

Things to Consider When Buying Property in the UAE

Buying a property here in Dubai is easy. The criteria / requirement must be matched with property to secure a transaction. Sherwoods offer a vast variety of products to choose from, both in the direct sales from the developer and from the secondary resale market.

1. Direct Sales - A direct sale involves purchasing from the direct inventory of the developer. Sherwoods has exclusive agreements with reputed developers and assist clients in securing the best options for their investments.

2. Resale - Investors list their properties with Sherwoods on an exclusive or non-exclusive basis. Sherwoods matches a purchaser requirement with this resale list and assists in the sale process right up to the transfer date.

In both cases the purchaser can either be cash or a mortgage buyer. A purchaser requiring a mortgage would have to meet the criteria of the bank / financial institute to avail the finance option. The cash buyer would need to make payments to the seller / developer / agency as required and documented as an agreement.

Tax issues in the UAE

The HUGE appeal of Dubai and especially the special FREE ZONES is that there are no income or property related taxes of any kind (however it is worth noting there are important taxes for example, alcohol) There are no business taxes with the exemption of the banking industry . There are no business taxes with the exemption of the banking industry. There are no capital tax gains on the profit you make from your property. FREE ZONES are becoming numerous in Dubai for foreign businesses to operate, major future hotspots are Business Bay, TECOM, Media City, International Media Production Zone, Investment Free Zone, Education and Health Free Zone and Internet City Free Zone. These are all free zones with NO TAX and 100% repatriation of all profits.

- * Land Tax: NONE
- * Annual Community and Waste Collection Taxes: NONE
- * Property Tax: NONE
- * Capital Gain Tax: NONE
- * Tax on Income: NONE
- * Wealth Tax: NONE
- * Income TAX: NONE
- * Inheritance Tax (IHT): NONE
- * Registration Tax: 1.5%-2% of property price upon delivery, Dubai represents a unique opportunity for investment. With the presence of free-trade, rising tourism (over fifty four and five star hotels in the city) and a GDP that increases an average of 7.5%per year, there are countless reasons for an entrepreneur or an investor to consider Dubai. In contrast Western economies consider their growth to be at 2%.

With expected population and tourism growth, investment increasing in the property and financial markets, Dubai continues to represent a B opportunity even with the massive amount of development taking place in Dubai.

Mortgage in the UAE

It is increasingly easier to obtain financing in Dubai, even on close up level. We have experienced a maximum 70% loan to value at 75%-80% LTV's are now being announced for non-residents by a few lenders. The lenders in Dubai include familiar names such as HSBC, Lloyds, Standard Chartered, Mashreq Bank, Union National Bank, and other local banks such as NBD, ADCB and RAK Bank. There are two major financial institutes Tamweel and Amkal who also lend to most projects in this market. Each lender has its own individual criteria, not only for the projects they endorse but also for the prospective borrower. There are two types of mortgages being offered in this market and clients can choose between an Islamic or non Islamic mortgage. Some of the items listed below are likely to be required when applying for a Dubai mortgage.

- * Mortgage application form
- * Passport copy
- * Salary certificate / employment contract
- * 6 months pay slips
- * 6 months bank statements
- * Liability / reference letter from the bank
- * Birth certificate
- * If self-employed- accounts
- * Credit reference
- * Proof of address / residency (e.g. utility bills)