EXTERRA
REAL ESTATE

GUIDE · AS OF SEPTEMBER 2026

BUYING OFF-PLAN PROPERTY IN DUBAI

Process, costs, buyer protection and taxes — clearly explained for buyers from Germany, Austria and Switzerland.

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AT A GLANCE

- **Ownership for foreigners:** In designated freehold areas you can buy apartments and villas outright and without time limit — no UAE residence required.
- **Your money in escrow:** All payments to the developer go into an escrow account dedicated to the project. The developer only receives funds in line with construction progress.
- **Official registration:** Every off-plan purchase is recorded in the Dubai Land Department (DLD) interim register ("Oqood") within 90 days of signing.
- **Main purchase cost:** 4% DLD registration fee on the price. There is no VAT on the purchase price itself.
- **Paid in instalments:** Typically 10–20% down, the rest in instalments during construction and sometimes after handover.
- **Taxes:** The UAE does not tax individuals on rental income or capital gains — but in Germany and Austria these are generally taxable.

WHAT DOES "OFF-PLAN" MEAN?

Buying off-plan means purchasing an apartment or villa directly from the developer before it is completed – often before construction has started. You buy on the basis of plans, floor plans and specifications and pay the price in stages during construction.

The advantages: less capital needed at the start, often more attractive prices than for completed properties, and the pick of the best units in a project. On the other hand there are risks, such as construction delays or a market that develops differently than expected by handover. Dubai has created a dedicated legal framework for off-plan sales that specifically protects buyers.

LEGAL FRAMEWORK AND BUYER PROTECTION

OWNERSHIP IN FREEHOLD AREAS

Under Dubai's real property registration law (Law No. 7 of 2006), foreigners may acquire full, unlimited ownership ("freehold") in areas designated by the Ruler. These areas are set out in Regulation No. 3 of 2006 and have been extended several times since – they include Dubai Marina, Palm Jumeirah, Business Bay, Downtown Dubai, Dubai Hills Estate and Dubai Creek Harbour. The DLD confirms whether a specific project lies in a freehold area.

THE INTERIM REGISTER ("OQOOD")

Law No. 13 of 2008 governs the sale of units that are not yet completed. The key points:

- A developer may only sell units once it controls the land and the project has been approved. Contracts signed before approval are void.
- Every off-plan sale must be recorded in the DLD's interim register. Without registration the sale is invalid.
- You may resell or mortgage the registered unit – even before completion.
- On completion the developer must transfer the unit into your name once you have met your contractual obligations. If it refuses, the DLD can register the transfer itself.

THE ESCROW ACCOUNT

Law No. 8 of 2007 requires every developer to open a separate escrow account for each off-plan project with a bank approved by the DLD. All buyer payments go into this account. It may be used only to build that project and is protected from the developer's creditors. The developer receives funds only against verified construction progress. After completion, 5% remains in the account and is released only one year after the units have been registered – as security for defects.

THE PURCHASE IN EIGHT STEPS

01 **Choose and check the project.** Compare location, developer, layout, specifications, completion date and payment plan – and check the project with the DLD (see next section).

02 **Reservation.** A reservation agreement and a first payment secure the unit. For popular launches this is often preceded by an expression of interest (EOI).

03 **Sale and Purchase Agreement (SPA).** The SPA sets out price, payment plan, completion date, specifications, delay rules and resale conditions. Have it reviewed before signing.

04 **Down payment and DLD fee.** The first instalment and the 4% DLD fee are usually due when the contract is signed.

05 **Oqood registration.** The developer records the sale in the DLD interim register within 90 days of signing. You receive the Oqood certificate as proof.

06 **Instalments during construction.** Depending on the contract, you pay further instalments on fixed dates or at construction milestones – always into the project's escrow account.

07 **Completion and handover.** Once the official completion certificate is issued, you pay the final instalment due, inspect the unit for defects and receive the keys.

08 **Title deed.** The Oqood is converted into the final title deed. No second 4% fee applies.

> You do not need to live in Dubai or travel there to buy. Signatures and payments can be handled from abroad; for non-residents a passport, a phone number and an email address are sufficient for registration.

CHECKING THE PROJECT AND DEVELOPER

The DLD provides free tools that let buyers verify the key facts themselves:

- ✓ **Dubai REST app and DLD project status enquiry:** construction progress in percent, current photos, escrow account number and registered developers.
- ✓ **Project registration:** Is the project registered with the DLD/RERA and approved for off-plan sales?
- ✓ **Escrow account:** Does the account number in the SPA match the one on record with the DLD? Never pay into any other account.

- ✓ **Broker:** Is the broker registered with the DLD (broker card, BRN)?
- ✓ **Developer:** Which projects has it already delivered, and how punctually?

