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Gulf Countries

An Overview Over Agency Laws in the Gulf

Guiding Principle

Thinking of the Gulf as a region of individual yet closely linked countries requires a special comparative view over the legal situation in various areas of law. Agency legislation in particular is in constant focus of attention throughout the Gulf. This article shall briefly review the agency laws of five Gulf Countries. It will provide an insight into parallels and differences and clarify, that despite similarities a successful market penetration may require different legal approaches in the different Gulf countries.

A. Introduction

Many businesses of foreign investors in the Gulf area would not be as successful as they are today without the support of a trade agent. In turn, Gulf countries have seen a promising opportunity for their citizens to partake in foreign investment activities by regulating the institute of trade agencies in their national legislation. Though commonly guided by the aforementioned principle, details of regulating trade agencies in the respective trade agency laws took different shapes. For businesspersons, who see the Gulf as a region and who consider to invest in a number of Gulf countries, it is of vital interest to know what concessions the appointment of a local trade agent may require.

The following article shall thus sheds light on the Agency Laws of the Sultanate of Oman (Oman), the United Arab Emirates (UAE), the Kingdom of Bahrain (Bahrain), the State of Kuwait (Kuwait), and the Kingdom of Saudi Arabia (Saudi Arabia). The laws shall be examined in their contents with regard to the definition of a trade agency, the nationality, formal requirements for the agency agreement as well as exclusivity and territory and the possibility of termination.

B. Definition of Trade Agency

When considering the term "trade agency", reference shall be made to the definitions in the concerned countries' Agency Laws. These definitions may very well differ from one another, as they may differ from the terms used e.g. in the national Code of Commerce or other civil and administrative laws.

Art. 1 of the Omani Law of Trade Agencies defines a trade agency as every contract based on which, a producer or a provider, outside the Sultanate, obliges himself to a merchant or more, or a commercial company or more, in the Sultanate, to sell, promote or distribute goods products and services. Regardless if he acts as an agent representative or medium for the producer or original provider who is not legally present in the Sultanate in consideration for profit or commission.

Art. 1 of the UAE Federal Law No. (18) of 1981 Concerning Organizing Trade Agencies defines a Commercial Agency as the representation of a principal by a trade agent for the distribution, sale, offer or provision of a commodity or service inside the UAE against a commission or profit.

In accordance with Art. 1 of the Bahraini Legislative Decree No. 10 of 1992 a

Commercial Agency means: representing a principal in the distribution of goods and products or displaying them for sale or trading purposes in consideration of profit or commission or providing facilities of any kind whatsoever including overland travel, shipping or airline agencies, tourist and travel agents service, insurance, printing, publishing, press, publicity and advertising agencies and firms and any other commercial activities to be specified by an order of the Minister for Commerce.

Art. 1 of the Kuwaiti Law 13 of 2016 to organize Commercial Agencies includes a definition of Commercial Agency: As any agreement through which anyone - lawfully permitted - to entrust to a merchant or company in the state, to sell or promote or distribute goods or products or provide services as an agent or distributor or franchisee or licensee or the primary importer, in lieu of profit or commission.

The Saudi Law 11 of 1382 H does not provide an independent definition of Commercial Agencies.

C. Nationality Provisions

All Agency Laws require the trade agent to be a national of the respective country.

A special differentiation has to be made regarding legal persons i.e. companies. In Oman (Art. 3), Bahrain (Art. 14) and Kuwait (Art. 2), they have to have national shareholders, who hold a percentage of not less than 51%. In Saudi Arabia (Art. 1) and the UAE (Art. 2) companies that work as trade agents have to be 100% owned by nationals with shareholders being restricted to natural persons only in the UAE.

Bahrain further explicitly states in its Agency Law that a trade agent must have its head office in Bahrain (Art. 14). Saudi Arabia stresses that any company acting as trade agent must have a board comprised purely of Saudi citizens and all signatory authorities have to be given to Saudi nationals only (Art. 1).

D. Formal Requirements

All countries have a number of formal requirements for the agreement itself as well as the formality of registering the agreement with the competent authorities.

