THE UNITED ARAB EMIRATES
Philanthropy Law Report
# Contents

Introduction ........................................................................................................................................... 1  
Recent Developments ............................................................................................................................. 3  
Relevant Laws ......................................................................................................................................... 4  
Constitutional Framework ....................................................................................................................... 4  
National Laws and Regulations Affecting Philanthropic Giving ........................................................... 5  
Analysis ................................................................................................................................................ 9  
Organizational Forms for Nonprofit Organizations ................................................................................. 9  
Registration of Domestic Nonprofit Organizations .................................................................................. 11  
Registration of Foreign Nonprofit Organizations ..................................................................................... 16  
Nonprofit Organization Activities ........................................................................................................... 17  
Termination, Dissolution, and Sanctions .................................................................................................... 20  
Local and Cross-Border Funding ............................................................................................................. 23  
Tax Law .................................................................................................................................................. 24  
News and Events ................................................................................................................................. 24
THE UNITED ARAB EMIRATES

PHILANTHROPY LAW REPORT

<table>
<thead>
<tr>
<th>Key Indicators¹</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>5,927,482 (2016 estimate)</td>
</tr>
<tr>
<td>Capital</td>
<td>Abu Dhabi</td>
</tr>
<tr>
<td>Type of Government</td>
<td>Federation of Monarchies</td>
</tr>
<tr>
<td>GDP (Purchasing Power Parity)</td>
<td>$667.2 billion (2016 estimate)</td>
</tr>
<tr>
<td>GDP Per Capita</td>
<td>$67,700 (2016 estimate)</td>
</tr>
<tr>
<td>GDP – Real Growth Rate</td>
<td>2.3% (2016 estimate)</td>
</tr>
</tbody>
</table>

Introduction

The United Arab Emirates (UAE) is a federal state comprised of seven emirates (Abu Dhabi, Dubai, Sharjah, Fujairah, Ajman, Ras al-Khaimah, and Umm al-Quwain), with Abu Dhabi and Dubai the most significant in terms of commercial and philanthropic activity. The UAE has a federal regulator for philanthropic organizations, and Abu Dhabi and Dubai each have separate regulators and bodies of laws and regulations affecting philanthropic organizations. There are also a number of free trade zones with separate bodies of regulations. Among the most important of these trade zones are the International Humanitarian City (IHC) and the Dubai International Financial Center (DIFC), both of which are located in Dubai. The IHC is an independent free trade zone established in 2007 that has become the world’s largest and most active logistics hub for humanitarian aid operations, with registered entities including United Nations (UN) agencies, international humanitarian, and development organizations and commercial entities that supply and assist these organizations. The DIFC is an independent financial free zone primarily focused on the financial services industry. Dubai and its free trade zones host the majority of the UAE’s charitable organizations.

The UAE has a civil law system, with Islamic Shari’a law serving as the primary source of legislation. The UAE and its surrounding region have deep roots in a culture of giving that

originated in tribal and religious traditions. In the twentieth century, the state and ruling families of the emirates institutionalized these traditions as many leading families invested their personal wealth in various philanthropic enterprises. Many of the philanthropic organizations in the UAE today were founded and are maintained by the government or members of the royal family.

Philanthropic activity in the UAE, and in particular donations to local and international philanthropic organizations, is significant in its magnitude. According to Philanthropy Age, the UAE is the leading source of charitable donations in excess of $1 million among countries of the Gulf Cooperation Council (GCC), which also include Bahrain, Kuwait, Oman, Qatar, and Saudi Arabia. The UAE’s numerous foundations and other charitable initiatives account for billions of dollars in domestic and foreign investment.

Philanthropic organizations in the UAE are generally subject to strict government control. The Ministry of Social Affairs is the main federal regulatory entity governing philanthropic organizations. It serves to regulate and support both local and international organizations that provide material or other forms of support, engage in social care, and undertake other charity-related work. The Ministry of Social Affairs also has authority to supervise the registration of these organizations.

While the Ministry of Social Affairs regulates philanthropic organizations at the federal level, such organizations are in most cases also subject to emirate-level regulation. The emirate of Dubai has the most robust regulations, which govern organizations operating in Dubai and its free trade zones. Governmental authorities that may issue licenses to philanthropic organizations operating in Dubai include the Islamic Affairs and Charitable Activities Department (IACAD), the IHC Authority, the DIFC Authority, and the Community Development Authority (CDA). All philanthropic organizations seeking to fundraise or engage in fundraising-related communications in Dubai must obtain approval from IACAD. The IHC Authority governs the IHC and issues licenses to philanthropic organizations operating in the IHC. Philanthropic organizations wishing to operate in the DIFC must register with the DIFC Authority. The CDA licenses non-governmental organizations (NGOs), investigates complaints against NGOs, identifies violations and imposes relevant punishments, and proposes legislation regulating NGOs; it also regulates and monitors the activities and quality of services offered by nonprofit social clubs and associations organizing social, cultural, artistic, and entertainment activities in Dubai.

Additionally at the emirate level, the Charity Works Association in the emirate of Sharjah is responsible for collecting funds and carrying out charitable work and works for public benefit in Sharjah. The Charity Works Association in Sharjah will not be discussed at length in this report.

There are approximately nineteen organizations registered by IACAD; sixty-five organizations by the IHC, including nearly fifty non-governmental organizations (NGOs) and commercial entities and nine UN agencies; twelve organizations by the DIFC; and six in Abu Dhabi. The

---

number of similar organizations registered in emirates other than Dubai is not known but is probably small. Thus the regulation of these organizations is not addressed in this report.

Recent Developments

In 2015, the emirate of Dubai enacted Decree No. 9 on fundraising, which imposes restrictions on the ability of philanthropic organizations in the emirate to raise and receive funds. Among other things, Decree No. 9 requires organizations to seek written approval from IACAD in advance of fundraising. According to the government, it is intended to increase the transparency of fundraising activities and ensure that donations made to charities, businesses, or individuals are not misappropriated.

Although the law is relatively new and IACAD is still finalizing formal procedures and guidelines for obtaining its approval, recent news articles suggest that the Dubai authorities have already started imposing penalties on individuals found fundraising in the emirate without proper authorization. In late July 2016, Dubai police arrested Australian-British national Scott Richards for reportedly using Facebook to promote a charity supporting refugees in Afghanistan in violation of the decree. Richards expected to face a $30,000 fine and up to one year in prison; however, he was released on bail after spending about two weeks in prison with no further criminal prosecution. On the heels of the case, the IACAD reiterated that persons may raise money for causes through one of IACAD’s registered charities or by seeking approval for their particular campaigns through the IACAD website or application to the agency.

The IACAD has recently updated its website, and it now provides instructions on applying for a license to conduct charitable activities in Dubai and for a permit to collect donations through approved Dubai charities. The site provides the applicant with guidance on submitting requests along with estimated time periods for processing.

In February 2017, news surfaced that a legislative framework for humanitarian and charity work would be developed soon. The legislation is to provide a “framework for corporate social responsibility and volunteering, both at institutional and individual levels” by establishing a regulatory body that will monitor the volunteer hours of each individual.

