

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

We, Khalifa bin Zayed Al Nahyan,
President of the United Arab Emirates,

Having reviewed the Constitution,

— And Federal Law No. (1) of 1972 on the Competencies of Ministries and Powers of Ministers, and its amendments,

— And Federal Law No. (11) of 1981 on the Imposition of a Federal Customs Duty on Imports of Tobacco and its Derivatives, and its amendments,

— And Federal Law No. (26) of 1981 on the Maritime Commercial Law, and its amendments,

— And Federal Law No. (5) of 1985 promulgating the Civil Transactions Law, and its amendments,

— And Federal Law No. (3) of 1987 promulgating the Penal Code, and its amendments,

— And Federal Law No. (10) of 1992 promulgating the Law of Evidence in Civil and Commercial Transactions, and its amendments,

— And Federal Law No. (11) of 1992 promulgating the Civil Procedures Law, and its amendments,

— And Federal Law No. (18) of 1993 promulgating the Commercial Transactions Law,

— And Federal Law No. (8) of 2004 on Financial Free Zones,

— And Federal Law No. (1) of 2006 on Electronic Transactions and Commerce,

— And Federal Law No. (2) of 2008 on Public Welfare Associations and Institutions,

— And Federal Law No. (15) of 2009 on Tobacco Control,

— And Federal Law No. (1) of 2011 on the Public Revenues of the State,

— And Federal Law No. (8) of 2011 on the Reorganization of the State Audit Institution,

- And Federal Decree-Law No. (8) of 2011 on the Rules for the Preparation of the General Budget and the Final Account,
- And Federal Law No. (4) of 2012 on the Regulation of Competition,
- And Federal Law No. (12) of 2014 on the Regulation of the Auditing Profession,
- And Federal Law No. (2) of 2015 on Commercial Companies,
- 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 based on the proposal of the Minister of Finance, and the approval of the Cabinet,

We have issued the following Decree-Law:

Chapter One

Article (1)

Definitions

In the application of the provisions of this Decree-Law, the following words and phrases shall have the meanings assigned to each of them, unless the context otherwise requires:

The State : The United Arab Emirates.

The Minister : The Minister of Finance.

The Authority : The Federal Tax Authority.

The Tax : Excise Tax.

Excise Goods : Goods specified by a decision of the Cabinet upon the proposal of the Minister as being subject to the Tax.

Import : The arrival of goods from outside the territory of the State.

Export : The departure of goods from the territory of the State.

Person : A natural or legal person.

Taxable Person : Any person registered or obligated to register for Tax purposes under the provisions of this Decree-Law.

Designated Zone	: Any fenced area established as a free zone that can only be entered or exited through a designated road, and any area specified by the Authority as being subject to the supervision of a Warehouse Keeper in accordance with the provisions of the Executive Regulation of this Decree-Law.
Warehouse Keeper	: Any person approved and registered with the Authority to supervise a Designated Zone in accordance with the provisions of the Executive Regulation of this Decree-Law.
Tax Registration	: A procedure by which a Taxable Person or their legal representative registers with the Authority for Tax purposes.
Tax Registration Number	: A special number issued by the Authority for each person registered for Tax purposes.
Registrant	: A Taxable Person who has been issued a Tax Registration Number.
Importer	: The person whose name appears as the importer of the Excise Goods on the date of Import for customs clearance purposes.
Tax Return	: The information and data specified for Tax purposes which the Taxable Person submits in accordance with the form prepared by the Authority.
Business	: Any activity practiced regularly, continuously, and independently by any person, in any location, which includes or may include trading in Excise Goods.
Recoverable Tax	: Amounts that have been paid and which the Authority may refund to a person in accordance with the provisions of this Decree-Law.
Due Tax	: The Tax that is calculated and imposed pursuant to the provisions of this Decree-Law.
Tax Payable	: Due Tax that is due for payment to the Authority.

