

**Write up on**  
**Executive Regulations of**  
**Federal Law No: (7) of 2017 on Tax Procedures (FTP)**  
**(Cabinet Decision No (36) of 2017)**

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The UAE Cabinet has approved the Executive Regulations of Federal Law No 7 of 2017 on Tax Procedures (FTP) vide Cabinet Decision No 36. The FTP and Executive Regulations provides the outline on rights and obligations of the Authority, Taxpayer and any other Person dealing with the Authority for Value Added Tax (VAT) and Excise Taxes along with any future taxes to be introduced in the UAE.

Executive Regulations on Tax Procedures takes the tax system of the UAE one step forward with detailed steps on compliances and requirements of FTP. This write up is a simplified version of English translated Executive Regulations which is appropriately modified for easy understanding.

Executive Regulations on VAT Law are yet to be published

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The information cited in this write up has been drawn primarily from the Executive Regulations approved by the Federal Government of the UAE, Ministry of Finance, FTA websites and other sources.

While every effort has been made to keep the information cited in this write up error free, author or any other related person does not take the responsibility for any typographical or clerical error which may have crept in while compiling the information provided in this write up.

**This write up consist of unofficial translation of the Executive Regulations for Federal Tax Procedures (FTP) with views and suitable modifications, wherever appropriate, of the author.**

First Edition : September, 2017

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## Title One

### Article (1) - Definitions

In the application of the provisions of this Decision, the following words and expressions shall have the meanings assigned against each, unless the context otherwise requires:

**State:** United Arab Emirates

**Authority:** Federal Tax Authority

**Board:** Authority's board of directors.

**Director-General:** Director-General of the Authority

**Administrative Penalties:** Monetary amounts imposed on a Person by the Authority for breaching the provisions of the Law or the Tax Law.

**Administrative Penalties Assessment:** A decision issued by the Authority concerning Administrative Penalties due.

**Assets:** Tangible assets, including equipment, machinery, stock and others that the Authority has considers as owned, leased or used in connection with the conduct of business by any Person.

**Business:** Any activity conducted in an ongoing, regular and independent manner by any Person and in any location, such as an industrial, commercial, agricultural, professional, vocational or service activity, drilling activities or anything related to the use of material or non-material property.

**Competent Court:** Federal court within whose jurisdiction the Authority's Head Office or branch is located.

**Documents:** Original documents or copies thereof that are related to the Person conducting a Business, and forming a part of the Person's legal records.

**Due Tax:** Tax that is calculated and imposed under the provisions of any Tax Law.

**Legal Representative:** The manager of a company or a guardian or custodian of a minor or incapacitated person, or the bankruptcy trustee appointed by court for a company that is in bankruptcy, or any other Person legally appointed to represent another Person.

**Notification:** Notification to the concerned Person or his Tax Agent or Legal Representative of the decisions issued by the Authority through the means stated in the Law and this Decision.

**Person:** A natural or legal person.

**Premises:** the place of business of the Person subject to Tax Audit, any other place in which he conducts his business, or where he stores goods or records.

**Payable Tax:** Tax that has become due for payment to the Authority.

**Refundable Tax:** Amounts that have been paid and that the Authority may return in whole or in part to the Taxpayer pursuant to the relevant Tax Law require to use for the payment of amounts due or Administrative Penalties or require to carry forward to future Tax Periods depending on the nature of the refund, according to the Tax Law.

**Register:** The Register of Tax Agents.

**Registrant:** A Taxable Person who has been granted a TRN.

**Tax:** Any Federal tax administered, collected or enforced by the Authority.

**Tax Agent:** Any Person registered with the Authority in the Register, who is appointed on behalf of another Person to represent him before the Authority and assist him in the fulfillment of his Tax obligations and the exercise of his associated tax rights.

**Tax Assessment:** A decision issued by the Authority in relation to the Payable Tax or Refundable Tax

**Tax Audit:** A procedure undertaken by the Authority to inspect the commercial records or any information or data related to a Person conducting Business.

