

Law No. (1) of 2024

Concerning

The Tax on Foreign Banks Operating in the Emirate of Dubai

We, Mohammed bin Rashid Al Maktoum, Ruler of Dubai

Having reviewed Federal Decree-Law No. (14) of 2018 Concerning the Central Bank & Organisation of Financial Institutions and Activities, and its amendments,

And Federal Decree-Law No. (28) of 2022 Concerning Tax Procedures, and its Executive Regulation,

And Federal Decree-Law No. (47) of 2022 Concerning the Taxation of Corporations and Businesses, and its amendments,

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

And Law No. (1) of 2016 Concerning the Financial System of the Government of Dubai, its Executive Regulation, and their amendments,

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

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

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

And Decree No. (59) of 2023 Concerning the Supreme Committee for Financial Policy in the Emirate of Dubai,

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

And the legislation establishing and regulating the Free Zones in the Emirate of Dubai,

Do hereby issue the following Law:

Name of the Law

Article (1)

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

Definitions

Article (2)

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

State: The United Arab Emirates.

Emirate: The Emirate of Dubai.

Ruler: His Highness the Ruler of Dubai.

Central Bank: The Central Bank of the United Arab Emirates.

Supreme Committee: The Supreme Committee for Financial Policy in the Emirate.

Department: The Department of Finance.

Authority: The Financial Audit Authority.

Director General: The Director General of the Department.

Corporate Tax Law: Federal Decree-Law No. (47) of 2022 Concerning the Taxation of Corporations and Businesses, and its amendments.

Tax: The tax imposed on the Taxable Person pursuant to the provisions of this Law.

Foreign Bank: A branch of a foreign bank licensed by the Central Bank to operate in the State, in accordance with the legislation applicable to it.

Taxable Person: The Foreign Bank and its branches licensed by the Central Bank to operate in the Emirate.

Tax Period: The period of time for which the Taxable Person must file the Tax Return and calculate the Tax due.

Taxable Income: The income generated by the Taxable Person in the Emirate during the Tax Period, calculated in accordance with the provisions of this Law.

Tax Return: The information and data that the Taxable Person must submit to the Department, in accordance with the forms approved by it in this regard, and the resolutions it issues in this respect.

Tax Audit: The procedure undertaken by the Auditor to examine the commercial books and records, accounting documents, or any information or data related to the Tax due from the Taxable Person.

Tax Assessment: The decision issued by the Department, which includes determining the amount of Tax due from the Taxable Person, based on the results of the Tax Audit.

Voluntary Disclosure: The notification submitted by the Taxable Person to the Department in accordance with the provisions of this Law and the resolutions issued thereunder, in which it informs the Department of any error, omission, or oversight in the Tax Return or Tax Assessment.

Auditor: Any person authorised by the Authority to audit the Taxable Person.

Tax Evasion: The use of illegal means by the Taxable Person resulting in the reduction of the amount of Tax due, its non-payment, or the recovery of funds to which they are not entitled.

Scope of Application

Article (3)

a- The provisions of this Law shall apply to all Foreign Banks operating in the Emirate, including those in Special Development Zones and Free Zones.

b- Foreign Banks licensed to operate in the Dubai International Financial Centre shall be exempt from the provisions of this Law with respect to the income they generate from conducting their business within or through the Centre.

Tax Rate

Article (4)

a- An annual tax at the rate of (20%) shall be imposed on the Taxable Income of Foreign Banks.

b- The corporate tax rate applied in accordance with the Corporate Tax Law shall be deducted from the rate referred to in paragraph (a) of this Article, in the event that the Foreign Bank pays the tax under the Corporate Tax Law.

Calculation of Taxable Income

Article (5)

The following shall be taken into account when calculating Taxable Income:

1. The rules and controls approved by the Director General, concerning the following:
 - a- How to calculate common revenues and common expenses.
 - b- Head office expenses and regional management expenses.
 - c- Unrealised losses and gains from Taxable Income.
 - d- Profits not included in the income statement.
 - e- Any other matters necessary for calculating Taxable Income.
2. The provisions of the Corporate Tax Law and the resolutions issued thereunder, in cases other than those stipulated in the rules and controls approved by the Director General for calculating Taxable Income.

Filing of Tax Return and Payment of Tax

Article (6)

a- The Taxable Person must submit the following to the Department within the deadline specified by the Director General:

1. The Tax Return for the ended Tax Period, in accordance with the form approved by the Department in this regard.
2. The financial statements and notes of the Taxable Person.
3. The amount of Tax due for the ended Tax Period, supported by documents confirming how it was calculated.
4. The tax rate imposed on it and the amount of tax it has paid, in accordance with the Corporate Tax Law.

b- The financial statements and notes of the Foreign Bank must be certified by an approved external auditor.

c- Any Tax Return submitted to the Department shall be considered unacceptable if it does not include the basic data specified in the form approved by the Department.

d- The Taxable Person shall be responsible for the accuracy of the information and data contained in the Tax Return, financial statements,

notes, and all other data and information submitted to the Department or the Authority.