With regard to the format of the agreement, the Saudi Law does not contain any provisions. The UAE only requires a written and notarized agreement. In all other countries format and contents of the agreements are further outlined in the law, such as names and nationalities of the parties have to be mentioned (Oman Art. 6 b 1, Bahrain Art. 3 a, Kuwait Art. 3 1). Also the objects or services to which the agency applies (Oman Art. 6 b 2, Bahrain Art. 3 b, Kuwait Art. 3 2), the area or territory of the agency (Oman Art. 6 b 3, Bahrain Art. 3 c, Kuwait Art. 3 4) and the term of the agency (Oman Art. 6 b 3, Bahrain Art. 3 d, Kuwait Art. 3 5), as well as the rights and obligations of the parties .(Oman Art. 6 b 2, Kuwait Art. 3 4, Bahrain Art. 3 b) must be mentioned.

Oman further states that the agreement and all its amendments have to be in written form and attested by the Omani Chamber of Commerce and Industry, when concluded in Oman or in the way outlined in executive regulations, when concluded abroad (Art. 6 a). Furthermore, Oman requires that the agreement must be concluded between the producer or the original distributor of the objects or services (Art. 6 c).

In Bahrain, the area of business of both parties (Art. 3 e) and trade names and trademarks of the products subject to the agency (Art. 6 f) must be specified. Another mandatory aspect to be included in Bahraini Agency agreements is the trade agent's obligation to provide spare parts to any of the products subject to the agency. The same duty is imposed onto the trade agent by law in the Omani (Art. 9), Kuwaiti (Art. 5) and UAE (Art. 21), even if not specifically mentioned in the agreement. A voluntary arbitration clause must be included in Bahraini agency agreements as well (Art. 3 h). The previous mandatory arbitration rule was largely modified and the arbitration body once established particularly for the termination of unlimited agencies (former Art. 9) has vanished from the law.

A similar body does still exist in the UAE law (Artt. 27, 28). The Ministry of Economy has established a committee to look into any dispute arising from any commercial agency registered with the Ministry (Art. 28).Only such committee decisions can be challenged in the competent court within a period of 30 days. A similar mandatory arbitration body also exists in Oman (Art. 18). Kuwait finally also foresees a way of terminating the agreement (Art. 3 6).

All referenced Agency Laws contain the duty to register an agency with the concerned authorities and the procedures applicable therefore or at least state an unregistered agency as illegal (Saudi Arabia Art. 3, Oman Art. 2, 3 Bahrain Art. 13 a, Kuwait Art. 7, UAE Art. 3). Few of the states have a provision prohibiting courts from taking into account any unregistered agency agreements (Bahrain Art. 13 b, UAE Art. 3).

E. Exclusivity

The UAE has an extremely wide exclusivity system in its legislation, by prohibiting the registry of a commercial agency in the name of another trade agent (Art. 8) and providing, that a principal can have one trade agent for each Emirate at maximum. Bahrain does not include any references to exclusivity. The same applies to Saudi Arabia, where however jurisdiction follows the approach, that agency agreements are not deemed to be exclusive unless this was agreed upon by the parties. A similar approach is in the Kuwaiti law. Art. 4, which states, that the import or distribution of a good shall not be exclusive to the trade agent or distributor and if it were, even with a trademark, all legal conditions must be met. In Oman already the definition of agency (Art. 1) allows for a plurality of trade agents.

F. Territory

All legislations apart from UAE and Saudi Arabia provide for an outline of the territory to which the agency applies. On the other hand, the UAE provides special provisions in Art. 5 limiting the minimum geographical area for a trade agent to a single emirate.

G. Termination

Termination of an agreement can generally be achieved by two means: Either the agreement has a previously set expiry date or it is terminated – either unilaterally or by court.

The legislations of Kuwait (Art. 3 7) and Bahrain (Art. 8) explicitly provide for fixed term agency agreements, whereas Oman and Saudi Arabia remain silent about this point. However, since Saudi Arabia directly applies islamic sharīʿa, the general rule that conditions must be adhered to the most possible extend also applies in Agency Law. Thus, a fixed term agency agreement should well be possible. Another provision can be found in the UAE Law, Art. 8 prohibiting the principal from termination or refusal to renew an agency agreement without a material reason unless referring the dispute to the Commercial Agencies Committee.

With regard to a unilateral termination, Saudi Arabia and Omani Laws do not contain any specific provisions. Again, in Saudi Arabia the termination of an agency agreement is possible, when the termination procedure established in the agreement is closely followed. Bahrain and the UAE have a similar system to each other with regard to unilateral termination: For the principal to terminate, there should be a justified reason and the case should be handled by the specialized committee (UAE Artt. 8, 27, 28 and Bahrain Artt. 10, 9). Kuwait, though providing for a termination procedure in the agency agreement in accordance with Art. 3 6 of its agency law, requires a breach of the agreement from the trade agent in order to give a right of termination to the principal. All mentioned countries give a trade agent the right for damages in case of unlawful termination.

