

Law No. (1) of 2024
Concerning Tax on Foreign Banks Operating in the Emirate of Dubai¹

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

After perusal of:

Federal Law by Decree No. (14) of 2018 Concerning the UAE Central Bank and Regulating Financial Institutions and Services and its amendments;

Federal Law by Decree No. (28) of 2022 Concerning the Tax Procedures and its Implementing Bylaw;

Federal Law by Decree No. (47) of 2022 Concerning Corporate and Business Tax and its amendments;

Law No. (5) of 1995 Establishing the Department of Finance;

Law No. (1) of 2016 Concerning the Financial Regulations of the Government of Dubai, its Implementing Bylaw, and their amendments;

Law No. (4) of 2018 Establishing the Financial Audit Authority;

Law No. (5) of 2021 Concerning the Dubai International Financial Centre;

Decree No. (22) of 2009 Concerning Special Development Zones in the Emirate of Dubai;

Decree No. (59) of 2023 Concerning the Supreme Fiscal Committee in the Emirate of Dubai;

Regulation No. (2) of 1996 Concerning Collection of Tax from Branches of Foreign Banks in the Emirate of Dubai; and

The legislation establishing and regulating free zones in the Emirate of Dubai,

Do hereby issue this Law.

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¹*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. (1) of 2024 Concerning Tax on Foreign Banks Operating in the Emirate of Dubai

Title of the Law
Article (1)

This Law will be cited as "Law No. (1) of 2024 Concerning Tax on Foreign Banks Operating in the Emirate of Dubai".

Definitions
Article (2)

The following words and expressions, wherever mentioned in this Law, will have the meaning indicated opposite each of them unless the context implies otherwise:

UAE:	The United Arab Emirates.
Emirate:	The Emirate of Dubai.
Ruler:	His Highness the Ruler of Dubai.
CBUAE:	The Central Bank of the United Arab Emirates.
SFC:	The Supreme Fiscal Committee in the Emirate of Dubai.
DOF:	The Department of Finance.
FAA:	The Financial Audit Authority.
Director General:	The director general of the DOF.
Corporate Tax Law:	Federal Law by Decree No. (47) of 2022 Concerning Corporate and Business Tax and its amendments.
Tax:	The tax imposed on a Taxable Person under this Law.
Foreign Bank:	A branch of a foreign bank licensed by the CBUAE to operate in the UAE in accordance with the legislation applicable to the CBUAE.
Taxable Person:	A Foreign Bank and its branches that are licensed by the CBUAE to operate in the Emirate.
Tax Period:	A period of time in respect of which a Taxable Person must submit a Tax Return and calculate the relevant due Tax.

Taxable Income:	The revenue realised by a Taxable Person within the Emirate during a Tax Period, which is calculated in accordance with the provisions of this Law.
Tax Return:	The information and data that must be provided to the DOF by a Taxable Person on the forms prescribed by the DOF and in accordance with the relevant resolutions issued by it.
Tax Audit:	A process undertaken by an Auditor to examine the accounting records, books, and documents; or any information or data related to the Tax due from a Taxable Person.
Tax Assessment:	A decision issued by the DOF determining the amount of Tax due from a Taxable Person based on the findings of a Tax Audit.
Voluntary Disclosure:	A statement submitted by a Taxable Person to the DOF, under this Law and the resolutions issued in pursuance hereof, notifying it of any error, deficiency, or omission in a Tax Return or Tax Assessment.
Auditor:	Any Person authorised by the FAA to audit a Taxable Person.
Tax Evasion:	A Taxable Person's use of illegal means resulting in the under-assessment or non-payment of the amount of due Tax, or a Tax refund to which he is not entitled.

Scope of Application Article (3)

- a. This Law applies to all Foreign Banks operating in the Emirate, including in Special Development Zones and free zones.
- b. This Law does not apply to Foreign Banks licensed to operate in the Dubai International Financial Centre in respect of the income they realise from conducting their Business within or through the DIFC.

