

Registration of Short Term Tenancy Contracts in Dubai, Abu Dhabi & Sharjah - Part 1

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This article sets out a high level overview of the key registration requirements for short term lease agreements in the Emirate of Dubai, Abu Dhabi and Sharjah, as well as repercussions of non registration.

Next month, we shall focus on the short term lease requirements in the Emirates of Ras Al Khaimah, Umm Al Quwain, Ajman and Fujairah.

It is mandatory to register a short-term lease in Dubai, Abu Dhabi and Sharjah. There are consequences for not registering a short-term lease which differ from an Emirate to another. Our real estate lawyers based in Dubai, Abu Dhabi and Sharjah offices offer specialised local advice and drafting services on tenancy matters.

| No. | Description | Dubai | Abu Dhabi | Sharjah |
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| 1. | Applicable Tenancy Laws | Dubai Law governing the landlord and tenant relationship in the Emirate of Dubai (Law No. 26 of 2007 as amended by Law No. 33 of 2008); Amiri Decree No. 43 of 2013 determining the increase in the real estate rentals in Dubai. | Abu Dhabi Law concerning the lease of spaces and the regulation of the tenancy relationship between landlords and tenants in the Emirate of Abu Dhabi (Law No. 20 of 2006 amended by Law No. 6 of 2009 and Law No. 4 of 2010); The Chairman of the Executive Council Resolutions Nos. 1 of 2008, No. 33 of 2009, No. 4 of 2011, No. 32 of 2012, No. 13 of 2016 and No. 14 of 2016; Executive Council Resolutions Nos. 16 of 2008, No. 56 of 2010, and No. 25 of 2011. | Sharjah Law regarding the Landlord and Tenant Relationship in Sharjah (Law No. 2 of 2007); Executive Council Resolution No. 6 of 2013, No. 2 of 2010, No. 26 of 2007, No. 15 of 2007. |
| 2. | Dispute Resolution Authority | The Rental Dispute Settlement Centre | Rent Disputes Settlement Committee Appeal Committee | Rent Dispute Resolution Centre |
| 3. | Leases that can be registered | All short terms leases must be less than 10 years in tenure. | All short term leases not exceeding 4 years in tenure. | All short term lease agreements not exceeding 5 years in tenure. |

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| 4. Registration Fees | AED 215 is payable as Ejari registration fee for all tenancy contracts (commercial and residential) | AED 100 for the registration of a lease agreement with Tawtheeq. Additional fees shall be payable for registering the data of property units on Tawtheeq, opening a Tawtheeq account, obtaining login details, etc. | 4% of the annual rent for residential contracts; 5% of the annual rent for commercial contracts; 3% of the annual rent in case of investment contracts. |
| 5. Fees to obtain the standard contract documentation | There is no standard contract documentation. | AED 50 | AED 50 |
| 6. Where to register? | RERA (Real Estate Regulation Agency) | Tawtheeq at Abu Dhabi Municipality | Sharjah Municipality (for registration until 1 September 2016); All registrations from 1 September 2016 will be completed online through an electronic system. |
| 7. Effects of non registration | Whilst there are no penalties for non registration, the tenant is likely to face practical problems for example when renewing trade licenses, visa sponsorships and utility connections. | An unregistered lease may not be recognised by Abu Dhabi government authorities as it has not been registered with Tawtheeq. Article 4 paragraph 2 of Abu Dhabi the Chairman of the Executive Council Resolution No. 4 of 2011 provides that any transaction, which requires a lease contract will not be accepted and will be suspended if the lease contract is not registered with Tawtheeq. | Article 3 of Law No. 2 of 2007 states that if the party obligated to register the lease fails to do so with the specified time frame, the other has the right to request an execution judge to force the party to fulfil its obligation. Secondly, non registration of lease contracts will attract a fine equal to three times the registration fee upon the party who was obligated to register it. Lastly, the Sharjah Municipality or government departments or institutes may not refer to an unregistered lease contract in any dispute or transaction or to provide a service. |