H. Assessment and Conclusion

Agency Laws throughout the Gulf region follow a common pattern with regard to protection of nationals, registration and the desire for a stable agent – principal relationship.

Yet they can differ in size and depth of regulation from a formal aspect. Ironically enough it is the largest Gulf country – Saudi Arabia – that has the shortest agency law; whereas the smallest Gulf country – Bahrain – (being slightly smaller than the City State of Hamburg in Germany) has the most detailed Agency Law.

Also from a content point of view, the balance between the positions of the principal and the trade agent in the established relationship can differ condiderably. Whereas Oman and Kuwait allow foreign minority shareholders to be part of a legal person acting as trade agent, this is impossible in Saudi Arabia and the UAE.

Furthermore, the UAE in core does not allow parallel agents. Though a principal could have up to seven agents in the UAE, they would always have a separate territory. In Saudi Arabia, Kuwait and Oman this is different and having a nonexclusive trade agency is legally acceptable.

It is also virtually impossible to terminate a registered trade agent in the UAE, whereas all other Gulf states - and be it by drafting the agreement for a limited period with a possibility for renewal in Bahrain – there is an option for the principal to change his trade agent.

In conclusion - the legal landscape in

several gulf countries does show similarities, but can have significant differences. This implies different ways to establish and act in a principal - agent relationship. In a very strict system, the tendency to be reluctant with registering an agency agreement prevails. In other Gulf countries, the same approach might not be in the patron's interest, because only a registered agency agreement will bring safety as it opens the way to full court jurisdiction.

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Egypt

New Investment Law in Egypt

Guiding Principle

In the continuous efforts of the Egyptian Government to get the country out of the spiral of its huge difficulties, Egypt's House of Representatives approved on May 7, 2017 a new investment law that grants investors a number of incentives, as a part of the ongoing efforts aiming at bringing back more Foreign Direct Investments to the country

The new law came as a part of the radical reform that the Government is imposing, including floating the national currency, reducing subsidies to all of the services and the products, reaching to canceling it at all within a period of few years and increasing the fees of all the governmental services. The Government's aim with this reform, which faces a lot of domestic resentment, is to reduce the budget deficit by cutting its expenses through reducing the subsidies and at the same to increasing its income through increase of fees and opening the doors to foreign investment.

A. Status of Egypt after the 2011 Uprising

While the 2011 uprising in Egypt has succeeded in achieving its target by removing the former president Hosni Mubarak from power, it caused a lot of unrest in the country as well. This has been exacerbated by the occurrence of several terrorist attacks as a result for the rapid political changes. This has led to a nearly complete cessation of tourism and caused several local industries to cease operation.

B. Facing the Difficulties

As the new administration took control, it started a reform that caused lot of domestic resentment. The main features of that reform are:

1. Floating the national currency, where it lost dramatically a large proportion of its value causing a large increase of most of the products and services in the country.
2. The Government also continued by reducing subsidies to all of the services and products it used to provide from several decades.
3. Finally, the Government started increasing the fees of all the services it provides.

The Government justified its policy by pointing out that this is the only solution to get the country back on track.

As the status in the country became more stable, the Egyptian Government started investing in building huge national projects all over the country.

This included the expansion of Suez Canal, the most important source of income for the country currently, establishing the economic zone for the canal, extending the roads network in the country and building new cities including a new capital.

The Egyptian Government is aiming from its large spending in national projects, to attract foreign investment that commensurate with the value of these projects. The final target is to overcome the current difficulties in the shortest possible time.

C. The Key Guarantees and Incentives Provided Under the New Investment Law

The new investment law includes some of new incentives, such as a fifty (50) percent tax discount on investments made in underdeveloped areas and government support for the cost of connecting utilities to new projects. More specifically it includes the following:

1. Limiting the right to suspend or terminate any license and/or allocation of properties granted to any investor subject to satisfying the following conditions:

   a) serving a notice to the said investor outlining the relevant breaches and/or violations; made thereby;

   b) granting a reasonable time to the said investor to legitimize the breaches and/or violations above; and

   c) taking an opinion from the General Authority for Free Zones and Investment before issuing of the said suspension or termination.

