

United Arab Emirates

The Cabinet

Cabinet Resolution No. (49) of 2021

Amending Some Provisions of Cabinet Resolution No. (40) of 2017

On Administrative Penalties Imposed for Violating the State's Tax Laws

The Cabinet, having perused to:

- The Constitution;
- Federal Decree-Law No. (13) of 2016 on the Establishment of the Federal Tax Authority;
- Federal Law by Decree No. (14) of 2016 on Violations and Administrative Penalties in the Federal Government;
- Federal Law No. (7) of 2017 on Tax Procedure;
- Federal Law No. (7) of 2017 on Excise Tax;
- Federal Law No. (8) of 2017 on Value-Added Tax;
- Federal Decree-Law No. (26) of 2019 on Public Finance; and
- Cabinet Resolution No. (40) of 2017 on Administrative Penalties for Violations of Tax Law in the UAE.
- And based on the presentation of the Minister of Finance and the approval of the Cabinet;

The Cabinet resolved as follows:

Article (1)

Replacement of Tables

The below tables shall replace the tables on the administrative violations and penalties attached to Cabinet Resolution No. (40) of 2017 on Administrative Penalties imposed on violations to the tax laws of the UAE:

<u>Table No. (1)</u> On Administrative Violations and Penalties related to the application of Federal Law No. (7) of 2017 on Tax Procedure		
No.	Violation Description	Administrative Penalty (AED)
1	The person doing business failed to keep the required records and other information specified in the Tax Procedure Law and the tax law.	(1,000) for the first time. (2,000) in case of repetition.
2	The person doing business failed to submit data, records and documents related to tax in Arabic to FTA upon request.	(20,000)
3	The taxable person failed to submit the registration application within the time limit specified in the tax law.	(10,000)
4	The Registrant failed to submit a request to cancel the registration within the time limit specified in the tax law.	(1,000) upon delay in submitting the application and on the same date per month, with a maximum of (10,000)
5	The Registrant failed to inform FTA of any situation that may require amending the information related to its tax record kept with FTA.	(5,000) for the first time. (10,000) in case of repetition.

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6	The legal representative of the taxable person failed to report its appointment as a legal representative of the taxable person within the specified dates, provided that the penalties in this case shall be from the legal representative's own money.	(10,000)
7	The legal representative of the taxable person failed to submit the tax return within the specified dates, within the specified dates, provided that the penalties in this case shall be from the legal representative's own money.	(1,000) for the first time. (2,000) in case of repetition within (24) months.
8	The Registrant failed to submit the tax return within the time limit specified in the tax law.	(1,000) for the first time. (2,000) in case of repetition within (24) months.
9	The taxable person failed to pay the tax shown as a tax payable in the tax return or voluntary declaration that was submitted, or the tax assessment that was notified within the time limit specified in the tax law.	1. The taxable person shall pay the penalty applicable to the late payment of the payable tax, with a maximum of (300%), in accordance with the following: a. (2%) of the unpaid tax due on the day following the due date for payment, upon late payment of the payable tax.

		<p>b. (4%) monthly penalty due after one month from the payment due date, and on the same date every month after that, on the amount of tax that has not been paid to date.</p> <p>2. For the purposes of this penalty, the due date for payment in the event of voluntary declaration and tax assessment is as follows:</p> <p>a. In the case of the voluntary declaration, (20) business days from the date of its submission.</p> <p>b. In the case of tax assessment, (20) business days from the date of its receipt.</p>
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10	The Registrant submitted an incorrect tax return.	<ol style="list-style-type: none">1. A fixed penalty is imposed: (1,000) for the first time. (2,000) in case of repetition.2. As an exception to Clause (1) of this penalty, if the incorrect tax return results in a tax difference less than the fixed fine mentioned in Clause (1) of this penalty, a fine equal to the tax difference shall be imposed, provided it is not less than AED (500).3. Whoever corrects its tax return before the payment due date shall be exempted from the penalty specified in Clauses (1) and (2) of this penalty.
11	The person / taxpayer makes a voluntary declaration of errors in the tax return, tax	Without prejudice to the consequences of the penalty

	<p>assessment or tax refund application, in accordance with Clauses (1) and (2) of Article (10) of the Tax Procedures Law.</p>	<p>mentioned in Clause (10) hereof, a proportional penalty shall be imposed on the amount of the difference between the tax calculated and the tax that should have been calculated, in accordance with the following:</p> <ol style="list-style-type: none">1. (5%) on the difference amount in the event that the voluntary declaration was submitted within one year of the due date of the tax return, tax assessment, or related refund application.2. (10%) on the difference amount in the event that the voluntary declaration was submitted during the second year from the due date of the tax return, tax assessment, or related refund application.
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		<p>3. (20%) on the difference amount in the event that the voluntary declaration was submitted during the third year from the due date of the tax return, tax assessment, or related refund application.</p> <p>4. (30%) on the difference amount in the event that the voluntary declaration was submitted during the fourth year from the due date of the tax return, tax assessment, or related refund application.</p> <p>5. (40%) on the difference amount in the event that the voluntary declaration was submitted after the fourth year from the due date of the tax return, tax</p>
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		assessment, or related refund application.
12	The person / taxpayer fails to make a voluntary declaration of an error in the tax return, tax assessment or tax refund application, in accordance with Clauses (1) and (2) of Article (10) of the Tax Procedures Law, before being notified of FTA's tax audit.	Without prejudice to the consequences of the penalty mentioned in Clause (10) hereof, shall be imposed a person: <ol style="list-style-type: none">1. A penalty of (50%) on the amount of error;2. A penalty of (4%) for each month or part of the month from any of the following:<ol style="list-style-type: none">a. Tax unpaid to FTA, from the date that payment is due for the relevant tax period until the date of receipt of the tax assessment.b. The tax that has not been refunded to FTA due to an unjust tax refund, from the date of the tax refund from FTA until the date

