



The UAE's Ministry of Finance ("MOF") has issued Cabinet Decision No. 75 of 2023 ("the Decision") on the 'Administrative Penalties' for violations related to application of Corporate Tax ("CT") Law.

The violations could be concerning any provisions of the CT Law or any provisions of the Tax Procedures Law ("TPL") concerning the application of CT Law.

Further, it shall be noted that the Administrative Penalties as per this Decision shall prevail over any other Administrative Penalties illustrated in Cabinet Decision No. 40 of 2017 and related amendments.

Persons who could be liable for the Administrative Penalties:

- **Tax Payer / Taxable Person**
- **Any Person having Tax Obligation under CT Law or TPL**
- **Registrant**
- **Legal Representative**
- **Any Person subject to Tax Audit**
- **Tax Agent**

Violations Category and corresponding Administrative Penalties

Administrative Penalties on Lumpsum Basis:

Description of the Violation	Penalty (In AED)
Failure to keep the required records and other information specified in the TPL or CT Law.	<ul style="list-style-type: none"> • 10,000 for each violation • 20,000 in case of repeated violation within 24 months of previous violation
Failure to submit any data, records and documents related to Tax in Arabic, when requested	<ul style="list-style-type: none"> • 5,000
Failure to inform any amendment to any Tax record kept with the FTA	<ul style="list-style-type: none"> • 1,000 for each violation • 5,000 in case of repeated violation within 24 months of previous violation
Failure of Legal Representative ("LR") to notify its appointment within prescribed timeframe	<ul style="list-style-type: none"> • 1,000 <p><i>To be recovered from LR's own funds</i></p>
Submission of Incorrect Tax Return	<ul style="list-style-type: none"> • 500 <p><i>Not Applicable if Return corrected before submission due date.</i></p>
Failure to offer facilitation to Tax Auditor in violation of provisions of Article 20 of TPL by Person subject to Tax Audit, his Tax Agent or his LR	<ul style="list-style-type: none"> • 20,000 <p><i>To be recovered from Person's / LR's / Tax Agent's own funds</i></p>

Administrative Penalties on Monthly Basis:

Description of the Violation	Penalty (In AED)
Failure to submit a deregistration application within the specified timeline	<ul style="list-style-type: none"> 1,000 monthly up to a maximum of 10,000
Failure of LR to file Tax Return within specified timeline	<ul style="list-style-type: none"> 500 for each month or part thereof, for the first 12 months 1,000 for each month or part thereof - from the 13th month onwards <p><i>To be recovered from LR's own funds</i></p>
Failure of Registrant to file Tax Return within specified timeline	<ul style="list-style-type: none"> 500 for each month or part thereof, for the first 12 months 1,000 for each month or part thereof - from 13th month onwards
Failure of Registrant to settle Payable Tax	<ul style="list-style-type: none"> Monthly – 14% per annum for each month or part thereof, from the day following the due date of payment <p><i>Due date in case of Voluntary Disclosure – 20 business days from date of submission.</i></p> <p><i>Due date in case of Tax Assessment – 20 business days from date of receipt of Tax Assessment</i></p>
Submission of Voluntary Disclosure ("VD") for errors in Tax Return / Tax Assessment / Tax Refund application pursuant to clause (1) and (2) of Article (10) of the TPL	<ul style="list-style-type: none"> Monthly – 1% of Tax difference, for each month of part thereof <p><i>From due date of Tax Return/ Submission of Tax Refund application / Notification of Tax Assessment till date of submission of Voluntary Disclosure</i></p>

Failure to submit VD for errors in Tax Return / Tax Assessment / Tax Refund pursuant to clause (1) and (2) of Article (10) of the TPL, before being notified by FTA that it will be subject to tax Audit

- Fixed Penalty of 15% of Tax Difference.
- Monthly – 1% of Tax difference for each month of part thereof to be applied as:

Incase VD submitted after notification of Tax Audit – from the day following due date of Tax Return / Submission of Refund Application / Notification of Tax Assessment till the date VD is submitted.

Failure to submit VD – from date following the due date of Tax Return / Submission of Refund Application / Notification of Tax Assessment till date of issuance of Tax Assessment.

Failure of Person to submit or late submission of Declaration (pursuant to clause (5) and (6) of Article (53) or clause (1) of Article (55) of the CT law) to the FTA

- 500 for each month or part thereof, for the first 12 months.
- 1000 for each month or part thereof – from 13th month onwards.

Penalty imposed from the day of expiry of timeline for submission of Declaration

"Reach out and let's connect!"

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