



DIFC

Real Property Regulations

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REAL PROPERTY REGULATIONS

The Dubai International Financial Centre Authority, in exercise of its powers under Article 173 of the Real Property Law, being DIFC Law No. 9 of 2006 issued by the Ruler, and of all other enabling powers, makes the following Regulations:

1. Introduction

1.1. These Regulations are the Real Property Regulations.

1.2. Application and interpretation

1.2.1. A reference in these Regulations to a law is a reference to that law as amended from time to time.

1.2.2. A reference in these Regulations to a Schedule is a reference to a Schedule in these Regulations, unless the contrary intention appears.

1.2.3. In these Regulations and the Schedules, unless the contrary intention appears:

- (a) “the Law” means the DIFC Real Property Law (DIFC Law No. 9 of 2006);
- (b) “Registrar's Directives” means the Directives made by the Registrar of Real Property under Article 171 of the Law;
- (c) terms defined in the Law have the same meaning in these Regulations and Schedules as they have in the Law;
- (d) the Rules of Interpretation contained in the Schedule to the Law apply to the interpretation of these Regulations and Schedules.

1.3 In these Regulations and the Schedules:

“freehold transaction” means any transaction on or after the date of

commencement of these Regulations by which a legal, equitable or beneficial interest in the freehold in real property within the jurisdiction of the DIFC is sold, transferred, or otherwise disposed of for value, whether:

- 1.3.1 directly; or
 - 1.3.2 indirectly, such as (but not limited to) by means of a transfer, allotment or dealing by which a person acquires one or more shares in a body corporate, or one or more units in a unit trust, which owns a legal or beneficial interest in the freehold interest.
- 1.4 For the purposes of clause 1.3.2:
- 1.4.1 “shares” includes a right to shares;
 - 1.4.2 “transfer” includes an assignment and an exchange;
 - 1.4.3 “unit”, in a unit trust, means a right or interest (whether described as a unit, sub-unit, or otherwise) of a beneficiary under the trust, and includes a right to any such right or interest;
 - 1.4.4 “unit trust” means an arrangement that has the purpose or effect of allowing persons to participate, as beneficiaries under a trust, in any profits, income or distribution of assets arising from the acquisition, holding, management or disposal of any property under the trust.
- 1.5 To remove doubt, a freehold transaction includes a transaction by which a person acquires for value a legal or equitable or beneficial interest (whether that interest is a freehold or leasehold interest) under a unit sale and purchase agreement, but does not include any other lease transaction or a transaction by way of mortgage.

2. Commencement

These Regulations commence on the date of their issuance.

3. Amending or deleting Registrar's Directives

- 3.1. The Registrar may from time to time amend, add to, or delete any of the Registrar's Directives.
- 3.2. If the Registrar acts under paragraph 3.1, the Registrar must:
 - 3.2.1. maintain a version of the Directives in their current form from time to time; and
 - 3.2.2. make a copy of the current form available to any person who requests a copy, on payment of the fee the Registrar considers appropriate.

4. Fees payable to the Registrar, other than freehold transfer fees

- 4.1. The fees specified opposite the matters listed in Schedule 1 are payable to the Registrar in respect of those matters.
- 4.2. A fee is payable before the provision of the service to which the fee relates, unless the Registrar agrees otherwise.
- 4.3. The Board of Directors of the DIFC Authority may from time to time vary the fees in Schedule 1, and may add other fees for matters not listed in that Schedule as it considers necessary or appropriate.

5. Freehold transaction return

A freehold transaction return must be lodged in the circumstances set out in Schedule 2.

6. Freehold transfer fee

A freehold transfer fee is payable in the circumstances set out in Schedule 2.

7. Penalties for offences against the Law

The penalty for an offence against the Law is **US\$ 1,000**.

**SCHEDULE 1 — FEES
(OTHER THAN FREEHOLD TRANSFER FEES)**

Activity	Amount (\$US)
Lodgement of form or instrument for registration or recording	100
Request to alter Register	100
Lodgement of caveat	100
Request for search of Register	100
Request for official search of Register	200
Lodgement of primary application to bring land under the Law	500

**SCHEDULE 2 — FREEHOLD TRANSACTION RETURNS
AND FREEHOLD TRANSFER FEES**

1. Purpose of this Schedule

- 1.1. The purpose of this Schedule is to impose an obligation to lodge a freehold transaction return and to pay a freehold transfer fee in relation to freehold transactions in real property within the jurisdiction of the DIFC.
- 1.2. The purpose of the freehold transfer fee is to help defray the cost of guaranteeing title to real property within the jurisdiction of the DIFC.

2. Freehold transfer fees

- 2.1. Subject to this Schedule, a freehold transfer fee is payable in relation to each freehold transaction.
- 2.2. A freehold transfer fee is payable in relation to a freehold transaction regardless of whether the transaction is in writing, or is effected by act of the parties, by order of court or other authority, under statutory authority, by operation or law, or otherwise.
- 2.3. If a freehold transfer fee is paid in relation to a freehold transaction (“the earlier transaction”), then no additional freehold transfer fee is payable in relation to a later transaction that merely completes the earlier transaction.

