

When COVID-19 hit the UAE in late January 2020, most businesses hoped that the restrictive measures implemented by the UAE government and especially by the government in Dubai would be temporary and at most continue only for a few weeks. However, the reality is that COVID-19 is causing a worldwide recession with almost all major economies impacted by the pandemic. Businesses in the UAE now have to find and implement measures to ensure the continuity of the operations as well as a steady and secured cash flow. In this legal briefing we take a look at relief measures implemented by UAE free zones.

1. Decision of the Dubai Free Zone Council

On March 28, 2020, the Dubai government and the Dubai Free Zone Council agreed on certain cornerstones which should form part of the economic relief program for free zone companies in Dubai. The following measures have been agreed upon:

- postponement of rent payments
- introduction of payment plans
- refund of guarantees and security deposits
- waiver for penalties
- intra-corporate transfer of employees.

However, it is up to the respective free zone to further implement the measures and/or introduce additional measures as a relief program for their customers.

In the past weeks, almost all free zones announced various relief packages for their customers. Moreover, various free zones also included offers for new company set-ups by waiving or reducing the license and registration fees significantly.

Below is an overview of the relief packages announced and implemented by the various free zones in Dubai:

| Free Zone | Measures included in Relief Package |
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| <p>Jebel Ali Free Zone (JAFZA)</p> | <ul style="list-style-type: none"> • Deferred rent payments (up to 2 months) • Flexible payment plans • Up to 70% discount on registration, license and administration fees for new set-ups |
| <p>Dubai Airport Free Zone (DAFZA)</p> | <ul style="list-style-type: none"> • Due date for lease payments has been postponed for 3 months (with the new due date for lease itself) • Instalment payment for leases • Waiver of all fines and penalties • Waiver of license and registration fees for new set-ups |
| <p>Tecom- Dubai Development Authority (DDA)</p> | <ul style="list-style-type: none"> • Instalment payments for Building Permit Fees • Deferred fine payments (up to 3 months) • Increased validity periods for building permits, fit out permits, temporary construction permits, & permits to work within ROW (up to 3 months) |
| <p>Dubai Health Care City (DHCC)</p> | <ul style="list-style-type: none"> • Up to 100% discount for commercial and clinical fees for directly impacted sectors • Up to 50% discount for commercial and clinical fees for directly impacted sectors • Up to 50% discount for commercial and clinical licensing fees for directly impacted sectors • Up to 25% discount for commercial and clinical licensing fees for directly impacted sectors • 3 free rent for F&B outlets in DHCC properties • Up to 3 months deferred rent payment for DHCC properties • Waiver of admin fees for DHCC properties |
| <p>Dubai Silicon Oasis (DSO)</p> | <ul style="list-style-type: none"> • Rent waiver for retail sector (until government allows to re-open) • Waiver for late payment fines (valid until 31.08.2020) • Postponement of rent payments (up to 3 months) • Flexible payment plans • Waiver of service charges • Waiver of license and registration fee for new set-ups (valid until 30.06.2020) |

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| <p>Dubai Multi Commodities Centre (DMCC)</p> | <ul style="list-style-type: none"> • 30% waiver on license renewal • Waiver on penalties and fines • 50% waiver on new set up fees with one-year flexi desk • Digitalization for all processes |
| <p>Dubai International Financial Centre (DIFC)</p> | <ul style="list-style-type: none"> • 10% discount on license renewal fees (valid until 30.06.2020) • Waiver of base rent for retail sectors for 3 months • Deferred payments for rents (up to 6 months) • Reduction of property transfer fee from 5% to 4% (valid until 30.06.2020) • Waiver of license and registration fee for new set-ups (valid until 30.06.2020) |

2. Other Emirates

In addition to the Dubai based free zones, free zones in other Emirates have also introduced different relief packages for their customers:

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| <p>Ras Al Khaimah Economic Zone (RAKEZ)</p> | <ul style="list-style-type: none"> • Waiver of penalties and fines • 15% discount on license renewal fees for office space • 50% discount on license renewal fees for industrial sector • 25% discount on new dependant visa • Waiver of bank guarantees (for new visas) • Flexible instalment plans |
| <p>Abu Dhabi Global Market (ADGM)</p> | <ul style="list-style-type: none"> • Waiver of license renewal fees (valid until 25.03.2021) • Waiver of business activities renewal fees (valid until 25.03.2021) • Waiver of data protection renewal fees (valid until 25.03.2021) • 50% discount for incorporation fees new set-ups (valid until 31.12.2020) |
| <p>KHALIFA INDUSTRIAL ZONE ABU DHABI (KIZAD)</p> | <ul style="list-style-type: none"> • 15% discount on the 1 year license (for existing and new customers) • 20% discount on 2 year license (for existing and new customers) • 25% discount on 3 year license (for existing and new customers) |

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| | <ul style="list-style-type: none"> • Waiver of security deposit requirements for new and existing customers |
| Ajman Free Zone (AFZ) | <ul style="list-style-type: none"> • Waiver of Cheque Service Fee (up to 3 months) • 25% reduction in labour accommodation rent fee • Waiver for license renewal fees and late renewal fines. • 50% discount on accumulated fines with regards to license cancellation • Waiver of e-channel smart service fees |

3. Summary

The free zones in the UAE, following the directives of the UAE government and instructions by Emirate-level governments, have given out extensive stimulus packages to their customers aimed at ensuring the business continuity of companies and providing them the support they need to successfully overcome the crisis.

Companies based in these free zones are now required to take advantage of these relief packages which would help them stay afloat in the crisis by enhancing liquidity and reducing the operational costs. For any queries in relation to the this topic please contact yulia.kasiyanova@schlueter-graf.com.

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