

inBrief



Dubai Statistics Center – you may be next!

By James Bowden | 1 April 2015

Companies in the Emirate of Dubai have recently been receiving questionnaires requesting detailed information about their business, including financial information. These requests have come from the Dubai Statistics Center (the “DSC”), a Government body created pursuant to Dubai Law No. 23 of 2006 tasked with the compilation and dissemination of economic, social and demographic statistics for the Emirate of Dubai. The DSC is not the only statistics authority in the UAE; the National Bureau of Statistics, a federal body based in Abu Dhabi, and the Statistics Centers in the Emirates of Fujairah and Ras Al Khaimah, serve similar functions for those Emirates and the UAE as a whole.¹

Are companies obliged to provide information to the DSC?

In short, yes. The DSC law makes it mandatory for all individuals and companies in the Emirate (in addition to Government departments, federal agencies, public institutions and welfare organizations etc.) to provide information to the DSC to enable the DSC to carry out its functions. A penalty of up to 3 months imprisonment and a fine of AED 10,000 can be levied on anyone who refuses to provide information or provides false information to the DSC. Officers from the DSC have been known to visit the premises of companies to intrusively collect information in cases where the requested information was not provided to the DSC on time. Businesses would also be well advised to maintain proper books of business along with supporting documentation to be able to substantiate the information, if required to do so. After the DSC receives replies to its already detailed information requests, it has also been known to follow up with further requests based on the initial responses, making the process appear more like an audit than a benign information gathering exercise.

Is the information secure?

Companies are likely to be reluctant to provide information to the DSC due to concerns about the confidentiality and security of the information or where the information could reveal irregularities in their business operations. To address this concern, the DSC law provides that any information supplied to DSC will be kept confidential and cannot be used as a basis for taxation or to institute criminal penalties against a person or entity. In addition, the DSC is only permitted to publish the results of their statistical

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analysis and not the raw data supplied to them. Anyone (i.e., DSC personnel) who discloses information supplied to the DSC could be imprisoned or fined up to AED 30,000. The risk of any information supplied to the DSC being disclosed to any third party is therefore not likely to be high; however, most foreign-owned companies that are subject to mature data protection laws will be uncomfortable disclosing sensitive data to a foreign government that offers no data security commitments other than to “keep confidential” whatever is disclosed. Foreign companies may wish to take this into account in their privacy policies or disclosures to customers or employees.

The beginning of taxation?

The increased frequency and aggressive detail of the DSC information requests causes one to question the rationale behind dedicating such resources to an information gathering exercise. Some have speculated that it is a precursor to introducing value-added or corporate taxes. The finance ministers of the GCC countries are scheduled to meet later this month to discuss the imposition of a value added tax (as was being discussed prior to late 2008). It has also been reported that the UAE finance ministry is considering the imposition of a corporate tax in the UAE. With a number of GCC countries suffering from the low oil price, the imposition of additional taxes is perhaps not as remote a possibility as it once seemed.

Is the increasing assertiveness of the DSC linked to the possible introduction of taxation in the UAE and the wider GCC? That connection is purely speculative at this point. We will provide updates as this develops. ■

¹ This article only discusses the Dubai law. The Federal law and the laws of the other Emirates are largely similar to the Dubai law.

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