Deductible Tax	: Tax paid by a Taxable Person, or which is considered as if it were paid by them, which they may deduct under the provisions of this Decree-Law.
Tax Period	: The specified time period for which the Tax Payable must be calculated and paid.
Administrative Penalties	: Financial amounts imposed on a Person by the Authority for violating the provisions of this Decree-Law or the Tax Procedures Law.
Administrative Penalties Assessment	: A decision issued by the Authority regarding the due Administrative Penalties.
Stockpiler	: A Person who owns Excise Goods and cannot prove that they were previously subject to Tax in accordance with the conditions specified in the Executive Regulation of this Decree-Law.
Customs Legislation	: The federal and local legislation regulating customs in the State.
Implementing States	: The Gulf Cooperation Council states that implement a Tax law in accordance with issued legislation.
Tax Evasion	: A Person's use of illegal means resulting in the reduction of the amount of Due Tax, non-payment thereof, or a refund of tax which they did not have the right to have refunded.
Tax Audit	: A procedure undertaken by the Authority to examine the commercial records or any information, data, or goods related to a Person to verify the fulfillment of their obligations in accordance with the provisions of this Decree-Law or the Tax Procedures Law.
Tax Assessment	: Refers to the Tax Assessment as defined in the Tax Procedures Law.
Voluntary Disclosure	: A form prepared by the Authority by which the taxpayer notifies the Authority of any error or omission in their Tax Return, Tax Assessment, or Tax Refund application in

accordance with the provisions of the Tax Procedures Law.

Tax : Federal Law No. (7) of 2017 on Tax Procedures, its
Procedures amendments, and any federal law that replaces it.
Law

Chapter Two

Application, Scope, and Calculation of Tax

Article (2)

Application and Scope of Tax Imposition

1. The provisions of this Decree-Law shall apply to Excise Goods that are specified by a decision of the Cabinet upon the proposal of the Minister.
2. The Tax shall be imposed on the following activities related to Excise Goods:
 - a. The production of Excise Goods in the State, where the production is in the course of doing Business.
 - b. The import of Excise Goods.
 - c. The release of Excise Goods from a Designated Zone.
 - d. The stockpiling of Excise Goods in the State, where the stockpiling is in the course of doing Business.

Article (3)

Calculation of Tax

A decision shall be issued by the Cabinet upon the proposal of the Minister to determine the following:

1. The Tax to be imposed on Excise Goods as a percentage of the Excise Price, provided that the tax rate imposed on such goods shall not exceed (200%) of the Excise Price of the good.
2. The Tax to be imposed on Excise Goods as a specific amount per unit of measurement, provided that such amount does not exceed (100) one hundred dirhams per unit of measurement.

3. The unit of measurement, the basis for imposing the Tax as a specific amount, and how the Excise Price is calculated.

Article (4)

Tax Obligations

1. The Due Tax shall be the responsibility of the following:

- a. A person who carries out any of the activities mentioned in Clause (2) of Article (2) of this Decree-Law.
- b. A person who participates in any of the activities mentioned in Clause (2) of Article (2) of this Decree-Law, if the person who carried out the activity has not met the requirements for paying the Tax, as specified by the Executive Regulation of this Decree-Law.
- c. The Warehouse Keeper, in the case of the release of Excise Goods from a Designated Zone, where the Tax Payable thereon has not been previously paid, as specified by the Executive Regulation of this Decree-Law.

2. The following shall be excluded from the provisions of Clause (1) of this Article:

- a. A person who imports Excise Goods with a value less than the value specified in the Customs Legislation, provided that these Excise Goods are accompanying the person on an international journey and are for non-commercial purposes.
- b. A Stockpiler, if the conditions specified by the Executive Regulation of this Decree-Law are met.

Chapter Three

Tax Registration and De-Registration

Article (5)

Tax Registration

1. It is prohibited for any person to practice any activity falling within the activities mentioned in Clause (2) of Article (2) of this Decree-Law before being registered for Tax purposes, in accordance with the provisions of this Decree-Law.

2. Without prejudice to the provision of Clause (1) of this Article, the person responsible for the Due Tax in accordance with paragraphs (a) and (c) of Clause (1) of Article (4) of this Decree-Law must apply to the Authority for Tax Registration in accordance with the provisions of the Tax Procedures Law, within (30) thirty days from the end of any month in which they conducted or intended to conduct any of those activities or from the effective date of this Decree-Law, whichever is later.

3. Without prejudice to the provision of Clause (1) of this Article, the person referred to in paragraph (b) of Clause (1) of Article (4) of this Decree-Law must apply to the Authority for Tax Registration in accordance with the provisions of the Tax Procedures Law, within (30) thirty days from the date on which they became aware, or should have become aware, that the person referred to in paragraph (a) of Clause (1) of the same Article failed to meet the requirements for paying the Tax.

4. The Executive Regulation of this Decree-Law shall determine the effective date of the Tax Registration referred to in this Article.

