

## Part Four

### Voluntary Disclosure

#### Article (10)

##### Voluntary Disclosure

1. If a Taxable Person becomes aware that a Tax Return submitted by him to the Authority or a Tax Assessment sent to him by the Authority is incorrect, resulting in a calculation of Payable Tax according to the Tax Law being less than it should have been, the Taxable Person must in that event apply to correct such Tax Return by submitting a Voluntary Disclosure within the time limit specified in the Executive Regulations of this Law.
2. If a Taxpayer becomes aware that a Tax refund application that he has submitted to the Authority is incorrect, resulting in a calculation of a refund to which he is entitled according to the Tax Law being more than it should have been, he must in that event apply to rectify the Tax refund application by submitting a Voluntary Disclosure within the time limit specified in the Executive Regulations of this Law.
3. If a Taxable Person becomes aware that a Tax Return submitted by him to the Authority or a Tax Assessment sent to him by the Authority are incorrect, resulting in the calculation of Payable Tax according to the Tax Law being more than it should have been, he may in that event apply to rectify such a Tax Return by submitting a Voluntary Disclosure.
4. If a Taxpayer becomes aware that a Tax refund application that he has submitted to the Authority is incorrect, resulting in the calculation of a refund amount to which he is entitled according to the Tax Law being less than the it should have been, he may in that event apply to rectify the Tax refund application by submitting a Voluntary Disclosure.

## CHAPTER THREE

### Tax Procedures

#### Part One

##### Notification

#### Article (11)

##### Methods of Notification

1. The Authority shall notify a Person of any decisions or procedures through the address stated in the correspondence between the Authority and that Person.
2. The Authority shall notify a Taxable Person through the address stated in the Tax Return, unless the Authority is informed of a change in address by the Taxable Person, his Legal Representative or his Agent.
3. In all cases, a Person shall be treated as having been notified of any decision and as having received any correspondence if it appears that the Authority has sent the notification and correspondence according to the provisions of sections (1) and (2) of this Article.
4. The Executive Regulations of this Law shall specify the means used for Notifications and correspondence.

## Part Two

### Tax Agent

#### Article (12)

##### Register of Tax Agents

A Register of Tax Agents shall be established at the Authority. For each Tax Agent there will be a file in which all matters related to his professional conduct shall be lodged.

#### Article (13)

##### Tax Agents Registration

It is not permitted for any Person to practise the profession of a Tax Agent in the State unless he is listed in the Register and licensed for this purpose by the Ministry of Economy and the competent local authority.

#### Article (14)

##### Conditions of Registration in the Register

1. Anyone listed in the Register must satisfy the following conditions:
  - a. be of good conduct and behaviour and never have been convicted of a crime or misdemeanour prejudicial to honour or honesty, notwithstanding that he may have been rehabilitated.
  - b. hold an accredited qualification from a recognised university or institute showing his specialisation and practical experience as specified in the Executive Regulations of this Law.
  - c. be medically fit to perform the duties of the profession.
  - d. hold professional indemnity insurance.
2. A Tax Agent must notify the Authority of any period during which he ceases to practise his profession as a Tax Agent if he is hindered from practicing, and he can request to resume his practice when such hindrance ceases to exist.
3. The Executive Regulations of this Law shall specify the procedures for listing a Tax Agent in the Register and the rights and obligations of the Tax Agent before the Authority and the Person.

#### Article (15)

##### Appointment of a Tax Agent

1. A Person may appoint a Tax Agent to act in his name and on his behalf with regard to his tax affairs with the Authority without prejudice to that Person's responsibility to the Authority.
2. It is not permitted for the Authority to deal with any Tax Agent regarding any Person if such Person informs the Authority that his agency engagement has ended or that the Tax Agent has been dismissed.

#### Article (16)

##### Person's Records with the Tax Agent

1. The Tax Agent must, upon the Authority's request, provide it with all the information, documents, records and data required for any Person represented by the Tax Agent.
2. The Authority may review the records of any Person available with his Tax Agent and may rely on them for the purposes of a Tax Audit, even after the expiry of the agency engagement or the dismissal of the Tax Agent.

**Part Three**  
**Tax Audits**

**Article (17)****The right of the Authority to perform a Tax Audit**

1. The Authority may perform a Tax Audit on any Person to ascertain the extent of that Person's compliance with the provisions of this Law and the Tax Law.
2. The Authority may perform the Tax Audit at its office or the place of business of the Person subject to the Tax Audit or any other place where such Person carries on Business, stores goods or keeps records.
3. If the Authority decides to perform a Tax Audit at the place of Business of the Person subject to the Tax Audit or any other place where such Person carries on his Business, stores goods or keeps records, the Authority must inform him at least five business days prior to the Tax Audit.
4. By way of exception to section (3) of this Article, the Tax Auditor has the right of entry to any place where the Person subject to the Tax Audit carries on his Business, stores goods, or keeps records, and as the case may be it will be temporarily closed in order to perform the Tax Audit for within a time limit not exceeding 72 hours without prior notice in any of the following cases:
  - a. if the Authority has serious grounds to believe that the Person subject to the Tax Audit is participating or involved in Tax Evasion whether related to this Person or another Person;
  - b. if the Authority has serious grounds to believe that not temporarily closing the place where the Tax Audit is conducted will hinder the conduct of the Tax Audit;
  - c. if the Person who has been given advance notice of the Tax Audit under section (3) of this Article attempts to hinder the Tax Auditor's access to the place where the Tax Audit is to be performed.
5. In all cases stated in section (4) of this Article, the Tax Auditor must obtain the prior written consent of the Director General; and if the place to be accessed is a place of residence then a permit from the Public Prosecutor must also be obtained.
6. Places closed under this Article must be reopened upon the expiration of 72 hours, unless the Authority obtains a permit from the Public Prosecutor to extend the closure time limit for a similar period prior to the expiry of the preceding 72 hours.
7. A criminal case can be initiated only upon an application from the Director General.
8. The Executive Regulations of this Law shall specify the necessary procedures related to the Tax Audit.

**Article (18)****The Right of the Authority to Access the Original Records or Copies Thereof During a Tax Audit**

While conducting a Tax Audit, the Tax Auditor may obtain original records or copies thereof, or take samples of the stock, equipment or other assets from the place at which the Person subject to the Tax Audit carries on his business or which are in his possession, or may seize them in accordance with the rules that shall be specified in the Executive Regulations of this Law.

**Article (19)****Timing of the Tax Audit**

A Tax Audit will be conducted during the official working hours of the Authority. In cases of necessity, a Tax Audit may be exceptionally conducted outside such hours by decision of the Director General.

## **Article (20)**

### **New Information Surfacing after a Tax Audit**

The Authority may audit any issue previously audited if new information surfaces that might impact the outcome of the Tax Audit, provided that the Tax Audit procedures shall apply in accordance with the provisions of this Law and its Executive Regulations.

## **Article (21)**

### **Cooperation during the Tax Audit**

Any Person subject to a Tax Audit, his Tax Agent or Legal Representative must facilitate and offer assistance to the Tax Auditor to enable him to perform his duties.

## **Article (22)**

### **The Audited Person's Rights**

The audited Person has the right to:

1. request the Tax Auditors to show their job identification cards.
2. obtain a copy of the Tax Audit Notification.
3. attend the Tax Audit which take place outside the Authority.
4. Obtain copies of any original paper or digital documents seized or obtained by the Authority during the Tax Audit, according to what is specified in the Executive Regulations of this Law.

## **Article (23)**

### **Notification of the Tax Audit Results**

1. The Authority must inform the Person subject to Tax Audit of the final results of the Tax Audit within the time limit and according to the procedures specified in the Executive Regulations of this Law.
2. The Person subject to the Tax Audit may view or obtain the documents and data on which the Authority based its assessment of Due Tax according to the provisions specified in the Executive Regulations of this Law.

## **Part Four**

### **Tax Assessments and Administrative Penalties Assessment**

## **Article (24)**

### **Tax Assessments**

1. The Authority shall issue a Tax Assessment to determine Payable Tax and notify the Taxable Person within five business days of its issuance, in any of the following cases:
  - a. the Taxable Person failing to apply for registration within the timeframe specified by the Tax Law.
  - b. the Registrant failing to submit a Tax Return within the timeframe specified by the Tax Law.
  - c. the Registrant failing to settle the Payable Tax stated as such on the Tax Return that was submitted within the time limit specified by the Tax Law.
  - d. the Taxable Person submitting an incorrect Tax Return.
  - e. the Registrant failing to account for Tax on behalf of another Person when he is obligated to do so under the Tax Law.

- f. there being a shortfall in Payable Tax as a result of a Person's Tax Evasion, or as a result of a Tax Evasion in which such Person was involved.
2. The Authority shall issue an estimated Tax Assessment if it has not been possible to determine the amount of Tax deemed to be Payable Tax or the Refundable Tax that has not been due to be refunded, as the case may be.
3. The Authority may amend an estimated Tax Assessment based on new information that surface after the issue of the estimated Tax Assessment. It must notify the concerned Person of these amendments within (5) five business days from the date of amendment.
4. The Executive Regulations of this Law shall specify the information or data that must be included in the Tax Assessment.

## **Article (25)**

### **Administrative Penalties Assessment**

1. The Authority shall issue an Administrative Penalties Assessment for a Person and notify him within (5) five business days for any of the following violations:
  - a. the Person carrying on a Business failing to keep the required records and other information specified in this Law and the Tax Law.
  - b. the Person carrying on Business failing to submit the data, records and documents related to Tax in Arabic to the Authority when requested.
  - c. the Taxable Person failing to submit a registration application within the timeframe specified in the Tax Law.
  - d. the Registrant failing to submit a deregistration application within the timeframe specified in the Tax Law.
  - e. the Registrant failing to inform the Authority of any circumstance that requires the adjustment of the information pertaining to his tax record kept by the Authority.
  - f. the Person appointed as a Legal Representative for the Taxable Person failing to inform the Authority of his appointment within the specified timeframe, in which case the penalties will be due from the Legal Representative's own funds.
  - g. the Person appointed as a Legal Representative for the Taxable Person failing to file a Tax Return within the specified timeframe, in which case the penalties will be due from the Legal Representative's own funds.
  - h. the Registrant failing to submit the Tax Return within the timeframe specified in the Tax Law.
  - i. the Taxable Person failing to settle the Payable Tax stated in the submitted Tax Return or Tax Assessment he was notified of, within the timeframe specified in the Tax Law.
  - j. the Registrant submitting an incorrect Tax Return.
  - k. the Person voluntarily disclosing errors in the Tax Return, Tax Assessment or Refund Application pursuant to Article 10 (1) and (2) of this Law.
  - l. the Taxable Person failing to voluntarily disclose errors in the Tax Return, Tax Assessment or Refund Application pursuant to Article 10 (1) and (2) of this Law before being notified that he will be subject to a Tax Audit.
  - m. the Person carrying on a Business failing to offer the facilitation and assistance to the Tax Auditor in violation of the provisions of Article (21) of this Law.
  - n. the Registrant failing to calculate Tax on behalf of another Person when the registered Taxable Person is obligated to do so under the Tax Law.
  - o. any other violation for which a resolution is issued by the Cabinet.
2. The Executive Regulations of this Law shall specify the information and data that must be included in the Administrative Penalties Assessment.

