



## United Arab Emirates

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### Law On Mortgaging Movables Issued

The President of the United Arab Emirates, HRH Sheikh Khalifa Bin Zayed Al Nahyan, has issued Federal Law No. 20/2016 On Mortgaging Moveable Properties as Security for Debts, which was published in the Official Gazette No. 609 on 15 December 2016.

Article 2 of the new Law provides that *"The provisions of this Law shall apply to any contract creating a mortgage right within the commercial or civil transactions carried out according to the provisions of this Law"*.

*"The mortgage right arising solely from acquisition"*, and the *"movable property of which all dispositions shall be registered in a special register"* are out of the Law's scope.

### Non-Muslim Courts to be Established

The Deputy Prime Minister and Chairman of Abu Dhabi's Judicial Department, Sheikh Mansour bin Zayed has announced on 30 January 2017, a special court to hear cases on matters like inheritance, divorce and custody for non-Muslims and expatriates shall be established.

The aim is to speed up proceedings and make them clearer.

The announcement comes as the number of cases by non-Muslims has increased since 2014 and non-Muslims now account for 25% of inheritance and personal status cases.

### Dubai Financial Services Authority Signs Agreement with European Securities and Markets Authority

The Dubai Financial Services Authority (DFSA) has signed a cooperation agreement with the European Securities and Markets Authority.

It follows a decision published in mid-December 2016 by the European Commission, which found the DFSA's regulatory framework for CCPs (Centre-based Central Counterparties) was equivalent to the European Union's. The European Commission's decision also confirmed the DFSA's framework complied with international standards set out under the International Organisation of Securities Commissions Principles for Financial Market Infrastructures.

The agreement relates to Dubai International Financial Centre-based Central Counterparties, and their compliance with the conditions set out in the European Union's Market Infrastructure Regulation (EMIR).

It was signed for the DFSA by its Chief Executive, Ian Johnston and for the Authority by its Chairman, Dr. Stephen Maijor.



## Oman

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### Oman Embarks on Major Tax Reforms

Amendments to the Oman's Corporate Tax Law introduced by Royal Decree No. 9/2017 and published in the Official Gazette on 26 February 2017 represent a radical overhaul of the previous tax regime under Royal Decree No. 28/2009. The changes have far-reaching cost implications for companies doing business in Oman as well as foreign investors without a permanent establishment in the country. The reforms have been in the pipeline since their approval by the country's bi-cameral Council of Oman and referral to the cabinet in January 2016. They are part of a package of fiscal measures announced in February 2017 aimed at diversifying revenue

resources to offset Oman's higher than forecast budgetary deficit for 2016 due to continued low oil prices (OMR 5.3bn, higher than the OMR 3.3bn expected as oil prices averaged USD 39 a barrel rather than the USD 45 assumed).

The main changes include:

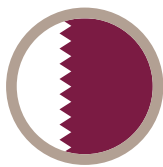
- removing the tax-free threshold of OMR 30 000 previously available to establishments, companies or foreign persons deemed to have a permanent establishment carrying on business in Oman;
- raising the corporate tax rate from 12% to 15% effective for all financial years beginning on or after 1 January 2017. A lower 3% micro tax rate is applicable to small tax payers who meet specific criteria;

- expanding the withholding tax net by imposing a 10% tax on dividends on shares and interests from 28 February 2017;
- extending the definition of income to include fees for services paid to foreign persons (natural or legal) who are not carrying on activity in Oman through a permanent establishment. Whereas the amendments to the withholding tax provisions came into force on 28 February 2017, the amendment to the definition of "income" comes into effect only on 1 January 2018. It is therefore unclear whether withholding tax deductions on service fees payable to foreign persons without a permanent establishment in Oman take effect now or on 1 January 2018;
- applying withholding tax provisions to ministries and Government bodies and other administrative units of the State; taxpayers are required to deduct the withholding tax at source and remit the same to the Government within a period of 14 days following the month-end in which the fees are paid or credited to the account of the tax payer;
- introducing a requirement for all taxpayers

to obtain a tax card from the Department of Taxation of the Ministry of Finance. The tax card number must appear on all of the taxpayer's contracts, invoices and correspondence. Ministries, administrative units of the State and companies in which the Government has a 40% shareholding must obtain a copy of the tax card before undertaking any transaction with the tax payer; and

- removing tax exemptions previously available for a period of ten years on income arising from the operation of hotels and tourism projects, agriculture, mining activities, export of local goods, fishing, health care and education. Only the manufacturing sector is now exempted from tax for a reduced period of up to five years.

In addition to the above, the tax regime has now moved on to a self-assessment regime the rules for which will be framed by the Ministry of Finance in due course. The amendments to the Income Tax Law have also introduced a number of penalties and punishments (including imprisonment) for officers of the taxable entities if they fail to comply with the provisions of the Law.



**Qatar**

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## Defining International Arbitration in Qatar

On 16 February 2017, the Emir of Qatar issued Law No. 2 of 2017 introducing the new Arbitration Law of Qatar (Official Gazette No. 3/2017, 13 March 2017. - see also: M. Khatchadourian, Overview of the Qatari Arbitration Law, *supra*). Previously arbitrations were categorised as either "foreign" or "domestic". However, the Arbitration Law has introduced a new term that translates literally into "international" with respect to categorising an arbitration. At this time it is unclear whether the use of the term "international" is intended to equate to "foreign", or whether an "international" arbitration is yet another category of arbitration distinct from "domestic" or "foreign" categories.

According to Article 2(4) of the Arbitration Law, an arbitration shall be "international" if the subject matter is related to international trade and at least one of the following requirements are met:

a) At the time of concluding the arbitration agreement the main places of business of the concerned parties are in different countries;

b) At the time of concluding the arbitration agreement any one of the following is located outside of the State of Qatar:

- the seat of arbitration as determined by the arbitration agreement;
- the place in which a substantial part of the contractual obligations is carried out;
- the location with the closest relation to the subject matter of the dispute;

c) The subject matter of the dispute is related to more than one state; or

d) The parties agree to utilise a permanent arbitral institution whose main offices are located in or outside of the State of Qatar (such as ICC).

With respect to item d) above this means that an arbitration conducted pursuant to the Qatar International Centre for Conciliation and Arbitration ("QICCA") may be categorised as an "international" arbitration for the purposes of the Arbitration Law.

So what does this mean? This could be helpful if the result is to permit a QICCA award to be enforced in the same way as, say, an award from an ICC arbitration seated in Paris. Unfortunately, the Arbitration Law does not