Voluntary Disclosure

Article (7)

- a- If it becomes apparent to the Taxable Person that the Tax Return it submitted to the Department or the Tax Assessment sent to it by the Department is incorrect, resulting in the calculation of the Tax due under this Law being less than what it should be, it must correct the submitted return or the Tax Assessment data through a Voluntary Disclosure, and pay the due financial difference within (30) thirty days from the date it becomes aware of this.
- b- If it becomes apparent to the Taxable Person that the Tax Return it submitted to the Department or the Tax Assessment sent to it by the Department is incorrect, resulting in the calculation of the Tax due under this Law being more than what it should be, it may in this case submit a Voluntary Disclosure within (30) thirty days from the date it becomes aware of this, and must notify the Department of the appropriate refund mechanism, either through its bank account or by considering the difference as an advance payment towards the Tax due for the subsequent Tax Period.
- c- The Voluntary Disclosure referred to in paragraphs (a) and (b) of this Article shall be submitted in accordance with the forms and mechanisms approved by the Department in this regard.

Audit of Tax Return and Voluntary Disclosure

Article (8)

- a- The Department shall refer the Tax Returns, financial statements, notes, data, information, documents, and Voluntary Disclosures submitted by Taxable Persons to the Authority.
- b- The Authority shall undertake the audit of the Tax Returns, financial statements, notes, data, information, documents, and Voluntary Disclosures referred to it by the Department, verify their accuracy, and state the audit results in reports it submits to the Department in this regard.

Tax Audit

Article (9)

- a- The Auditor shall conduct the Tax Audit of the Taxable Person to verify its compliance with the provisions contained in this Law, whether at the Authority's premises or at the place where the Taxable Person conducts its business or keeps its records. In the latter case, the Taxable Person must be notified at least (5) five days before the date of conducting the Tax Audit.
- b- For the purpose of carrying out the Tax Audit tasks, the Auditor shall have the right to review all documents, information, records, and data at the place where the Taxable Person conducts its activity or keeps its records, provided that they are related to the subject of the Tax.
- c- Notwithstanding the provisions of paragraph (a) of this Article, the Auditor has the right to enter any place where the Taxable Person conducts its activity or keeps its records, without prior notification of the Tax Audit, in any of the following cases:
 1. If the Authority has serious grounds to believe that the Taxable Person is participating in or involved in Tax Evasion.
 2. If the Authority has serious grounds to believe that the Taxable Person is concealing data or information related to the Tax.
 3. If the Taxable Person who was previously notified of the Tax Audit initiates action to prevent the Auditor from entering the place where the Tax Audit is to be conducted.
- d- The Tax Audit shall be conducted during the official working hours of the Authority. By a decision of its Director General, the Tax Audit may be conducted outside these hours in case of necessity.
- e- The person subject to the Tax Audit and any person whose work is related to the Tax Audit process must provide all possible facilities and assistance to the Auditor to enable him to perform his duties.
- f- The Department and the Authority have the right to audit any matter that has been previously audited if new information emerges that may affect the result of the Tax Audit process.

Obtaining Records and Documents

Article (10)

During the Tax Audit process, the Auditor may obtain original records and documents or copies thereof, or seize them, in accordance with the controls determined by the Director General of the Authority in this regard.

Rights of the Person Subject to Tax Audit

Article (11)

The person subject to the Tax Audit has the right to the following:

1. Request the Auditor to present his identification card.
2. Obtain a copy of the Tax Audit report after its completion.
3. Have a representative present during the Tax Audit process that takes place at his place of work or the location where he keeps his records.
4. Obtain copies of records or documents that are seized or taken into possession during the Tax Audit process.

Notification of Tax Audit Results

Article (12)

a- The Authority shall provide the Department with the final result of the Tax Audit process within (10) ten days from the date of completion of the Tax Audit.

b- The Department shall, within (10) ten days from the date of its approval of the Tax Audit results, issue the Tax Assessment and notify the Taxable Person of the amount of Tax due for payment, in the event of any financial differences, whether an increase or decrease, between the amount of Tax paid by the Taxable Person and the amount of Tax due from him.

Estimated Tax Assessment

Article (13)

The Department shall issue a Tax Assessment by estimation if it is unable to determine the Tax that is considered due for payment. The Department must amend this assessment if new information emerges after its issuance, and notify the Taxable Person of these amendments within (10) ten days from the date of the amendment.