3. The Cabinet shall issue a resolution that specifies the Administrative Penalties for each of the violations listed in section (1) of this Article. Such Administrative Penalties shall be no less than 500 Dirhams for any violation and shall not exceed three times the amount of Tax in respect of which the Administrative Penalty was levied.
4. The imposition of any Administrative Penalty pursuant to the provisions of this Law or any other law shall not exempt any Person of his liability to settle the Due Tax in accordance with the provisions of this Law or the Tax Law.

## **Part Five**

### **Penalties**

## **Article (26)**

### **Tax Evasion Penalties**

1. Without prejudice to any more severe penalty applicable under any other law, a prison sentence and monetary penalty not exceeding five times the amount of evaded Tax or either of the two, shall be imposed on:
  - a. a Taxable Person who deliberately fails to settle any Payable Tax or Administrative Penalties.
  - b. a Taxable Person who deliberately understates the actual value of his Business or fails to consolidate his related Businesses with the intent of remaining below the required registration threshold.
  - c. a Person who charges and collects amounts from his clients claiming them to be Tax without being registered.
  - d. a Person who deliberately provides false information and data and incorrect documents to the Authority.
  - e. a Person who deliberately conceals or destroys documents or other material that he is required to keep and provide to the Authority.
  - f. a Person who deliberately steals, mis-uses or causes the destruction of documents or other materials that are in the possession of the Authority.
  - g. a Person who prevents or hinders the Authority's employees from performing their duties.
  - h. a Person who deliberately decreases the Payable Tax through Tax Evasion or conspiring to evade Tax.
2. The imposition of a penalty under the provisions of this Law or any other Law shall not exempt any Person from the liability to pay any Payable Tax or Administrative Penalties under the provisions of this Law or any Tax Law.
3. The competent court shall impose Tax Evasion penalties against any Person who is proven to have been directly involved or instrumental in Tax Evasion pursuant to Federal Law No. (3) of 1987 referred to.
4. Without prejudice to section (2) of this Article, any Person who is proven to have been directly involved or instrumental in Tax Evasion pursuant to section (3) of this Article shall be jointly and severally liable with the Person whom he has assisted, to pay the Payable Tax and Administrative Penalties pursuant to this Law or any other Tax Law.

## CHAPTER FOUR

### OBJECTIONS

#### Part One

#### Application for Reconsideration

#### Article (27)

##### Procedures for Application for Reconsideration

1. Any Person may submit a request to the Authority to reconsider any of its decisions issued in connection with him in whole or in part provided that reasons are included, within 20 business days from him being notified of the decision.
2. The Authority shall review a request for reconsideration if it has fulfilled the requirements and issue its decision with reasons within 20 business days from receipt of such application. The Authority must inform the applicant of its decision within five business days of issuing the decision.

#### Part Two

#### Objections to the Committee

#### Article (28)

##### Tax Disputes Resolution Committee

1. One or more permanent committee shall be formed known as the “Tax Disputes Resolution Committee”, chaired by a member of the judicial authority and two expert members being persons registered on the register of Tax experts to be appointed by a decision by the Minister of Justice in coordination with the Minister.
2. A decision shall be issued by the Cabinet regarding the Committee’s code of practice rules, the remuneration of its members, and the procedures it shall follow.

#### Article (29)

##### Jursidictions of the Committee

The Committee shall have jurisdiction to:

1. decide in respect of objections submitted regarding the Authority’s decisions on reconsiderations requests.
2. decide in respect of reconsideration requests submitted to the Authority where the Authority has not made a decision according to the provisions of this Law.
3. any other jurisdictions entrusted to the Committee by the Cabinet.

#### Article (30)

##### Procedures for Submitting Objections

1. An objection regarding the Authority’s decisions on a reconsideration request shall be submitted within 20 business days from the date of Notification.

2. An objection submitted to the Committee shall not be accepted in the following instances:
  - a. if a reconsideration request has not been previously submitted to the Authority.
  - b. if the Tax and Penalties subject of the objection have not been settled.

## **Article (31)**

### **Procedures of the Committee**

1. The Committee shall review the objection submitted and make a decision within 20 business days from receipt of the objection.
2. The Committee may extend the time for making its decision for no more than additional 20 business days after the end of the time limit specified in section (1) of this Article if it sees that there are reasonable grounds for that extension in order to make a decision regarding the objection.
3. The Authority shall inform the Person submitting the objection of its decision within five business days of its issuance.
4. The Committee's decision on the objection shall be treated as final if the total amount of the Tax and Administrative Penalties due is not more than 100,000 Dirhams.
5. In no case may Tax disputes may be brought before the Competent Court if an objection has not been first submitted to the Committee.

## **Article (32)**

### **Enforcement the Committee's Decision**

Final decisions issued by the Committee regarding disputes which do not exceed 100,000 Dirhams shall be treated as executory instruments pursuant to this Law, while final decisions of disputes exceeding 100,000 Dirhams shall be treated as executory instruments if they are not challenged before the Competent Court within 20 business days from the date of rejection of the objection and shall be enforced through the execution judge at the Competent Court pursuant to the Civil Procedures Law in the State.

## **Part Three**

### **Challenges before Courts**

## **Article (33)**

### **Challenge Procedures before Courts**

1. Without prejudice to the provisions of Article (32) of this Law, the Authority and a Person may challenge any of the Committee's decisions before the Competent Court within 20 business days from the objector being notified of the Committee's decision.
2. Challenges may be made to the Competent Court in the following instances:
  - a. There being an objection to the whole or part of the decision of the Committee.
  - b. A decision not having been issued by the Committee regarding an objection submitted to it in accordance with the provisions of this Law.

## CHAPTER FIVE

### REFUND AND COLLECTION OF TAX

#### Part One

##### Refund of Tax

#### Article (34)

##### Application for Tax Refunds

A Taxpayer may apply for a refund of any Tax he has paid if he is entitled to a refund under the Tax Law and it appears that the amount he has paid is in excess of the Payable Tax and Administrative Penalties, pursuant to the procedures specified in the Executive Regulations of this Law.

#### Article (35)

##### Tax Refund Procedures

1. The Authority shall set-off the amount applied to be refunded against any other Payable Tax or Administrative Penalties due from the Taxpayer who has applied for the refund pursuant to the Tax Return or Tax Assessment issued by the Authority before refunding any amount relating to a particular tax.
2. The Authority may decline to refund the amounts mentioned in section (1) of this Article if it finds that there are other disputed Tax amounts that are due in relation to that Person or according to a decision of the Competent Court.
3. The Authority shall issue a Tax refund under this Article pursuant to the procedures and provisions specified in the Executive Regulations of this Law.

#### Part Two

##### Tax Collection

#### Article (36)

##### Collection of Payable Tax and Administrative Penalties

If a Taxable Person fails to settle any Payable Tax or Administrative Penalties within the specified timeframe under this Law and the Tax Law, the following measures shall be taken:

1. The Authority shall send the Taxable Person a notice to pay Payable Tax and Administrative Penalties within 20 business days of the date of Notification.
2. If the Taxable Person fails to make payment after being notified pursuant to section (1) of this Article, the Director General shall issue a decision obligating the Taxable Person to settle the Payable Tax and Administrative Penalties which shall be communicated to him within five business days from the issuance of the decision accompanied by the Tax Assessment and Administrative Penalties Assessments.
3. The decision of the Director General regarding the Tax Assessment and Administrative Penalties Assessments shall be treated as an executory instrument for the purposes of enforcement through the execution judge at the Competent Court.

## Part Three

### Settlement and Collection of Tax and Administrative Penalties in Special Cases

#### Article (37)

##### Obligations of the Legal Representative

The Legal Representative must continue to submit the required Tax Returns to the Authority on behalf of the Taxable Person.

#### Article (38)

##### Responsibility of Settlement in the Case of a Partnership

If multiple Persons participate in a Business that does not have independent legal personality, each of them shall be jointly and severally liable towards the Authority for any Payable Tax and Administrative Penalties related to such Business.

#### Article (39)

##### Tax and Administrative Penalties Settlement in Special Cases

1. In cases of death, Payable Tax shall be paid as follows:
  - a. for Payable Tax due from a natural Person prior to the date of death, payment shall be made from the value of the elements of the inheritance or income arising thereof prior to distribution among the heirs or legatees.
  - b. if it transpires after the distribution of the inheritance that there is Payable Tax still outstanding, recourse shall be had against the heirs and legatees for payment of such outstanding tax, unless a Clearance Certificate has been obtained from the Authority for the inheritance representative or any of the heirs.
2. Payable Tax and Administrative Penalties due from a Taxable Person of missing capacity, or who is absent or missing, or a person without a known place of residence, or the like, shall be paid by their Legal Representative from the funds and assets of the Taxable Person.
3. Payable Tax and Administrative Penalties due from a Taxable Person who is an incapacitated person shall be paid by their Legal Representative from the funds and assets of the Taxable Person.

#### Article 40

##### Settlement of Tax in Bankruptcy Case

1. The appointed Trustee shall communicate with the Authority to notify him of the Due Tax or of its intention to perform a Tax Audit for the specified Tax Period or Tax Periods.
2. The Authority shall notify the Trustee of the amount of Due Tax or of the Tax Audit within 20 business days after being notified by the Trustee.
3. The Trustee may object or appeal the estimate of the Authority or settle the Due Tax.
4. The Executive Regulations shall specify the procedures of communicating with the Authority, objection, appeal and settlement of Due Tax.

## CHAPTER SIX

### GENERAL PROVISIONS

#### Part One

##### Confidentiality

#### Article (41)

##### Professional Confidentiality

1. Employees of the Authority must not disclose information that they have obtained or to which they have had access to in their capacity as employees or by reason of such capacity while during their employment, save as specified or defined in accordance with the Executive Regulations of this Law.
2. In all cases provided for in section (1) of this Article, disclosure may be made only with the approval of officers authorised by the Authority's board of directors, in accordance with the Executive Regulations of this Law.
3. Employees of the Authority shall, after cessation of their employment, continue to maintain professional confidentiality, and shall not disclose information that they have obtained or to which they have had access to in their capacity as employees or by reason of such capacity, unless otherwise requested by the judicial authorities and in accordance with the Executive Regulations of this Law.
4. Any person who has obtained information pursuant to the provisions of this Law shall not disclose or use the information for any purposes other than those for which the information was obtained, without prejudice to the obligation arising from judiciary.
5. The Authority's board of directors shall issue the regulations and instructions regulating internal procedures to protect confidentiality of information within the Authority, and the obligations of the Tax Agent in this regard.

#### Part Two

##### Timeframes and Lapse of Time

#### Article (42)

##### Statute of Limitation

1. Except in cases of proven Tax Evasion or non-registration for Tax purposes, the Authority may not conduct a Tax Assessment after the expiration of five years from the end of the relevant Tax Period.
2. In case Tax Evasion is proven, the Authority may conduct a Tax Assessment within 15 years from the end of the Tax Period in which the Tax Evasion occurred.
3. In cases of non-registration for Tax purposes, the Authority may conduct a Tax Assessment within 15 years from the date on which the Taxable Person should have registered.

