

Law No. (1) of 2017 Regarding the Financial System of the Abu Dhabi Government

We, Khalifa bin Zayed Al Nahyan, Ruler of Abu Dhabi.

- Having reviewed Law No. (1) of 1974 regarding the Reorganization of the Governmental Body in the Emirate of Abu Dhabi and its amending laws.
- And Law No. (2) of 1971 regarding the National Consultative Council and its amending laws.
- And Law No. (2) of 2000 regarding Civil Retirement Pensions and Benefits for the Emirate of Abu Dhabi and its amending laws.
- And Law No. (18) of 2006 promulgating the Financial System for the Government of the Emirate of Abu Dhabi.
- And Law No. (21) of 2006 regarding Construction Contracts and Agreements in the Field of Civil Contracting.
- And Law No. (6) of 2008 regarding Procurements, Tenders, Auctions, and Warehouses for the Emirate of Abu Dhabi.
- And Law No. (14) of 2008 regarding the Abu Dhabi Accountability Authority.
- And based on what was presented to the Executive Council, and its approval thereof.
- We have issued the following Law:

Chapter One: Definitions

Article (1) Definitions

In the application of the provisions of this Law, the following words and phrases shall have the meanings assigned to each of them, unless the context indicates otherwise:

The State: The United Arab Emirates.

The Emirate: The Emirate of Abu Dhabi.

The Ruler: The Ruler of the Emirate.

The Government: The Government of Abu Dhabi.

The Executive Council: The Executive Council of the Emirate.

The Department: The Department of Finance in the Emirate.

Government Entities: Local departments and any juristic person affiliated with the Government, possessing full legal capacity to act, and undertaking the management of a public facility or aiming to provide a public service.

Government Institutions: Public juristic persons wholly owned by the Government or Government Entities and engaged in commercial activities through their direct operations.

Government Companies: Companies wholly and directly owned by the Government or Government Entities.

Subsidiaries: Companies in which Government Institutions or Companies have a direct or indirect share, individually or jointly, of more than 50% of their capital.

Fiscal Policy: The financial frameworks, rules, and mechanisms followed by the Government to influence the economic and financial activity of the Emirate for a specific period, by determining the size of public spending, revenues, public debt, taxes, and fees to achieve specific economic and social objectives.

General Budget: The estimated financial plan for the Government's revenues and expenditures during a fiscal year.

Public Financial Resources: The public financial resources of the Emirate.

General Reserve Account: The General Reserve Account of the Government.

Financial Appropriation: An authorization under this Law, with a specified ceiling and duration, allowing for the commitment to and payment of expenditures from the Emirate's treasury.

Public Debt: Funds borrowed by the Government or Government Entities from individuals and institutions, and any loans the Government agrees in writing to assume.

Government Guarantee: A written undertaking in which the Government explicitly commits to repay a loan in the event of the borrower's default.

Accounting Policies: The set of accounting policies determined by the Department in light of approved accounting standards for the preparation and presentation of financial statements.

Unified Chart of Accounts: The list of accounts used to record financial transactions, determined by the Department in light of the accounting policies.

Financial Statements: The annual statutory financial report prepared in accordance with generally accepted accounting standards to show the performance of an economic unit.

Financial Control System: A system that includes preventive, detective, and corrective control measures, rules for forming audit committees and their competencies and powers, and rules for the disbursement and collection of public financial resources, and defining the powers and responsibilities regulating them.

Ownership Policy: The rules and provisions set by the Supreme Council to regulate the establishment, operation, and management of a Government Company.

Trust Funds: Third-party funds deposited in the bank accounts of the Government or Government Entities and held until the purpose for which they were held is completed, and are repayable to the depositor or any other party.

Fee: A financial resource collected by a Government Entity in return for public services it exclusively provides.

Price: A financial resource collected by a Government Entity in return for goods and services it provides on a commercial and competitive basis.

Tariff: A financial resource collected by a Government Entity in return for non-competitive economic goods and services it exclusively provides.

The Supreme Council: The Supreme Council for Financial and Economic Affairs established by the aforementioned Law No. (24) of 2020."

Chapter Two: Objectives of the Law and Principles of Public Financial Resources Management

Article (2) Objectives of the Law

This Law aims to establish an integrated regulatory framework for public financial resources by defining the following:

1. Principles of responsible public financial management.

2. General rules for the collection, management, and disbursement of public financial resources.
3. Authorities, competencies, powers, and responsibility for the management of public financial resources.
4. The minimum reporting requirements related to the management of public financial resources.
5. Principles of governance, control, and risk management related to public financial resources.

