# Directory of Violations & Corresponding Administrative Penalties

**The UAE Council of Ministers has adopted Cabinet Resolution No. (40) of 2017 on Administrative Penalties for Violations of Tax Laws in the UAE**

## Penalties related to Federal Law No. (7) of 2017 on Tax Procedures

### Accounts & Records

| Violation | Penalty |
|---|---|
| Fails to keep the required records and other information specified | AED 10,000 (First Time)<br>AED 50,000 (Repetition) |
| Fails to submit the records when requested by Authority | AED 20,000 |

### Registration, Deregistration & Amendment

| Violation | Penalty |
|---|---|
| Fails to submit registration application within timeframe | AED 20,000 |
| Fails to submit deregistration application within time frame | AED 10,000 |
| Fails to inform amendment in tax records, if any | AED 5,000 (First Time)<br>AED 15,000 (Repetition) |

### Legal Representative (from own funds)

| Violation | Penalty |
|---|---|
| Legal Representative fails to inform of his appointment within timeframe | AED 20,000 |
| Legal Representative fails to file Tax Return within timeframe | AED 1,000 (First Time)<br>AED 2,000 (Repetition within 24 months) |

*Ashu Dalmia*
*Consultant: GCC VAT, INDIA GST, TRAINER & AUTHOR*
*Mob: +91-9810893243, E-Mail: info@gstindia.biz*

# Directory of Violations & Corresponding Administrative Penalties

## Tax Payable & Tax Return

| Violation | Penalty |
|---|---|
| • Fails to submit Tax Return within timeframe | • AED 1,000 (First Time)<br>AED 2,000 (Repetition within 24 months) |
| • Fails to settle the Payable Tax stated in Tax Return or Tax Assessment within time frame | • Late Payment Penalty consisting of:<br>- 2% of the unpaid tax.<br>- 4% of amount due on the seventh day following the deadline for payment.<br>- 1% of Amount unpaid, daily penalty charged on any amount that is still unpaid one calendar month following the deadline for payment with upper ceiling of 300%. |
| • Submitted incorrect Tax Return | • Two penalties are applied:<br>1. Fixed penalty of:<br>- AED 3,000 (First Time)<br>- AED 5,000 (Repetition)<br>2. Percentage based penalty on the amount unpaid due to the error and resulting in a tax benefit as follows:<br>- 50% if not made voluntary disclosure or made after being notified of the tax audit and the Authority has started tax audit process, or after being asked for information relating to tax audit, whichever takes place first.<br>- 30% if makes voluntary disclosure after being notified of the tax audit and before the Authority starts the tax audit.<br>- 5% if the Registrant makes a voluntary disclosure before being notified of the tax audit by the Authority. |

# Directory of Violations & Corresponding Administrative Penalties

## Errors in Tax Return, Assessment or Refund Application


| Violation | Penalty |
|---|---|
| • Voluntary Disclosure of errors in the Tax Return, Tax Assessment or Refund Application | • Two penalties are applied:<br>1. Fixed penalty of:<br>- AED 3,000 (First Time)<br>- AED 5,000 (Repetition)<br>2. Percentage based penalty on the amount unpaid due to the error and resulting in a tax benefit as follows:<br>- 50% if Person/ Taxpayer makes voluntary disclosure after being notified of the tax audit and the Authority starting tax audit or after being asked for information relating to tax audit, whichever takes place first.<br>- 30% if Person/ Taxpayer makes voluntary disclosure after being notified of the tax audit but before the start of the tax audit.<br>- 5% if Person/ Taxpayer makes a voluntary disclosure before being notified of the tax audit by the Authority. |
| • Fails to Voluntarily Disclose errors in the Tax Return, Tax Assessment or Refund Application before being notified for Tax Audit | • Two penalties are applied:<br>1. Fixed penalty of:<br>- AED 3,000 (First Time)<br>- AED 5,000 (Repetition)<br>2. 50% of the amount unpaid due to error resulting in a tax benefit. |

# Directory of Violations & Corresponding Administrative Penalties

## Other Penalties

| Violation | Penalty |
| --- | --- |
| Fails to facilitate the work of Tax Auditor | AED 20,000 |
| Fails to calculate tax on behalf of another person when he is obligated to do so under the Tax Law | Late payment penalty consisting of:<br>- 2% of unpaid tax.<br>- 4% of amount due on the seventh day following the deadline for payment.<br>- 1% of Amount unpaid, daily penalty charged on any amount that is still unpaid one calendar month following the deadline for payment with upper ceiling of 300%. |
| Person not accounting for any tax due on import of goods required under Tax Law | 50% of unpaid or undeclared tax |


*Ashu Dalmia*
*Consultant: GCC VAT, INDIA GST, TRAINER & AUTHOR*
*Mob: +91-9810893243, E-Mail: info@gstindia.biz*

# Directory of Violations & Corresponding Administrative Penalties

## Penalties related to Federal Decree Law No. (8) of 2017 on VAT

### Tax Invoice/ Credit Note

| Violation | Penalty |
|---|---|
| Fails to issue Tax Invoice or an alternative document when making any supply | AED 5,000 for each tax invoice or alternative document |
| Fails to issue Tax Credit Note or an alternative document | AED 5,000 for each tax credit note or alternative document |
| Fails to comply with the conditions and procedures regarding issuance of electronic Tax Invoices and electronic Tax Credit Notes | AED 5,000 for each incorrect document |

### Other Penalties

| Violation | Penalty |
|---|---|
| Fails to display prices inclusive of Tax | AED 15,000 |
| Fails to notify the Authority of applying Tax based on the margin | AED 2,500 |
| Fails to comply with conditions and procedures related to keeping the Goods in a Designated Zone or moving them to another Designated Zone | Higher of:<br>- AED 50,000; or<br>50% of the tax chargeable in respect of goods as a result of violation, if any |

*Ashu Dalmia*
*Consultant: GCC VAT, INDIA GST, TRAINER & AUTHOR*
*Mob: +91-9810893243, E-Mail: info@gstindia.biz*