Tax Rate Article (4)

- a. An annual Tax at the rate of twenty percent (20%) of the Taxable Income is hereby levied on Foreign Banks.

- b. The Corporate Tax rate applicable under the Corporate Tax Law will be deducted from the rate indicated in paragraph (a) of this Article, provided that the Foreign Bank pays the relevant tax prescribed under the Corporate Tax Law.

Calculating Taxable Income Article (5)

When calculating a Taxable Income, the following will be observed:

1. The rules and regulations approved by the Director General regarding:
 - a. the method of calculating Joint Revenues and Joint Expenditures;
 - b. the head office expenditures and the Regional Management Expenditures;
 - c. the unrealised losses and gains from the Taxable Income;
 - d. any profits that are not included in the income statement; and
 - e. any other matters required to be considered when calculating the Taxable Income.
2. the provisions of the Corporate Tax Law and the resolutions issued in pursuance thereof, in any cases other than those covered by the rules and regulations approved by the Director General for calculation of the Taxable Income.

Submission of Tax Returns and Payment of Taxes Article (6)

- a. A Taxable Person must, within the time frame prescribed by the Director General, provide the DOF with:
 1. the Tax Return for the outgoing Tax Period, on the relevant form prescribed by the DOF;
 2. the Taxable Person's financial statements and financial notes;
 3. the amount of Tax due in respect of the outgoing Tax Period, together with the documents supporting the method of calculation of that amount; and
 4. the tax rate applicable to the Taxable Person, and the amount of Tax paid by him, under the Corporate Tax Law.

- b. The financial statements and financial notes of a Foreign Bank must be certified by an accredited external auditor.
- c. A Tax Return submitted to the DOF will not be accepted unless it includes the basic information determined in the form prescribed by the DOF.
- d. A Taxable Person is responsible for the accuracy of the information and data set forth in the Tax Return, financial statements, and financial notes; and all other data and information provided by him to the DOF or the FAA.

Voluntary Disclosure Article (7)

- a. Where a Taxable Person becomes aware that a Tax Return submitted by him to the DOF, or a Tax Assessment sent to him by the DOF, is incorrect, resulting in under-assessment of the Tax due under this Law, the Taxable Person must correct the Tax Return, or the information based on which the Tax Assessment is made, by submitting a Voluntary Disclosure; and must pay the outstanding difference in Tax within thirty (30) days from the date on which he becomes aware of the same.
- b. Where a Taxable Person becomes aware that a Tax Return submitted by him to the DOF, or a Tax Assessment sent to him by the DOF, is incorrect, resulting in over-assessment of the Tax due under this Law, the Taxable Person may submit a Voluntary Disclosure within thirty (30) days from the date on which he becomes aware of the same. In that case, the Taxable Person must notify the DOF of an appropriate refund method, either through making the refund to his bank account or considering the difference in Tax as an advance payment towards the Tax due in respect of the next Tax Period.
- c. The Voluntary Disclosure referred to in paragraphs (a) and (b) of this Article will be submitted on the relevant forms and in accordance with the procedures prescribed by the DOF.

Audit of Tax Returns and Voluntary Disclosures Article (8)

- a. The DOF will refer to the FAA the Tax Returns, financial statements and notes, data, information, documents, and Voluntary Disclosures submitted by Taxable Persons.
- b. The FAA will audit and verify the accuracy of the Tax Returns, financial statements, notes, data, information, documents, and Voluntary Disclosures referred to it by the DOF. The FAA will include the findings of audit in the relevant reports, which it will submit to the DOF.