Article (6)

Exception from Registration

1. Notwithstanding the provisions of Clause (1) of Article (5) of this Decree-Law, the Authority may except any person from Tax Registration if the Tax is due in accordance with paragraphs (b) and (c) of Clause (2) of Article (2) of this Decree-Law, if it appears to the Authority that they will not import Excise Goods on a regular basis, in accordance with what is specified by the Executive Regulation of this Decree-Law.

2. Anyone excepted from Tax Registration in accordance with Clause (1) of this Article must notify the Authority of any changes that may make them subject to the Tax in accordance with the provisions of this Decree-Law, within the time limits and according to the procedures specified by the Executive Regulation of this Decree-Law.

3. A person who imports for purposes other than doing Business shall be excepted from Tax Registration, without prejudice to the duty to pay the Due Tax on that import.

4. Excepting a person from Registration in accordance with the provisions of this Article shall not prejudice their duty to pay any Due Tax or

Administrative Penalty thereon under the provisions of this Decree-Law or any other law.

Article (7)

Tax De-Registration

A Registrant must apply to the Authority for de-registration of their Tax Registration if they are no longer responsible for the Tax in accordance with the provisions of Article (4) of this Decree-Law, within the time limit specified by the Executive Regulation of this Decree-Law.

Article (8)

Registration as a Warehouse Keeper

1. Every person who operates or intends to operate a Designated Zone must apply for registration as a Warehouse Keeper in accordance with what is specified by the Executive Regulation of this Decree-Law.
2. The Executive Regulation of this Decree-Law shall determine the effective date of the registration referred to in Clause (1) of this Article.
3. It is prohibited for any person to act as a Warehouse Keeper before being registered in accordance with the provisions of this Article.

Article (9)

Procedures, Controls, and Conditions for Tax Registration and De-Registration

The Executive Regulation of this Decree-Law shall specify the procedures, controls, and conditions for Tax Registration and its de-registration, and the rejection of Tax Registration applications and de-registration requests.

Chapter Four

Rules Relating to Payment of and Exemption from Tax

Article (10)

Date of Tax Calculation

The date of Tax calculation shall be as follows:

1. The date of import of the Excise Goods.

2. The date on which the Excise Goods are acquired by the Stockpiler, and if that was before the effective date of this Decree-Law, the date of Tax calculation shall be the effective date of the Decree-Law.

3. Other than the two cases provided for in Clauses (1) and (2) of this Article, the Tax shall be calculated on the date on which the Excise Goods are released for consumption, as specified by the Executive Regulation of this Decree-Law.

Article (11)

Inclusion of Tax in the Advertised Price

The advertised prices of Excise Goods at the point of sale must be inclusive of the Tax, and the Executive Regulation of this Decree-Law shall specify the cases where prices are not inclusive of the Tax.

Article (12)

Exemption from Tax

1. Excise Goods that are exported shall be exempt from the Tax.
2. The Executive Regulation of this Decree-Law shall specify the conditions and controls for the exemption from the Tax referred to in Clause (1) of this Article.

Chapter Five

Designated Zones

Article (13)

The Designated Zone

1. A Designated Zone that meets the conditions specified by the Executive Regulation of this Decree-Law shall be treated as being outside the territory of the State for Tax purposes.
2. Notwithstanding the provisions of Clause (1) of this Article, the Executive Regulation of this Decree-Law shall specify the conditions under which a Business conducted within a Designated Zone is considered to be conducted within the State.

Article (14)
Transfer of Excise Goods in Designated Zones

1. Excise Goods may be transferred from one Designated Zone to another Designated Zone without the Tax being due on them.
2. The Executive Regulation of this Decree-Law shall specify the procedures and conditions for the transfer of Excise Goods to and from a Designated Zone, and the mechanism for their preservation, storage, and processing therein.

Chapter Six
Calculating the Due Tax

Article (15)
Calculating the Tax

The Tax Payable by a Taxable Person for any Tax Period shall be calculated as the Due Tax from the Taxable Person for that Tax Period minus the total Deductible Tax that has been calculated in accordance with the provisions of Article (16) of this Decree-Law.

Article (16)
Deductible Tax

1. The Deductible Tax shall consist of the following:
 - a. The Tax paid on Excise Goods that have been exported.
 - b. The Tax paid on Excise Goods that have become a component of another Excise Good on which the Tax has become or will become due.
 - c. The Tax paid on unsold Excise Goods, in the event of a decrease in the rate or amount of Excise Tax imposed on this good, to the extent of the decrease in the tax rate or amount.
 - d. The Tax paid on Excise Goods in any other cases specified by the Authority and in accordance with the controls it sets.
2. The Executive Regulation of this Decree-Law shall specify the conditions and controls for deducting the Tax in the cases mentioned in Clause (1) of this Article.

