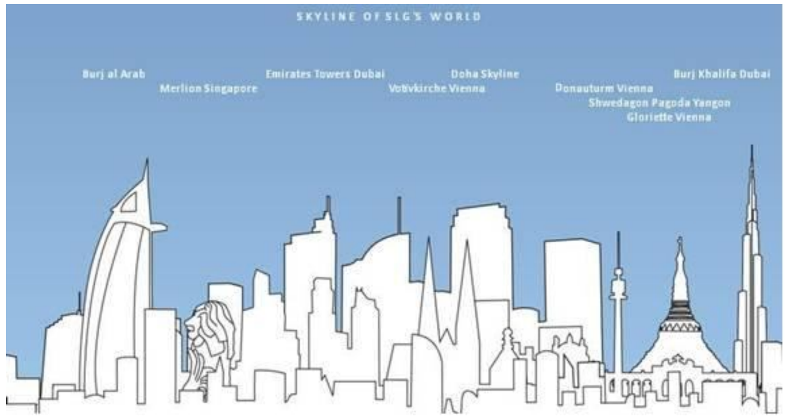

Dear Friends and Clients,

The UAE and the EU have signed a visa waiver. Europeans can travel to the UAE and UAE nationals can travel to the EU visa-free for 90 days in a 180-day period while taking these 90 days at once or split in several trips. This agreement is valid for the UAE and all European countries, except of Great Britain and Ireland. This is a big advantage for UAE nationals who do not have to spend their time and money on visa processes anymore and can travel visa-free to nearly all counties in the EU. But there is no more grey-zone option to extend this visa free travel for EU citizen while doing the visa run. Bad times for visa runners have begun. Now it's only 90 days. The clock is ticking. The implementation of FATCA is another success for Uncle Sam and his attempts to shape the world along the lines of the USA.

And Dubai and Abu Dhabi are considered the most expensive cities in the Middle East – yes, we can feel it in our pockets. Since we opened our office in 2005, the cost of living has increased easily by 140%. However, our legal fees have only raised a moderate 40% in 10 years. So, how can we lawyers survive?

Yours,

Theodor Strohal

The End of the Visa Run?

On 6 May 2015 the United Arab Emirates and the EU signed the visa waiver agreement. The new visa waiver allows visa-free travel for EU citizens when travelling to the territory of the UAE and for UAE citizens when travelling to the EU. This is valid for a stay of a maximum of 90 days during a 180-day period.

In accordance with the protocols annexed to the EU treaties, Ireland and the United Kingdom will not be subject to the application of the agreement. The visa regime to these member states remains subject to their national legislation.

Please note that the visa waiver will not change the visa regulations for other countries, the regular visa rules and the visa regulations for business travelers and residency visa.

Before this agreement was signed, many European tourists with a 30 days tourist visa were able to stay longer in the UAE by doing the so-called "visa run": travelling just across the Oman border and back to the UAE just to get a new 30-day tourist visa stamp. After the newly signed visa waiver agreement, that comes into preliminary effect immediately, but needs to be approved by European Parliament, the visa run does not seem to be possible anymore. Tourists are required to leave the UAE after the 90-day period and then they need to wait a further 90 days until they are allowed to re-enter the UAE.

Therefore it is strongly recommended to obtain a residency visa by: being employed by a company, buying real estate, or establishing your own company such as a free zone company that regularly provides possibilities to apply for residency visa.

Burj 2020 – The world's tallest commercial tower

The world's tallest commercial tower to be, the Burj 2020, will have Adrian Smith + Gordon Gill Architecture as the architect, while WATG assumes the role of delivering the master plan. The skyscraper, whose height is yet to be revealed, will be located at the DMCC Free Zone.

"Designing a world-class destination of this scale will set new levels of efficiency and urban sustainability and we are confident that our partners, in delivering the 'Burj 2020 District' and tower, will create a new address for the global business community of the future, right here in Dubai," said Ahmad Bin Sulayem, Executive Chairman, DMCC.

The Burj 2020 District, in honor of Dubai's Expo 2020 win, will add some 1.3 million square meter capacity to the DMCC Free Zone.

Good start for DIFC Wills and Probate Registry

The response to the new Wills and Probate Registry at the Dubai International Financial Centre (DIFC) was very positive. Appointments to register wills are now fully booked until mid July, according to Mark Beer, the CEO and Registrar at the DIFC Courts.

Non-Muslims with properties and investments in Dubai, regardless of whether they have a residency permit or not, began registering their wills at the DIFC on May 4, when the DIFC launched its new Wills and Probate Registry. The registry allows non-Muslims, for the first time in the region, to register a will in English under internationally recognized law, which allows them to transfer their assets as they wish upon their death. The new rule also allows parents to appoint a guardian for their children in case of their death.

