

New Amendments to Administrative Penalties under Cabinet Decision No. 40 of 2017 (as amended by Cabinet Decision No. 129 of 2025)



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Overview

The UAE Cabinet has approved Cabinet Decision No. [129](#) of 09.10.2025, which significantly updates the Administrative Penalties for tax violations under the Tax Procedures Law, applicable for Corporate Tax, Excise Tax and VAT.

Previously the administrative penalties for Excise Tax and VAT-related offences, and for Corporate Tax-related offences were dealt with separately:

VAT and Excise Tax related Penalties	Cabinet Decision No. 40 of 24 September 2017 (as amended by the Decisions No. 49 of 28.04.2021 and No. 108 of 30.12.2021)
Corporate Tax related Penalties	Cabinet Decision No. 75 of 10.07.2023 (as amended later by the Decision No. 10 of 22.02.2024)

The new Cabinet Decision No. [129](#) effectively consolidates administrative penalty framework for violations of Tax Procedures Law pertaining to all the three tax regimes under a single legal instrument.

The new framework takes effect from 14 April 2026, providing businesses with a transitional period to review their tax governance systems and compliance procedures.

Key Amendments Introduced:

Table 1 (Violations and Administrative Penalties related to the Implementation of Tax Procedures Law)

Description of Violation	Penalty for violations related to Corporate Tax (before 14 April 2026)	Penalty for violations related to VAT and Excise Tax (before 14 April 2026)	Penalty for violations related to VAT and Excise Tax (before 14 April 2026)
The failure to keep the required records and other information	<ul style="list-style-type: none"> • 10,000 for each violation. • 20,000 in each case of repeated violation within 24 months from the date of the last violation 	<ul style="list-style-type: none"> • 10,000 for the first time. • 20,000 in case of repetition. 	<ul style="list-style-type: none"> • 1,000 for each violation. • 20,000 in each case of repeated violation within 24 months from the date of the last violation.
Failure to submit the data, records, and documents related to tax in Arabic to the Authority when requested.	5,000	20,000	5,000

<p>Failure of the Registrant to inform the Authority of any case that may require the amendment of the information pertaining to his tax record kept by Authority.</p>	<ul style="list-style-type: none"> • 1,000 for each violation. • 5,000 in each case of repeated violation within 24 months from the date of last violation 		
<p>Failure of the Legal Representative of the Taxable Person to provide Notification of their appointment within the specified timeframes, in which case the Penalties will be due from the Legal Representative's own funds</p>	<p>1,000</p>	<p>10,000</p>	<p>1,000</p>
<p>Failure of the Taxable Person to settle the Payable Tax within the timeframe specified in the Tax Law</p>	<p>Monthly penalty of 14% per annum.</p>	<p>Penalty payable up to 300% pursuant to following: -2% of unpaid Tax due on the day following the due date of payment, where the settlement of Payable Tax is late 4% monthly penalty, after one month from due date.</p>	<p>Monthly penalty of 14% per annum.</p>
<p>Failure of the Legal Representative for the Taxable Person to file a Tax Return within the specified timeframes</p>	<ul style="list-style-type: none"> • AED 500 for each month or part thereof, for the first 12 months. • AED 1,000 for each month or part thereof, from the 13th month onwards. 	<ul style="list-style-type: none"> • AED 1,000 for the first time. • AED 2,000 in case of repetition within 24 months. 	<ul style="list-style-type: none"> • AED 1,000 for the first time. • AED 2,000 in case of repetition within 24 months.
<p>Failure of the Registrant to submit the Tax Return within the timeframe specified in the Tax Law</p>	<ul style="list-style-type: none"> • AED 500 per month (or part thereof) for the first 12 months. • AED 1,000 per month (or part thereof) from the 13th month onwards. 	<ul style="list-style-type: none"> • AED 1,000 for the first time. • AED 2,000 in case of repetition within 24 months. 	<ul style="list-style-type: none"> • AED 1,000 for the first time. • AED 2,000 in case of repetition within 24 months.
<p>The Registrant submits an incorrect Tax Return</p>	<p>AED 500, unless the Person corrected the return before the deadline for submission under the Corporate Tax Law.</p>	<p>Fixed penalty: • 1,000 for the first time. • 2,000 in case of repetition. As an exception to above, if Tax difference due to incorrect Tax Returns is less than fixed penalty above, penalty equal to the that Tax difference of at least 500 shall be imposed. If Tax Return is corrected before due date of payment, no penalty shall be imposed.</p>	<p>AED 500, unless the Registrant:</p> <ul style="list-style-type: none"> • Corrects the Tax Return within the legal deadline, or • Submits a Voluntary Disclosure that does not result in a tax difference.
<p>Submission of a Voluntary Disclosure by the Taxable Person or Taxpayer (Article 10 of Tax Procedures Law)</p>	<p>A monthly penalty of 1% on the Tax Difference, from:</p> <ul style="list-style-type: none"> – The day following the due date of the relevant Tax Return, Tax refund application, or Notification of Tax Assessment, until submission of the Voluntary Disclosure. 	<ul style="list-style-type: none"> • 5% on the Tax Difference, if submitted within one year from the due date of submission of the Tax Return, the Tax Assessment, or the relevant refund application; • 10% if within second year. • 20% if within third years. • 30% if within fourth year. • 40% if after fourth year. 	<p>A monthly penalty of 1% on the Tax Difference, from:</p> <ul style="list-style-type: none"> • The day following the due date of the Tax Return, or submission of the refund application, until the Voluntary Disclosure is filed. <p>The reference to "Notification of Tax Assessment" has been removed, simplifying the calculation start point.</p>

