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The Administrative Penalties for Violations Related to the Application of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses

Cabinet Decision No. 75 of 2023

Issued 10 July 2023 – (Effective from 1 August 2023)

The Cabinet has decided:

- Having reviewed the Constitution,
- Federal Law No. (1) of 1972 on the Competences 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, and its amendments,
- Federal Law No. (14) of 2016 on Violations and Administrative Penalties in the Federal Government,
- Federal Decree-Law No. (28) of 2022 on Tax Procedures,
- Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses,
- Cabinet Decision No. (40) of 2017 on the Administrative Penalties for Violation of Tax Laws in the UAE, and its amendments,
- Pursuant to what was presented by the Minister of Finance and approved by the Cabinet,

Article 1 – Definitions

Definitions in Federal Decree-Law No. (28) of 2022 on Tax Procedures and in Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses shall apply to this Decision, otherwise, the following words and expressions shall have the meanings assigned against each, unless the context otherwise requires:



Tax	: Corporate Tax.
Tax Procedures Law	: Federal Decree-Law No. (28) of 2022 on Tax Procedures.
Corporate Tax Law	: Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses.
Due Tax	: Tax that is calculated and imposed under the provisions of the Corporate Tax Law.
Administrative Penalties	: Monetary amounts imposed upon the Person by the Authority for breaching the provisions of the Tax Procedures Law, the Corporate Tax Law or decisions issued by the Cabinet for execution thereof.
Tax Audit	: A procedure undertaken by the Authority to inspect the commercial records, information, data or goods related to a Person to determine whether the Person has fulfilled his obligations under the Tax Procedures Law or the Corporate Tax Law.
Declaration	: A declaration made pursuant to Clauses (5) and (6) of Article (53) or Clause (1) of Article (55) of the Corporate Tax Law.
Tax Difference	: The difference between the Due Tax as calculated and the Due Tax as it should have been calculated.

Article 2 – Scope of Application

Notwithstanding the provisions of Cabinet Decision No. (40) of 2017 referred to above, the Administrative Penalties included in the table annexed to this Decision shall apply to violations related to the application of the Corporate Tax Law.

Article 3 – Date of Application of Monthly Administrative Penalties

For the purposes of Clauses (3), (6), (7), (8), and (13) of the table annexed to this Decision, if any penalty is to be imposed on the same date monthly, the date for a month, that does not have a corresponding date for that date, shall be considered to



be the last day of that month, however, the penalty for all other months shall be imposed on the same date the monthly penalty was first imposed.

Article 4 – Publication and Entry into Force

This Decision shall be published in the Official Gazette and shall come into effect on 1 August 2023.



Table of Violations and Administrative Penalties

Annexed to Cabinet Decision No. (75) of 2023 on Violations Related to the Application of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses

No.	Description of Violation	Administrative Penalty Amount in AED
1.	Failure of the Person conducting a Business or Business Activity or having a Tax obligation under the Tax Procedures Law or the Corporate Tax Law to keep the required records and other information specified in the Tax Procedures Law and the Corporate Tax Law.	One of the following penalties shall apply: 1. 10,000 for each violation. 2. 20,000 in each case of repeated violation within 24 months from the date of the last violation.
2.	Failure of the Person conducting Business or Business Activity or having a Tax obligation under the Tax Procedures Law or the Corporate Tax Law to submit the data, records and documents related to Tax in Arabic to the Authority when requested.	5,000
3.	Failure of the Registrant to submit a deregistration application within the timeframe specified in the Corporate Tax Law and its implementing decisions.	1,000 in case of late submission of the application and on the same date monthly, up to a maximum of 10,000.
4.	Failure of the Registrant to inform the Authority of any case that may require the amendment of the information pertaining to his Tax record kept by the Authority.	One of the following penalties shall apply: 1. 1,000 for each violation. 2. 5,000 in each case of repeated violation within 24 months from the date of the last violation.
5.	Failure of the Legal Representative to provide notification of their appointment within the specified timeframes, in which case the penalties will be due from the Legal Representative's own funds.	1,000
6.	Failure of the Legal Representative to file a Tax Return within the specified timeframes, in	1. 500 for each month, or part thereof, for the first twelve months.



