M&M REAL ESTATE · PRIVATE INVESTMENT INTELLIGENCE

The American Investor's Guide to *Dubai* Property

Same dollar, no property tax. An honest guide for US investors, written around the one fact nobody sells you: your IRS filing does not stop at the border.

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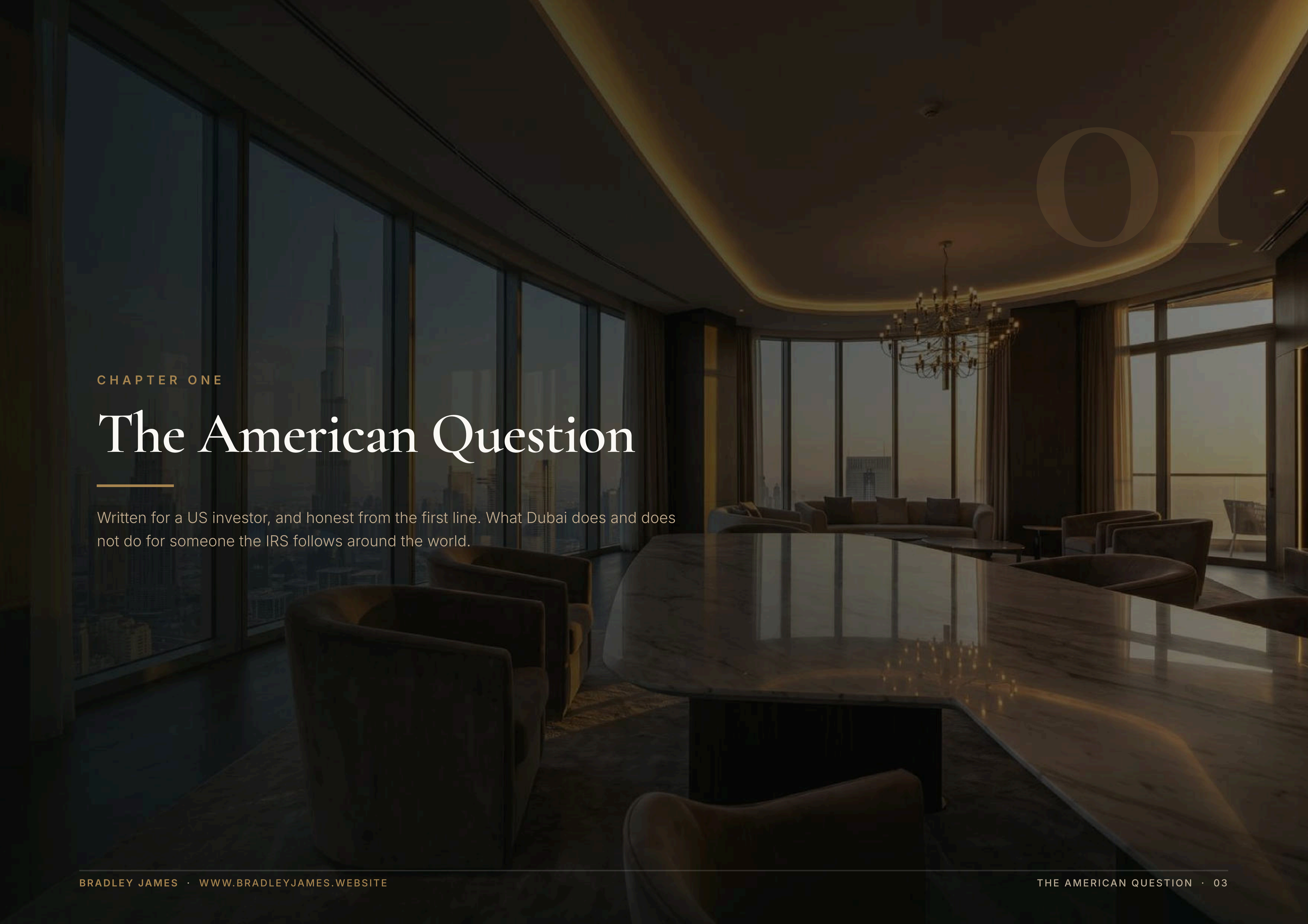

CHAPTER ONE

The American Question

Written for a US investor, and honest from the first line. What Dubai does and does not do for someone the IRS follows around the world.

CHAPTER 01 · THE HONEST FRAME

What This Guide Will Not Pretend

If you hold a US passport or a green card, you have heard the pitch: buy in Dubai, pay no tax, keep everything. Half of that is true, and the half that is not is exactly the half a careful investor needs to hear first. So let's start there, plainly.

The United States taxes its citizens and residents on **worldwide income, wherever they live**. It is one of only two countries on earth that taxes by citizenship rather than residence. Moving to Dubai, or simply buying a Dubai apartment, does **not** end your US filing. You will still file a Form 1040 every year, still report Dubai rent on Schedule E, and still report the gain when you sell. Dubai's 0% tax cuts your *foreign* tax bill to zero. It does not switch off the *US* one.

That is the fact this guide is built around, because a guide that hides it is selling, not advising. Once it is on the table, the real American case for Dubai becomes clear and, in its own way, stronger: a dollar-pegged asset with zero currency risk, no annual property tax, a yield comparable to home, and a 10-year residency attached. Not a tax escape. A diversification, in your own currency, with the compliance stated up front.

◆ THE SHORT VERSION

- US citizenship-based tax means your IRS filing never stops, even in a 0% country.
- Dubai's real edge for a US investor is the peg (3.6725), 0% property tax and the visa, not a wildly higher yield.
- Yields are comparable: US around 6.6% gross, Dubai around 7.0% to 7.2%.
- This is diversification and lifestyle, not a way out of the IRS.

◆ THE LENS

"Judge a foreign asset by what it keeps after your own tax code has had its say, not by the brochure yield."

CHAPTER 01 · WHAT FOLLOWS

How to Read the Rest of This

The chapters ahead are ordered the way an American investor should actually think about this decision. First the US tax reality in full, because it colours everything. Then the two structural facts you feel immediately: the same-dollar peg and the absent property-tax bill. Then a fair look at yields, so nobody overclaims. Then the missing tax treaty, the reporting you must do, and the mechanics of buying, structuring and getting your money home.

It closes where every honest guide should, with the caveats: what Dubai does not do for you, where the US market genuinely wins, and the candid reason many American investors still write the cheque despite the paperwork. Every US figure here is sourced on the final page. Every Dubai figure comes from the same verified data set the rating agencies use. Nothing is a forecast dressed as a fact.

◆ A NOTE ON ADVICE

This is intelligence, not tax advice. US international tax is unforgiving of guesswork. Take advice from a US-qualified cross-border adviser before you form an entity or file a return. This guide tells you which questions to ask.

◆ THE PROMISE

"Every advantage in here is real, which is precisely why none of it needs to be exaggerated."

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CHAPTER TWO

The US Tax Reality

Citizenship-based taxation, stated in full. What the IRS still wants from you on a Dubai property, and why the usual reliefs do little here.