WHAT TO LOOK FOR IN THE SPA

- Completion date, grace period and compensation for delays
- Payment plan: linked to dates or to construction progress?
- Specifications, stated areas and rules on area deviations
- Conditions for resale before handover
- Consequences of late payment
- Expected service charges after handover

PAYMENT PLANS

Off-plan projects in Dubai are almost always paid in instalments. Typical structures:

MODEL	HOW IT WORKS
Down payment	Usually 10–20% at reservation or signing, plus the 4% DLD fee
60/40, 70/30, 80/20	60–80% during construction, the balance at handover
Construction-linked	Instalments fall due at certified construction milestones (e.g. 20%, 40%, 60% completion)
Post-handover	Part of the price is paid after handover over 2–5 years, usually interest-free
Full payment	The full price is paid on signing – depending on the developer, in exchange for a discount on the price

Whether instalments are tied to dates or to construction progress is set in the SPA – the law does not prescribe a particular structure. Either way, the developer only receives money from the escrow account in line with verified construction progress.

COSTS AT A GLANCE

ITEM	AMOUNT	NOTE
VAT on the purchase price	0%	First sale of residential property is zero-rated
DLD registration fee (Oqood)	4% of the price	Officially 2% buyer / 2% seller; for off-plan the buyer usually pays the full 4%. Some developers cover it fully or partly as a promotion.
DLD ancillary fees	AED 10 + AED 10	Knowledge and innovation fees
Developer admin fees	approx. AED 1,000–6,000	Varies by developer; limited by law to DLD-approved costs
Agent commission	usually none	For off-plan it is normally paid by the developer
Title deed at handover	a few hundred AED	No second 4% fee
Independent snagging inspection (optional)	approx. AED 500–2,500	Depending on unit size
Electricity/water (DEWA) at move-in	Deposit AED 2,000 (apartment) / AED 4,000 (villa) + connection AED 125–300	Deposit refundable to owners on sale
Service charges	annually, per sq ft	Approved by RERA, published in the DLD Service Charge Index

Services such as admin and agency fees carry 5% VAT. Dubai has no annual property tax.

FINANCING

For property under construction, the UAE Central Bank allows a loan of at most **50% of the price** – regardless of value or buyer. For completed property the limits for expatriates are 80% (first property under AED 5 million), 70% (AED 5 million and above) and 60% (further properties). Banks often apply stricter limits to non-residents.

In practice, off-plan purchases are usually financed through the developer's payment plan. Bank financing typically only becomes an option towards the end of construction or for the final payment at handover, if at all. DLD fees and commissions cannot be financed.

DELAYS, CANCELLATION AND LATE PAYMENT

IF CONSTRUCTION IS DELAYED

Delays are governed by the SPA – usually with a grace period and possibly compensation. There is no statutory compensation amount, so it pays to read these clauses carefully before signing.

IF A PROJECT IS CANCELLED

If a project is finally cancelled by the regulator RERA, or construction has not started for reasons the buyer is not responsible for, the developer must **refund all payments in full** – through the procedures of the escrow law.

IF THE BUYER DOES NOT PAY

If a buyer falls behind on instalments, the DLD first gives them 30 days' notice. After that, the developer's rights depend on the construction progress of the whole project (Law No. 13 of 2008 as amended in 2020):

PROJECT COMPLETION	DEVELOPER'S RIGHTS
over 80%	Keep the contract and claim the balance, request an auction through the DLD, or terminate and retain up to 40% of the price
60–80%	Terminate and retain up to 40% of the price
below 60%	Terminate and retain up to 25% of the price

Any amount paid above this must be refunded within one year, or within 60 days of the unit being resold – whichever comes first. So plan your liquidity with a buffer.

RESELLING BEFORE HANDOVER

A unit registered in the Oqood can in principle be sold before completion. The new buyer takes over your contract and the remaining payment plan. The process:

1. Check the resale clause in your SPA
2. Sales contract between seller and buyer (in Dubai the RERA "Form F")

3. Obtain a no-objection certificate (NOC) from the developer
4. Transfer of the Oqood at the DLD or a registration trustee

Many developers only give consent once a certain share of the price has been paid – often 30–40%. This is not a legal requirement but part of the individual contract. On transfer, the 4% DLD fee applies again, based on the resale price. On top come the registration trustee fee (AED 2,000 below a price of AED 500,000, otherwise AED 4,000, each plus VAT) and the developer's NOC fee.

COMPLETION AND HANDOVER

- **Completion certificate:** The competent authority confirms completion of the building. You then receive the handover notice with the final instalment.
- **Snagging:** Inspect the unit for defects before signing the handover certificate – ideally with an independent inspector. The developer must fix the recorded defects.
- **Warranty:** The developer is liable for 10 years for structural defects from the completion certificate and for 1 year for defects in installations from handover (Law No. 6 of 2019, Art. 40).
- **Title deed:** Once fully paid, the Oqood is converted into the title deed.
- **Running costs:** Service charges and electricity and water (DEWA) apply from handover.
- **Renting out:** Tenancy contracts must be registered in the government system "Ejari".

