

Dubai Free Zones Council announces COVID-19 economic stimulus package

March 31, 2020

Dubai Free Zones Council (the Council)

In welcome news to UAE businesses facing economic challenges due to the COVID-19 global pandemic, the Council has announced an economic stimulus package to support business continuity in all sectors. The Council comprises member representatives from numerous Dubai free zones and other Dubai government departments.

The stimulus package includes five key elements:

1. postponing rent payments for six months;
2. facilitating instalments for payments;
3. refunding security deposits and guarantees;
4. cancelling fines for both companies and individuals; and
5. permitting temporary contracts that allow the free movement of labour between companies operating in the free zones for the rest of the year.

Dubai International Financial Centre (the DIFC)

In line with the vision of His Highness Sheikh Mohammed bin Rashid Al Maktoum Vice President, Prime Minister of the UAE and Ruler of Dubai and in accordance with the directives of His Highness Sheikh Hamdan Bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of the Executive Council of Dubai, the DIFC has launched the Business Stimulus Initiative, which provides both corporate and retail clients with relief for the period from 1 April 2020 to 30 June 2020, through the following five specific packages:

1. a waiver of annual licensing fees on new registrations;
2. a 10% discount of renewal fees for existing licence holders;
3. deferring three months' of commercial property rent into a six-month payment plan, in respect of properties owned by DIFC Investments Ltd;
4. applying a reduction on property transfer fees from 5% to 4% for any property sale (or any part thereof); and
5. facilitating the free movement of labour in and out of the DIFC to other free zones, provided that the relevant employers have the necessary arrangements and contracts in place with their employees.

Other measures implemented by UAE free zones and the UAE government

In line with current social distancing measures, many free zones have taken steps to extend their digital offering

meaning signatories and authorised representatives may be able to avoid in-person meetings to submit and sign documents. For example:

- Dubai Development Authority (DDA): online services are available via their AXS portal and, in lieu of legalisation, the DDA is permitting submission of scanned copies of documents provided that legalised documents are submitted within 60 calendar days.
- Dubai Multi Commodities Centre (DMCC): online services are available with verification of documents possible via video conference.
- Abu Dhabi Global Market (ADGM): corporate services requests (such as licence renewals or new entity set-ups) are being processed online through the portal.

The steps the free zones are taking, as highlighted above, are part of the wider measures the UAE government is taking to support investors, citizens and residents. This includes the current waiver of blood tests and X-rays in respect of ex-pat visa renewals and where physical visa renewal stickers are obtained using courier services provided by Emirate Post.

Given that the situation is changing quickly, with new measures being introduced by free zones and other authorities in the UAE regularly, we will continue to monitor this situation closely.

How Dentons can help your UAE business

As the first international law firm to establish a presence in the Emirates, our UAE-based corporate and commercial team has an in-depth understanding of local issues. Our dual language (English and Arabic) paralegal team liaise with the onshore and free zone authorities on a daily basis to ensure that our local and international clients doing business in the UAE are kept up to date on the latest developments.

As the position outlined in this article may change without notice, please contact your usual Dentons contact for an up-to-date position.

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