2. Granting a residence permit to foreign investors throughout the term of their investment projects in Egypt;

3. Accelerating the liquidation process by requiring receipt of a written notice from the competent authorities outlining all liabilities on the company that is under liquidation by no later than one hundred and twenty (120) days from the date of submitting the relevant liquidation request;

4. Exemption from the custom duty that is imposed on importation of mould or any similar tools for the purpose of temporary using same in Egypt for industrial projects;

5. The right to directly import raw materials, equipment, spare parts and/or transportation means as necessary for investment project without requiring the registration with the Importers Registry;

6. The right to repatriate profits and/or receive international finance without any restrictions;

7. Exemption from stamp duty and notarization fee imposed on Articles of Incorporation, Facilities and Loans Agreements, Security Documents and/or Plot of Lands Purchase Agreements for five (5) years starting from the date of registration with the Commercial Registry;

8. Application of a unified custom duty at a flat rate of only two (2) percent of the value of any equipment, machinery and devices that are necessary for establishment of investment projects;

9. Tax reduction for seven (7) years starting from the date of starting investment projects in Egypt at the following rates, subject to the issuance of the Executive Regulation of the New Investment Law.

D. Social Responsibility

For the first time in Egypt, the New Investment Law explicitly allows investors to allocate up to ten (10) percent of the net profits thereof to social development systems by contributing to any of the following fields;

1. Provision of healthcare, social or cultural services or programs or any other development areas; technical education support or financing of researches or studies aiming at developing or improving production in collaboration with any university or scientific researches institution; and

2. scientific research and training.

Investors will also be having the right to deduct the aggregate amount of the allocated percentage as a part of the deductible expenses for the purpose of calculating income tax purpose.

E. Foreign Employees

Investment projects may employ up twenty (20) percent foreign employees (calculated based on the total number of employees) if there are insufficient local employees with the necessary qualifications. Foreign employees will be permitted to repatriate their income outside of Egypt.

F. Additional Activities

The Law extends the range of objects available for the incorporation of a company to include the following additional activities:

1. The production and manufacture of agricultural production input

2. education,

3. waste recycling

4. river and coastline transport, storage and logistic services

5. youth and sports projects.

The Law also abolishes the requirement for hospitals and medical centers to provide ten (10) percent of their service at no cost as a condition to their enjoying the incentives and guarantees provided pursuant to the Law. In addition, the Law seeks to implement various changes to the administrative structure of the investment sector in Egypt.

G. Changes to the Incorporation of Companies

A new electronic incorporation system will be introduced by the General Authority for Investment. Other related public authorities will be required to streamline their procedures and connect their databases to that of the General Authority for Investment. Under this system, a company will be able to be incorporated and registered electronically.

The shares of companies incorporated under the Law shall be centrally deposited. The General Authority for Investment is to develop procedures to facilitate capital increases and decreases.

H. Other Procedures

The Law sets out deadlines for the completion of tasks by the General Authority for Investment. For example, ratification of board and general assembly resolutions must be completed within fifteen days. Decisions on requests for incorporation of new companies must be made within one business day. The Law provides two methods to assist investors in starting and continuing to do business in a timely and efficient manner. These methods are the ‘authorization offices’ and the ‘investment windows’.

An investor who wishes to assess if the investor qualifies for certain projects may approach the ‘authorization offices’ which shall review all permits and authorizations obtained by the investor to determine whether the investor has all necessary documents to proceed with the proposed project.

Investors may submit requests (e.g. requesting the issuance of approvals) which they would otherwise have had to address to other authorities to ‘investment windows.’ These investment windows replace the ‘one-stop-shops’ introduced by the current Investment Law, which were cumbersome to implement, due to the lack of sufficient qualified personnel and the bureaucratic complications.

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Saudi Arabia

Newly Introduced Taxes in Saudi Arabia: Selective, Family Levy for Expatriates; and VAT Starting from January 2018

Guiding Principle

As Saudi Arabia entered into a recession caused by the drop in the global oil prices - the main source of revenue for the country – which in turn led to a deficit at its budget, the Government enforced several measures to cut spending and generate income from other sources. This included reducing subsidies on electricity, water and petroleum product, increasing fees on several services and imposing new fees. A selective tax was introduced in June, followed by family levy on expatriates, which started, from the beginning of the current month. Additionally, VAT will be enforced also from 1st January 2018, simultaneously with the rest of the Gulf States, which are facing similar challenges.

