

Federal Law No. (3) of 2021 Regulating Donations

We, Khalifa bin Zayed Al Nahyan, President of the United Arab Emirates,

- Having reviewed the Constitution; and
- Federal Law No. (1) of 1972, Concerning the Competences of Ministries and Capacities of Ministers, the amendments thereto; and
- Federal Law No. (3) of 1987, Promulgating the Penal Code and the amendments thereto; and
- Federal Law No. (11) of 1992, Promulgating the Civil Procedure Law, the amendments thereto; and
- Federal Law No. (35) of 1992, Promulgating the Criminal Procedures Law and the amendments thereto; and
- Federal Law No. (9) of 2002, Concerning the United Arab Emirates Red Crescent Authority
- - Federal Law No. (2) of 2008, Concerning the Public Welfare Associations and Institutions and the amendments thereto; and
- Federal Decree-Law No. (5) of 2021, On Combating Information Technology Crimes, and its amendments thereto; and
- - Federal Law No. (7) of 2014, On Combating Terrorism Offences; and
- - Federal Law No. (10) of 2015, Concerning Food Safety; and
- Federal Law No. (14) of 2016, Concerning Administrative Violations and Sanctions in the Federal Government; and
- Federal Law No. (4) of 2018, Concerning the Organization and Care of Mosques,
- Federal Decree-Law No. (14) of 2018, Concerning the Central Bank and the Regulation of Financial Institutions and Activities, and its amendments thereto; and
- Federal Decree-Law No. (20) of 2018, Concerning Combating Money Laundering and the Financing of Terrorism and Illegal Organisations; and
- Federal Decree-Law No. (20) of 2020, Concerning Specifications and Standards; and

- Based Upon the proposal of the Minister of Community Development as approved by the Cabinet and the Federal National Council, and as ratified by the Federal Supreme Council,

Have issued the following law:

Article (1)

Definitions

In applying the Law hereof, the following words and phrases have the meanings assigned to each of them, unless the context requires otherwise:

State	: United Arab Emirates.
Ministry	: Ministry of Community Development.
Minister	: Minister of Community Development.
Local Authority	: The local authority concerned with Regulating Fundraising.
Competent Authority	: The Ministry or Local Authority, as the case may be.
Donations	: Whatever is collected from funds of whatever kind, in cash or in kind, movable or fixed, including national currency, foreign currencies, bonds, sukuk and stocks, and whatever their form, including electronic or digital, in order to be disbursed on charitable or humanitarian services or assistance.
Fundraising	: Fundraising by any means in accordance with the provisions of this law hereof.
Licensed Entities	: Charitable societies, federal, local, and non-governmental organisations and institutions whose establishment laws, decrees, or decisions allow them to collect, receive and provide donations.
Permit	: Written or electronic consent to collect and present donations in accordance with the provisions of this Law hereof.
Permitted Entities	: Legal persons to whom the competent authority grants the permit in accordance with the provisions of this law hereof.

- Charitable Association** : A not-for-profit entity declared or licensed in the state working to collect or receive donations with the aim of providing material or in-kind assistance.
- Beneficiary** : Any natural or legal person to whom donations and aid are provided, inside or outside the country.
- Classification Certificate** : A certificate issued by the competent authority according to which the charitable or humanitarian status is granted to non-governmental organizations, organizations, and institutions of public benefit according to a set of regulations and conditions.
- Money Transfers** : Banking operations for the transfer of donated funds inside or outside the country.

Article (2)

Scope of Application

The provisions of this law shall apply to any party wishing to collect or provide donations in the country, including free zones.

Article (3)

Objectives of the Law

This law aims to regulate donations and protect donors' funds.

Article (4)

Efficiency Measurement and Evaluation System

The Ministry, in coordination with the Local Authorities, shall establish a special system for measuring the efficiency and evaluation of the licensed and permitted entities to collect and present donations.

Article (5)

Administrative and operational expenses

Percentages may be deducted from donations that are collected in accordance with the provisions of this law and its implementing regulations as administrative and operational expenditures. The executive regulations of this law determine the proportions of administrative and operational expenditures and the regulations of implementing this article.

Article (6)

Permit

1. It is prohibited for a natural person to collect donations.
2. With the exception of the permitted entities, it is not permissible for any organisation to establish, organise, or perform any act with the aim of collecting donations except after obtaining a permit to do so from the Competent Authority.

