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UAE Cabinet Approves Decisions No. (39) and (40) for 2017 on Federal Tax Authority's Service Fees, Administrative Fines

H.H. Sheikh Hamdan bin Rashid Al Maktoum:

These decisions bring an added layer of transparency to the Authority's relationship with its customers, providing extra incentive for stakeholders and all concerned parties to abide by tax regulations.

Dubai, October 02, 2017 – The UAE Council of Ministers has adopted Cabinet Decision No. (39) of 2017 on Fees for Services Provided by the Federal Tax Authority and Cabinet Resolution No. (40) of 2017 on Administrative Penalties for Violations of Tax Laws in the UAE.

The Council's meeting was chaired by **His Highness Sheikh Mohammed bin Rashid Al Maktoum**, Vice President and Prime Minister of the UAE, Ruler of Dubai.

"These decisions bring an added layer of transparency to the Authority's relationship with its customers," said **H.H. Sheikh Hamdan bin Rashid Al Maktoum**, Deputy Ruler of Dubai and UAE Minister of Finance. "This, in turn, provides extra incentive for stakeholders and all concerned parties to abide by tax regulations."

"All customers can refer to the official Directory of Services Fees to know what is required of them to be in compliance with tax procedures," H.H. Sheikh Hamdan bin Rashid explained. "The Directory is based on thorough studies that seek to provide the highest-quality service for the lowest cost, which resonates with the FTA's mission and vision."

Federal Tax Authority's Service Fees

Cabinet Decision No. (39) of 2017 on Fees for Services Provided by the Federal Tax Authority outlines the fees to be collected for the services provided by the FTA to its clients.

Tax registration services and the issuance of an electronic tax registration certificate will be free of charge. An attested paper registration certificate, however, will carry a AED500 fee, while registration – and renewal – fees for tax agents were set at AED3,000 for three years.

The registration and renewal fee for an accounting software provider will be AED10,000 for one year, whereas registering a Designated Zone will cost AED2,000 per year. While there are no service fees associated with registering a Warehouse Keeper or issuing an electronic Warehouse Keeper registration certificate, an official printed certificate will cost AED500.

Administrative Fines

Cabinet Resolution No. (40) of 2017 on Administrative Penalties for Violations of Tax Laws in the UAE applies to all violations of Federal Law No. (7) of 2017 on Tax Procedures, Federal Decree-Law No. (7) of 2017 on Excise Tax, and Federal Decree-Law No. (8) of 2017 on Value-Added Tax (VAT). The Decision states that a fine must be no less than AED500 and no more than triple the value of the tax on the transaction in question.

Settling a fine in accordance with this decision does not exempt the taxable person from paying the due tax in accordance with the federal law no. (7) on tax procedures & the tax laws. The decision does, nonetheless, give said Person the right to appeal any Administrative penalties they've incurred according to the procedures in the Federal law no. (7) on Tax procedures.

Directory of Federal Tax Authority's Service Fees

#	Description of Service	Fee (AED)
1	Issuing of an attested paper tax registration certificate.	(500) for each certificate
2	Listing of a Tax Agent in the Tax Agent Register.	(3,000) for three years
3	Renew Listing of a Tax Agent in the Tax Agent Register.	(3,000) for three years
4	Registration of Software provider with the Federal Tax Authority.	(10,000) for one year
5	Renew registration of Software provider with the Federal Tax Authority.	(10,000) for one year
6	Registration of Designated Zone, in accordance with the provisions of Federal Decree-Law No. (7) of 2017 on Excise Tax.	(2,000) for one year

7	Issuing of an attested paper Warehouse Keeper registration certificate	(500) for each certificate
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Directory of violations and the Corresponding Administrative penalties