Chapter Seven

Tax Period, Tax Return, and Payment of Tax

Article (17)

Tax Period

The Executive Regulation of this Decree-Law shall specify the Tax Period and the exceptional cases in which the Authority may amend it.

Article (18)

Tax Return

The Taxable Person must submit a Tax Return to the Authority at the end of each Tax Period, within the time limits and in accordance with the procedures specified by the Executive Regulation of this Decree-Law.

Article (19)

Payment of Tax

1. The Taxable Person must pay the Tax Payable within the time limit specified by the Executive Regulation of this Decree-Law and in accordance with the procedures determined by the Authority.
2. A person who has been excepted from Registration under Clause (1) or Clause (3) of Article (6) of this Decree-Law must pay the Due Tax upon importing the Excise Goods.
3. Any person who receives any amount as Tax or issues an invoice in respect thereof shall pay it to the Authority, and it shall be treated in the same manner as Tax Payable under the provisions of this Decree-Law.

Chapter Eight

Carrying Forward Excess Recoverable Tax

Article (20)

Excess Recoverable Tax

1. The Taxable Person shall carry forward any excess Recoverable Tax to subsequent Tax Periods and offset this excess against the Tax Payable or any Administrative Penalty imposed in accordance with the provisions of

this Decree-Law or the Tax Procedures Law in subsequent Tax Periods until the excess is exhausted, in the following cases:

- a. If the Deductible Tax by the Taxable Person in accordance with the provisions of Article (16) of this Decree-Law exceeds the Due Tax for the same Tax Period.
 - b. If the Tax paid to the Authority by the Taxable Person exceeds the Tax Payable in accordance with the provisions of this Decree-Law.
2. If any excess remains for any Tax Period after being carried forward for a period of time, the Taxable Person may submit a request to the Authority to refund the remaining excess, in accordance with the periods and procedures specified by the Executive Regulation of this Decree-Law.

Article (21)

Refunds in Special Cases

The Authority may refund the Tax, based on a refund application submitted to it, to the following:

1. Foreign governments, international organizations, and diplomatic bodies and missions, for tax paid by them in the course of their official activities, in accordance with the conditions, controls, and procedures specified by the Executive Regulation of this Decree-Law and on the condition of reciprocity.
2. A person registered in one of the Implementing States, if they have paid the Due Tax in the State and then exported the Excise Goods to one of the Implementing States, in accordance with the conditions, controls, and procedures specified by the Executive Regulation of this Decree-Law.
3. Any persons or categories specified by a decision of the Cabinet upon the proposal of the Minister.

Chapter Nine

Violations and Penalties

Article (22)

Administrative Penalties Assessment

Subject to the provisions of the Tax Procedures Law, the Authority shall prepare an Administrative Penalties Assessment for the Taxable Person and notify them of it within (5) five working days from the date of its issuance if they commit any of the following violations:

1. The Taxable Person's failure to display prices inclusive of the Tax, in accordance with the provisions of Article (11) of this Decree-Law.
2. Failure to comply with the conditions and procedures for transferring Excise Goods from one Designated Zone to another, and the mechanism for their preservation, storage, and processing therein.
3. The Taxable Person's failure to provide price lists of the Excise Goods they produce, import, or sell, to the Authority as specified by the Executive Regulation of this Decree-Law.

Article (23)

Cases of Tax Evasion

Subject to the cases of Tax Evasion stipulated in the Tax Procedures Law, a person shall be considered to have committed the crime of Tax Evasion and shall be punished in accordance with the Tax Procedures Law if they do any of the following:

1. Bringing or attempting to bring Excise Goods into the State, or removing or attempting to remove them from it, without paying the Due Tax thereon, in whole or in part.
2. Producing, transforming, holding, storing, transporting, or receiving Excise Goods for which the Due Tax has not been paid, with the intent to evade its payment.
3. Placing incorrect distinguishing marks on Excise Goods, contrary to the provision of Clause (2) of Article (24) of this Decree-Law, with the intent to evade the payment of the Due Tax or with the intent to wrongfully claim a refund thereof.

