

# ATB LEGAL

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FEDERAL DECREE-LAW No. (25) OF 2025

## New UAE Civil Code – Schedule of Key Material Changes

*Federal Law No. (5) of 1985 → Federal Decree-Law No. (25) of 2025*

In force 1 June 2026 · Prepared by ATB Legal

### 1. Overview

Federal Decree-Law No. (25) of 2025 promulgating the Civil Transactions Law was issued on 1 October 2025 and enters into force on 1 June 2026. It repeals Federal Law No. (5) of 1985 in its entirety. The reform is a comprehensive re-draft rather than a set of targeted amendments: the Code is reduced from 1,528 to 1,422 articles and is renumbered throughout, so an article number under the 1985 law almost never corresponds to the same number under the 2025 law.

The four-Book architecture (preceded by a Preliminary Section of general provisions) is broadly preserved, but every Book has been re-titled and re-sequenced, and several areas have been substantively rewritten – most notably the law of pre-contractual conduct, civil liability for harmful acts, the transfer (assignment) of obligations, suretyship, and a number of nominate contracts.

### 2. Scope and methodology

This schedule enumerates the key material changes – genuinely new concepts, deleted provisions and substantively altered rules – across the whole Code. It is deliberately not an exhaustive clause-by-clause concordance: pure renumbering and cosmetic re-wording are excluded, and provisions that merely restate a 1985 rule in modernised language are treated as unchanged. The “Impact” ratings are a practical assessment of commercial significance. Provisions frequently assumed to have changed but in fact retained are listed in section 10.

*Reading the tables: the two right-hand columns give the corresponding article numbers in the 1985 and 2025 laws; a dash (“-”) means there is no equivalent provision in that law.*

### 3. Structural overview

Level	1985 Law	2025 Law
Preliminary	Introductory Section – General Provisions	Preliminary Section – General Provisions
Book One	Personal Obligations and Rights	Obligations
Book Two	Contracts (nominate)	Nominate Contracts
Book Three	Original Rights in Rem	Original Real Rights (in Rem)
Book Four	Securities over Property	Real Securities

#### 4. General provisions and conflict of laws

#	Area and nature of change	Article (1985)	Article (2025)	Impact
A1	<b>Gap-filling / sources of law.</b> Where legislation is silent the court still applies Islamic Shari'ah, then custom, then natural law; but the 2025 law drops the 1985 directive to prefer specific schools (Maliki/Hanbali, then Shafi'i/Hanafii) and instead directs the court to choose the most appropriate solution per the public interest (Maslaha).	1	1	Medium
A2	<b>Choice of law for contracts.</b> Party-chosen law is now the express primary rule for the form and substance of contractual obligations; failing choice, the default shifts from the law of the place the contract was concluded to common domicile and then the law of the place of performance of the main obligation. Contracts over immovable property remain governed by the lex situs.	19	19	Medium

#### 5. Contract – formation, good faith and framework agreements

#	Area and nature of change	Article (1985)	Article (2025)	Impact
B1	<b>Pre-contractual good faith (new).</b> Negotiations must be commenced, conducted and broken off in good faith. Negotiating or terminating in bad faith gives rise to liability for the actual damage suffered (not lost profit/opportunity, unless agreed) even if no contract is concluded.	-	121	High
B2	<b>Duty to disclose decisive information (new).</b> A party holding information of decisive importance to the other's consent must disclose it; the duty falls on both parties and cannot be excluded by agreement. Non-disclosure can ground damages and annulment.	-	122	High
B3	<b>Confidential negotiation information (new).</b> A party who uses or discloses confidential information obtained during negotiations without permission is liable under the general rules.	-	123	Medium
B4	<b>New taxonomy of contracts.</b> General statutory classifications absent from 1985 are introduced: consensual / formal / real contracts, bilateral and unilateral contracts, and negotiated vs. adhesion contracts – categories that carry distinct legal consequences.	-	116-118	Medium
B5	<b>General doctrine of representation.</b> A free-standing framework for representation in contracting (contractual, legal or judicial; scope of authority; self-dealing prohibition) is added to the formation rules. In 1985 representation was dealt with only through the law of agency.	-	139-145	Medium
B6	<b>Framework agreement (new).</b> Where parties set principal terms to govern a series of future contracts, those terms are deemed to form part of the subsequent contracts	-	138	High

	unless otherwise agreed (expressly or impliedly).			
B7	<b>Hardship / unforeseen circumstances.</b> Where exceptional, unforeseeable general circumstances make performance onerous (not impossible), the court may now reduce the obligation to a reasonable limit OR rescind the contract. The 1985 law permitted reduction only. Any agreement to the contrary is void.	249	224	High

