

UAE issues new reporting requirements for real estate transactions

Mon 08-08-2022 13:50 PM



ABU DHABI, 8th August, 2022 (WAM) -- The Ministry of Economy (MoE) and the Ministry of Justice (MoJ), in partnership with the UAE Financial Intelligence Unit (FIU), have announced the introduction of new reporting requirements aimed at certain real estate transactions conducted in the UAE.

The UAE is one of the first countries to implement such a mechanism for real estate transactions involving virtual assets, marking the latest example of the UAE's sustainable and evolving approach to the global fight against money laundering and terrorist financing. The decision was made following multiple meetings and discussions amongst the MoE, MoJ, FIU, and other competent authorities in the UAE, including the Executive Office for Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT).

All real estate agents, brokers, and law firms are obliged to file reports to the FIU for purchase and sale transactions of freehold real estate properties in the UAE that include any of the below three methods of payment, whether for a portion or the entirety of the property value: 1. Single or multiple cash payment(s) equal to or above AED 55,000 2. Payments that include the use of a virtual asset 3. Payments where the fund(s) used in the transaction were derived from a virtual asset The reporting mechanism requires real estate agents, brokers, and law firms to obtain and record the identification documents of the parties to the applicable transaction, among other relevant documents related to the transaction. The rules apply to both individuals and corporate entities that are parties to the above real estate transactions.

The relevant private sector entities have been informed about the specific requirements in regulatory circulars issued by the MoE and MoJ. Additionally, to ensure preparedness, UAE authorities have collaborated to host three separate workshops with real estate agents and brokers, as well as law firms, helping to guide them through the new reporting requirements and enhance their familiarization with the FIU's goAML system.

The MoE and MoJ play a key role in the UAE's framework for AML/CFT as the supervisory authorities for designated non-financial businesses and professions (DNFBPs), including real estate agents and brokers and law firms, respectively. DNFBPs include a wide range of sectors that are mostly exposed to the risks of money laundering and misuse of commercial transactions and the funds traded by them for the purposes of money laundering or other illegal practices, given the nature of the services they provide and the products they deal with. The MoE and MoJ apply a proactive, risk-based supervisory approach in line with UAE legislation and the international standards set by the Financial Action Task Force (FATF).

Abdulla bin Touq Al Marri, Minister of Economy, said that the adoption of the highest standards of transparency and governance, in addition to the necessary regulations to ensure economic and financial stability while combating malpractice within the business community, are all priorities of the Ministry of Economy and its partners in local, federal, and private sector entities.

Al Marri noted that the real estate sector is one of the key sectors for investment and a vital pillar of the country's economic development. Therefore, he noted, the UAE is keen to adopt procedures and regulations that promote sound financial practices in the sector in line with the highest international standards. The new requirements, with regards to the reporting rules of both the real estate and legal sectors, ensure the development of their regulatory frameworks, leaving little or no room for manipulation or illegal practices that could negatively impact the work environment and the economy and investment within these sectors, Al Marri continued.

Abdullah Sultan Bin Awwad Al Nuaimi, Minister of Justice, said, "The introduction of reporting rules for certain transactions in the real estate sector is another example of how the UAE is coordinating across the government and with the private sector to strengthen the national framework for anti-money laundering and countering the financing of terrorism."

He added, "By working closely together to provide a clear regulatory framework and effective reporting tools, the UAE is able to take quick action to protect the economy from known and emerging risks."

For his part, Ali Faisal Ba'Alawi, Head of the UAE FIU, said, "These new measures will improve the quality of financial intelligence available to the FIU and will be used to trace the suspicious movement of funds or investments as part of our fight against money laundering and terrorism financing. Importantly, the requirements further strengthen the stability and integrity of the UAE's real estate sector and provides all stakeholders with greater transparency in a sector that is a key contributor to the UAE's economy."