

Flash News

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On 30th September, 2022 the president of the UAE, H.H. Sheikh Mohammad Bin Zayed Al Nahyan issued **Federal Decree- Law No.28 of 2022 on Tax procedures**(the new TP Law) which revokes the Federal Law No. 7 of 2017 on Tax Procedures ("Tax Procedures Law No. 7") on Tax Procedures as amended by the Federal Decree-Law No. 28 of 2022 which will be effective from 1st March, 2023.



Some of the major amendments are as follows:

Sr. No.	Article	Amendment
1	Article 1 - Definitions	- Business Day: Any day of the week, except weekends and official holidays of the Federal Government. - Tax Residency Certificate: A certificate issued by the FTA confirming the tax residency of a person in the State, in accordance with Article 53 of the New Tax Procedures Law. - Tax Resident: A person resident in the UAE in accordance with Article 53 of the New Tax Procedures Law.
2	Article 10 - Voluntary Disclosures	Clause (5) requires a taxpayer to submit a voluntary disclosure if the taxpayer discovers an error or omission in the submitted tax return which does not result in a difference in the due tax. (detailed provisions will be given in the Executive Regulations)
3	Article 13 - Tax Agents	The Executive Regulation shall determine the conditions, controls and procedures for registration of the tax agent, suspension of registration and deregistration, and the rights and obligations of the tax agent.
4	Article 24 - Administrative Penalty Assessment	The amount of any administrative penalty shall not exceed two times the amount of tax in respect of which the administrative penalties assessment was issued.
5	Article 25 - 27 - Penalties, Procedures & Measures	- The maximum monetary penalty imposed on an act which led to tax evasion reduced from five times the amount of tax evaded, to be three times the amount of tax evaded. - Deliberate non-settlement of payable administrative penalties is now a tax crime punishable by law. - Offence committed before the expiration of five years from the date of the issuance of a final judgment in respect of a prior tax crime, considered an aggravating circumstance. - The FTA may store, move, attach, dispose of, destroy, recycle or sell certain seized items in accordance with the procedures and controls specified in the Executive Regulation, subject to request back. - A prison sentence and a monetary penalty not less than the amount of the Administrative Penalty and not exceeding (3) three times of it, or either of the two, shall be imposed on any Person who deliberately does not settle a due Administrative Penalty, unless a decision is issued waiving thereof. - Prison sentence or monetary penalty not exceeding AED 1,000,000 or both for violations of deliberately providing false information, concealing or destroying documents or other material, stealing, mis-using or causing the destruction of documents or preventing or hindering the Authority's employees from performing their duties. - If a monetary penalty has been imposed on several accused in one judgement and for one crime, whether they are perpetrators or accomplices, the accused shall be jointly liable for such monetary penalty. - The owner of the seized items has the right to request them back, provided that he has settled the full tax, administrative penalties and expenses incurred on the items, as applicable.
6	Article 28 - Tax Assessment Review Request	A new article (No. 28) has been added in the new TP Law which allows any person to submit an application to the Authority to review its tax assessments and related administrative penalties issued within 40 business days from the date of receiving the tax and penalty assessment, and subject to that the person has not submitted a reconsideration application in relation to the same assessment prior to submitting the tax assessment review request.

The Federal Decree Law No. 37 of 2022 is part of the comprehensive Thabat programme that aims to turn 200 family-owned businesses into major companies by 2030, with a market value of over Dh150 billion and annual revenues exceeding Dh18 billion. The Thabat programme was unveiled by Sheikh Maktoum bin Mohamed bin Rashid Al Maktoum, Deputy Ruler of Dubai, and Deputy Prime Minister and Minister of Finance of the UAE, in September this year.

7	Article 39 - Tax Refunds	While taxpayers may generally submit tax refund requests if the taxpayer is entitled to a refund in accordance with the relevant tax law, a provision has been introduced in the New Tax Procedures Law, entitling the FTA to reject a refund request by a taxpayer who is subject to a tax audit. The FTA's decision in this respect will be governed by the conditions set out in a decision by the Board of Directors of the FTA.
8	Article 40 - Collection of Tax & Administrative Penalties	If a person fails to settle any payable tax within the specified timeframes under the New Tax Procedures Law and the tax law or administrative penalties, then The FTA shall send the person a notice to settle outstanding payable tax and administrative penalties within (20) twenty business days of the date of notification.
9	Article 46 - Statute of Limitation	- Authority may conduct Tax Audit or issue a Tax Assessment after the expiration of 5 years from the end of relevant period in following case - - If registrant has been notified of commencement of such Tax Audit before expiration of 5 years. - If Tax Audit relates to Voluntary Disclosure submitted in the fifth year from the end of Tax Period. - In case of Tax Evasion, the Authority may conduct Tax Audit within 15 years. - In case of Registration failure, Authority may conduct, Tax Assessment within 15 years from the date Tax registration is required. No VD may be submitted after expiration of 5 years from the end of relevant Tax period.
10	Article 53 - Tax Residency	The FTA shall issue tax residency certificates to tax residents in accordance with the provisions set out by Cabinet Decision No. 85 of 2022 on the Determination of Tax Residency, issued on 2 September 2022, which is effective from 1 March 2023.
11	Article 55 - Enforceability of the Executive Regulation	The New Tax Procedures Law states that the Executive Regulation of Federal Law No. 7 of 2017 on Tax Procedures and its amendments and any decisions issued in implementation thereof shall remain in force insofar as they do not contradict with the provisions of the New Tax Procedures Law until the issuance an Executive Regulation

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