

Cabinet Decision No. (49) of 2021

Amending Some Provisions of Cabinet Decision No. (40) of 2017

on Administrative Penalties for Violation of Tax Laws in the State

The Cabinet:

Having reviewed the Constitution,

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

And Federal Law No. (14) of 2016 on Violations and Administrative Sanctions in the Federal Government,

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

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

And Federal Decree-Law No. (8) of 2017 on Value Added Tax,

And Federal Decree-Law No. (26) of 2019 on Public Finance,

And Cabinet Decision No. (40) of 2017 on Administrative Penalties for Violation of Tax Laws in the State,

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

Has decided:

Article One

Replacement of Schedules

The schedules of violations and administrative penalties attached to Cabinet Decision No. (40) of 2017 on Administrative Penalties for Violation of Tax Laws in the State shall be replaced by the following schedules:

Schedule No. (1)

**On Violations and Administrative Penalties Related to the Application of
Federal Law No. (7) of 2017 on Tax Procedures**

No.	Violation Description	Administrative Penalty Value in AED
1	Failure of the Person conducting Business to keep the required records and other information specified in the Tax Procedures Law and the Tax Law.	(10,000) for the first time. (20,000) in case of repetition.
2	Failure of the Person conducting Business to submit the data, records,	(20,000)

and documents related to Tax in Arabic to the Authority when requested.

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.	(1,000) upon delay in submitting 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 circumstance that may require the amendment of the information pertaining to his tax record kept by the Authority.	(5,000) for the first time. (10,000) in case of repetition.
6	Failure of the legal representative of the Taxable Person to report his appointment as a legal representative within the specified deadlines, with the penalties in this case being from the legal representative's own funds.	(10,000)
7	Failure of the legal representative of the Taxable Person to submit the Tax Return within the specified deadlines, with the penalties in this case being from the legal representative's own funds.	(1,000) for the first time. (2,000) in case of repetition within a period of (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 a period of (24) months.
9	Failure of the Taxable Person to pay the tax stated as tax due in the submitted Tax Return or Voluntary Disclosure or the Tax Assessment he was notified of within the timeframe specified in the Tax Law.	<p>1. The Taxable Person shall be required to pay the penalty applicable for late payment of the tax due up to a maximum of (300%) as follows:</p> <p>a. (2%) of the unpaid tax is due on the day following the due date of payment, upon delay in paying the tax due.</p> <p>b. (4%) monthly penalty is due one month after the due date of payment,</p>

and on the same date monthly thereafter, on the amount of tax that has not been paid to date.

2. For the purposes of this penalty, the due date of payment in the case of a Voluntary Disclosure and Tax Assessment shall be as follows:

- a. In the case of a Voluntary Disclosure, (20) working days from the date of its submission.
- b. In the case of a Tax Assessment, (20) working days from the date of its receipt.

1. A fixed penalty shall be imposed: (1,000) for the first time. (2,000) in case of repetition.

2. Notwithstanding clause (1) of this penalty, if the incorrect Tax Return results in a tax difference less than the fixed penalty mentioned in clause (1) of this penalty, a penalty equal to the tax difference shall be imposed, provided it is not less than (500) AED.

3. Anyone who corrects their Tax Return before the due date of payment is exempted from the penalty specified in clauses (1) and (2) of this penalty.

Without prejudice to what may arise under the penalty mentioned in clause (10) of this Schedule, a percentage-based penalty shall be imposed on the difference between the tax he calculated and the tax that should have been calculated, as follows:

1. (5%) on the difference if the Voluntary Disclosure is submitted within one year from the due date of the relevant Tax Return, Tax Assessment, or refund application.
2. (10%) on the difference if the

10 Submission of an incorrect Tax Return by the Registrant.

11 Submission of a Voluntary Disclosure by the Person/Taxpayer for errors in the Tax Return, Tax Assessment, or tax refund application in accordance with clauses (1) and (2) of Article (10) of the Tax Procedures Law.

	<p>Voluntary Disclosure is submitted during the second year from the due date of the relevant Tax Return, Tax Assessment, or refund application.</p> <p>3. (20%) on the difference if the Voluntary Disclosure is submitted during the third year from the due date of the relevant Tax Return, Tax Assessment, or refund application.</p> <p>4. (30%) on the difference if the Voluntary Disclosure is submitted during the fourth year from the due date of the relevant Tax Return, Tax Assessment, or refund application.</p> <p>5. (40%) on the difference if the Voluntary Disclosure is submitted after the fourth year from the due date of the relevant Tax Return, Tax Assessment, or refund application.</p>
12	<p>Without prejudice to what may arise under the penalty mentioned in clause (10) of this Schedule, the Person shall be subject to:</p> <p>1. A penalty of (50%) on the amount of the error.</p> <p>2. A penalty of (4%) for each month or part of a month on any of the following:</p> <p>a. The tax unpaid to the Authority, from the due date of payment for the relevant tax period until the date of receipt of the Tax Assessment.</p> <p>b. The tax that was not returned to the Authority due to an undue tax refund, from the date of the tax refund from the Authority until the date of receipt of the Tax Assessment.</p>
13	<p>Failure of the Person conducting Business to provide facilities to the tax auditor in violation of the provisions of Article (21) of the Tax Procedures Law.</p> <p>(20,000)</p>

