



Economic Response by Dubai Authorities on CoViD-19

Team

Diacron Group established its presence in the United Arab Emirates in 2008, today with two operating offices and a team composed by 30 professionals.

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The UAE economy is being affected by the spread of global epidemic CoViD-19, with the related shutdowns and economic knock-on effects. Besides the procedures enacted by local authorities to limit the spread of the virus, including closure of venues, wide-ranging travel restrictions and remote work measures, the Government has addressed immediate challenges faced by resident individuals and economic operators, such as demand declines and cash management problems.

Below the main responses:

Economic stimulus package to companies based at Dubai Free Zones

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| 28 March 2020 | <ul style="list-style-type: none"> • Postponing rent payments for up to 6 months • Facilitating installments for payments • Refunding security deposits and guarantees • Cancellation of fines for both companies and individuals • Temporary contracts that allow the free movement of labor between companies operating in the free zones • Reducing registration fees • Waiving annual license fees for new companies |
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The stimulus package will be implemented* by Dubai Silicon Oasis Authority, Dubai Airport Free Zone Authority, Jebel Ali Free Zone, Dubai World Trade Centre, Dubai International Financial Centre, Dubai Development Authority, Dubai South, Meydan City Corporation, Tecom and Dubai Multi Commodities Centre.

*For further details, you can contact your Free Zone authority or one of our consultants

Source: Government of Dubai, Media Office

Tax Response

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| 19 March 2020 | <ul style="list-style-type: none"> • A refund of 20% of customs duties paid on imported goods that are sold locally, cancellation of bank guarantee required to clear goods; • A 90% reduction of customs clearance fees; • Revocation of AED 50,000 bank or cash guarantee which is required to undertake customs broker activity. Existing bank or cash guarantee of current customs broker and clearing companies shall be refunded. |
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Source: Government of Dubai, Dubai Customs

| Monetary Response | |
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| 14 March 2020 | <p>The Central Bank of the UAE (CBUAE), after reducing interest rates by 125 basis points early this year, announced a AED 100 billion (6.7% of GDP) targeted economic package comprising:</p> <ol style="list-style-type: none"> i. zero-interest rate collateralized loans to banks (AED 50 billion); ii. allowing the use of banks' excess capital buffers (AED 50 billion); iii. 15-25 percent reduction in provisioning for SME loans; iv. increase of loan-to-value ratio for first-time home buyers by 5 percentage points; v. limiting bank fees for SMEs; vi. waiver of all payment service fees charged by CBUAE for six months; vii. raising the limit on banks' exposure to the real estate sector from to 30% of risk-weighted assets, subject to adequate provisioning. |
| Source: Central Bank of the UAE, IMF | |

| Financial Response by Dubai Banks | |
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| Dubai Islamic Bank, Emirates Islamic | Commercial Bank of Dubai, Mashreq, Emirates NBD |
| <ul style="list-style-type: none"> • Customers who have availed personal finance, auto finance or mortgages can apply for a one month repayment holiday with zero fees • Financially impacted customers (unpaid leave, other valid reasons) can request up to 3 deferred monthly installments without fees and profit charges • Customers using credit cards for cash withdrawals will enjoy 50% reduction in the cash advance charges • Credit cardholders can avail 0% Easy Payment Plans on school fee transactions with zero processing fee • Debit and credit cardholders can request refunds on foreign currency charges related to Travel / Hotel cancellations | <ul style="list-style-type: none"> • Customers who have availed personal finance, auto loans or mortgages can apply for a one month repayment holiday with zero fees • Retail loan customers who have been placed on unpaid leave by their employers can approach the bank for repayment holiday of up to three months with zero interest and fees • Customers who may need to cancel their travel bookings done on their credit and debit cards will receive a refund of the foreign currency transaction fees charged by the bank • Customers using credit cards for cash withdrawals will enjoy 50% reduction in the cash advance charges • Credit card customers can benefit from interest-free installment plans for all school fee payments as well as grocery purchases with no processing fees for up to 6 months |
| Source: Government of Dubai, Media Office (21 March 2020) | |

This is a brief overview by DIACRON on recent announcements by the UAE Government and the information contained herein is provided on an "as is" basis with no guarantee of completeness, accuracy, usefulness or timeliness.