Buying off-plan in Dubai: what you pay on day one, and what can happen to the price after you sign

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Before you compare prices, compare two things the listing does not show: what you pay on the day you buy, and what can happen to the price between signing and getting the keys. I set both out here, with the sources. I guide buyers in Dubai, and part of that is going through the contract with them before they sign.

In short

- You pay the Dubai Land Department a registration fee of 4% of the sale value, plus fixed fees.
- The price in the contract is not index-linked. It changes only where the contract says so, usually when the final area differs from the area you were sold.
- In Dubai the law does not set a fixed compensation amount for a late handover; compensation is set in the contract. In serious cases, such as a long delay, you can go to court. Read the contract before you sign.

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01 At a glance

Topic	In Dubai
Fee on the day you buy	4% of the sale value, plus fixed fees

Topic	In Dubai
Cost per AED 1 million of price	AED 40,000
The price after you sign, on a new apartment	The contract price is not index-linked
When the price does change	When the area measured at the end differs from the area in the contract

02 The fee on the day you buy

The Dubai Land Department charges a registration fee of 4% of the sale value. By law the fee is split between buyer and seller unless they agree otherwise. When you buy from a developer, the contract usually makes the buyer pay all of it. On an AED 2.5 million apartment the fee is AED 100,000. There are other fixed fees and costs as well, and I list them in the guide to costs beyond the price.

03 What happens to the price after you sign

The sale contract sets one price, and that price is not linked to an index. The contract of one of Dubai's large developers states that the price is final and cannot be changed, with one exception explained below. The payment plan only sets when you pay each part, not how much you pay in total. I cover payment plans in the guide to buying off-plan.

When the price does change: when the area measured at the end of construction differs from the area in the contract. In the contract I checked, the price goes up if the area is larger by more than 3%, and goes down if the area is smaller by more than 5%. The threshold varies from contract to contract, so check this clause before you sign.

04 Where the contract may leave you exposed

A fixed price is only one side of the picture.

- **Late handover:** In Dubai the law does not set a fixed compensation amount; compensation is set in the contract. In serious cases, such as a long delay, you can go to court. In the contract I checked, the developer may push the handover date back by up to 24 months, and the compensation after that is 1% a year on the amount paid.
- **Changes to the apartment:** under the same contract, the developer may change materials and finishes without the buyer's consent, as long as the standard stays similar.

That is why the choice of developer and a careful read of the contract matter so much in Dubai. The checks I run before signing are in the guide to checking a developer.

05 How I help

I go through the contract and the payment plan with you before signing, and mark the clauses worth asking about. After the first consultation call I can give you a quote. It depends on the sale process and the services you need.

06 For buyers from Israel: how this compares with an investment home in Israel

Israelis who already own a home in Israel sometimes weigh where to buy the next one. On the two points above, the difference between Israel and Dubai is clear.

Topic	An additional home in Israel	A home in Dubai
Tax or fee on the day you buy	8% up to ILS 6,055,070, and 10% on the part above that	4% of the sale value, plus fixed fees
Cost per 1 million of price	ILS 80,000	AED 40,000
The price after you sign, on a new apartment	Up to 40% of the price is linked to the building-cost index	The contract price is not index-linked
When the price does change	When the index rises	When the final area differs from the area in the contract

The tax in Israel: someone who already owns a home and buys another pays purchase tax from the first shekel: 8% on the part of the price up to ILS 6,055,070, and 10% on the part above it. On an ILS 2.5 million apartment the tax is ILS 200,000.

Two things to know:

- The comparison holds for someone who already owns a home in Israel. Someone buying their only apartment in Israel pays no purchase tax up to ILS 1,978,745.
- The 8% and 10% rates were set by a temporary provision that ran until the end of 2026. Because the Knesset was dissolved, it stays in force for purchases until 10.2.2027, under section 38 of Basic Law: The Knesset. If the next government does not extend it, the rate on an additional apartment will drop, according to reports, to 5% to 6%.

The price after signing in Israel: on a new apartment bought from a builder, the builder may link up to 40% of the price to the building-cost index. This is an index that Israel's Central Bureau of Statistics publishes every month, and it measures the cost of building materials and labour in

residential construction. The rule applies to contracts signed from 7 July 2022. The index rose 3.5% between July 2025 and July 2026. On an ILS 2.5 million apartment, the linked part is up to ILS 1 million, and a 3.5% rise on it is up to ILS 35,000 a year. This is an example of the calculation. The actual amount depends on the payment schedule in the contract and on the index over that period.

Where the buyer in Israel is better protected: Israel's Sale (Apartments) Law sets compensation for the buyer when the builder is late in handing over the home, and the builder cannot remove it in the contract. In Dubai the law does not set a fixed compensation amount; it is set in the contract. In serious cases, such as a long delay, you can go to court.

If you are an Israeli resident buying in Dubai, you need to report the property in Israel as well. I cover that in the guide to tax on a Dubai property.

Frequently asked questions

Is there a purchase tax in Dubai?

There is no tax by that name. You pay the Dubai Land Department a 4% registration fee, plus fixed fees.

Can the price of an off-plan home in Dubai go up after I sign?

The contract price is not index-linked. It can change only as the contract allows, usually when the final area differs from the area sold.

Do I get compensation if the handover is late?

Not automatically. The law does not set a fixed amount; compensation is set in the contract. In serious cases, such as a long delay, you can go to court.

So is a fixed price enough reason to buy?

No. The 4% fee and the fixed price work in your favour, but protection is limited when the handover is delayed, so check the developer and the contract first.

Sources

- The 4% registration fee: Dubai Land Department, FAQ and Dubai Real Estate Legislation.
- The contract price and the payment plan: Sotheby's International Realty and Afridi & Angell.
- The clauses on area changes, pushing back the date, compensation and changes to the specification: a 2024 sale contract of a large Dubai developer, which I went through.
- Purchase tax in Israel on an additional home: Nadlan Center and Madlan (in Hebrew).
- The only-home exemption and the temporary order: Nadlan Center and Klikat Nadlan (in Hebrew). In force until 10.2.2027: Bizportal and Klikat Nadlan (checked 18.11.2026, in Hebrew).

- Index-linking of up to 40% of the price in Israel: Nadlan Center and ynet (in Hebrew).
- The rise in the building-cost index: Calcalist and Klikat Nadlan (in Hebrew).
- Compensation for late handover under Israel's Sale (Apartments) Law: Maariv and Nadlan Center (in Hebrew). Compensation and claims in Dubai: Chambers.

Thinking about an investment apartment in Dubai?

Tell me your budget, whether you are buying in cash or with finance, and when you want to buy.

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This information is general and correct as of the update date. It is not legal or tax advice, and it does not replace reviewing your contract with a local lawyer.