A. Recession in Saudi Arabia

The Saudi Arabian oil-based economy is the largest amongst the Arab countries. Possessing about 16% of the world proven petroleum reserves, the Kingdom is ranked as the largest exporter of petroleum. With such reserves, the petroleum sector accounts for 87% of country budget revenues, 42% of the GDP and 90% of export earnings.

The oil revenues has helped the country over the years to build an attractive environment for its citizen and for expatriates in the first place. Residents do not pay income tax and gets most of services and other commodities at highly subsidized prices.

Yet, the Saudi government, realizing the risk of relying on one source of income and aiming to reduce unemployment rates amongst its citizens, has been encouraging the growth of the private sector to diversify its economy and employ more Saudis.

The need to privatize and diversify the economy became more vital as the oil prices declined in 2014 causing a deficit at the country budget estimated in 2016 by $ 87 billion. The drop in the oil prices by about half had badly affected the Government ability to pay the private companies its entitlements for the projects that were already implemented, leading to mass layoffs.

Accordingly, several major enterprises, laid off thousands of expats. Many oil refiners, banks and shipping firms were slashing thousands of jobs. Several companies have defaulted wages to their workers.

B. Enforcing New Taxes

No taxes are imposed over the personal income in Saudi Arabia. Only corporate taxes exists with low rates. In the International Monetary Fund (IMF)'s[1] 2016 report "Diversifying Government Revenue in the GCC: Next Steps"[2]. It was disclosed that the IMF has advised the Gulf States to increase their non-oil tax revenues. The IMF views tax revenues in the region as low taxes by international standards. Tax reforms, however, as seen by the IMF, can raise new revenues, provide an opportunity to remove existing less productive taxes and fees, and build the required institutions and tax culture of a modern tax system.

In light of the above developments, Saudi Arabia has imposed several new taxes while maintaining that they have no intention of enforcing taxes over income. The new taxes are:

I. Selective Tax[3]

Starting from June 11th, a selective tax is imposed over tobacco by 100% of its retail sale price and over soft drinks by 50% of its retail sale price, being commodities harmful to the health.

II. Family Levy

Following the selective tax, a new levy over expatriates in the Kingdom came into force by the start of the current month. The fee will be 100 Saudi Riyals[4] per each dependent of expatriates for 2017. The fee will be doubled from July 2018, then tripled in 2019 and quadrupled from July 2020.

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1 "For more information about the IMF, kindly revert to: https://www.imf.org/

2 The full text of the report is published at the following link: https://www.imf.org/external/np/pp/eng/2016/102616.pdf

3 Imposed by the Saudi Arabian Statute (law) for the Selective Tax, promulgated by the Royal Decree No. M/86 dated 27.08.1438 A.H. corresponding to 23.05.2017.

4 € 1 = SAR 4.30

III. Value Added Tax (VAT)

The final tax would be a value added tax with a ratio of 5% the value of products and service as agreed with the rest of the Gulf States starting from January 2018.

A value-added tax (VAT), known in some countries as a goods and services tax (GST), is a type of general consumption tax that is collected incrementally, based on the surplus value, added to the price on the work at each stage of production, which is usually implemented as a destination-based tax, where the tax rate is based on the location of the customer. VATs raise about a fifth of total tax revenues both worldwide and among the members of the Organization for Economic Co-operation and Development (OECD). As of 2014, 160 of the world's approximately 193 countries employ a VAT, including all OECD members except the United States

The respective law was already approved by the Consultative Assembly of Saudi Arabia “Majlis al-Shūra” i.e. the Saudi Parliament and now it is raised to the Saudi Council of Ministers before finally issued in the name of the Saudi King.

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United Arab Emirates

Shares as Gifts - Right or Wrong?

Guiding Principle

It is common amongst business operators to invite third parties to become shareholders in the operators' commercial entities. This article aims to shed some light on whether or not this is usually a good idea.

A. Expression of Gratitude

Every entrepreneur will know the situation where a future expansion of the business requires additional funds, which a third party (other than a commercial bank) is willing to provide. Sometimes it also just seems appropriate to team up with a third party in order to make use of such party's experience, access to potential customers, etc. There are also situations where a business operator receives a substantial amount of assistance from another person and wants to show his gratitude. Quite often, all of the above scenarios result in shares being offered in the entrepreneur's commercial entity.

Is this a good idea? In our opinion, in most cases it is not, and this is why:

B. Problem

"Too many chefs spoil the broth" is a saying that probably all of us are familiar with. It is a proverb that most probably finds its translation in many languages and there is a good reason for it. It applies to many situations in life and commercial entities' operations are no exception.