Article (3) Principles of Public Financial Resources Management

The Government shall operate within an institutional framework characterized by a high degree of transparency and accountability in the management of public financial resources, and shall adhere to the following principles:

1. Ensuring efficiency in the optimal use of available public financial resources and material and human resources, enhancing performance, and achieving total quality.
2. Adopting a balanced fiscal policy that achieves sustainable economic growth in line with the general policy of the Emirate.
3. Preparing the draft General Budget on a frugal and moderate basis in estimating expenditures and revenues.
4. Managing the financial risks facing the Emirate.
5. Maintaining reasonable levels of debt.

Chapter Three: The Department, its Competencies and Powers

Article (4) The Department

- The Department reports to the Ruler, and its main headquarters shall be in the city of Abu Dhabi. Branches may be established by a decision of the Ruler upon the recommendation of the Chairman of the Department.
- The phrase (the Executive Council) or the phrase (the Chairman of the Executive Council) shall be replaced by the word (the Ruler), wherever either of them appears in any other legislation, with respect to any approvals, appropriations, or decisions related to the Department,

including its executive, administrative, financial, human resources, retirement, contract, and procurement affairs.

Article (5) Duties of the Chairman of the Department

The Chairman of the Department shall undertake the following duties related to its internal affairs:

1. Preparing the organizational structure of the Department and overseeing the preparation of the Department's draft annual budget, and submitting them for approval by the Ruler.
2. Approving the Department's annual plan and overseeing its implementation.
3. Proposing legislation related to the Department.
4. Issuing decisions related to the approval of internal systems and regulations that organize the work of the Department, defining powers, and other decisions necessary to regulate the internal workflow in the Department and the procedures related thereto.
5. Approving the Department's financial statements.
6. Submitting an annual report on the Department's work to the Ruler.
7. Submitting a unified annual report of the Government's financial statements to the Abu Dhabi Accountability Authority.
8. Representing the Department before the judiciary and third parties, and he may delegate or authorize others to do so.
9. Any other tasks assigned to him by the Ruler.

Article (6) Full-Time Position of the Chairman of the Department

The Chairman of the Department may not combine his position with any other private position without the approval of the Ruler, and he is prohibited from engaging in financial, commercial, or professional activities that conflict with his work duties or undermine his image and credibility.

Article (7) Competencies of the Department

The Department shall be responsible for preparing and implementing an integrated, efficient, effective, and economical financial system in

accordance with the provisions of this Law by exercising the following competencies:

1. Preparing the fiscal policy for the Emirate and submitting it to the Supreme Council for approval.
2. Preparing the General Budget, defining the types of government revenues and expenditures and the categories included in each type, and taking the necessary procedures for its approval in accordance with the provisions of this Law.
3. Monitoring the implementation of the General Budget and taking the necessary measures to verify compliance with it.
4. Managing the treasury and regulating the bank accounts of the Government and Government Entities.
5. Regulating tax and non-tax government revenues.
6. Regulating and managing public debt and government guarantees in accordance with the provisions of this Law.
7. Supervising and managing the General Reserve Account in accordance with the provisions of this Law.
8. Preparing and issuing the "Financial Control System" after its approval by the Supreme Council.
9. Issuing unified accounting policies, the unified chart of accounts, and general rules for organizing and closing accounts and accounting records in light of approved accounting standards, and issuing the necessary instructions for this purpose.
10. Issuing instructions and templates for financial reports for Government Entities required to be prepared under this Law.
11. Preparing and issuing the Government's financial statements and other reports in accordance with the provisions of this Law.
12. Issuing a guide for pricing government services after the approval of the Executive Council and studying pricing requests from Government Entities.
13. Identifying and assessing government financial support and submitting recommendations to the Executive Council.
14. Identifying and assessing the financial risks of the Emirate and proposing ways to address or mitigate them.
15. Studying and evaluating the financial situation of struggling Government Institutions and Companies and submitting recommendations thereon to the Supreme Council.

16. Lending on behalf of the Government after the approval of the Supreme Council or the Executive Council, as the case may be, and managing it.
17. Developing and updating five-year and ten-year financing plans and budgets for the Emirate.
18. Collecting government debts and other debts due to the Emirate.
19. Providing the necessary guidance, support, and training to finance department employees in Government Entities, Institutions, and Companies regarding the implementation of this Law and the regulations and decisions issued thereunder.
20. Conducting studies related to taxes, fees, and other resources with the aim of developing them in line with the interests of the Emirate, and submitting recommendations thereon.
21. Studying and proposing appropriate financing methods for major government projects.
22. Studying financial issues that result in rights for or obligations on the Emirate and require filing lawsuits in courts, and referring them to the competent authority to file lawsuits and defend those rights.
23. Preparing and studying agreements for the avoidance of double taxation, taking into account the agreements concluded by the State.
24. Any other competencies stipulated in this Law or any other legislation, or assigned to the Department by the Ruler or the Supreme Council.

