

Timesharing in Dubai

With the issuance of Dubai Law No. 14 of 2020 ("Timeshare Law") last November, the Emirate of Dubai created a comprehensive legal basis for timesharing for the very first time. In fact, contracts related to timeshares could already be and indeed were concluded before. However, particularly the rights of timeshare users were not protected in the best way possible. The new Timeshare Law implements international standards and should contribute to increase the attractiveness of Dubai as a location for returning holidaymakers who are interested in a permanent holiday home.

To which locations does the Timeshare Law apply?

The Timeshare Law is valid throughout the Emirate of Dubai, including its free zones. Thus, the new law is specifically applicable to the financial free zone Dubai International Financial Centre as well.

Which properties can be used as timeshares?

Timeshares are properties classified as such by the relevant authority, the Dubai Department of Tourism and Commerce Marketing ("Dubai Tourism"), and in which multiple parties hold usage rights for specified periods of time. Timeshares are usually holiday homes that are part of hotels, hotel apartments or resorts.

What types of timeshare schemes are available?

The Timeshare Law provides for two timeshare schemes.

Under an interval-based timeshare contract, the timeshare user acquires the right to use the timeshare regularly for a certain period of time within the contract term.

Through a point-based timeshare contract, the timeshare user acquires points that entitle him to use the timeshare or an alternative timeshare from a specific portfolio within or outside the Emirate of Dubai during the contract period.

The timeshare user is entitled to transfer the rights under both timeshare schemes to third parties, provided that he gives prior written notice to the timeshare provider. The timeshare user of an interval-based timeshare contract is further allowed to postpone the use of an upcoming interval for up to two years, provided he informs the timeshare provider at least 45 days before the beginning of the respective timeshare period.

Does the acquisition of a timeshare entail the acquisition of property rights?

By entering into a timeshare contract, the timeshare user only acquires the contractual right to use the timeshare according to the agreed conditions. The acquisition of an ownership share in the timeshare is not included.

The timeshare user is therefore not registered as a co-owner with the competent land department and does not receive a title deed. Interval-based timeshare contracts, however, are at least entered into a property register.

What should be considered when concluding a timeshare contract?

Firstly, it must be ensured that both the timeshare provider and the timeshare itself are properly registered with Dubai Tourism.

The timeshare contract must meet certain minimum requirements in order to be valid. Among other things, the contract must be concluded in writing and contain information on the contractual parties, their respective obligations, the timeshare, the duration of the contract, the amount payable by the timeshare user as well as the place and time of conclusion of the contract. In addition, the timeshare user must be granted a right of withdrawal of at least ten days after receipt of a signed copy of the timeshare contract.

Contractual clauses which deviate from the provisions of the Timeshare Law to the disadvantage of the timeshare user or which release the timeshare provider from legal obligations are null and void.

What impact does the Timeshare Law have on existing timeshare contracts?

In principle, the Timeshare Law must be implemented within six months of its entry into force in mid-June 2021 by all persons active in the timeshare sector, hence by mid-December 2021.

Timeshare contracts concluded before the Timeshare Law comes into force remain valid until their expiry or termination. However, such provisions of the Timeshare Law concerning matters not covered by an existing contract will apply.

Conclusion

Even though Dubai Tourism is currently working on the issuance of implementing regulations and it will thus take some time before the Timeshare Law reveals its full protective effect, the new law has in any case succeeded in taking a further step towards strengthening Dubai as a holiday destination.



Do you have questions? – We would be glad to answer them!

From our office located in the heart of Dubai, our team of German attorneys has been advising small and medium-sized companies, corporations and individuals on the laws of the United Arab Emirates for more than 15 years. Our areas of expertise include corporate law (in particular business set-up), commercial agency law, employment law as well as tenancy and real estate law. We would be happy to attend to your questions as well. Contact us!

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