



Dear Friends and Clients,

We have been in the UAE for 10 years; 2 months in Iran; 3 years in Myanmar; 21 years in Singapore and 145 years in Austria...

...a good reason to celebrate!

In May 2005, we were encouraged by HH Sheikh Saud and Dr. Khater Massad to open an international Legal Consultancy in Ras Al Khaimah. Since then, we have been highly supported and have worked well together with RAKIA, our sponsor for the last 10 years.

In September 2015, we opened our office in Iran and found a way into one of the most important markets in Middle East. We are the only 100% foreign owned law firm in Iran with experienced lawyers providing high quality services to our clients.

Our 10th anniversary in Ras Al Khaimah and the opening of our new office in Tehran is a good reason to celebrate with clients and friends and you are invited to celebrate with us.

*When: Thursday, 19 November 2015, 6pm
Where: Strohal Legal Group, Villa 2, 20B Street, Ras al Khaimah*

Richard Bandera, Peter Harradine and Gordian Gaeta will hold a short speech about current event topics.

If you would like to celebrate with us, please send us a short confirmation email to: office@slg-strohallegalgroup.com.

I hope to see you all there and wish you a smooth and stress-free start into the cool season.

*Yours,
Theodor Strohal*

Endless discussions about VAT and corporate tax in the UAE

While it is not clear yet whether or not UAE consumers will be made to pay value-added tax (VAT) as well as whether or not UAE companies will have to take care of corporate tax, you can still hear many speculations and rumors about these tax issues.

The truth is, the introduction of tax reforms has long been discussed in the Gulf Cooperation Council (GCC) region. In the early 1990s, a feasibility study was conducted to test the implementation of corporate taxes and VAT. The study said if VAT is implemented at low levels, say 3 % to 5 % on luxury goods such as computers and cars, then the impact on low-income families will likely be negligible. But those who regularly purchase the latest smartphone, or upgrade their car, are the ones to shoulder a greater portion of the burden. Furthermore, the UAE is among the most preferred shopping destinations in the world with a huge influx of tourists that contribute significantly to the GDP of the country. The biggest attraction, apart from being a world-class city, is the tax-free economy for the tourists and the expat residents.

If the UAE would decide to implement VAT and corporate tax in the UAE, both corporate tax and VAT are likely to impact other functions of business, such as: finance, legal, IT and strategy. However, such moves could be considered premature since it may take some time before VAT is finally implemented in the region, according to some analysts, considering that the proposal can have political and social implications.

Alp Eke, senior economist at the National Bank of Abu Dhabi (NBAD), said there are various reasons why he believes that the GCC countries are unlikely to implement VAT in the near future. The introduction of VAT can dilute one of the region's key advantages of being viewed as a zero-tax environment. In addition, he commented, the GCC countries still have other options in terms of balancing their budgets before having to resort to more traumatic options such as the introduction of VAT.

There is no official decision about the implementation of VAT or a corporate tax yet. Therefore, it is probably too early for businesses to start making widespread changes to their supply chain functions or to their operating and business structures or to model the financial impact of VAT and corporate tax in business plans. Nevertheless, we will keep an eye on tax-related developments and keep you updated.

New technology offers seamless departures and arrivals

Immigration counters will soon be relics of the past as Dubai International Airport is pressing on with plans for contactless departures as early as next year. And since the sky is no longer the limit when it comes to passenger comfort, passengers of Emirates Airlines could go through this immigration process on board before landing at Dubai International Airport. At the moment, the airline is coordinating with other partners and is planning for this contactless process to be launched in the first quarter of 2016. In the first phase, departures will be without immigration counters, and in the second phase it will be implemented for arrivals. The combination of advanced passenger information, biometrics, and IRIS on-the-move technology (IOM) will help the seamless departure and arrival of passengers at the airport within seconds.

Emaratech - the leading online, 'smart' and technology solutions company in the Arab region - is behind all 'smart' gates at the Dubai airport. The company is currently working to maximise the benefit of having IOM and believes that IRIS on-the-move is the future of intelligent traveling. The Dubai International Airport already has 125 e-gates and smart-gates where departure and arrival is possible without stopping at immigration counters. The smart gate uses IRIS cameras to capture facial and eye biometrics of registered users. Passengers can speed through immigration in as little as 20 seconds. This means, three passengers will be able to proceed each minute using the smart-gate. Because of this, UAE citizens and residents have to register before using the smart gates at one of the 20 registration stations across Dubai. Also, Dubai's second airport, Al Maktoum International Airport, which does not have e-gates or smart-gates at the moment, will have them next year. We are excited to see whether contactless departure and arrival will be implemented next year and if it will make traveling to and from Dubai more convenient.