Article (8) Powers of the Department

The Chairman of the Department shall have all the necessary powers to implement the duties and competencies entrusted to him and the Department, in particular the following:

1. Requesting in writing information, data, documents, papers, reports, decisions, statistics, manual and electronic documents and records from Government Entities, Institutions, Companies, and Subsidiaries, or any person or entity managing government assets or liabilities, and retaining copies thereof, regardless of their nature or confidentiality. The entity or person from whom the information is requested must comply with this request, and non-compliance shall be considered a violation of the provisions of this Law.

2. Requesting in writing from any person or entity any information regarding the bank accounts of the Government or the bank accounts of Government Entities, Institutions, and Companies, and that person or entity must provide such information.
3. Opening, suspending, or closing transactions on any bank account of the Government or any Government Entity, Institution, or Company at any time, with notification to the relevant parties.
4. Transferring available funds in one of the bank accounts of the Government or any Government Entity to another government bank account or a bank account of a Government Entity, Institution, or Company, with notification to the relevant parties.
5. Issuing any instructions regarding funds deposited in the bank accounts of the Government or Government Entities, with notification to the relevant parties.
6. Placing funds in the bank accounts of the Government or Government Entities as short-term deposits and paying the related expenses, without the need for a financial appropriation.
7. Seeking the assistance of technicians, experts, and consultants.
8. Issuing instructions to Government Entities, Institutions, Companies, and Subsidiaries for the purposes stipulated in this Law.
9. All other powers stipulated in this Law and any other powers issued by decisions of the Ruler or the Supreme Council or any other legislation.
10. Delegating any of the powers stipulated in this Article to any of the Department's employees or anyone assigned to perform any of the Department's work, except as stipulated in this Law.

Chapter Four: The General Budget

Article (9) General Budget Instructions and Templates

The Chairman of the Department shall annually issue instructions and templates for the preparation of the draft General Budget in light of the Government's fiscal policy.

Article (10) Budgets of Government Entities

Each Government Entity shall prepare and submit its draft budget in accordance with the provisions of this Law and the budget instructions and

templates issued by the Department, no later than the date specified for it by the Chairman of the Department.

Article (11) Budgets of Government Institutions and Companies

1. The General Budget shall not include the budgets of Government Institutions and Companies, as each shall have an independent budget.
2. Government Institutions and Companies shall prepare their annual budgets in light of their ownership policy, provided that their budgets are approved by their board of directors and a copy is sent to the Department, no later than the end of December of each fiscal year.
3. Government Institutions, Companies, and Subsidiaries may not increase capital, borrow, provide debt guarantees, or lend except in accordance with the rules issued by the Department and approved by the Supreme Council.
4. Government Institutions and Companies shall distribute their profits according to their ownership policy and remit them according to the Department's instructions.

Article (12) Preparation of the General Budget

1. The Department shall discuss with Government Entities their draft budgets in light of the Emirate's fiscal policy and the instructions and templates issued by the Department.
2. After completing the study and discussion of the draft budgets of Government Entities, the Department shall prepare the draft General Budget and submit it to the Supreme Council no later than the end of the eleventh month of each fiscal year.
3. Financial appropriations shall be granted to Government Entities. A financial appropriation may not be granted to a non-governmental entity. If there is no Government Entity competent for the financial appropriation, this appropriation shall be granted to the Department.
4. The draft General Budget must include the proposed financial powers for the financial appropriations.
5. Except as decided by the Supreme Council, the validity period of a financial appropriation shall end at the end of the fiscal year.

6. No type of revenue or expenditure may be created without the approval of the Supreme Council or the Executive Council, as the case may be.
7. If any Government Entity is late in submitting its draft budget by the specified date, the Department shall undertake the preparation of this draft on its behalf based on previous budgets and general changes in government revenues and financial and administrative policies.

Article (13) Approval of the General Budget

1. The General Budget and the related financial powers shall be approved by a decision of the Supreme Council. If the General Budget is not approved before the beginning of the fiscal year, the Department is authorized to grant Government Entities financial appropriations for expenditure in accordance with the applicable expenditure rules and within the value of the financial appropriations granted to the entity in the expired fiscal year, and it shall issue the necessary instructions for that.
2. The approved General Budget shall be amended by the financial appropriations issued during the fiscal year by Emiri Decrees or decisions of the Ruler, the Supreme Council, the Crown Prince of Abu Dhabi, or the Executive Council, depending on the affiliation of the entity requesting the appropriation.

Article (14) Implementation of the General Budget

1. The Department shall notify each Government Entity of its approved budget and any amendments that may occur to it, provided that the notification includes the financial powers assigned to it and the rules for implementing the budget.
2. The Department shall provide liquidity to Government Entities within the limits of the financial appropriations allocated to each Government Entity in the General Budget, and shall establish a program for this throughout the fiscal year to enable Government Entities to perform their duties and implement their plans and programs, as specified in this Law and the regulations issued in implementation thereof.