## 6. Effects of the obligation – performance, damages, assignment, set-off, prescription

#	Area and nature of change	Article (1985)	Article (2025)	Impact
C1	<b>Agreed (liquidated) damages.</b> The single symmetric power to adjust agreed compensation to the actual loss is replaced by a graded penalty-clause regime: the court may reduce for excessive amount, part-performance or the creditor’s contributory fault, and may award more than the agreed sum only on proof of the debtor’s fraud or gross fault. Contrary agreements are void.	390	340	High
C2	<b>Assignment of rights and debts (re-built).</b> The single tripartite Hawala (requiring transferor, transferee and creditor consent) is replaced by two modern mechanisms relocated into the obligations Book: assignment of a right – valid without the debtor’s consent – and assignment of a debt – requiring the creditor’s consent.	1106–1132	405–424	High
C3	<b>Assignment machinery (new).</b> A full apparatus is added: perfection against the debtor/third parties by acceptance or dated notice, priority of the assignment first perfected, treatment of intervening attachments, and graded warranties of existence and solvency.	-	407–417	High
C4	<b>Set-off – new statutory bars.</b> Automatic set-off is now barred where one debt is a claim for compensation for bodily injury or is a right not subject to attachment; acquired third-party and attaching-creditor rights are expressly protected.	373–374	321	Medium
C5	<b>Right of retention upgraded.</b> Retention becomes a quasi-security right: the retainer takes priority over ordinary creditors, may sell a perishable retained thing (with the right shifting to proceeds), and may recover the thing within fixed periods if it leaves possession.	-	350–353	Medium
C6	<b>Creditor’s action against debtor’s dispositions (Actio Pauliana).</b> A clearer Paulian regime distinguishes for-consideration dispositions (unenforceable only if the debtor is insolvent and the beneficiary aware) from gratuitous dispositions (unenforceable even where the beneficiary acted in good faith), with rules for sub-transferees and a buy-out option.	-	344–349	Medium

C7	<b>Limitation periods shortened.</b> The general 15-year bar is retained, but the period for professionals' fees (doctors, lawyers, engineers, experts, etc.) is cut from 5 to 3 years, and a new 2-year bar is introduced for traders/manufacturers' supplies and hotel/restaurant charges.	475-476	431-432	High
C8	<b>Compensation – reassessment.</b> New tools: the court may reconsider periodic/instalment compensation as circumstances and prices change, the injured party may seek reassessment on aggravation of the damage, and assessment may be reserved where loss cannot yet be quantified.	294-295	256	Medium

## 7. Civil liability for harmful acts (tort)

#	Area and nature of change	Article (1985)	Article (2025)	Impact
D1	<b>Vicarious liability now mandatory.</b> Liability for the act of another shifts from a discretionary power (the judge “may” hold a principal liable “if he sees justification”) to a direct, mandatory liability: the principal shall be liable for the subordinate’s harmful act done in or because of their duties (with a right of recourse against the wrongdoer).	313	265-267	High
D2	<b>Moral damage expanded.</b> Compensation for moral harm to a spouse and relatives is extended from the victim’s death only to the victim’s incapacity or death, with the eligible class fixed at relatives up to the second degree.	293	254	High
D3	<b>Liability of the “guardian of a thing” (new).</b> Whoever has actual control of a thing is its “guardian,” and the owner is presumed to be the guardian unless control is shown to have passed to another. No such general clause existed in 1985.	-	268	High
D4	<b>Liability for animals and buildings.</b> The standard moves from fault-based (liability only if the keeper/owner was “in default or guilty of a wrongdoing”) to a presumption of liability rebuttable only by proof of an external cause.	314-315	269-270	High
D5	<b>General scoping clause (new).</b> A new opening article subjects the harmful-act chapter to special-law liability rules, applies it expressly to harm caused by a natural or legal person, and confirms civil liability is independent of criminal liability.	-	245	Medium
D6	<b>Necessity defence codified (new).</b> A person who causes harm to avert a greater imminent harm is liable only to the extent the court considers appropriate – a state-of-necessity defence absent from the 1985 harmful-act chapter.	-	252	Medium
D7	<b>Receipt of the undue expanded.</b> Recovery of undue payment is developed: no restitution where the payer	320-324	275-279	Medium

	knew the payment was not due (unless incapacitated/coerced), differentiated good- vs bad-faith recipient liability, and a cap on an incapacitated recipient’s liability to the extent of enrichment.			
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## 8. Nominate contracts