**Tax Audit
Article (9)**

- a. An Auditor will conduct the Tax Audit of a Taxable Person to verify his compliance with the provisions of this Law. The audit may be conducted at the offices of the FAA; at the place of business of the Taxable Person; or at any other place where the Taxable Person keeps his records, in which case the Taxable Person must be notified at least five (5) days before the date of conducting the Tax Audit.
- b. For the purpose of performing the Tax Audit duties, an Auditor will have the authority to access all documents, information, records, and data at the Taxable Person's place of business or at the place where the Taxable Person keeps his records, provided that these documents, information, records, and data are relevant for Tax purposes.
- c. Notwithstanding the provisions of paragraph (a) of this Article, an Auditor will have the right to access any place of business of the Taxable Person or any place where he keeps his records, without notifying him in advance of the Tax Audit, in any of the following cases:
 - 1. where the FAA has substantial grounds to believe that the Taxable Person is involved or implicated in Tax Evasion;
 - 2. where the FAA has substantial grounds to believe that the Taxable Person is concealing any Tax-related data or information; or
 - 3. where the Taxable Person is notified in advance of the Tax Audit but attempts to prevent the Auditor from accessing the place where the Tax Audit is to be conducted.
- d. A Tax Audit will be conducted during the official working hours of the FAA. However, where necessary, the Tax Audit may be conducted outside of these working hours pursuant to a decision of the FAA Director General.
- e. A person who is subject to Tax Audit, or any other person whose work is related to the Tax Audit, must provide all possible facilitations and assistance to the Auditor to enable him to perform his duties.
- f. The DOF and the FAA will have the right to re-audit any matter that has been previously audited if new information emerges which may impact the Tax Audit findings.

Obtaining Records and Documents

Article (10)

In conducting the Tax Audit, the Auditor will have the authority to obtain or seize original records and documents, or copies thereof, in accordance with the relevant rules prescribed by the FAA Director General.

Rights of Persons Subject to Tax Audit

Article (11)

A person subject to Tax Audit will have the right to:

1. request the Auditor to produce his identification card;
2. obtain a copy of the Tax Audit report once completed;
3. have his representative attend the Tax Audit conducted at his place of business or at the place where he keeps his records; and
4. receive copies of any records or documents seized or obtained by the Auditor in the course of conducting the Tax Audit.

Notification of Tax Audit Findings

Article (12)

- a. The FAA will provide the DOF with the final Tax Audit findings within ten (10) days from the date of the Tax Audit completion.
- b. The DOF will, within ten (10) days from the date on which it approves the Tax Audit findings, issue the Tax Assessment and notify the Taxable Person of the amount of the payable Tax, in the event of any difference, whether an overpayment or underpayment, between the Tax amount paid by the Taxable Person and the Tax amount payable by him.

Tax Assessment

Article (13)

Where the DOF is unable to determine the amount of due Tax, it will issue an estimated Tax Assessment. The DOF must amend this assessment where new information emerges after its issuance, and must notify the Taxable Person of such amendment within ten (10) days from the date of the same.

Challenging Due Tax and Fines
Article (14)

- a. A Taxable Person may file a challenge with the DOF in respect of the amount of Tax or fine imposed on him under this Law. This challenge will be admissible subject to the following:
 - 1. The challenge must be in writing, reasoned, and supported by the relevant documents and facts.
 - 2. The challenge must be filed within twenty (20) days from the date on which the Taxable Person is notified of the Tax Assessment and the amount of the due Tax, or the imposed fine.
 - 3. The Taxable Person must pay at least fifty percent (50%) of the amount of the due Tax or imposed fine.
- b. The DOF will consider any challenge that meets the requirements referred to in paragraph (a) of this Article through a committee formed for this purpose by the Director General from among the employees of the DOF or other entities. This committee must submit its recommendations in respect of the challenge to the SFC within thirty (30) days from the date of duly filing the challenge. The SFC must determine the challenge by issuing a reasoned decision within ten (10) days from the date of submitting the recommendations to it.
- c. The DOF will notify the Taxable Person of the SFC decision within five (5) days from the date of its issuance.
- d. The SFC decision will be deemed final, and may be appealed only before the competent court.

