

Cabinet Decision No. 75 of 2023

The Ministry of Finance (MOF) has issued Decision No. 75 of 2023 on the Administrative Penalties for Violations Related to the Application of Federal Decree Law No. (47) of 2022 on the Taxation of Corporations and Businesses.

Summary

Non-Compliance with UAE Corporate Tax

Under Cabinet Decision No. (75) of 2023, penalties will be imposed on Taxable Persons, whether an individual or a legal entity, who do not comply with their obligations under the UAE Corporate Tax Law.

Penalties

- Penalties will be applied in cases of failure to file and pay Corporate Tax due on time, including the failure of the Registrant to inform the Federal Tax Authority of any case that may require the amendment of the information pertaining to his Tax record kept by the Federal Tax Authority.
- Penalties also apply in cases of failing to properly keep records or submitting the required records and other information specified in the Tax Law.
- A detailed table for each type of violation and penalty is disclosed below.

NO.	VIOLATIONS	PENALTIES
1	Failure to keep records of the business as specified in the Tax Procedures and the Corporate Tax Law.	One of the following penalties shall apply: 10,000 for each violation 20,000 in each case of repeated violation within 24 months from the date of the last violation.
2	Failure to submit the data, records, and documents related to Tax in Arabic when requested by the Authority.	5000
3	Failure of the Registrant to submit a deregistration application within the timeframe specified in the CT Law.	1000 in case of late submission of the application and on the same date monthly, up to a maximum of 10,000
4	Failure to inform The Authority of any changes of information in the Tax record kept by the Authority.	One of the following penalties shall apply: 1,000 for each violation. 5,000 in each case of repeated violation within 24 months from the date of the last violation
5	Failure of the Legal Representative to provide notification of their appointment within the specified timeframes.	1000
6	Failure of the Legal Representative to file a Tax Return within the specified timeframes.	500 for each month, or part thereof, for the first twelve months. 1,000 for each month, or part thereof, from the thirteenth month onwards.
7	Failure of the Registrant to submit a Tax Return within the timeframe specified in the CT Law.	500 for each month, or part thereof, for the first twelve months. 1,000 for each month, or part thereof, from the thirteenth month onwards.
8	Failure to settle the tax payable.	A monthly penalty of 14% per annum on the unsettled Payable Tax. For the purposes of this penalty, the due date of payment in the case of the Voluntary Disclosure and Tax Assessment, shall be as follows: a. 20 Business Days from the date of submission, in the case of a Voluntary Disclosure. b. 20 Business Days from the date of receipt, in the case of a Tax Assessment.
9	The Registrant submits an incorrect Tax Return.	500, unless the Person corrects his Tax Return before the expiry of the deadline for the submission of the Tax Return according to CT Law.
10	The submission of a Voluntary Disclosure by the Taxable Person in relation to errors in the Tax Return, Tax Assessment, or Tax Refund application.	A monthly penalty of 1% on the Tax Difference, for each month to be applied as of the date following the due date of the relevant Tax Return, and the submission of the Tax Refund Application.
11	Failure of the Taxable Person to submit a Voluntary Disclosure in relation to errors in the Tax Return, Tax Assessment, or Tax Refund application.	The following penalties shall apply: 1. A fixed penalty of 15% on the Tax Difference. 2. A monthly penalty of 1% on the Tax difference, for each month, to be applied as follows: a. Where the Taxable Person submits a Voluntary Disclosure after being notified that it will be subject to a Tax Audit by the Authority, the penalty shall be imposed for the period from the day following the due date of the relevant Tax Return, or the submission of the Tax refund application or notification of the Tax Assessment and until the date, the Voluntary Disclosure is submitted. b. Where the Taxable Person fails to submit a Voluntary Disclosure, the penalty shall be imposed as of the date following the due date of the relevant Tax Return, or the submission of the Tax refund application or Notification of the Tax Assessment and until the date of issuance of the Tax Assessment.
12	Failure of a Person subject to Tax Audit, his Tax Agent, or Legal Representative to offer facilitation to the Tax Auditor.	20000
13	Failure of a Person to submit, or late submission of a Declaration to the Authority.	500 for each month, or part thereof, for the first twelve months. 1,000 for each month, or part thereof, from the thirteenth month onwards. This penalty shall be imposed from the day following the expiry date of the timeframe within which the Declaration must be submitted, and on the same date monthly thereafter

Key Takeaways

- The said Decision provides information to the Payers on the types of violations and the corresponding penalty amount.
- The decision also indicates the consequences of non-compliance would be material for the Tax Payers.

Disclaimer

The above seeks to summarise the update from the relevant authority. The same may not be construed to be a written opinion on matters that may require specific examination of the Decree on a case-to-case basis.

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✉ corporatetax@krestonmenon.com ☎ +971 4276 2233

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