Your Filing Does Not Stop at the Border

Most countries tax you where you live. The United States taxes you because of who you are. That single difference is the whole reason this chapter has to come before the good news.

A US citizen or resident alien is taxed on income from **all sources worldwide**, regardless of where they reside. Living in a 0% country like the UAE does not remove the duty to file a Form 1040 or to report worldwide income. Dubai rental income goes on **Schedule E**, exactly like a rental in Ohio, and is taxed at ordinary federal rates as passive income. When you sell, the gain is US-taxable wherever the bricks sit. A small but real trap: foreign residential rental property is depreciated over 30 years, not the 27.5 years you may be used to at home.

The reliefs Americans abroad reach for do not rescue property income. The **Foreign Earned Income Exclusion**, USD 130,000 for 2025 and USD 132,900 for 2026, covers *earned* income only. Rent, dividends, interest and capital gains are explicitly outside it. And the **Foreign Tax Credit**, which normally offsets US tax with tax you paid abroad, has almost nothing to work with here, because the UAE charges 0%. There is no foreign tax to credit, so the US tax on your Dubai rent is largely borne in full.

Worldwide

INCOME BASE FOR A US PERSON, WHEREVER RESIDENT

IRS

Schedule E

WHERE DUBAI RENT IS REPORTED, ORDINARY RATES

IRS Pub 54

0%

FOREIGN TAX AVAILABLE TO CREDIT (UAE LEVIES NONE)

IRS / PwC

◆ WHY THE FTC FALLS FLAT HERE

The Foreign Tax Credit is a shield against double tax. In a high-tax country it cancels most of the US bill. In Dubai there is no local tax to credit, so the shield is empty and the US keeps close to the full charge on your rent and gain.

◆ THE LINE

"Zero foreign tax is not the same as zero tax. For a US person it can mean the US collects almost all of it."

The Three Charges People Forget

Beyond the rent, three US charges reach a Dubai property and surprise investors who assumed a foreign asset was out of range. First, **capital gains tax** on sale: 0%, 15% or 20% by income band on a long-term gain, on foreign real estate just as on domestic. Second, the **Net Investment Income Tax**, an extra 3.8% on rental income and property gains once modified adjusted gross income passes USD 200,000 single or USD 250,000 married filing jointly. There is no foreign tax to offset either, because the UAE takes nothing.

Third, and most overlooked by globally minded families, the **US estate tax** reaches your **worldwide** estate, Dubai property included. The per-person exemption is USD 15 million for 2026, raised under the 2025 legislation, with a 40% top rate above it. That is generous, and most investors sit under it, but note the trap for mixed-nationality families: the unlimited marital deduction does not apply to a non-citizen spouse without QDOT planning. None of this is a reason to avoid Dubai. It is a reason to know what you are inside before you buy.

ITEM	THE CHARGE	APPLIES TO DUBAI PROPERTY?
Federal income tax on rent	Yes, ordinary rates on Schedule E	
Capital gains tax on sale	Yes, 0 / 15 / 20% long-term by band	
Net Investment Income Tax	Yes, +3.8% above USD 200k / 250k MAGI	
Estate tax (worldwide estate)	Yes, 40% above the USD 15m 2026 exemption	
Foreign tax credit relief	Minimal, the UAE levies 0% to credit	

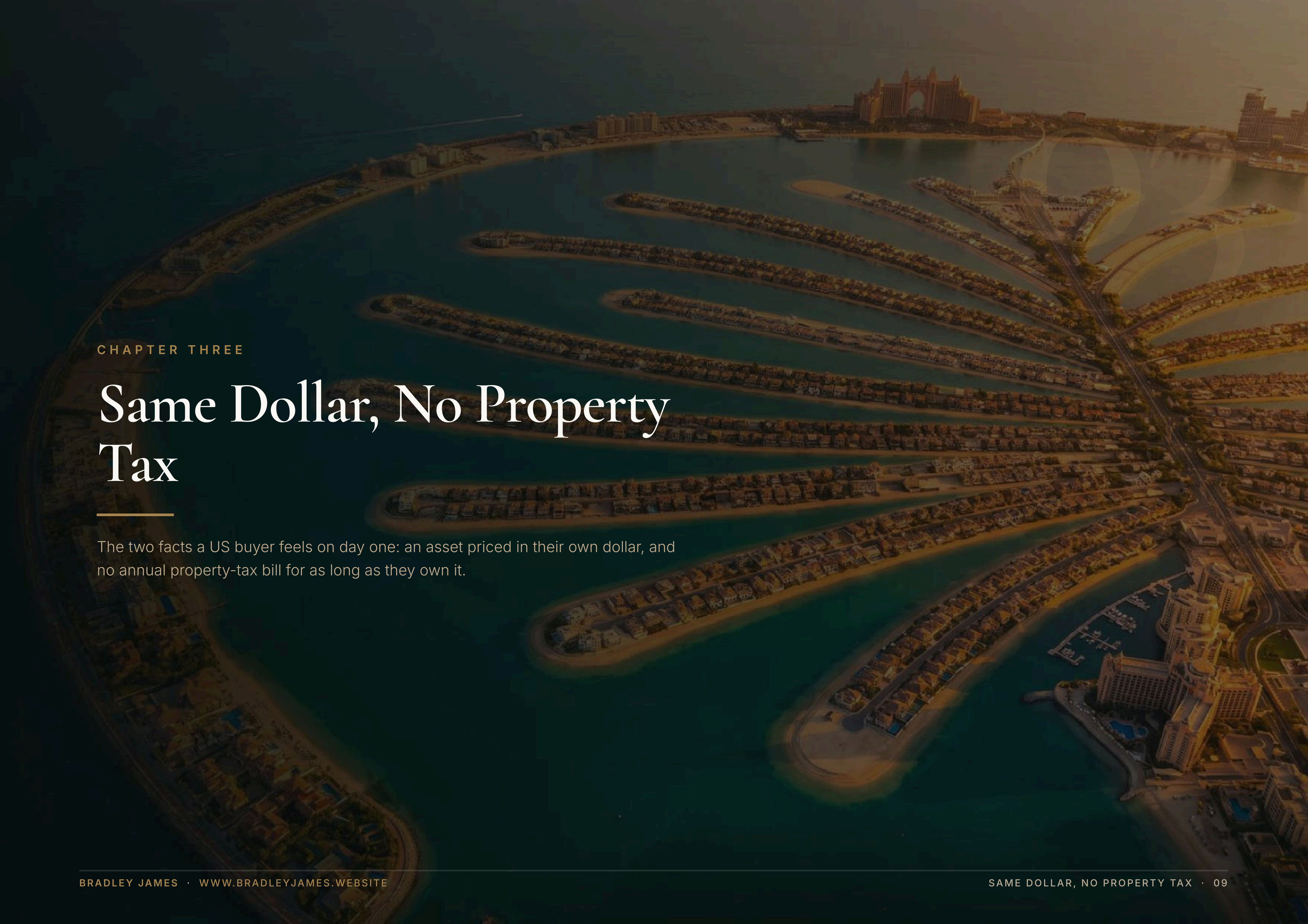
IRS Topic 409, Net Investment Income Tax, Estate Tax; CRS R48183; PwC (UAE 0%). 2025-2026. Not tax advice.

