the country's development goals and diversify its sources of national income
- eliminate double taxation as well as additional, indirect taxes and tax evasion
- eliminate any obstacles related to cross-border trade and investment flows

- provide protection to taxpayers from double taxation, whether direct or indirect
- promote the exchange of goods and services and the free movement of capital.

### **Taxes in Tourist Facilities**

Restaurants, hotels, hotel apartments, resorts etc. in the UAE might charge one or more of the following taxes:

- 10 per cent tax on the room rate
- 10 per cent service charge
- 10 per cent municipality fees

- City tax (ranging from 6 to 10 per cent)
- 6 per cent tourism fee

In Dubai, hotels charge 'Tourism Dirham Fee' per room per night of occupancy (for a maximum of 30 consecutive nights) ranging from AED 7 to 20 depending on the category/grade of the hotel.

In May 2016, it was announced that hotels in Abu Dhabi would charge a new additional fee of 4 percent of hotel stay bill and AED 15 charges per night per room.

In Ras Al Khaimah, hotels charge AED 15 tourism fee per room per night.

# LEGAL INFRASTRUCTURE

With many international investors attracted to business opportunities in the Middle East and North Africa, especially in the politically stable and economically buoyant countries of the Gulf, the effectiveness of dispute resolution services in the region are an important consideration. The Gulf, and particularly the UAE, has a range of strong and stable institutions that can provide justice when disputes occur, and there are numerous formal and alternative dispute resolution processes available to foreign and domestic investors alike.

In the individual Emirates and at the Federal level, the UAE courts are well-used to dealing with foreign parties in disputes. Parties should be aware of the advantages of using the UAE's courts, which are often fast in considering evidence and reaching decisions and can be cost-effective. They can provide a high degree of privacy too, as hearings are not generally public, and parties are not identified in published decisions.

For many investors, there is an English language option based on the common law, which is more adversarial and prefers oral hearings to exchanges of written submissions (both of which are played down in the UAE litigation processes).

The Dubai International Financial Centre Courts are based on the common law, with experienced judges drawn from various common law jurisdictions including the UK, Australia, Malaysia and Singapore, complemented by qualified Emirati judges. Proceedings are conducted in English and follow the English system of public hearings. The DIFC offers a Court of First Instance of rough equivalence to the English High Court, with a Court of Appeal sitting above it, and a dedicated Small Claims Tribunal that hears claims worth up to 500,000 AED.

There are numerous 'gateways' through which the DIFC Courts exercise control over their jurisdiction. For instance, parties physically established within

the DIFC (either directly or through a branch entity) automatically fall within the jurisdiction of the DIFC Courts, although they can expressly opt out in their contracts if they wish. Equally, parties not based in the DIFC may opt into the DIFC's jurisdiction through express terms.

The DIFC Courts are the default seat for arbitrations conducted under the rules of the DIFC-London Court of International Arbitration Centre (the DIFC-LCIA) and the specialist Emirates Maritime Arbitration Centre, and, from 2018, under the rules of the Dubai International Arbitration Centre. The Courts have acted as the seat for arbitrations under the International Chamber of Commerce rules too. Parties can opt out of the DIFC's jurisdiction in their arbitrations, of course, and some do. But the DIFC Courts are courts of the UAE, which is a party to the New York Convention, and the DIFC Arbitration Law provides that any arbitral award, irrespective of the state or jurisdiction in which it was made, can be recognized and enforced by the DIFC Courts. The resulting order can be taken for enforcement elsewhere in Dubai and the UAE.

The Courts can also recognize and enforce judgments of foreign courts. A number of memoranda of understanding between the DIFC and various international courts, including the Federal Court of the South District of New York, the High Court in England, the Singaporean High Court and the People's Court of Shanghai, facilitate the recognition and enforcement process both ways, and allow (subject to the foreign jurisdiction's rules) a DIFC Court judgment to be exported for enforcement against foreign assets. The UAE is part of a wider network of jurisdictions primarily through the Gulf Cooperation Council. The 1996 GCC Convention provides in certain circumstances for the automatic mutual and reciprocal execution of final judgments of courts of Bahrain, Saudi Arabia, Oman, Qatar, Kuwait and the UAE in the other jurisdictions. The 1983 Riyadh Convention covers 20 countries and allows for the recognition and enforcement of judgments.

