

UAE Late Registration Penalty Waiver Initiative

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To (inside your company): CFO • Head of Tax • Financial Reporting • Controllers

Executive takeaways

- The FTA has launched a waiver initiative for the AED 10,000 late Corporate Tax registration penalty.
- A waiver is granted if the Tax Return or annual declaration is filed within 7 months (instead of 9 months) of the end of the first Tax Period or Financial Year.
- The initiative applies retroactively to all late registration penalties from 1 June 2023, with an effective start date of 14 April 2025.
- If the penalty has already been paid and conditions are met, an automatic refund will be credited to the EmaraTax account.

What changed & why it matters

- Accelerated Filing Incentive** — The filing deadline is reduced from 9 months to 7 months for the first Tax Period to qualify for the penalty waiver. *Why it matters:* This encourages early compliance while providing relief for taxpayers who experienced initial registration delays during Corporate Tax implementation.
- Retroactive Relief** — The waiver applies to all late registration penalties incurred since Corporate Tax commenced on 1 June 2023. *Why it matters:* This provides comprehensive relief for early implementation challenges and recognizes initial compliance difficulties.
- Automatic Processing** — No separate application is required; the waiver is automatically applied when the accelerated filing condition is met. *Why it matters:* This streamlines the administrative burden and ensures consistent application of the relief measures.

Action checklist

- Identify if a late registration penalty of AED 10,000 was imposed on your entity or its group members.
- Calculate the 7-month deadline from the end of the first Tax Period or Financial Year for accelerated filing.
- Prioritize the preparation and filing of the Tax Return or annual declaration to meet the accelerated timeline.
- Monitor the EmaraTax account for the automatic penalty waiver or credit processing after filing.
- Cancel any pending reconsideration requests, as these become null and void under the initiative.

Impact matrix

Compliance	H
Systems/ERP	L
Finance/Cash	H
Operations	L
Documentation	M
Training/Change	L

Timeline

Immediately — assess penalty status & accelerated deadline

Within 7 months — file Tax Return or declaration

Post-filing — automatic waiver or refund

Take Away

The late registration penalty waiver initiative provides significant relief for taxpayers who faced initial Corporate Tax registration challenges, offering an automatic waiver of AED 10,000 penalties in exchange for accelerated filing within 7 months. The initiative's retroactive application and comprehensive coverage demonstrate the FTA's recognition of early implementation difficulties. Companies should prioritize meeting the accelerated filing deadline for their first Tax Period or Financial Year to benefit from this relief measure.

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