



GLOBES

GLOBES

16/17 August 2020

Translation From Hebrew Original:

<https://www.globes.co.il/news/article.aspx?did=1001339477>

"THERE IS GREATER POTENTIAL HERE THAN UNDER OUR PEACE AGREEMENTS WITH EGYPT AND JORDAN."

Advocate Meir Linzen, whose office, Herzog Fox & Neeman, is active in the United Arab Emirates. "The potential is huge, we intend to open an office there".

By Tal Schneider

Advocate Meir Linzen, Managing Partner in the law firm of Herzog Fox & Neeman, has been active in the Emirates for 15 years, and represents businessmen, Sheikhs, Funds and other business entities in all of their dealings in Israel. In an interview with "Globes", Linzen says that the Agreement is a huge opportunity to change and upgrade the civil commercial dealings between Israel and the United Arab Emirates. "If until now the centre of gravity in our dealings has been in the defence sector, the Agreement between our States will substantially expand the civil trading relationship between the parties."

Linzen points out that, "With all due respect to the defence-intelligence relations which are based only on interests, there is additional importance for the Peace Agreement based on tourism and trade, and there is bigger potential than in the peace agreements with Egypt and Jordan, plus a huge tourist destination for Israelis. The United Arab Emirates is one of the most developed economies in the world."

- **Can you give an example of the way in which our trading relations will change?**

"In the United Arab Emirates there are huge Funds maintained by the Government which are sovereign in reaching their decisions. Until now, they have been prevented from investing in Israel, but now that an agreement will be signed, the Funds will have an opportunity to invest in Israeli entities. I see this as a huge opportunity for Israeli companies. We are talking about enormous Funds, who invest outside of the Emirates. They were among those who rescued Barclays Bank in the financial crisis of 2008, and at times have had around a million employees around the world."

- **How do you operate in the United Arab Emirates?**

"We have been representing clients from the Emirates for over a decade. We expanded our legal activities to HFN Strategies, representing private and public entities in transactions that they have entered into with Israeli and international counterparts. The Head of HFN Strategies who deals in this area is Opher Sachs, formerly Head of the Export Institute, and formerly Israel's Ambassador to Italy. We established a company dedicated to this area and we create contacts between Israeli technologies and the needs of the Emirates. The main areas of activity are banking, fintech, education, natural resources and sourcing hi-tech investments. Representatives from our office, not only those holding dual passports, are present in the Emirates on an ongoing basis."

- **Do you intend to open a permanent office of Herzog Fox & Neeman in the Emirates?**

"We work with a consulting company, Intrinsic, on the subject of digital transformation, including a system for law enforcement (surveillance), education, health, fintech, hi-tech and cyber incidents. As Managing Partner of the firm, I coordinate this activity. Working with me are Advocate Yair Geva who coordinates the hi-tech activity, Advocate Daniel Reisner who works a great deal in the area of securing Israeli regulatory approvals, and Advocate Nimrod Kozlovski, who is an expert in the cyber space. And yes, we do intend to open a physical office in cooperation with the consulting company."

EXEMPTION FROM TAX FOR DIAMONDTEERS

- Linzen says that, "I received a telephone call from one of the leaders in the Emirates a few days before the Agreement was signed, and he informed me that the Agreement was about to be signed. It was hard for me to believe, because of all the political difficulties that had

arisen in connection with the proposed Annexation. He told me, 'Meir, get ready to increase your activity between our countries. The Agreement is going to be signed.'

This is an extremely developed country, with full access to Western economies, and the petroleum sector is not the only activity there. They are working towards upgrading all of their systems. For example, in the area of hospitals, they are trying to work with leading Israeli experts – in the areas of financing the health sector, improving genetic testing systems, gynecological care."

- **What are the tax consequences of doing business there?**

"In Dubai there is an exemption from tax for diamondteers for 100 years from starting operations. There is special legislation there on the subject, and therefore we see migration from Ramat Gan and Antwerp to Dubai, and this perhaps explains the reason for a Jewish community having sprung up there. The Emirates are a Federation of seven States, and in each one of the States there is a free trade zone, intended to enable the establishment of companies there, with offices in the free trade zone where English law will apply."

Five points about doing business in the United Arab Emirates.

1. It is an extremely developed State, with full access to the Western economy; the petroleum industry is by no means the only activity there.
2. A large portion of the energy sector, the service sector and of the economy as a whole is held by companies connected to the Government.
3. In each of the States within the United Arab Emirates, there is a free trade zone, subject to British law.
4. In each of the States of the United Arab Emirates there is no income tax, but there is a new form of VAT, and tax on employees.
5. In Dubai there is an exemption for diamondteers for 100 years from the date of starting operations.

Advocate Meir Linzen: "If until now the centre of gravity of business dealings has been in the defence sector, the Agreement between our States will increase commercial trading activity substantially."