The DIFC Courts are thus a sought-after place for litigation and have become a widely used seat for

numerous arbitrations under several institutional rules. The DIFC's Dispute Resolution Authority also offers non-Muslims, including foreigner's resident in Dubai or Ras Al Khaimah, the ability to register a will with the Wills and Probate Registry. This gives a testator a large degree of testamentary freedom, akin to that under English law, and means that, upon the testator's death, assets within Dubai or RAK that are covered by a registered will are not disposed of in accordance with the rules of Sharia.

The DIFC is not the only English language, common law court in the UAE, however. The Abu Dhabi Global Markets Courts also sit in a financial free zone and have recently heard their first case. The Courts' future is a growing and promising one: the ICC has recently opened an administrative base in the ADGM, and it is likely that it will become the default (but not mandatory) seat for arbitrations under ADGM-ICC rules.

In conclusion, foreign investors and businesses looking to trade with counterparties in the UAE should remember, above all else, that the UAE is a country governed by the rule of law. Whether through the courts of the individual Emirates, or at the Federal level, or the complementary courts of the financial free zones, a professional judiciary adjudicates disputes free from corruption and in a transparent process that is open to appeal.

Also, in the case of Free Zone based disputes they are referred to the regulatory intermediary authority unless under the auspices of Dubai Courts or DIFC dependent on the claim.



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# PAYMENT HABITS

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This is a two pronged answer; depending on where your business is registered makes a difference because only some areas are policed by the Wage Protection System (wps) – however in the UAE it is a severe crime not to pay on time, though it can happen.

As per the new law, such companies must pay wages within a period of 10 days from the registered payday according to the wages protection system (WPS). If a company defaults payment, the ministry will stop granting it any additional work permits starting from the 16th day of delay.

Maher Al Obed, assistant undersecretary for inspections at the ministry, said: “The decree fairly contributes towards labour market stability as it safeguards employees while keeping business owners’ interests. Salaries paid on time is a major contribution towards labour rights protection, which is highly recognized by the UAE.”

“Two main scenarios should be considered in this matter. Firstly, salary delays occur usually if the company fails to pay wages for a month from the due date. The second, which refers to completely refraining from paying wages, starts after entering the second month. However, the decree shall refer to each case in a different manner,” Al Obed said.

According to the decree, if a company delays wages for a month from the due date, the ministry shall inform the judicial authorities and other related parties to take all necessary punitive measures against it. Additionally, the ministry will halt other companies owned by the same employer and forbid any upcoming

projects by the same owner.

If a company continues not to pay wages, the ministry shall take necessary measures to use the company’s bank guarantee, and the affected workers would be allowed to move to other companies.

“If the company fails to pay wages for 60 days from the due date, then administrative fines shall follow, in addition to registered fines for failing to pay wages after a month from the due date, as stated above in the first scenario,” Al Obed added.

Administrative fines could be Dh5,000 per worker, up to a maximum of Dh50,000 when multiple workers complain about deferred wages for more than 60 days. If the company promptly pays the wages during the first month, the ministry will lift the work permit ban, but the ban lasts for 60 days if it fails to pay wages for more than two months.

On the other hand, if the ministry notes salary delays by a company that employs less than 100 employees, the current regulations shall apply, which include work permits ban to fines and court referrals, only if the company fails to pay wages within 60 days. If the company repeats such violations over the span of one year, the ministry shall apply penalties declared for companies hiring over 100 workers.

The decree clearly states that the ministry shall not proceed with any transactions with companies that did not register in the WPS.

# LABOR LAWS

Federal Law No. 8 of 1980 also known as the Labour Law governs the labour rights of employees in the private sector. The labour law handles a wide range of job-related matters. Ministry of Human Resources and Emiratization, known before as Ministry of Labour, is responsible for overseeing the employer-employee relations and maintaining labour rights for the private sector.