#### Article (43)

##### The Authority's Right to Claim

Payable Tax and Administrative Penalties of which the Taxable Person has been notified do not lapse with time and the Authority may claim them at any time.

## **Article (44)**

### **Time Limit for Tax Obligations**

In case a period of time is not specified for the performance of any obligations or other procedure in this Law or the Tax Law, the Authority shall grant the Taxable Person a period appropriate to the nature of the obligation or procedure of not less than five business days and not exceeding 40 business days from the date of the event resulting in the arising obligation or the conduct of the procedure.

## **Article (45)**

### **Calculation of Timeframes**

In all events, the following rules shall be observed when calculating time limit:

1. The day of notification or the day of occurrence of the event by reason of which the time limit began shall not form part of it.
2. If the last day of the time limit coincides with a public holiday, the time limit shall be extended to the first business day thereafter.

## **Article (46)**

### **Reduction of or Exemption from Administrative Penalties**

If the Authority imposes an Administrative Penalty on any Person for a violation of the provisions of this Law or the Tax Law, the Authority may reduce or exempt the Person from such Administrative Penalty if the Person produces evidence justifying the reason for his failure to comply, pursuant to the provisions specified in the Executive Regulations of this Law.

## **Article (47)**

### **Calendar**

Timelimits and due dates provided for in this Law and the Tax Law shall be calculated according to the Gregorian calendar.

## **Part Three**

### **Closing Provisions**

## **Article (48)**

### **Proof of Accuracy of Data**

The burden of proving the accuracy of the Tax Return falls upon the Taxable Person, and the burden of proving cases of Tax Evasion falls upon the Authority.

## **Article (49)**

### **Conflict of Interest**

All Authority staff members are prohibited from performing or participating in any tax procedures related to any Person in the following cases:

1. The member of staff and that Person being related up to the fourth degree.
2. There being a common interest between the member of staff and Person or between any of their relatives up to the third degree.
3. The Director General deciding that the member of staff should not perform any tax procedures related to that Person owing to a case of conflict of interest.

## **Article (50)**

### **Judicial Officers**

The Director General and Tax Auditors appointed by a decision from the Minister of Justice in agreement with the Minister shall have the capacity of Judicial Officers in recording violations of the provisions of this Law, the Tax Law or decisions issued in implementation thereof.

## **Article (51)**

### **Authority Fees**

The Cabinet shall, according to a suggestion by the Minister, issue a decision specifying the fees due in implementation of the provisions of this Law and its Executive Regulations.

## **Article (52)**

### **Repeal of Conflicting Provisions**

All provisions contrary to or in conflict with the provisions of this Law are repealed.

## **Article (53)**

### **Executive Regulations**

The Cabinet shall, according to a suggestion by the Minister, issue the Executive Regulations of this Law within 6 months of the issuance of this Law.

## **Article (54)**

### **Publication and Coming into Force of this Law**

This Law shall be published in the Official Gazette and shall come into force 30 days from the date of publication.

**Khalifa bin Zayed Al Nahyan**

**President of the United Arab Emirates**

**Issued by us at the Presidential Palace in Abu Dhabi**

On: 16 Ramadan 1438H

Corresponding to: 11 June 2017

**CABINET DECISION NO. (36) OF 2017 ON THE  
EXECUTIVE REGULATION OF FEDERAL LAW  
NO. (7) OF 2017 ON TAX PROCEDURES**

**Cabinet Decision No. (36) of 2017 on the Executive  
Regulation of Federal Law No. (7) of 2017 on  
Tax Procedures**

**The Cabinet,**

- Having reviewed the Constitution;
- Federal Law No. (1) of 1972 on the Competencies of the Ministries and Powers of the Ministers and its amendments;
- Federal Decree-Law No. (13) of 2016 on the Establishment of the Federal Tax Authority;
- Federal Law No. (7) of 2017 on Tax Procedures;
- Based on what was presented by the Minister of Finance and approved by the Cabinet,

**Has decided:**

# Title One

## DEFINITIONS

### Article (1)

#### Definitions

In the application of the provisions of this Decision, the following words and expressions shall have the meanings assigned against each, unless the context otherwise requires:

**State:** United Arab Emirates

**Authority:** Federal Tax Authority

**Board:** Authority's board of directors.

**Director-General:** Director-General of the Authority

**Competent Court:** Federal court within whose jurisdiction the Authority's Head Office or branch is located.

**Tax:** Any Federal tax administered, collected or enforced by the Authority.

**Tax Law:** Any federal law pursuant to which a Federal Tax is imposed.

**Person:** A natural or legal person.

**Business:** Any activity conducted in an ongoing, regular and independent manner by any Person and in any location, such as an industrial, commercial, agricultural, professional, vocational or service activity, drilling activities or anything related to the use of material or non-material property.

**Premises:** the place of business of the Person subject to Tax Audit, any other place in which he conducts his business, or where he stores goods or records.

**Taxable Person:** A Person who is subject to Tax under the provisions of the relevant Tax Law.

**Taxpayer:** Any Person who is obligated to pay Tax in the State under the Tax Law, whether such Person is a Taxable Person or an end consumer.

**Tax Return:** Information and data specified for Tax purposes and submitted by a Taxable Person in accordance with the form prepared by the Authority

**Tax Period:** A specified period of time for which the Payable Tax shall be calculated and paid.

**Tax Registration:** A procedure by which a Taxable Person or his Legal Representative registers with the Authority for Tax purposes.

**Tax Registration Number (TRN):** A unique number issued by the Authority for each Person registered for Tax purposes.

**Registrant:** A Taxable Person who has been granted a TRN.

**Legal Representative:** The manager of a company or a guardian or custodian of a minor or incapacitated person, or the bankruptcy trustee appointed by court for a company that is in bankruptcy, or any other Person legally appointed to represent another Person.

**Due Tax:** Tax that is calculated and imposed under the provisions of any Tax Law.

**Payable Tax:** Tax that has become due for payment to the Authority.

**Administrative Penalties:** Monetary amounts imposed on a Person by the Authority for breaching the provisions of the Law or the Tax Law.

**Refundable Tax:** Amounts that have been paid and that the Authority may return in whole or in part to the Taxpayer pursuant to the relevant Tax Law require to use for the payment of amounts due or Administrative Penalties or require to carry forward to future Tax Periods depending on the nature of the refund, according to the Tax Law.

**Tax Assessment:** A decision issued by the Authority in relation to the Payable Tax or Refundable Tax.

**Administrative Penalties Assessment:** A decision issued by the Authority concerning Administrative Penalties due.

**Notification:** Notification to the concerned Person or his Tax Agent or Legal Representative of the decisions issued by the Authority through the means stated in the Law and this Decision.

**Voluntary Disclosure:** A form prepared by the Authority pursuant to which the Taxpayer notifies the Authority of an error or omission in the Tax Return, Tax Assessment or Tax Refund application in accordance with the provisions of the Tax Law.

**Register:** The Register of Tax Agents.

**Tax Agent:** Any Person registered with the Authority in the Register, who is appointed on behalf of another Person to represent him before the Authority and assist him in the fulfilment of his Tax obligations and the exercise of his associated tax rights.

**Tax Audit:** A procedure undertaken by the Authority to inspect the commercial records or any information or data related to a Person conducting Business.

**Tax Auditor:** Any member of the Authority's staff appointed as a Tax Auditor.

**Documents:** Original documents or copies thereof that are related to the Person conducting a Business, and forming a part of the Person's legal records.

**Assets:** Tangible assets, including equipment, machinery, stock and others, that the Authority has considers as owned, leased or used in connection with the conduct of business by any Person.

**The Law:** Federal Law No. (7) of 2017 on Tax Procedures.

## **Title Two**

# **KEEPING ACCOUNTING RECORDS AND COMMERCIAL BOOKS**

### **Article (2)**

#### **Keeping Accounting Records and Commercial Books**

1. Accounting Records and Commercial Books shall include the following:
  - a. Accounting books in relation to that Business, which include records of payments and receipts, purchases and sales, revenues and expenditures, and any business, and any matters as required under any Tax Law or any other applicable law, including:
    - 1) Balance sheet and profit and loss accounts.
    - 2) Records of wages and salaries.
    - 3) Records of fixed assets.
    - 4) Inventory records and statements (including quantities and values) at the end of any relevant Tax Period and all records of stock-counts related to Inventory statements.
  - b. Additional records as may be required in the Tax Law and its Executive Regulation.
2. In addition to the Accounting Records and Commercial Books mentioned in Clause (1) of this Article, the Authority may require any other information in order to confirm, through an audit trail, the Person's Tax obligations, including any liability to register for Tax purposes.

### **Article (3)**

#### **Period of Record-Keeping**

1. Every Person holding and maintaining any of the records mentioned in Article (2) of this Decision, shall keep these records in a manner that enables the Authority, or an officer authorised by the Authority, to ascertain that Person's Tax obligations, as follows:
  - a. For a period of (5) years after the end of the Tax Period to which they relate in the case of a Taxable Person.
  - b. For a period of (5) years from the end of the calendar year in which the concerned document was created in the case of non-Taxable Persons.
  - c. For a period specified in the Tax Law for real estate records.
2. The Authority may, before the expiry of the period specified in paragraph (a) of Clause (1) of this Article, inform the Person to retain the records for a further period not exceeding (4) years, in cases where he is required to do so including the following:
  - a. If the Taxable Person's tax obligations are subject to a dispute between him and the Authority.
  - b. If the Person is being subject to a Tax Audit and that Tax Audit has not yet been completed.
  - c. If the Authority has given notice to the Person that it intends to conduct a Tax Audit before the expiry of the period specified in Clause (1) of this Article.

3. If a Person is no longer a Taxable Person, he shall be required to comply with the provisions of paragraph (b) of Clause (1) of this Article.
4. Where a Person enters into bankruptcy proceedings, his Legal Representative is required to keep the records of that Person for 12 months from the date on which those proceedings have come to an end.
5. For the purposes of Clause (4) of this Article, should the Authority require the records to be kept for a longer period, it may take possession of them, at a time agreed with the Legal Representative responsible for the relevant bankruptcy proceedings.

## **Article (4)**

### **How to Keep Accounting Records and Commercial Books**

1. Unless otherwise required by the Tax Law, the obligation to maintain Accounting Records and Commercial Books shall be met through any of the following:
  - a. Creating the record and the retention of original Documents which support the entries contained in the record.
  - b. Creating the record and preserving the information that was contained in the original document, provided that:
    - 1) The information matches the data contained in the original document, and shall be available during the periods referred to in Article (3) of this Decision.
    - 2) The information retained or stored in either photocopy or electronic form, and an easily readable copy of it can be reproduced within a reasonable period, if requested by the Authority.
      - a. The Authority may lay down the rules of preserving information contained in Accounting Records and Commercial Books, and impose such reasonable requirements for ensuring that the information will be as readily available to it as if the original records themselves had been preserved.