Example: Assume that a contract for sale of real property is entered into. A freehold transfer fee is payable in relation to the contract, because the buyer acquires an equitable or beneficial freehold interest. However, no additional freehold transfer fee is payable in relation to the formal transfer of title on completion of that contract.

3. Consideration as basis of freehold transfer fee

- 3.1. The freehold transfer fee is based on the amount of the consideration paid or payable for the interest, or an amount that is 15% below the market value of the interest, whichever is the greater.
- 3.2. Where the amount of the consideration is contingent on the occurrence of an event that may or may not occur, the amount is to be calculated as if the contingency were satisfied.
- 3.3. Where the amount of the consideration cannot be ascertained, it is to be determined on a reasonable estimate of the market value of the interest.

4. Calculating the freehold transfer fee

The freehold transfer fee is calculated at the rate of 3.5% of the amount referred to in clause 3.1.

5. Duty to lodge freehold transaction return and caveat, and to pay freehold transfer fee

- 5.1. Subject to clause 7, the purchaser under a freehold transaction must lodge a freehold transaction return and a caveat with the Authority within 30 days of the effective date of the freehold transaction.
- 5.2. The freehold transaction return must:
 - 5.2.1. include an assessment (a “self-assessment”) of the freehold transfer fee that, on the basis of the information contained in the return, is payable in respect of the transaction; and
 - 5.2.2. be accompanied by payment of the amount so assessed.
- 5.3. The purchaser is the party to the freehold transaction who is liable to pay the freehold transfer fee.

- 5.4. If the fee is not paid within 30 days after the effective date of the freehold transaction, interest is payable at the rate of 5 per cent per annum until the fee is actually paid.
- 5.5. If the Authority considers that the amount of the self-assessment is less than the amount that is properly payable under this Schedule, the Authority may determine the additional amount that it considers payable, and the purchaser must pay that additional amount within 30 days after the Authority notifies the purchaser of the additional amount.
- 5.6. The purchaser may appeal to the Court against the additional amount notified under clause 5.5, but cannot refuse to pay the amount on the ground that an appeal has been lodged.
- 5.7. On the appeal, the Court may make the order it considers appropriate.

6. Proceedings to recover freehold transfer fee

The Authority may bring proceedings in the Court to recover from a purchaser the whole or part of the freehold transfer fee and any interest.

7. Cancelled freehold transactions

- 7.1 No freehold transfer fee is payable in relation to a freehold transaction that is cancelled within 30 days of its effective date.

Note: the cancellation of the freehold transaction does not remove the obligation to lodge a freehold transaction return within 30 days of the effective date of the transaction (even though no fee is payable)

- 7.2 If a freehold transaction is cancelled after payment of a freehold transfer fee, the person who paid the fee may apply for a refund from the Registrar, who must refund the fee (minus a refund-administration fee of US\$ 250 or other prescribed amount). The application for a refund must be made within 3 months of the date of the cancellation.
- 7.3 In this clause 7, “cancelled” means rescinded, annulled, terminated or otherwise

ended without completion, except where the Registrar considers that:

- 7.3.1 the cancellation was to give effect to a subsale; or
- 7.3.2 the cancellation was to give effect to a transfer to a company proposed to be incorporated by the purchaser or transferee; or
- 7.3.3 the purchaser or transferee is a company and the cancellation was to give effect to a sale or transfer to a corporation that is a subsidiary or parent company of the purchaser or transferee; or
- 7.3.4 the cancellation was a consequence of the breach or suspected breach of anti money laundering activities or other activities in contravention of law.

8 Power to inspect, etc

- 8.1 The Authority may authorise a person to inspect, make copies of, or take possession of, any property, records or files for the purpose of ascertaining:
 - 8.1.1 whether a freehold transaction has occurred;
 - 8.1.2 the market value of the interest in respect of which a freehold transfer fee is payable; and
 - 8.1.3 any other matter that the Authority considers relevant to the payment of a freehold transfer fee.
- 8.2 Any person having custody or possession of the property, records or files must permit the person so authorised to inspect them, copy them or take possession of them.
- 8.3 Failure to comply with an obligation under clause 8.2 is punishable in the same way as an offence against the Law.

9 Delegation

The Authority may delegate to the Registrar any or all of its functions under this Schedule.

10 Developers pre-registration records

10.1 A developer who maintains a register of purchasers, sub-purchasers or assignees of purchasers is entitled to charge each purchaser, sub-purchaser or assignee an administration fee to cover the developer's reasonable costs of maintaining the register, not exceeding in any one case 5,000 dirhams.

10.2 A developer must make the register available for inspection by:

10.2.1 any former, current or prospective purchaser, sub-purchaser or assignee; and

10.2.2 the Authority.