	which case the penalties will be due from the Legal Representative's own funds.	2. 1,000 for each month, or part thereof, from the thirteenth month onwards. This penalty shall be imposed from the day following the expiry date of the timeframe within which the Tax Return must be submitted, and on the same date monthly thereafter.
7.	Failure of the Registrant to submit a Tax Return within the timeframe specified in the Corporate Tax Law.	1. 500 for each month, or part thereof, for the first twelve months. 2. 1,000 for each month, or part thereof, from the thirteenth month onwards. This penalty shall be imposed from the day following the expiry date of the timeframe within which the Tax Return must be submitted, and on the same date monthly thereafter.
8.	Failure of the Taxable Person to settle the Payable Tax.	1. A monthly penalty of 14% per annum, for each month or part thereof, on the unsettled Payable Tax amount from the day following the due date of payment and on the same date monthly thereafter. 2. For the purposes of this penalty, the due date of payment in the case of the Voluntary Disclosure and Tax Assessment, shall be as follows: a. 20 Business Days from the date of submission, in the case of a Voluntary Disclosure. b. 20 Business Days from the date of receipt, in the case of a Tax Assessment.
9.	The Registrant submits an incorrect Tax Return.	500, unless the Person corrects his Tax Return before the expiry of the deadline



		for the submission of the Tax Return according to the Corporate Tax Law.
10.	The submission of a Voluntary Disclosure by the Taxable Person in relation to errors in the Tax Return, Tax Assessment or Tax refund application pursuant to Clauses (1) and (2) of Article (10) of the Tax Procedures Law.	A monthly penalty of 1% on the Tax Difference, for each month or part thereof, to be applied as of the date following the due date of the relevant Tax Return, the submission of the Tax refund application, or the Notification of the Tax Assessment and until the date the Voluntary Disclosure is submitted.
11.	Failure of the Taxable Person to submit a Voluntary Disclosure in relation to errors in the Tax Return, Tax Assessment or Tax refund application pursuant to Clauses (1) and (2) of Article (10) of the Tax Procedures Law, before being notified by the Authority that it will be subject to a Tax Audit.	The following penalties shall apply: <ol style="list-style-type: none"> 1. A fixed penalty of 15% on the Tax Difference. 2. A monthly penalty of 1% on the Tax Difference, for each month or part thereof, to be applied as follows: <ol style="list-style-type: none"> a. Where the Taxable Person submits a Voluntary Disclosure after being notified that it will be subject to a Tax Audit by the Authority, the penalty shall be imposed for the period from the day following the due date of the relevant Tax Return, or the submission of the Tax refund application or Notification of the Tax Assessment and until the date the Voluntary Disclosure is submitted. b. Where the Taxable Person fails to submit a Voluntary Disclosure, the penalty shall be imposed as of the date following the due date of the relevant Tax Return, or the submission of the Tax refund application or Notification of the



		Tax Assessment and until the date of issuance of the Tax Assessment.
12.	Failure of a Person subject to Tax Audit, his Tax Agent or Legal Representative to offer facilitation to the Tax Auditor in violation of the provisions of Article (20) of the Tax Procedures Law, in which case the penalties will be due from the Person's, Legal Representative's or Tax Agent's own funds, as applicable.	20,000
13.	Failure of a Person to submit, or late submission of a Declaration to the Authority, as required in accordance with the provisions of the Corporate Tax Law.	<ol style="list-style-type: none"> 1. 500 for each month, or part thereof, for the first twelve months. 2. 1,000 for each month, or part thereof, from the thirteenth month onwards. <p>This penalty shall be imposed from the day following the expiry date of the timeframe within which the Declaration must be submitted, and on the same date monthly thereafter.</p>