

This is not an official Translation:

The Administrative Penalties for Violation of Tax Laws in the UAE

Cabinet Decision No. 40 of 2017 – Issued 24 Sep 2017 – (Effective from 24 Sep 2017)

Cabinet Decision No. 49 of 2021 – Issued 28 Apr 2021 – (Effective from 28 Jun 2021)

Cabinet Decision No. 108 of 2021 – Issued 30 Dec 2021 – (Effective from 1 Jan 2022)

Cabinet Decision No. 129 of 2025 – Issued 9 Oct 2025 – (Effective from 14 April 2026)

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 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, and its amendments,
- Federal Decree-Law No. 28 of 2022 on Tax Procedures and its amendments,
- Federal Decree-Law No. 7 of 2017 on Excise Tax and its amendments,
- Federal Decree-Law No. 8 of 2017 on Value Added Tax and its amendments,
- Federal Decree-Law No. 26 of 2019 on Public Finance,
- Pursuant to what was presented by the Minister of Finance and approved by the Cabinet.

Article 1 – Definitions¹

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

State : United Arab Emirates.

¹ Article amended as per Cabinet Decision No. 129 of 2025.

Minister : Minister of Finance.

Authority : Federal Tax Authority.

Tax Procedures: Federal Decree-Law No. 28 of 2022 on Tax Procedures, and its Law amendments.

Excise Tax Law : Federal Decree-Law No. 7 of 2017 on Excise Tax, and its amendments.

Value Added Tax: Federal Decree-Law No. 8 of 2017 on Value Added Tax, and its amendments.

Tax Law : Excise Tax Law and Value Added Tax Law for purposes of this decision.

Administrative Penalties : Monetary amounts imposed on the Person by the Authority for violating the provisions of the Tax Procedures Law or the Tax Law.

Person : Natural or legal person.

Business : Any activity conducted regularly, on an ongoing basis and independently by any Person, in any location, such as industrial, commercial, agricultural, professional, service or excavation activities or anything related to the use of tangible or intangible property.

Taxable Person : Any Person 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 a form prepared by the Authority.

Tax Registration : A procedure whereby the Taxable Person or his Legal Representative registers with the Authority for tax purposes.

Registrant : The Taxable Person who has been issued with a Tax Registration Number (TRN).

Legal Representative : The manager of a company or guardian, trustee or curator with regard to incapacitated Persons or Persons with diminished capacity, or the court-appointed bankruptcy trustee with regard to a company undergoing bankruptcy, or any Person legally appointed to represent another Person.

Due Tax : Tax that is calculated and imposed pursuant to the provision of the Tax Law.

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

Tax Assessment : A decision issued by the Authority and is related to the Payable Tax or recoverable tax.

- Notification : Notification to the relevant Person or his Tax Agent or Legal Representative of the decisions issued by the Authority through the means stated in the Tax Procedures Law and its Executive Regulation.
- Voluntary Disclosure : A form prepared by the Authority pursuant to which the Taxpayer notifies the Authority of any error or omission in the Tax Return, Tax Assessment or tax refund application in accordance with the provisions of the Tax Procedures Law.
- 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 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

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 Due Tax in accordance with the provisions of the Federal Tax Laws.

Article 4 – Amendment of the Administrative Penalties

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

Article 5 – Objections

The Person may object to the Administrative Penalties imposed on him in accordance with the procedures stipulated in the Federal Law No. 28 of 2022 on Tax Procedures.

Article 6 – Issuance of 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 1 October 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 1 January 2018.

Article 8 – Publication

This Decision shall be published in the Official Gazette.

Table No. 1 On Violations and Administrative Penalties related to the Implementation of Tax Procedures Law²		
No.	Description of Violation	Administrative Penalty in AED
1	Failure of the Person conducting Business or who has an obligation under the Tax Procedures Law or the Tax Law to keep the required records and other information specified in the Tax Procedures Law and the Tax Law.	One of the following two penalties shall be imposed: 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 who has an obligation under the Tax Procedures Law or the 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 Taxable Person to submit a registration application within the timeframe specified in the Tax Law.	10,000
4	Failure of the Registrant to submit a deregistration application within the timeframe specified in the Tax Law. ³	1,000 in case of late submission of the application and on the same date monthly, up to a maximum of 10,000.
5	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 Authority.	One of the following two penalties shall be imposed: 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.
6	Failure of the Legal Representative of the Taxable Person 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

² Table amended as per Cabinet Decision No. 129 of 2025 (effective from 14 April 2026).