**Tax Auditor:** Any member of the Authority's staff appointed as a Tax Auditor.

**Tax Law:** Any federal law pursuant to which a Federal Tax is imposed

**Taxable Person:** A Person who is subject to Tax under the provisions of the relevant Tax Law.

**Taxpayer:** Any Person who is obligated to pay Tax in the State under the Tax Law, whether such Person is a Taxable Person or an end consumer.

**Tax Return:** Information and data specified for Tax purposes and submitted by a Taxable Person in accordance with the form prepared by the Authority

**Tax Period:** A specified period of time for which the Payable Tax shall be calculated and paid

**Tax Registration:** A procedure by which a Taxable Person or his Legal Representative registers with the Authority for Tax purposes

**Tax Registration Number (TRN):** A unique number issued by the Authority for each Person registered for Tax purposes.

**The Law:** Federal Law No. (7) of 2017 on Tax Procedures.

**Voluntary Disclosure:** A form prepared by the Authority pursuant to which the Taxpayer notifies the Authority of an error or omission in the Tax Return, Tax Assessment or Tax Refund application in accordance with the provisions of the Tax Law.

## **Title Two - Keeping Accounting Records and Commercial Books**

### **Article (2) - Keeping Accounting Records and Commercial Books**

1. Accounting Records and Commercial Books for Business activities including records of payments and receipts, purchases and sales, revenues and expenditures, any business and any other matters as required under any Tax Law or any other applicable law, including:
  - a) Balance sheet and profit and loss accounts, records of wages and salaries, fixed assets, inventory (Quantities, values and stock count at the end of any relevant Tax Period) and any additional records as may be required in the Tax Law and its Executive Regulation.
  - b) The Authority may require any other information/ record for Tax purposes.

### **Article (3) - Period of Record-Keeping**

1. Every Person holding/ maintaining records as per Article (2) of "ER" shall keep these records for period:
  - a. Taxable Person - For a period of (5) year after the END OF TAX PERIOD.
  - b. Non Taxable Person - For a period of (5) years from the END OF CALENDER YEAR.
  - c. Real Estate Records - For a period specified in the Tax Law.
2. Authority may before the expiry of the period specified in paragraph (a) of Clause (1) of this Article, inform the Person to retain the records for a further period not exceeding (4) years, if tax obligations are subject to a dispute or Tax Audit is going on or the Authority has served notice that it intends to conduct a Tax Audit.
3. In case of bankruptcy proceedings - Legal Representative to keep records for 12 months from the end of the proceedings. In case if FTA to keep this record for a longer period, it may take possession of the same from the Legal Representative.

### **Article (4) - How to Keep Accounting Records and Commercial Books**

1. Unless otherwise required by the Tax Law, Accounting Records and Commercial Books to be maintained by:
  - a. Creating the record and retain the original supporting documents for entries or
  - b. Creating the record and preserving the information in electronic or photocopy or any readable form as matches with original document and it can be reproduced, if requested by the Authority.
2. The Authority may lay down the rules and requirements for preserving and availability of the information in Accounting Record/ Commercial Books as if the original records themselves had been preserved/ presented.

### **Article (5) - The use of a language other than the Arabic**

Tax Return, data, information, records etc shall be submitted in Arabic. Authority may accept the same in English though it can request for Arabic translation.

If data is other than in English or Arabic, these should be translated into Arabic.

### **Title Three - Registration and De-Registration for Tax Purposes**

#### **Article (6) - Procedures of Tax Registration, De-registration and Amending Details of Registration**

Procedures for Tax Registration and de-registration:

- Non Registered Taxable Person to submit Tax Registration application.
- Tax Registered Person to apply for de-registration, if required, in the prescribed form.
- Authority shall review Tax Registration or de-registration application and Authority shall notify the person for issuance of Tax Registration Number or cancelling this number as the case may be.
- A Registrant shall notify the Authority within (20) business days for any change in name, address, articles of association or change in nature of the Business.
- The Government bodies, issuing business licenses shall inform the Authority in writing within 20 business days, the name of the business, type of commercial License, license number, date of license, registered address of the business, activities of the business and detail of owners and directors.
- Legal Representative to give a notice of his appointment to the Authority within (20) business days from the appointment date in writing for type of appointment, responsibilities, duration of the appointment, name, address and Tax Registration Number of the Taxable Person who is represented by the Legal Representative, name and address of the Legal Representative and legal basis of the appointment.
- Legal representative to provide evidence of his appointment. Authority may request further information relating to the appointment from the applicant or from other persons.
- If Authority accepts the appointment of the Legal Representative, it will notify within (20) business days.

