

This is not an official Translation:

## **Cabinet Decision No. 197 of 2025**

### **Excise Goods, Tax Rates or Amounts Imposed on Excise Goods, and the Methods of Calculating the Excise Price**

**Cabinet Decision No. 197 of 2025 – Issued 27 Nov 2025 (Effective from 1 Jan 2026)**

#### **The Cabinet has decided**

- Having reviewed the Constitution,
- Federal Law No. 1 of 1972 on the Competencies of 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 Decree-Law No. 7 of 2017 on Excise Tax, and its amendments,
- Federal Decree-Law No. 28 of 2022 on Tax Procedures, and its amendments,
- Federal Decree No. 32 of 2017 ratifying the Common Excise Tax Agreement of the States of the Gulf Cooperation Council (GCC),
- Cabinet Decision No. 52 of 2019 on Excise Goods, Excise Tax Rates and the Methods of Calculating the Excise Price,
- And pursuant to the presentation of the Minister of Finance and approved by the Cabinet.

#### **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 requires otherwise:

State	:	United Arab Emirates.
Authority	:	Federal Tax Authority.
Minister	:	Minister of Finance.
Tax	:	Excise Tax.
Decree-Law	:	Federal Decree-Law No. 7 of 2017 on Excise Tax, and its amendments.
Excise Goods	:	Goods that shall be determined as subject to Tax by this Decision.

- Taxable Person : Any Person registered or obligated to register for Tax purposes under the Decree-Law.
- Importer : The natural or legal Person whose name appears for customs clearance purposes as the importer of the Excise Goods on the date of import.
- Excise Price : The price calculated in accordance with this Decision.
- Value Added Tax : Tax imposed on the import and supply of goods and services according to the Federal Decree-Law No. 8 of 2017 on Value Added Tax, and its amendments.
- Milk : Animals' milk, remanufactured milk, powdered milk, yoghurt (fermented milk), whey, remanufactured whey, and does not include cream.
- Milk Substitutes : A drink that is used for all or most uses of milk as a milk substitute, has a consistency similar to milk, and contains 120mg of calcium per 100ml, subject to being extracted from pulses, cereals, nuts, seeds or any other type of plants and does not contain aerated substances.

## **Article 2 – Excise Goods**

For the purposes of Article 2 of the Decree-Law, Tax shall be applicable on the following Excise Goods:

1. Tobacco and tobacco products.
2. Liquids used in electronic smoking devices and tools.
3. Electronic smoking devices and tools.
4. Energy drinks.
5. Sweetened drinks.

## **Article 3 – Tobacco and tobacco products**

1. For the purposes of Article 2 of this Decision, tobacco and tobacco products shall include all items listed within Chapter 24 of the GCC Common Customs Tariff that are imported, cultivated or produced in the State, including electrically-heated cigarettes.
2. As an exception to the provision of Clause 1 of this Article, products listed within Chapter 24 of the GCC Common Customs Tariff that are exclusively intended to assist in smoking cessation shall not be considered as tobacco and tobacco products, in accordance with the Customs codes specified by a decision issued by

the Minister.

#### **Article 4 – Liquids used in Electronic Smoking Devices and Tools**

For the purposes of Article 2 of this Decision, liquids used in electronic smoking devices and tools include all liquids used in such devices and tools and the like whether or not containing nicotine pursuant to the Customs codes to be specified by a decision issued by the Minister.

#### **Article 5 – Electronic Smoking Devices and Tools**

For the purposes of Article 2 of this Decision, electronic smoking devices and tools shall mean all electronic smoking devices and tools and the like whether or not containing nicotine or tobacco pursuant to the Customs codes to be specified by a decision issued by the Minister.

#### **Article 6 – Energy drinks**

For the purposes of Article 2 of this Decision, energy drinks shall mean all of the following:

1. Any beverages marketed or sold as an energy drink that may contain stimulant substances that provide mental and physical stimulation, which includes for example caffeine, taurine, ginseng and guarana, and also includes any substances that have an identical or similar effect as the aforementioned substances.
2. Any concentrates, powder, gel or extracts that can be transformed into an energy drink.