³ In accordance with Cabinet Decision No. 49 of 2021, if any penalty is to be imposed on the same date monthly, the date for a month that does not contain a corresponding date shall be considered as the first day of the following month. The penalty for all other months shall be imposed on the date the monthly penalty was first imposed.

7	Failure of the Legal Representative for the Taxable Person to file a Tax Return within the specified timeframes, in which case the Penalties will be due from the Legal Representative's own funds.	1,000 for the first time. 2,000 in case of repetition within 24 months.
8	Failure of the Registrant to submit the Tax Return within the timeframe specified in the Tax Law.	1,000 for the first time. 2,000 in case of repetition within 24 months.
9	Failure of the Taxable Person to settle the Payable Tax within the timeframe specified in the Tax Law. ⁴	1. A monthly penalty of (14%) per annum, for each month or part thereof, imposed 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.
10	The Registrant submits an incorrect Tax Return .	500, unless the Registrant takes one of the following actions: 1. Corrects his Tax Return within the deadline specified for submitting the Tax Return pursuant to the Tax Law. 2. Submits a Voluntary Disclosure to correct the Tax Return without resulting in a difference in the amount of Due Tax.

⁴ In accordance with Cabinet Decision No. 49 of 2021, if any penalty is to be imposed on the same date monthly, the date for a month that does not contain a corresponding date shall be considered as the first day of the following month. The penalty for all other months shall be imposed on the date the monthly penalty was first imposed.

11	The submission of a Voluntary Disclosure by the Taxable Person or the Taxpayer on 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 Tax Return, or submission of the relevant tax refund application until the date of the Voluntary Disclosure is submitted.
12	Failure of the Taxable Person or the Taxpayer to submit a Voluntary Disclosure in relation to errors in the Tax Return, Tax Assessment, or tax refund application before being notified by the Authority that it will be subject to a Tax Audit.	The two following penalties shall be imposed: 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 calculated as follows: 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 Tax Return, or the submission of the relevant tax refund application until the date of submitting the Voluntary Disclosure. 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 Tax Return, or the submission of the relevant tax refund application until the date of issuance of the Tax Assessment.
13	Failure of the 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, provided that the penalties in this case	20,000

	will be due from the Person's, his Legal Representative's, or Tax Agent's own funds, as applicable.	
14	Failure of the Registrant to calculate tax on behalf of another Person where the Registrant Taxable Person is obliged to do so under the Tax Law. ⁵	1. A monthly penalty of 14% per annum, for each month or part thereof, imposed on the unsettled amount of Payable Tax, 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.
15	The failure of the Person to calculate any tax that may be due on the import of goods as per the Tax Law.	50% of the unpaid or undeclared Tax.

Table No. 2 On Violations and Administrative Penalties related to the Implementation of Federal Decree-Law No. 7 of 2017 on Excise Tax⁶		
No.	Description of Violation	Administrative Penalty in AED
1	Failure of the Taxable Person to display prices inclusive of Tax.	5,000

⁵ In accordance with Cabinet Decision No. 49 of 2021, if any penalty is to be imposed on the same date monthly, the date for a month that does not contain a corresponding date shall be considered as the first day of the following month. The penalty for all other months shall be imposed on the date the monthly penalty was first imposed.

⁶ Table amended as per Cabinet Decision No. 49 of 2021.

2	Failure to comply with the conditions and procedures of transferring Excise Goods from a Designated Zone to another Designated Zone, and the mechanism of preserving, storing, and processing such Excise Goods.	The penalty shall be the higher of 50,000 or 50% of the Tax, if applicable, chargeable on the goods in relation to the violation.
3	Failure of the Taxable Person to provide the Authority with the price lists of the Excise Good that it produces, imports or sells.	5,000 for the first time. 10,000 in case of repetition.

Table No. 3 On Violations and Administrative Penalties related to the Implementation of Value Added Tax Law⁷		
No.	Description of Violation	Administrative Penalty in AED
1	Failure of the Taxable Person to display prices inclusive of Tax.	5,000
2	Failure of the Taxable Person to notify the Authority of applying tax based on Margin.	2,500
3	Failure to comply with the required 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 50,000 or 50% of the Tax, if applicable, chargeable on the goods in relation to the violation.
4	Failure of the Taxable Person to issue a Tax Invoice or the alternative document when making any supply within the period legally specified.	2,500 for each detected case.
5	Failure of the Taxable Person to issue a Tax Credit Note or the alternative document within the period legally specified.	2,500 for each detected case.

⁷ Table amended as per Cabinet Decision No. 129 of 2025 (effective from 14 April 2026).

6	Failure of the Taxable Person to comply with the conditions and procedures regarding the issuance of a Tax Invoice and a Tax Credit Note electronically.	2,500 for each detected case.
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