

**Law No. (7) of 1995**  
**Concerning the**  
**Financial Regulations of Government Departments in the Emirate of Dubai<sup>1</sup>**

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**We, Maktoum bin Rashid Al Maktoum, Ruler of Dubai,**

After perusal of:

Law No. (5) of 1995 Establishing the Department of Finance, and  
Law No. (1) of 1995 Establishing the Financial Audit Directorate,

**Do hereby issue this Law.**

**Article (1)**

This Law will be cited as "Law No. (7) of 1995 Concerning the Financial Regulations of Government Departments in the Emirate of Dubai".

**Article (2)**

In implementing the provisions of this Law, the following words and expressions will have the meaning indicated opposite each of them unless the context implies otherwise:

Ruler: His Highness the Ruler of the Emirate of Dubai.

Emirate: The Emirate of Dubai.

Government: The Government of Dubai.

Government  
Departments: The departments of the Government of Dubai.

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<sup>1</sup> *Every effort has been made to produce an accurate and complete English version of this legislation. However, for the purpose of its interpretation and application, reference must be made to the original Arabic text. In case of conflict, the Arabic text will prevail.*

Law No. (7) 1995 Concerning the Financial Regulations of Government Departments in the Emirate of Dubai

DOF:	The Department of Finance.
HHRC Director:	The director of the Ruler's Court.
Director General:	The director general of the DOF.
General Budget:	The estimated revenue and expenditure of Government Departments for a particular financial year.
Supplementary Budget:	The budget of a public corporation or entity that has no independent legal personality.
Independent Budget:	The budget of a public corporation or entity that has an independent legal personality.
Extraordinary Budget:	A budget prepared for temporary or emergency purposes.

## **Chapter One Principal Rules**

### **Article (3)**

The General Budget will be issued pursuant to a law which contains all estimated revenue and expenditure of all Government Departments during a financial year.

### **Article (4)**

A financial year will commence on 1 January and will end on 31 December of each year.

### **Article (5)**

The total estimated revenue for a financial year will be allocated to cover all estimated general expenditure for the same year. A particular revenue may not be allocated to cover a particular expenditure. Collected revenue may not be offset against disbursed expenditure.

## **Article (6)**

Cash basis accounting will apply to revenue accounts so that only revenue which is actually collected during the financial year is recorded in these accounts. A modified cash basis accounting will apply to expenditure accounts so that expenditure will be recorded in the accounts of the financial year when it is actually paid, or when it is decided to be disbursed during the financial year but is not paid by the end of that year for any reason and is posted to trust accounts.

## **Article (7)**

In the event that no General Budget law is issued prior to the commencement of a financial year, the General Budget estimates of the previous financial year will continue to apply as if it was an approved budget. However, disbursements for the projects included in this budget will be made according to the approved projects plan until the new budget is issued. Collected revenue and disbursed expenditure for that period will be recorded in the accounts of the new budget once it is issued.

## **Article (8)**

The General Budget items will be classified as follows:

### **1. Administrative Classification**

Expenditure and revenue of each Government Department are separately stated.

### **2. Economic Classification**

Expenditure and revenue are classified according to the type of revenue or expenditure, so that each type of revenue or expenditure is stated in a separate chapter that is divided into specific subcategories and items.

## **Article (9)**

The budget items of each Government Department will be classified based on the Economic Classification as mentioned in the preceding Article and based on the needs of each administrative unit of its organisational structure.

## **Chapter Two**

### **Preparing the General Budget**

#### **Article (10)**

The HHRC Director will issue instructions to Government Departments to prepare their estimated annual budgets no later than the end of August of each year.

#### **Article (11)**

Government Departments will prepare initial estimates of their expenditure based on their plans and programmes for the relevant financial year.

Initial estimates of the general revenue will be prepared based on the projected revenue. When estimating expenditure and revenue, the instructions issued by the DOF, the budget classification rules stipulated in Article (8) of this Law, and the relevant provisions of its implementing bylaw, must be complied with.