#### **Article 7 – Sweetened Drinks**

1. For the purposes of Article 2 of this decision, Sweetened Drinks shall mean a product to which a source of sugar, artificial sweeteners, or any other sweeteners has been added, that is produced for consumption as a Drink, whether ready-to-drink, concentrate, powder, gel, extract or any form that can be converted into a sweetened drink.
2. For the purposes of this Article, sugar includes any type of sugar determined under Standard 148 of the GCC Standardization Organization under the heading “Sugar” and any subsequent and relevant standards.
3. For the purposes of this Article, artificial sweeteners include any type of

sweeteners determined under Standard 995 of the GCC Standardization Organization under the heading “Sweeteners Permitted in Food” and any subsequent and relevant standards.

4. For the purposes of this Article, other sweeteners refers to any type of sweeteners that is added to the drink for the purpose of sweetening it, excluding artificial sweeteners.
5. For the purposes of Article 2 of this Decision, the following Goods shall be excluded from the definition of sweetened drinks:
  - a. The beverage containing at least 75% Milk of the ready-to-drink beverage.
  - b. The beverage containing at least 75% Milk Substitutes of the ready-to-drink beverage.
  - c. Baby formula, follow up formula or baby food.
  - d. Beverages consumed for special dietary needs as determined under Standard 654 of the GCC Standardization Organization under the heading “General Requirements for Prepackaged Foods for Special Dietary Use” and any subsequent and relevant standards.
  - e. Beverages consumed for medical uses as determined under Standard 1366 of the GCC Standardization Organization under the heading “General Requirements for Handling of Foods for Special Medical Purposes”, and any subsequent and relevant standards.
  - f. Beverages containing any added source of sugar, artificial sweeteners or other sweeteners, which are prepared in restaurants or similar establishments, and served to end consumers in open, unsealed containers for direct consumption.

## **Article 8 – Drinks Containing Alcohol**

As an exception to the provisions of this Decision, drinks covered by Articles 6 and 7 of this Decision shall not include those containing alcohol.

## **Article 9 – Goods Previously Subject to Tax**

1. Where any Excise Good referred to in Articles 6 and 7 of this Decision, has previously been subject to Tax in the State, the beverage produced by combining that good with other products at the selling point for consumption by a non-Taxable Person shall not be considered an Excise Good for the purposes of the Decree-Law and no further Tax shall be due on it.

2. Tax paid on the Excise Goods specified under Clause 1 of this Article cannot be considered as Deductible Tax according to Article 16 of the Decree-Law.

## Article 10 – Tax Rates and Amounts

1. For the purposes of Article 3 of the Decree-Law, Tax shall apply to the Excise Goods stipulated under Article 2 of the Decision pursuant to the following rates or amounts:

	<b>Excise Goods</b>	<b>Tax Rate or Amount</b>
1	Tobacco and tobacco products.	100%
2	Liquids used in electronic smoking devices and tools.	100%
3	Electronic smoking devices and tools.	100%
4	Energy drinks.	100%
5	Sweetened drinks that contain 5 grams or more but less than 8 grams sugar or other sweeteners per 100 ml.	0.79 AED/Litre
6	Sweetened drinks that contain 8 grams or more sugar or other sweeteners per 100 ml .	1.09 AED/Litre
7	Sweetened drinks that contain less than 5 grams sugar or other sweeteners per 100 ml .	0 AED/Litre
8	Sweetened drinks that contain only artificial sweeteners, or artificial sweeteners and less than 5 grams sugar or other sweeteners per 100 ml .	0 AED/Litre