In June 2017, the Ruler of Dubai issued Law No. 12 of 2017 regulating Civil Societies in the Emirate of Dubai. Law No. 12 of 2017 sets forth the procedures and conditions for establishing a non-governmental organization (NGO) in Dubai, granting such NGOs corporate status. The Law allows NGOs to carry out certain activities in the social, health, educational, cultural, scientific, professional, creative, technical, and humanitarian areas with the aim of benefitting the public and achieving social development in Dubai. The Law also applies to NGOs that already exist in Dubai, although certain types of existing charitable organizations are excluded

---


4 Exempted organizations include public welfare institutions, private associations, institutions established by the Ruler of the Emirate of Dubai, charitable associations, Quran memorization centers, Islamic institutions, business councils licensed by the Dubai Chamber of Commerce and Industry, and working bodies in the field of youth and sport care.
from the provisions of the Law. Law No. 12 of 2017 uses the term NGO to describe (i) non-governmental associations (NGAs) and (ii) non-governmental institutions (NGIs).

The provisions of the Dubai NGO Law have no effect on the role of the IACAD. The Dubai NGO Law specifically provides that NGOs established under the Dubai NGO Law are licensed and regulated by the CDA. All donations, grants, and gifts received by the NGO must be approved by the CDA and in accordance with Decree No. 9 of 2015.

In October 2017, the Ruler of Dubai issued Federal Law No. 14 of 2017 Regulating Awqaf and Endowments in Dubai. The law allows private persons, companies, and organizations to establish their own awqaf (endowments or trust funds) for education, health, culture, environment, arts, and sports, among other sectors. It provides a legal framework for the establishment of endowment institutions and assigns the responsibility of establishing a system and form of governance for the licensing of endowment institutions to the Awqaf and Minors Affairs Foundation and the Mohammad Bin Rashid Global Center for Endowment Consultancy. Together, these bodies will set out procedural rules and licensing regulations, as well as the operating procedures for endowment institutions. These will include management obligations and measures to be taken against those who violate licensing regulations.

<table>
<thead>
<tr>
<th>INTERNATIONAL RANKINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RANKING BODY</strong></td>
</tr>
<tr>
<td>UN HUMAN DEVELOPMENT INDEX</td>
</tr>
<tr>
<td>FOREIGN POLICY: FRAGILE STATES INDEX</td>
</tr>
<tr>
<td>CAF WORLD GIVING INDEX</td>
</tr>
<tr>
<td>• HELPING A STRANGER</td>
</tr>
<tr>
<td>• DONATING MONEY</td>
</tr>
<tr>
<td>• VOLUNTEERING TIME</td>
</tr>
<tr>
<td>HUDSON PHILANTHROPIC FREEDOM INDEX</td>
</tr>
</tbody>
</table>

**Relevant Laws**

**Constitutional Framework**

Articles 30, 32, and 33 of the Constitution of the UAE guarantee, respectively, freedom of opinion and expression, freedom of communication, and freedom of assembly and association.

---

5 The law defines an NGA as “any non-profit entity comprising a group with a continuing organization, composed of natural and/or legal persons, that practices” in “social, health, educational, cultural, scientific, educational, professional, creative, technical, humanitarian areas and any other areas seeking public benefit.”

6 The law defines an NGI as “any non-profit entity which is created by one founder or a group of founders, which is based on the allocation of a sum of money to carry” out activities in the “social, health, educational, cultural, scientific, educational, professional, creative, technical, humanitarian areas and any other areas seeking public benefit.”

7 As discussed earlier, the IACAD regulates charitable societies within onshore Dubai and in accordance with Decree No. 9 of 2015. The IACAD also regulates all donations and fundraising in respect of entities established onshore and in free zones.

These guarantees are not always upheld in practice, and governmental authorities have been known to arbitrarily restrict the freedom of expression of certain individuals. *Amnesty International Report 2015/16* provides examples of how, in particular, Federal Law No. 2 of 2015 (against discrimination and hatred) and Federal Law No. 5 of 2012, as amended (on combating cyber-crimes) are broad in scope, grant authorities extensive powers to curb association and expression, and allow significant penalties, including imprisonment, to be imposed for violations. Consequently, organizations and their employees should exercise caution in making comments that could be considered offensive.

**National Laws and Regulations Affecting Philanthropic Giving**

Table 1 presents a list of implemented and draft regulations, bylaws, and standard documents that shape the registration and day-to-day work of NPOs in the UAE.

<table>
<thead>
<tr>
<th>Title of Law or Regulation</th>
<th>Year Enacted</th>
<th>Description</th>
<th>Links to Law or Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Framework Laws</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Cabinet Resolution 22 on the Organizational Structure of the Islamic Affairs and Awqaf General Authority</td>
<td>2009</td>
<td>Establishes organizational structure of the authority, defines its authority to oversee Islamic endowments under its governance, and grants it the authority to develop and invest endowment funds</td>
<td>English</td>
</tr>
<tr>
<td>Federal Law No. 2 Concerning Public Welfare Associations and Organizations</td>
<td>2008</td>
<td>Establishes procedures and conditions for establishing a public welfare association or non-governmental organization and applicable regulations</td>
<td>English</td>
</tr>
<tr>
<td>Federal Law No. 4 Concerning the Establishment of the Zakat Fund</td>
<td>2003</td>
<td>Establishes the Zakat (Alms) Fund and applicable regulations</td>
<td>English</td>
</tr>
<tr>
<td>Federal Law No. 9 Concerning the Red Crescent Authority in the UAE</td>
<td>2002</td>
<td>Establishes the Red Crescent Authority of the UAE and defines its function and purpose</td>
<td>English</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Federal Law No. 29 Concerning the Establishment of the General Authority of Awqaf</strong></th>
<th>1999</th>
<th>Establishes the General Authority for Islamic Affairs and Awqaf (Endowments), its purpose, and its system of governance</th>
<th>English</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cabinet Resolution No. 1 Concerning the Regulation of Work and Social Affairs</strong></td>
<td>1977</td>
<td>Elaborates the authority and power of the Ministry of Labor and Social Affairs to legislate and regulate, the authority of its respective branches, and its organizational structure</td>
<td>English</td>
</tr>
<tr>
<td><strong>Federal Resolution No. 8 Concerning Conditions for Licensing Societies for Public Benefits in Collecting Money</strong></td>
<td>1974</td>
<td>Establishes requirements and processes for obtaining a license to raise funds from the Ministry of Social Affairs</td>
<td>English</td>
</tr>
<tr>
<td><strong>Federal Law No. 1</strong></td>
<td>1972</td>
<td>Establishes the Ministry of Labor and Social Affairs and its competencies</td>
<td>English</td>
</tr>
</tbody>
</table>

### Laws Exclusive to the Emirate of Dubai

| **Law No. 12 of 2017 Regulating Civil Societies in the Emirate of Dubai** | 2017 | Establishes procedures and conditions for establishing NGOs and governing existing NGOs | English |
| **Decree No. 9 Regulating Fundraising in the Emirate of Dubai** | 2015 | Establishes regulations for fundraising in the emirate of Dubai and penalties for violations | English |
| **Executive Council Resolution No. 26 Concerning Charities, Quran Memorization Centers and Islamic Foundations in the Emirate of Dubai** | 2013 | Establishes conditions and procedures for the activities of a charity in the emirate of Dubai | English |
| **Law No. 2 on the Islamic Affairs and Charitable Activities Department** | 2011 | Sets forth the powers and authorities of IACAD; lists charitable activities overseen by IACAD; lists | English |

---

10 Federal Decree No. 1 of 2006 split the Ministry of Labor and Social Affairs into two new ministries, the Ministry of Labor and the Ministry of Social Affairs. Today the Ministry of Social Affairs is responsible for regulating philanthropic affairs.
**Rules Regarding the Collection and Disposition of Funds; and Repeals Law No. 12 of 2005 Regarding IACAD’s Structure, Powers and Authorities**