◆ THE ESTATE POINT

For a family thinking in generations, the estate charge is the quiet giant. It reaches your Dubai asset like any other, and with no US-UAE treaty there is no treaty relief on it. The USD 15 million exemption covers most, but plan for the ones it does not.

◆ THE RULE

"The IRS does not care where the property is. It cares whose it is."



CHAPTER THREE

Same Dollar, No Property Tax

The two facts a US buyer feels on day one: an asset priced in their own dollar, and no annual property-tax bill for as long as they own it.

Zero Currency Risk, Which No Other Foreign Market Gives You

Buy property in London, Lisbon, Sydney or Toronto and you take a bet on the pound, the euro, the Australian or Canadian dollar as well as on the bricks. Buy in Dubai as an American and you take no currency bet at all. That is genuinely unusual.

The dirham has been fixed to the US dollar at **3.6725** since 1997. For a US investor that means you buy in a currency hard-pegged to your own, you earn rent in it, and you sell in it, with no translation gain or loss riding on top of your return. Nearly three decades of a defended peg, held through oil shocks, a financial crisis and a pandemic, is not a footnote. It is the single feature that separates Dubai from every other overseas market an American might consider. Your capital is anchored to the dollar, not exposed to a local currency that a central bank can devalue underneath you.

The honest flip side belongs right here. A dollar peg means **dollar-rate exposure**. UAE interest rates broadly track the US Federal Reserve, so higher-for-longer US rates flow straight into Dubai mortgage costs. For a cash buyer this is almost all upside. For a leveraged buyer it is a real factor to plan around, and the one you already understand better than any foreign investor could.

3.6725
DIRHAMS PER US DOLLAR, FIXED SINCE 1997
Central Bank of the UAE

Zero
FX TRANSLATION RISK FOR A US-DOLLAR INVESTOR
CBUAE / FX analysis

◆ UNIQUE AMONG FOREIGN MARKETS

A British, European, Japanese, Australian or Canadian property carries currency risk against the dollar. A Dubai property does not. For a US investor diversifying abroad, that is the one FX-free door available.

◆ THE TRADE

"You get the dollar's stability. You also import the dollar's rate cycle. Know both before you borrow."

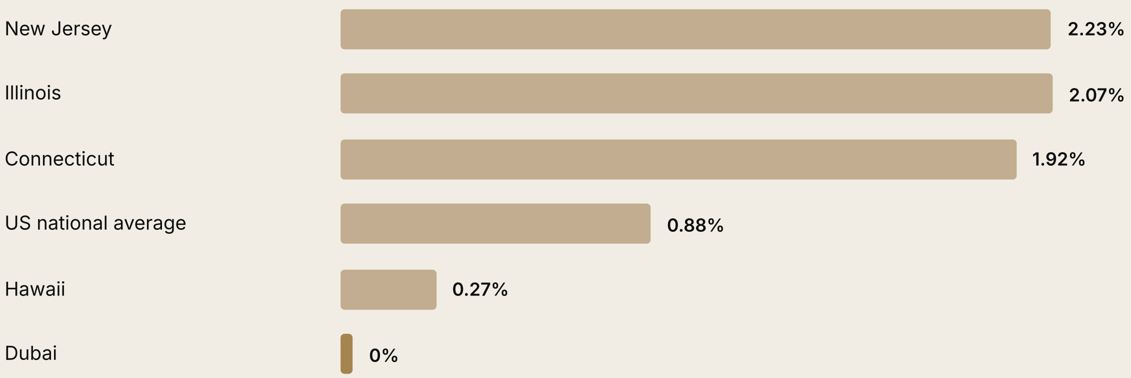
CHAPTER 03 · THE PROPERTY-TAX BILL YOU STOP PAYING

Zero Recurring, Every Year You Own

Every American landlord knows the bill that never ends: the annual property tax, due whether the asset rose, fell or sat empty. Nationally it averages an effective **~0.86% to 0.90%** of value, roughly USD 8.88 per USD 1,000 in 2024 on the ATTOM measure. That is the mild version. In New Jersey it is **2.23%**, in Illinois **2.07%**, in Connecticut **1.92%**. Only Hawaii, at 0.27%, feels light. You pay it in perpetuity, out of after-tax income.

Dubai charges **0% recurring property tax**. There is no annual council or property levy at all. The only property-specific charge is a one-off 4% Dubai Land Department transfer fee at purchase, inside an all-in buying cost of about ~7%. A New Jersey owner of a USD 1 million home hands the state 2.23%, more than USD 22,000, every single year. The Dubai owner hands over the 4% once, then nothing annual thereafter. Over a 20-year hold that recurring gap is not a rounding error. It is a second return.

ANNUAL PROPERTY TAX AS % OF VALUE



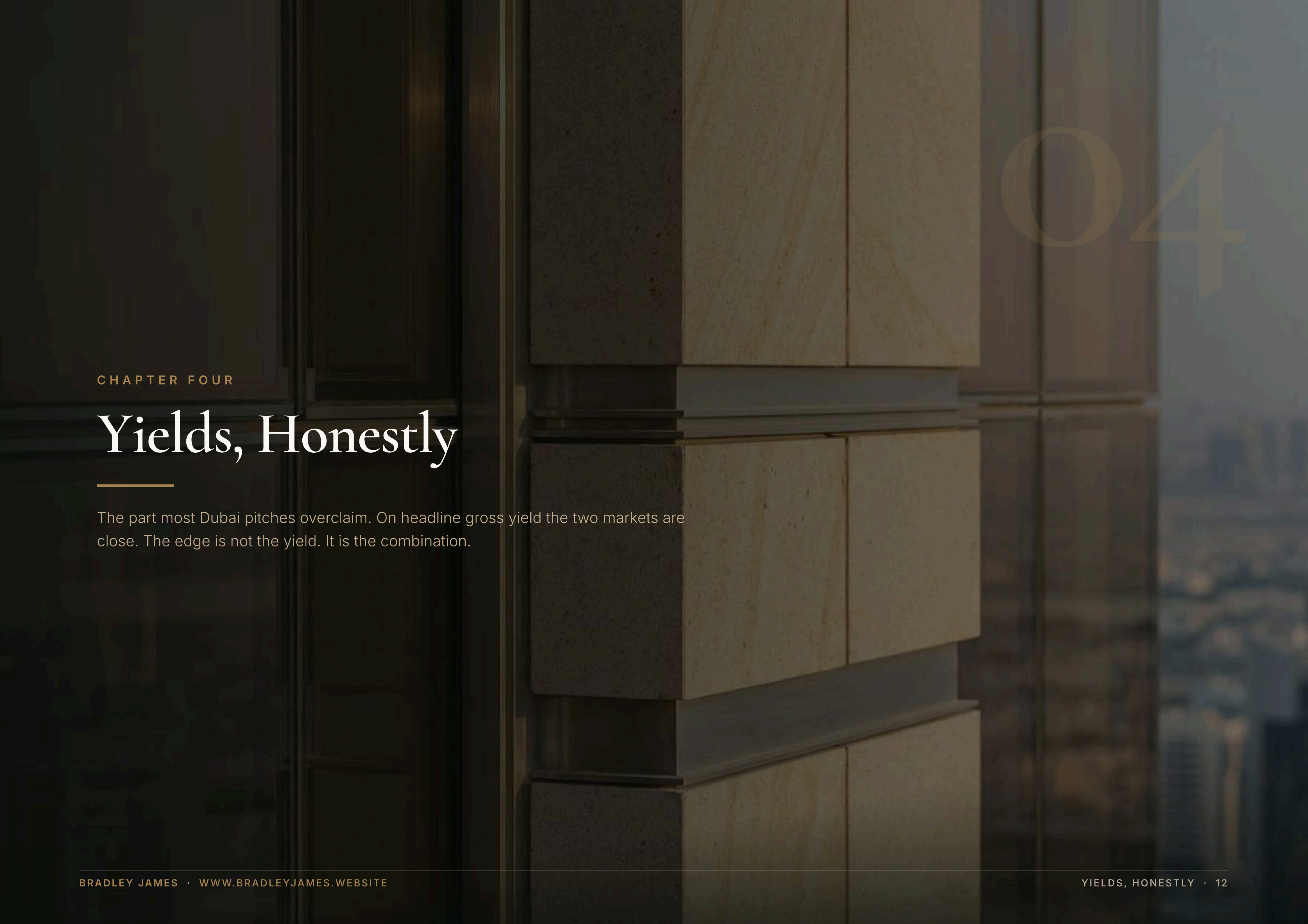
Tax Foundation and ATTOM (US, 2024 effective rates); DLD (Dubai, 0% recurring, one-off 4% transfer fee only).

