

## UAE

### New Anti-Money Laundering Law

Following the enactment of a new anti-money laundering law (the **AML Law**) in late 2018, the UAE issued Cabinet Resolution No. 10 of 2019 (the **AML Resolution**) which provides for its implementation.

While most of the AML Resolution requirements apply to Financial Institutions (**FIs**) and Non-Financial Businesses and Professions (**DNFBPs**), the scope of application has been expanded to include, *inter alia*,:

- companies established in the UAE must now maintain records to be used for Client Due Diligence (**DD**) purposes;
- every company in the UAE must now comply with UAE Authorities' instructions in relation to the implementation of United Nations Security Council Resolutions (**UNSCRs**) on sanctions.

The AML Resolution also introduces a number of enhancements to the UAE AML regime including:

- the introduction of a "risk-based approach" to AML regulation, whereby FIs and DNFBPs are required to assess a client's money laundering risk (a **Money Laundering risk**), assign a Money Laundering risk level to each client, and carry on the prescribed DD in accordance with the Money Laundering risk each client presents;
- new DD measures have been implemented:
  - a DD must be performed at the start of the business relationship for *all transactions exceeding of AED 55,000, or wire transfers exceeding AED 3,500*;
  - enhanced DD is required for clients who present a high Money Laundering risk (including foreign Politically Exposed Persons (**PEPs**)); simplified DD may be performed for clients who present a low Money Laundering risk;
  - a DD may be outsourced to third parties or to another member of a corporate group;
  - the possibility to defer a DD under certain circumstances;
  - the obligation to identify the ultimate beneficial owner of a client (defined as the person who holds (jointly or separately) a controlling interest of *25% or more* in a client); and
  - exemptions from identifying the beneficial owner(s) and shareholder(s) when the client is a listed company or a majority-owned subsidiary of a holding company.
- politically exposed persons now include UAE nationals (**local PEPs**). Local PEPs would be subject to additional scrutiny but only if they present a high Money Laundering risk. They are not automatically considered high Money Laundering risk clients;
- international wire transfers *in excess of AED 3,500* require the provision of certain information which allow the traceability of such transfers. Domestic wire transfers are subject to a lighter set of requirements (there is no threshold);
- the Money Laundering risk for new products and services must be evaluated before they are made available to the public and appropriate Money Laundering risk mitigating measures put in place;
- companies established in the UAE are required to maintain all the information which would be required as part of the DD process and make this information available to the relevant Registrar (i.e. the Department of Economic Development in the relevant Emirate);

- “financial activities” which are carried on by FIs are listed in the AML Resolution, with the possibility for UAE Regulators to expand the list of activities;
- every natural or legal person is required to comply with the regulations issued by the relevant UAE Authority to implement the UNSCRs on sanctions; and
- submission of suspicious transaction reports to the Financial Information Unit (the **FIU**) is to be done electronically who will produce a report annually.

## **Possible Value-Added Tax (VAT) Refunds for Development Costs of Pavilions at Expo 2020 Dubai**

The UAE Federal Tax Authority (**FTA**) has published Cabinet decision No. 1 of 2019 that will allow official participants of Expo 2020 Dubai to claim a refund of value added tax (**VAT**) on the import or supply of certain goods they incur while participating in the Expo even if they are not registered for VAT in the UAE.

In comparison, official participants that will make taxable supplies related to Expo 2020 will need to seek any refund of VAT by registering for UAE VAT and submitting their periodic VAT returns to the FTA.

Official participants not registered for UAE VAT may submit a special VAT refund application through the Bureau Expo 2020 Dubai (the **Bureau**).

### Relevant Goods and Services

Official participants can reclaim VAT incurred on the import and acquisition of the following:

- Goods and services directly related to the construction, installation, alteration, decoration and dismantlement of their exhibition space;
- Goods and services directly related to the operations of the official participant’s exhibition space and any presentation within the Expo 2020 Dubai site;
- Goods and services relating to the actual operations of the office provided that the value of each good or service for which a claim is made is not less than AED 200;
- Import of goods for personal use by the official participant’s section commissioner-general, section staff and beneficiaries.

### Refund Entitlement Certificate

However, before claiming VAT, the official participant must possess a certificate of refund entitlement. This can be obtained by applying to the Bureau using a specific form.

In order to obtain the certificate of refund entitlement, the participant must meet the following criteria:

The applicant must be an official participant of the Expo 2020 in Dubai and have a valid Expo 2020 trade license number. And no more than 20% of the exhibition space or presentation may be used for non-official or commercial purposes.

### Refund Application Timeframe

If the VAT claim is in excess of AED 10,000, the claim must be made within 15 days of the end of the relevant calendar month.

If the VAT claim is less AED 10,000, the claim must be made within 15 days of the end of the relevant calendar quarter.

Once a refund has been granted, goods cannot be sold for consideration or transfer for free without prior consent of the Bureau and payment of the applicable VAT.

This document is delivered for informative purposes only.

It does not constitute a reference for agreements and/or commitments of any nature.

For any further clarification or research please contact:

**Renato Giallombardo**  
Partner

 Rome  
 +39 06 478751  
 @ rgiallombardo@gop.it

**Riccardo Sensi**  
Partner

 Abu Dhabi  
 + 971 2 815 3333  
 @ rsensi@gop.it

**Elise S. Paul-Hus**  
Counsel

 Rome  
 +39 06 478751  
 @ epaulhus@gop.it



**INFORMATION PURSUANT TO ARTICLE 13 OF LEGISLATIVE DECREE NO. 196/2003 (Data Protection Code)**

The law firm Gianni, Origoni, Grippo, Cappelli and Partners (hereafter "the Firm") only processes personal data that is freely provided during the course of professional relations or meetings, events, workshops, etc., which are also processed for informative/divulgate purposes. This newsletter is sent exclusively to those subjects who have expressed an interest in receiving information about the Firm's activities. If it has been sent you by mistake, or should you have decided that you are no longer interested in receiving the above information, you may request that no further information be sent to you by sending an email to: [relazioniesterne@gop.it](mailto:relazioniesterne@gop.it). The personal data processor is the Firm Gianni, Origoni, Grippo, Cappelli & Partners, whose administrative headquarters are located in Rome, at Via delle Quattro Fontane 20.