**Resolution No. 12 on Rules for Licenses of Religious and Charitable Societies and Organization of Their Activities in the Emirate of Dubai**

- **2006**
- Sets out regulations for establishing charitable societies in Dubai
- **English**

**Law No. 12 Concerning the Establishment of the Department of Islamic Affairs and Charitable Activities**

- **2005**
- Establishes the Dubai Islamic Affairs and Charitable Activities Department (IACAD) and defines its powers and organizational structure
- **English**

**Law No. 14 Amending Certain Provisions of Law No. 12 on Islamic Affairs and Charitable Activities Department**

- **2005**
- Amends the authority of the IACAD, as listed in Law No. 12 of 2005
- **English**

**Laws Exclusive to the Emirate of Sharjah**

**Law No. 4 Concerning Waqf in the Emirate of Sharjah**

- **2011**
- Establishes the rules and conditions for establishing a waqf (endowment) in the emirate of Sharjah
- **Arabic**

**Emiri Decree No. 1 Concerning the Establishment of the Charity Works Association in Sharjah**

- **1989**
- Establishes the Charity Works Association in Sharjah and defines its purpose and competencies
- **English**

**Laws Exclusive to the Emirate of Ras Al-Khaimah**

**Law of the Municipality of Ras Al Khaimah**

- **1981**
- Establishes the Committee of Public Benefit and assigns it the duty of regulating the collection of donations from the public for charitable purposes with public benefit
- **English**

**Laws, Rules, and Regulations in the Dubai International Financial Center (DIFC)**
<table>
<thead>
<tr>
<th>Legislation</th>
<th>Year</th>
<th>Description</th>
<th>Language</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Rule-Making Instrument No. 119</td>
<td>2013</td>
<td>Provides general rules governing activities in the DIFC</td>
<td>English</td>
</tr>
<tr>
<td>DIFC Law No. 7, Nonprofit Incorporated Organizations Amendment Law</td>
<td>2013</td>
<td>Amends several provisions of DIFC Law No. 1 of 2013</td>
<td>English</td>
</tr>
<tr>
<td>DIFC Law No. 6, Nonprofit Incorporated Organizations Law</td>
<td>2012</td>
<td>Establishes the law governing the registration and activities of NPIOs in the DIFC</td>
<td>English</td>
</tr>
<tr>
<td>Nonprofit Incorporated Organizations Regulations</td>
<td>2012</td>
<td>Regulates the registration of NPIOs</td>
<td>English</td>
</tr>
<tr>
<td>DIFC Trust Law No. 11, as amended</td>
<td>2005</td>
<td>Provides for the creation of express, charitable, and non-charitable trusts, and establishes the procedures and conditions necessary for establishing a trust in the DIFC, together with applicable regulations</td>
<td>English</td>
</tr>
<tr>
<td>Incorporation/Registration of a DIFC Entity, Nonprofit Incorporated Organizations (NPIO)</td>
<td>[no date]</td>
<td>Offers a handbook on registering and incorporating an NPIO</td>
<td>English</td>
</tr>
</tbody>
</table>

**Laws, Rules, and Regulations in the International Humanitarian City (IHC)**

| Law No. 1 | 2012 | States the goals of the IHC; describes the structure, mechanics, and responsibilities of the IHC Authority; requires all humanitarian and commercial institutions in the IHC to be licensed by the IHC Authority; and provides licensing rules and regulations | English |
| International Humanitarian City – General Rules and Regulations | 2012 | Sets forth requirements for becoming a nonprofit or commercial establishment in the IHC and rules and regulations for activities in the IHC | English |
Analysis

Organizational Forms for Nonprofit Organizations

There are five main types of philanthropic organizations in the UAE: public-welfare associations (PWAs), charitable societies, nonprofit organizations (NPOs), nonprofit incorporated organizations (NPIOs), and non-governmental organizations (NGOs). Rather than designating distinct organizational forms, these terms are used differently by various regulatory and registering authorities to identify philanthropic organizations falling under their authority.

It therefore makes sense to consider the organizational forms of philanthropic organizations in the UAE largely according to their regulatory authority and, to some extent, their location, rather than strictly in terms of their legal form. Philanthropic organizations operating at the federal level register with the Ministry of Social Affairs, while those operating in the emirate of Dubai register for the most part with IACAD, the CDA, the IHC, or the DIFC. The number of similar organizations registered in emirates other than Dubai is not known but is probably small. Thus, the regulation of these organizations is not addressed in this report.

**Ministry of Social Affairs.** At the federal level, Law No. 2 concerning Public Welfare Associations and Organizations of 2008 (Law No. 2) defines PWAs as organizations formed for social, charitable, humanitarian, or other benevolent purposes. All philanthropic organizations except private charitable societies in Dubai, which are under the jurisdiction of IACAD, and organizations under the jurisdiction of the IHC, DIFC, or the Charity Works Association in Sharjah, must register as PWAs with the Ministry of Social Affairs, which has the authority to supervise and control local, foreign, and international organizations providing charitable and social services.

**IACAD.** The IACAD regulates charitable societies within onshore Dubai. The IACAD also regulates all donations and fundraising with respect to entities established onshore and in free zones. Charitable societies seeking to operate within Dubai must obtain a license from IACAD. IACAD defines charitable societies as organizations “formed for the purposes of collecting donations (alms) in cash or in kind, and spending . . . the same in charitable activities inside or
outside the UAE.” IACAD identifies two types of charitable societies: those formed for public benefit (public charitable societies) and those formed by private entities or individuals (private charitable societies).

Public charitable societies must be registered with the Ministry of Social Affairs and have legal personality prior to licensing by IACAD. The decision relating to the registration of any public charitable society is published in the Official Gazette of the UAE. Private charitable societies formed by an individual, state official, or other private entity do not need to register with the Ministry of Social Affairs and may be licensed directly by IACAD. However, the activities of private charitable societies are more closely monitored than those of public charitable societies.

At present, IACAD lists nineteen licensed public and private charitable societies. It is our understanding that at least seven of these organizations are public charitable societies.

**CDA.** A Dubai entity wishing to carry out certain activities in the social, health, educational, cultural, scientific, professional, creative, technical, and humanitarian areas with the aim of benefitting the public and achieving social development in Dubai is to register as a non-governmental organization (NGO) with the CDA. The CDA is responsible for licensing NGOs and their branches in Dubai, investigating complaints against NGOs, identifying violations and imposing the relevant punishment, and proposing legislation regulating NGOs. According to Dubai Law No. 12 of 2017, two types of NGOs may be established: (i) non-governmental associations (NGAs) and (ii) non-governmental institutions (NGIs).

To qualify as an NGA, an association must be a nonprofit entity composed of natural or legal persons that practice any of the permitted activities mentioned above. The establishment of an NGA requires at least ten founders, two of whom must be United Arab Emirates nationals; both natural and legal persons can be founders. Individual founding members of an NGO must: (i) be at least 21 years of age; (ii) have full legal capacity; (iii) not be convicted of a felony or crime involving moral turpitude or dishonesty; and (iv) be a resident of the UAE for at least three years if a national of a Gulf Cooperation Council (GCC) state; these conditions also apply to legal persons to the extent that they are compatible with legal personality.11

To qualify as an NGI, the institution must be a nonprofit entity created by one founder (or a group of founders) based on the allocation of a sum of money to carry out any of the permitted activities mentioned above. The establishment of an NGI requires an official document or attested will, which becomes the articles of association of the NGI.12

**IHC.** Philanthropic organizations wishing to operate in the IHC free trade zone must register with the IHC Authority. The IHC Authority refers to philanthropic organizations as “NPOs” and has its own set of rules, regulations, and restrictions governing their registration and activities. In order for an NPO to register or license a branch office in the IHC, it must establish that it has an international presence, is active in a field of international humanitarian work, and has humanitarian objectives. An NPO established in the IHC takes the form of a company with

11 GCC states include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. The law is silent in relation to non-GCC nationals.

