

Federal Law No. (11) of 1981
Regarding the Imposition of a Federal Customs Tax on Imports
of Tobacco and its Derivatives

We, Zayed bin Sultan Al Nahyan

President of the United Arab Emirates,

Having reviewed the Provisional Constitution,

And Federal Law No. (1) of 1972 regarding the Competencies of Ministries and the Powers of Ministers, 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 Federal National Council, and the ratification of the Federal Supreme Council,

We have issued the following law:

Article (1)

A federal customs tax is imposed on imported goods of tobacco and its derivatives, including cigarettes, cigars, and others, whether these goods are manufactured or raw materials.

Article (2)

The tax rate is set at (70%) seventy percent of the import price of the goods, 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 goods if they are manufactured or their manufacturing is completed within the state, taking into account any tax that may have been imposed on the materials used in the manufacturing. Goods exported outside the state are exempt from this tax.

Article (3)

Without prejudice to the provisions of the second paragraph of Article (2), the goods referred to in Article (1) are temporarily exempt from tax if they

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

For the exemption to apply, the importer must deposit a cash security or a bank guarantee with the competent authority for tax collection, equal to the value of the due tax, and the re-export must take place within one year from the date of import. If this period expires without re-export, the tax becomes due.

Article (3) bis

From the revenues of the said tax, 50% (fifty percent) shall be paid to the Ministry of Finance and Industry, and the remaining 50% shall be paid to the local government in whose ports the tax was collected or where the goods were produced. The Ministry of Finance and Industry shall appoint financial controllers in the sea, air, and land ports of the state to monitor and implement the provisions of this law.

Article (4)

The Ministry of Finance and Industry, in cooperation with the local customs department in each emirate, shall collect the tax prescribed by this law.

Article (5)

The tax imposed by this law does not prejudice the local taxes and customs duties currently imposed, or that may be imposed in the future, until the federal laws relating to the customs union among the Emirates are issued.

Also, the tax exemptions or reductions contained in economic cooperation and double taxation agreements do not apply to the provisions of this law.

Article (6)

Evading the payment of the tax imposed by this law, or attempting to do so, shall be punished by imprisonment for a period not exceeding six months and a fine equivalent to double the due tax, or one of these two penalties, with the confiscation of the goods subject to evasion. If the goods are not seized, the offender shall be sentenced to a fine equivalent to their value.

Any other violation of the provisions of this law or its executive regulations shall be punished by a fine not exceeding five hundred dirhams. All this is without prejudice to any more severe penalty stipulated by another law.

Article (7)

The executive regulations of this law shall be issued by a decision of the Minister of Finance and Industry, and these regulations shall specify in particular:

- a. The rules to be followed in calculating the tax.
- b. The competent authorities for collecting the tax and the rules for this collection.
- c. The special forms required for the implementation of the provisions of the law and its executive regulations for calculating or collecting the tax, or otherwise.

Article (8)

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 - Abu Dhabi:

Date: 12 / Sha'ban / 1401 H

Corresponding to: 14 / 6 / 1981

Added by virtue of Federal Law No. (2) of 1998

Amending certain provisions of Federal Law No. (11) of 1981

Regarding the Imposition of a Federal Tax on Imports of Tobacco and its Derivatives

This increase shall apply from the date this law comes into force, with it being increased 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%

The minimum tax to be collected shall be according to 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 wrapping) 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

Without prejudice to the provisions of the second paragraph of Article (1), the goods referred to in Article (1) of the aforementioned Federal Law No. (11) of 1981 are temporarily exempt from tax if they are imported for the purpose of re-exporting them outside the state in their original condition.

For the exemption to apply, the importer must deposit a cash security or a bank guarantee with the competent authority for tax collection, equal to the value of the due tax, and the re-export must take place within six months from the date of import. If this period expires without re-export, the tax becomes due.