### **Title Four - Tax Obligations**

#### **Article (7) - Allocation of Unidentified payments**

Payment made to authority without specifying the type of Tax or Tax Period may be allocated for settling any debts or liabilities due to the Authority based on seniority. Excess will be treated as credit against future liabilities if refund not requested. Authority shall notify the Taxable Person for allocation of payments.

## **Title Five - Voluntary Disclosure**

### **Article (8) - Time Limits for Voluntary Disclosure**

1. If Payable Tax is more than AED 10,000, Voluntary Disclosure to be made within (20) business days.
2. If Payable Tax is less than AED 10,000, the Taxable Person shall correct the error in the Tax Return for the Tax Period in which the error has been discovered or make a Voluntary Disclosure within (20) business days if error cannot be corrected through Tax Return.
3. If Tax refund application is incorrect resulting in a higher refund, Taxpayer shall make a Voluntary Disclosure within (20) business days. If resulting into less refund provisions of Clauses (1) and (2) shall apply.
4. Voluntary Disclosure must be made in accordance with the prescribed form.

## **Title Six - Tax Notifications**

### **Article (9) - Means of Notification and Correspondence by the Authority**

1. The Authority shall execute the Notification either by Post, Registered Post, by electronic mail, by Posting on the premises of the Taxable Person or by any other means as may be agreed between Person & Authority.
2. If the Authority considers that notifying the unregistered person by the means mentioned in Clause (1) of this Article is not practical for Tax Audit (Article 13), the Notification may be made by posting a notice in a printed or written form at the Premises at which a Tax Audit is to be conducted.
3. The Authority may communicate either with the relevant Person or Tax Agent/ Legal Representative of the Taxable Person.

## **Title Seven - Tax Agents**

### **Article (10) - Procedures for listing a Tax Agent in the Register and Rights and Obligations of Tax Agents**

1. Conditions to become Tax Agent:
  - a. To be of good conduct and behavior and never been convicted of a crime or misdemeanor prejudicial to honor or honesty.
  - b. Certified bachelor/ Master Degree in Tax/ Accounting/ Law/ Bachelor Degree plus a Tax Certification from an internationally known tax institute with three years experience plus oral and written Arabic and English.
  - c. To pass any tests to meet qualification standards as may be specified by the Authority.
  - d. To be medically fit to perform the duties of the profession with Professional Indemnity Insurance.
  - e. To perform his activity as approved by the Ministry of Economy and the local competent authority.
2. The Authority may request further information or request an interview or can check references.



3. The Authority shall issue its decision of acceptance of application within 15 business days. In case of additional information, decision shall be issued within 15 days from the date of receipt of the information.
4. Applicant will be listed in Tax Register, within (5) business days from the date of approval or any other date as specified by the Authority.
5. The Authority may refuse an application if the Person fails to meet the conditions specified in Clause (1) of this Article or if listing of the Person as a Tax Agent would adversely affect the integrity of the Tax system.
6. The Authority shall notify the Person whether or not his application to be listed in the Register has been accepted or rejected within (20) business days from the date of the Authority's approval of the application.
7. Listing in the Register is for three years from the date of registration.
8. The Authority may de-list the Tax Agent if it was proven that the Person is not eligible to be a Tax Agent or if found that the continued registration of the Person as a Tax Agent would adversely affect the integrity of the Tax system or if he committed a significant violation of the provisions of Law or Tax Law.
9. Authority shall notify the Person for de-listing within (5) business days of the decision with reason.
10. Where a Person appoints a Tax Agent to act in his name, the Tax Agent shall assist the Person with his Tax obligations according to a contractual agreement between them, maintain the confidentiality of any information obtained in the course of his duties as a Tax Agent, refuse to participate in any work or plan which may result in a breach of any law by any Person or may jeopardize the integrity of the tax system.
11. In performing his duties as a Tax Agent, the Tax Agent may rely on information provided to him by the Person unless the Tax Agent has reasonable grounds for believing that the information may be incorrect.

