

**Federal Law No. (11) of 1981**  
**Imposing Federal customs duty on imports of tobacco**

**We Khalifa Bin Zayed Al Nahyan,        the President of the United Arab Emirates,**

- After reviewing the interim Constitution;
- Federal Law No. (1) of 1972 concerning the jurisdictions of the ministries and the powers of the ministers, as amended; and
- The proposal submitted by the Minister of Finance & Industry and approved by the Cabinet and the Federal National Council and as attested by the Supreme Council of the Federation,

**Have issued the following Law:**

**Article (1)**

A federal customs duty shall be imposed on imports of tobacco and its products including cigarettes, cigars, etc, whether manufactured or raw materials.

**Article (2)**

The tax rate shall be determined at (70%) Seventy Percent of the good's price, calculated on the basis of its delivery at the port of arrival in the United Arab Emirates, in the event it is imported from abroad.

A tax rate of (70%) Seventy Percent of the good's manufacturing cost, in the event it was manufactured, or its manufacturing was completed in the State, while taking into account any tax that may have been imposed on the materials included in its manufacturing.

The exports of such goods outside the State shall be exempted from the said tax.

**Article (3)**

Without prejudice to the provisions of the second paragraph of Article (2), the goods stipulated in Article (1) shall be temporarily exempted from tax if its import was for the

purpose of re-exporting thereof outside the State in their original condition.

It is conditional for such exemption that the importer pays to the competent authority a cash deposit or provides a bank guarantee of the amount of the applicable tax and to re-export the goods within one year from the date of such import. In the event of failure to re-export such goods within one year, the tax shall become immediately payable.

### **Article (3) BIS**

50% (Fifty percent) of the revenues from the above referenced Tax shall be paid to the Ministry of Finance and Industry, and the remaining 50% (Fifty percent) shall be paid to the local government within which the tax was collected at one of its ports on within which the goods were manufactured. The Ministry of Finance and Industry shall appoint financial controllers at sea, air, and land ports in the State to monitor and implement the provisions of this Law.

### **Article (4)**

The Ministry of Finance and Industry shall, in cooperation with the local customs department in every emirate, collect the tax as provided by this Law.

### **Article (5)**

The tax imposed hereunder shall be without prejudice to the local customs duties and taxes levied or to be levied in the future, until the federal laws in connection with customs unity among the emirates are issued.

Exemptions or tax discounts as set out in economical cooperation and double taxation agreements shall not apply to the provisions of this Law.

### **Article (6)**

A person that may avoid or attempt to avoid the payment of the tax levied by this Law shall be punished by imprisonment for no later than six months and/or a fine two times the applicable tax, and in both events to confiscate the subject goods. If such goods cannot be confiscated, such person shall pay the same value of such goods.

Any other violation of the provisions of this Law or its executive bylaw shall be punished by a fine of AED 500 maximum.

All the above without prejudice to any severer penalty set out in any other law.

#### **Article (7)**

The executive bylaw of this Law shall be issued under a resolution by the Minister of Finance and Industry, in particular, such executive regulation shall indicate:

- a. The Rules to be followed upon the calculation of the tax;
- b. Such bodies allocated to collect the tax and the rules of such collection;
- c. Any tax calculation, collection or other forms as required executing the provisions of this Law and its executive regulation.

#### **Article (8)**

This Law shall come in force from the date of issue hereof and shall be published in the Official Gazette.

**Khalifa Bin Zayed Al Nahyan**  
**The President of the United Arab Emirates**

Issued by us in the Presidential Palace in Abu Dhabi on  
12 Shabaan 1401 Hijri,  
corresponding to 14.6.1981