GOLDEN VISA THROUGH PROPERTY PURCHASE

Owners of property in Dubai worth at least **AED 2 million** (purchase price) can apply for a 10-year renewable residence visa as a property investor. The application is made through the DLD; fees for the main visa are currently around AED 9,900 including medical test and Emirates ID. Applicants must be in the UAE when applying.

Several properties can be combined. For joint ownership, each applicant's share must be at least AED 2 million. Mortgaged property is possible; the DLD then requires a bank letter confirming the amount paid. In practice, off-plan units are accepted before handover. The conditions – such as how much must already be paid – have changed several times in recent years. We check them for you at the time of purchase.

TAXES FOR BUYERS FROM GERMANY, AUSTRIA AND SWITZERLAND

> This section is a general overview and does not replace tax advice. Please discuss your personal situation with your tax adviser.

IN THE UAE

The UAE does not levy income tax on individuals. Rental income and capital gains from property held by individuals as an investment are also excluded from corporate tax (Cabinet Decision No. 49 of 2023). There is no annual property tax. Landlords should know about the Dubai Municipality housing fee of 5% of the annual rent, charged via the DEWA bill of the account holder – usually the tenant.

GERMANY

- There has been no double tax treaty with the UAE since the end of 2021.
- Rental income is taxed in Germany at your personal rate (Section 21 EStG). As no tax is levied in the UAE, nothing is credited.
- Rental losses can only be offset against future income from the UAE, not against other income (Section 2a EStG).
- A sale within ten years of acquisition is taxable (Section 23 EStG). According to case law, the period generally starts with the binding purchase contract – for off-plan, most likely the SPA. The treatment of a resale before handover should be reviewed individually.
- If you are resident in Germany, the property is subject to German inheritance and gift tax.

AUSTRIA

- Since 2023 the double tax treaty with the UAE applies the credit method. As no tax is levied in the UAE, rental income is fully taxable in Austria.
- Gains on sale are subject to the 30% real estate income tax (ImmoESt) – regardless of the holding period. An advance payment is due within set deadlines.

SWITZERLAND

- Foreign real estate is exempt from Swiss income and wealth tax. Rental income and gains on sale from Dubai are therefore not taxed.
- The property and its income must still be declared: they raise the tax rate on your other income and wealth (progression).

FREQUENTLY ASKED QUESTIONS

Can foreigners buy property in Dubai?

Yes. In designated freehold areas foreigners can buy apartments and villas with full, unlimited ownership. UAE residence is not required.

How safe is my money when buying off-plan?

All payments go into the project's escrow account, supervised by the DLD. The developer only receives funds against verified construction progress. If a project is cancelled, all payments must be refunded.

What are the purchase costs?

The main item is the DLD registration fee of 4% of the price, plus minor admin fees. For off-plan the agent commission is usually paid by the developer, and there is no VAT on the purchase price.

Do I have to travel to Dubai to buy?

No. Reservation, contract and payments can all be handled from abroad.

Can I resell before completion?

In principle, yes. Many developers require a certain share – often 30–40% – of the price to be paid before they issue their consent (NOC). The DLD fee applies again on resale.

Can an off-plan property get me a Golden Visa?

From a property value of AED 2 million a 10-year investor visa is possible. In practice, off-plan units are accepted before handover; we check the exact conditions at the time of purchase.

What is different when buying in Abu Dhabi?

The basic principles are similar: foreigners can buy in designated investment zones such as Saadiyat Island, Yas Island or Al Reem Island, payments go into an escrow account, and a Golden Visa is possible from AED 2 million. The differences lie in the authority and fees: the Abu Dhabi Real Estate Centre (ADREC) is responsible, and transactions run through the DARI platform. The registration fee is 2% instead of 4% of the price, and the SPA must be registered within 21 days. On Al Reem and Al Maryah Island the procedures of the ADGM financial centre partly apply. This guide describes the rules in Dubai – we advise you separately on projects in Abu Dhabi.

Do I have to pay tax on rental income from Dubai?

Not in the UAE. In Germany and Austria it is generally taxable; in Switzerland it is tax-free but affects your tax rate. Please seek tax advice.

PLANNING AN OFF-PLAN PURCHASE?

We review project, developer and contract with you – personally and on the ground in Dubai. The first consultation is free and without obligation.

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As of September 2026. All information without guarantee; this guide does not replace legal or tax advice. Fees and rules may change – we check the current position for your specific purchase.