**Here are some of the key provisions of the labor law:**

## **Working Hours**

Article 65 of the UAE Labour Law identifies the normal working hours for the private sector as 8 hours per day or 48 hours per week.

The working hours may be increased to 9 hours a day for businesses, hotels and cafes after approval from MoHRE.

Government entities are not governed by the labour law and they operate for 7 hours daily.

Working for more than 7 hours a day is prohibited in arduous or unhealthy works and industries.

Normal working hours are reduced by two hours daily during the holy month of Ramadan.

## **Overtime**

An overtime is considered if the nature of job demands working beyond normal working hours and it will entitle the employee for a pay equal to normal working hours' remuneration plus 25 per cent of that pay.

It could increase to 50 per cent if overtime is done between 9 pm and 4 am.

## **Official Leaves and Vacations**

Friday is the official weekend for all workers, except

for daily wage workers. If circumstances require an employee to work overtime on that day, he/she will be entitled for regular working hours' pay, plus an increase of not less than 50 per cent of that amount.

## **Public Holidays**

Employees are entitled for paid leave on the following public holidays:

- Hijri New Year - 1 day
- Gregorian New Year - 1 day
- Eid Al Fitr - 2 days
- Waqfa day and Eid Al Adha - 3 days
- Prophet Mohammed's birthday - 1 day
- Isra and Miraj or the Ascension Day - 1 day
- Martyr's Day - 1 day
- National Day - 1 day

## **Annual Leave**

Employees are entitled to an annual leave of:

- 2 days per month, if they have completed six months of service but not one year
- 30 days, if they have completed one year of service.

## **Sick Leave**

Employees are entitled to a sick leave of not more than 90 days per year subject to conditions stipulated in the law. They will receive full pay for the first 15 days, half pay for the next 30 days and no pay for the rest 45 days.

## **Special Leave**

Employees may be granted a special leave without pay, which may not exceed 30 days for the performance of Haj once throughout his service. This is granted only once during his years of employment.

Employees are not entitled to any paid sick leave during the probation period.

### **Maternity & Childcare Leave**

Working females are entitled to 45 days of full pay for maternity leave if provided that she has served continuously for at least one year. Maternity leave is paid with half pay if one year of service has yet to be completed. At the end of the maternity leave, the woman has the ability to extend her leave at an unpaid rate for a maximum period of 10 days.

For the first 18 months following delivery, female employees who nurse their child are granted two paid rest intervals per day, not exceeding 30 minutes, in order to complete this task.

Working fathers are not provided paternity leave under the law.

### **Reduction in Working Hours**

Construction and industrial workers are not permitted to work during the hottest hours of the day during the summer. Any firm found to have staff working during the designated break time would be fined Dh5,000 per worker up to a maximum of Dh50,000.

Also, employees are entitled to work 2 hours less every day during the holy month of Ramadan.

### **Minimum Wages**

There is no minimum salary stipulated in the UAE Labour Law, however, it broadly mentions that salaries must cover basic needs of the employees.

Article 63 of the law mentions that the minimum wage and cost of living index is determined either in general or for a particular area or a particular profession by virtue of a decree and consent of the Cabinet.

### **Wages Protection System (WPS)**

The Wages Protection System (WPS) is an important step to ensure and protect the rights of workers, and to establish trust between organizations and their employees. Under this system, salaries of employees will be transferred to their accounts in banks or financial institutions, which are authorized by Central Bank of the UAE to provide the service.

For any concerns or complaints regarding the salary, employees can contact the MoHRE or lodge a complaint through eNetwasal.

### **End of Service Benefits**

If the employee resigns of his or her own free will before completing one year, then they will not be entitled to any gratuity pay.

The worker is entitled to a gratuity for the served fraction of a year, if provided that he completes one year of continuous service.

The end of service gratuity is calculated on basis of last wage which the employee was entitled to, namely the basic salary. Hence, it will not include allowances such as housing, conveyance, utilities, furniture etc.

If the employee owes any money to the employer, the employer may deduct the amount from the employee's gratuity.