Tax Evasion Penalty
Article (15)

- a. Without prejudice to any stricter penalty stipulated in any other legislation, a Person who commits Tax Evasion by performing any of the acts stipulated in paragraph (b) of this Article will be punished by a fine equal to double the amount of the evaded Tax.
- b. A Taxable Person will be deemed to have committed Tax Evasion if he:
 - 1. submits an incorrect Tax Return, and fails to provide a Voluntary Disclosure in respect thereof within the time limit prescribed by this Law;

2. fails to pay the due Tax or the difference in Tax established by the Tax Audit;
 3. understates his actual Taxable Income;
 4. manipulates accounting data or provides incorrect, incomplete, or false information, records, or statements;
 5. misuses, or causes damage to, any documents prepared by the DOF or the FAA;
 6. destroys or conceals any documents, data, or information he is required to maintain and provide to the DOF or the FAA;
 7. prevents or precludes the Auditor from performing his duties in a manner that leads to Tax Evasion; or
 8. commits any other act or omission aimed at evading, in part or in whole, the payment of Tax.
- c. Without prejudice to the Taxable Person's liability for Tax Evasion, where it is established that a third party has directly participated in or caused Tax Evasion, the same fine imposed on the Taxable Person will be independently imposed on that third party.

Delay in Payment of Taxes or Fines Article (16)

Where a Taxable Person delays in paying, in whole or in part, the Tax due from him, or the fine imposed on him, beyond the deadline prescribed under this Law and the resolutions issued in pursuance hereof, he will be subject to a penalty of a fine of two percent (2%) of the amount of unpaid Tax or fine for every month of delay, in which case a part of a month will be rounded up to a full month.

Administrative Penalties and Fines Article (17)

- a. The Chairman of the Executive Council will issue a resolution determining the acts that constitute administrative violations of this Law and the resolutions issued in pursuance hereof; and the fine prescribed for each violation. The fine for each violation must not exceed five hundred thousand dirhams (AED 500,000.00)

- b. Upon repetition of the same administrative violation within two (2) years from the date of the previous violation, the amount of the fine referred to in paragraph (a) of this Article will be doubled. A fine must not exceed one million dirhams (AED 1,000,000.00).

Tax Payment Obligation Article (18)

The imposition of the fines prescribed by Articles (15), (16), and (17) hereof does not prejudice the Taxable Person's obligation to pay the Tax due from him.

Law Enforcement Article (19)

The DOF employees nominated pursuant to a resolution of the Director General, and the FAA employees nominated pursuant to a resolution of the FAA Director General, will have the capacity of law enforcement officers to record the acts committed in breach of the provisions of this Law and the resolutions issued in pursuance hereof. For this purpose, they may issue the necessary violation reports; and, where necessary, seek the assistance of police personnel.

Notification of Decisions and Procedures Article (20)

- a. The DOF and the FAA will notify each Taxable Person of any decisions or procedures related to implementing the provisions of this Law and the resolutions issued in pursuance hereof on the address he specifies, unless he notifies the DOF and the FAA of any change to that address; and will use the method of notification agreed upon by the Taxable Person and the DOF.
- b. A notification communicated in accordance with paragraph (a) of this Article will be deemed valid and will have full legal effect.

Seeking Assistance from Government Entities Article (21)

Government Entities in the Emirate must, upon request, fully cooperate with the DOF and the FAA to enable them to implement the provisions of this Law and the resolutions issued in pursuance hereof.

Maintaining Confidentiality Article (22)

- a. Subject to liability, the employees of the DOF and the FAA must maintain the confidentiality of, and not disclose, the information and data which they obtain or to which they have access in the course of implementing the provisions of this Law and the resolutions issued in pursuance hereof; and will remain bound by this confidentiality obligation even after the end of their service.
- b. Without prejudice to any liability incurred, where applicable, a Person who obtains any data or information related to implementing the provisions of this Law and the resolutions issued in pursuance hereof must not disclose or use the same for any purposes other than those for which it is obtained unless such disclosure or use is requested by the Competent Judicial Authority.
- c. The Director General will, in coordination with the FAA Director General, issue the bylaws and instructions required for regulating the exchange of the data and information related to implementing the provisions of this Law and the resolutions issued in pursuance hereof.

