



**COMPLETE COMPARISON OF NEW AND OLD PENALTIES**

**Table No. (1)**

**Violations and Administrative Penalties related to the Implementation of the Federal Law No. (7) of 2017 on Tax Procedures**

Clause	Description of Violation	MMJS REMARKS	New Penalties in AED	Old Penalties in AED
1	The failure of the person conducting Business to keep the required records and other information specified in Tax Procedures Law and the Tax Law	<b>Reduction in Penalty</b>	(10,000) for the first time <b>(20,000) in case of repetition</b>	(10,000) for the first time. (50,000) in case of repetition.
2	The failure of the person conducting Business to submit the data, records and documents related to Tax in Arabic to the Authority when requested.	No Change	(20,000)	(20,000)
3	The failure of the Taxable Person to submit a registration application within the timeframe specified in the Tax Law	<b>Reduction in Penalty</b>	<b>(10,000)</b>	(20,000)
4	The failure of the Registrant to submit a deregistration application within the timeframe specified in the Tax Law	<b>Reduction in Penalty</b>	<b>(1,000) upon delay in submitting the application and on the same date per month, with a maximum of (10,000)</b>	(10,000)
5	The failure of the Registrant to inform the Authority of any circumstance that requires the amendment of the information pertaining to his tax record kept by Authority.	<b>Reduction in Penalty</b>	<ul style="list-style-type: none"> <li>(5,000) for the first time.</li> <li><b>(10,000) in case of repetition</b></li> </ul>	<ul style="list-style-type: none"> <li>(5,000) for the first time.</li> <li>(15,000) in case of repetition</li> </ul>
6	The failure of the person appointed as a Legal Representative for the Taxable Person to inform the Authority of his appointment within the specified timeframe. The penalties will be due from the Legal Representative's own funds.	<b>Reduction in Penalty</b>	<b>(10,000)</b>	(20,000)
7	The failure of the person appointed as a Legal Representative for the Taxable Person to file a Tax Return within the specified timeframe. The penalties will be due from the Legal Representative's own funds.	No Change	<ul style="list-style-type: none"> <li>(1,000) for the first time.</li> <li>(2,000) in case of repetition within (24) months.</li> </ul>	<ul style="list-style-type: none"> <li>(1,000) for the first time.</li> <li>(2,000) in case of repetition within (24) months.</li> </ul>
8	The failure of the Registrant to submit the Tax Return within the timeframe specified in the Tax Law.	No Change	<ul style="list-style-type: none"> <li>(1,000) for the first time.</li> <li>(2,000) in case of repetition within (24) months.</li> </ul>	<ul style="list-style-type: none"> <li>(1,000) for the first time.</li> <li>(2,000) in case of repetition within (24) months.</li> </ul>

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9	<p>The Failure of the taxable person to pay the tax shown as tax payable in the tax return or voluntary declaration that was submitted or the tax assessment that was notified within the time-limit specified in the Tax Law.</p> <p><b>Old Description was:</b>  <i>The failure of the Taxable Person to settle the Payable Tax stated in the submitted Tax Return or Tax Assessment he was notified of, within the timeframe specified in the Tax Law.</i></p>	<p><b>Major Reduction in Penalty and specific mention of VD is included in the clause with guidance on due dates for late payment penalty application</b></p>	<ol style="list-style-type: none"> <li>1. The taxable person shall pay the penalty applicable to late payment of the payable tax, with a maximum of (300%), according to the following:               <ol style="list-style-type: none"> <li>a. (2%) of the unpaid tax is due on the day following the date on which the payment is due, upon delay in paying the payable tax;</li> <li>b. <b>(4%) monthly penalty is due after one month from the date on which payment is due, and on the same date every month after that, on the amount of tax that has not been paid to date.</b></li> </ol> </li> <li>2. For the purposes of this penalty, the due date for payment in the event of voluntary declaration and tax assessment shall be as follows:               <ol style="list-style-type: none"> <li>a. In the case of the voluntary declaration, (20) working days from the date of its submission;</li> <li>b. In the case of Tax Assessment, (20) working days from the date of its receipt.</li> </ol> </li> </ol>	<p>The Taxable Person shall be obligated to pay a late payment penalty consisting of:</p> <ul style="list-style-type: none"> <li>- (2%) of the unpaid tax is due immediately once the payment of Payable Tax is late;</li> <li>- (4%) is due on the seventh day following the deadline for payment, on the amount of tax which is still unpaid.</li> <li>- (1%) daily penalty charged on any amount that is still unpaid one calendar month following the deadline for payment with upper ceiling of (300%).</li> </ul>