12 A decision to be issued by the Director-General of the Community Development Authority in Dubai will further specify the conditions and procedures for the establishment of an NGI in Dubai.
limited liability, known as an FZ-LLC. An FZ-LLC has UAE nationality, but this does not necessarily mean that the FZ-LLC is entitled to privileges reserved for UAE nationals. Foreign organizations may establish branch offices only in the IHC.

**DIFC.** Philanthropic organizations wishing to operate in the DIFC free trade zone must register with the DIFC Authority, which, like the IHC, has its own rules, regulations, and restrictions. The DIFC Authority also refers to philanthropic organizations as “NPOs.” Most NPOs based in the DIFC are engaged in work related to the financial services industry, but they are not restricted to this field of activity. An NPO may be formed as a company limited by shares (in which case its name will have the suffix “Ltd.”) or a limited liability company (in which case its name will have the suffix “LLC”). In 2012, DIFC Law No. 6, as amended, introduced the NPIO to increase the interest of the philanthropic sector in establishing NPOs in the DIFC. Unlike NPOs, the permissible purposes of NPIOs are limited to professional and financial services, subject to limitations provided in the Dubai Financial Services Authority (“DFSA”) rulebook and other ancillary purposes related to the promotion and development of financial services, subject to the approval of the DIFC Registrar. Very few NPIOs have been established in the DIFC to date.

**Sharjah.** The Charity Works Association in the emirate of Sharjah is responsible for carrying out charitable works and works for public benefit by way of collecting zakat funds, governmental subsidies, grants, and donations from individuals, associations, corporations, and companies. The distribution of zakat is prescribed according to Shari’a law.

### Registration of Domestic Nonprofit Organizations

Unless they are under the jurisdiction of IACAD, the CDA, the IHC, the DIFC, or the Charity Works Association in Sharjah, philanthropic organizations usually register with the Ministry of Social Affairs. Most organizations operating in Dubai register with IACAD, the CDA, the IHC Authority, or the DIFC Authority. As an exception, public charitable societies under IACAD’s jurisdiction must register with both IACAD and the Ministry of Social Affairs. Philanthropic organizations operating in Sharjah register with the Charity Works Association.

**Ministry of Social Affairs.** Law No. 2 sets forth the procedures and conditions for establishing a PWA. PWAs seeking to register with the Ministry of Social Affairs must have a minimum of twenty founding members who are at least 18 years old, are UAE nationals, have “good conduct and name” (that is, a good reputation, although the phrase is not explicitly defined in the rules and regulations), and have not have been previously sentenced to imprisonment for a felony or misdemeanor that infringes on honor or integrity, unless they were rehabilitated. The founders must elect from among themselves an ad hoc committee, which in turn must select from its members a representative who will carry out the process of registration. The PWA must also have a board with at least three members, all of whom must be Emirati nationals.

To register, a PWA submits an application accompanied by the following documents:

- A copy of the PWA’s articles of association, signed by the founders, which must include: (i) the name of the PWA; (ii) its purpose; (iii) the conditions and types of membership; (iv) the method for forming the PWA’s board and its competencies; (v) the rules regulating the PWA’s general assemblies; (vi) the rules on amending the PWA’s Articles of Association; (vii) the resources of the PWA and the methods by which they will be handled; and (viii) the conditions and rules for the voluntary liquidation of the PWA;
• A summary of the PWA’s articles of association;
• Minutes of the founders’ meeting(s) signed by the attendees;
• Minutes of the meeting(s) of the ad hoc committee;
• A list of the names, surnames, ages, occupations and domiciles of the founding members, together with copies of their identity cards or registration summaries/family books (used before the advent of official identity cards and possessed by the vast majority of Emiratis); and
• The decision of the ad hoc committee authorizing one of its members to submit the registration papers.

Once a PWA has submitted its application, the law provides that the Ministry of Social Affairs will issue a decision approving or rejecting registration within sixty days. A PWA must deposit funds in its name in one or more of the UAE national banks, although the relevant law is unclear whether these funds must be deposited prior to or following the PWA’s registration. The law does not require that a minimum amount of funds be held by a PWA prior to registration and does not specify the amount of the registration fee. From a practical standpoint, the initial registration process can be done online and no service fees are imposed at the initial stage.

Upon receiving approval from the Ministry of Social Affairs, the PWA has legal personality and its name and registration information are published in the Official Gazette of the UAE.

IACAD. In order to register with IACAD as a private charitable society, all founders must be UAE nationals and have legal capacity (IACAD rules do not elaborate the meaning of “legal capacity”). There is no requirement for a minimum number of founders. If the founder is a legal entity, it must be licensed according to the provisions of the law governing the activities of that entity. Moreover, the founders must have the solvency and financial capability to fund the activities of the charitable society and they must never have been sentenced for a felony or misdemeanor involving moral turpitude or breach of trust. In addition, founders must never have been dismissed or stopped from engaging in the activity of any other charity or philanthropic organization.

Prior to applying for registration, a charitable society must have a suitable location in Dubai from which it is able to carry out its activities. A charitable society is required to have a qualified manager and an accountant with professional qualifications and the requisite practical experience. It is advisable that the society also have full or part-time employees or volunteers with the requisite professional qualifications and practical experience. However, the law does not seem to specify a required minimum number of employees or volunteers.

To register a charitable society, the founder must submit an application accompanied by the following documents:

• The name and address of the charitable society;
• A summary of the charitable society’s system of work and operating strategy;
• The names of the founder(s) and proposed board members, together with copies of their passports;
• A description of annual programs, plans, and activities;
• An outline of the organizational structure of the charitable society and the distribution of responsibilities and competencies;
- A description of the charitable society’s sources of funding; and
- A description of the premises where the charitable society will carry out its activities.

Charitable societies are able to register online via the Emirates Charity Portal. The portal provides a secure gateway that also permits donations to be made electronically through smartphones and other electronic devices. Ultimately, it is intended to link IACAD charities with each other, the IACAD, and other charities throughout the GCC region.

**CDA.** To register as an NGO in Dubai, an entity must submit an application to the CDA that specifies the type of NGO (an NGA or an NGI), and includes the documents and information required by the CDA. These documents include articles of association containing the following information:

- The name of the NGO, which must (i) refer to the purpose for which the organization was created, (ii) not create confusion with any other NGO engaged in its sphere of activity, and (iii) be approved by the CDA;
- The proposed location of the NGO and its geographical scope;
- The purpose for which the NGO is established, its activities, and target groups;
- The founding members' names, nationalities, occupations, and addresses in the UAE;
- Rules relating to membership, including types of membership, conditions for members, procedures for admission and separation, and members’ rights and duties;
- The rules and principles governing ordinary and extraordinary general assemblies, the terms of reference (i.e., the authorities and powers) of the general assemblies, and the procedures for meetings (i.e., rules for notice of meetings, quorums, voting procedures, etc.);
- The method of forming the board of directors and its terms of reference (i.e., the authorities and jurisdiction of the board of directors);
- The lapse and loss of membership\(^{13}\) for the founders and members of the board of directors;
- The rules for amending the articles of association, establishing or closing branches or affiliated centers, or merging them with other NGOs in Dubai;
- Information regarding sources of financial income, how such income will be used and disposed of, the manner of monitoring expenditures, setting the financial year, and the system for recording and liquidating financial advances;\(^{14}\)
- Rules for voluntary dissolution and liquidation; and
- Any other details that the CDA deems necessary.

