

Registration of Short Term Tenancy Contracts in the UAE: Part II

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In Part 1 of this series published in September 2016 of Law Update, we examined the registration requirements of short term leases in Dubai, Abu Dhabi and Sharjah. Continuing on with the series, in Part II, we will go over the registration requirements of short term leases in Northern Emirates namely, Ras Al Khaimah, Umm Al Quwain, Ajman and Fujairah.

No.	Description	Ras Al Khaimah	Umm Al Quwain	Ajman	Fujairah
1.	Applicable Tenancy Laws	The Emirate of Ras Al Khaimah currently does not have a law to regulate landlord and tenant relationships. Therefore, the provisions of the UAE Civil Transactions Law No. 5 of 1985 apply to lease agreements in Ras Al Khaimah.	Umm Al Quwain Law no. (3) of 2008 regulating the Relationship between Landlords and Tenants in the Emirate of Umm Al Quwain as amended by Law No. 2 of 2011	Ajman Emiri Decree No. 3 of 2009 as amended by Emiri Decree No. 8 of 2014 promulgating the Amended Real Estate Leasing Law in the Emirate of Ajman	Fujairah Law No. 1 of 2011 concerning leases of premises in the Emirate of Fujairah
2.	Dispute Resolution Authority	Real Estate and Rental Dispute Settlement Committee deals with tenancy disputes between master developers affiliated with the Government of Ras Al Khaimah and third party tenant pursuant to RAK Emiri Decree No. 2 of 2012. For all other tenancy disputes, the matter is referred to the Courts of Ras Al Khaimah.	Rent Dispute Settlement Committee formed pursuant to Law No. 3 of 2008 Amending Law No. 1 of 2006 Regulating Relationship Between Landlords and Tenants in the Emirate of Umm Al Quwain	Rent Dispute Settlement Committee formed pursuant to Emiri Decree No. 3 of 2009 on the Promulgation of Amended Real Estate Rent Law in Ajman	Committee for Resolution of Lease Disputes formed pursuant to Law No. 1 of 2011 concerning leases of premises in the Emirate of Fujairah

3.	Leases that can be registered	Based on our discussions with the competent authorities, we have been informed that there is no prescribed tenure for short term leases in Ras Al Khaimah.	Based on our discussions with the competent authorities that whilst there is no prescribed tenure for lease agreements in Umm Al Quwain, the lease agreement for residential use are in usually between 1 to 5 years. All commercial lease agreements do not exceed 1 year in tenure.	Based on our discussions with the competent authorities, we have been informed that all short term lease agreements (i.e. for residential or commercial purposes) in Ajman do not exceed 12 months in tenure.	Based on our discussions with the competent authorities, we have been informed that all short term (i.e. residential, commercial or industrial) leases not exceeding 10 years in tenure can be registered.
4.	Registration Fees	Based on our discussions with the competent authorities, we have been informed that 1% of the total rent value is payable for residential lease agreement with minimum fee of AED 300; and 5% of the total rent value is payable for commercial lease agreements.	Based on our discussions with the competent authorities, we have been informed that a registration fee of 2% of the rent contract value is payable in cases of residential lease agreement; 10% of the rent contract value per annum is payable in cases of commercial lease agreement.	Based on our discussions with the competent authorities, we have been informed that 1% of the annual rent value is payable in cases of residential lease agreements; 10% of the annual rent value is payable for commercial lease agreements.	Based on our discussions with the competent authorities, we have been informed that if the rent amount is in the range of AED 1 to AED 15,000, then the registration fee payable is AED 300. For rent amount exceeding AED 15,000, the registration fee is 2% of the total rental value.
5.	Fees to obtain the standard contract documentation	AED 50	AED 50	Available free of cost at Ajman Municipality	AED 50
6.	Where to register?	RAK Municipality	Umm Al Quwain Municipality register the residential lease agreements. Department of Economic Affairs in Umm Al Quwain register the commercial lease agreements.	Ajman Municipality	Fujairah Municipality

7. Effects of non registration	Based on our discussions with the competent authorities, we have been informed that non registration does not affect the validity of the lease. However, without registration a tenant is likely to face practical problems for example when renewing trade licenses, visa sponsorships and utility connections.	Article 3 of Law No. 2 of 2011 states that the government departments and institutions shall not accept any lease contract in any transaction which requires submitting a copy of the lease contract unless such lease contract is issued and approved by the Umm Al Quwain Municipality and it is valid. The current policy of the Umm Al Quwain Municipality provides for imposition of a penalty for non registration in an amount of 1% of rent value in addition to the 2% registration fees.	Article 4.1 of Emiri Decree No. 8 of 2014 provides that non registration of lease contracts will attract a fine equal to three times the contract attestation fee upon the landlord. The tenant is likely to face practical problems for example when renewing trade licenses, visa sponsorships and utility connections.	Article 4 (3) of Law No. 1 of 2011 provides that non registration of Fujairah leases would result in that none of the government or local department or institution in Fujairah would accept the tenancy contract without the registration with the Fujairah Municipality. The Fujairah Municipality would accept the lease registration by recording the date of the tenancy contract in its contract authentication register maintained by the Municipality.
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Given that majority of the lease registration fee requirements is based on policies of the competent authorities in the respective Emirate, we recommend to verify with the competent authority prior to undertaking any lease registration.