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10	The submittal of an incorrect Tax Return by the Registrant.	<b>Major Reduction in Penalty</b>	<ol style="list-style-type: none"> <li>A fixed penalty shall be imposed: <ul style="list-style-type: none"> <li><b>(1,000) for the first time;</b></li> <li><b>(2,000) in case of repetition.</b></li> </ul> </li> <li>As an exception to Clause (1) of this penalty, in the event that the incorrect tax return results in a tax difference less than the fixed penalty mentioned in Clause (1) of this penalty, a <b>penalty equal to the tax difference shall be imposed</b>, provided that it is not less than AED (500).</li> <li>Anyone who corrects his tax return before the payment due date shall be <b>exempted</b> from imposing the penalty specified in Clauses (1) and (2) of this penalty.</li> </ol>	<p>Two penalties are applied:</p> <ol style="list-style-type: none"> <li>Fixed penalty of: <ul style="list-style-type: none"> <li>(3,000) for the first time.</li> <li>(5,000) in case of repetition</li> </ul> </li> <li>Percentage based penalty shall be applied on the amount unpaid to the Authority due to the error and resulting in a tax benefit as follows: <ul style="list-style-type: none"> <li>(50%) if the Registrant does not make a voluntary disclosure or he made the voluntary disclosure after being notified of the tax audit and the Authority has started the tax audit process, or after being asked for information relating to the tax audit, whichever takes place first.</li> <li>(30%) if the Registrant makes the voluntary disclosure after being notified of the tax audit and before the Authority starts the tax audit.</li> <li>(5%) if the Registrant makes a voluntary disclosure before being notified of the tax audit by the Authority.</li> </ul> </li> </ol>
11	The Voluntary Disclosure by the Person/Taxpayer of errors in the Tax Return, Tax Assessment or Refund Application pursuant to Article 10 (1) and (2) of the Tax Procedures Law.	<b>Reduction in Fixed Penalty. Increase in variable penalty (based on period in which Voluntary Disclosure is filed)</b>	<p>Without prejudice to the consequences of the penalty mentioned in Clause (10) of this Table, a proportional penalty shall be imposed on the amount of the difference between the tax that it calculated and which should have been calculated, according to the following:</p> <ol style="list-style-type: none"> <li>(5%) on the difference amount in the event that the voluntary declaration is submitted during one year from the due date of the tax return, tax assessment, or related refund claim.</li> <li>(10%) on the difference amount in the event that the voluntary</li> </ol>	<p>Two penalties are applied:</p> <ol style="list-style-type: none"> <li>Fixed penalty of: <ul style="list-style-type: none"> <li>(3,000) for the first time.</li> <li>(5,000) in case of repetition</li> </ul> </li> <li>Percentage based penalty shall be applied on the amount unpaid to the Authority due to the error and resulting in a tax benefit as follows: <ul style="list-style-type: none"> <li>(50%) if the Registrant does not make a voluntary disclosure or he made the voluntary disclosure after being notified of the tax audit and the Authority has started the tax audit process, or after being asked for information relating to</li> </ul> </li> </ol>

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			<p>declaration is submitted during the second year from the due date of the tax return, tax assessment, or related refund claim.</p> <p>3. (20%) on the difference amount in the event that the voluntary declaration is submitted during the third year from the due date of the tax return, tax assessment, or related refund claim.</p> <p>4. (30%) on the difference amount in the event that the voluntary declaration is submitted during the fourth year from the due date of the tax return, tax assessment, or related refund claim.</p> <p>5. (40%) on the difference amount in the event that the voluntary declaration is submitted after the fourth year from the due date of the tax return, tax assessment, or related refund claim.</p>	<p>the tax audit, whichever takes place first.</p> <p>- (30%) if the Registrant makes the voluntary disclosure after being notified of the tax audit and before the Authority starts the tax audit.</p> <p>- (5%) if the Registrant makes a voluntary disclosure before being notified of the tax audit by the Authority.</p>
12	The failure of the Taxable Person to voluntarily disclose errors in the Tax Return, Tax Assessment or Refund Application pursuant to Article 10 (1) and (2) of this the Tax Procedures Law before being notified that he will be subject to a Tax Audit	<b>Reduction in fixed penalty. Increase in variable penalty (subject to tax due)</b>	<p>Without prejudice to the consequences of the penalty mentioned in Clause (10) of this Table, a person shall pay:</p> <p>1. A penalty of (50%) on the amount of error;</p> <p>2. A penalty of (4%) for each month or part of the month from any of the following:</p> <p>a) Unpaid tax to the Authority, from the date that payment is due for the relevant tax period until the date of receipt of the tax assessment.</p> <p>b) Tax that has not been refunded to the Authority due to an unjust tax refund, from the date of the tax refund from the Authority until the date of receiving the Tax Assessment.</p>	<p>Two penalties are applied:</p> <p>1. Fixed penalty of:</p> <ul style="list-style-type: none"> <li>• (3,000) for the first time.</li> <li>• (5,000) in case of repetition</li> </ul> <p>2. (50%) of the amount unpaid to the Authority due to the error resulting in a tax benefit for the Person/Taxpayer.</p>

