

Update on Violations and Administrative Penalties related to the Implementation of Tax Procedures Law

Sr No.	Violation	Penalty untill 13th April 2026	Penalty from 14th April 2026
1	Failure to keep required records and other information under the Tax Procedures Law and Tax Law	AED 10,000 for the first time; AED 20,000 in case of repetition	1. AED 10,000 for each violation 2. AED 20,000 for repeated violation within 24 months
2	Failure to submit tax-related data, records, and documents in Arabic when requested by the Authority	AED 20,000	AED 5000
3	Failure to submit a registration application within the timeframe specified in the Tax Law	AED 10,000	AED 10,000
4	Failure to submit a deregistration application within the timeframe specified in the Tax Law	1,000 in case of late submission of the application and on the same date monthly, up to a maximum of 10,000.	1,000 in case of late submission of the application and on the same date monthly, up to a maximum of 10,000.
5	Failure to inform the Authority of changes requiring amendment of tax records	AED 5,000 for the first time; AED 10,000 in case of repetition	1. AED 1,000 for each violation 2. AED 5,000 in each case of repeated violation within 24 months from the date of the last violation
6	Failure of the Legal Representative of the Taxable Person to inform the Authority of its appointment as Legal Representative within the specified timeframe	AED 10,000	AED 1,000
7	Failure of the Legal Representative of the Taxable Person to file a Tax Return within the specified timeframe (Penalties due from Legal Representative's own funds)	AED 1,000 for the first time; AED 2,000 in case of repetition within 24 months	AED 1,000 for the first time; AED 2,000 in case of repetition within 24 months
8	Failure of the Registrant to submit the Tax Return within the timeframe specified in the Tax Law	AED 1,000 for the first time; AED 2,000 in case of repetition within 24 months	AED 1,000 for the first time; AED 2,000 in case of repetition within 24 months
9	Failure of the Taxable Person to settle the Payable Tax stated in the submitted Tax Return or Voluntary Disclosure, or the Tax Assessment notified, within the timeframe specified in the Tax Law	(1) 2% of unpaid Tax due on the day following the due date of payment. (2) 4% monthly penalty due after one month from the due date and on the same date monthly thereafter on the unsettled Tax amount. Maximum cap of 300%.	A monthly penalty of 14% per annum for each month or part thereof, imposed on the unsettled Payable Tax from the day following the due date and on the same date monthly thereafter. Due date for Voluntary Disclosure and Tax Assessment: 20 business days from date of submission/receipt respectively.
10	Submission of an incorrect Tax Return by the Registrant	(1) Fixed penalty: AED 1,000 for the first time; AED 2,000 in case of repetition. (2) If the Tax difference is less than the fixed penalty, a penalty equal to the Tax difference (minimum AED 500) shall be imposed instead. (3) Correction prior to the due date of payment excluded the Registrant from penalties under clauses 1 and 2.	AED 500, unless the Registrant: (1) Corrects the Tax Return within the deadline specified for submission pursuant to the Tax Law. (2) Submits a Voluntary Disclosure to correct the Tax Return without resulting in a difference in the amount of Due Tax.

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11	Submission of a Voluntary Disclosure by the Taxable Person or Taxpayer on errors in the Tax Return, Tax Assessment or tax refund application pursuant to Article 10(1) and 10(2) of the Tax Procedures Law	Percentage-based penalty on the Tax Difference, calculated from the due date of submission of the Tax Return, Tax Assessment, or the relevant refund application: (1) Year 1 - 5% (2) Year 2 - 10% (3) Year 3 - 20% (4) Year 4 - 30% (5) After Year 4 - 40%	A monthly penalty of 1% on the Tax Difference, for each month or part thereof, from the date following the due date of the Tax Return or tax refund application until the date the Voluntary Disclosure is submitted.
12	Failure of the Taxable Person or Taxpayer to voluntarily disclose an error in the Tax Return, Tax Assessment or refund application pursuant to Article 10(1) and 10(2) of the Tax Procedures Law before being notified by the Authority that it will be subject to a Tax Audit	(1) A penalty of 50% on the amount of error. (2) A penalty of 4% for every month or part thereof on: (a) Unpaid Tax from the date payment was due for the relevant Tax Period until date of receipt of Tax Assessment. (b) Tax not returned due to ineligible refund, from date of Tax refund until date of receipt of Tax Assessment.	(1) A fixed penalty of 15% on the Tax Difference. (2) A monthly penalty of 1% on the Tax Difference for each month or part thereof, calculated from the day following the due date of the Tax Return or tax refund application until the date of submitting the Voluntary Disclosure (if submitted after Tax Audit notification), or if no VD submitted then until the date of issuance of the Tax Assessment
13	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	AED 20,000	AED 20,000
14	Failure of the Registrant to calculate Tax on behalf of another Person where the Registrant Taxable Person is obliged to do so under the Tax Law	(1) 2% of unpaid Tax due on the day following the due date of payment. (2) 4% monthly penalty due after one month from the due date and on the same date monthly thereafter on the unsettled Tax amount. Maximum cap of 300%	A monthly penalty of 14% per annum for each month or part thereof, imposed on the unsettled Payable Tax from the day following the due date and on the same date monthly thereafter. Due date for Voluntary Disclosure and Tax Assessment: 20 business days from date of submission/receipt respectively.
15	Failure of a Person to account for any Tax that may be due on the import of goods as per the Tax Law	50% of unpaid or undeclared Ta	50% of unpaid or undeclared Tax

Update on Violations and Administrative Penalties related to the Implementation of Federal Decree-Law No. 7 of 2017 on Excise Tax

Sr No.	Violation	Penalty untill 13th April 2026	Penalty from 14th April 2026
1	Failure of the Taxable Person to display prices inclusive of Excise Tax	AED 5,000	AED 5,000
2	Failure to comply with the conditions and procedures of transferring Excise Goods from a Designated Zone to another Designated Zone, and the mechanism of preserving, storing, and processing such Excise Goods	The higher of AED 50,000 or 50% of the Tax chargeable on the goods in relation to the violation	The higher of AED 50,000 or 50% of the Tax chargeable on the goods in relation to the violation
3	Failure of the Taxable Person to provide the Authority with the price lists of the Excise Goods that it produces, imports or sells	AED 5,000 for the first time; AED 10,000 in case of repetition	AED 5,000 for the first time; AED 10,000 in case of repetition

Update on Violations and Administrative Penalties related to the Implementation of Value Added Tax Law

Sr No.	Violation	Penalty untill 13th April 2026	Penalty from 14th April 2026
1	Failure of the Taxable Person to display prices inclusive of VAT	AED 5,000	AED 5,000
2	Failure of the Taxable Person to notify the Authority of applying Tax based on Margin	AED 2,500	AED 2,500
3	Failure to comply with the required conditions and procedures related to keeping Goods in a Designated Zone or moving them to another Designated Zone	The higher of AED 50,000 or 50% of the Tax chargeable on the goods in relation to the violation	The higher of AED 50,000 or 50% of the Tax chargeable 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 within the period legally specified	AED 2,500 for each detected case	AED 2,500 for each detected case
5	Failure of the Taxable Person to issue a Tax Credit Note or alternative document within the period legally specified	AED 2,500 for each detected case	AED 2,500 for each detected case
6	Failure of the Taxable Person to comply with the conditions and procedures regarding the issuance of a Tax Invoice and a Tax Credit Note electronically	AED 2,500 for each detected case	AED 2,500 for each detected case

Source: <https://mof.gov.ae/wp-content/uploads/2025/11/Cabinet-Decision-No.-40-of-2017-and-its-amendments-v14.11.25.pdf>