



Dear Friends and Clients,

Isn't it impressive to live in a country where the obligation to read is defined by a law? If you are employed, will you be required to pause your duties, take up a book and start reading? Will there be exact reading times, like the prayer times? Does the law apply to foreigners?

In addition, questions arise such as: what are you supposed to read? Will there be regulations in the law? Will some hours be for religious literature, some comedic, some belletristic? We too are very curious.

And the next piece of good news: Neither corporate nor income tax are to be expected within the near future. Can you imagine a European country suffering the loss of 40% of its revenue?! Immense new taxes would be levied to compensate for this failure. Europe's highly developed countries have to carry the burden of over-socialisation. This burden hardly applies to Mid-East nations. Nevertheless, it seems remarkable that the UAE seems to have mastered the failure of revenue caused by the oil slump without any significant increase in taxes and duties.

*Likewise, being a resident in the UAE also means that the **automatic exchange of information (AEOI)** will target the UAE tax authorities. If you hold a bank account or are the settlor in a trust then this reporting will be focused on your country of residence, not your country of citizenship.*

To make sure that your assets are disclosed according to the regulations of the AEOI, you should talk with your bank in time or form a trust.

"The automatic exchange of information is understood to involve the systematic and periodic transmission of "bulk" taxpayer information by the source country to the residence country concerning various categories of income (e.g. dividends, interest, royalties, salaries, pensions, etc.)" (OECD).

So make sure you provided all necessary proof that you are a resident in the UAE if you want to avoid the information being disclosed to your home country's tax authorities.

Wishing you a joyful winter. I remain yours,

Theodor Strohal

Internal SLG News

Dr. Strohal will be speaker at the Bosco Conference at Grosvenor House Dubai on 7th December. He will talk on "Austria as one of the most competitive hubs in holding structures".

Jana Krok, LL.M. will hold a speech about the latest updates regarding the UAE Labour Law at the 3rd Round Table Meeting in RAK on 7 December 2016. Furthermore, she will be the guest speaker at Modul University Dubai on 10 December 2016 and will teach students about various options for international dispute resolutions.

UAE personal income tax not on the cards at present

The UAE has no plans to impose new taxes on individuals and the government is not planning to introduce more fees for services, local media reported Younis Al Khouri, under-secretary at the Ministry of Finance, as saying.

Governments across the Arabian Gulf have been planning fresh ways to raise money as low oil and gas prices open up big deficits in state budgets. In 2018, the six members of the GCC plan to introduce value-added tax (VAT). However, Mr. Khouri's remarks appeared to rule out, for now at least, the possibility of personal income tax in the UAE.

Beginning in November, the cabinet approved a Dh48.7 billion federal budget for 2017. Mr. Khouri told the Al Bayan newspaper that projects in the budget would not rely on new taxes, additional fees, or revenues from VAT. The budget will not be affected by changes in global oil prices, he added.

On corporate tax, Mr. Khouri said the ministry had spent years studying the social and economic impact of it and was now taking those studies to the Cabinet, with a view to building a comprehensive tax regime.

He did not elaborate on any possible changes to corporate tax, but did say an initial step in developing the tax regime had been taken with the decree last week setting up a federal tax authority.

UAE to reduce oil's role in GDP to 20% by 2021

Though oil is important, it shall not exceed a contribution of more than 20 per cent of GDP by the year 2021, said the Minister of Economy Sultan bin Saeed Al Mansouri at the 3rd UAE Economic Planning Forum 2016.

The UAE's economy has seen rapid development as a result of economic diversification and sustainable development in all sectors, which comes in line with the UAE's Vision 2021 agenda, aiming for a knowledge-and-innovation-based economy that is one of the world's strongest, most competitive economies, Al Mansouri pointed out.

"Our strategy at the moment is to build a knowledge-based economy driven by knowledge-based multi-sector industrial sectors such as transportation, renewable energy, as well as space and information technology." With five years left for the UAE's Vision 2021, the contribution of the industrial sector to the GDP here is to be increased from 16 per cent last year to 20 per cent in 2021, Al Mansouri said.