UAE SMEs reveal investment priorities in bid to boost competitiveness

In a business survey of more than 150 SMEs in the UAE and carried out by the business intelligence provider, MEED, spending on sales and marketing topped the list of priorities for respondents. 63 % of the participants say they will invest in this area to drive further growth in the coming months. Staff training and development came second at 42 % Product development and innovation is also a key investment priority for 40 % of respondents, while other important investment considerations include Strategic Partnerships at 39 % and Technology and IT Security at 30 %.

"Focusing on sales and marketing improvements is definitely a good investment strategy for growth, but what is important to highlight is that a good number of SMEs are giving product development and innovation a big push by making it a key priority area of investment to enhance their competitiveness," says Richard Thompson, Editorial Director of MEED. "Many business experts believe that innovation is critical to attracting market capitalisation, which makes for a compelling reason why start-ups and small businesses should innovate."

More than 150 small business owners answered the MEED survey on investment plans, highlighting their priority investment areas for this year that also include improving customer service (25 %), recruitment (20 %), as well as enhancing workplace culture and environment (19 %). The survey was carried out as part of the Gulf Capital SME Awards programme, which MEED launched years ago to celebrate business success, innovation and growth in the SME sector in the UAE.

5 Real estate projects aiming to break world records

Meydan One: The project Meydan One with a gross floor area of 5,500,000 square metres will include the 711 metre high Dubai One Tower, the world's tallest residential tower; the world's highest restaurant at 675 metres; the world's longest indoor ski slope at 1.2 kilometres; the world's largest indoor gymnasium at 25,000 square metres; the world's highest 360° observation deck at 655 metres and the world's largest dancing fountain at 420 metres in length. Understandably, Meydan, a Dubai-based developer, is aiming for quite a few world records.

Burj 2020: Dubai's Multi-commodities Centre and developer of Jumeirah Lakes Towers, will built the Burj 2020 district - home to the Burj 2020 tower, billed to be the world's tallest commercial tower. The company has got Adrian Smith + Gordon Gill Architecture (AS+GG) to design the tower, while WATG, a destination creation consultancy, is working on the master plan of the district. Construction is expected to begin this year with plans to complete the tower before 2020.

The Twin Towers in Dubai Creek: Emaar Properties, Dubai's largest developer, will work on the tallest twin towers in the world in their Dubai Creek Harbour at The Lagoons. When completed, they will surpass the 1,483-foot Petronas Towers in Kuala Lumpur, Malaysia.

Dubai Eye: Meraas Holdings, developer of the Dubai Eye, the world's largest ferris wheel, on its Dh6-billion Bluewaters Island, will display Marsa Al Seef project. The 210-metre Dubai Eye will offer views of the emirate's coastline and landmarks such as Burj Al Arab, Palm Jumeirah and Burj Khalifa.

Sharjah Waterfront City: Also vying for attention is the Sharjah Oasis Real Estate Development Company, the new kids on the block, which will build its Dh20 billion waterfront city with 200 towers, 95 apartment buildings and a water park. The city will house 200,000 people.

These 5 projects are worth billions of Dollars. Let's see if the developers can achieve their ambitious targets and how long the construction will take. When thinking back to the last half of the past century, it was mainly the USA claiming to have the most, highest, greatest, etc. So it looks like the "gigantomania" has slipped eastwards. Nevermind, these projects consume money, create jobs and are ultimately positive for the economy. So Dubai shall be the home for the most, greatest, highest, largest or whatsoever-est. Highly appreciated! We are amused!

Abu Dhabi's financial free zone goes operational

The UAE's second financial free zone, the Abu Dhabi Global Market (ADGM), started its business activities on 21 October 2015. Companies and individuals can now apply for the appropriate financial service licenses, under an internationally recognisable legislative and regulatory framework that facilitates their local, regional and international expansion.

The new financial regulations and rules framework is comprehensive in scope, spanning a variety of regulated financial services, including: asset management, banking and insurance businesses. The regulations also include requirements to safeguard the interests of the marketplace, market infrastructure system, market conduct rules, and ADGM's enforcement powers and disciplinary actions.

Ahmed Ali Al Sayegh, chairman of ADGM, termed the free zone opening to business as "an important achievement in our journey to develop an international financial centre in the heart of the capital of the UAE, a centre of wealth and a gateway to the growing economies of the region and beyond."

Well the time has come – DIFC has got a competitor. We are eager to evaluate the pros and cons of these two service providers in our next newsletters. Furthermore, we are also happy to support our clients in their intentions to set up financial businesses.

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