

## UAE

### DMCC Dual Licensing

The Dubai Multi Commodities Center (**DMCC**) and the Dubai Department of Economic Development (**DED**) have signed a Memorandum of Understanding permitting entities constituted in the DMCC Free Zone to seek a Dual Licensing status allowing them to operate on-shore.

This development is consistent with the Dual Licensing regime established in other Free Zones in Dubai and Abu Dhabi such as the Dubai design district Free Zone (d3), the Dubai International Financial Centre (DIFC), the Abu Dhabi Global Market (ADGM) and Masdar City.

### Foreign Ownership of Real Estate in Abu Dhabi

The Abu Dhabi Government recently issued Law No. (13) of 2019 amending Law No. (19) of 2005 on Real Estate Ownership (the **RE Law**). The RE Law implements major changes to the rules on foreign ownership of real estate in the Emirate of Abu Dhabi (Abu Dhabi City, Al Ain and the Western Region).

Effective from 16 April 2019, foreign individuals (non-UAE/non-GCC nationals) and companies wholly or partially owned by such individuals can now own freehold interests in land located within the designated investment areas of the Emirate of Abu Dhabi.

Freehold ownership means ownership of land to the exclusion of all others, that is unrestricted in time. It is a superior interest to the rights previously available to foreign owners. Prior to the amendments to the RE Law, foreign owners were able only to have a Musataha (a long term development right), a usufruct (a long term use right) or a long term lease, each for a period not exceeding 99 years over freehold interest/title to apartments, offices, villas and other real estate units.

Pursuant to the RE Law, foreign owners may now own, acquire and dispose of all principal real rights (including freehold ownership) and accessory real property rights (including mortgage) over real estate properties located within the designated investment areas of Abu Dhabi.

It appears that foreign owners that currently have a leasehold, usufruct or Musataha interest registered on the Real Estate Register in Abu Dhabi in respect of land within the relevant areas will be able to apply for the conversion of such interests into a freehold title. The Department of Urban Planning and Municipalities will set out the requirements, procedures and fees payable (if any) for converting such interest into a freehold title.

The list of investment areas include:

- Reem Island
- Yas Island
- Saadiyat Island
- Masdar City
- Al Maryah Island
- Nurai Island

## OMAN

### New Foreign Capital Investment Law

The new Foreign Capital Investment Law (the **FCIL**) (Sultani Decree No. 50/2019) was recently published in the Official Gazette. The FCIL is scheduled to come into force on 1 January 2020.

The Minister of Commerce & Industry (the **MCI**) will issue Executive Regulations under the FCIL which are scheduled to be published by 30 July 2020. These regulations are likely to include significant changes from the old FCIL. While further guidance is expected in the coming months, below are certain key developments that are currently envisaged.

Reports in newspapers have referred to:

- the minimum capital for companies with non-Omani owners being dispensed with or reduced; and
- the introduction of sectors where no Omani ownership will be required.

#### Investment Projects

The FCIL refers to “Investment Projects” and the requirement of an economic viability study to be approved by the MCI. It is unclear whether all foreign investments will be required to provide such studies for approval or only “Projects”.

The FCIL also includes a provision that states that the Omani Courts will have jurisdiction to hear disputes between an “Investment Project” and third parties and that they will hear such disputes on an expedited basis. But there is also a reference to arbitration being permitted.

#### Strategic Development Projects

In addition upon the recommendation of the MCI, the Cabinet may grant a single approval (covering construction and personnel as well as all other approvals) to establish, operate and manage Strategic Development Projects involving public facilities, infrastructure, energy (including renewables), roads, transport & ports.

The Executive Regulations will set out the rules and procedures for such approvals as well as for the granting of land for Investment Projects and exemptions from customs duties. These Projects will also be exempt from income tax.

Finally, the MCI will also issue a list of activities in which foreign investment will be prohibited.

## KUWAIT

### Value Added Tax (VAT) from April 2021

According to local news, VAT will be introduced in Kuwait at the rate of 5% starting 1 April 2021.

Kuwait is one of the six countries of the Gulf Cooperation Council (GCC) who committed to the introduction of VAT pursuant to the GCC VAT Framework in 2017.

So far, only the UAE, the Kingdom of Saudi Arabia and Bahrain have introduced VAT.

## **Upgrade to Emerging Market Status**

Kuwait is also looking to expand the role of private investment in its oil sector which coincides with its upgrade from frontier to emerging market status by indices provider MSCI.

Officials hope the planned promotion will attract greater institutional investment to its stock exchange. Boursa Kuwait is one of the region's oldest exchanges, opening in 1977. In recent years it has made significant upgrades to its infrastructure and regulatory framework, including the introduction of short selling, security lending and borrowing.

Fellow indices provider FTSE Russell has already promoted Kuwait to a secondary emerging market classification, while a relaxation of Kuwait's rules covering foreign ownership of national banks also helped encourage flows from international investors.

If technical requirements are met, Kuwait will take up 0.3 per cent of the MSCI's emerging market index in June 2020, joining Saudi Arabia, Qatar and the United Arab Emirates on the list.




Increased scrutiny from international investors is also expected to help improve the corporate governance of local companies.

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