

Cabinet Decision No. (52) of 2019
Regarding Excise Goods, the Tax Rates Imposed Thereon
and the Method of Calculating the Excise Price

The Cabinet:

Having reviewed the Constitution,

And Federal Decree-Law No. (13) of 2016 on the Establishment of the Federal Tax Authority,

And Federal Law No. (7) of 2017 on Tax Procedures,

And Federal Decree-Law No. (7) of 2017 on Excise Tax,

And Federal Decree No. (32) of 2017 on the Ratification of the Unified Excise Tax Agreement for the Cooperation Council for the Arab States of the Gulf,

And Cabinet Decision No. (38) of 2017 on Excise Goods, the Tax Rates Imposed Thereon, and the Method of Calculating the Excise Price,

And based on the proposal of the Minister of Finance and the approval of the Cabinet,

Has decided:

Article (1)

Definitions

For the purposes of implementing the provisions of this Decision, the words and phrases shall have the meanings assigned to them below, unless the context otherwise requires:

State : The United Arab Emirates.

Authority : The Federal Tax Authority.

Minister : The Minister of Finance.

Tax : Excise Tax.

Decree-Law : Federal Decree-Law No. (7) of 2017 on Excise Tax.

Excise Goods : The goods that are identified as being subject to Tax in 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 as the importer of the Excise Goods at the date of import for customs clearance purposes.

Excise Price : The price calculated in accordance with the provisions of this Decision.

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Value Added Tax	A tax imposed on the import and supply of goods and services, in accordance with the provisions of Federal Decree-Law No. (8) of 2017 on Value Added Tax.
Milk Alternatives	A beverage that is used for all or most of the uses of milk instead of it and has a similar density to milk and contains 120 milligrams of calcium per 100 milliliters, provided that it is extracted from legumes, grains, nuts, seeds, or any other type of plant and does not contain carbonated components.

Article (2)

Excise Goods

For the purposes of Article (2) of the Decree-Law, the Tax shall be imposed 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. Carbonated drinks.
5. Energy drinks.
6. 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 in Chapter (24) of the Unified Customs Tariff schedules for the Cooperation Council for the Arab States of the Gulf that are imported, cultivated, or produced in the State, including electrically heated cigarette sticks.
2. Notwithstanding the provision of clause (1) of this Article, products listed in Chapter (24) that are exclusively intended to aid in smoking cessation shall not be considered tobacco and tobacco products, according to the customs codes specified by a decision of 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 shall include all liquids used in such devices and tools and their equivalents, whether or not they contain nicotine, according to the customs codes specified by a decision of 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 their equivalents, whether or not they contain nicotine or tobacco, according to the customs codes specified by a decision of the Minister.

Article (6)

Carbonated Drinks

For the purposes of Article (2) of this Decision, carbonated drinks shall mean any of the following:

1. Any beverage containing gas, with the exception of unflavored carbonated water.
2. Any concentrates, powders, gels, or extracts that can be converted into carbonated drinks.

Article (7)

Energy Drinks

For the purposes of Article (2) of this Decision, energy drinks shall mean any of the following:

1. Any beverages which are marketed, or sold, as an energy drink and contain stimulant substances or provide mental or physical stimulation, which includes, without limitation, caffeine, taurine, ginseng and guarana, as well as any substances that have an identical or similar effect to the aforementioned substances.
2. Any concentrates, powders, gels, or extracts that can be converted into energy drinks.

Article (8)

Sweetened Drinks

1. For the purposes of Article (2) of this Decision, sweetened drinks shall mean any product to which a source of sugar or sweeteners is added, produced in one of the following forms:
 1. Ready to drink for consumption as a beverage.
 2. Concentrates, powders, gels, extracts, or any other form that can be converted into a sweetened drink.
2. For the purposes of this Article, sugar shall include any type of sugar specified according to Standard No. (148) of the GCC Standardization Organization under the title "Sugar," and any subsequent and relevant standards.
3. For the purposes of this Article, sweeteners shall include any type of sweetener specified according to Standard No. (995) of the GCC Standardization Organization under the title "Sweeteners Permitted for Use in Foodstuffs," and any subsequent and relevant standards.

4. For the purposes of Article (2) of this Decision, the following goods shall be excluded from the definition of sweetened drinks:

- a. A beverage containing at least (75%) milk of the ready-to-drink beverage content.
- b. A beverage containing at least (75%) milk alternatives of the ready-to-drink beverage content.
- c. Infant formula, follow-on formula, or baby foods.
- d. Beverages intended for special dietary uses according to Standard No. (654) of the GCC Standardization Organization under the title "General Requirements for Prepackaged Foods for Special Dietary Uses," and any subsequent and relevant standards.
- e. Beverages intended for special medical uses according to Standard No. (1366) of the GCC Standardization Organization under the title "General Requirements for the Handling of Food for Special Medical Purposes," and any subsequent and relevant standards.

