

A New Schedule of Fees for Real Estate in Abu Dhabi

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The Chairman of Abu Dhabi Executive Council has issued Resolution No. 49 of 2018 on the Municipal Services Fees in the Emirate of Abu Dhabi ("Resolution No. 49") which came into effect on 27 May 2018. Resolution No. 49 introduces a new schedule of fees applicable to real estate disposals and the ownership of real estate in the Emirate of Abu Dhabi.

- Resolution No. 49 entirely abolishes and replaces the following earlier laws and resolutions:
- Abu Dhabi Executive Council Chairman Resolution No. 43 of 2018 on Municipal Services Fees in the Emirate of Abu Dhabi;
- Abu Dhabi Executive Council Chairman Resolution No. 14 of 2016 on the Rent or Musataha Fee for Industrial Lands and Plots Leased from the Government in the Emirate of Abu Dhabi;
- Abu Dhabi Executive Council Chairman Resolution No. 13 of 2016 amending some provisions of Resolution No. 4 of 2011 concerning the Rules and Procedures of Registration of Lease Contracts in the Emirate of Abu Dhabi;
- Abu Dhabi Executive Council Chairman Resolution No. 72 of 2015 on Real Estate Registration Fees and Exemption therefrom in the Emirate of Abu Dhabi; and
- any other provisions which contradict or are inconsistent with Resolution No. 49.

All fees stated in Resolution No. 49 are payable to Abu Dhabi City Municipality, Al Ain City Municipality and Al Dhafra Region Municipality ("Municipalities"), as applicable depending on the location of the property.

Implementing Resolutions to be Issued by the Executive Committee

The implementation of a number of fees referred to in Resolution 49, including the new sale and purchase registration fees and the "white land tax", remain subject to the issuance of implementing resolutions by the Executive Committee. To date, the Executive Committee has not yet issued any of the implementing resolutions required under Resolution No. 49.

The Executive Committee was established by Abu Dhabi Executive Council Chairman Resolution No. 53 of 2006 and is composed of the following members:

- Chairman of Abu Dhabi Executive Office
- Chairman of the Department of Transport
- Chairman of the Department of Community Development
- Commander-in-Chief of Abu Dhabi Police
- Chairman of Department of Health
- Chairman of the Department of Education and Knowledge
- Chairman of Department of Energy
- Chairman of Department of Economic Development
- Chairman of the Department of Urban Planning and Municipalities
- Chairman of the Department of Culture and Tourism

Sale and Purchase Registration Fees

Resolution No. 49 provides that the fees for the registration of sales and purchases will be determined by the Executive Committee. Fees for the registration of sales and purchasers shall be at least 1% and not more than 4% of the transaction value, or if higher the property value as assessed by the relevant Municipality. Fees shall be borne between the seller and purchaser equally, unless agreed otherwise.

The Executive Committee has not yet issued its resolution determining the sale and purchase registration fees and until such time, the Municipalities will continue to apply a rate of 2% of the property value (or if higher the property value as assessed by the relevant Municipality), without any upper fee cap, upon the registration of a sale and purchase transaction.

Musataha and Usufruct Registration Fees

The fees for the registration of musataha and usufruct rights are now set at the rate 4% of the value of the musataha or the usufruct rights.

The musataha/usufruct registration fees as set by Resolution No. 49:

- are not subject to any cap;
- are calculated as follows: 4% of the annual musataha or usufruct consideration (which should be a figure close to the market value as at the date of registration) multiplied by the number of years of the musataha or usufruct term stated in the agreement; and
- are payable to the relevant Municipality upfront on the date of registration of the musataha or usufruct agreement.

Disposal of Granted Land

Resolution No. 49 has lifted the prohibition on the disposal of granted commercial and investment land in the Emirate of Abu Dhabi, subject to the payment of 15% of the land value to the Relevant Municipality if the granted commercial or investment land is bare land at the time of disposal.

For the purposes of payment of these fees, disposal includes sale, gift and public auction sale but excludes the mortgaging of the land. In this respect, where a lender intends to mortgage bare land which has granted to the owner, it will need to factor in the possible fees payable by the lender or a future buyer should the mortgage be enforced and land sold at auction.



“White Land Tax”

An annual fee will be imposed and collected by the Municipalities on a selected list of vacant commercial and investment land (but expressly excluding residential land). If the vacant commercial or investment land benefits from infrastructure services, the annual fee will be levied at a rate of between 1% and 4% of the land value. The Executive Committee will issue a further resolution to determine which vacant commercial and investment land will be subject to these annual fees. This further resolution will specify the locations and criteria for the vacant land which will be made subject to the “white land tax”. It will also set the applicable rate of annual fee payable in each case.

