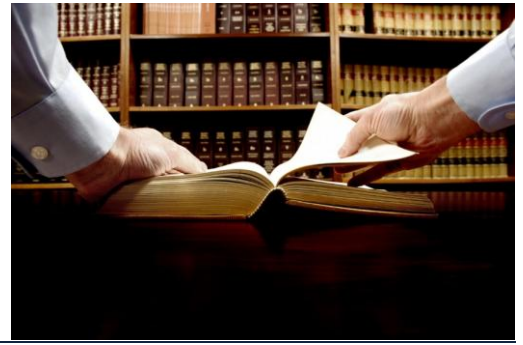


inBrief

**New Law Regulating Construction Industry: Six Key Takeaways for Contractors in Dubai**

By Chatura Randeniya, Mevan Bandara and Ramesh Fernando | 24 July 2025

On 8 July 2025, the Ruler of Dubai, HH Mohammed bin Rashid Al Maktoum, issued Law No. 7 of 2025, regulating contracting activities in the Emirate of Dubai (the **Law**). The construction sector is a key component of Dubai's economy, and the Law aims to regularise and promote the contracting industry by adopting globally accepted standards and best practices.

1. To whom does the Law apply?

The Law applies to all contractors operating in the Emirate and to all construction-related contracting activities. Only contracting activities related to airports and their associated infrastructure are specifically exempted. Other activities may be exempted by decision of HH the Chairman of the Executive Council, on the recommendation of a committee to be established under the Law for regulating and developing contracting activities.

Importantly, the Law applies throughout the Emirate of Dubai, including free zones and special development zones such as the DIFC.

2. Systems of registration, classification, and certification will be introduced

- All contractors will need to be licensed and registered in a central register to be maintained by the Dubai Municipality. Employers (whether corporate or individual) will be prohibited from engaging contractors who are not duly licensed and registered.
- The Law also provides for the introduction of a classification system based on the specialisation of contractors. Contractors will only be allowed to engage in contracting activities they are permitted to engage in and within the scope of their classification.
- Contractors being licensed for the first time in Dubai are to be classified or ranked in the lowest category for the relevant contracting activity or specialisation, though they may be classified in a higher category if they meet the criteria for that category.
- Technical staff of contractors engaged in building, construction and demolition activities are required to obtain professional competency certificates issued by the Dubai Municipality. Technical staff are prohibited from performing any contracting activities unless they have obtained the necessary professional competency certificates.

The Authors

Chatura Randeniya
Partner
crandeniya@afridi-angell.com

Chatura's practice focuses primarily on dispute resolution. He advises and represents clients in arbitration, and has represented clients in DIAC, ADCCAC, ICC and ad hoc arbitrations. He also works with local advocates on matters before the UAE Federal courts. Chatura regularly advises clients in high value construction, and maritime and shipping disputes. He is admitted as Attorney-at-Law of the Supreme Court of Sri Lanka. He is a ranked practitioner by Chambers and Partners and Legal 500. Chatura is a Fellow of the Chartered Institute of Arbitrators (CIArb).



Mevan Bandara
Partner
mbandara@afridi-angell.com

Mevan practices in the firm's dispute resolution group. He advises and represents clients in arbitration, DIFC Court litigation and on-shore litigation. Mevan has represented clients in DIFC-LCIA, DIAC, ICC and ad hoc arbitrations seated in London, Dubai, Singapore and Sri Lanka. He specialises in cross-border disputes, tax, construction, banking, real estate, maritime and employment disputes. Mevan is a Legal 500 EMEA recognised practitioner.

- The Law also includes a list of contractor obligations, which includes:
 - a) refraining from using any personnel who are not included in the Dubai Municipality's register and not holding a professional competency certificate;
 - b) adhering to the limits of their authorised contracting activity and specialisation, and not contracting to perform work which exceeds their financial, technical or administrative capacity, or the number of technical staff and labour available to them; and
 - c) retaining originals of contracts, data, records, documents and plans related to contracts for a period of at least 10 years from the date of issuance of the completion certificate or termination of the contract.

3. A competent authority is to be established

- A competent authority comprised of the Dubai Municipality and other public bodies with powers to supervise contracting activities in Dubai is to be established.
- The competent authority is to be conferred with broad responsibilities and powers, including:
 - a) supervision and control of contracting activities in Dubai;
 - b) approving and updating the classification system for contracting activities;
 - c) determining the standards, conditions and controls for the issuance of professional competency certificates;
 - d) evaluating contractors' performance; and
 - e) receiving and investigating complaints against contractors and their staff, and taking necessary action against them.

4. Controls are to be introduced for delegation and sub-contracting

- The Law requires contractors to execute contracted works themselves through their own technical staff.
- Delegation or sub-contracting of contracted works will be prohibited except in accordance with the provisions of the Law. Subject to any additional conditions the competent authority may impose, the contractor may sub-contract some of the contracted works provided that:
 - a) the contractor's contract with the employer does not prevent subcontracting of the works;
 - b) neither the contract nor the competent authority requires the relevant works to be performed solely by the contractor;
 - c) the sub-contractor is permitted to operate in Dubai, holds a valid commercial licence, and, is registered with the Dubai Municipality;



Ramesh Fernando
Associate
rfernando@afриди-angell.com

Ramesh Fernando is an associate in the firm's dispute resolution practice. He regularly acts for clients in complex, high-value disputes across both litigation and arbitration forums, including onshore and offshore proceedings. His practice focuses on commercial and construction disputes, where he brings a strategic and solutions-oriented approach to contentious matters.

- d) the work assigned to the sub-contractor aligns with the contracting activities the sub-contractor is permitted to engage in;
- e) the work to be performed by the sub-contractor is clearly defined; and
- f) the competent authority is notified of the intention to sub-contract the works, and prior approval is obtained.

5. Joint ventures and turnkey projects will be regulated

- Formation of unincorporated¹ joint ventures are subject to approval from the competent authority.
- The competent authority shall identify projects eligible for turnkey implementation and establish the corresponding regulatory framework.

6. What is the deadline for compliance?

- The Law comes into force on 15 January 2026, and contractors in the Emirate of Dubai must comply with the requirements of the Law within one year, i.e. by 14 January 2027.
- Failure to comply could result in fines of up to AED 100,000, which can be doubled for repeat offences within one year.
- Additional sanctions may include suspension, licence revocation, or downgrading of contractor classification.

Afridi & Angell has an extensive construction law practice with expertise across both contentious and non-contentious matters. We provide strategic legal counsel on complex disputes as well as transactional and regulatory aspects of construction projects. ■

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¹ However, the Law does not appear to make a distinction between incorporated and unincorporated joint ventures.