◆ WHY THE RECURRING NUMBER MATTERS MOST

A one-off fee is a known entry cost you can price in. A recurring tax compounds against you for the whole hold, paid out of income you have already been taxed on. Removing it is a structural uplift to net yield, year after year.

◆ THE CONTRAST

"In the US you rent your own property from the state a little every year. In Dubai, once you have paid to enter, you simply own it."



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CHAPTER FOUR

Yields, Honestly

The part most Dubai pitches overclaim. On headline gross yield the two markets are close. The edge is not the yield. It is the combination.

Comparable Gross Yields, and Why That Is the Point

Here is where an honest guide parts company with a sales deck. The US residential market is not a low-yield market, and Dubai does not tower over it on gross yield. Anyone who tells you Dubai doubles your income is not reading the same data I am.

US average gross rental yield ran around **6.6%** in late 2025, with the usual wide spread, near 8% in Atlanta and closer to 4.5% in Los Angeles, and single-family rental cap rates around 7.3%. Dubai apartments average about **7.0% to 7.2%** gross across the city. Those are broadly the same range. On the headline number, this is not a yield story.

So where is the edge? In the **combination**. Take that comparable ~7% Dubai yield, then remove the annual property tax you would pay at home, remove the local income tax on the rent, price the whole thing in your own dollar with no FX risk, and attach a 10-year residency to it. The yield alone does not beat America. The yield plus 0% property tax plus 0% local rental tax plus the peg plus the visa is a different proposition. That stack, not a bigger rent cheque, is the reason to look.

MEASURE	UNITED STATES	DUBAI
Average gross rental yield	~6.6% (Q4 2025)	7.0% to 7.2% apartments
Yield spread by location	~4.5% LA to ~8% Atlanta	7.5% to 9% in high-yield areas
Annual property tax	~0.86% to 0.90%, up to 2.23%	0%
Local tax on the rent	Federal + most states	0%
Currency risk vs the US dollar	None (home market)	None (dollar peg)

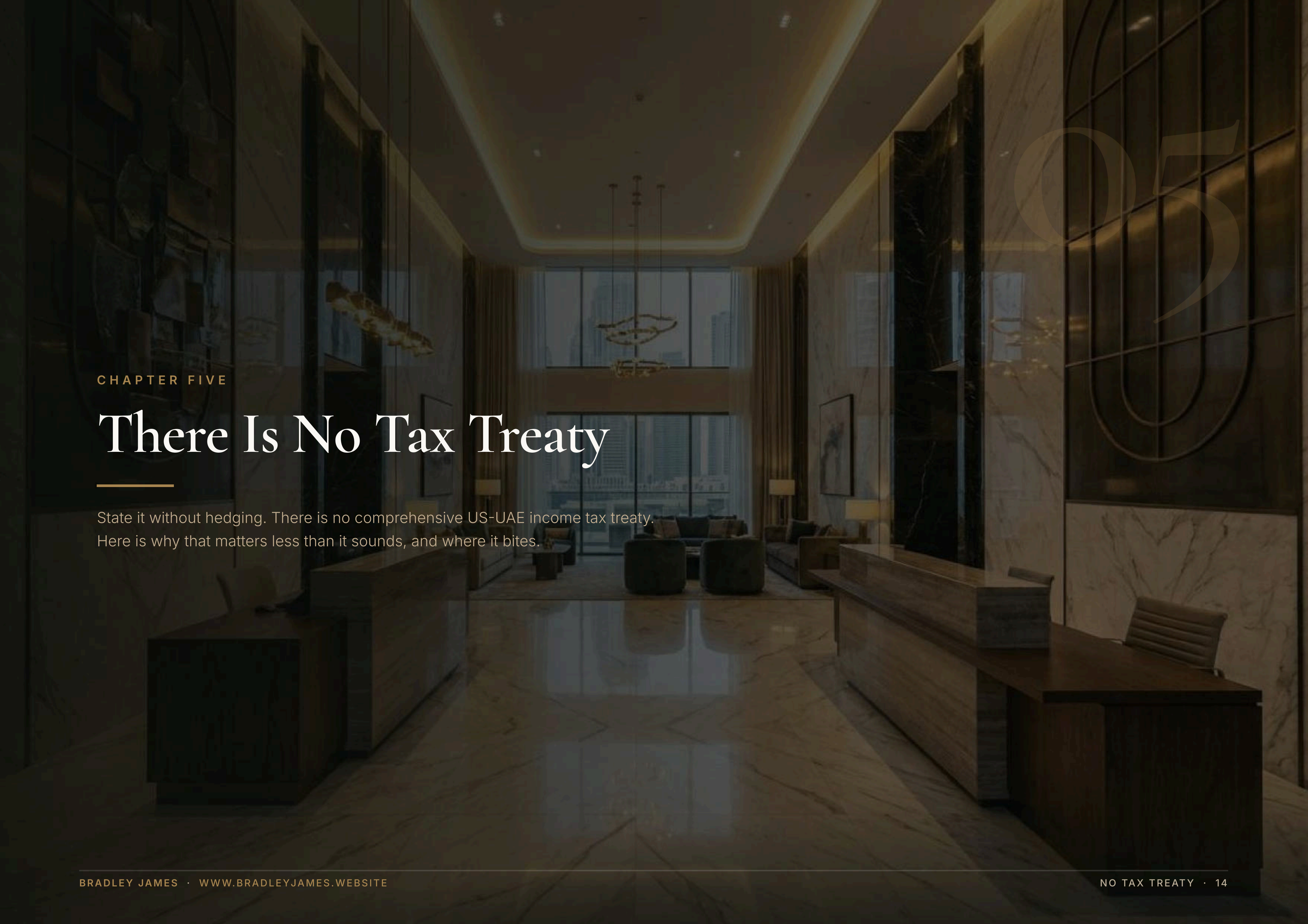
Global Property Guide (US yields, Q4 2025); Tax Foundation / ATTOM (US property tax); cr_dubai (Dubai yields, DLD). Gross, before US tax and costs.

