

PURCHASING GUIDE TO DUBAI

Foreigners Owning Land / Property

The Dubai authorities encourage foreign investment and there are **no** restrictions for foreigners to buy and sell residential or commercial property in Dubai. In May 2002, the crown prince of Dubai made a commitment to allow foreign nationals to own a property within the emirate.

Our guide to Purchasing a Property

The steps to purchasing a property are straightforward. Once you find your property

1. Use a solicitor to check all land and property searches to ensure all the paperwork is correct for the property and that there are no taxes or debts owing on the property. There are also many estate agents that carry out the land searches and the completion process.
2. Power of Attorney: Signing for your property in Dubai can be done in person or with a power of attorney to a legal representative. These are often used if a purchaser or seller cannot visit in person to complete the signing.
3. A promissory contract is used to legally bind the buyer to the seller. This is a simple contract with the details of the buyer & seller, the property and the purchase price. A lawyer will write /check this for you.
4. The signing occurs in the land registry and the buyer and seller must be present (or their representatives). The process is relatively quick.

Property Taxes

5. **Property Tax when purchasing:** There is no tax as such on purchasing property but there are **Transfer fees** payable based on the selling price and are levied as follows – 1% payable by the vendor and 1% payable by the purchaser. Other fees are payable depending on the nature of the transaction e.g. Setting up of a lease, registering a mortgage, dividing the property.
6. **Capital Gains Tax:** There is no capital gains tax on a property held by an individual. Properties held in a company name may be subject to corporation tax.

7. **Holding property Annual Rates** – it is the tenants' obligation to pay the tax, however, the tenants' employer will typically pay the tax on behalf of the employee. The rates are currently 5% on residential rent and 10% on commercial rent. The landlord has nothing to pay.
8. **Rental income tax** – There is no tax on rental income you receive in Dubai.
9. **Corporate Income Tax** – Businesses in Dubai are subject to corporate income tax based on a tax scale of 0% top 50% depending on the income level. The rate depends on the type of business, the level of profit and if the business is established in the 'free zones' of Dubai
10. **VAT**: Currently there is no VAT system in place and as a result property transactions in Dubai are free of VAT (for the moment at least).
11. **Inheritance Tax**: is not imposed on individuals in the UAE, The only cost is filing fees that are incurred when re-registering the property in the name of the beneficiary.

The information provided here is intended as a guide only. We recommend that you contact an account or legal representative to confirm these are correct at the time of your purchase. The above information is intended as a guide only.