### **Calculations for Gratuity Pay**

#### **1 Under limited contract**

In the event where the employer terminates a limited contract, calculation will be as follows:

- If an employee has served for less than 1 year, he is not entitled to any gratuity pay.
- If an employee has served more than 1 year but less than 5 years, he is entitled to full gratuity pay based on 21 days' salary for each year of work.
- If an employee has served more than 5 years, he is entitled to full gratuity pay based on 30 days' salary for each year of work.

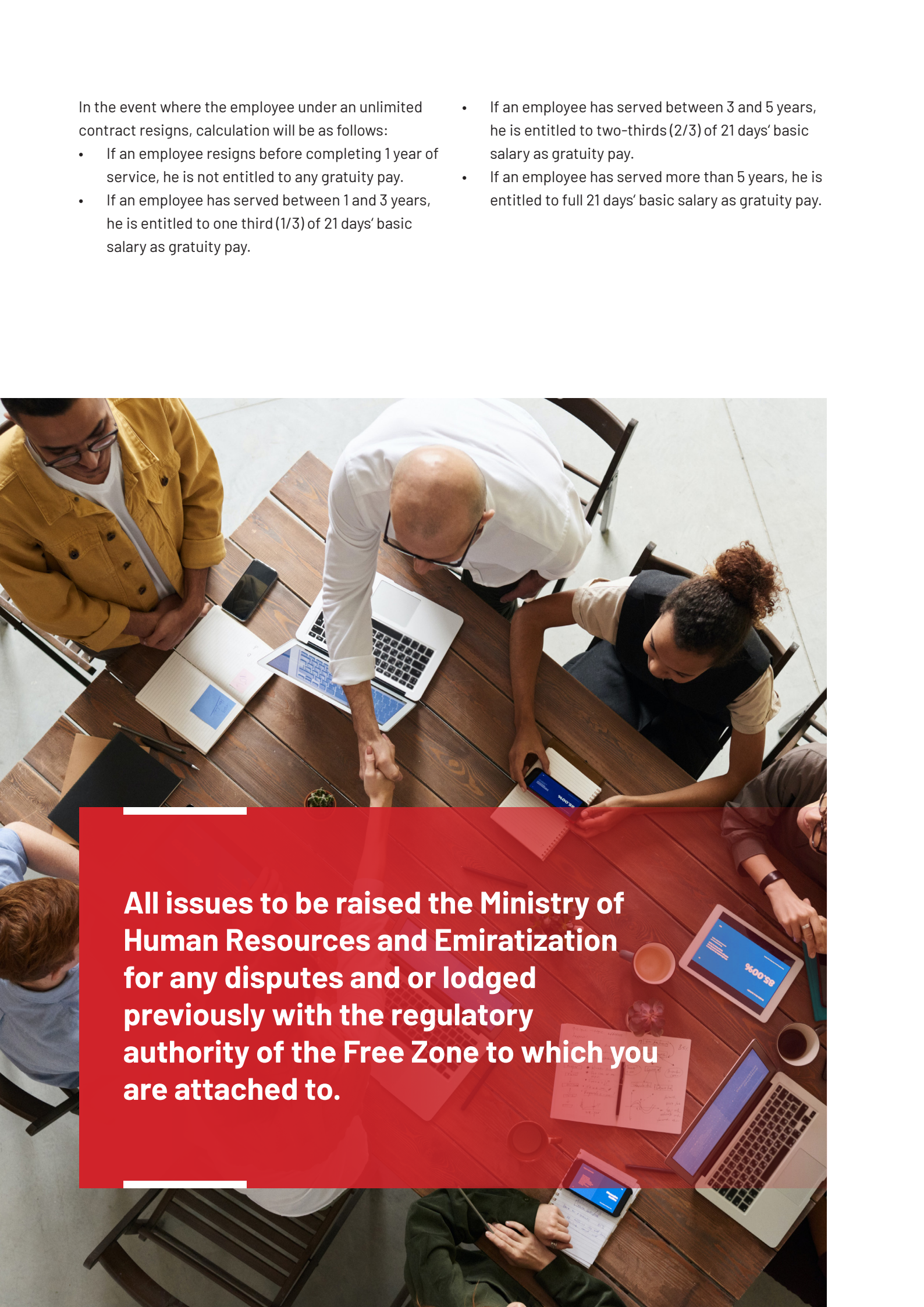
#### **2 Under unlimited contract**

In the event where the employer terminates an unlimited contract, calculation will be as follows:

- If an employee has served for less than 1 year, he is not entitled to any gratuity pay.
- If an employee has served more than 1 year but less than 5 years, he is entitled to 21 calendar days' basic salary for each year of the first five years of work.
- If an employee has served more than 5 years, he is entitled to 30 calendar days' basic salary for each additional year, provided the entire compensation does not exceed two years' pay.

In the event where the employee under an unlimited contract resigns, calculation will be as follows:

- If an employee resigns before completing 1 year of service, he is not entitled to any gratuity pay.
- If an employee has served between 1 and 3 years, he is entitled to one third (1/3) of 21 days' basic salary as gratuity pay.
- If an employee has served between 3 and 5 years, he is entitled to two-thirds (2/3) of 21 days' basic salary as gratuity pay.
- If an employee has served more than 5 years, he is entitled to full 21 days' basic salary as gratuity pay.

A high-angle photograph of a group of people sitting around a large wooden table in a meeting. They are looking at various devices including laptops, tablets, and smartphones. The scene is brightly lit, and the people are dressed in business casual attire. A red semi-transparent box is overlaid on the bottom half of the image, containing white text.

**All issues to be raised the Ministry of Human Resources and Emiratization for any disputes and or lodged previously with the regulatory authority of the Free Zone to which you are attached to.**

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# LEGAL CONSIDERATIONS

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International businesses are attracted to the United Arab Emirates (UAE) and the business opportunities there, but many are cautious about the unfamiliar legal system. A common concern is the availability of legal recourse in the event that a business relationship breaks down.

As investment in the UAE has grown it has also developed its legal infrastructure to serve international and local businesses alike. Its attractiveness to foreign investors is likely to increase in the lead up to the World Expo, to be held in Dubai in 2020.

## Legal System

The UAE is made up of seven emirates, each of which is governed primarily by the UAE Federal Constitution. Some legislative powers have been devolved to the individual emirates by virtue of provisions in the Constitution.

The UAE has a civil law system and the primary sources of law are the statutory codes enacted by Supreme Council of the Federation. The statutory codes govern civil and commercial relationships across the UAE. Islamic Sharia law is used by local courts when matters are not specifically addressed in the codified law. This system is unfamiliar to international businesses, particularly those from common law backgrounds.

From the outset it is advisable for those undertaking UAE business investments to draft contracts in a way that enables them to take advantage of the numerous dispute resolution processes that are available.

## Court Proceedings

Where contracts are concluded, executed or intended to be executed in the UAE the default mechanism for resolving disputes is the local courts. Local court proceedings in the UAE are conducted in Arabic with a requirement for all court documents to be translated into Arabic by a translator licensed by the Ministry of Justice.

Although in theory court proceedings are held in public, there is very rarely any oral argument. Instead, the judge reviews the merits of the case by reading the confidential pleadings and papers filed by the parties. In certain cases, requiring specific technical knowledge the court will appoint an expert to assist with the fact-finding process and the determination of the issues. Unlike in a common law system the parties generally have very little influence over the identity of the expert, although they can engage critically in respect of the expert's mandate and in certain circumstances, they can challenge the expert's appointment.

There are some aspects of court proceedings which international businesses may not be used to. The burden of proof is on the party advancing the argument and the decisions are generally made at the discretion of a judge, who is not bound by earlier decisions of the court, though he may be persuaded by them. There is no concept of 'without prejudice' negotiations or correspondence. Settlement negotiations are usually not documented as any correspondence drafted for the purpose of reaching a settlement may be brought into court and relied upon.

## Arbitration

Foreign investors have traditionally preferred to have their disputes resolved through arbitration rather than the local courts.

Arbitration is not new to the region having been a recognized concept in the Arab world since at least 1877 when the *Medjella'* was published by the Ottomans as the first attempt at codifying the Sharia law, which provided for disputes to be resolved by legally appointed arbitrators.