The reason why shares are being offered to third parties is usually such that the third party is supposed to be put in a position where it can participate in the company' profits. While this is a perfectly understandable and noble thought, the role of a shareholder in a commercial entity such as companies with limited liability (LLC) far exceeds the status of mere dividend recipient though. For example, each shareholder in a LLC has both the right and the obligation to take care of the LLC's wellbeing. Shareholders, even those owning only a comparatively small minority share, are obliged to be aware of the company's financial status at all times. This includes a duty to provide the company with fresh liquidity, should this be required in order to keep the company operational. Hence, being a shareholder is not a one-way street to profit participation, but, in unfortunate circumstances, may also become a cash burden on the shareholder.

Inviting third parties as shareholders is also not necessarily a very good idea for the business operator / entrepreneur. The highest authority in every commercial entity are the shareholders. The shareholders take the major decisions including the appointment and dismissal of the general manager. The general manager as such derives all his or her powers from the shareholders. This means that general managers have only those powers that the shareholders have granted them. There is no such thing as "built-in" powers for general managers. If, however, the shareholders are the highest decision making authority in each commercial enterprise, being generous with company shares automatically restricts the entrepreneur's ability to run the company.

It is quite a common sight for lawyers to see entrepreneurs who have effectively lost control over their enterprise and are then quite surprised to see how others run „their" enterprise, who usually have their very own ideas on how best to run the company. Conflicts are often unavoidable and sometimes even lead to the downfall of the whole operation. Good for lawyers to generate extra income, not so good for the enterprise and its owners.

C. Solution

The solution to the above is as simple as it is effective: be careful with offering shares to third parties. The intention for doing so may well be honourable, but the potentially negative consequences for both, business owners and incoming shareholders are often underestimated. In most cases, offering shares as a symbol of gratitude or reward is not even necessary.

If, for example, a third party has invested funds in the entrepreneur's business, a well-drafted loan agreement offers much better protection for both, the investor and the entrepreneur. It is absolutely permissible to pay back the loan by way of profit participation. Hence, the investor receives back his investment plus interest over time and the repayment is tied to the profits actually generated. Such loan agreement gives the investor the same benefit that such investor would have had by becoming a shareholder, less the risk of having to make available even further funds in events where the company does not manage the turnaround.

Where another person's experience or

access to potential customers is required or desirable; why not enter into some form of referral arrangement with this person? With such arrangement in place, the third party will be paid only if such party has actually delivered, thus avoiding the all too common trap where such third party is very good in "talking the talk", but not so good in actually delivering on its promises.

Finally, if the main motivation for granting shares is gratitude for assistance already received, do not offer shares, but show your appreciation by other means, such as the payment of certain amounts, opening doors for such person, etc. As mentioned above, being a shareholder does not just equal "profit participation". Being a shareholder is not only a benefit, but comes with its very own set of both, rights AND obligations.

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United Arab Emirates

New Rules and Fines for Traffic Violations in the UAE from July 1, 2017

Guiding Principle

Following the amendment of the UAE Federal Traffic Law No. 21/1995 by Ministerial Decree No. 177/2017 and No. 178/2017 a new set of traffic rules was introduced and is effective as per July 1st, 2017. In addition to increasing fines for previously existing violations such as using mobile phones, speeding, reckless driving, driving under the influence of alcohol and/or drugs new regulations were introduced i.e.

- Mandatory use of children car seats for children below the age of 4;
- Ban for Children below the age of 10 to be seated in the front seat;
- Mandatory use of seat belts for all passengers;
- Permitted degree for tinted car windows set at 50% (except the front windshield);
- Daily penalty of AED 50 for non-collection of vehicle after confiscation.