#### **Article (12)**

Government Departments will submit their draft estimated budgets to the DOF no later than the end of October of each year. If any Government Department fails to submit its draft budget by this deadline, the DOF will prepare this draft budget based on the current year's budget taking into account the projected budgetary increase or decrease and the plans of that Government Department.

#### **Article (13)**

The DOF will discuss with Government Departments the initial estimates of their expenditure based on the actual expenditure for the previous two (2) years, taking into account the percentage of increase or decrease in expenditure based on the plan and programmes of each Government Department, and the limits of the available financial resources. Revenue estimates will be discussed in accordance with the rules stipulated in the implementing bylaw of this Law.

#### **Article (14)**

Following discussion of the initial estimates of general revenue and expenditure with Government Departments, the DOF will prepare the draft General Budget as stipulated in the implementing bylaw of this Law.

#### **Article (15)**

The Director General will submit to the HHRC Director the draft General Budget organised in chapters and items, together with a draft law issuing the General Budget and a report on the financial and economic position of the Emirate.

### **Chapter Three**

#### **Approval, Issuance, and Amendment of the General Budget**

#### **Article (16)**

The HHRC Director will present the draft General Budget to the Ruler together with the draft law issuing the General Budget and the report on the financial and economic position of the Emirate no later than mid-December of each year for approval and issuance.

#### **Article (17)**

After the General Budget law is issued, the DOF will notify the Government Departments covered by this approved budget of their respective approved budgets for the financial year together with financial instructions relating to implementation.

#### **Article (18)**

Additional appropriations may be included in the total estimates of the General Budget only with the approval of the Ruler or his authorised representative upon the recommendation of the HHRC Director.

#### **Article (19)**

Appropriations may be reallocated from an item to another within the same chapter pursuant to a decision of the director general of the concerned Government Department. Appropriations may also be reallocated from one chapter to another pursuant to a

resolution of the Ruler or his authorised representative upon the recommendation of the HHRC Director. Where necessary, appropriations of a Government Department may be reallocated to another Government Department subject to approval of the heads of both concerned departments and pursuant to a resolution of the Ruler or his authorised representative upon the recommendation of the HHRC Director. The implementing bylaw of this Law will indicate the circumstances under which appropriations may be reallocated from one Government Department to another.

## **Chapter Four Implementation of the General Budget**

### **Article (20)**

General expenditure commitments will be undertaken by the competent authority in each Government Department in accordance with the laws, regulations, and bylaws governing its work and the relevant appropriations allocated in the budget.

### **Article (21)**

In principle, an expenditure commitment may not be undertaken if it results in financial obligations that extend beyond the current financial year, except in the following cases:

- 1. Appointment of Employees**
- 2. Employment, Supply, Lease, Services, and Maintenance Contracts**

These contracts may be concluded for a maximum term of three (3) years. The term of any such contract may be extended beyond this period subject to approval of the HHRC Director, provided that the annual amounts disbursed in relation to these contracts are within the limits of the annual appropriations allocated in the budget for this purpose.

- 3. Project Contracts**

These contracts may be concluded based on the overall cost of the project, provided that the disbursement of payments during the financial year is within the limits of the appropriations allocated to the project in the budget.

### **Article (22)**

An expenditure will be settled, disbursed, or paid in accordance with the rules and procedures stipulated in the implementing bylaw of this Law, provided that the expenditure is specified and payable in accordance with the laws and bylaws applicable to Government Departments covered by the General Budget, and that relevant appropriations are available.

### **Article (23)**

In the event that any project included in the budget of a financial year is not completed during that financial year, the undisbursed balance of the relevant appropriations will be included in the budget of the upcoming financial year.

### **Article (24)**

General revenue will be collected and deposited according to the regulations in force. Revenue of all Government Departments will be transferred to the general revenue account of the DOF. The implementing bylaw of this Law will stipulate the types and classification of revenue and will set guidelines for revenue items. The DOF will set the rules and implementing procedures required for this purpose.