National Reading Law

The President, His Highness Shaikh Khalifa bin Zayed Al Nahyan, has issued a first-of-its-kind law designed to put legislation and executive programmes in place and define governmental duties to cement the importance of reading in the UAE.

The law aims to make learning a lifelong process for all members of society, and to promote the intellectual and cultural assets of the UAE's citizens. Here are some details:

- The law defines governmental duties to cement the importance of reading in the UAE
- It obliges coffee shops at shopping malls to offer reading material for its customers
- The law will grant employees dedicated time to read during working hours
- It essentially makes reading a right for everyone
- It aims to make learning a lifelong process
- The government will provide a 'knowledge briefcase' to families with newborn children

We will provide you with more details as soon as the law is officially published.

Ras Al Khaimah to launch adventure tours

Ras Al Khaimah will launch a range of adventure tours with the region's first commercial Via Ferrata (Iron Path). Tourists can tackle climbing, hiking and three zip-line challenges on the UAE's highest mountain range, with the world's longest zip-line and adventure park to follow in the fourth quarter of 2017.

The three-course Via Ferrata spans the rocky facade of Jebel Jais, the country's highest peak, which rises to 6,266 feet and is part of the rugged Al Hajar mountain range. It was created by Ras Al Khaimah Tourism Development Authority (RAKTDA), which is now working with industry stakeholders to develop 'experience' packages which will also cover accommodation and travel.

"The world-class Via Ferrata is the first in a range of mountain activity and adventure products we are developing specifically for nature and adventure seekers. Our Vision 2019 includes a road map for innovative hospitality concepts which take advantage of our destination's unique natural assets, including our amazing coastline, stunning mountain ranges, hot springs and expansive desert" said Haitham Mattar, CEO, RAKTDA.

Haven't paid traffic fines in RAK yet? Here's some good news

Traffic violations recorded after December 31, 2014, will come under another scheme put in place by the police, where the earlier you pay, the less your fine will be, Maj. Gen. Al Nuaimi pointed out. "As per this scheme, a driver will be entitled to a 50 per cent discount on radar-based fines in case he or she pays it within 50 days of committing the violation."

Should the driver pay the fine between the 51st and 80th day of having committed the violation, he/she will get a 30 per cent discount. From the 81st day, the motorist will need to pay the fine in full.

As part of the Ras Al Khaimah Police's celebration of the 45th UAE National Day, a 50 per cent discount on traffic fines has been announced. The discount scheme is effective on the traffic violations committed before December 31, 2014. The two-month scheme will take effect from November 1 to December 31.

RAK Properties triples its profits

Developer RAK Properties reported a 187.9% increase in net profits, to Dh79.1million in the first nine months of 2016, when compared to Dh27.4million in the same period in 2015. New launches and increased handovers have helped RAK Properties pull off this huge increase in net profit which was built on revenues of Dh305 million.

“Comparing the current year-to-date figures with those of last year highlights strong increases in both revenue and profit,” said Mohammad Sultan Al Qadi, managing director and CEO. “I expect this to continue following the recent development announcements and project handovers that have been made over the past few months.”

The developer had total assets of Dh4.76 billion as of September 30, 2016, an increase to the Dh4.75 billion in December 31, 2015.

UAE residents' bank accounts balloon to Dh1,321.8 billion

While government deposits are on a decline amid the oil slump, UAE residents continue to build their wealth, with the amount of private fortunes held in banks growing by several millions of Dirhams recently.

As of September 2016, the numbers in UAE residents' accounts ballooned to Dh1,321.8 billion, up by 3.4 per cent compared to a year earlier, according to the data provided by the National Bank of Abu Dhabi (NBAD).

A huge chunk of the residents' money is held in time and savings deposits in Dirhams and foreign currencies, which grew by Dh17.1 billion. Government deposits, on the other hand, dropped by Dh4.8 billion.

The UAE is also increasingly attracting cash from people based overseas, with the amount of non-resident deposits growing by Dh18.8 billion. According to NBAD, non-resident deposits reached Dh186.9 billion, up by 17.92 per cent year-on-year.

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