

UAE ALLOWS 100% OWNERSHIP OF BUSINESSES FOR FOREIGN NATIONALS FROM 01/12/ 2020

Under the new legislation, the UAE will allow [100% ownership of businesses for foreign nationals from 01/12/2020](#).

BEFORE THE AMENDMENT

Previously, all businesses were required to have a UAE citizen sponsor, whilst foreign investors could hold up to 49% of a mainland UAE 'limited liability company' (LLC), operating as an onshore UAE business. This required an Emirati individual or 100 per cent Emirati-owned company to hold a 51 per cent share as a local sponsor.

THE AMENDMENT

Under the new amendments to the [UAE Federal Law No. 2 of 2015](#) on Commercial Companies, businesses can now be fully established by non-Emiratis of all nationalities, with companies now having a maximum of one year to comply with the amended law from the time its articles become effective. This can be extended under a decision by the cabinet as proposed by the Minister of Economy. The decree supersedes the UAE Federal Law No. 19 of 2018 on Foreign Direct Investment (FDI Law).

NOTE

It is still up to the discretion of the local governments to determine the level of ownership for eligible industries and economic activities. This will be crucial and will have a significant impact because while investors and businesspeople would expect to receive complete 100% ownership rights, the local government will make that decision and it may potentially differ between each of the Emirates.