<p>Failure to submit a Voluntary Disclosure before being notified of a Tax Audit</p>	<p>The two following penalties shall be imposed:</p> <ul style="list-style-type: none"> (a) Fixed penalty: 15% on the Tax Difference. (b) Monthly penalty: 1% on the Tax Difference, from the day following the due date of the Tax Return, refund application, or Notification of Tax Assessment, until: <ul style="list-style-type: none"> • The Voluntary Disclosure submission date, or • The date of issuance of the Tax Assessment (if no disclosure is filed). 	<p>The two following penalties shall be imposed:</p> <ul style="list-style-type: none"> (a) Fixed penalty: 50% on the amount of error. (b) Monthly penalty: 4% on unpaid Tax from the date the payment was due till date of receipt of tax assessment, and Tax not returned due to ineligible refund from the date of Tax refund until date of receipt of the Tax assessment. 	<p>The two following penalties shall be imposed:</p> <ul style="list-style-type: none"> (a) Fixed penalty: 15% on the Tax Difference. (b) Monthly penalty: 1% on the Tax Difference, from: <ul style="list-style-type: none"> • The day following the due date of the Tax Return or submission of the refund application, until: • The Voluntary Disclosure submission date (if VD is submitted after being notified about the Tax Audit), or • The issuance of the Tax Assessment.
<p>Failure of the Registrant to calculate tax on behalf of another Person (where legally required)</p>	<p>Not prescribed.</p>	<p>Penalty payable up to 300% pursuant to following:</p> <ul style="list-style-type: none"> • 2% of unpaid Tax due on the day following the due date of payment, where the settlement of Payable Tax is late • 4% monthly penalty, after one month from due date. 	<p>Explicitly clarified as:</p> <ul style="list-style-type: none"> • A monthly penalty of 14% per annum, applied for each month or part thereof, on the unsettled payable tax. • For Voluntary Disclosures – penalty starts 20 business days from submission. • For Tax Assessments – penalty starts 20 business days from receipt.

Table 2 and Table 3 (Excise and VAT Violations)

Penalties under Tables 2 and 3 of Cabinet Decision No. [40](#), have been reproduced in Cabinet Decision No. [129](#). No material changes have been made to the underlying penalty structure for Excise or VAT-specific violations.

What This Means for Businesses

The amended penalties take effect on 14 April 2026. UAE businesses should consider the applicability of the new reduced penalties to violations committed prior to 14 April 2026 where the tax assessment is issued on or after that date, as well as to penalties determined before 14 April 2026 that remain uncollected as of that date.

The FTA is expected to issue further executive guidelines and administrative circulars to clarify implementation details closer to the effective date.



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