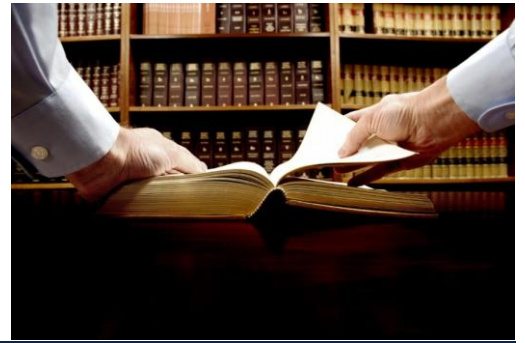


## inBrief

**Does the New Civil Code have retrospective effect? An Analysis of Articles 4, 6 and 7**

By Chatura Randeniya, Nazim Hashim and Elmukashfi Mohamed | 01 June 2026

Laws ordinarily have prospective effect. This principle protects legal certainty and allows parties to organise their affairs based on the law applicable at the relevant time. Article 27 of the UAE Constitution enshrines this principle in relation to criminal laws, but not with respect to civil and commercial laws.

As will be evident immediately below, the legislature may enact civil and commercial laws with retrospective effect. It is therefore necessary to examine whether any provisions of the Civil Transactions Act of 2025 (“the **New Code**”) may have this effect. This inBrief examines Articles 4, 6 and 7 of the New Code governing limitation periods and transitional arrangements.

**As a general rule, the New Code does not have retrospective effect:**

Article 4 (1), effective from 1 June 2026, establishes the general rule:

*“The Law shall come into force from the date of its effectiveness and shall not apply to facts and transactions preceding it, unless the Law stipulates otherwise.”*

Consequently, the New Code applies only to facts and transactions arising after 1 June 2026. Facts and transactions that occurred prior to this date continue to be subject to the Civil Transactions Act of 1985 (the “**Old Code**”), unless there is express legislation to the contrary.

**However, time limits are affected:**

Article 6 provides as follows:

- (1) New provisions relating to the statute of limitations (non-hearing of a case due to lapse of time) shall apply from the time they come into force to any period that has not yet been completed.*
- (2) Old provisions shall apply to matters concerning the commencement, suspension, and interruption of the limitation period regarding the time prior to the new provisions coming into force.*

Article 7 provides as follows:

*“If a new provision sets a limitation period shorter than that prescribed by the old provision, the new period shall apply from the time the new provision comes into force, even if the old period had already commenced.”*

**The Authors**

**Chatura Randeniya**

Partner

[crandeniya@afриди-angell.com](mailto:crandeniya@afриди-angell.com)

Chatura heads the dispute resolution practice at Afridi & Angell. He advises and represents clients in arbitration, DIFC Court litigation, and on-shore litigation. Chatura regularly advises clients in high value civil and commercial disputes, many of which have a cross-border element. 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 (CI Arb).



**Nazim Hashim**

Partner

[nhashim@afриди-angell.com](mailto:nhashim@afриди-angell.com)

Nazim specialises in UAE litigation and dispute resolution and handles a broad range of civil, commercial, and criminal disputes and is in charge of developing litigation strategies and supervising advocacy in matters before the UAE courts. He advises on employment, property, banking, construction, commercial and corporate disputes. He has been involved in several complex and high-value disputes. Nazim is a member of the Sudanese Bar Association.

*If the remaining portion of the period prescribed by the old law is shorter than the period set by the new provision, the limitation period shall expire upon the lapse of that remaining portion."*

The practical effects of Articles 6 and 7 may be summarized as follows:

- To the extent that the New Code establishes new time-limitation periods, they will come into immediate effect with respect to causes of action that arose prior to the New Code coming into effect, even where the limitation period under the New Code is shorter.
- If the time period prescribed under the Old Code is due to expire before the time period under the New Code does, then the matter will become time-barred on the earlier date.
- If any events occurred prior to the New Code coming to effect which effect the application of the time bar (for example, an event that stops or suspends the clock), then those will be assessed under the provisions of the Old Code. Any such events that occur on or after 1 June 2026 will be assessed under the provisions of the New Code.

Consequently, this means that parties who intend to commence litigation find themselves with less time than was initially contemplated to do so. Fortunately, however, the New Code for the most part maintains the limitation periods provided for in the Old Code. An important exception is Article 431 of the New Code, on claims relating to the fees and expenses of doctors, pharmacists, lawyers, engineers, experts, professors, teachers, and brokers. These claims were subject to a five-year limitation period under the Old Code. Article 431 of the New Code reduces this to three years.

For example, where an engineer's fees became due on 1 January 2025, the claim would ordinarily have expired on 1 January 2030 under the Old Code. However, because the limitation period remained incomplete on 1 June 2026, the new three-year period applies from that date, resulting in the claim becoming time-barred on 1 June 2029.

A separate question arises where the New Code prescribes a longer limitation period than the Old Code. Unlike situations involving shorter limitation periods, Article 7 does not expressly address this scenario. One example is found in Article 510 of the New Code, which provides that an action for warranty against defects shall not be heard after one year from the day following delivery of the sold item, whereas Article 551 of the Old Code prescribed a limitation period of only six months.

Where the six-month period had commenced before 1 June 2026 but had not yet expired by that date, there is a credible argument that Article 6 supports the application of the new one-year limitation period from the date the New Code entered into force, on the basis that the limitation period remained incomplete. However, the New Code does not expressly address this situation, and the extent to which longer limitation periods may apply to pre-existing claims remains open to judicial interpretation. Until judicial guidance emerges, caution should be exercised when assessing the impact of the New Code on claims affected by extended limitation periods.



**Elmukashfi Mohamed**  
Associate  
emohamed@afриди-angell.com

Elmukashfi has vast experience in commercial litigation and is skilled at resolving disputes amicably and drafting relevant agreements. Prior to joining Afridi & Angell in 2025, Elmukashfi worked at a local firm in Dubai, where he gained experience in drafting, reviewing, and negotiating various commercial agreements.

## Conclusion

The transitional provisions demonstrate an attempt to balance legal certainty with the effective implementation of the New Code. While the general rule remains that legislation does not operate retrospectively, Articles 6 and 7 provide an important framework for determining how ongoing limitation periods are treated following the entry into force of the New Code. Parties assessing existing claims should therefore carefully consider the transitional provisions when evaluating limitation-related issues after 1 June 2026. ■

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