Objection to Tax Due and Fines

Article (14)

a- The Taxable Person may object to the Department regarding the amount of Tax or fine imposed on him under this Law. The acceptance of this objection is subject to the following conditions:

1. The objection must be in writing, reasoned, and supported by relevant documents and facts.
2. The objection must be submitted within (20) twenty days from the date of notification of the Tax Assessment and the amount of Tax due or the fine imposed.
3. At least (20%) of the amount of the due Tax or the imposed fine must be paid.

b- The Department shall study the objection that meets the conditions specified in paragraph (a) of this Article, through a committee formed by the Director General for this purpose, either from Department employees or others. This committee shall submit its recommendations regarding the objection to the Supreme Committee within (30) thirty days from the date of submission of the compliant objection. The Supreme Committee shall decide on this objection with a reasoned decision within (10) ten days from the date the recommendations are submitted to it.

c- The Department shall notify the Taxable Person of the Supreme Committee's decision within (5) five days from the date of its issuance.

d- The decision of the Supreme Committee is considered final and may only be appealed before the competent court.

Penalty for Tax Evasion

Article (15)

a- Without prejudice to any more severe penalty stipulated in any other legislation, anyone who evades the payment of Tax by committing any of the acts stipulated in paragraph (b) of this Article shall be punished with a financial fine equivalent to double the amount of the evaded Tax.

b- The Taxable Person is considered to be evading the payment of Tax if he commits any of the following acts:

1. Submitting an incorrect Tax Return and not submitting a Voluntary Disclosure about it within the period specified by this Law.

2. Refusing to pay the due Tax or the differences resulting from the Tax Audit process.
3. Reducing the actual value of the Taxable Income.
4. Manipulating accounting data or providing incorrect, incomplete, or forged information, records, or statements.
5. Misusing or causing damage to any documents prepared by the Department or the Authority.
6. Destroying or concealing documents, data, or information that he is obliged to keep and provide to the Department or the Authority.
7. Preventing or obstructing the Auditor from performing his duties in a way that leads to Tax Evasion.
8. Any other act or omission that would lead to the total or partial evasion of Tax payment.

c- Without prejudice to the Taxable Person's liability for Tax Evasion, if a third party is proven to have directly participated in or caused the Tax Evasion, the same fine imposed on the Taxable Person shall be imposed on him independently.

Delay in Payment of Tax or Fine

Article (16)

If the Taxable Person delays in paying the due Tax or the imposed fine, either in whole or in part, beyond its due date as specified by this Law and the resolutions issued thereunder, a financial fine of (2%) of the value of the unpaid Tax or fine shall be imposed for each month of delay, and a part of a month shall be considered a full month.

Administrative Violations and Fines

Article (17)

- a- By a decision issued by the Chairman of the Executive Council, the acts that constitute an administrative violation of the provisions of this Law and the resolutions issued thereunder, and the financial fine prescribed for each, shall be determined, provided that the value of the fine imposed for each violation does not exceed (500,000) five hundred thousand dirhams.
- b- The value of the financial fine referred to in paragraph (a) of this Article shall be doubled in the event of repeating the same administrative

violation within two years from the date of committing the previous administrative violation, up to a maximum of (1,000,000) one million dirhams.

Obligation to Pay Tax

Article (18)

The imposition of the financial fines stipulated in Articles (15), (16), and (17) of this Law shall not prejudice the obligation of the Taxable Person to pay the due Tax.

Judicial Enforcement

Article (19)

The employees of the Department designated by a decision of the Director General, as well as the employees of the Authority designated by a decision of its Director General, shall have the capacity of judicial officers in proving acts committed in violation of the provisions of this Law and the resolutions issued thereunder. For this purpose, they shall have the authority to issue the necessary seizure reports and seek the assistance of police officers when necessary.

Notification of Decisions and Procedures

Article (20)

a- The Department and the Authority shall notify the Taxable Person of the decisions and procedures related to the application of the provisions of this Law and the resolutions issued thereunder, at the address specified by him, and by the means agreed upon between the Department and the Taxable Person, unless he has notified them of a change of address.

b- A notification made in accordance with the provisions of paragraph (a) of this Article shall be considered valid and legally effective.

Seeking Assistance from Government Entities

Article (21)

Government entities in the Emirate must fully cooperate with the Department and the Authority to enable them to apply the provisions of this Law and the resolutions issued thereunder, whenever requested to do so.