Violations and Administrative Penalties related to the Implementation of the Federal Law No. (7) of 2017 on Tax Procedures		
Description of Violation		Administrative Penalty (AED)
1	The failure of the person conducting Business to keep the required records and other information specified in Tax Procedures Law and the Tax Law	(10,000) for the first time. (50,000) in case of repetition.
2	The failure of the person conducting Business to submit the data, records and documents related to Tax in Arabic to the Authority when requested.	(20,000)
3	The failure of the Taxable Person to submit a registration application within the timeframe specified in the Tax Law	(20,000)
4	The failure of the Registrant to submit a deregistration application within the timeframe specified in the Tax Law	(10,000)
5	The failure of the Registrant to inform the Authority of any circumstance that requires the amendment of the information pertaining to his tax record kept by Authority.	(5,000) for the first time. (15,000) in case of repetition
6	The failure of the person appointed as a Legal Representative for the Taxable Person to inform the Authority of his appointment within the specified timeframe. The penalties will be due from the Legal Representative's own funds.	(20,000)
7	The failure of the person appointed as a Legal Representative for the Taxable Person to file a Tax Return within the specified timeframe. 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	The 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	<p>The failure of the Taxable Person to settle the Payable Tax stated in the submitted Tax Return or Tax Assessment he was notified of, within the timeframe specified in the Tax Law.</p>	<p>The Taxable Person shall be obligated to pay a late payment penalty consisting of:</p> <p>(2%) of the unpaid tax is due immediately once the payment of Payable Tax is late;</p> <p>(4%) is due on the seventh day following the deadline for payment, on the amount of tax which is still unpaid.</p> <p>(1%) daily penalty charged on any amount that is still unpaid one calendar month following the deadline for payment with upper ceiling of (300%).</p>
10	<p>The submittal of an incorrect Tax Return by the Registrant.</p>	<p>Two penalties are applied:</p> <p>1. Fixed penalty of:</p> <p>(3,000) for the first time.</p> <p>(5,000) in case of repetition</p> <p>2. Percentage based penalty shall be applied on the amount unpaid to the Authority due to the error and resulting in a tax benefit as follows:</p> <p>(50%) if the Registrant does not make a voluntary disclosure or he made the voluntary disclosure after being notified of the tax audit and the Authority has started the tax audit process, or after being asked for information relating to the tax audit, whichever takes place first.</p> <p>(30%) if the Registrant makes the voluntary disclosure after being notified of the tax audit and before the Authority starts the tax audit.</p> <p>(5%) if the Registrant makes a voluntary disclosure before being notified of the tax audit by the Authority.</p>
11	<p>The Voluntary Disclosure by the Person/Taxpayer of errors in the Tax Return, Tax Assessment or Refund Application pursuant to Article 10 (1) and (2) of the Tax Procedures Law.</p>	<p>Two penalties are applied:</p> <p>1. Fixed penalty of:</p> <p>(3,000) for the first time.</p> <p>(5,000) in case of repetition</p> <p>2. Percentage based penalty shall be applied on the amount unpaid to the Authority due to the error and resulting in a tax benefit as follows:</p>

		<p>50%) if the Person/Taxpayer makes a voluntary disclosure after being notified of the tax audit and the Authority starting the tax audit or after being asked for information relating to the tax audit, whichever takes place first.</p> <p>(30%) if the Person/Taxpayer makes the voluntary disclosure after being notified of the tax audit but before the start of the tax audit.</p> <p>(5%) if the Person/Taxpayer makes voluntary disclosure before being notified of the tax audit by the Authority.</p>
12	The failure of the Taxable Person to voluntarily disclose errors in the Tax Return, Tax Assessment or Refund Application pursuant to Article 10 (1) and (2) of this the Tax Procedures Law before being notified that he will be subject to a Tax Audit.	<p>Two penalties are applied:</p> <p>1. Fixed penalty of:</p> <p style="padding-left: 40px;">(3,000) for the first time</p> <p style="padding-left: 40px;">(5,000) in case of repetition</p> <p>2. (50%) of the amount unpaid to the Authority due to the error resulting in a tax benefit for the Person/Taxpayer.</p>
13	The failure of the Person conducting Business to facilitate the work of the Tax Auditor in violation of the provisions of Article (21) of the Tax Procedures Law.	(20,000)
14	The failure of the Registrant to calculate Tax on behalf of another Person when the registered Taxable Person is obligated to do so under the Tax Law.	<p>The Registrant shall be obligated to pay a late payment penalty consisting of:</p> <p style="padding-left: 40px;">(2%) of the unpaid tax is due immediately once the payment of Payable Tax is late;</p> <p style="padding-left: 40px;">4%) is due on the seventh day following the deadline for payment, on the amount of tax which is still unpaid.</p> <p style="padding-left: 40px;">1%) daily penalty charged on any amount that is still unpaid one calendar month following the deadline for payment with upper ceiling of (300%).</p>
15	A Person not accounting for any tax that may be due on import of goods as required under the Tax Law.	(50%) of unpaid or undeclared tax.

Violations and Administrative Penalties related to the Implementation of the Federal Decree-

Law No. (7) of 2017 on Excise Tax

Description of Violation	Administrative Penalty (AED)
Failure by the Taxable Person to display prices inclusive of Tax.	(15,000).
Failure to comply with the conditions and procedures related to transfer the Excise Goods from a Designated Zone to another Designated Zone, and the mechanism of processing and storing of such Excise Goods.	The penalty shall be the higher of AED (50,000) or (50%) of the tax, if any, chargeable in respect of the goods as the result of the violation.
Failure by the Taxable Person to provide the Authority with price lists for the Excise Goods produced, imported or sold thereby.	(50,000) for the first time. (20,000) in case of repetition

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

Description of Violation	Administrative Penalty (AED)
Failure by the Taxable Person to display prices inclusive of Tax.	(15,000)
Failure by the Taxable Person to notify the Authority of applying Tax based on the margin.	(2,500)
Failure to comply with 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 AED (50,000) or (50%) of the tax, if any, chargeable in respect of the goods as the result of the violation.
Failure by the Taxable Person to issue the Tax invoice or an alternative document when making any supply.	(5,000) for each tax invoice or alternative document.
Failure by the Taxable Person to issue a Tax Credit Note or an alternative document	(5,000) for each tax credit note or alternative document.
Failure by the Taxable Person to comply with the conditions and procedures regarding the issuance of electronic Tax Invoices and electronic Tax Credit Notes	(5,000) for each incorrect document.