### SALE

#	Area and nature of change	Article (1985)	Article (2025)	Impact
E1	<b>Latent-defect warranty period doubled.</b> The time-bar for a defect (warranty) claim runs for one year from the day after delivery, doubled from six months (longer by agreement; unavailable where the defect was fraudulently concealed).	555	510	High
E2	<b>New “keep and reduce” remedy.</b> On a latent defect the buyer may now either return the goods or keep them and claim a proportionate price reduction (the seller may avert this by supplying a defect-free equivalent). The 1985 law expressly forbade keeping the goods and claiming a reduction.	544	495	High
E3	<b>Fitness-for-period (durability) warranty (new).</b> A new regime where the seller guarantees fitness for use for a stated period; the buyer must notify a defect within one month, failing repair the buyer may rescind with damages or keep and claim.	-	502	Medium
E4	<b>Sale of disputed (litigious) rights (new).</b> New provisions allow the opposing party to redeem a sold disputed right from the buyer, and bar judges, prosecutors, experts, arbitrators, mediators and lawyers (and close relatives) from buying rights in dispute within their remit, on pain of nullity.	-	545-547	Medium

### LEASE

#	Area and nature of change	Article (1985)	Article (2025)	Impact
E5	<b>Sublease / assignment requires written consent.</b> A tenant may not assign the lease or sublet (in whole or part) except with the lessor’s written consent. The 1985 law required only “consent or approbation,” with no writing requirement.	787	729	High
E6	<b>Tacit renewal is a new lease.</b> Where the tenant holds over with the lessor’s knowledge, the lease renews for one year and is expressly “a new lease, not merely an extension”; crucially, personal or real suretyship does not carry over to the renewed lease without the surety’s consent.	757	731	High
E7	<b>Continuation on sale of a business in the premises (new).</b> Where the tenant must sell a factory or shop established in the premises, the court may order the lease to continue if	-	728	Medium

	the buyer gives sufficient security and the lessor suffers no actual harm.			
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**MUQAWALA (CONTRACT FOR WORK / CONSTRUCTION)**

#	Area and nature of change	Article (1985)	Article (2025)	Impact
E8	<b>Hardship relief for lump-sum works (new).</b> Where unforeseeable general exceptional circumstances disrupt the financial basis of a lump-sum contract, the court may restore the contractual equilibrium – extend time, increase or reduce the price, or rescind. The 1985 law rigidly barred any increase to a lump-sum price.	887	829(3)	High

**SURETYSHIP**

#	Area and nature of change	Article (1985)	Article (2025)	Impact
E9	<b>Surety's liability now subsidiary.</b> By default the creditor may not pursue the surety alone before having recourse to the debtor, and may not execute against the surety until the debtor's assets are exhausted (unless the surety is joint-and-several or law/agreement provides otherwise). In 1985 the creditor could freely claim against debtor, surety, or both.	1078	1009	High
E10	<b>Discharge now requires suit, not demand.</b> The surety is released unless, within six months of maturity, the creditor commences judicial proceedings against both the debtor and the surety. The 1985 law required only that the creditor "claim for it" (a demand) within six months.	1092	1006	High

**INSURANCE AND OTHER CONTRACTS**

#	Area and nature of change	Article (1985)	Article (2025)	Impact
E11	<b>Insurance – one-way mandatory protection (new).</b> Any term contravening the insurance chapter is void unless it operates to the benefit of the insured or beneficiary – a general semi-imperative protection with no 1985 equivalent.	-	954	High
E12	<b>Takaful insurance codified (new).</b> Cooperative (Takaful) insurance is given an express framework – contributions to a Takaful fund, each participant treated as insured, investment of fund proceeds.	-	967	Medium
E13	<b>Single-person company permitted.</b> The 2025 law expressly allows the establishment or ownership of a company by a single person, departing from the 1985 definition requiring "two or more persons."	654	603	Medium
E14	<b>Mudaraba modernised.</b> Mudaraba is promoted from a sub-type of "companies" to a standalone contract, and its capital may now be a debt owed by the mudarib to the capital provider – reversing the 1985 prohibition.	694	655-656	Medium