## **Article (5)**

### **The use of a language other than the Arabic**

1. Tax Return, data, information, records and other Documents related to any Tax shall be submitted to the Authority in Arabic, as per the mechanism specified by the Tax Law.
2. As an exception to Clause (1) of this Article, the Authority may accept data, information, records and other Documents related to any Tax to be submitted to it in English; the Authority may, at its discretion, request the Person to translate some or all of these to Arabic.
3. Where the data, information, records and other Documents related to any Tax are issued in any foreign language other than English, the Person is required to submit these Documents to the Authority as translated into Arabic.
4. The Person submitting any translation of data, information, records and other Documents related to any Tax to the Authority shall be liable for the accuracy and correctness of the translation, and shall bear all associated costs. The Authority shall have the right to rely on the translation provided.

## **Title Three**

# **REGISTRATION AND DE-REGISTRATION FOR TAX PURPOSES**

### **Article (6)**

#### **Procedures of Tax Registration, De-registration and Amending Details of Registration**

The following procedures with respect to tax registration and de-registration shall be followed:

1. A Tax Registration application shall be submitted by the non-registered Taxable Person or any other Person who has the right to be registered to the Authority according to the forms adopted by the Authority in this regard.
2. A Tax de-registration application shall be submitted to the Authority by the Registrant who is required or has the right, to be deregistered based on the forms adopted by the Authority in this regard.
3. The Authority shall review the tax registration or de-registration application in accordance with the rules adopted in this regard.
4. Tax registration or de-registration shall be finalised by issuing the Tax Registration Number for the applicant, or cancelling this number, or reactivating the Tax Registration Number if the Authority re-registers a Person, as the case may be.
5. The Authority shall notify the Person of his tax registration or de-registration or the reactivation of his registration based on the mechanism adopted thereby in this regard.
6. A Registrant shall within (20) business days notify the Authority of any of the following:
  - a. Any change to the name, address, articles of association, or nature of the Business of that Registrant.
  - b. Any change to the address from which any Business is conducted by that Registrant.
7. The Government body responsible for issuing business licences shall inform the Authority in writing of any licences that has been issued thereby on the form specified by the Authority, within (20) business days from issuing the licence, provided that such notification include the following:
  - a. The name of the business.
  - b. The type of commercial licence.
  - c. The commercial licence number.
  - d. The date of issuance of the commercial license.
  - e. The registered address of the business.
  - f. Description of the activities of the business.
  - g. The details of the owners and directors of the business.
  - h. Any other information requested by the Authority.
8. Any Person appointed as a Legal Representative is required to give a notice of his appointment to the Authority within (20) business days from the appointment date, such notice shall be in writing or by the form determined by the Authority, and shall include the following:
  - a. The type of appointment.

- b. The Person's responsibilities.
  - c. The duration of the appointment, in the case of fixed-term appointment.
  - d. The name, address and Tax Registration Number, if applicable, of the Taxable Person who is represented by the Legal Representative.
  - e. The name and address of the Legal Representative.
  - f. The legal basis of the appointment.
9. When a notice is given in accordance with Clause (8) of this Article, it shall be accompanied by appropriate evidence of the appointment of the Legal Representative, such as a copy of the document that states the legal basis for the appointment.
10. The Authority may request further information from the applicant about the appointment of the Legal Representative and may obtain from other persons information relating to the appointment in order to verify the details of the appointment.
11. Where the Authority accepts the appointment of the Legal Representative, it will notify the Legal Representative of the acceptance of his appointment within (20) business days as of such acceptance.

## **Title Four**

# **TAX OBLIGATIONS**

### **Article (7)**

#### **Allocation of Unidentified payments**

1. If the Taxable Person settles any amount to the Authority without specifying the type of Tax or Tax Period to which it relates, the Authority may allocate the amount for settling any debts or liabilities due to the Authority based on seniority.
2. If the amount received by the Authority under Clause (1) of this Article, exceeds the Taxable Person's existing liabilities, the Authority shall treat the excess amount received as a credit against future liabilities of the Taxable Person, where the Taxable Person did not request the excess amount to be returned.
3. The Authority shall notify the Taxable Person regarding the allocation of payments according to Clause (1) of this Article.

## **Title Five**

# **VOLUNTARY DISCLOSURE**

### **Article (8)**

#### **Time Limits for Voluntary Disclosure**

1. If a Taxable Person becomes aware that a Tax Return submitted by him to the Authority or a Tax Assessment sent to him from the Authority are incorrect, resulting in a calculation of the Payable Tax according to the Tax Law being less than required by more than (10,000) Dirhams, the Taxable Person shall make a Voluntary Disclosure to the Authority within (20) business days from the date when the Taxable Person became aware of the error.
2. If a Taxable Person becomes aware that a Tax Return submitted by him to the Authority or a Tax Assessment sent to him from the Authority is incorrect, resulting in a calculation of Payable Tax according to the Tax Law being less than required by not more than (10,000) Dirhams, the Taxable Person shall make the following:
  - a. To correct the error in the Tax Return for the Tax Period in which the error has been discovered, if the Taxable Person is obligated to submit a Tax Return to the Authority for this Tax Period.
  - b. The Taxable Person shall make a Voluntary Disclosure to the Authority within (20) business days from the date of becoming aware of the error, if there is no Tax Return through which the error can be corrected according to paragraph (a) of this Clause.
3. If a Taxpayer becomes aware that a Tax refund application that he has submitted to the Authority is incorrect, resulting in a calculation of a refund to which he is entitled according to the Tax Law being more than the correct amount, the Taxpayer shall make a Voluntary Disclosure to the Authority within (20) business days from the date when the Taxpayer becomes aware of the error, unless the error was a result of an incorrect Tax Return or Tax Assessment, then provisions of Clauses (1) and (2) shall apply.
4. For the purposes of implementing this Article, a Voluntary Disclosure must be made in accordance with the form directed by the Authority.

## Title Six

# TAX NOTIFICATIONS

### Article (9)

#### Means of Notification and Correspondence by the Authority

1. The Authority shall execute the Notification by any of the following means:
  - a. Post.
  - b. Registered post.
  - c. By electronic mail to the address provided by the Person being notified.
  - d. Posting on the premises of the Taxable Person
  - e. Any other means as may be agreed by the Person and the Authority.
2. If the Authority considers that notifying the unregistered person by the means mentioned in Clause of this Article is not practical for the cases of Notification mentioned in Article (13) of this Decision, the Notification may be made by posting a notice in a printed or written form at the Premises at which a Tax Audit is to be conducted.
3. For the purposes of Clause (1) of this Article, the Authority may use any of the following contact addresses for a Person, according to the cases mentioned:
  - a. For delivery by post or registered post: the address provided by the Person to the Authority, or the address of their usual or last known place of residence or business may be used.
  - b. In case of natural Person: the email address that they have provided to the Authority or the Person's last known email address may be used.
  - c. In case of legal Person: the email address shall be used in the following order:
    - 1) The email address that they have provided to the Authority.
    - 2) The email address of any Person acting in favour or on behalf of the Person being notified concerning the relevant matter.
    - 3) The last known email address of a Person acting in favour or on behalf of the Person being notified concerning the relevant matter.
    - 4) Any other email address of another Person, if there are reasonable grounds to suppose that that Legal Person will receive the Notification through that other Person.
4. For the purposes of making a communication under Clauses (1) and (2) of this Article, the Authority may communicate with either of the following:
  - a. The relevant Person.
  - b. The Tax Agent or Legal Representative of the Taxable Person.

# **Title Seven**

## **TAX AGENTS**

### **Article (10)**

#### **Procedures for listing a Tax Agent in the Register and Rights and Obligations of Tax Agents**

1. Anyone requesting to be listed in the Register shall satisfy the following conditions:
  - a. To be of good conduct and behaviour and to have never been convicted of a crime or misdemeanor prejudicial to honour or honesty, irrespective of whether or not he may have been rehabilitated.
  - b. To hold at least a certified bachelor or Master degree in tax, accounting or law from a recognised educational institution, or a bachelor degree in any field plus a tax certification as accepted from an internationally known tax institute.
  - c. To have a relevant recent experience of at least three years, in either tax, qualified accounting or law, with the ability to communicate orally and in writing in both Arabic and English.
  - d. To pass any tests to meet qualification standards as may be specified by the Authority.
  - e. To be medically fit to perform the duties of the profession.
  - f. To hold a professional indemnity insurance contract.
  - g. To perform his activity through a legal person approved by the Ministry of Economy and the local competent authority.
2. The Person shall submit an application for listing in the Register to the Authority using the form specified by the Authority.
3. The Authority may request further information from the Person applying for registration, request an interview with the Person or check references provided in the application before deciding whether or not to list the applicant as a Tax Agent.
4. The Authority shall review the applications and shall issue its decision within (15) business days from receiving the application. Exceptionally, in case of gathering additional information under Clause (3) of this Article, it shall issue the decision within (15) business days from the date of receipt of the information.
5. If the Authority accepts the application, the applicant will be listed in the Register within (5) business days from the date of the Authority's approval of the application or any other date that may be specified by the Authority after settling the required fees.
6. The Authority may refuse an application for listing a Person in the Register in any of the following cases:
  - a. The Person fails to meet the conditions specified in Clause (1) of this Article.
  - b. Listing the Person as a Tax Agent would adversely affect the integrity of the Tax system.
7. The Authority shall notify the Person whether or not his application to be listed in the Register has been accepted or rejected within (20) business days from the date of the Authority's approval of the application.

8. Listing in the Register shall be valid for three years from the date of registration. The relevant Person shall be required to renew his listing before expiration of such period according to the mechanism determined by the Authority.
9. The Authority may de-list the Tax Agent from the Register in any of the following cases:
  - a. If it was proven to the Authority that the Person is not eligible to be a Tax Agent.
  - b. If the Authority found that the continued registration of the Person as a Tax Agent would adversely affect the integrity of the Tax system.
  - c. If he committed a significant violation of the provisions of Law or Tax Law.
10. Upon de-listing a Person from the Register, the Authority shall notify that Person regarding the de-listing within (5) business days of the decision and provide reasons for the decision.
11. Where a Person appoints a Tax Agent to act in his name and on his behalf, the Tax Agent shall:
  - a. Assist the Person with his Tax obligations according to a contractual agreement between the Person and the Tax Agent.
  - b. Without prejudice to any obligations in the Law, maintain the confidentiality of any information obtained in the course of performing his duties as a Tax Agent.
  - c. Refuse to participate in any work or plan which may result in a breach of any law by any Person or may jeopardize the integrity of the tax system.
12. In performing his duties as a Tax Agent, the Tax Agent may rely on information provided to him by the Person unless the Tax Agent has reasonable grounds for believing that the information may be incorrect.

# **Title Eight**

## **TAX AUDITS**

### **Article (11)**

#### **Regularity of Tax Audits**

1. When the Authority decides on whether or not to conduct a Tax Audit on a Person, it shall consider the following:
  - a. That a Tax Audit is necessary for protecting the integrity of the Tax system.
  - b. The responsibility of the Person, or anyone associated with him, to comply with the Law and Tax Law.
  - c. The likely Tax revenue at stake, and the administrative and compliance burdens on both the Person and the Authority resulting from performing a Tax Audit.
2. If the Authority decides to re-audit a business, it shall take into consideration the results of the previous Tax Audit, any new information or data, which are likely to change the Authority's position.
3. Notwithstanding Clauses (1) and (2) of this Article, a decision by the Authority to conduct a Tax Audit may not be challenged by any Person.