Ideally, people need to seek advice from a legal practitioner in drafting their wills before heading to register them. After drafting the will and arriving at the DIFC courts to register it, they need to bring in a witness and an ID. People sign their wills in the presence of the DIFC Wills and Probate Registry officer, who will be the second witness as well. The time needed to finalize is around 90 minutes for each application.

To summarize, it was a good start for the DIFC Wills and Probate Registry and they earned a lot of money, since the fees alone for the registration of a will is at least 10,000 AED, which is quite expensive.

Middle East holds the highest share of private wealth offshore

Globally, the Middle East and Africa (MEA) region has the largest share of private wealth booked offshore, thanks to the political and economic tensions in the region, according to the *Global Wealth Report 2015* by BCG. The report showed that while the MEA region held 31 percent of its wealth offshore, Latin America and Eastern Europe have 28 percent and 19 percent, respectively.

Globally, according to the report, private wealth booked in offshore centers grew by 7 percent in 2014 compared to a 12 percent growth for onshore wealth. Looking ahead, the offshore wealth is projected to grow at a compounded annual growth rate of 5 percent through 2019 to reach an estimated $12 trillion (44 trillion AED), compared with a projected CAGR for onshore wealth of 6 percent.

The BCG report says that despite the intense scrutiny being placed on offshore domiciles, there is still potential for profits and future growth for offshore players which will stay strategically ahead of the curve. Clients of offshore centers around the world are willing to pay a premium for benefits such as political and financial stability, regional diversification, high-quality service, discretion, and broad expertise across products and asset classes. Top offshore performers are transforming their businesses to make them viable for the future. Maybe these are some reasons why offshore centers all over the UAE, especially in Dubai and Ras Al Khaimah, are doing such big business with far more advantages for the offshore owners.

Offshore investment will not be suitable for hidden funds due to the steadily increasing investigations by official organizations. We never recommend our clients hide money in offshore structures. Alternatively, we do recommend an offshore and international corporate structure to legally avoid taxes in one's high-taxed home jurisdictions. Even though "treaty shopping" has become more and more difficult, we still have found structures in order to minimize the tax burden for almost all cases.

UAE and US join hands for tax compliance

The UAE and the United States signed an agreement to implement the Foreign Account Tax Compliance Act (FATCA), the Ministry of Finance (MoF) announced. Younis Haji Al Khoori, Undersecretary of MoF, and Barbara A. Leaf, US Ambassador to the UAE, signed the agreement in Abu Dhabi on Saturday, 20 June 2015.

FATCA was enacted by the US Congress in 2010 to target non-compliance by US taxpayers using foreign accounts. The US law requires foreign financial institutions to provide annual reports on account information of customers who are US citizens.

Al Khoori said: "The country was keen to sign this agreement to protect UAE financial institutions. In the case of non-compliance with the requirements of FATCA, any non-US financial organization could face a 30 per cent penalty on certain financial returns of its operations in the US market. The Ministry will continue to meet all requirements for linking UAE government financial institution systems to the FATCA e-system. The Ministry will also determine the processes for monitoring reporting by financial institutions."

Under the intergovernmental agreement, the first report for 2014 must be submitted to the United States by September 30, 2015. Furthermore, the agreement requires foreign financial institutions to submit reports directly to the US Treasury Department providing information about financial accounts held by US persons or by certain foreign companies with one or more US shareholders that own more than 10 per cent of the company. This will be a huge workload for banks with US clients, and to avoid this, UAE banks may not easily accept US clients anymore.

Alas, big brother is taking over. After the agreement between the DIFC Courts and the New York District Court on close cooperation (whatever that is – probably the enforcement of awards?) and also the implementation of FATCA in the UAE. It's no wonder hardly any UAE bank take US customers anymore. It seems that the main "success" of the present US "world police policy" ends in stigmatizing their own citizens and companies.

Dubai and Abu Dhabi are the most expensive cities in Middle East

Dubai and Abu Dhabi figure in as the most expensive cities in the Middle East for expatriates, as per the global HR firm Mercer's "Cost of Living Survey 2015". This survey is one of the world's most comprehensive and is designed to help multinational companies and governments determine compensation allowances for their expatriate employees.

According to the survey, globally, the Angolan capital, Luanda, remains the world's most expensive city for expatriates. Asian and European cities — particularly Hong Kong (2), Zurich (3), Singapore (4), and Geneva (5) — top the list of most expensive cities for expatriates.

<u>**Contact:**</u>

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