## **Title Eight - Tax Audits**

### **Article (11) - Regularity of Tax Audits**

1. While deciding on to conduct Tax Audit the Authority should consider following:
  - a. That a Tax Audit is necessary for protecting the integrity of the Tax system.
  - b. The responsibility of the Person or anyone associated with him to comply with the Law and Tax Law.
  - c. The likely Tax revenue at stake and the administrative and compliance burdens on both the Person and the Authority resulting from performing a Tax Audit.
2. If the Authority decides to Re-audit a business, it shall take into consideration the results of the previous Tax Audit, any new information or data, which are likely to change the Authority's position.
3. Notwithstanding Clauses (1) and (2) of this Article, a decision by the Authority to conduct a Tax Audit may not be challenged by any Person.

**Article (12) - Right to Conduct Tax Audit**

1. For the purposes of conducting a Tax Audit, the Authority may inspect The Premises, Documents, Assets and Accounting systems used by the Person subject to Tax Audit.
2. If the Premises or parts thereof are used as a dwelling, Tax Auditor shall obtain the prior written consent of the Director-General as well as a permit from the Public Prosecutor to be able to enter the Premises.
3. For the purposes of implementing Clause (1) of this Article, the occupational tenant of the Premises or any Person, the Authority considers as having control over the Premises, shall provide the Authority with all reasonable facilities necessary for the effective exercise of its powers under this Article.

**Article (13) - Notice of Audit**

1. Notice of a Tax Audit sent by the Authority shall state the possible consequences of obstructing the Tax Auditor in the exercise of his duty.
2. Notice to be provided in writing at the beginning of the Tax Audit to the following:
  - a. The occupational tenant of the Premises.
  - b. The Person who appears to be in charge of the Premises if present and the occupational tenant is not present.
  - c. In any other case, the notice shall be posted on a prominent place in the Premises.
3. Any other official of the Authority for effective exercise of his powers.
4. A Tax Auditor carrying out a Tax Audit based on the permission of the public prosecutor according to Article (12) of "ER" shall present the permit issued by the Authority with permit obtained from the public prosecutor along with the proof of identity every time he is requested to do so.

**Article (14) - Power to remove and retain Original Documents or Assets or Make Copies Thereof**

1. Where an original Document is provided to or inspected by a Tax Auditor during a Tax Audit, he may make copies of it, remove the Document for a period specified by the Tax Auditor for the completion of his work or make copies of it during the removal period.
2. For purposes of Article (12) of "ER", Tax Auditor may remove any Asset provided thereto or inspected by him for a period specified by the Authority for the completion of the Tax Audit.
3. Where a Document is removed under Clause (1) of this Article or an Asset is removed under Clause (2) of this Article, the Authority shall provide a record of what were removed within (10) business days from the date of removal to the owner of the Document or the Asset or to the occupational tenant of the Premises or to the Person who had custody or control of the Document or Asset immediately before the removal.

4. The record referred to in Clause (3) of this Article shall include the purpose for removing the Asset or Document, nature of the Asset or Document so removed, location where the Asset or Document is stored and the conditions of storage with period for which it is expected to be retained by the Authority.

#### **Article (15) - Power to Mark Assets and Record Information**

The Authority shall have the power to:

1. Mark Assets for the purpose of indicating that they have been inspected.
2. Obtain and record information relating to the Premises, Assets, and Documents and accounting systems that have been inspected.