Please see the full list of new rules and fines for traffic violations in the UAE from July 1, 2017 starting on the next page:

List of Fines for Traffic Violations Valid as of July 1st, 2017

	Description	**Fines amounts**	**Black Point s**	**Vehicle Confiscation Period**
1	Driving dangerously (racing)	2000	12	30 Days
2	Driving under the influence of alcohol, drugs or similar substances	Decided by court	24	60 Days
3	Driving a vehicle without number plates	1000	24	60 Days
4	Causing death of others	Decided by court	12	30 Days
5	Not stopping after causing an accident that resulted in injuries	Decided by court	24	60 Days
6	Reckless driving	2000	12	30 Days
7	Exceeding maximum speed limit by more than 60km/h	1000	12	30 Days
8	Driving in a way that is dangerous to the public	1000	12	30 Days
9	Jumping a red light	800	8	15 Days
10	Running away from a traffic policeman	800	12	30 Days
11	Dangerous overtaking by trucks	800	24	60 Days
12	Causing a car to overturn	Decided by court	8	-
13	Causing serious injuries	Decided by court	8	-
14	Exceeding maximum speed limit by not more than 60km/h	900	6	-
15	Exceeding maximum speed limit by not more	800	-	-

	than 50km/h			
16	Overtaking on the hard shoulder	600	6	-
17	Entering road dangerously	600	6	-
18	Causing moderate injury	Decided by court	6	-
19	Heavy vehicle lane discipline	600	6	-
20	Overtaking from a prohibited place	600	6	-
21	Causing serious damage to a vehicle	Decided by court	6	-
22	Exceeding maximum speed limit by not more than 40km/h	700	-	-
23	Parking in fire hydrant places, spaces allocated for people with special needs and ambulance parking	1000	4	-
24	Exceeding maximum speed limit by not more than 30km/h	600	-	-
25	Driving against traffic	400	4	-
26	Allowing children under 10 years old to sit in the front seat of a vehicle	400	4	-
27	Failure to fasten seat belt while driving	400	4	-
28	Failure to leave a safe distance	400	4	-
29	Failure to follow the directions of a traffic policeman	400	-	-
30	Exceeding maximum speed limit by not more than 20km/h	500	-	-

31	Entering a road without ensuring that it is clear	400	4	-
32	Exceeding permitted level of car window tinting	500	-	30 Days
33	Not giving way to emergency, police and public service vehicles or official convoys	500	4	-
34	Driving a heavy vehicle that does not comply with safety and security conditions	500	-	30 Days
35	Failure to stop after causing an accident	500	-	-
36	Driving a noisy vehicle	500	-	30 Days
37	Allowing others to drive a vehicle for which they are unlicensed	500	-	-
38	Loading a heavy vehicle in a way that may pose danger to others or to the road	500	6	7 Days
39	Overload or protruding load from a heavy vehicle without permission	500	6	7 Days
40	Driving a vehicle that causes pollution	500	-	-
41	Stopping on the road for no reason	500	4	-
42	Stopping on a yellow box	500	-	-
43	Not giving pedestrians way on pedestrian crossings	500	6	-
44	Failure to abide by traffic signs and directions	500	-	-
45	Throwing waste from vehicles onto roads	500	4	-
46	Refusing to give traffic police name and address when required	500	-	-

47	Stopping vehicle on the left side of the road in prohibited places	500	-	-
48	Stopping vehicle on pedestrian crossing	500	-	-
49	Teaching driving in a training vehicle that does not bear a learning sign	500	-	-
50	Teaching driving in a non-training vehicle without permission from licensing authority	500	-	-
51	Placing marks on the road that may damage the road or block traffic	500	-	-
52	Operating industrial, construction and mechanical vehicles and tractors without permission from licensing authority	500	-	7 Days
53	Modifying vehicle's engine without permission	400	-	-
54	Modifying vehicle's chasses without permission	400	-	-
55	Changing vehicle's color without permission	400	-	-
56	Exceeding maximum speed limit by not more than 10km/h	400	-	-
57	Driving with a driving license issued by a foreign country except in permitted cases	400	-	-
58	Violating the terms of the driving license	300	-	-
59	Parking behind vehicles and blocking their movement	300	-	-
60	Towing a vehicle or a boat with an unprepared vehicle	300	-	-
61	Driving a vehicle that omits gases or fumes with	300	-	-

	substances exceeding permitted rates			
62	Leaving a vehicle on the road with its engine running	300	-	-
63	No lights on the back or sides of trailer container	200	-	-
64	Lights on the back or sides of container not working	200	-	-
65	Taxis, which have designated pickup areas, stopping in undesignated places	200	4	-
66	Prohibited entry	200	4	-
67	Blocking traffic	200	-	-
68	Vehicle unfit for driving	200	-	7 Days
69	Driving a light vehicle that does not comply with safety and security conditions	200	-	7 Days
70	Not lifting exhaust of trucks	200	-	7 Days
71	Not covering loads of trucks	3000	-	7 Days
72	Using vehicle for purposes other than designated	200	4	7 Days
73	Heavy vehicle prohibited entry	200	4	7 Days
74	Violating loading or unloading regulations in parking	200	4	7 Days
75	Carrying and transporting passengers illegally	200	4	7 Days
76	Writing phrases or placing stickers on vehicle without permission	200	-	-
77	Not taking road safety measures during vehicle	200	-	-