Failure of the Registrant to calculate the tax on behalf of another person

14 when the registered Taxable Person is obliged to do so according to the Tax Law.

Failure of the Person to calculate any tax that may be due on the import of goods according to the Tax Law.

15 (50%) of the unpaid or undeclared tax.

1. The Registrant shall be required to pay the penalty applicable for late payment of the tax due up to a maximum of (300%) as follows:

- (2%) of the unpaid tax is due on the day following the due date of payment, upon delay in paying the tax due.
- (4%) monthly penalty is due one month after the due date of payment, and on the same date monthly thereafter, on the amount of tax that has not been paid to date.

2. For the purposes of this penalty, the due date of payment in the case of a Voluntary Disclosure and Tax Assessment shall be as follows:

- In the case of a Voluntary Disclosure, (20) working days from the date of its submission.
- In the case of a Tax Assessment, (20) working days from the date of its receipt.

Schedule No. (2)

On Violations and Administrative Penalties Related to the Application of

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

No.	Violation Description	Administrative Penalty Value in AED
1	Failure of the Taxable Person to display prices inclusive of tax.	(5,000)
2	Failure to comply with the conditions and procedures for moving Excise Goods from one Designated Zone to another, and the mechanism for their preservation, storage, and processing therein.	The penalty shall be the higher of (50,000) or (50%) of the tax, if any, imposed on the goods in relation to the violation.

Failure of the Taxable Person to provide the Authority with price lists of the Excise Goods he produces, imports, or sells. (5,000) for the first time. (10,000) in case of repetition.

Schedule No. (3)

On Violations and Administrative Penalties Related to the Application of Federal Decree-Law No. (8) of 2017 on Value Added Tax

No.	Violation Description	Administrative Penalty Value in AED
1	Failure of the Taxable Person to display prices inclusive of tax.	(5,000)
2	Failure of the Taxable Person to inform the Authority about applying tax based on the margin.	(2,500)
3	Failure to comply with the conditions and procedures required for keeping 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 any, imposed on the goods in relation to the violation.
4	Failure of the Taxable Person to issue a Tax Invoice or alternative document when making any supply.	(2,500) for each case detected.
5	Failure of the Taxable Person to issue a Tax Credit Note or alternative document.	(2,500) for each case detected.
6	Failure of the Taxable Person to comply with the conditions and procedures related to issuing the Tax Invoice and Tax Credit Note electronically.	(2,500) for each case detected.

Article Two

Determining the Penalty Application Date in Special Cases

For the purposes of clauses (4), (9), and (14) of Schedule No. (1) referred to in Article One of this Decision, if any penalty is applied monthly on the same date, the date for any month that does not have a corresponding date shall be considered the first day of the following month, provided that for other months it is applied on the same date on which the monthly penalty was first imposed.

Article Three

Redetermination of Administrative Penalties Imposed Before the Effective Date

1. The Authority shall redetermine the administrative penalties imposed on the Registrant before June 28, 2021, according to Cabinet Decision No. (40) of 2017 which have not been paid, to be equal to (30%) of the total of those unpaid penalties if the following conditions are met:

- a. The Registrant pays the full tax payable by no later than December 31, 2021.
- b. The Registrant pays (30%) of the total unpaid administrative penalties by no later than December 31, 2021.

2. If the Registrant does not meet the conditions of clause (1) by December 31, 2021, he may meet them by no later than December 31, 2022.

3. The Authority shall determine the procedures for implementing the provisions of this Article, taking into account that the redetermination of the administrative penalties imposed on the Registrant according to clause (1) of this Article shall be done within a maximum of 30 working days from the dates specified in clauses (1) or (2) above, depending on the date the conditions are met.

Article Four

Repeals

Any provision that violates or contradicts the provisions of this Decision shall be repealed.

Article Five

Publication and Enforcement of the Decision

This Decision shall be published in the Official Gazette and shall come into force 60 days after the date of its issuance.

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued by us:

On: 16 / Ramadan / 1442 H

Corresponding to: 28 / April / 2021 AD