Maintaining Confidentiality

Article (22)

a- Employees of the Department and the Authority are obliged to maintain the confidentiality of the information and data they have obtained or accessed in the course of applying the provisions of this Law and the resolutions issued thereunder, and not to disclose them. Their obligation to maintain this confidentiality continues even after the end of their services, under penalty of liability.

b- Anyone who obtains information or data related to the application of the provisions of this Law and the resolutions issued thereunder is obliged not to disclose or use the information except for the purpose for which it was obtained or upon the request of the competent judicial authority, without prejudice to the liability arising therefrom when applicable.

c- The Director General, in coordination with the Director General of the Authority, shall issue the necessary regulations and instructions to regulate the process of exchanging data and information related to the application of the provisions of this Law and the resolutions issued thereunder.

Rules for Collection of Public Funds

Article (23)

The rules and procedures stipulated in the aforementioned Law No. (1) of 2016 and the resolutions issued thereunder shall apply when the Taxable Person refrains from paying the due Tax or the fines imposed on him under this Law and the resolutions issued pursuant thereto.

Duration of Tax Obligations

Article (24)

Unless a specific time limit is set for performing any obligation or procedure under this Law and the resolutions issued pursuant thereto, the Department or the Authority shall grant the Taxable Person a period commensurate with the nature of the obligation or procedure he is tasked with implementing, provided that this period is not less than (5) five days and not more than (40) forty days.

Rules for Calculating Time Periods

Article (25)

When calculating the time periods specified under this Law and the resolutions issued pursuant thereto, the following shall be observed:

1. The day of notification, or the day of the event that gave rise to the period, shall not be included in the period.
2. The period shall be extended to the first working day if the last day of the period falls on a weekly or official holiday.

Statute of Limitations

Article (26)

- a- Except in cases of proven Tax Evasion, the Department may not make a Tax Assessment after the lapse of (5) five years from the end of the relevant Tax Period.
- b- In the case of proven Tax Evasion, the Department may make a Tax Assessment within (15) fifteen years from the end of the Tax Period during which the Tax Evasion occurred.
- c- The due Tax and the fines imposed under this Law and the resolutions issued pursuant thereto, of which the Taxable Person has been notified, shall not be subject to a statute of limitations, and may be claimed at any time.

Burden of Proof

Article (27)

- a- The burden of proving the accuracy of the Tax Return falls on the Taxable Person.
- b- The burden of proving the commission of any of the violations stipulated in this Law and the resolutions issued thereunder falls on the Department or the Authority, as the case may be.

Application of Corporate Tax Law

Article (28)

Without prejudice to the nature of the Tax imposed under this Law, and the roles entrusted to the Department and the Authority according to its provisions, the rules, conditions, procedures, controls, and periods

stipulated in the Corporate Tax Law and the resolutions issued thereunder shall apply, concerning the following:

1. The Tax Period.
2. Any other matters not stipulated in this Law and the resolutions issued thereunder.

Currency

Article (29)

For the purposes of this Law, all amounts must be estimated in UAE Dirhams, and any amount estimated in another currency must be converted according to the exchange rate determined by the Central Bank, unless the Department decides otherwise.

Retention of Records and Documents

Article (30)

The Taxable Person must retain all records and documents related to the Tax for a period of not less than (7) seven years after the end of the related Tax Period, for the purpose of enabling the Department and the Authority to refer to them in cases that require it.

Transitional Provisions

Article (31)

- a- This Law shall apply to Tax Periods that begin after its provisions come into force.
- b- The rules, procedures, and periods stipulated in the aforementioned Regulation No. (2) of 1996 shall apply to Tax Periods that began before the provisions of this Law came into force.
- c- The Director General shall determine any other transitional provisions related to the application of the provisions of this Law, by a decision issued by him in this regard.

Devolution of Revenues

Article (32)

The proceeds of the Tax and fines imposed under this Law and the resolutions issued pursuant thereto shall accrue to the Public Treasury account of the Government of Dubai.

Issuance of Implementing Resolutions

Article (33)

The Director General shall issue the necessary resolutions for the implementation of the provisions of this Law, which shall be published in the Official Gazette.

Repeals

Article (34)

a- Subject to the provision of paragraph (b) of Article (31) of this Law, the aforementioned Regulation No. (2) of 1996 is hereby repealed, as is any provision in any other legislation to the extent that it conflicts with the provisions of this Law.

b- The resolutions and instructions issued in implementation of the aforementioned Regulation No. (2) of 1996 shall remain in force to the extent that they do not conflict with the provisions of this Law, until the resolutions and instructions that replace them are issued.

Publication and Commencement

Article (35)

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

Mohammed bin Rashid Al Maktoum

Ruler of Dubai

Issued in Dubai on 1 March 2024

Corresponding to 20 Shaban 1445 H