◆ DO NOT OVERCLAIM THE YIELD

US ~6.6% and Dubai ~7% are comparable. If a broker sells you Dubai on yield alone, be sceptical. The genuine, defensible edge is the tax-and-currency wrapper around a similar yield, not the yield itself.

◆ THE HONEST READ

"Same neighbourhood on yield. Very different neighbourhood on tax, currency and residency."



CHAPTER FIVE

There Is No Tax Treaty

State it without hedging. There is no comprehensive US-UAE income tax treaty. Here is why that matters less than it sounds, and where it bites.

CHAPTER 05 · THE ABSENT TREATY

No US-UAE Income Tax Treaty Exists

Investors ask this constantly, so let's be blunt. There is **no comprehensive income tax treaty** between the United States and the United Arab Emirates. The UAE simply does not appear on the IRS list of US income tax treaties. No hedging on this one.

What a treaty normally provides is a residency tie-breaker, reduced withholding on cross-border income, and coordination on double tax. Without one, a US person gets none of those treaty mechanisms. And yet, for the ordinary case of owning a Dubai apartment and collecting rent, this is largely a non-event. The reason is simple: a treaty prevents you being taxed twice, but the UAE imposes **0%** personal tax, so there is no second tax to relieve. Your relief, such as it is, comes from US domestic law, the Foreign Tax Credit and the Foreign Earned Income Exclusion, not from a treaty. Since the UAE takes nothing, there is little for either to do.

Where the missing treaty does bite is narrower and worth naming. There is **no treaty relief on US estate tax**, so the full US estate rules apply to your worldwide assets. And **US-source** income, say US dividends held inside a UAE entity, can face the full 30% US withholding with no treaty reduction. Both point to the same practical lesson: keep the structure simple, and do not route US assets through a UAE company expecting treaty relief that does not exist.

None
US-UAE COMPREHENSIVE INCOME TAX TREATY IN FORCE
IRS treaty list

0%
UAE PERSONAL TAX, SO LITTLE DOUBLE TAX TO RELIEVE ANYWAY
PwC / u.ae

30%
US WITHHOLDING ON US-SOURCE INCOME VIA A UAE ENTITY, UNREDUCED
IRS

◆ THE ONE-LINE SUMMARY

No treaty is a non-event for the rental case, because UAE tax is zero anyway. It only matters for US estate tax and for US-source income routed through UAE structures. The fix is the same either way: keep it simple.

◆ THE TAKEAWAY

"The absence of a treaty is not the problem people fear. Over-engineering your structure to chase relief that is not there would be."

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CHAPTER SIX

FBAR, FATCA and the Paperwork

The compliance is real and it is where people get hurt. What you must file, what the thresholds are, and the one nuance that surprises property buyers.

The Property Is Not Reportable. The Account Usually Is.

This is the chapter to read twice. The forms are not optional, the penalties are severe, and there is one nuance about property that catches almost everyone.

Here is the nuance. Directly held **real estate is not a reportable financial asset**. A property is not a financial account for the FBAR, and not a specified foreign financial asset for Form 8938. So the apartment itself is not what you report. But the **bank account** the rent lands in *is*, and any **foreign entity** you use to hold the property *is*. In practice the rent-collection account almost always pushes you over the reporting line, even though the property never would.

The **FBAR**, FinCEN Form 114, is triggered when your foreign financial accounts exceed **USD 10,000 in aggregate at any point** in the year. It is filed with FinCEN, not on your 1040. **Form 8938**, the FATCA report, attaches to the 1040 and kicks in at higher, residency-dependent thresholds: for a US person living abroad, over USD 200,000 on the last day or USD 300,000 at any time, single. The penalties are why this matters: FBAR non-willful failures run to roughly USD 16,000 per account per year, and willful failures far more. This is administrative work, not a tax in itself, but it is not work you skip.

ITEM	REPORT	THRESHOLD	FILED WITH
FBAR (FinCEN Form 114)	> USD 10,000 aggregate, any point in year	FinCEN, not the 1040	
Form 8938, abroad, single	> USD 200,000 year-end / 300,000 any time	Attached to Form 1040	
Form 8938, abroad, joint	> USD 400,000 year-end / 600,000 any time	Attached to Form 1040	
The Dubai property itself	Not reportable on either form	N/A (the account is what counts)	