Rules for Collection of Public Funds Article (23)

The rules and procedures stipulated in the above-mentioned Law No. (1) of 2016 and the resolutions issued in pursuance thereof apply where a Taxable Person refrains from paying the Tax due, or the fines imposed on him, under this Law and the resolutions issued in pursuance hereof.

Time Limit for Performance of Tax Obligations Article (24)

Where no time limit is specified for the performance of any obligation or act under this Law and the resolutions issued in pursuance hereof, the DOF or the FAA will grant each Taxable Person a time limit commensurate with the nature of the obligation or act he is required to perform. In that case, the time limit may neither be less than five (5) days nor more than forty (40) days.

Calculating Time Limits Article (25)

In calculating a time limit provided for under this Law and the resolutions issued in pursuance hereof, the following rules will apply:

1. The time limit will be exclusive of the day of notification, or day of occurrence of the event in respect of which the time limit is prescribed.
2. If the last day of the time limit falls on a weekly rest day, or a public holiday, the time limit will be extended to the next working day.

Limitation Periods Article (26)

- a. Except in cases of proven Tax Evasion, the DOF may not conduct Tax Assessment after the lapse of five (5) years from the end of the relevant Tax Period.
- b. Where Tax Evasion is proven, the DOF may conduct Tax Assessment within fifteen (15) years from the end of the Tax Period in which the Tax Evasion occurs.
- c. Claims for the Tax due or fines imposed under this Law and the resolutions issued in pursuance hereof, of which the Taxable Person is notified will not be time-barred, and may be raised at any time.

Burden of Proof Article (27)

- a. The burden of proof of the accuracy of a Tax Return rests with the Taxable Person.
- b. The burden of proof of committing any of the violations stipulated in this Law, and the resolutions issued in pursuance hereof, rests with the DOF or the FAA, as the case may be.

Applicability of Corporate Tax Law Article (28)

Without prejudice to the nature of the Tax levied under this Law, and to the roles assigned to the DOF and FAA hereunder, the rules, conditions, procedures, regulations, and time limits prescribed by the Corporate Tax Law, and the resolutions issued in pursuance thereof, apply in respect of:

1. Tax Periods; and
2. all other matters on which this Law and the resolutions issued in pursuance hereof are silent.

**Currency
Article (29)**

For the purposes of this Law, all amounts must be expressed in UAE dirhams, and any amount expressed in another currency must be converted into UAE dirhams according to the exchange rate specified by the CBUAE unless otherwise determined by the DOF.

**Retention of Records and Documents
Article (30)**

A Taxable Person must retain all Tax-related records and documents for a period of not less than seven (7) years from the end of the relevant Tax Period, to enable the DOF and the FAA to refer to them where required.

**Transitional Provisions
Article (31)**

- a. The provisions of this Law apply to Tax Periods starting after the effective date hereof.
- b. The rules, procedures, and time limits prescribed by the above-mentioned Regulation No. (2) of 1996 apply to the Tax Periods preceding the effective date hereof.
- c. The Director General will establish any other transitional provisions relating to the implementation of this Law pursuant to a resolution he issues in this respect.

**Payment of Revenues
Article (32)**

The Taxes and fines collected pursuant to this Law and the resolutions issued in pursuance hereof will be paid to the Public Treasury of the Government of Dubai.

Issuing Implementing Resolutions
Article (33)

The Director General will issue the resolutions required for the implementation of this Law. These resolutions will be published in the Official Gazette of the Government of Dubai.

Repeals
Article (34)

- a. Subject to paragraph (b) of Article (31) of this Law, the above-mentioned Regulation No. (2) of 1996 is hereby repealed. Any provision in any other legislation is also hereby repealed to the extent that it contradicts the provisions of this Law.
- b. The resolutions and instructions issued in implementation of the above-mentioned Regulation No. (2) of 1996 will continue in force, to the extent that they do not contradict this Law, until new superseding resolutions and instructions are issued.

Publication and Commencement
Article (35)

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

Mohammed bin Rashid Al Maktoum

Ruler of Dubai

Issued in Dubai on 1 March 2024
Corresponding to 20 Shaban 1445 A.H.