The CDA will examine the application and may request any documents, approvals, or permits from other federal or local authorities that it requires to complete the licensing procedure for the NGO. Within 30 days of receiving the application, and subject to the satisfaction of the CDA’s requirements and conditions, the CDA will issue a provisional approval. Upon obtaining the provisional approval, the NGO must complete all additional licensing procedures within six months, including: (i) confirming the location of the NGO\(^ {15}\) in accordance with the conditions

---

\(^{13}\) This terminology is not defined by the law.

\(^{14}\) Financial advances refers to funds an NGO receives from external resources to meet any of its expenses.

\(^{15}\) The NGO is required to have a physical presence in the UAE.
prescribed by a decision of the Director General of the CDA; and (ii) obtaining relevant permits to engage in planned activities from other federal or local authorities. The provisional approval will be deemed null and void if the NGO fails to satisfy the requirements within six months.

Between issuance of the provisional approval and receipt of the final license, the NGO may not carry out activities or make changes to the documents or information submitted to the CDA. After the NGO fulfills the provisional approval requirements, the CDA will issue a license and register the NGO in the Register of Non-Governmental Associations or Institutions maintained by the CDA. The NGO obtains legal personality once notice of its licensing is published in the Official Gazette of the Government of Dubai.

**IHC.** Philanthropic organizations wishing to operate in the IHC free trade zone must, in addition to registering with IACAD, also register with the IHC Authority as NPOs. The IHC Authority requires that NPOs applying to register have an international presence and are operational and active in the international humanitarian arena. They must carry out humanitarian work including, but not limited to, the provision of disaster relief aid in response to humanitarian, natural, or environmental disasters; the provision of assistance to UN agencies and other international NPOs through on-the-ground or financial support; and the implementation of development projects in response to humanitarian or natural disasters.

The IHC Authority allows domestic and foreign NPOs to operate in the IHC. New domestic organizations may register as a FZ-LLC, while foreign entities may register as branch offices only. The foreign entity must be autonomous, nonprofit, and validly registered and incorporated in a jurisdiction outside the UAE.

Registration in the IHC takes place in two stages, each requiring its own set of documents. First, to obtain preliminary approval from the IHC Authority, an NPO must submit an application and the following documentation:

<table>
<thead>
<tr>
<th><strong>REGISTRATION AS BRANCH OFFICE</strong></th>
<th><strong>INCORPORATION AS NEW COMPANY (FZ-LLC)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• An official document, issued or approved by the registrar of the foreign NPO’s headquarters, declaring the names of the board of directors, trustees, and shareholders</td>
<td>• Copies of the passports of shareholders (if individuals)</td>
</tr>
<tr>
<td>• Copies of the passports of the headquarters’ directors, trustees, and the appointed manager of the branch in Dubai</td>
<td>• A copy of the registration certificate or license (if a legal entity)</td>
</tr>
<tr>
<td>• A copy of the headquarters’ registration certificate or license</td>
<td>• Copies of the passports and CVs of members of the board of directors, the secretary, shareholders, and managers</td>
</tr>
<tr>
<td>• Copies of licenses or other verification confirming the existence of other branch offices (if applicable)</td>
<td>• Reference letters from cooperating organizations or copies of agreements signed with UN agencies or governmental organizations (if applicable)</td>
</tr>
<tr>
<td>• A copy of the headquarters’ financial audit report from the last financial year</td>
<td>• A business plan identifying the NPO’s objective, details of services or products, sources of income, and organizational structure</td>
</tr>
<tr>
<td>• Reference letters from cooperating organizations or copies of agreements</td>
<td>• Budget forecast for the first year of operation</td>
</tr>
</tbody>
</table>
If the IHC Authority grants preliminary approval, the NPO then must submit the following second set of documents within twenty days to obtain final approval to register in the IHC:

<table>
<thead>
<tr>
<th>LICENSE FOR BRANCH OFFICE</th>
<th>LICENSE FOR FZ-LLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A notarized Good Standing Certificate (although it is not clear who issues this certificate)</td>
<td>• Notarized documents indicating the NPO’s corporate structure</td>
</tr>
<tr>
<td>• A notarized copy of the NPO’s articles of association, memorandum of association, or bylaws</td>
<td>• The signature of authorized signatory appointed by board resolution (if a legal entity)</td>
</tr>
<tr>
<td>• The signature of the authorized signatory of the NPO appointed by board resolution, made in the presence of an IHC Authority employee or notarized by a notary public</td>
<td>• The board resolution and signature of authorized signatory (if an individual).</td>
</tr>
<tr>
<td>• Particulars about the principal representative of the branch in the IHC, together with a no-object certificate from the current sponsor if the appointed representative holds a UAE residence visa.</td>
<td></td>
</tr>
</tbody>
</table>

An NPO may submit the documents by courier or e-mail to reg@ihc.ae. The IHC Authority must confirm receipt of these documents within three business days. Thereafter the applicant must pay the relevant registration and licensing fees, as well as rent and other fees due under the lease agreement for its office. The IHC Authority charges a one-time registration fee of AED 15,000 (approximately $4,080) for an FZ-LLC and AED 1,000 (approximately $270) for an NPO branch. The IHC Authority also charges approximately AED 500 ($136) per square meter of office space per year, which is presumably calculated on the basis of the area of office space specified in the lease agreement, although the rules and regulations are not clear on this point. Licenses are issued within five business days from the date of the payment of the fees and signing of the lease agreement.

DIFC. Philanthropic organizations wishing to operate in the DIFC free trade zone must, in addition to registering with IACAD, also register as NPOs with the DIFC Authority. An NPO must first obtain the DFSA’s “approval in principle” of its proposed business activity. After obtaining this approval, the NPO may secure a registered address in the DIFC and then apply for registration.
Currently, most NPOs within the DIFC are structured as Ltd.’s or LLCs. While the new NPIO regime does not require existing nonprofit companies to re-incorporate as NPIOs, they must nonetheless comply with NPIO rules and regulations. Therefore, the following rules and regulations focus on NPIOs, but also apply to all NPOs registered with the DIFC.

The registration of an NPIO in the DIFC requires a minimum of three founding members who are all UAE residents, a company secretary, and a registered office in the DIFC. NPIOs must submit an application signed by the three or more founding members to the DIFC Registrar of Companies. The application must include:

- The name of the NPIO, which must include the words “nonprofit organization”;
- The address of the NPIO’s registered office;
- The “authorized purpose” of the NPIO, which under the DIFC laws is limited to professional and financial services, so long as they do not include “financial services” prescribed in Article 2.2.1 of the General Rule-Making Instrument (No. 119) 2013 and other ancillary purposes relating to the promotion and development of financial services and related activities, provided these are in compliance with Law No. 6 of 2012 and are approved by the Registrar of Companies;
- A declaration signed by the founding members that the NPIO shall engage solely in the activities mentioned in the authorized purpose;
- The full name, nationality, and address of each of the founding members; and
- The organizational charter, which must be adopted in English.

The DIFC Registrar of Companies charges a $100 fee for an application to incorporate an NPIO and an optional $100 fee to reserve a particular name for the NPIO. NPIOs may register online via the DIFC Client Portal.

