



Under the directives of Mohamed bin Zayed and to support investors and promote the launch of new projects in Abu Dhabi

The Executive Council issues resolution to reduce Musataha agreements' municipal fees

- **Fees reduced from 4% of the returns value to 2, 1 or 0% depending on land classification**

Abu Dhabi, 30 May 2019

Under the directives of his Highness Sheikh Mohamed bin Zayed Al-Nahyan, Crown Prince of Abu Dhabi, Deputy Supreme Commander of the UAE's Armed Forces, Chairman of the Executive Council, the Abu Dhabi Executive Council has issued resolution No. 127 for 2019, reducing municipal fees for Musataha agreements in Abu Dhabi by amending resolution No. 49 for 2018 about the same.

The new resolution, which is effective immediately, comes to further facilitate and promote investments and limit the cost of developing projects.

At the end of last year, HH Sheikh Mohamed bin Zayed has instructed the Executive Committee, an affiliation to the Executive Council, and chaired by His Highness Sheikh Khalid bin Mohammed bin Zayed Al Nahyan, to re-examine the terms of Musataha agreements for all projects within Abu Dhabi. The aim of the review was to attract long-term investors who wish to establish long-term investment projects that support local development and contribute to diversifying the economy and achieving sustainable development.

According to the new resolution, the fees for registering Musataha agreements will be reduced from 4% of the returns value, to 1 or 2%, or exempted fully, depending on land location and usage classification.

Registration fees vary depending on the classification of the location of plots (prime vs. developing), and usage classification such as commercial, leisure, general area, agricultural, industrial, and so forth.

The new resolution also stipulates a fee cap for projects in the services, educational, healthcare and industrial sectors, to increase investors' appetite and act as a catalyst for new projects.



The new resolution is a part of a series of initiatives introduced by the Government of Abu Dhabi to support investors and promote the launch of new projects in several key sectors that support the local economy and create new jobs.

As per the new resolution, rent of lands allocated by the government will now be directly paid to the Musataha right holder, and defined the rent value as 75, 50 and 25 fils per square foot in Abu Dhabi City, Al Ain, and Al Dhafra region, respectively.

Parties renting industrial and other land plots directly from the government have the right to sublease, subject to relevant municipality's approvals and current regulations. The resolution defines the municipal registration fees payable by the renter for all agreement related to renting lands, industrial properties and lands, and properties rented from the government, to be no less than 5% of the contract value and capped at 10%.

The resolution also allows paying the registration fees for Musataha agreements, except for industrial lands allocated to Emirati nationals, in installments over the course of contract duration and once the project is up and running.

Furthermore, the resolution exempted private schools with average annual schooling fees of less than AED20,000, from paying registration fees for Musataha agreements, dependent on data available at the Abu Dhabi Department of Education and Knowledge.

The resolution has capped registration fees for long term leases or usage at 1% of the returns value, while Musataha agreements fees are calculated as follows:

| Musataha agreements registration fees | | |
|--|---------------------------------|------------------|
| Plot classification | Percentage of the returns value | |
| | Prime locations | Developing areas |
| Commercial, investment | 2% | 1% |
| Leisure, public areas, general buildings, private, facilities (including healthcare and schools), agricultural | 2% Maximum of AED500,000 | Exempted |
| Industrial | 1% Maximum of AED1 million | |

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