Article (7)

Conditions to Issue Permits

With the exception of the permitted entities, the following conditions are required to grant a permit:

1. That the permit applicant be a legal person.
2. Fundraising shall be done through a charity.
3. To state in the permit application the following:
 - a- The purpose of fundraising.
 - b- The names and identities of those in charge of the fundraising process.
 - c- Beneficiary or Beneficiaries.
 - d- The means by which the donations will be raised.
 - e- The locations where the donations will be raised.
 - f- Duration of fundraising.

- g- The period for submitting donations to the beneficiary or beneficiaries.
 - h- Provide evidence of the charity's approval to fundraising.
 - i- Percentage of administrative and operating expenses that will be deducted for the charity in charge of fundraising.
4. Any terms or other data specified by the Executive Regulation of this Law.

Article (8)

Permit Granting Procedures

The permit application is submitted to the Competent Authority according to the form prepared with it. The Executive Regulation of this Law shall determine the procedures necessary for its submission and the regulations of implementing this Article.

Article (9)

Study the Permit Application and its Issuance

The Competent Authority shall study the permit application and issues a decision approving or rejecting it within (20) twenty working days from the date of its submission, fulfilling all the requirements for obtaining it, and the lapse of this period without a response is considered a rejection of the application.

Article (10)

Number of Permits

It is not permissible to grant any party more than four permits during one year, except by a decision of the head of the Competent Authority.

Article (11)

Donation Log

The local entity is obligated to keep an electronic record of donations, and the Executive Regulations of this law determine the period of keeping it and the data to be included in it.

Article (12)

Means of Collecting and Making Donations

The Executive Regulations of this law shall specify the means for collecting and making donations.

Article (13)

Collecting or Receiving Donations from Outside the Country

1. It is not permissible for the licensed and permitted entities to collect or receive donations or accept gifts, bequests, or aids from any person or entity from outside the country except in accordance with the regulations and procedures specified by the executive regulations of this law.
2. The licensed and permitted entities shall provide the Competent Authority with a detailed report on the donations, gifts, bequests, or subsidies that have been collected or received from outside the state, in accordance with the regulations and procedures specified by the Executive Regulations of this law.
3. Subject to Article (25) and Clause No. (2) of this Article, the local authorities must provide the Ministry with reports of collecting or receiving donations from outside the country within a period of (15) business days from the date of their submission to them.

Article (14)

Delivery of Donations Outside the Country

It is not permissible to deliver, provide or transfer donations to any person or entity outside the state, except in accordance with the controls and procedures specified by the executive regulations of this law, provided that they include the regulations, procedures and means of proving the delivery of donations to the beneficiaries or disbursing it for the purposes specified Hereto.

Article (15)

Bank Transfers Outside the Country from Donation Accounts

Banks and financial institutions in the state are not permitted to conduct any financial transfers outside the country through bank accounts for donations except in accordance with the regulations and procedures specified by the concerned authorities in the state.

Article (16)

Classification Certificate

It is not permissible for any party to call itself a "charitable or humanitarian" association, organisation, or institution, or to use or deal under this name in any way except under the classification certificate, with the exception of those whose laws, decrees, or decisions of their establishment stipulate these Labels.

Article (17)

Open a Fundraising Current Account

1. The permitted entities must open a current account or more with any of the national banks operating in the country, to collect donations, and they must notify the Competent Authority of the bank name and account number within (10) ten working days from the date of opening the account.

2. Charities shall open independent current accounts through which the sums resulting from fundraising permits are deposited, and they shall provide the competent authority with the data and details of these accounts within (10) ten working days from the date of their opening.
3. It is prohibited for the permitted entities to deposit in the accounts referred to in Clauses (1) and (2) of this Article any funds other than funds obtained from fundraising, and they shall provide the Competent Authority with a periodic financial statement on that account and any data, information or documents required to be provided of which.
4. Banks and financial institutions may not open any accounts to collect or receive donations for any party except with a letter from the head of the competent authority or whomever he authorises.

Article (18)

Dealing with Bank Accounts Which Contain Violating Donations

The Executive Regulations of this law specify the rules and regulations for disposing and closing bank accounts in which donations collected in contravention of the provisions of this law or the resolutions issued in implementation thereof are deposited, and the mechanism for dealing with these donations.

Article (19)

Changing the Recipient or the Purpose of the Donation, if Necessary

1. Authorised parties shall provide the proceeds of donations to the beneficiaries or disburse them on the purposes specified in the permit.
2. In the event that it is not possible to make donations to the beneficiaries or to disburse them on the purposes specified in the permit application, the head of the competent authority shall specify the beneficiaries or other purposes.