The UAE government has been working towards a new arbitration law for several years, but it is yet to be enacted. For the time being, arbitrations continue to be governed by the Civil Procedure Code.

There are three established arbitration centers within the UAE: the Dubai International Arbitration Centre (DIAC), the Abu Dhabi Commercial Arbitration Centre and the DIFC-LCIA Arbitration Centre, which is run by the Dubai International Financial Centre (DIFC) and the London Court of International Arbitration (LCIA).

The UAE has signed the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958, which means that awards issued elsewhere in the world should be relatively straightforward to enforce in the UAE. It also means awards issued in the UAE are enforceable in any other convention country.

### The DIFC

In 2004 the UAE government, in a move to encourage further investment to the region, permitted each of the seven emirates to set up an international financial center within its territory. Although many emirates have taken advantage of this opportunity, it is generally acknowledged that the current market leader in this field is Dubai with the development of the DIFC.

The DIFC represents a significant development for international litigation in the region, as the DIFC's legal and regulatory system has proved to be attractive and

accessible to both international and local business. The DIFC has invested heavily to install both a modern DIFC court and, in association with LCIA, its own arbitration rules. The DIFC is often referred to as being an 'offshore' center, despite being located in downtown Dubai.

The Dispute Resolution Authority (DRA) was created in 2014 and has overall responsibility for the DIFC courts, an arbitration institute and other tribunals or ancillary bodies that may be required to perform the functions of the DRA. The creation of the DRA takes the DIFC a significant step towards offering a serious alternative to the traditional arbitration hubs of London, Paris and Singapore.

In a case between Banyan Tree Corporate and the Meydan Group in 2013 the DIFC Court confirmed that it had jurisdiction to enforce an arbitration award made by Dubai's DIAC; even though the parties and the dispute have no connection with the DIFC and the award had not yet been ratified by the Dubai courts. The primary attractions of the DIFC courts to international businesses are that they employ common law principles, are administered by internationally recognized judges and that the proceedings are held in English.

The procedure of the DIFC courts is more familiar to UK clients as it is based on the English civil procedure rules. International clients are also attracted by the courts' promotion of cost-effective settlement processes to assist dispute resolution.

This represents a significant improvement in the legal infrastructure available to foreign companies, potentially providing a greater degree of clarity and certainty to business and commercial transactions. Companies can now select DIFC law and the DIFC courts, and the internationally recognized practices and standards they adhere to, as the governing law and venue for resolving disputes wherever they are located. The cost is often very high and dependent entirely of the dispute resolution being sought.

An aerial photograph of a modern city skyline, likely Dubai, featuring several prominent skyscrapers and a complex multi-level highway interchange. The image is overlaid with a semi-transparent red rectangular box containing white text. The text is centered and reads: 'CONCLUSIONS & POTENTIAL SYNERGIES BETWEEN SLOVAKIA AND THE UAE'. The background shows a mix of glass-fronted towers and older buildings, with a clear sky and some haze in the distance.

**CONCLUSIONS  
& POTENTIAL SYNERGIES  
BETWEEN SLOVAKIA  
AND THE UAE**

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**The possibilities are endless in our opinion, but the dialogue has to be conducted appropriately and the supply would have to match the demand but these are some principle areas for consideration:**

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- IT&TECH – The UAE is at the forefront of importing innovation and taking an incredible idea from concept to market. They have Government incentivized accelerators as well as private investment vehicles circling the region for low cost genius.
- Hospitality – any infrastructure/personnel/systems that are of add value have a place at the table.
- Similarly Aeronautics/Aviation – both areas are well funded and actively looking for cooperations/Jvs/Acquisitions.
- Raw Materials/Piping/Tubing – Any manufacturing solution that comes at a competitive rate is of massive benefit to a building nation who are now on the search for more reasonable rates than in previous times.
- Human Capital – always a demand for trained and vocationally oriented Europeans
- Agri-Food/FMCG – There is increasing demand from the UAE for competitive products and locally farmed food sources and health oriented produce.
- Green Innovation Solutions.



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