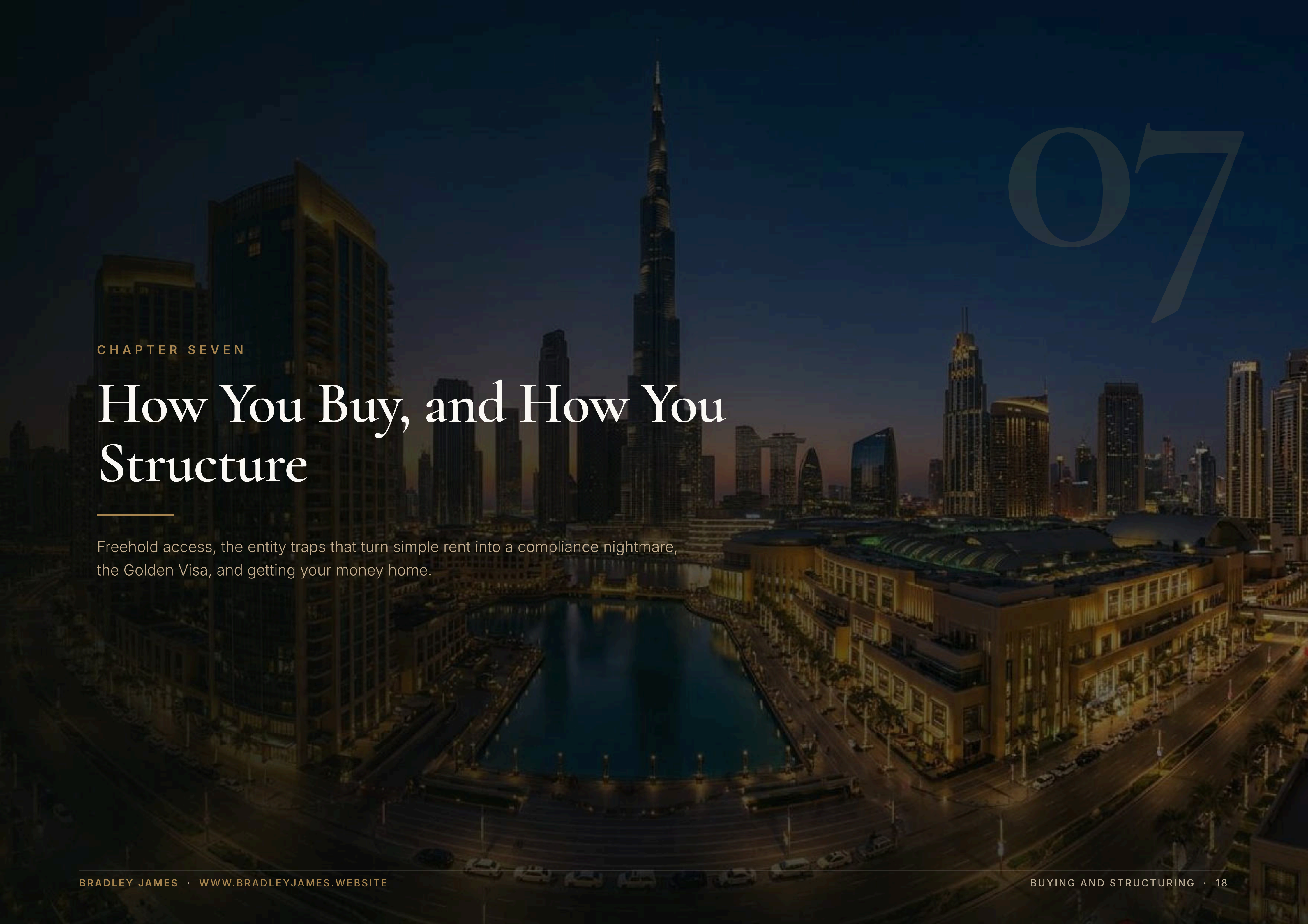
IRS FBAR and Form 8938 guidance; comparison of Form 8938 and FBAR. Thresholds current 2026. Not tax advice.

◆ THE TRAP IN ONE SENTENCE

You will hear that Dubai property is not reportable, and that is true. But the account you collect the rent in is, and it usually clears the USD 10,000 FBAR line on its own. Set up the compliance from day one, not after a letter arrives.

◆ THE DISCIPLINE

"The property is invisible to these forms. The bank account is not. File for the account and you sleep at night."



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CHAPTER SEVEN

How You Buy, and How You Structure

Freehold access, the entity traps that turn simple rent into a compliance nightmare, the Golden Visa, and getting your money home.

You Can Own Freehold, and the Route Is Simple

The good news on mechanics is that Dubai makes this easy for a foreigner, American included. The harder decision is not whether you can buy, but how you should hold it, and that is a US-tax question, not a Dubai one.

US citizens may own **freehold** in Dubai's designated freehold zones, the Marina, Downtown, Palm Jumeirah, Business Bay, JVC and many more. All-in purchase costs run about **~7%** of price, the 4% DLD transfer fee plus agency and registration, so budget 7% to 10% to be safe. Off-plan buyer funds sit in a **RERA escrow account** under Law No. 8 of 2007, released to the developer only against construction milestones, which is the legal backbone of buyer protection here.

On residency, owning **AED 2 million** or more of property, roughly **USD 545,000** at the peg, earns a renewable **10-year Golden Visa**. The minimum down-payment rule was removed in 2025, and off-plan and mortgaged property qualify if the DLD valuation reaches the threshold. Note carefully: the visa is residency, not citizenship, and it does not by itself change your US tax status. You remain a US taxpayer whether or not you hold it.

~7%
ALL-IN PURCHASE COST, BUDGET 7% TO 10%
DLD / market

AED 2 million
PROPERTY FOR THE 10-YEAR GOLDEN VISA (~USD 545,000)
DLD / u.ae

Law 8/2007
RERA ESCROW PROTECTION FOR OFF-PLAN FUNDS
DLD / RERA

◆ RESIDENCY, NOT A TAX RESET

The Golden Visa gives you the right to live, bank and settle a family in Dubai for a decade. It does not end your US filing, change your citizenship, or move your worldwide income out of the IRS's reach. Useful, but do not oversell it to yourself.

◆ THE REFRAME

"You are buying a dollar-pegged asset that happens to carry a decade of residency. The residency is a feature, not a tax strategy."

The CFC / PFIC Trap, and Getting Money Home

Now the expensive part, and the reason to take US advice before you form anything. A non-US investor often holds foreign property in a company for liability or estate reasons. For a **US person that same company can be a tax disaster**, converting simple rental income into a compliance regime with punitive rules. There are two traps to name.

A foreign company more than 50% owned by US shareholders is a **Controlled Foreign Corporation**, which brings **Form 5471**, anti-deferral rules that can tax undistributed income currently, and a roughly USD 10,000 penalty per form per year for failure. Worse for a rental holding, a foreign company where most income or assets are passive is a **Passive Foreign Investment Company**, which brings **Form 8621** and a punitive tax-plus-interest regime, with no minimum ownership needed to be caught. A simple rental-holding company qualifies easily. The base case for almost every US buyer is therefore the simplest one: **hold the property personally**, report rent on Schedule E, report the account on the FBAR, and file no CFC or PFIC forms at all. A single-member US LLC is usually disregarded and avoids these traps, but the choice is a US-tax and UAE-ownership question, so get it reviewed.

Repatriation, by contrast, is the easy part. The UAE has **no personal exchange controls** and no withholding on sending rent or sale proceeds home, and the peg means funds convert to dollars at about 3.6725 with no FX loss. Moving the cash to a US account is not itself a further taxable event, though the underlying income and gain are US-taxable when earned, as the whole guide has said.

ROUTE	STRUCTURE	US TAX CONSEQUENCE
Personal ownership (base case)	Simplest: Schedule E rent, FBAR on the account, no CFC/PFIC forms	
Foreign (UAE) holding company	CFC (Form 5471) and often PFIC (Form 8621): punitive, avoid without advice	
Single-member US LLC	Usually disregarded, income flows to the 1040, avoids CFC/PFIC	
Repatriating funds	No UAE exchange controls or withholding; peg means no FX loss	