### **Article (25)**

In order for the DOF to follow up budget implementation, each Government Department will submit to the DOF each month a statement of the expenditure, revenue, and balances of its unbudgeted accounts and a statement of the adjustments of its bank accounts, no later than the end of the second week of the following month. The DOF will issue the necessary instructions in this regard.

### **Article (26)**

The DOF will provide Government Departments with funds within the limits of the appropriations allocated in the General Budget to cover the expenditure of each Government Department. For this purpose, the DOF will set a financial year programme that enables Government Departments to perform their duties and implement their plans and programmes in accordance with the implementing bylaw of this Law.

## **Chapter Five**

### **Auditing the Implementation of the General Budget**

#### **Article (27)**

An internal financial audit unit will be established within each Government Department and will report to the director general of the Government Department. This unit will audit the implementation of the budget of this Government Department. The implementing bylaw of this Law will determine the functions of these units.

## **Chapter Six**

### **Financial Statements**

#### **Article (28)**

The revenue which is actually collected as at the end of the financial year will be included in the financial statements of a Government Department and will be classified into their respective categories. Reasons for any increase or decrease in the collected revenue compared to the projected revenue will be stated in these statements.

#### **Article (29)**

The financial statements of each Government Department will include the expenditure recorded in the accounts of the financial year, including expenditure for which payment vouchers are duly issued and which is deducted from its respective items and paid during the financial year, as well as expenditure which is decided to be disbursed during the financial year and is posted to trust accounts.

#### **Article (30)**

The consolidated financial statements will include the total revenue which is actually collected, and the total expenditure which is paid, or which is decided to be disbursed, during the financial year and is posted to trust accounts. The consolidated financial statements will also indicate the amount of any surplus or deficit so that surplus is credited to, and deficit is debited from, the general reserve account. If the credit balance in the general reserve account is not sufficient, the DOF will take the appropriate action to cover the deficit.



### **Article (31)**

The implementing bylaw of this Law will set the principles and rules that must be followed in preparing the financial statements of Government Departments and the consolidated financial statements. The HHRC Director will issue instructions in this regard on an annual basis.

## **Chapter Seven General Provisions**

### **Article (32)**

Government Departments may open non-budgetary intermediate accounts as required for the flow of financial processes, in accordance with the rules stipulated in the implementing bylaw of this Law.

### **Article (33)**

Subject to approval of the Ruler or his authorised representative based on the recommendation of the HHRC Director, exemptions from payment of all or part of the amounts that become payable for any reason to the Government may be granted.

### **Article (34)**

All documents, instruments, and records related to a financial year will be maintained for fifteen (15) years after this financial year and may be destroyed after the expiry of this period in accordance with the rules stipulated in the implementing bylaw of this Law. This period may be reduced or increased upon approval of the HHRC Director.

### **Article (35)**

The implementing bylaw of this Law will be issued pursuant to a resolution of the HHRC Director, and will include all rules required for the implementation of this Law. The Director General will issue detailed financial circulars and instructions to indicate the relevant procedures that must be followed and the documents that must be used.

### **Article (36)**

All draft laws, decrees, and regulatory resolutions of financial impact will be submitted to the DOF for opinion before they are presented to the Ruler or his authorised representative for issuance.

### **Article (37)**

The provisions of this Law will apply to public corporations and authorities which have Independent Budgets or Supplementary Budgets with respect to all matters for which no provision is stipulated in their establishing laws, decrees, resolutions, memoranda of association, or financial bylaws.

### **Article (38)**

Any provision that contradicts the provisions of this Law will be repealed.

### **Article (39)**

This Law will be published in the Official Gazette and will come into force on the day on which it is published.

**Maktoum bin Rashid Al Maktoum**

**Ruler of Dubai**

Issued in Dubai on 14 December 1995

Corresponding to 22 Rajab 1416 A.H.