

# Israeli investments, like all others, are protected here



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LEGAL VIEW

**Q** We are a company in Israel and looking at opening an office in Dubai to do business. Can Israeli companies set up business in the UAE? Will our investment be protected? Do we need a local sponsor?

**A** No one is above the law in the UAE. The emirate of Dubai and the UAE have a well-established, time-tested and robust regulatory and legal framework to protect all investors. The laws protect investments of all foreign investors, without any discrimination.

The UAE is ranked top in the Middle East for ease of doing business. The UAE Cabinet, chaired by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, has approved a resolution to endorse the Abraham Accords Peace Agreement and full diplomatic relations between the UAE and Israel.

A bilateral agreement is in place that gives incentives and protection to investors who make investments in each other's countries. In addition, the UAE has signed an investment protection treaty with Israel which strengthens economic ties, encourages competition and increases the attractiveness of investments between the two countries. The said treaty protects investments from non-commercial risks such as nationalisation, confiscation, judicial seizures, freezing assets, establishing licensed investments and transferring profits and revenues in convertible currencies.

Dubai has various industry specific free zones and provides overseas businesses with a choice to set up a business in a free zone or mainland Dubai. If you set up a company in mainland Dubai, the provisions of Federal Law No. (2) of 2015 on Commercial Companies (the 'UAE Companies Law') are applicable. Further, there may be a requirement of a UAE national to be a sponsor who will be your nominee/proxy to hold shares in the limited liability company, in mainland Dubai. This is in accordance with Article 10 (1) of the UAE Companies Law.

A nominee shareholder agreement entered between the investor and the sponsor shall fully protect the investor, for your shares held in the name of this sponsor. However, the aforesaid provision shall not be applicable if you have special authorisation from Dubai government to own 100 per cent shares in the share capital of your entity in mainland Dubai.

Depending upon the activity of your

business, you may choose to set up a limited liability company or a branch of a foreign company in Dubai.

Further, there is no requirement of a UAE national to be a shareholder for a branch of a foreign company in the UAE. However, you may need to appoint a UAE national as a local agent if you establish a branch of your company in the UAE and such local agent will only be entitled for annual local agent services fees, as agreed. This is in accordance with Article 329 of the UAE Companies Law, which states: "The agent of a foreign company shall be a UAE national. If the agent is a company, it shall be a UAE company and all its partners shall be UAE nationals. The obligations of the agent to the company and third parties shall be limited to providing such services to the company, without any responsibility or financial obligations in connection with the business or activity of the branch or office of the foreign company inside the State or abroad."



## Know the law

There is no requirement of a UAE national to be a shareholder for a branch of a foreign company in the UAE.

As you intend to establish your business in Dubai, there are various free zones which offer 100 per cent foreign ownership of businesses and you may, therefore, set up your new company or branch of your foreign company in any of such free zones in Dubai.

All investments made by Israeli investors and investors from any other country in their businesses in Dubai and the UAE are fully protected as the UAE leadership continues to provide utmost comfort and support to foreign investors doing business here.

## Are you required to repaint company's flat before moving out? Check your contract

**Q** In May this year, I vacated the accommodation provided to me by my employer. At the time of vacating it, I was told by my employer not to repaint the walls of the flat owing to the Covid-19 pandemic. He said he would get the repaint done and thereafter send the bill to me. However, it's been five months and I am yet to receive the bill. I want to know whether a limitation period exists after which I may refuse to pay for the costs arising from the repainting of the flat's walls.

**A** At the outset, we assume your employer's accommodation is situated in the emirate of Dubai.

## Know the law



The establishments shall provide an accommodation for its staff in case the number of staff at the establishment is 50 or more, and the total salary of each employee is less than Dh2,000 per month according to the Wage Protection System adopted by the Ministry

However, it may be noted that as your employer had provided you with an accommodation, the provisions of Law No. (26) of 2007 regulating the relationship between landlords and tenants in the emirate of Dubai (the 'Dubai Tenancy Law') and Law No. (33) of 2008 Amending Law No. (26) of 2007 regulating the relationship between landlords and tenants in the emirate of Dubai (the 'Amended Dubai Tenancy Law') shall not be applicable. This is in accordance with Article 3 of the Amended Tenancy Law.

Further, if your employer employs 50 or more employees and the salary of each employee is less than Dh2,000, the provisions of Ministerial Resolution No. (591) of 2016 concerning the commitment of establishments to provide accommodation to their employees (the 'Ministerial Resolution') shall be applicable upon your employer. This is in accordance with Article 1 of the Ministerial Resolution, which states: "The establishments shall provide an accommodation for its employee in case the number of staff at the establishment is 50 or more, and the total salary of each employee is less than Dh2,000 per month according to the Wage Protection System adopted by the Ministry. ..."

In continuance, it may be noted that regulations may be imposed by the competent local authorities which are beneficial to the employees. This is in accordance with Article 3 of the Ministerial Resolution.

Based on the aforementioned provisions of law, your employer may be under an obligation to provide you with an accommodation and any costs arising from the usage of the said accommodation may be borne by the employer on the basis of the obligations delineated in the employment contract. Therefore, you should check the provisions of the employment contract to determine whether you are obliged to repaint the accommodation upon vacating it.

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