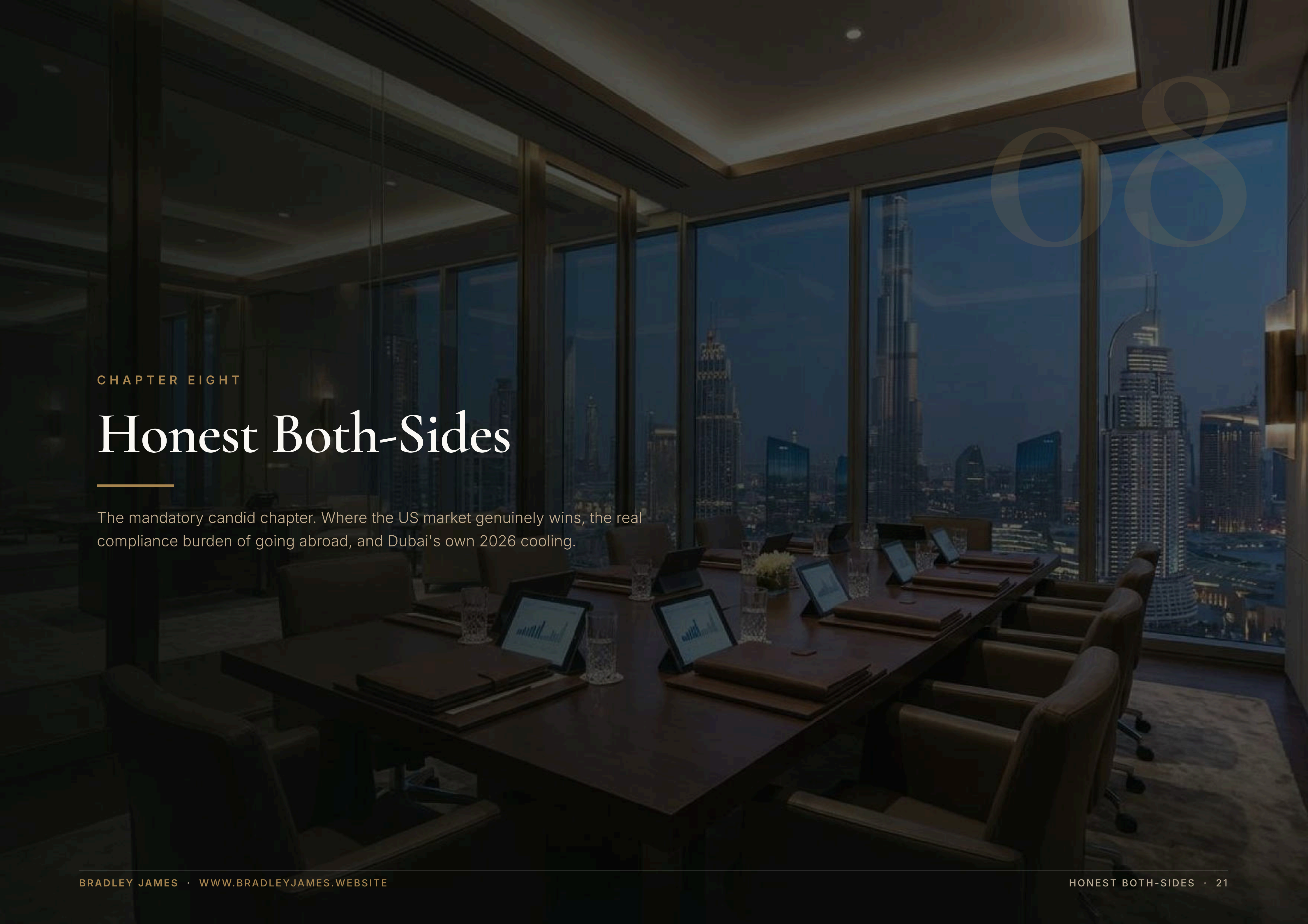
IRS Form 5471 / 8621; CBUAE / PwC (no UAE personal withholding). Take US-qualified advice before forming any entity. Not tax advice.

◆ THE RULE OF THUMB

What protects a non-US investor can sink a US one. A foreign holding company that looks clever for liability or estate reasons can trigger CFC or PFIC rules that cost far more than they save. Personal ownership or a US LLC is usually cleaner.

◆ THE ORDER OF OPERATIONS

"Decide the US structure first, with a US adviser, then buy. Never the other way round."



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CHAPTER EIGHT

Honest Both-Sides

The mandatory candid chapter. Where the US market genuinely wins, the real compliance burden of going abroad, and Dubai's own 2026 cooling.

What the US Market Does Better

A guide that only listed Dubai's strengths would not deserve your trust. So here is the honest ledger, starting with the genuine reasons an American might simply keep buying at home.

The US residential market is the deepest, most liquid and most transparent on earth, with mature title, MLS price transparency and the 30-year fixed mortgage that exists almost nowhere else. Its tax mechanics, whatever their cost, are familiar and come with tools a foreign asset lacks: the 1031 like-kind exchange to defer gains, 27.5-year depreciation, and mortgage-interest deductibility, all with **no foreign-reporting overlay**. And as Chapter Four showed, the gross yield is genuinely comparable, around 6.6% average with a 7.3% single-family cap rate. For many investors, the right answer is that home already works.

The candid cost side is what sends some looking abroad. That property tax is forever, ~0.86% to 0.90% nationally and above 2% in New Jersey, Illinois and Connecticut, paid every year of ownership. The rent is taxed federally and by most states. And the estate charge reaches 40% above the exemption on a worldwide estate. None of these is unique to America, but stacked together they are the pressure that makes a dollar-pegged, property-tax-free alternative worth a serious look.

◆ THE GENUINE US STRENGTH

Liquidity, transparency, the 30-year fixed and a toolkit of deferral and deduction, all with no foreign paperwork. This guide does not dispute any of it. It argues only that a slice of capital may work harder outside that system.

◆ THE BALANCE

"Home is not the wrong answer. It is just no longer the automatic one once the recurring taxes are counted."

Two Things Dubai Does Not Fix

Two honest caveats sit against the Dubai case, and both belong in bold. First, the **compliance burden is real and permanent**. Your US filing never stops, you add FBAR and potentially Form 8938 every year, the rent is fully US-taxable with essentially no local tax to credit, and a foreign entity risks CFC or PFIC treatment. Dubai does not lighten your American paperwork. It adds to it. For a US person, Dubai is not a tax escape, and anyone who frames it as one is misleading you.

Second, **Dubai itself is cooling in 2026**, and you should underwrite for it. After roughly ~75% cumulative growth since 2021, ValuStrat has capital growth decelerating to about ~10% in 2026 from around 19.8% in 2025. Fitch expects a supply-led correction of **up to 15%** peak-to-trough, explicitly *not* a crash, with roughly 150,000 new homes due by 2027. The market has corrected hard before, near 50% in 2009 and through a long soft cycle from 2014 to 2020. An investor entering in 2026 should plan for flat-to-negative near-term capital growth and hold for income and the long structural story, not for a quick flip.