2. For the purposes of Clause 1 of this Article, the quantity of sugar or other sweeteners in concentrates, powders, gels, and extracts that meet the definition of Sweetened Drinks shall be calculated based on the final product form, in accordance with the Producer's guidelines. If guidelines regarding the quantity of sugar or other sweeteners in concentrates, powders, gels, and extracts are unavailable or proven inaccurate, the Authority shall determine the mechanism for calculating the percentage of sugar and other sweeteners in these goods.
3. For the purposes of Clause 1 of this Article, if a Sweetened Drink contains naturally occurring sugar in addition to added sugar or other sweeteners, the quantity of naturally occurring sugar in the beverage shall be calculated within the quantity of sugar or other sweeteners.
4. For the purposes of Clause 1 of this Article, if the calculation of the Tax on the Excise Good results in fractions of a Fils, the value of the Tax shall be rounded at

the level of the good to the nearest four decimal places of the Dirham upon registration with the Authority, and the value of the Tax Due for the purposes of periodic returns shall be rounded to the nearest Fils, in accordance with the rules of arithmetic rounding.

## **Article 11 – Excise Price**

1. Pursuant to Article 3 of the Decree-Law, the Excise Price shall be the higher of the following two prices:
  - a. the price published by the Authority for the Excise Good in a standard price list that it issues, if available,
  - b. the designated retail sales price for the Excise Good, less the Tax included therein.
2. In order to deduct the value of Tax included within the designated retail sales price according to Paragraph (b) of Clause 1 of this Article, for Excise Goods taxable at a rate of 100% of the Excise Price, the Tax shall be equivalent to half of its designated retail sales price.
3. As an exception to the provision of paragraph (b) of Clause 1 of this Article, the Excise Price of concentrates, powders, gels or extracts referred to in Clause 2 of Article 6 of this Decision shall be calculated in accordance with the mechanism specified by the Minister.

## **Article 12 – Designated Retail Sale Price**

1. For the purposes of Article 11 of this Decision, the designated retail sales price shall be the higher of:
  - a. The recommended selling price of the Excise Good in the course of its retail sale that is identified, declared and affixed to the goods by the Importer or Producer after deducting VAT. “The recommended selling price of the Excise Good in the course of its retail sale” shall mean the price achieved when the Excise Good is sold for retail purposes directly to the consumer, and does not include the cases where the price is increased as a result of selling the Excise Good in a hotel, restaurant or similar establishment for the purpose of consumption inside these premises.
  - b. the average retail selling price of the goods in the market after deducting VAT.
2. For the purposes of paragraph (b) of Clause 1 of this Article, the average retail

selling price of the goods in the market shall be calculated pursuant to procedures specified by the Authority.

### **Article 13 – Procedures of the Authority**

1. The Authority may determine the procedures required to prove the classification of a product to ensure whether it is an Excise Good. The Authority may request the Person to provide documents, laboratory tests, or any other evidence it may determine to prove and identify the product's ingredients.
2. The Authority may determine the procedures required to add a product to the published price list referred to in Article 11 of this Decision.
3. Where a Person fails to provide documents referred to in Clause 1 of this Article within the timeframe specified by the Authority, the Authority may consider the product as an Excise Good that is subject to the provisions of the Decree-law, until proven otherwise.
4. For the purposes of Article 7 of this Decision, the person is obligated to submit a laboratory report accepted by the Authority proving the quantity of sugar and other sweeteners in the Sweetened Drinks, and whether it contains artificial sweeteners. In the event that this report is not submitted, the Tax shall be imposed on the relevant Sweetened Drink at the category with the highest quantity of sugar and other sweeteners in accordance with Clause 1 of Article 10 of this Decision, provided that the Tax shall be accounted for under the correct category after submitting a laboratory report proving that the Sweetened Drink is subject to another category based on the quantity of sugar and other sweeteners.

### **Article 14 – Repeals**

Cabinet Decision No. 52 of 2019 referenced herein and all provisions violating or conflicting with the provisions of this Decision shall be repealed.

### **Article 15 – Publication and Enforcement**

This Decision shall be published in the Official Gazette and be effective from 1 January 2026.