**Registration of Foreign Nonprofit Organizations**

Most authorities in the UAE require the founders of philanthropic organizations to be UAE nationals, thus making it almost impossible for foreign philanthropic organizations to register in the UAE. For example, the newest law governing NGOs, Dubai’s Law No. 12 of 2017, does not allow associations established outside of the UAE to establish branches in Dubai. There are, however, a few limited options available to foreign philanthropic organizations wishing to establish a presence in the UAE.

Expatriates wishing to register a PWA may apply to the Ministry of Social Affairs through their embassies or consulates.

IACAD will register a foreign society that represents an Islamic community provided its members conduct commercial or professional activities in the UAE, have legal capacity, are not less than 21 years old, show “good conduct,” and are free of convictions punished by imprisonment. The IHC may register a branch of a foreign NPO according to the procedures detailed above.

Foreign organizations are also able to register as NPIOs in the DIFC by following the same registration and incorporation procedures followed by domestic organizations.
Nonprofit Organization Activities

Ministry of Social Affairs. In general, PWAs registered with the Ministry of Social Affairs are strictly limited to activities that fall within the scope of their objectives, as specified in their articles of association.

PWAs are prohibited from engaging in any activity that interferes in politics, relates to the UAE’s security or system of governance, or causes sectarian, racial, or religious disputes. The law is unclear as to what exactly constitutes “interference in politics,” but the term is likely to be given a broad interpretation.

PWAs are permitted to spend funds only on achieving the objectives for which they were established. They are specifically prohibited from engaging in trading or financial speculation. However, with the approval from the Ministry of Social Affairs, PWAs may invest funds to accrue revenue to be spent on achieving their objectives.

A PWA’s funds must be wholly owned by the organization, with none of its members entitled to the funds. The law does not specifically address private inurement by officers, directors, and other insiders, but it is likely that the term “members” would be interpreted broadly to include insiders, so as to preserve the nonprofit purpose of a PWA.

A PWA’s finances are subject to the control of the Ministry of Social Affairs, which has the authority to peruse the books, records, and documents of the PWA. The Ministry of Social Affairs must be notified within ten days if a PWA changes the bank in which its funds are deposited.

PWAs may hold conferences, forums, meetings, or events in which persons from outside of the UAE participate, subject to the approval of the Ministry of Social Affairs. The Ministry of Social Affairs may organize training courses and provide technical consultancies to raise the quality of services and performance of PWAs.

The board of a PWA must submit to the Ministry of Social Affairs a copy of the PWA’s balance sheet from the previous year and the proposed budget for the coming year within fifteen days of its approval by the PWA’s general assembly. The general assembly must hold a meeting once every year during the four months following the end of the PWA’s fiscal year. The PWA must notify the Ministry of Social Affairs of the meeting of its general assembly at least fifteen days before the date set, and the Ministry may delegate a representative to attend the meeting. Upon a justified request made by the Ministry of Social Affairs, the board, or a quarter of the working members, the general assembly may be convoked for an extraordinary meeting. In the event that the board does not convocate the general assembly according to the request of the Ministry of Social Affairs or members, the Ministry of Social Affairs may convocate the meeting at the expense of the PWA.

The law does not impose other specific reporting requirements on a PWA, such as the submission of audited financial reports. However, it should be noted that the Ministry of Social Affairs may cooperate with other ministries, departments, bodies, and institutions as it deems necessary to ensure that the objectives of the PWA are achieved. Therefore, in certain circumstances, other authorities may require additional reporting and supervision.
In accordance with pre-determined criteria, the Ministry of Social Affairs may allocate funds from its budget to assist PWAs. The funds are regulated through a decree issued by the Ministry of Social Affairs, which should indicate the type of subsidy and how the PWA should benefit from the funds.

IACAD. Charitable societies registered with IACAD are limited to engaging in the activities for which they have been licensed. Charitable societies may not intervene in politics or incite sectarian, racial, religious, or ethnic conflict (terms that are not defined in the rules and regulations).

A charitable society has an obligation to spend its funds on achieving the goal for which it was established and may not engage in trade or financial speculation. However, the Dubai Economic Activities Law provides that a company or organization, including a charitable society, that intends to conduct any type of business activity (including commerce, trade, and the provision of professional services) in Dubai, must obtain a license from the Department of Economic Development (DED). For a charitable society, the category of DED license depends on the type of charitable activity or business that it will conduct. Generally, a DED license allows a charitable society to perform certain activities such as collecting donations, grants, and alms and spending them on its work and projects. It is important to note that before a charitable society is licensed by the DED, it must first be licensed by IACAD for fundraising and donations.

Charitable societies also must obtain prior written approval from IACAD before they undertake certain other activities, including the provision of financial support to any entity; participation in a conference, seminar, meeting, or competition within or outside of the UAE; or affiliation with or participation in the activities of an entity headquartered inside or outside of the UAE, including other local philanthropic organizations. Additionally, charitable societies require prior approval from IACAD before opening a bank account.

All registered charitable societies are required to submit the following documents and information to IACAD: (i) annual reports, including final accounts stating the society’s financial resources and methods of spending; (ii) annual work programs, including all religious or charitable projects and their annual budgets; (iii) the names of persons whom the charitable society intends to invite to carry out and implement activities, at least one month prior to the activity date; (iv) records of the society’s bank accounts; and (v) the names of the organizations that represent or cooperate with the society outside of Dubai.

If a charitable society engages in fundraising, it must submit reports to IACAD at the end of the fundraising period specifying the amount of funds or donations collected, the methods of disbursing or distributing those donations, and expenses incurred by the fundraising committee.

IACAD has the authority to monitor the activities of charitable societies to ensure their efficiency. Therefore, IACAD may at any time request that a charitable society provide additional information, such as the names of employees, their personal and professional data, including their status as full or part time employees or volunteers; the organizational structure, together with the specializations and assignments of individual units; and the internal rules and instructions and operational work guidelines. IACAD is entitled to suggest that a charitable society make changes to its board of directors or management and to propose regulations, rules, and organizational structures to upgrade management performance and practices. In
monitoring a charity’s activities, IACAD may seek assistance from other concerned authorities in the emirate.

Finally, a charitable society is required to maintain internal records including a registry of members’ names and paid membership fees, minutes of board and committee meetings, and revenue and expense accounts.

**CDA.** NGOs may not interfere in politics, or incite hatred, or sectarian, racial, religious, or ethnic conflicts, or raise any issues related to the security of the UAE and its regime. NGOs must obtain the CDA’s written approval to organize or participate in conferences, seminars, meetings, lectures, or other activities within or outside the UAE. The application for such approval must be submitted 21 days before the date of the event. NGOs must also obtain prior written approval from the CDA to invite or host any important person\(^{16}\) in Dubai. NGOs may not affiliate with, participate in, or join any association or institution outside the UAE without obtaining the approval of the CDA. NGOs may not enter into an agreement, coordination, or cooperation with institutions or entities outside the UAE.\(^{17}\) They may not form an entity with any other association within or outside the UAE, may not open branches outside the UAE, and may not serve as a branch or a party affiliated with any association outside the UAE.

NGOs may not practice commercial activity without obtaining prior written consent from the CDA and any other relevant federal or local authorities, and the proceeds of any commercial activity must be used to further their objectives.

The CDA is tasked with supervising NGOs’ programs, and may organize training courses, offer technical advice, and provide other forms of assistance to enable NGOs to achieve their objectives and improve their services.\(^{18}\) The CDA has the authority to access an NGO’s physical premises in order to supervise the organization and detect violations of the law, as well as to demand an NGO’s records and documents.