Article (9)

Beverages Containing Alcohol

Notwithstanding what is stated in this Decision, the beverages mentioned in Articles (6), (7), and (8) of this Decision shall not include those containing alcohol.

Article (10)

Goods Previously Subject to Tax

1. If any Excise Good referred to in Articles (6), (7), and (8) of this Decision has previously been subject to Tax in the State, the beverage resulting from mixing this good with any other products at a point of sale for consumption by non-Taxable Persons will not be considered an Excise Good for the purposes of the Decree-Law, and no additional Excise Tax shall be due thereon.
2. The Tax paid on the Excise Goods referred to in clause (1) of this Article cannot be considered as deductible tax in accordance with the provision of Article (16) of the Decree-Law.

Article (11)

Compliance with the Definition of More Than One Excise Good

1. If any product complies with the definition of more than one of the Excise Goods specified in this Decision, it shall be classified as the Excise Good that is subject to the higher tax rate.
2. If any product complies with the definition of carbonated drinks and sweetened drinks as stated in this Decision, it shall be classified as a carbonated drink.

Article (12)

Tax Rates

For the purposes of Article (3) of the Decree-Law, the Tax shall be imposed on the Excise Goods referred to in Article (2) of this Decision, at the following rates:

Excise Goods	Tax Rate
Tobacco and tobacco products	100%
Liquids used in electronic smoking devices and tools	100%
Electronic smoking devices and tools	100%
Carbonated drinks	50%
Energy drinks	100%
Sweetened drinks	50%

Article (13)

Excise Price

1. In accordance with Article (3) of the Decree-Law, the Excise Price shall be the higher of the following two prices:
 - a. The price published for the Excise Good by the Authority in the price list it issues, if any.
 - b. The designated retail sales price for that good, less the Tax included therein.
2. To deduct the value of the Tax included in the designated retail sales price in accordance with paragraph (b) of clause (1) of this Article, the following calculations shall apply:
 - a. For an Excise Good subject to Tax at a rate of (50%) of the Excise Price, the value of the Tax shall be equal to one-third of the designated retail sales price for that good.
 - b. For an Excise Good subject to Tax at a rate of (100%) of the Excise Price, the value of the Tax shall be equal to one-half of the designated retail sales price for that good.
3. Notwithstanding the provision of paragraph (b) of clause (1) of this Article, the Excise Price for concentrates, powders, gels, or extracts referred to in this Decision shall be calculated according to the mechanism specified by the Minister.

Article (14)

Designated Retail Sales Price

1. For the purposes of Article (13) of this Decision, the designated retail sales price shall be the higher of:
 - a. The suggested retail selling price of the Excise Good, which is specified, declared, and affixed to the goods by the Importer or producer after

deducting the Value Added Tax. The "suggested retail selling price of the Excise Good" means the price realized when selling the Excise Good for retail purposes directly to the consumer, and does not include cases where the price increases as a result of selling the Excise Good in a hotel, restaurant, or similar establishment for the purpose of consumption within those establishments.

- b. The average retail sales price in the market for the good after deducting the Value Added Tax.
2. For the purposes of paragraph (b) of clause (1) of this Article, the average retail sales price in the market for the good shall be calculated in accordance with the procedures determined by the Authority.

Article (15)

Authority Procedures

1. The Authority may specify the necessary procedures to prove the classification of any product to confirm that it is an Excise Good, and may request the person to provide documents, laboratory evidence, or any other evidence specified by the Authority to prove and determine the product's content if it is unable to classify it.
2. The Authority may specify the necessary procedures for adding any product to the price list referred to in Article (13) of this Decision.
3. If the person fails to provide the documents referred to in clause (1) of this Article within the time period specified by the Authority, the Authority may consider it an Excise Good to which the provisions of the Decree-Law apply, until the contrary is proven.

Article (16)

Repeals

Cabinet Decision No. (38) of 2017 referred to above is hereby repealed, as is any provision that contradicts or is inconsistent with the provisions of this Decision.

Article (17)

Entry into Force

The Minister shall issue a decision specifying the date of implementation of the provisions of this Decision, provided that the implementation is before 1 January 2020.

Article (18)

Publication

This Decision shall be published in the Official Gazette.

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued by us:

On: 3 / Dhu al-Hijjah / 1440 H

Corresponding to: 4 / August / 2019 G