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Clause	Description of Violation	MMJS REMARKS	New Penalties in AED	Old Penalties in AED
13	The 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.	No Change	(20,000)	(20,000)
14	The failure of the Registrant to calculate Tax on behalf of another Person when the registered Taxable Person is obligated to do so under the Tax Law.	<b>Major Reduction in Penalty</b>	<ol style="list-style-type: none"> <li>1. The registrant shall pay the penalty applicable for the delay in paying the payable tax, with a maximum of (300%) according to the following:               <ol style="list-style-type: none"> <li>a. (2%) of the unpaid tax is due on the day following the date on which the payment is due, upon delay in paying the payable tax.</li> <li>b. <b>(4%) a monthly penalty is due after one month from the date on which payment is due, and on the same date every month, on the amount of tax that has not been paid.</b></li> </ol> </li> <li>2. For the purposes of this penalties, the due date for payment in the event of voluntary declaration and tax assessment is as follows:               <ol style="list-style-type: none"> <li>a. In case of the voluntary declaration, (20) working days from the date of its submission.</li> <li>b. In the case of tax assessment, (20) working days from the date of receiving it.</li> </ol> </li> </ol>	The Registrant shall be obligated to pay a late payment penalty consisting of: <ul style="list-style-type: none"> <li>- (2%) of the unpaid tax is due immediately once the payment of Payable Tax is late;</li> <li>- (4%) is due on the seventh day following the deadline for payment, on the amount of tax which is still unpaid.</li> <li>- (1%) daily penalty charged on any amount that is still unpaid one calendar month following the deadline for payment with upper ceiling of (300%).</li> </ul>
15	A Person not accounting for any tax that may be due on import of goods as required under the Tax Law.	No Change	(50%) of unpaid or undeclared tax.	(50%) of unpaid or undeclared tax.

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**Table No. (2)**

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

Clause	Description of Violation	MMJS Remarks	New Penalties in AED	Old Penalties in AED
1	Failure by the Taxable Person to display prices inclusive of Tax.	<b>Reduction in Penalty</b>	<b>(5000)</b>	(15,000).
2	Failure to comply with the conditions and procedures related to transfer the Excise Goods from a Designated Zone to another Designated Zone, and the mechanism of processing and storing of such Excise Goods.	No Change	The penalty shall be the higher of AED (50,000) or (50%) of the tax, if any, chargeable in respect of the goods as the result of the violation.	The penalty shall be the higher of AED (50,000) or (50%) of the tax, if any, chargeable in respect of the goods as the result of the violation.
3	Failure by the Taxable Person to provide the Authority with price lists for the Excise Goods produced, imported or sold thereby.	<b>Reduction in Penalty</b>	(5,000) for the first time <b>(10,000)</b> in case of repetition	(5,000) for the first time. (20,000) in case of repetition

**Table No. (3)**

**Violations and Administrative Penalties related to the Implementation of the Federal Decree-Law No. (8) of 2017 on Value Added Tax**

Clause	Description of Violation	MMJS Remarks	New Penalties in AED	Old Penalties in AED
1	Failure by the Taxable Person to display prices inclusive of Tax.	<b>Reduction in Penalty</b>	<b>(5000)</b>	(15,000)
2	Failure by the Taxable Person to notify the Authority of applying Tax based on the margin.	No Change	(2,500)	(2,500)
3	Failure to comply with conditions and procedures related to keeping the Goods in a Designated Zone or moving them to another Designated Zone.	No Change	The penalty shall be the higher of AED (50,000) or (50%) of the tax, if any, chargeable in respect of the goods as the result of the violation.	The penalty shall be the higher of AED (50,000) or (50%) of the tax, if any, chargeable in respect of the goods as the result of the violation.
4	Failure by the Taxable Person to issue the Tax invoice or an alternative document when making any supply.	<b>Reduction in Penalty</b>	<b>(2,500)</b> for each discovered case	(5,000) for each tax invoice or alternative document.
5	Failure by the Taxable Person to issue a Tax Credit Note or an alternative document	<b>Reduction in Penalty</b>	<b>(2,500)</b> for each discovered case	(5,000) for each tax credit note or alternative document.
6	Failure by the Taxable Person to comply with the conditions and procedures regarding the issuance of electronic Tax Invoices and electronic Tax Credit Notes	<b>Reduction in Penalty</b>	<b>(2,500)</b> for each discovered case	(5,000) for each incorrect document.

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