### **Article (12)**

#### **Right to Conduct Tax Audit**

1. For the purposes of conducting a Tax Audit, the Authority may inspect:
  - a. The Premises.
  - b. The Documents available at the Premises.
  - c. The Assets that are available at the Premises.
  - d. The accounting systems used by the Person subject to Tax Audit.
2. For the purposes of implementing provisions of Clause (4) of Article (17) of this Law, the Tax Auditor shall obtain the prior written consent of the Director-General, as well as a permit from the Public Prosecutor to be able to enter the part of the Premises where the Premises or parts thereof are used as a dwelling.
3. For the purposes of implementing Clause (1) of this Article, the occupational tenant of the Premises, or in the absence of the occupational tenant, any Person the Authority considers as having control over the Premises, shall provide the Authority with all reasonable facilities necessary for the effective exercise of its powers under this Article.

### **Article (13)**

#### **Notice of Audit**

1. Any notice of a Tax Audit sent by the Authority shall state the possible consequences of obstructing the Tax Auditor in the exercise of his duty.
2. Where a Tax Auditor is assigned to carry out a Tax Audit according to Clause (4) of Article (17) of this Law, he shall provide a notice in writing at the beginning of the Tax Audit to the following:
  - a. The occupational tenant of the Premises if he is present at the time of beginning the Tax Audit.

- b. The Person who appears to be in charge of the Premises if he is present and the occupational tenant is not present.
- c. In any other case, the notice shall be posted on a prominent place in the Premises.
3. Any other official of the Authority whom a Tax Auditor considers necessary for the effective exercise of his powers under this Decision may accompany the Tax Auditor to any Premises.
4. A Tax Auditor carrying out a Tax Audit at the Premises of a Person based on a permission of the public prosecutor according to Article (12) of this Decision, shall present the permit issued by the Authority as well as the permit obtained from the public prosecutor, in addition to the proof of identity every time he is requested to do so.

## **Article (14)**

### **Power to remove and retain Original Documents or Assets or make Copies Thereof**

1. Where an original Document is provided to or inspected by a Tax Auditor during a Tax Audit, he may:
  - a. Make copies of the Document.
  - b. Remove the Document for a period specified by the Tax Auditor for the completion of his work, or make copies of it during the removal period, provided that he notifies the Person of such matter.
2. For purposes of Article (12) of this Decision, the Tax Auditor may remove any Asset provided thereto, or inspected by him for a period specified by the Authority for the purposes of completing the Tax Audit.
3. Where a Document is removed under Clause (1) of this Article or an Asset is removed under Clause (2) of this Article, the Authority shall provide a record of what was removed, within (10) business days from the date of removal, to any of the following:
  - a. The owner of the Document or the Asset.
  - b. The occupational tenant of the Premises in which the Document or Asset were removed.
  - c. The Person who had custody or control of the Document or Asset immediately before the removal.
4. The record referred to in Clause (3) of this Article shall include the following:
  - a. The purpose for removing the Asset or Document.
  - b. The nature of the Asset or Document so removed.
  - c. The location where the Asset or Document is stored and the conditions of storage.
  - d. The period for which it is expected to be retained by the Authority.

## **Article (15)**

### **Power to Mark Assets and Record Information**

The Authority shall have the power to:

1. Mark Assets for the purpose of indicating that they have been inspected.
2. Obtain and record information relating to the Premises, Assets, Documents and accounting systems that have been inspected.

## **Article (16)**

### **Storage and Providing Access to removed Documents and Assets**

1. Any Documents or Assets removed under Article (14) of this Decision shall be kept and stored by the Authority for the duration required for the completion of the Tax Audit in accordance with the conditions included in Clauses (2) and (3) of this Article.

2. Any Documents or Assets removed and retained shall be returned to the Person to whom a record has been provided under the provisions of Clause (3) of Article (14) of this Decision in a condition as good as practically possible. The Authority may dispose of the Assets that naturally deteriorate and hence cease to have value, in accordance with the internal procedures of the Authority.
3. For perishable Assets, the Authority shall have the right to dispose of them (45) business days after their removal, in accordance with the internal procedures of the Authority.
4. The Authority shall notify the owner of an Asset (10) business days prior to exercising its right under Clauses (2) or (3) of this Article, of its intention to dispose of the Asset in whole or in part, and give the owner an opportunity to take back the Asset in whole or in part.
5. Where the Person from whom the Asset or Document was taken submits a request to view the Asset or Document, the Authority may:
  - a. Allow the Person who made the request to view the Asset or Document under the supervision of the Authority for the purpose of photocopying or photographing the Document or photographing the Asset.
  - b. Photocopy or photograph the Document or photograph the Asset, and provide the photocopy or the photograph to the relevant Person.
  - c. Reject the request where the Authority believes that it would prejudice any of the following:
    - 1) That Tax Audit.
    - 2) The Tax Audit of another Person.
    - 3) Any investigation related to any of the Documents or Assets to be viewed.
    - 4) Any criminal proceedings related to the Document or the Asset to be viewed.

## **Article (17)**

### **Result of the Audit**

1. The Person subject to the Tax Audit shall be notified of the results of the Tax Audit within (10) business days from the end of the audit.
2. Where the Person subject to the Tax Audit is notified of the results of the Tax Audit in accordance with Clause (1) of this Article, he may request the Authority to view or obtain Documents and data on which the Authority based the assessment of Due Tax. Such request shall be made in writing or through such other form adopted by the Authority within (20) business days from the date of the notice provided by the Authority, and shall provide the requested information within (10) business days in the following manner:
  - a. A paper or electronic copy of the Document or data requested.
  - b. The original Document or data requested if such Documents or data belong to the Person subject to the Tax Audit who made the request.
3. The Authority is not required to provide:
  - a. Documents or data which would reveal internal correspondence or decisions made by the Authority.
  - b. Any confidential information or data related to any other Person or Persons.
  - c. Any Documents or data, which are known to be in possession of the Person, who is subject to the Tax Audit and made the request. In this case, the Authority shall provide the Person subject to the Tax Audit with sufficient information to enable him to identify the Documents and data requested.

## **Article (18)**

### **Notice to Provide Information or Documents**

The Authority may issue a Notification requiring a Person to provide any information or any Documents in relation to himself or another Person, if these Documents or information are considered necessary by the Authority.

## **Article (19)**

### **Complying with Notifications**

1. Where a Person has been notified to provide information or Documents, the Person shall do so within the period specified and by the means and in the form determined in the Notification.
2. Where a Notification requires a Person to provide information or Documents, these shall be submitted at any of the following places:
  - a. A place agreed upon between the Person and the Authority.
  - b. The place determined by the Authority provided that this place is appropriate and not used solely as a dwelling.

## **Title Nine**

# **TAX ASSESSMENT AND THE ADMINISTRATIVE PENALTIES ASSESSMENT**

### **Article (20)**

#### **Considering Taxes as Debts owed to the Authority**

Where an amount of Tax or Administrative Penalty has been assessed and notified to any Person under the Tax Law, it shall be deemed to be a debt to the Authority, and may be collected accordingly.

### **Article (21)**

#### **Notification of Tax Assessment or Administrative Penalty Assessment**

1. A notification of Tax Assessment shall contain sufficient information regarding the Tax Assessment, and include at least the following:
  - a. The Taxable Person's name and address.
  - b. The Taxable Person's Tax Registration Number, if applicable.
  - c. The Tax Assessment reference number.
  - d. The Tax to which the assessment relates.
  - e. A Tax summary, which includes: the details of the Tax declared and adjustments made.
  - f. Reasons for Tax Assessment.
  - g. Net Tax due to the Authority or refundable by the Authority.
  - h. The date any Due Tax is payable and the method of payment.
2. A notification of an Administrative Penalty Assessment shall contain sufficient information regarding the Administrative Penalty Assessment, and shall include at least the following:
  - a. The Person's name and address.
  - b. The Taxable Person's Tax Registration Number if applicable.
  - c. The Administrative Penalty Assessment reference number.
  - d. The Tax to which the Administrative Penalty Assessment relates.
  - e. The violation for which the Administrative Penalty has been assessed.
  - f. The Administrative Penalty summary, which includes: the amount of Administrative Penalty imposed, the amount of Tax to which the Administrative Penalty relates, and any reductions to the Administrative Penalty.
  - g. Total of Administrative Penalties due to the Authority.
  - h. The date any Administrative Penalty due is payable and the method of payment.

## **Title Ten**

# **TAX REFUNDS**

### **Article (22)**

#### **Procedures of Getting a Tax Refund**

1. Subject to any further conditions specified in the Tax Law, a Taxpayer shall apply for a refund as per the mechanism specified by the Authority.
2. The Authority shall, within (20) business days of an application being submitted, review the application and notify said Taxpayer of accepting or rejecting the refund claim. Where the Authority has reasonable grounds for requiring a period longer than (20) business days to consider his application, it shall notify the relevant Taxpayer thereof.
3. Where the Authority has approved a refund application in accordance with Clause (2) of this Article, it shall, within (5) business days of the approval, either make the appropriate payment to the Person or notify the Person that the Authority will offset the amount requested to be refunded against any other Payable Tax or Administrative Penalties due, or to notify the Person that the refund will be postponed until all due Tax Returns are submitted to the Authority; any amount in excess of such liability shall be refundable in conformity with the conditions contained in the Tax Law .
4. The payment of a refund amount shall be made to the Person entitled to the refund by the means acceptable to the Authority.

## **Title Eleven**

# **BANKRUPTCY CASES**

### **Article (23)**

#### **Responsibilities of Bankruptcy Trustee in Case of Bankruptcy**

1. If a Business or part of a Business is subject to bankruptcy proceedings and a Person has been appointed as a trustee in bankruptcy, that trustee shall be treated as representing and carrying out the Business or the part of the Business until the expiration date of his appointment as a trustee in bankruptcy under the Federal Decree Law No (9) of 2016.
2. Where the Authority has notified an appointed trustee of the Due Tax, the trustee may apply for a review, objection or appeal of the decision, in accordance with the rules and controls stated in Title Four of the Law.
3. Any Payable Tax due to the Authority shall be paid by the trustee in accordance with the settlement mechanism applicable to the Payable Tax.

## **Title Twelve**

# **DISCLOSURE OF INFORMATION**

### **Article (24)**

#### **Disclosure of information**

1. The Authority staff and any Persons delegated by the Authority to execute the provisions of the Law or the Tax Law shall not disclose information they become aware of by virtue of carrying out function at the Authority, except in the following cases:
  - a. The disclosure is made upon a decision of a judicial authority for the purposes of a civil or criminal case before the Competent Court with respect to a matter falling within the Authority's functions.
  - b. The disclosure is made to a competent government entity that was determined by a decision of the board of directors, after concluding a memorandum that stipulates such disclosure, the use that may be made of the information disclosed, the arrangements for the control, security, subsequent disclosure and the accuracy of the information, including the access to that information by Persons.
  - c. The disclosure is made in the implementation of international conventions or treaties.
  - d. The disclosure is requested by a Person or their Tax Agent in relation to any part of their file which is held by the Authority.
  - e. The disclosure is made to another specialised Authority's staff member, provided it is made at a place and in accordance with the confidentiality conditions under which the Authority expects that Person to perform his duties and functions.
2. For purposes of Clause (1) of this Article, "the Authority's staff" means:
  - a. The chairman and members of the Board.
  - b. The Director-General.
  - c. Any other officer of the Authority.
3. For the purposes of implementing this Article, the Board may specify the following:
  - a. The Persons working at the Authority, whose functions allow them to disclose information and the nature or category of such information which may be disclosed.
  - b. The date on which disclosure may be made.