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		of receiving the tax assessment.
13	The person doing business failed to provide facilities to the tax auditor in violation to the provisions of Article (21) of the Tax Procedure Law.	(20,000)
14	The Registrant failed to calculate tax on behalf of another person when the registered taxable person is obligated to do so in accordance with the tax law	3. The Registrant shall pay the penalty applicable to the late payment of the payable tax, with a maximum of (300%), in accordance with the following: c. (2%) of the unpaid tax due on the day following the due date for payment, upon late payment of the payable tax. d. (4%) monthly penalty due after one month from the payment due date, and on the same date every month after that, on the amount of

		<p>tax that has not been paid to date.</p> <p>4. For the purposes of this penalty, the due date for payment in the event of voluntary declaration and tax assessment is as follows:</p> <p>c. In the case of the voluntary declaration, (20) business days from the date of its submission.</p> <p>d. In the case of tax assessment, (20) business days from the date of its receipt.</p>
15	The taxable person failed to calculate any tax that may be due on importing goods in accordance with the tax law.	(50%) of unpaid or undeclared tax.

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

No.	Violation Description	Administrative Penalty (AED)
1	The taxable person failed to present the prices as inclusive of the tax.	(5,000)
2	Failure to comply with the conditions and procedures for transporting the excise goods from one designated zone to another, and the mechanism of preserving, storing and processing them in it.	The penalty shall be the higher of (50,000) or (50%) of the tax, if any, imposed on the goods related to the violation.
3	The taxable person failed to provide FTA with price lists of excise goods it has produced or imported.	(5,000) for the first time (10,000) for each repetition

<u>Table No. (3)</u> On Administrative Violations and Penalties related to the application of Federal Decree-Law No. (8) of 2017 on Value Added Tax		
No.	Violation Description	Administrative Penalty (AED)
1	The taxable person failed to present the prices as inclusive of the tax.	(5,000)
2	The taxable person failed to report to FTA about its application of the tax on the margin basis.	(2,500)
3	Failure to comply with the necessary conditions and procedures for storing goods in a designated zone or moving them to another designated zone.	The penalty shall be the higher of (50,000) or (50%) of the tax, if any, imposed on

		the goods related to the violation.
4	The taxable person failed to issue the tax invoice or alternative document when making any supply.	(2,500) for each case discovered.
5	The taxable person failed to issue the tax credit note or alternative document.	(2,500) for each case discovered.
6	The taxable person failed to comply with the conditions and procedures related to issuing the tax invoice and tax credit note electronically.	(2,500) for each case discovered.

Article (2)

Determination of Penalties Application Date in Special Cases

For the purposes of Clauses (4), (9) and (14) of Table No. (1) referred to in Article (1) hereof, if any penalty is applied monthly on the same date, the date for any month in which there is no charge for that date shall be the first day of the following month, provided that it applies for the other months on the same date on which the monthly penalty was first imposed.

Article (3)

Redefinition of Administrative Penalties Imposed Before Effective date

1. FTA shall define the administrative penalties imposed on the Registrant prior to the effective date hereof that have not been paid, so that they are equal to (30%) of the total unpaid penalties if all of the following conditions are met:

- a. Any of the administrative penalties stipulated in Cabinet Resolution No. (40) of 2017 referred to above was imposed on the Registrant prior to the effective date hereof and has not been fully paid;
 - b. The Registrant has paid the following:
 - 1) The due and payable tax, up to 31 December 2021 at most; and
 - 2) (30%) of the total payable administrative penalties unpaid until the effective date hereof up to 31 December 2021 at most.
2. FTA shall determine the procedures for implementing the provisions of this Article.

Article (4)

Repeals

Any provision violates to contradicts the provisions hereof shall be repealed.

Article (5)

Resolution Promulgation and Application

This resolution shall be promulgated in the official gazette and shall be applied 60 days after the date of issuance thereof.

Original Document Signed by H.H. Sheikh

Mohammed bin Rashid Al Maktoum

Prime Minister

[Seal: UAE, Cabinet]

Publicly issued:

On: 16 Ramadan 1442 A.H.

Corresponding to: 28 April 2021

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