	breakdowns			
78	Turning at undesignated points	200	4	-
79	Turning the wrong way	200	4	-
80	Loading a light vehicle in a way that may pose a danger to others or to the road	200	3	7 Days
81	Overload or protruding load on light vehicles without permission	200	3	7 Days
82	Stopping vehicle without keeping the distance specified by the law from a curve or junction	200	-	-
83	Transporting passengers by vehicle undesignated for this purpose	200	4	-
84	Sudden swerve	200	4	-
85	Driving a taxi without required license	200	4	-
86	Carrying passengers in driving training vehicle	200	4	-
87	Driving a taxi with an expired warranty	200	-	-
88	Reversing dangerously	200	-	-
89	Taxi refusing to carry passengers	200	4	-
90	Falling or leaking load	3000	12	30 Days
91	Not securing vehicle while parked	200	-	-
92	Parking in prohibited places	200	2	-
93	Parking in loading and offloading areas without need	200	-	-

94	Parking on road shoulder except in cases of emergency	200	-	-
95	Using multi-colored lights	200	-	-
96	Not wearing helmet while driving motorbike	200	4	-
97	Exceeding passenger limit	200	3	-
98	Driving with tires in poor condition	200	-	7 Days
99	Driving with an expired driving license	200	3	-
100	Not renewing vehicle registration after expiry	400	-	-
101	Driving unlicensed vehicle	200	-	7 Days
102	Violation of laws of using commercial number plates	200	-	-
103	Not fixing number plates in designated places	200	2	-
104	Driving with one number plate	200	2	-
105	Driving at night or in foggy weather without lights	200	4	-
106	Using not matching number plates for trailer and container	200	-	-
107	Not fixing reflective stickers at the back of trucks and heavy vehicles	200	-	-
108	Not using indicators when changing direction or turning	200	3	-
109	Not giving way for vehicles to pass on the left	200	-	-
110	Not giving way to vehicles coming from the left	200	-	-

	where required			
111	Stopping a vehicle in a way that may pose danger or block traffic	200	3	-
112	Failure to have vehicle examined after carrying out major modification to engine or body	200	-	7 Days
113	Using training vehicles outside of timings specified by licensing authority	200	-	-
114	Using training vehicles in places not designated by licensing authority	200	-	-
115	Overtaking from the right	200	4	-
116	Overtaking in a wrong way	200	3	-
117	Driving an unlicensed vehicle	200	-	7 Days
118	Abuse of parking space	200	3	-
119	Number plates with unclear numbers	200	3	-
120	Violating tariff	200	6	-
121	Light vehicle lane discipline	200	2	-
122	Parking vehicles on pavement	200	3	-
123	Not showing vehicle registration card when required	200	-	-
124	Not showing driving license when required	200	-	-
125	Not fixing taxi sign where required	200	-	-
126	Not fixing a sign indicating licensed overload	200	3	-

127	Using interior lights for no reason while driving	100	-	-
128	Failure to abide by specified color for taxis or training cars	200	-	-
129	Failure to display tariff of buses or taxis or not showing them when required	200	-	-
130	Broken lights	200	6	-
131	Using horn in prohibited areas	200	2	-
132	Driving below minimum speed limit	200	-	-
133	Failure to keep taxis and buses clean inside and outside	200	-	-
134	Smoking inside taxis and buses	200	-	-
135	Using hand-held mobile phone while driving	200	4	-
136	Not abiding by taxi drivers obligatory uniform or not keeping it in good condition	100	-	-
137	Calling on passengers in the presence of signs	100	-	-
138	Not displaying truck's load on both sides	100	-	-
139	Not carrying driving license while driving	100	-	-
140	Not carrying vehicle registration card while driving	100	-	-
141	Driving without spectacles or contact lenses	100	-	-
142	Not using interior light in buses at night	100	-	-
143	Broken indicator lights	100	2	-

144	Using horn in a disturbing way	100	2	-
145	Having no red light at the back of vehicle	100	-	-
146	Opening left door of taxi	100	3	-
147	Pedestrians crossing from undesignated places (If any existed)	200	-	-

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