### **Article (25)**

#### **Disclosure of Information by the Authority's Staff after Leaving Function**

If an Authority's staff member leaves his job, he shall remain under the same duty of confidentiality in respect of information known or held by him at the time that he was authorised to carry out his functions as a competent officer of the Authority, save where a Competent Court or the Public Prosecutor orders the disclosure of any such information.

## **Title Thirteen**

# **REDUCTION IN OR EXEMPTION FROM ADMINISTRATIVE PENALTIES**

### **Article (26)**

#### **Reduction of Administrative Penalties or Exemption Therefrom**

1. The Authority may reduce or waive any administrative penalties imposed on any person whose violation of the provisions of the Law or Tax Law was proved, according to the following provisions:
  - a. The Person has an excuse that is acceptable to the Authority.
  - b. The Person provides evidence that justifies the excuse and the violation it caused, which led to the imposition of Administrative Penalties.
  - c. The reduction or exemption application shall be notified to the Authority as per the mechanism specified by the Authority within 10 business days as of the end of the acceptable excuse.
  - d. The Person shall not have been subject to any Administrative Penalties in the 2 years preceding the application.
  - e. The Person shall demonstrate that they have corrected the violation.
2. For the purposes of paragraph (a) of Clause (1) of this Article, an acceptance of an excuse shall be decided by a committee, set up by a decision of the Director-General, consisting of three officers, specialised in reviewing the excuse and evidence provided by the violating Person, and accepting or rejecting the excuse subject to Clauses (3) and (4) of this Article.
3. An excuse shall not be considered acceptable if the act that led to the violation was deliberate.
4. The following shall not ordinarily be considered an acceptable excuse:
  - a. Insufficiency of funds.
  - b. Reliance on another Person.
5. The Authority shall make its decision in respect of the reduction of the Administrative Penalties or exemption therefrom within (20) business days from receiving the application, and shall notify the Person of said decision within (10) business days as of issuing its decision.

### **Article (27)**

#### **Abrogation of Contradicting Provisions**

Any provision contrary to or inconsistent with the provisions of this Decision shall be abrogated.

### **Article (28)**

#### **Publication and Application of this Decision**

This Decision shall be published in the Official Gazette and shall come into effect from the date of its issuance.

**Mohammed Bin Rashid Al Maktoum**

**Prime Minister**

**Issued by us**

**On: 4 Muharram 1439H**

**Corresponding to: 24 September 2017**

**CABINET DECISION NO. (39) OF 2017 ON FEES  
FOR SERVICES PROVIDED BY THE FEDERAL  
TAX AUTHORITY**

## **Cabinet Decision No. (39) of 2017 on Fees for Services Provided by the Federal Tax Authority**

### **The Cabinet:**

- Having reviewed the Constitution;
- Federal Law No. (1) of 1972 on the Competencies of the Ministries and Powers of the Ministers and its amendments;
- Federal Law No. (1) of 2011 on the State's Public Revenues;
- Federal Decree-Law No. (13) of 2016 on the Establishment of the Federal Tax Authority;
- Federal Law No. (7) of 2017 on Tax Procedures;
- Federal Decree-Law No. (7) of 2017 on Excise Tax;
- Federal Decree-Law No. (8) of 2017 on Value Added Tax,

— And pursuant to what was presented by the Minister of Finance and approved by the Cabinet,

Has decided:

### **Article 1**

#### **Definitions**

In the application of the provisions of this Decision, the following words and expressions shall have the meanings assigned against each, unless the context otherwise requires:

**State:** United Arab Emirates.

**Minister:** Minister of Finance.

**Authority:** Federal Tax Authority.

**Chairman:** Chairman of Authority's board of directors.

**Board:** Authority's board of directors.

### **Article 2**

#### **Fees for Services**

In return for the services provided by the Authority as shown in the table appended to this Decision, the fees opposite to each shall be due.

### **Article 3**

#### **Amending Fees**

Any amendments to the fees specified in this Decision, whether addition, deletion or amendment thereof, shall be made by Cabinet.

### **Article 4**

#### **Issuing Executive Decisions**

The Minister shall issue the necessary decisions to implement the provisions of this Decision.

## Article 5

### Coming into Effect and Publication

This Decision shall come into effect as of the date of its issuance and shall be published in the Official Gazette.

**Mohammed Bin Rashid Al Maktoum**  
Prime Minister

**Issued by us:**

**On:** 4 Muhamarram 1439H

**Corresponding to:** 24 September 2017

### Table of Fees for Services Provided by the Federal Tax Authority Appendix to Cabinet Decision No (39) of 2017

#	Description of Service	Fee (AED)
1	Issuing of an attested paper tax registration certificate.	(500) for each certificate
2	Listing of a Tax Agent in the Tax Agent Register.	(3,000) for three years
3	Renew Listing of a Tax Agent in the Tax Agent Register.	(3,000) for three years
4	Registration of Software provider with the Federal Tax Authority.	(10,000) for one year
5	Renew registration of Software provider with the Federal Tax Authority.	(10,000) for one year
6	Registration of Designated Zone, in accordance with the provisions of Federal Decree-Law No. (7) of 2017 on Excise Tax.	(2,000) for one year
7	Issuing of an attested paper Warehouse Keeper registration certificate	(500) for each certificate

**CABINET RESOLUTION NO. (40) OF 2017  
ON ADMINISTRATIVE PENALTIES FOR  
VIOLATIONS OF TAX LAWS IN THE UAE**

## **Cabinet Resolution No. (40) of 2017 on Administrative Penalties for Violations of Tax Laws in the UAE**

### **The Cabinet:**

- Having reviewed the Constitution;
- Federal Law No. (1) of 1972 on the Competencies of the Ministries and Powers of the Ministers and its amendments;
- Federal Law No. (1) of 2011 on the State's Public Revenues;
- Federal Decree-Law No. (8) of 2011 on the Rules of the Preparation of the General Budget and Final Accounts
- Federal Law No. (14) of 2016 on Violations and Administrative Penalties in the Federal Government,
- Federal Decree-Law No. (13) of 2016 on the Establishment of the Federal Tax Authority;
- Federal Law No. (7) of 2017 on Tax Procedures;
- Federal Decree-Law No. (7) of 2017 on Excise Tax;
- Federal Decree-Law No. (8) of 2017 on Value Added Tax,
- And pursuant to what was presented by the Minister of Finance and approved by the Cabinet, Has decided:

### **Article 1**

#### **Definitions**

In the application of the provisions of this Decision, the following words and expressions shall have the meanings assigned against each, unless the context otherwise requires:

**State:** United Arab Emirates.

**Minister:** Minister of Finance.

**Authority:** Federal Tax Authority.

**Chairman:** Chairman of Authority's board of directors.

**Tax Law:** Any Federal law pursuant to which a Federal Tax is imposed.

**Administrative Penalties:** Monetary amounts imposed on a Person by the Authority for breaching the provisions of the Federal Law No. (7) of 2017 on Tax Procedures or the Tax Law.

**Person:** A natural or legal person.

**Business:** Any activity conducted in an ongoing, regular and independent manner by any Person and in any location, such as industrial, commercial, agricultural, professional, vocational or service activity, drilling activities or anything related to the use of material or non-material property.

**Taxable Person:** A Person who is subject to Tax under the provisions of the relevant Tax Law.

**Tax Return:** Information and data specified for Tax purposes and submitted by a Taxable Person in accordance with the form prepared by the Authority.

**Tax Registration:** A procedure according to which the Taxable Person or his Legal Representative registers for Tax purposes with the Authority.

**Registrant:** The Taxable Person who has been issued a Tax Registration Number. **Legal Representative:** The manager of a company or a guardian or custodian of a minor or an incapacitated person, or the bankruptcy trustee appointed by the court for a company that is in bankruptcy, or any other Person legally appointed to represent another Person.

**Payable Tax:** Tax that has become due for payment to the Authority.

**Tax Assessment:** A decision issued by the Authority in relation to the Payable Tax or Refundable Tax.

**Administrative Penalties Assessment:** A decision issued by the Authority concerning any Administrative Penalties due.

**Notification:** A notification sent to the concerned Person or his Tax Agent or Legal Representative of any decisions issued by the Authority through the means stated in this Law and its Executive Regulation.

**Voluntary Disclosure:** A form prepared by the Authority pursuant to which the Taxpayer notifies the Authority of an error or omission in the Tax Return, Tax Assessment or Tax refund application in accordance with the provisions of the Tax Law.

## **Article 2**

### **Scope**

Administrative Penalties shall be imposed on the violations listed in the tables (1), (2) and (3) appended to this Decision.

## **Article 3**

### **General Provisions**

The imposition of any Administrative Penalty pursuant to the provisions of this Decision shall not exempt any Person of his liability to pay the Payable Tax in accordance with the provisions of the Federal Tax Laws.

## **Article 4**

### **Amending Administrative Penalties**

Any amendments to the Administrative Penalties specified in this Decision, whether addition, deletion or amendment thereof, shall be made by Cabinet.

## **Article 5**

### **Objections**

The Person has the right to object to the Administrative Penalties imposed on him in accordance with the procedures specified in the Federal Law No. (7) of 2017 on Tax Procedures

## **Article 6**

### **Issuing Executive Decisions**

The Minister shall issue the necessary decisions to implement the provisions of this Decision.

## **Article 7**

### **Coming into Effect**

This Decision shall come into effect as of the date of its issuance, except for the following:

1. Table No (2) on Violations and Administrative Penalties related to the Federal Decree-Law No. (7) of 2017 on Excise Tax shall come into effect as of October 1, 2017.
2. Table No (3) on Violations and Administrative Penalties related to the Federal Decree-Law No. (8) of 2017 on Value Added Tax shall come into effect as of January 1, 2018.

## **Article 8**

### **Publication**

This Decision shall be published in the Official Gazette.