NGOs are required to provide the CDA with requested information regarding the NGOs’ organizational affairs as well as its local and foreign activities. In particular, an NGO must provide the CDA with: (i) annual plans and work programs; (ii) information regarding the establishments and organizations the NGO cooperates with outside Dubai; (iii) information regarding donations to be made outside of the UAE; (iv) all forms of marketing material produced, published, or distributed with the CDA’s approval; (v) bank account statements, including statements of any financial transactions; (vi) audited annual budget, final accounts, and balance statements; (vii) meeting minutes and a brief annual report on work and activities; and (viii) any other documents or information requested by the CDA.

**IHC.** As stated above, the primary activities of an NPO based in the IHC must include the provision of disaster relief aid in response to humanitarian, natural, or environmental disasters; the provision of assistance to UN agencies or other international NPOs through on-the-ground

---

\(^{16}\) The law is silent on who is considered an “important person.”

\(^{17}\) The Law is unclear as to how “agreement, coordination, or cooperation with institutions or entities outside the UAE” differs from affiliating with an organization outside the UAE, and whether an NGO could enter into an agreement, coordination, etc. if it obtained the CDA’s permission.

\(^{18}\) This may include circulars issued by the CDA, liaising directly with the NGO to address any matters, etc.
support or financial support; the implementation of development projects in response to humanitarian or natural disasters; or other work of a humanitarian nature. NPOs must adhere to principles of impartiality, independence, and neutrality in the performance of their activities.

Subject to approval by the IHC Authority, NPOs may pay reasonable commissions to any person subscribing or agreeing to subscribe for any share of the NPO. However, a foreign NPO with a branch in the IHC is not allowed to engage in or carry out any trade or business activity in the IHC, or outside of the IHC from a place of business in the IHC, except in accordance with the terms of its license.

**DIFC.** An NPIO in the DIFC is prohibited from carrying out activities other than those specified in its authorized purpose. An NPIO may not be formed for the purpose of commercial or financial gain for its founding, current, or former members. All revenues generated by the NPIO may be used only to fund its operations and carry out its authorized purpose.

As stated above, NPIOs must have professional and financial services and related areas as their permissible purposes, while NPOs do not have this restriction. There are various business activities that an NPIO can perform. For example, Reach NPIO has mentoring programs dedicated to helping young professionals in the area of financial services and related sectors; Hospitality Asset Managers Association MEA NPIO provides hotel-asset management; and the Society of Trust and Estates Practitioners (Arabia) NPIO has been active in improving policies and regulations related to legacy planning.

NPIOs must file a notice within one month of any change in the founding members, the organization’s name, its authorized purpose, the registered office address, or other office information (such as the telephone number).

Additionally, an NPIO must prepare and submit to the DIFC Registrar annual accounts within six months after the end of its financial year. The accounts must be examined and reviewed in a report prepared by a registered auditor under the Companies Law 2009. The annual audited accounts must be filed with the DIFC Registrar no more than seven days after the accounts are approved by the NPIO’s founding members and the audit report is submitted by the auditor.

The DIFC Registrar in its discretion may appoint one or more inspectors to investigate the affairs of an NPIO and submit a written report. The inspectors may also investigate and report on the affairs of any other company related to the NPIO.

**Termination, Dissolution, and Sanctions**

**Ministry of Social Affairs.** PWAs may be liquidated voluntarily by a decision of the general assembly. Prior to the decision, the Ministry of Social Affairs must be notified of the place of the meeting of the general assembly at least fifteen days in advance.

The Minister of Social Affairs has the power to dissolve a PWA involuntarily under certain circumstances, but his decision must be based on a recommendation from a committee of the Ministry of Social Affairs. The committee, formed by the Minister of Social Affairs, must include the undersecretary of the ministry, a senior ministry employee, a representative of the Ministry of Justice (selected by the Minister of Justice), and two members of a PWA other than the organization in question. The Minister of Social Affairs may seek the committee’s recommendation to dissolve a PWA if the organization: (i) fails to have its ad hoc committee
convene a general assembly within three months of the date of registration; (ii) has fewer than twenty founding members; (iii) is not fulfilling, or is incapable of fulfilling, the purposes for which it was founded; (iv) disposes of its funds for purposes other than its specified purposes; (v) is unable to meet its financial obligations; (vi) refuses to submit to inspection or provides incorrect data with the intention to mislead; (vii) commits a gross violation of its articles of association or the provisions of Law No. 2; or (viii) fails to convene its general assembly for two successive years.

**IACAD.** A private charitable society may be dissolved voluntarily through a resolution of its general assembly.

IACAD may dissolve a charitable society involuntarily in coordination with the Ministry of Social Affairs if the organization: (i) does not, or it is unable to, achieve its objectives; (ii) disposes of its funds in a manner contradictory to its stated purposes; (iii) is no longer able to fulfill its financial obligations; (iv) does not maintain its records and documents, including a register of the names of the charitable society’s members and membership fees they pay, the minutes of board and committee meetings, and revenue and expense accounts; (v) intentionally misstates its records and documents; or (vi) commits a serious violation of IACAD rules and regulations or its own articles of association.

**CDA.** The Director General of the CDA may involuntarily dissolve an NGO if it: (i) acts contrary to the public order or morals; (ii) is subject to a final judgment of conviction for crimes that harm the public interest; (iii) has fewer than ten members; (iv) fails to meet or is unable to meet its objectives; (v) disposes of funds in a manner not permitted by the law; (vi) is unable to meet its financial obligations; (vii) refuses to allow inspection, impairs the work of the CDA's inspectors, or provides incorrect or false information; (viii) commits a serious breach of its articles of association or the laws of Dubai; (ix) fails to convene its general assembly for two consecutive years; or (x) fails to amend its articles of association in accordance with the law. An NGO wishing to dissolve voluntarily must include in its dissolution decision a deadline for dissolution. The NGO must notify the CDA that it intends to dissolve 30 days prior to the date fixed for its dissolution. The Director General may extend this deadline if circumstances require.

The Director General is charged with issuing a decision specifying how the NGO’s funds and documents will be disposed of, as well as the entity to which its rights and obligations shall be transferred. Persons responsible for the NGO may not dispose of its funds or documents upon dissolution. The CDA appoints one or more liquidators, who are paid from the NGO's funds. The founders of an NGO can recover their movable and immovable property once all other liabilities are satisfied.

The NGO retains its legal personality until liquidation proceedings are complete. Once proceedings are completed, the Director General issues a decision to de-list the NGO from the Register of NGOs, which is published in the Official Gazette of the Government of Dubai and in two widely circulated daily newspapers.

The CDA can issue the following penalties for violations of the law, depending on the seriousness of the violation: (i) a formal warning; (ii) a fine of not less than AED 500 (approximately $136) and not more than AED 100,000 (approximately $27,227), which can be doubled up to AED 200,000 (approximately $54,454) if the violation is repeated within one
year of the previous offense; (iii) suspension of the NGO’s activities for a period not exceeding three months; (iv) dissolution of the NGO’s Board; or (v) termination, dissolution, and license revocation. In addition, the CDA may require the NGO to remedy its violations within a stated deadline, or the CDA may remedy the NGO’s violations and charge the NGO for any costs incurred.