ITEM	THE HONEST CAVEAT	WHAT IT MEANS FOR YOU
US filing never stops	Citizenship-based tax: 1040, FBAR, maybe 8938, every year	
No local tax to credit	UAE 0% means the US takes close to the full tax on the rent	
Entity traps	CFC / PFIC risk; the base case is personal ownership	
2026 cooling	Fitch up to 15% correction, not a crash; underwrite for flat growth	
Cyclical history	~50% in 2009, a soft 2014-2020; a ~7% yield carries you through	

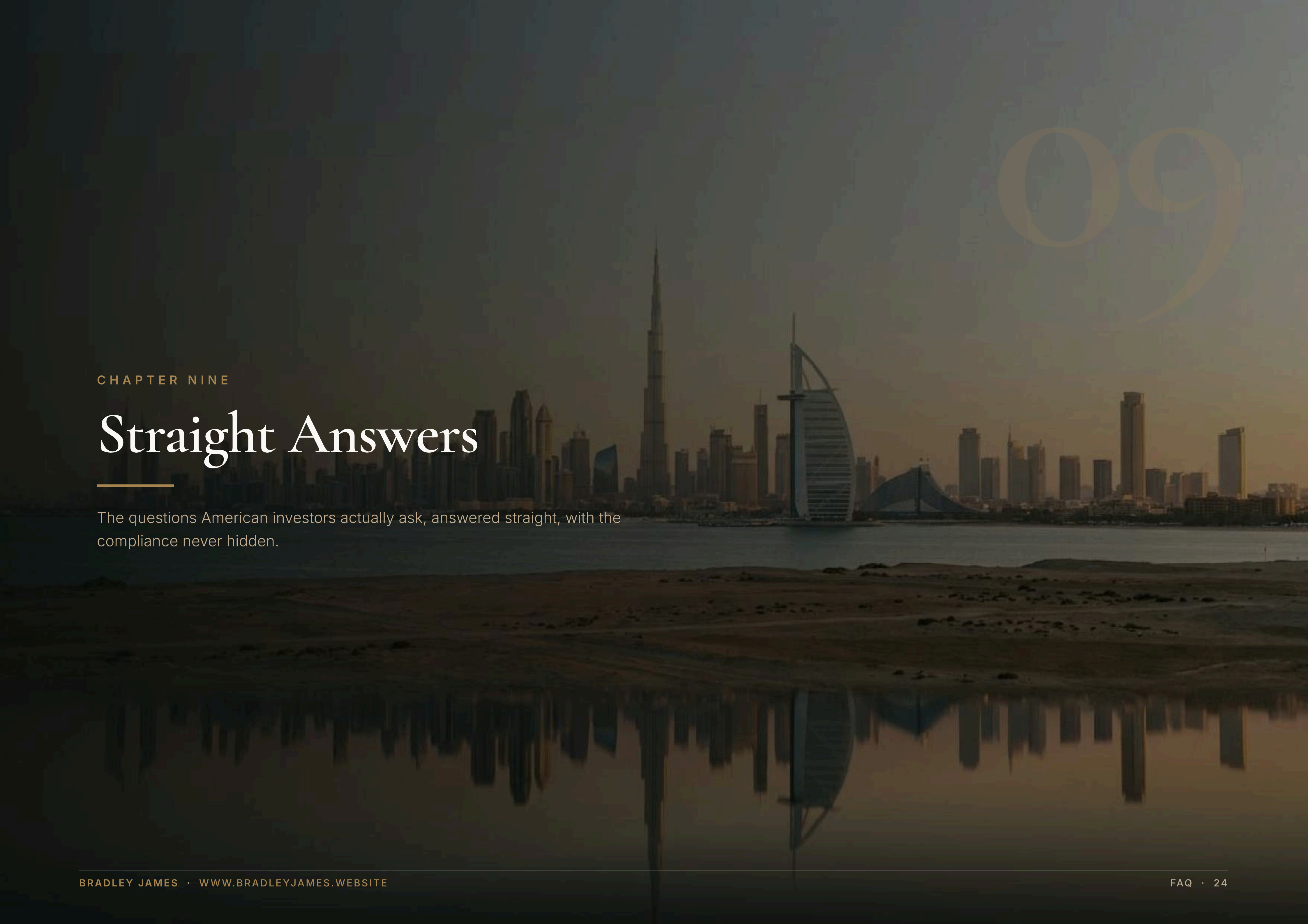
IRS; PwC; Fitch, Moody's, ValuStrat via cr_dubai, 2025-2026. Fitch base case is a moderate correction, not a crash.

◆ WHY AMERICANS STILL BUY ANYWAY

- No FX risk: the dirham is pegged to the dollar at 3.6725 since 1997.
- No annual property tax versus ~0.9%, up to 2%+, at home.
- A yield comparable to the US, around 7.0% to 7.2%.
- AED 2 million (~USD 545,000) earns a 10-year Golden Visa.
- The UAE leads the world for millionaire inflow, about +9,800 forecast in 2025.

◆ THE BOTTOM LINE

"Not a tax escape. A dollar-pegged, property-tax-free, ~7%-yielding asset with residency attached, bought with eyes open."



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CHAPTER NINE

Straight Answers

The questions American investors actually ask, answered straight, with the compliance never hidden.

CHAPTER 09 · FAQ

The Questions US Investors Actually Ask

Q. If I move to Dubai, do I stop filing US taxes?

No. The United States taxes its citizens and green-card holders on worldwide income wherever they live. You keep filing a Form 1040 every year, report Dubai rent on Schedule E, and report the gain when you sell. Dubai's 0% tax removes the foreign bill, not the US one. This is the single most important fact for a US investor to accept before buying.

Q. So does Dubai's zero tax do nothing for me?

It still helps, just not the way people assume. There is no UAE income tax, capital-gains tax or annual property tax, so at the local level you keep everything. What you cannot do is avoid the US charge on that same income. The real US benefit is the combination: a dollar-pegged asset, no recurring property tax, a yield comparable to home, and a 10-year visa.

Q. Is the yield really higher than in the US?

Not meaningfully. US gross yields average around 6.6% and Dubai apartments around 7.0% to 7.2%, which is comparable. Do not buy Dubai on yield alone. The edge is the tax-and-currency wrapper around a similar yield: 0% property tax, 0% local rental tax, and no FX risk because the dirham is pegged to the dollar.

Q. Do I have to report my Dubai property to the IRS?

The property itself is not reportable on the FBAR or Form 8938. But the foreign bank account you collect rent in is, and it usually crosses the USD 10,000 FBAR threshold on its own. Any foreign entity you use is reportable too. Set up the FBAR and, above the higher thresholds, Form 8938, from day one.

Q. Should I buy through a company?

Usually not, if you are a US person. A foreign holding company can trigger CFC (Form 5471) or PFIC (Form 8621) rules that are punitive and expensive, turning simple rent into a compliance regime. The base case is personal ownership, or in some cases a disregarded single-member US LLC. Take US-qualified advice before forming anything.

Q. Is there a US-UAE tax treaty?

No. There is no comprehensive income tax treaty between the two countries. For the ordinary rental case it barely matters, because the UAE charges 0% and there is little double tax to relieve. It does mean no treaty relief on US estate tax and full 30% US withholding on US-source income routed through a UAE entity, so keep structures simple.

Q. Can I get my money out easily?

Yes. The UAE has no personal exchange controls and no withholding on repatriating rent or sale proceeds, and the peg means funds convert to dollars at about 3.6725 with no FX loss. Moving the cash home is not itself a taxable event, though the underlying income and gain are US-taxable when earned.

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