



THE UAE'S NEW CIVIL CODE: Key Changes & Practical Implications

A. Introduction

The UAE's civil law framework has had its most significant reform in four decades. Federal Decree Law No.25 of 2025 ("the New Law"), replaced Federal Decree Law No.5 of 1985 ("the Old Law") effective from 1st of June 2026 with the aim to reflect today's commercial realities, sharpen transparency in judicial reasoning and create a more agile, business-friendly environment in the UAE.

The reforms introduced by the New Law can broadly be grouped into three categories: (i) clarifying ambiguities under the Old Law, (ii) modernising and enhancing existing provisions, and (iii) introducing entirely new legal concepts to address contemporary legal and commercial issues.

B. Key Changes in the New Law

(1) Clarification of Ambiguity:

The Old Law contained a number of fundamental provisions that were drafted in broad terms, leaving significant room for judicial interpretation and creating uncertainty in practice. The New Law addresses many of these ambiguities by providing clearer definitions and more precise legal concepts, helping to improve consistency and predictability in the application of the law.

A Clearer Definition of Public Policy
(Article 3)

One of the most significant changes introduced by the New Law is a more precise definition of public policy. The Old Law provided an open-ended formulation describing public policy as the “foundation upon which society is based,” a statement broad enough to give rise to differing interpretations. In contrast, Article 3 of the New Law confines the definition to four specific pillars:

- i. the definitive and conclusive rulings of the Islamic Sharia, which cannot be changed or contracted around;
- ii. mandatory laws that parties cannot override through agreements;
- iii. personal status rules governing marriage, divorce, and inheritance for Muslims; and
- iv. constitutional and sovereign principles that govern the UAE’s political and legal system.

(2) Modernising Existing Provisions:

Alongside clarifying existing concepts, the New Law modernises a number of long-standing legal provisions to reflect today's commercial, social and technological realities. Rather than replacing these rules entirely, it refines and expands them to make them more practical and better suited to modern legal relationships. Two notable examples are set out below.

Legal Capacity Begins at 18
(Article 84)

A significant shift in the New Law is the reduction of the legal age majority from 21 lunar years to 18 full Gregorian years, fundamentally reshaping the concept of legal capacity. This has implications across a wide range of legal transactions, including entering into contracts, managing property and conducting business activities, subject to any specific requirements contained in other applicable legislation. The amendment aligns the UAE with international practice while recognising the increasing independence of young adults in commercial and personal affairs.

Greater Flexibility in Force Majeure Cases
(Article 236)

One aspect of force majeure addressed under both the Old Law and the New Law is where an unforeseen event renders contractual performance impossible. Under the Old Law, however, the available remedies were rigid and generally limited to

termination or the automatic lapse of the contract. The New Law introduces greater flexibility. In addition to rescission and the lapse of contractual obligations where performance becomes impossible, courts are now empowered, where appropriate, to modify contractual obligations. This provides a more balanced approach, allowing greater flexibility in determining whether contractual relationships should continue or come to an end despite unforeseen events.

(3) Introducing New Legal Concepts

Beyond clarifying and modernising existing rules, the New Law also introduces several entirely new concepts that were not previously recognised under the Old Law. These additions seek to address gaps in the previous legislative framework while responding to the evolving needs of modern commercial transactions.

Statutory Duties During Pre-Contractual Negotiations (Articles 121-123)

The New Law introduces a statutory framework governing parties' conduct during pre-contractual negotiations. It imposes duties of good faith, confidentiality in relation to shared information, disclosure of material information that may influence the other party's decision and prohibits misleading conduct or unjustified withdrawal from negotiations where this causes harm. By placing greater emphasis on transparency and fair dealing from the outset, the New Law recognises that negotiations are a critical stage of any transaction and allows liability to arise for bad faith conduct, even where no final contract is ultimately concluded.

C. Implications & Takeaways

The New Law represents one of the most significant developments in the UAE's civil law framework in recent decades. While the New Law does not generally operate retrospectively, it will govern legal relationships and disputes arising after its entry into force in accordance with the applicable transitional provisions. Businesses and individuals should therefore consider reviewing their existing legal arrangements to determine whether updates may be beneficial in light of the revised legal framework and to minimise the risk of future disputes.

Some practical steps include:

1. **Review existing contracts, policies and Wills** to identify any provisions that should be updated to align with the New Law.

2. **Exercise greater care during contract negotiations**, ensuring communications and conduct remain transparent, accurate and consistent with the new pre-contractual obligations.
3. **Seek legal advice** when drafting, reviewing or negotiating legal documents to ensure compliance with the New Law and to minimise future disputes.
4. **Stay informed** as judicial interpretation of the New Law develops and further guidance becomes available.

If you require support in further understanding how these changes might affect your contractual relationships, early legal guidance is crucial in making the right decisions and protecting your position. Our team at Meyer-Reumann & Partners will be pleased to help and assist. Get in touch with us by emailing our lawyer **Natacha El Azar** via email at natacha@meyer-reumann.com or call the office directly on **+971 4 331 7110** for tailored advice and support.

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