

**Federal Law No. (2) of 1998 Amending Certain Provisions of  
Federal Law  
No. (11) of 1981 Concerning the Imposition of a Federal Tax  
on Imports of Tobacco and its Derivatives**

We, Zayed bin Sultan Al Nahyan, President of the United Arab Emirates,

Having reviewed the Constitution,

And Federal Law No. (1) of 1972, concerning the competencies of ministries and the powers of ministers, and its amending laws,

And Federal Law No. (11) of 1981, concerning the imposition of a federal customs tax on imports of tobacco and its derivatives, and its amending laws,

And based on the proposal of the Minister of Finance and Industry, the approval of the Council of Ministers, and the ratification of the Federal Supreme Council.

We have issued the following law:

**Article One**

The text of Article Two of the aforementioned Federal Law No. (11) of 1981 shall be replaced by the following text:

(The tax rate is set at (70%) seventy percent of the import price of the commodity, calculated on the basis of its delivery at the port of arrival in the United Arab Emirates if imported from abroad.

A tax of (70%) seventy percent is imposed on the value of the production cost of the commodity if it is manufactured or its manufacturing is completed within the state, taking into account any tax that may have been imposed on the materials used in the manufacturing.

Commodities exported outside the state are exempt from the tax.)

## **Article Two**

This increase shall apply from the effective date of this law, taking into account its increase by 10% annually until it reaches 100% on 1/7/2000 according to the following schedule:

| <b>Effective Date</b> | <b>Imposed Tax Rate</b> |
|-----------------------|-------------------------|
| 1/7/1998              | 80 %                    |
| 1/7/1999              | 90 %                    |
| 1/7/2000              | 100 %                   |

## **Article Three**

The minimum tax to be collected shall be in accordance with the following schedule:

| <b>Description</b>   | <b>From<br/>1/7/1997</b> | <b>From<br/>1/7/1998</b> | <b>From<br/>1/7/1999</b> | <b>From<br/>1/7/2000</b> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| - Per kilogram (gross) of raw or unmanufactured tobacco and its derivatives    | 14<br>Dirhams            | 16<br>Dirhams            | 18<br>Dirhams            | 20<br>Dirhams            |
| - Per kilogram (with wrapper) of cigars  | 140<br>Dirhams           | 160<br>Dirhams           | 180<br>Dirhams           | 200<br>Dirhams           |
| - Per thousand cigars  | 56<br>Dirhams            | 64<br>Dirhams            | 72<br>Dirhams            | 80<br>Dirhams            |
| Per kilogram (net) of minced, pressed, manufactured, or other types of tobacco | 42<br>Dirhams            | 48<br>Dirhams            | 54<br>Dirhams            | 60<br>Dirhams            |

## **Article Four**

Without prejudice to the provisions of the second paragraph of Article (1), the commodities referred to in Article (1) of the aforementioned Federal Law No. (11) of 1981 shall be temporarily exempted from tax if they are

imported for the purpose of re-exporting them outside the state in their original condition.

The condition for exemption is that the importer deposits with the authority responsible for collecting the tax a cash security or a bank guarantee equal to the value of the due tax, and that the re-export takes place within six months from the date of import. If this period expires without the re-export being completed, the tax becomes due.

## **Article Five**

This law shall be published in the Official Gazette and shall come into force from the date of its publication.

Zayed bin Sultan Al Nahyan  
President of the United Arab Emirates

Issued by us at the Presidential Palace in Abu Dhabi,  
On: 4 Dhu al-Qi'dah 1418 H,  
Corresponding to: March 2, 1998.