E1 5	<b>Agency redefined on representation model.</b> Agency is redefined on the modern representation concept (acting “in the name and for the account of” the principal) and expressly subjected to the new general representation rules.	924	866	Medium
E1 6	<b>Employment chapter residual; notice cut.</b> The civil-code employment chapter is expressly residual to labour legislation, and the employee’s notice to terminate a lifetime/over-5-year contract after 5 years is cut from six months to three.	898	840-842	Low

## 9. Real rights (property) and real securities

### BOOK THREE – ORIGINAL REAL RIGHTS

#	Area and nature of change	Article (1985)	Article (2025)	Impact
F1	<b>Musataha – registration and term.</b> The surface/right-to-build (Musataha) must now be created by a registered contract (unregistered dispositions are void), the mandatory 50-year maximum term is removed, and the notice/default periods for open-ended grants are cut from two years to six months.	1353-1360	1254-1261	High
F2	<b>Acquisitive prescription shortened.</b> Where possession of immovable property is in good faith and based on a valid legal cause, the period to acquire ownership is reduced from seven to five years (the ordinary 15-year and 33-year periods are unchanged).	1318	1219	High
F3	<b>Codified possessory actions (new).</b> Three structured possessory remedies are introduced – recovery of possession, prevention of disturbance, and cessation of new works – each with one-year windows, replacing a single thin 1985 provision.	1316	1208-1212	Medium
F4	<b>Usufruct – 50-year cap removed.</b> The 1985 default that usufruct expires after fifty years (absent contrary stipulation) is dropped from the list of termination grounds.	1344	1244	Medium
F5	<b>Revival of unowned (mawat) land.</b> Reviving ownerless land no longer confers automatic ownership; the reviver obtains only a right to benefit, and ownership only with the competent authority’s approval – reversing the classical 1985 rule.	1209-1217	1111-1115	Medium
F6	<b>No-disposition conditions and third parties.</b> A lawful restriction on a transferee’s power to dispose now binds third parties only if they knew of it; for immovables, registration is deemed constructive notice from the registration date.	1145-1146	1048-1049	Medium
F7	<b>The Will – deferred to special law.</b> Wills are now governed simply by “the applicable legislation,” dropping the 1985 express reference to the Islamic Shari’ah and provisions	1258	1155	Medium

	derived from it (anti-evasion rules retained).			
F8	<b>Waqf chapter removed.</b> The standalone Waqf chapter (which simply referred to special law) is dropped as a structural chapter of the real-rights book.	1361	-	Low

**BOOK FOUR – REAL SECURITIES**

#	Area and nature of change	Article (1985)	Article (2025)	Impact
G1	<b>“Pledge by way of security” renamed “Mortgage”.</b> The real-property security is renamed throughout from “pledge by way of security” to “mortgage”. The substantive rules map almost article-for-article; the regime is also extended to movables whose special laws require registration. High drafting relevance, low doctrinal change.	1399–1447	1296–1342	Medium

**10. Provisions often assumed to have changed – but retained**

To avoid false positives, the following important provisions were checked and found substantively unchanged (modernised drafting only). They are not material changes:

- General limitation period – the 15-year bar on hearing a denied claim is retained (1985 Art 473 → 2025 Art 429).
- Force majeure – automatic rescission of bilateral contracts on supervening impossibility is retained, with minor elaboration (1985 Art 273 → 2025 Art 236).
- Good faith in performance – already required under the 1985 law (Art 246 → 2025 Art 221); only good faith in negotiation is new.
- Earnest money (Arbun) – the default that earnest money makes the contract binding was already the 1985 rule (Art 148 → 2025 Art 137).
- Adhesion contracts – the court’s power to strike or vary unfair terms already existed (1985 Art 248 → 2025 Art 223).
- Transitional limitation rules – the mechanics for applying new limitation periods to running periods are carried over essentially verbatim and sit in the Law’s Preliminary Section (Arts 6–7), not in the three-article promulgating Decree.
- Pre-emption (Shuf’a), ownership of floors and apartments / owners’ associations, estate liquidation, possessory pledge and the ranking of privileges – substantially preserved.

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