#### **Article (16) - Storage and Providing Access to removed Documents and Assets**

1. Any Documents or Assets removed under Article (14) of "ER" shall be kept and stored by Authority for the period required for completion of Tax Audit in accordance with the conditions included in Clauses (2) and (3) of this Article.
2. Any Documents or Assets removed and retained shall be returned to the Person to whom a record has been provided under the provisions of Clause (3) of Article (14) of this Decision in a condition as good as practically possible. The Authority may dispose of the Assets that naturally deteriorate and hence cease to have value, in accordance with the internal procedures of the Authority.
3. For perishable Assets, the Authority shall have the right to dispose of them (45) business days after their removal, in accordance with the internal procedures of the Authority.
4. The Authority shall notify the owner of the Asset, 10 business days prior to exercising its right under Clauses (2) or (3) of this Article and give the owner an opportunity to take back the Asset in whole or in part.
5. Person from whom the Asset or Document was taken submits a request to view the Asset or Document, the Authority may:
  - a. Allow the Person who made the request to view the Asset or Document under the supervision of the Authority for the purpose of photocopying or photographing the Document or photographing the Asset.
  - b. Photocopy or photograph the Document or photograph the Asset, and provide the photocopy or the photograph to the relevant Person.
  - c. Reject the request where the Authority believes that it would prejudice Tax Audit or Tax Audit of another Person or any investigation related to any of the Documents or Assets to be viewed or any criminal proceedings related to the Document or the Asset to be viewed.

**Article (17) - Result of the Audit**

1. The Person subject to the Tax Audit shall be notified of the results of the Tax Audit within (10) business days from the end of the audit.
2. Person may request the Authority to view or obtain Documents and data on which the assessment of Due Tax was made by the Authority. Request to be made in writing within (20) business days from the date of the notice and Authority shall provide the requested information within (10) business days in the following manner:
  - a. A paper or electronic copy of the Document or data requested.
  - b. The original Document or data requested if such Documents or data belong to the Person.
3. The Authority is not required to provide Documents/ data of internal correspondence or decisions, any confidential information/ data related to any other Person, or which are known to be in possession of the Person who is subject to the Tax Audit and made the request. In this case the Authority shall provide sufficient information to enable him to identify the Documents and data requested.

**Article (18) -Notice to Provide Information or Documents**

The Authority may issue a Notice requiring a Person to provide any information/ Documents in relation to himself or another Person, if these Documents or information are considered necessary by the Authority.

**Article (19) - Complying with Notifications**

1. Where a Person has been notified to provide information/ Documents, the Person shall do so within the period specified and by the means and in the form determined in the Notification.
2. Where a Notification requires a Person to provide information or Documents, these shall be submitted either at a place agreed upon between Person and the Authority or the place determined by the Authority provided that this place is appropriate and not used solely as a dwelling.

**Title Nine - Tax Assessment and the Administrative Penalties Assessment****Article (20) - Considering Taxes as Debts owed to the Authority**

Where an amount of Tax or Administrative Penalty has been assessed and notified to any Person under the Tax Law, it shall be deemed to be a debt to the Authority and may be collected accordingly.

### **Article (21) - Notification of Tax Assessment or Administrative Penalty Assessment**

1. A notification of Tax Assessment to include the Taxable Person's name and address, Tax Registration Number, if applicable, Tax Assessment reference number, Tax Period, Tax summary including Tax declared and adjustments made, reasons for Tax Assessment, Net Tax due or refundable with due date and method of payment of Due Tax.
2. A notification of an Administrative Penalty Assessment to include Person's name and address, Tax Registration Number, if applicable, Penalty Assessment reference number, Tax Period, Detail of violation, Penalty summary including amount of Penalty, amount of Tax to which the Penalty relates and any reductions with Total of Administrative Penalties due to the Authority and due date and method of payment of Penalty.

### **Title Ten - Tax Refunds**

#### **Article (22) - Procedures of Getting a Tax Refund**

1. Subject to any further conditions specified in the Tax Law, Taxpayer shall apply for a refund as per the mechanism specified by the Authority.
2. The Authority shall review the application and notify taxpayer within (20) business days on accepting or rejecting the refund claim. If Authority requires longer period than 20 days, it shall notify the Taxpayer thereof.
3. Once the Authority approves the refund, it shall, within (5) business days of the approval, either make the appropriate payment to the Person or notify the Person that the Authority will offset the refund amount against any other Payable Tax/ Administrative Penalties due or that the refund will be postponed until all due Tax Returns are submitted and any amount in excess of such liabilities shall be refundable.
4. The payment of a refund amount shall be made to the Person entitled to the refund by the means acceptable to the Authority.