**Mohammed Bin Rashid Al Maktoum**  
**Prime Minister**

**Issued by us:**

**On:** 4 Muharram 1439H

**Corresponding to:** 24 September 2017

**Tables of Violations and Administrative Penalties**  
**Appendix to the Cabinet Decision No. (40) of 2017**

**Table (1): Violations and Administrative Penalties related to the Implementation of the Federal Law No. (7) of 2017 on Tax Procedures**

<b>Description of Violation</b>		<b>Administrative Penalty (AED)</b>
1	The failure of the person conducting Business to keep the required records and other information specified in Tax Procedures Law and the Tax Law	<ul style="list-style-type: none"> <li>• (10,000) for the first time.</li> <li>• (50,000) in case of repetition.</li> </ul>
2	The failure of the person conducting Business to submit the data, records and documents related to Tax in Arabic to the Authority when requested.	(20,000)
3	The failure of the Taxable Person to submit a registration application within the timeframe specified in the Tax Law	(20,000)
4	The failure of the Registrant to submit a deregistration application within the timeframe specified in the Tax Law	(10,000)
5	The failure of the Registrant to inform the Authority of any circumstance that requires the amendment of the information pertaining to his tax record kept by Authority.	<ul style="list-style-type: none"> <li>• (5,000) for the first time.</li> <li>• (15,000) in case of repetition</li> </ul>
6	The failure of the person appointed as a Legal Representative for the Taxable Person to inform the Authority of his appointment within the specified timeframe. The penalties will be due from the Legal Representative's own funds.	(20,000)
7	The failure of the person appointed as a Legal Representative for the Taxable Person to file a Tax Return within the specified timeframe. The penalties will be due from the Legal Representative's own funds.	<ul style="list-style-type: none"> <li>• (1,000) for the first time.</li> <li>• (2,000) in case of repetition within (24) months.</li> </ul>
8	The failure of the Registrant to submit the Tax Return within the timeframe specified in the Tax Law.	<ul style="list-style-type: none"> <li>• (1,000) for the first time.</li> <li>• (2,000) in case of repetition within (24) months.</li> </ul>
9	The failure of the Taxable Person to settle the Payable Tax stated in the submitted Tax Return or Tax Assessment he was notified of, within the timeframe specified in the Tax Law.	<p>The Taxable Person shall be obligated to pay a late payment penalty consisting of:</p> <ul style="list-style-type: none"> <li>- (2%) of the unpaid tax is due immediately once the payment of Payable Tax is late;</li> <li>- (4%) is due on the seventh day following the deadline for payment, on the amount of tax which is still unpaid.</li> <li>- (1%) daily penalty charged on any amount that is still unpaid one calendar month following the deadline for payment with upper ceiling of (300%).</li> </ul>

10	The submittal of an incorrect Tax Return by the Registrant.	<p>Two penalties are applied:</p> <ol style="list-style-type: none"> <li>1. Fixed penalty of:           <ul style="list-style-type: none"> <li>• (3,000) for the first time.</li> <li>• (5,000) in case of repetition</li> </ul> </li> <li>2. Percentage based penalty shall be applied on the amount unpaid to the Authority due to the error and resulting in a tax benefit as follows:           <ul style="list-style-type: none"> <li>- (50%) if the Registrant does not make a voluntary disclosure or he made the voluntary disclosure after being notified of the tax audit and the Authority has started the tax audit process, or after being asked for information relating to the tax audit, whichever takes place first.</li> <li>- (30%) if the Registrant makes the voluntary disclosure after being notified of the tax audit and before the Authority starts the tax audit.</li> <li>- (5%) if the Registrant makes a voluntary disclosure before being notified of the tax audit by the Authority.</li> </ul> </li> </ol>
11	The Voluntary Disclosure by the Person/Taxpayer of errors in the Tax Return, Tax Assessment or Refund Application pursuant to Article 10 (1) and (2) of the Tax Procedures Law.	<p>Two penalties are applied:</p> <ol style="list-style-type: none"> <li>1. Fixed penalty of:           <ul style="list-style-type: none"> <li>• (3,000) for the first time.</li> <li>• (5,000) in case of repetition</li> </ul> </li> <li>2. Percentage based penalty shall be applied on the amount unpaid to the Authority due to the error and resulting in a tax benefit as follows:           <ul style="list-style-type: none"> <li>- (50%) if the Person/Taxpayer makes a voluntary disclosure after being notified of the tax audit and the Authority starting the tax audit or after being asked for information relating to the tax audit, whichever takes place first.</li> <li>- (30%) if the Person/Taxpayer makes the voluntary disclosure after being notified of the tax audit but before the start of the tax audit.</li> <li>- (5%) if the Person/Taxpayer makes voluntary disclosure before being notified of the tax audit by the Authority.</li> </ul> </li> </ol>
12	The failure of the Taxable Person to voluntarily disclose errors in the Tax Return, Tax Assessment or Refund Application pursuant to Article 10 (1) and (2) of this the Tax Procedures Law before being notified that he will be subject to a Tax Audit.	<p>Two penalties are applied:</p> <ol style="list-style-type: none"> <li>1. Fixed penalty of:           <ul style="list-style-type: none"> <li>• (3,000) for the first time.</li> <li>• (5,000) in case of repetition</li> </ul> </li> <li>2. (50%) of the amount unpaid to the Authority due to the error resulting in a tax benefit for the Person/Taxpayer.</li> </ol>
13	The failure of the Person conducting Business to facilitate the work of the Tax Auditor in violation of the provisions of Article (21) of the Tax Procedures Law.	(20,000)

14	The failure of the Registrant to calculate Tax on behalf of another Person when the registered Taxable Person is obligated to do so under the Tax Law.	<p>The Registrant shall be obligated to pay a late payment penalty consisting of:</p> <ul style="list-style-type: none"> <li>- (2%) of the unpaid tax is due immediately once the payment of Payable Tax is late;</li> <li>- (4%) is due on the seventh day following the deadline for payment, on the amount of tax which is still unpaid.</li> <li>- (1%) daily penalty charged on any amount that is still unpaid one calendar month following the deadline for payment with upper ceiling of (300%).</li> </ul>
15	A Person not accounting for any tax that may be due on import of goods as required under the Tax Law.	(50%) of unpaid or undeclared tax.

**Table (2): Violations and Administrative Penalties related to the Implementation of the Federal Decree-Law No. (7) of 2017 on Excise Tax**

<b>Description of Violation</b>		<b>Administrative Penalty (AED)</b>
1	Failure by the Taxable Person to display prices inclusive of Tax.	(15,000).
2	Failure to comply with the conditions and procedures related to transfer the Excise Goods from a Designated Zone to another Designated Zone, and the mechanism of processing and storing of such Excise Goods.	The penalty shall be the higher of AED (50,000) or (50%) of the tax, if any, chargeable in respect of the goods as the result of the violation.
3	Failure by the Taxable Person to provide the Authority with price lists for the Excise Goods produced, imported or sold thereby.	<ul style="list-style-type: none"> <li>• (5,000) for the first time.</li> <li>• (20,000) in case of repetition</li> </ul>

**Table (3): Violations and Administrative Penalties related to the Implementation of the Federal Decree-Law No. (8) of 2017 on Value Added Tax**

<b>Description of Violation</b>		<b>Administrative Penalty (AED)</b>
1	Failure by the Taxable Person to display prices inclusive of Tax.	(15,000)
2	Failure by the Taxable Person to notify the Authority of applying Tax based on the margin.	(2,500)
3	Failure to comply with conditions and procedures related to keeping the Goods in a Designated Zone or moving them to another Designated Zone.	The penalty shall be the higher of AED (50,000) or (50%) of the tax, if any, chargeable in respect of the goods as the result of the violation.
4	Failure by the Taxable Person to issue the Tax invoice or an alternative document when making any supply.	(5,000) for each tax invoice or alternative document.
5	Failure by the Taxable Person to issue a Tax Credit Note or an alternative document	(5,000) for each tax credit note or alternative document.
6	Failure by the Taxable Person to comply with the conditions and procedures regarding the issuance of electronic Tax Invoices and electronic Tax Credit Notes	(5,000) for each incorrect document.

**FEDERAL DECREE LAW NO. (13) OF 2016  
ON ESTABLISHMENT OF THE FEDERAL TAX  
AUTHORITY**

## **Federal Decree-Law No. (13) of 2016 On the Establishment of the Federal Tax Authority**

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

- Having reviewed the Constitution;
- Federal Law No. (1) of 1972 on the Competencies of the Ministries and Powers of the Ministers and its amendments,
- Federal Law No. (11) of 1981 on the Imposition of a Federal Customs Tax on Imports of Tobacco and its derivatives and its amendments,
- Federal Law No. (5) of 1985 promulgating the Civil Transactions Law and its amendments,
- Federal Law No. (3) of 1987 promulgating the Penal Law and its amendments,
- Federal Law No. (10) of 1992 promulgating the Law of Evidence in Civil and Commercial Transactions and its amendments,
- Federal Law No. (11) of 1992 promulgating the Law on Civil Procedures and its amendments,
- Federal Law No. (7) of 1999 promulgating the Pensions and Social Security Law and its amendments,
- Federal Law No. (4) of 2002 on the Criminalisation of Money Laundering and Combating the Financing of Terrorism and its amendments,
- Federal Decree-Law No. (4) of 2007 on the Establishment of the Emirates Investment Authority and its amendments,
- Federal Decree-Law No. (11) of 2008 on Human Resources in the Federal Government and its amendments,
- Federal Law No. (1) of 2011 on the State's Public Revenues,
- Federal Decree-Law No. (5) of 2011 regulating the Boards of Directors and Trustees and the Committees at the Federal Government,
- Federal Law No. (8) of 2011 on the Reorganisation of the State Audit Institution,
- Federal Decree-Law No. (8) of 2011 on the Rules of the Preparation of the General Budget and Final Accounts,
- Federal Law No. (12) of 2014 on the Organisation of the Auditing Profession,
- Federal Law No. (2) of 2015 on Commercial Companies,
- Federal Law No. (8) of 2015 on the Federal Customs Authority, and
- Pursuant to what was presented by the Minister of Finance and approved by the Council of Ministers,

Have issued the following Decree-Law:

### **Chapter One**

#### **Definitions**

#### **Article (1)**

In the application of the provisions of this Decree-Law, the following words and expressions shall have the meanings assigned against each, unless the context otherwise requires:

**State:** The United Arab Emirates.

**Federal Government:** The Government of the State.

**Emirates' Governments:** The Local government of each Emirate.

**Ministry:** The Ministry of Finance.

**Minister:** The Minister of Finance.

**Authority:** The Federal Tax Authority.

**Board:** The Authority's board of directors.

**Chairman:** The Chairman of the Board.

**Director-General:** The Director-General of the Authority.

**Concerned Entities:** The Federal and local entities concerned with combating tax evasion in the State.

**Taxpayer:** Any Person who pays Federal Taxes.

**Federal Taxes:** Taxes imposed pursuant to a federal law.

**Tax Law:** Any federal law pursuant to which a Federal Tax is imposed.

**Relevant Penalties:** The financial penalties related to the Federal Taxes.

**Tax Procedures:** The procedures of administering, collecting and enforcing Federal Taxes and Relevant Penalties.

**Authority's Expenses:** All set-up and operational costs of the Authority.

**Tax Evasion:** The Person's use of illegitimate means in order not to pay taxes that are due or the use of illegitimate means to reclaim tax without having the right to reclaim or refund.

**Double Taxation:** Instances where any tax is imposed more than once on the same Taxpayer and the same source of income.

## Chapter Two

### Establishment of the Authority and its Jurisdictions

#### Article (2)

A general Federal authority shall be established pursuant to this Decree-Law under the name of the "Federal Tax Authority", and it shall have an independent legal personality, the necessary legal capacity to act and the financial and administrative independence.

#### Article (3)

The Authority's Head Office shall be in the city of Abu Dhabi and it may, pursuant to a Board Decision, establish branches and offices inside the State.