A similar tax was introduced last year in the Kingdom of Saudi Arabia on undeveloped land with the aim to resolve the gap between the supply and demand forces in the Saudi real estate market in specific urban areas.

It remains to be seen how the “white land tax” will apply and be implemented in Abu Dhabi. We do not yet know how the Executive Committee will decide which land to include and the different level of fees which will be applied. We also wait to see what does the requirement for “infrastructure services to be available” means in practice for the purposes of applying “white land tax”.

Infrastructure Fee

With effect from 27 May 2018, a one-off infrastructure fee will be payable to the relevant Municipality on all commercial and investment land. When applying the “infrastructure fee”, the relevant Municipality will refer to the permitted use of the land as mentioned the land site plan issued by such Municipality. The infrastructure fees will be calculated based on the land Gross Floor Area (GFA) at the following rates:

Abu Dhabi City	Al Ain City	Al Dhafrah Region
AED 100 per square metre	AED 90 per square metre	AED 80 per square metre

Other Fees

We outline below a schedule of the fees applicable to real estate transactions and services, land area increases, planning services and lease registration services as set by Resolution No. 49:

	Item	Fee
1	Sale	The Executive Committee shall determine the percentage of the fee at a rate of at least 1% and not exceeding 4% for each transaction, equally divided between seller and buyer, unless otherwise agreed.
2	Gift between ascendants, descendants, spouses and relatives up to the second degree and entities wholly owned by them. In any gift other than as aforementioned, a gift shall be deemed a sale in respect of the fees.	Commercial AED 10,000 Investment AED 5,000 Agricultural AED 3,000 Residential AED 3,000
3	Lands consolidation	Commercial AED 10,000 Investment AED 5,000 Agricultural AED 3,000 Residential AED 3,000
4	Will	AED 3,000
5	Mortgage	1 per thousand of the value of the mortgage capped at AED 1 million per transaction
6	Release and replacement of mortgaged property	An administrative fee of AED 1,000 shall be paid to release and replace the mortgaged property with another property, where the mortgage is a guarantee for the same debt.
7	Mortgage Transfer	AED 200
8	Extension of repayment period in the mortgage contract	AED 1,000 (whatever the value of the mortgage)
9	Division among partners	AED 2,000 (whatever the value of the mortgage)
10	Mortgage of property if it is used as security for housing loans	0.5 per thousand of the value of mortgage and a maximum of AED 1 million per transaction
11	Registration of a lease over a land owned by the government	AED 1,000
12	Registration of a lease other than as stated in the previous item	1% of the annual rent multiplied by the number of years of the lease term
13	Issuing a replacement for title deed	AED 500
14	Issuing a Property Valuation Certificate	Commercial AED 5,000 Investment AED 3,000 Agricultural/residential/other AED 3,000
15	Issuing a Property Search Certificate	AED 100
16	Issuing a Site Plan	AED 200
17	Issuing a "To whom it may concern" certificate	AED 100
18	Any other transaction which is subject to the law and is not included in the Schedule, including but not limited to Mustaha or Usufruct contracts	4% of the value of the consideration

Fees for increasing the land area

	Item	Fee
1	Residential & Agricultural land	5% of the market value of the area to be increased
2	Commercial and investment lands	75% of the market value of the area to be increased

Lease Registration Fees

	Item	Fee
1	Registration of lease by the lessor	100
2	Amendment of lease by the lessor	50
3	Amendment of lease at the request of the tenant	50
4	Renewal of lease by the lessor	100
5	Registration of property unit data by the lessor	1,000
6	Registration of unit data and any amendment thereto by the lessor	5/unit
7	Opening an account on Tawtheeq system	200
8	Obtaining a username for Tawtheeq system	300
9	Training a user on the electronic Tawtheeq system	300
10	Transfer of property/rental units management by the lessor	50
11	Amendment of lessor account details	50
12	Issuing a true copy of a registered lease	50
13	Registration of a property management agreement	50
14	Renewal of a property management agreement	50
15	Amendment of a property management agreement	50
16	Cancellation of a property management agreement	50

Planning Services Fees

	Item	Fee
1	Changing the purpose of land in the developmental areas	AED 100 per square meter of the area
2	Issuing a license to engage in commercial activity on residential or investment land	AED 100 per square meter of land area
3	Changing the purpose of land use outside the developmental areas	20% of the value of land
4	Issuing an investment building permit on a residential land	AED 100 per square meter of land area

Al Tamimi & Company's real estate team in Abu Dhabi regularly advises on real estate transactions and the latest legal developments relating to the real estate market in the Emirate of Abu Dhabi. For further information, please contact [Maha Dahoui \(m.dahoui@tamimi.com\)](mailto:m.dahoui@tamimi.com) or [David Bowman \(d.bowman@tamimi.com\)](mailto:d.bowman@tamimi.com).