4. Submitting any incorrect, forged, or artificial documents, returns, or records with the intent to evade the payment of the Due Tax or with the intent to wrongfully claim a refund thereof.

Chapter Ten

General Provisions

Article (24)

Maintaining Records and Evidentiary Requirements

1. Without prejudice to the provisions related to record-keeping stipulated in any other law, the Taxable Person must maintain the following records:

- a. Records of all produced, imported, or stored Excise Goods.
- b. Records of exported Excise Goods and evidence of such export.
- c. Records of inventory levels, including details of lost or damaged materials.
- d. A tax record containing the following data:
 1. Due Tax on imported Excise Goods.
 2. Due Tax on produced Excise Goods.
 3. Due Tax on stockpiled Excise Goods.
 4. Deductible Tax in accordance with the provisions of Article (16) of this Decree-Law.

2. The Cabinet, upon the proposal of the Minister, shall specify the Excise Goods on which distinguishing marks must be placed to indicate that the Tax has been paid, in addition to the related conditions and procedures.

3. The Executive Regulation of this Decree-Law shall specify the periods, conditions, and controls necessary for maintaining the records stipulated in Clause (1) of this Article.

Article (25)

Inclusion of the Tax Registration Number

The Taxable Person or any person authorized in writing by them must include their Tax Registration Number in all their practices and dealings

with the Authority, on every Tax Return, and on any document related to the Tax.

Article (25 bis)

Statute of Limitations

1. Except for the cases mentioned in Clauses (2), (3), (6), and (7) of this Article, the Authority may not conduct a Tax Audit or issue a Tax Assessment to the Taxable Person after the lapse of (5) five years from the end of the relevant Tax Period.
2. The Authority may conduct a Tax Audit or issue a Tax Assessment to the Taxable Person after (5) five years from the end of the relevant Tax Period if it has notified them of the commencement of such Tax Audit procedures before the lapse of the (5) five-year period, provided that the Tax Audit or the issuance of the Tax Assessment, as the case may be, is completed within (4) four years from the date of notification of the Tax Audit.
3. The Authority may conduct a Tax Audit or issue a Tax Assessment after the lapse of (5) five years from the end of the relevant Tax Period if that Tax Audit or issuance of the Tax Assessment relates to a Voluntary Disclosure submitted in the fifth year from the end of the Tax Period, provided that the Tax Audit or the issuance of the Tax Assessment, as the case may be, is completed within one year from the date of submission of the Voluntary Disclosure.
4. The Cabinet, upon the proposal of the Minister, may issue a decision to amend the period specified for completing the Tax Audit or for issuing the Tax Assessment in accordance with Clauses (2) or (3) of this Article.
5. No Voluntary Disclosure may be submitted after the lapse of (5) five years from the end of the relevant Tax Period.
6. In the case of Tax Evasion, the Authority may conduct a Tax Audit or issue a Tax Assessment within (15) fifteen years from the end of the Tax Period during which the Tax Evasion occurred.
7. In the case of non-registration for tax, the Authority may conduct a Tax Audit or issue a Tax Assessment within (15) fifteen years from the date on which the Taxable Person should have registered for tax.
8. The statute of limitations mentioned in this Article shall be interrupted for any of the reasons stipulated in Federal Law No. (5) of 1985,

promulgating the Civil Transactions Law, or any other federal law that replaces it.

Chapter Eleven

Final Provisions

Article (26)

Executive Regulation

The Cabinet, upon the proposal of the Minister, shall issue the Executive Regulation for the provisions of this Decree-Law.

Article (27)

Revenue Sharing

The revenues from the Tax and Administrative Penalties collected in accordance with the provisions of this Decree-Law shall be subject to sharing between the Federal Government and the Emirate Governments, in accordance with the provisions of Federal Decree-Law No. (13) of 2016 on the Establishment of the Federal Tax Authority.

Article (28)

In matters for which no special provision is made in this Decree-Law, the provisions of the Tax Procedures Law shall apply.

Article (29)

Repeal of Conflicting Provisions

Any provision that violates or contradicts the provisions of this Decree-Law shall be repealed.

Article (30)

Publication and Entry into Force of the Decree-Law

This Decree-Law shall be published in the Official Gazette and shall come into force as of October 1, 2017.

Khalifa bin Zayed Al Nahyan
President of the United Arab Emirates

Issued by us at the Presidential Palace in Abu Dhabi:

On: 25 / Dhu al-Qi'dah / 1438 H

Corresponding to: 17 / August / 2017 AD