### **Title Eleven - Bankruptcy Cases**

#### **Article (23) - Responsibilities of Bankruptcy Trustee in Case of Bankruptcy**

1. If a Business or part of a Business is subject to bankruptcy proceedings and a Person has been appointed as a trustee in bankruptcy, that trustee shall be treated as representing and carrying out the Business or the part of the Business until the expiration date of his appointment as a trustee in bankruptcy under the Federal Decree Law No (9) of 2016.

2. Where the Authority has notified an appointed trustee of the Due Tax, the trustee may apply for a review, objection or appeal of the decision, in accordance with the rules and controls stated in Title Four of the Law.
3. Any Payable Tax due to the Authority shall be paid by the trustee in accordance with the settlement mechanism applicable to the Payable Tax.

## **Title 12 - Disclosure of Information**

### **Article (24) - Disclosure of information**

1. The Authority staff and any Persons delegated by the Authority to execute the provisions of the Law or the Tax Law shall not disclose information except in the following cases:
  - a. The disclosure is made upon a decision of a judicial authority.
  - b. The disclosure is made to a competent government entity that was determined by a decision of the board of directors after concluding a memorandum that stipulates such disclosure, the use that may be made of the information disclosed, the arrangements for the control, security, subsequent disclosure and the accuracy of the information, including the access to that information by Persons.
  - c. The disclosure is made in the implementation of international conventions or treaties.
  - d. The disclosure is requested by a Person or their Tax Agent in relation to any part of their file with Authority.
  - e. The disclosure is made to another specialized Authority's staff member to perform his duties and functions.
2. For purposes of Clause (1) of this Article, "the Authority's staff" means:
  - a. The chairman and members of the Board.
  - b. The Director-General.
  - c. Any other officer of the Authority.
3. For the purposes of implementing this Article, the Board may specify the following:
  - a. The Persons working at the Authority, whose functions allow them to disclose information and the nature or category of such information which may be disclosed.
  - b. The date on which disclosure may be made.

### **Article (25) - Disclosure of Information by the Authority's Staff after Leaving Function**

If an Authority's staff member leaves his job, he shall remain under the same duty of confidentiality in respect of information known or held by him at the time that he was authorized to carry out his functions as a competent officer of the Authority save where a Competent Court or the Public Prosecutor orders the disclosure of any such information.

### **Title Thirteen - Reduction in or Exemption from Administrative Penalties**

#### **Article (26) - Reduction of Administrative Penalties or Exemption Therefrom**

1. The Authority may reduce or waive any administrative penalties imposed on any person whose violation of the provisions of the Law or Tax Law was proved according to the following provisions:
  - a. The Person has an excuse that is acceptable to the Authority.
  - b. The Person provides evidence that justifies the excuse and the violation it caused, which led to the imposition of Administrative Penalties.
  - c. The reduction or exemption application shall be notified to the Authority within 10 business days.
  - d. The Person shall not have been subject to any Administrative Penalties in the 2 years preceding the application.
  - e. The Person shall demonstrate that they have corrected the violation.
2. For the purposes of paragraph (a) of Clause (1) of this Article, an acceptance of an excuse shall be decided by a committee, set up by a decision of the Director-General, consisting of three officers, specialized in reviewing the excuse and evidence provided by the violating Person, and accepting or rejecting the excuse subject to Clauses (3) and (4) of this Article.
3. An excuse shall not be considered acceptable if the act that led to the violation was deliberate.
4. The following shall not ordinarily be considered an acceptable excuse:
  - a. Insufficiency of funds.
  - b. Reliance on another Person.
5. The Authority shall make its decision in respect of the reduction of the Administrative Penalties or exemption therefrom within (20) business days from receiving the application, and shall notify the Person of said decision within (10) business days as of issuing its decision.

#### **Article (27) - Abrogation of Contradicting Provisions**

Any provision contrary to or inconsistent with the provisions of this Decision shall be abrogated.

#### **Article (28) - Publication and Application of this Decision**

This Decision shall be published in the Official Gazette and shall come into effect from the date of its issuance

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