IHC. The IHC Authority may sanction an NPO for breaching the provisions of its general rules and regulations, pursuant to the following procedures. First, the IHC Authority will issue a warning letter with a recommendation for rectifying the breach. If the breach persists, the IHC Authority may issue a second warning letter. The IHC Authority may then undertake any or all of the following actions: (i) suspend the NPO’s activities; (ii) notify other relevant authorities to suspend their dealings with the NPO; (iii) prevent the NPO’s employees from having access to property, including financial accounts; (iv) cancel the visas of the NPO’s employees; or (v) terminate the NPO’s license or office lease and repossess its property. The IHC Authority may also disconnect the supply of electricity to an NPO’s property if there are accounts payable to the IHC Authority or the Dubai Electricity and Water Authority that have not been paid within the required invoice time period.

In the event that an NPO breaches the terms of its license, the IHC Authority may take additional measures without notice, including closure of the NPO’s operations if the violations are of a serious nature. Such violations may include a breach of health, safety, or environmental rules, or a breach of UAE or Dubai law applicable to the NPO’s activities that threatens the health or safety of other persons.

If the losses of the NPO amounted to half of its capital, the managers of the NPO may make a proposal to the general assembly for the dissolution of the NPO. The dissolution will require an amendment to the company’s memorandum. If the losses of the NPO amounted to three quarters of the capital, the partners holding one quarter of the capital may make a request for the dissolution of the company. The NPO must notify the authority and registrar. No partner or shareholder is entitled to a share of the NPO capital unless the debts of the company have been paid back.

DIFC. The founding members of an NPIO may agree by special resolution to voluntarily dissolve the NPIO if it has no outstanding liabilities. The DIFC Registrar may dissolve an NPIO if it has reason to believe that the NPIO is acting in contravention of the NPIO law or regulations, or that it is prejudicial to the interests of the DIFC for the NPIO to remain on the register. To begin the dissolution procedure, the DIFC Registrar gives notice to the NPIO that it will be struck from the register in three months unless it shows reason that it should not be. If the DIFC Registrar does not receive sufficient reason from either the NPIO or a third party, the name of the NPIO is struck from the register and the organization is dissolved. The DIFC Registrar announces the dissolution of an NPIO on the DIFC website.

Upon dissolution, an NPIO may not distribute any assets in excess of liabilities to anyone who has been a founder or member or allow them to be held in trust for persons who have been founder or members. The distribution of any remaining assets is determined by a liquidator and approved by the DIFC Registrar after consulting with the liquidator and the NPIO’s board. If a government department or public authority supplied any part of the remaining assets, including the unexpended portion of any grant, it must be returned to the department or authority.
Any person who is knowingly involved in a violation of the NPIO law “is liable to be proceeded against and dealt with accordingly.” Violators may be subject to fines ranging from $1,000 if, for example, the NPIO fails to include its name on correspondence to $25,000 if, for example, the NPIO carries on purposes other than its authorized purposes.

Local and Cross-Border Funding

**Ministry of Social Affairs.** PWAs are prohibited from accepting any donation, bequest, or grant without a license issued in advance by the Ministry of Social Affairs. Law No. 2 provides that the Ministry of Social Affairs will issue a separate decree addressing the rules and procedures regarding the license, but to date we have been unable to locate this decree or confirm with the Ministry of Social Affairs that it has been issued.

**IACAD.** Prior written approval from IACAD is generally required before a charitable society may receive gifts, benefits, aid, donations, or grants from inside or outside of the UAE. Approval is also required for a charitable society to engage in fundraising or advertise fundraising through any media. An exception to this rule is donations to initiatives and philanthropic organizations founded by the royal family, government departments (subject to pre-coordination with IACAD), and other entities determined by the Director-General to meet the requirements of the public interest (IACAD rules do not address what constitutes the “public interest”). These entities may fundraise, advertise fundraising, and receive donations freely without approvals or other limitations. In addition, the fundraising activities of private charitable societies are more closely monitored than public charitable societies. For instance, if no fundraising is involved, private donations to a public charitable society may be made without approval from IACAD. However, a private charitable society must obtain prior approval by IACAD in advance of collecting donations for financing its activities, even if they are charitable activities.

An application for authorization to fundraise must be submitted to IACAD, which will examine the application and issue its decision within fifteen days of the submission date. The application must include: (i) the purpose of fundraising; (ii) the names of persons authorized to raise funds; (iii) the places where funds will be collected; (iv) the means used for raising the funds; (v) the proposed period of time for fundraising; (vi) the entity that will receive the donations collected; and (vii) the amount of funds intended to be raised. A separate application is required for each fundraising activity.

**CDA.** The financial resources of an NGO can only consist of: (i) members’ subscriptions; (ii) income from the activities, services, and investments that the NGO is licensed to practice; and (iii) donations, grants, gifts, and wills received by the NGO and approved by the CDA in accordance with the Dubai charities laws, including Dubai Decree No. 9 of 2015. An NGO may not earn money from trading or financial speculation. The NGO is allowed to spend its funds only for the purposes for which it was established. It may not distribute revenues or returns to the members of its board of directors, founders, members of the general assembly, or employees. An NGO may collect donations, allow them to be collected on its behalf, or advertise fundraising through audiovisual, published, and visual means of communication, as

---

19 While the Law does not detail how financial speculation is determined, an NGO should not trade or enter into a financial transaction that has significant risk of loss that would offset the possibility of a gain.
well as social media, only after obtaining the prior written consent of the CDA and any other required federal or local authority.

After obtaining approval from the CDA and other federal and local authorities, the NGO may invest any funds, in excess of its needs, in order to achieve a return that will help it achieve its objectives, and in a manner that is consistent with the laws of Dubai.

The CDA is responsible for ascertaining NGOs’ sources of income and types of expenditures, and specifically, for ensuring that NGOs' financial and in-kind resources are used to achieve the purposes and projects authorized in their articles of association.

**DIFC.** Federal Law No. 9 of 2015 applies to all donations collected in the emirate of Dubai, including special development zones and free trade zones. NPIOs are prohibited from accepting donations, bequests, or grants without prior approval from IACAD. While the regulations are still relatively new and IACAD is currently finalizing details with respect to procedures and requirements, we understand that IACAD approval would more likely be granted to or for a charity that is licensed with IACAD itself or the IHC.

**IHC.** NPOs are prohibited from accepting donations, bequests, or grants without the prior approval of IACAD. NPOs operating in the IHC may partner locally with the IHC and its management authority in order to fundraise. If a third party wishes to fundraise for an NPO registered in the IHC, the registered NPO may coordinate with the IHC Authority in order to obtain approval from IACAD.

**Tax Law**

In the UAE, PWAs registered with the Ministry of Social Affairs are exempted from taxes and custom duties on materials and imported supplies necessary for the achievement of their objectives. They are also exempted from taxes and fees that may be incurred in carrying out their activities and to charges for water, electricity, and natural gas produced by government bodies. Philanthropic organizations registered in a free trade zone are also exempted from taxes. Given a shortage of public information, it is unclear what criteria and processes are in place for philanthropic organizations to obtain these exemptions and the degree to which they are able to do so in practice.

Emirati law does not provide clear guidance on tax incentives for individuals and legal entities engaging in philanthropic giving. However, as there are no direct taxes levied by the federal government on the income or wealth of companies and individuals, there are no deductions for charitable giving at the federal level.

**News and Events**


This Philanthropy Law Report was prepared by the International Center for Not-for-Profit Law in partnership with K&L Gates and issued in March 2017. It was updated in February 2018. The views expressed herein are those of the authors and the information in this report reflects the authors’ understanding of laws and regulations currently in effect in the United Arab Emirates, as well as best international practice, and does not constitute a legal opinion or advice.