#### Article (4)

The Authority shall have jurisdiction over the administration, collection and enforcement of Federal Taxes and Relevant Penalties, to distribute their revenues and to apply the Tax Procedures applicable in the State. For this purpose, it shall have the following Jurisdictions:

1. Implement applicable laws and regulations related to Federal Taxes and Relevant Penalties.
2. Pay the Authority's financial obligations.
3. Implement Double Taxation treaties ratified by the State.

4. Avoid Double Taxation and combat Tax Evasion in cooperation with the concerned entities inside and outside the State.
5. Decide on the applications submitted for registration in the tax systems applicable in the State and allocate tax registration numbers to register in said systems.
6. Propose legislation related to the administration, collection and enforcement of the Federal Taxes and Relevant Penalties and distribution of their revenues in coordination with the Ministry;
7. Collect statistical data and information related to the Federal Taxes and Relevant Penalties;
8. Create records for the registered Taxpayer and keep these records as specified by the Tax Laws issued.
9. Issue directives and clarifications necessary for Taxpayers with regard to the limits of their obligations related to the Federal Taxes and Relevant Penalties in accordance with the mechanisms decided by the Board.
10. Coordinate with the Federal Government and the Emirates' Governments and taxpayers on all matters related to Federal Taxes and Relevant Penalties.
11. Contract with certain entities to execute certain works required by the Authority to exercise its jurisdictions.
12. Exchange information and expertise with other states and international organisations, bodies and federations related to tax.
13. Coordinate with competent authorities with regard to joining international tax organisations, bodies and federations.
14. Represent the State in regional and international conferences and meetings related to tax matters in coordination with the competent authorities in the State.
15. Inspect Taxpayers' records and documents.
16. Review tax returns and reports submitted to the Authority, audit them, decide on approving or amending the same, or request any additional information or documents.
17. Issue certificates related to Federal Taxes.
18. Implement a mechanism to settle disputes between the Taxpayer and the Authority in accordance with the laws in force.
19. Demand access to any information or data available with any third party who may possess information on a person being subjected to a tax audit and that may be necessary for the tax audit process.
20. Demand from any person having dealings with a person subject to a tax audit to provide information about such transactions.

## **Chapter Three**

### **The Administration of the Authority**

#### **Article (5)**

The Authority shall be managed by a board of directors chaired by the Minister and a sufficient number of members, whose appointment and remuneration shall be determined by a decision of the Council of Ministers based on the nomination by the Minister. Such decision shall determine the Board's by-laws.

#### **Article (6)**

The Board is the supreme authority overseeing the Authority's affairs and conducting its business. It may in particular:

1. Draw up the Authority's general policy and supervise its implementation after Council of Ministers' approval thereon.

2. Propose general tax policies in the light of the State's policy in coordination with the Ministry, and oversee their implementation. The Council of Ministers shall issue the necessary decisions to this effect.
3. Oversee the Authority's exercise of its jurisdictions.
4. Issue the regulations and decisions required for the organisation of the Authority's work.
5. Propose the Authority's organisational structure and submit it to the Council of Ministers for approval.
6. Propose the Authority's Human Resources Regulation including the rules for the recruitment of its staff and salary scale. Such regulation shall be approved by a decision of the Council of Ministers.
7. Propose the Finance and Procurement Regulations in accordance with the principles of transparency and accountability; such regulations shall be approved by a decision of the Council of Ministers.
8. Approve the Authority's draft annual budget and its closing account and present the same to the Council of Ministers for approval.
9. Appoint one or more independent certified auditors for the Authority's accounts and determine their remuneration.
10. Propose the fees of the services provided by the Authority as well as the administrative penalties resulting from violation thereof and present the same to the Minister for a recommendation to be made thereon. A decision shall be issued by the Council of Ministers in respect thereof.
11. Appoint the executive directors of sectors at the Authority.
12. Submit an annual report to the Council of Ministers regarding the Authority's achievements and conduct of business.
13. Any other jurisdictions assigned to the Board by virtue of Tax Laws or by the Council of Ministers. The Board may form one or more committees from among its members to conduct studies and research certain issues within its jurisdiction. It may invite whomever it deems appropriate to attend its meetings without such person having voting rights.

## **Article (7)**

The Authority shall have a Director-General at the rank of an Undersecretary. He shall be appointed by a federal decree based on a nomination from the Chairman and the approval of the Board.

## **Article (8)**

1. The Director-General shall exercise the powers vested in him by the Board and required to manage the Authority and represent it in its relationship with others and before the courts. In particular, the Director-General may:
  - a. Follow up the Authority's technical, administrative, and financial affairs within the limits prescribed in the applicable legislation, the regulations of the Authority, and the Board decisions.
  - b. Implement the Authority's decisions and general policies approved by the Board.
  - c. Propose the plans and strategies for the Authority, present the same to the Board for approval and follow up the implementation thereof.
  - d. Prepare the Authority's draft annual budget and closing account and present the same to the Board for approval pursuant to Article 6(8) of this Decree-Law.
  - e. Appoint staff and issue decisions related to their affairs in accordance with the Human Resources Regulation in force at the Authority within the powers vested in him by the Board.
  - f. Prepare periodic reports concerning the conduct of the business of the Authority and present the same to the Board.
  - g. Enter into contracts and agreements to which the Authority is a party in accordance with the powers vested in him by the Board and the applicable regulations of the Authority.

- h. Any other jurisdictions or tasks assigned to him by the Board.
2. The Director-General may delegate some of his powers under section (1) of this Article to the Authority's executive directors.

## **Chapter Four**

### **Financial Affairs**

#### **Article (9)**

The Authority shall have an independent annual budget.

#### **Article (10)**

The Authority's funds shall be considered as public funds and shall be exempt from all taxes and duties.

#### **Article (11)**

The Authority's financial year shall start on 1<sup>st</sup> January and end on 31<sup>st</sup> December of each year. The first financial year of the Authority shall commence on the effective date of this Decree-Law and shall end on the 31<sup>st</sup> of December of the following year.

#### **Article (12)**

The financial resources of the Authority shall consist of the following:

1. Revenues collected by the Authority from the services provided thereby, with the exception of the revenues of Federal Taxes and Relevant Penalties.
2. Amounts withheld from the revenues of Federal Taxes and Relevant Penalties that are allocated for the payment of the Authority's expenses according to the budget approved pursuant to Article 6(8) of this Decree-Law.
3. Loans received by the Authority from the Federal Government to pay the Authority's expenses pursuant to a decision by the Council of Ministers based on the Minister's recommendation. The Authority shall be committed to repay these loans within the terms set by a decision of the Council of Ministers, subject to Article 16 of this Decree-Law.
4. Gifts, subsidies, grants and bequests that are accepted by the Board and deemed consistent with the Authority's jurisdictions.

#### **Article (13)**

The revenues collected by the Authority from Federal Taxes and Relevant Penalties shall be deposited in separate accounts for each type of Federal Tax, pending distribution thereof to the Federal Government and Emirates' Governments in accordance with the relevant legislations.

#### **Article (14)**

The Authority may, upon a Board decision, withhold amounts of the revenues of Federal Taxes and Relevant Penalties for refund purposes.

Amounts withheld shall be deposited into a separate account designated for each type of Federal Tax. The mechanism of refund from these amounts shall be determined according to the Tax Laws.

#### **Article (15)**

1. Each Tax Law shall determine whether the revenues of Federal Taxes and Relevant Penalties arising out of said Law will be shared between the Federal Government and the Emirates' Governments.

2. The mechanism of sharing the revenues of Federal Taxes and Relevant Penalties and the dates of their distribution shall be determined according to a decision by the Council of Ministers based on the recommendation of the Minister and as agreed between the Federal Government and the Emirates' Governments.

## **Article (16)**

Prior to any sharing or distribution of the revenues of Federal Taxes and Relevant Penalties collected by the Authority, the following shall take place:

1. Deduct amounts withheld for refunding pursuant to Article 14 of this Decree-Law;
2. Deduct amounts provided for in Article 12(2) of this Decree-Law;
3. Settle the amounts received under Article 12(3) of this Decree-Law;
4. Settle the expenses paid by the Federal Government to set up the Authority prior to the issuance of this Decree-Law.

## **Article (17)**

Subject to Articles 13, 14, 15 and 16 of this Decree-Law, the Authority shall distribute the revenues of Federal Taxes and Relevant Penalties to the Federal Government and Emirates' Governments in accordance with a decision issued by the Council of Ministers.

## **Article (18)**

The Authority's accounts shall be audited by one or more certified independent auditors in accordance with the recognised auditing norms applicable in the State. The Auditor shall submit a report within a period of maximum three months from the end of the financial year, provided that the final account is submitted to the Council of Ministers in accordance with the rules and the provisions of the laws in force. The Auditor may not combine his work with any other work in the Authority.

# **Chapter Five**

## **General Provisions**

### **Article (19)**

Until the issuance of the Authority's Human Resources Regulations, the Authority's staff shall be subject to the Human Resources Regulation for Independent Federal Entities.

### **Article (20)**

Any text or provisions contrary to or inconsistent with the provisions of this Decree-Law shall be abrogated.

### **Article (21)**

This Decree-Law shall be published in the Official Gazette and will come into effect 90 days from the date of its publication.

**Khalifa bin Zayed Al Nahyan**

**President of the United Arab Emirates**

**Issued by us at the Presidential Palace in Abu Dhabi**

On: 24/12/1437 H.

Corresponding to: 26/09 /2016



# A COMPREHENSIVE GUIDE ON UAE VALUE ADDED TAX

## UAE VAT SIMPLIFIED

- Are you a student or finance professional or accountant or auditors or directors or owners of business?
- Do you feel the need to understand the UAE Value Added Tax in a detailed manner?

This publication is meant to make your business 100% VAT compliant. The book explains UAE VAT laws in a simple yet comprehensive manner. Complex VAT provisions have been explained in easy to understand language with the help of flowcharts and examples so as to suit novice, intermediate and advanced users alike.

### Key Features of the book

- Bird's Eye View of UAE VAT Provisions.
- Author's comments with Examples and FAQs.
- VAT Provisions explained with the help of more than 200 Examples.
- Complex VAT provisions explained by way of diagrams, process flowcharts etc.
- Chapters and Paragraph arranged in logical sequence.
- Simple and easy to understand language.
- Industry Specific Guidance.

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Arvind Kumar is a Chartered Accountant and a Commerce Graduate from University of Delhi. He has also pursued a course on Advance Diploma in International Taxation from "KIMEP" one of the premier University of Kazakhstan. The author has amassed some impressive international experience of more than 7 years in the areas of Taxation, Risk Management & Internal Controls. The author gained wide experience in handling taxation matters of companies in various Asian Countries particularly Kazakhstan, Hong Kong, UAE, Singapore, and India.

After having worked in a multitude of countries mainly in Central Asia, Middle East & South East Asia regions for diversified industries and consequent upon the decision of Indian Government and GCC Countries to Implement Goods and Services Tax and Value Added Tax respectively in 2017, he decided follow his passion for gaining specialisation in the area of Consumption Taxes, Value Added Tax and Goods and Services Tax in particular.

Presently, he is a senior partner of the "M/s Arvind S Kumar & Co" a Chartered Accountant Firm in India.