Article (20)

Prohibitions

The licensed and permitted entities are prohibited from the following:

1. Trading in donated funds, entering into financial speculation, or distributing any revenues or returns to its members or employees.
2. Committing any act while collecting, accepting, or providing donations that harms public order, national security, or public morals, or encourages any sectarian, ethnic, racial, religious, or cultural disputes, or any unlawful purpose in accordance with applicable legislation in the state.

Article (21)

Accounting Records to Organise Donations

Licensed parties and permitted entities are obligated to keep regular electronic accounting records related to donations, and the Executive Regulations of this law determine the period for keeping these records, and the data to be included therein.

Article (22)

Licensed Parties Obligations

1. The permitted entities shall provide the Competent Authority with the following:
 - a- Periodic reports on the donations that it collects, stating the amount of funds that have been collected, the methods of their disbursement, and any other regulations or data specified by the Executive Regulations of this law.
 - b- Reports and periodic statements of the names and data of those in charge of fundraising.
 - c- Periodic reports on the beneficiaries.
2. Maintaining final accounts or audited financial statements in accordance with the legislation in force in the country, which clarify the amount of donations collected and the ways and means of their disbursement.

Article (23)

Permitted Entities' Commitment to Provide the Competent Authority with the Necessary Reports

1. The permitted entities are obligated to provide the Competent Authority with the following:
 - a- A report on the outcome of the donations collected, within a period not exceeding (15) fifteen days from the date of receiving the donations. The Competent Authority may request approval of the report from a company or auditing office registered in the records of the auditors.
 - b- A report on the beneficiaries, within a period not exceeding (15) fifteen days from the date on which the donations were made.
 - c- Periodic reports on projects, their completion rates and payments, in case the purpose of fundraising is to implement charitable or humanitarian projects.
 - d- A report on the final accounts or audited financial statements that show the amount of donations collected and the ways and means of their disbursement, within a period not exceeding (30) days from the date of the expiration of the permit, and the competent authority may request approval of the report from a company or auditing office registered in the records of the auditors.
2. Providing donations to the beneficiaries during the time period specified in the permit application, and the competent authority may extend this period if there is a justification, therefore.
3. Any reports or other data specified by the Executive Regulation of this Law.

Article (24)

Charitable Societies' Obligations

Charitable societies shall be committed to:

1. Permits conditions and regulations.
2. Maintain organised electronic records to record permits donations.
3. Provide the authorised parties with periodic reports on the fundraising process.
4. The authorised parties shall deliver the proceeds of collecting donations within a period not exceeding (30) days from the date of the expiration of the permit.
5. Any other commitments specified by the executive regulation of this Law.

Article (25)

The Unified Electronic Record

1. A unified electronic record shall be established at the Ministry in which all data and information related to donors, the proceeds of collecting donations, disbursements, beneficiaries, and other data and information specified by the Executive Regulations of this law are recorded.
2. Local authorities, licensees and permitted entities shall record data and information on donations in this record in accordance with the regulations and procedures specified by the executive regulations of this law.

Article (26)

In-kind Donations of Food or Pharmaceutical

1. It is prohibited for the licensed entities and the permitted entities to accept, transfer, save or make in-kind donations of food or medicine to be presented inside the country in violation of the specifications determined in the legislation in force in the country.

2. It is not permissible for the licensed and permitted entities to accept any in-kind food or medicinal donations for distribution outside the country except in accordance with the following conditions:
 - a. Ensure its validity for use for a period of no less than (6) six months from the date of receipt.
 - b. That these materials are collected, transported, and distributed in an appropriate manner to ensure their suitability, safety, and usability or consumption.
 - c. That it has the appropriate storage places in accordance with the regulations and requirements specified in the legislation in force in the country.

Article (27)

Converting In-Kind Donations into Cash

In-kind donations may be converted into cash whenever necessary after obtaining the approval of the Competent Authority, and the Competent Authority shall supervise the transfer process, in accordance with the regulations and procedures specified by the Executive Regulations of this law.

Article (28)

Special Systems for Obtaining Information

Licensed parties and permitted entities are obligated to set up systems that guarantee the access to data and information on donors and beneficiaries, in accordance with what is specified by the Executive Regulations of this law.