3. Government Entities shall collect their revenues immediately upon their due date, not delay in their collection, and remit them to the Emirate's treasury.
4. A Government Entity may not commit or spend without a financial appropriation, nor may a Government Entity amend its financial appropriations except within the limits of the powers granted to it by the Supreme Council.
5. Financial appropriations must be used within the purposes for which they are allocated, and may not be used except within those limits.
6. A Government Entity shall adhere to the financial appropriations for the positions included in its budget, and no position may be created or amended except within the limits of the financial appropriations.
7. Government Entities shall adhere to the Financial Control System, the general rules for opening, operating, and closing accounts and accounting records, apply the unified accounting policies and the unified chart of accounts, and other rules and procedures determined by the Department. They shall also use the electronic system for managing public financial resources.
8. Each Government Entity shall submit to the Department a periodic statement of revenues and expenditures, as well as a bank account reconciliation statement for the purpose of monitoring the implementation of the General Budget. The Department shall issue the necessary instructions in this regard.
9. Government Entities shall not submit requests for additional financial appropriations during the fiscal year except in emergency cases.
10. Government Entities may not enter into commercial sponsorship contracts as a financier for events unless they are included in their annual budget. Government Entities may enter into commercial sponsorship contracts financed by the private sector in accordance with the regulations governing that.

Article (15) Expenditures in Emergency Cases

1. The Chairman of the Department may approve incurring expenses to face emergency situations without the need for a financial appropriation and in accordance with the powers delegated to him by the Ruler or the Supreme Council, provided that these expenses are included in the Government's financial statements for approval.

2. If, during the implementation of the General Budget for any year, exceptional circumstances arise or a decrease in the collected public financial resources compared to the estimated financial resources for the same year occurs, the Chairman of the Department may take the necessary measures and procedures to face these exceptional circumstances or this decrease, including reducing the General Budget and restricting spending from all or some of its items, provided that these measures and procedures are submitted to the Ruler or the Supreme Council for approval.

Article (16) Taxes and Fees

Related Judicial Rulings

1. No tax may be imposed, amended, or canceled except by law, and no one may be exempted from paying these taxes except in the cases specified in this Law.
2. No fee may be imposed, amended, or canceled except by a law, an Emiri Decree, or a decision of the Supreme Council or the Executive Council.
3. Without prejudice to federal laws and international agreements, all exemptions from taxes and fees, including customs duty exemptions issued in favor of Government Entities, Institutions, Companies, and Subsidiaries or any other entity under any legislation or decision dating back to before the entry into force of this Law, are hereby canceled, with the exception of:
 - a. Institutions, companies, and individuals operating in free zones, in accordance with the provisions of the legislation specific to those zones.
 - b. Entities that the Supreme Council or the Executive Council decides to exempt, wholly or partially, from fees and taxes for charitable, humanitarian, educational, cultural, national, or any other reasons.

Article (17) Pricing of Government Services

1. The Department shall prepare a "Guide for Pricing Government Services," which shall serve as a basis for pricing services provided by

Government Entities, based on considerations of fair cost, private benefit, market price, and economic cost.

2. The Department shall review all fees, prices, and tariffs imposed on services provided by Government Entities before the implementation of this Law to assess whether their values exceed the assumed limits, and study and approve requests from Government Entities to create, amend, or cancel any fees, prices, or tariffs on any services provided by them, and submit appropriate recommendations thereon to the Executive Council for approval. The Department shall have the authority to approve the payment methods for fees, prices, and tariffs, as well as appropriate facilities for their payment by those liable, in coordination with Government Entities.

Chapter Five: Bank Accounts and the General Reserve Account

Article (18) Bank Accounts

1. The Chairman of the Department shall have the authority to open bank accounts in the name of the Emirate or the Government and enter into agreements with banks for the collection, payment, and transfer of funds inside or outside the Emirate, and the payment and collection of interest and any other banking transactions.
2. The Chairman of the Department may set the conditions and restrictions for opening and closing bank accounts for the Emirate, the Government, and Government Entities, Institutions, and Companies.

Article (19) General Reserve Account

1. The Government shall have a General Reserve Account supervised and managed by the Department.
2. The Government's cash surplus shall be transferred to the General Reserve Account. The cash surpluses available with the Government and Government Entities, Institutions, and Companies at the time of this Law's issuance shall be transferred to the account, in accordance with the instructions issued by the Department.
3. The General Reserve Account shall be used for the following purposes:

- a. Financing the General Budget deficit.
- b. Financing government investments.
- c. Any other purposes proposed by the Chairman of the Department and approved by the Supreme Council.

Chapter Six: Trust Funds

Article (20) Separation of Trust Funds

Trust funds held by the Government and Government Entities must be separated from the public funds of the Emirate.