

**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:

Effective Date	Imposed Tax Rate
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:

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