Article (29)

Supervision and Control

1. The licensed and permitted entities are subject to the supervision and control of the Competent Authority in terms of financial and administrative aspects of donations, without prejudice to the powers of other governmental supervisory bodies.
2. The authorised and permitted entities shall provide the Competent Authority with any data, information or documents that it is required to provide.

Article (30)

Permit Suspension

The Competent Authority shall suspend the fundraising permit in the event that the charitable association or the authorised entity violates the conditions and regulations of the permit, and the Executive Regulations of this law specify the regulations and procedures for implementing this article.

Article (31)

Advertising and Fundraising Work

It is not permissible for the authorised parties to publish or broadcast publicity or advertising to fundraising without obtaining the approval of the Competent Authority.

Article (32)

Permit Expiry

Fundraising permit expires in the following cases:

1. Its term expires.
2. Cessation of the cause for which it was issued.
3. Lapse of the legal personality of the authorised entity or the charitable association involved in the fundraising process.

4. Any cases specified by the executive regulation of this Law.

The Executive Regulation of this Law shall determine the regulations of implementing this Article.

Article (33)

Administrative Penalties

The Cabinet, based on the minister proposal, shall issue a decision determining the acts that violate the provisions of this law and its Executive Regulations, the decisions issued for its implementation, and the administrative penalties imposed by the competent authority on them.

Article (34)

Grievance

A grievance may be made against any of the decisions issued by the Competent Authority in implementation of the provisions of this law within a period not exceeding (15) fifteen working days from the date of its implementation, before a committee formed for this purpose by a decision of the head of the competent authority, and the committee shall decide on the grievance within (15) Fifteen working days from the date on which the grievance was filed to it, and the decision issued regarding the grievance shall be final, and the complainant shall be notified thereof.

Penalties

Article (35)

The application of the penalties stipulated in this Law shall not prejudice any more severe penalty provided by any other law.

Article (36)

1. Whoever violates the provisions of Clause (1) of Article (20) of this law shall be punished with imprisonment and a fine not less than (200,000) two hundred thousand dirhams and not exceeding (500,000) five hundred thousand dirhams, or one of these two penalties, and the penalty is doubled in the event of recurrence.
2. Whoever violates any of the provisions of Articles (6, 12, 14, 17, 21, 26, and 31) or uses the donation funds for purposes other than those for which they were accepted or collected, shall be punished with imprisonment and a fine not less than (150,000) one hundred fifty thousand dirhams and not exceeding (300,000) three hundred thousand Dirhams, or one of these two penalties and the penalty is doubled in the event of recurrence.
3. Whoever violates the provisions of Article (16) of this Law shall be liable to a fine not exceeding (100,000) one hundred thousand Dirhams.
4. In all cases, the court shall order the confiscation of the donations collected in violation of the provisions of this law, and the deportation of the foreigner after carrying out the sentence imposed on him.

Article (37)

Punishment of the Person Responsible for the Actual Management of the Licensed or Authorised Entity

The person responsible for the actual management of the licensed party or the authorised entity shall be punished with the same penalty prescribed for the acts committed in violation of the provisions of this law when it is proven that he was aware of them or if his breach of the related duties imposed on him by that administration contributed to the occurrence of the crime.

Article (38)

Judicial Police

The employees of the Competent Authority designated by a resolution of the Minister of Justice, in agreement with the Minister or the chairman of the Concerned Authority, shall have the capacity of judicial officers for proving all violations, within their jurisdiction, of the provisions of this Law, its Executive Regulation and the decisions issued in the implementation thereof.

Article (39)

Status Adjustment

Everyone who carries out an activity to collect, receive or provide donations must adjust his situation in accordance with the provisions of this law and its executive regulations, starting from the date on which it comes into force.

Article (40)

Executive Regulations

The Cabinet shall issue the Executive Regulations of this Law based upon a proposal from the Minister within six months from the date of its publication.

Article (41)

Executive Resolutions

The Minister shall issue the executive resolutions necessary to implement the provisions of this Law and its Executive Regulations.

Article (42)

Repeal of Conflict

Any provision that conflicts or contradicts the provisions of this Law shall be repealed.

Article (43)

Law Publication and Enforcement

This Law shall be published in the Official Gazette and shall come into force after six months from its publication date.

Khalifa bin Zayed Al Nahyan

President of the United Arab Emirates

Issued by us at the Palace of the Presidency in Abu Dhabi:

On: 28 Shaaban 1442 A.H.

Corresponding to: 11 April 2021 AD