

UAE TAX ALERT



Update on Cabinet Decision No. 129 of 2025

Revised Administrative Penalties for Tax Law Violations in the UAE

#taxatmmjs



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The Federal Tax Authority (FTA) has announced revisions to the Administrative Penalties for Violations of Tax Procedures Law, Excise Tax Law, and Value Added Tax Law in the UAE vide Cabinet Decision No. 129 of 2025, which will come into **effect from 14 April 2026**. The FTA through this Decision has revised the penalty percentages.

A comparison of the penalties applicable up to 13 April 2026 and those **effective from 14 April 2026** is set out in the table below.

SNo.	Description of Violation	Administrative penalties until 13 April 2026	Administrative penalties from 14 April 2026	MMJS Comments
1.	Failure to keep the required records and other information	10,000 for the first time; 20,000 in case of repetition.	10,000 for each violation . 20,000 in case of repeated violation within 24 months from the date of the last violation.	The penalty has been amended to apply for each violation . This change increases exposure, as multiple instances of non-compliance may now attract separate penalties of AED 10,000/20,000 each.
2.	The failure of the Person conducting Business or who has an obligation under the Tax Procedures Law or the Tax Law to submit records related to Tax in Arabic when requested.	20,000	5,000	There is a reduction of penalty. Further, the scope of penalty has also been extended to people who have an obligation under the Tax procedures Law or Tax Law such as Tax agents and legal representatives to submit the records in Arabic when requested.
3.	Failure of Registrant to inform of any case that may require the amendment of the information pertaining to tax record	5,000 for the first time. 10,000 in case of repetition.	1,000 for each violation . 5,000 in case of repeated violation within 24 months	With this change, if a business fails to update several details (e.g., trade license, address, and contact information), the FTA may impose a separate

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				AED 1,000/5000 penalty for each information that is not updated.
4.	Failure of the Legal Representative of the Taxable Person to inform its appointment	10,000	1,000	The penalty has been significantly reduced.
5.	Failure to settle the Payable Tax within the timeframe	i. 2% of the unpaid Tax shall be due on the day following the due date of payment ii. 4% for the subsequent month The penalty is applicable at a maximum of 300%	A monthly penalty of (14%) per annum	The previous 300% cap on late payment penalties has been removed. However, Article 24(4) of Tax Procedures Law which sets the statutory limit on administrative penalties at two times the amount of tax will remain the same.
6.	Submission of incorrect tax return	1,000 for the first time. 2,000 in case of repetition. 500 or upto tax difference amount if the tax difference is less than the fixed penalty	500. However, penalty will not be applicable in following cases: a. Tax Return is corrected within the submission deadline. b. Voluntary Disclosure is submitted to correct the tax Return without resulting in a difference in the amount of Due Tax.	The penalty has been revised to AED 500. Additionally, penalty of AED 500 has been waived if VD is submitted to correct the tax return without resulting in a difference in the amount of due tax.
7.	Submission of Voluntary disclosure ('VD')	i. 5% on the difference, where the Voluntary Disclosure is submitted within one year from the due date of submission of	A monthly penalty of 1% on the Tax Difference, for each month or part thereof, to be applied as of the date following the due date of the Tax	Previously, penalties were determined based on the year in which VD was filed. For example, 5% in the first year up to 40% in the fifth year.



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		<p>the Tax Return, the Tax Assessment, or the relevant refund application.</p> <p>ii. 10% on the difference, where the Voluntary Disclosure is submitted within the second year.</p> <p>iii. 20% on the difference, where the Voluntary Disclosure is submitted within the third year.</p> <p>iv. 30% on the difference, where the Voluntary Disclosure is submitted within the fourth year.</p> <p>v. 40% on the difference, where the Voluntary Disclosure is submitted after the fourth year from the due date of submission of the Tax Return, the Tax Assessment, or the relevant refund application.</p>	<p>Return, or submission of the relevant tax refund application until the date of the Voluntary Disclosure is submitted.</p>	<p>Accordingly, the maximum penalty amounted to 40%. However, under Cabinet Decision 129 of 2025, penalties may now go up to 60%. Therefore, the longer the delay, the higher the applicable penalty.</p>
8.	Failure to submit a Voluntary Disclosure in relation to errors in the Tax Return, Tax Assessment, or tax refund application before Tax Audit Notification	<p>i. A fixed penalty of 50% on the amount of error.</p> <p>ii. A penalty of 4% for every month or part of the month, of the following:</p> <p>a. The unpaid Tax, from the date the payment is due until the date of receipt of the Tax Assessment.</p> <p>b. The Tax that was not returned to the Authority due to ineligible refund, from the date of Tax refund to the date of</p>	<p>1. Fixed penalty of 15% on the Tax Difference.</p> <p>2. Monthly penalty of 1% on the tax difference for each month (or part thereof), calculated as follows:</p> <p>a. If a Voluntary Disclosure is filed after audit notification- from the day after the tax return due date until the date the voluntary disclosure is submitted.</p> <p>b. If no Voluntary Disclosure is filed –</p>	<p>1. The monthly penalty calculation has been changed from 4% on unpaid tax until the date of Tax Assessment to 1% on the tax difference until submission of a VD after audit notification, or date of tax assessment if no VD is filed. Thereby, reducing the penalty substantially.</p>



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		receipt of the Tax Assessment.	from the day after the return due date (or refund submission) until the date of issuance of the Tax Assessment.	
9.	Failure to calculate tax on behalf of another Person	2% of the unpaid Tax is due on the day following the due date. 4% from subsequent month (Max penalty upto 300%)	A monthly penalty of 14% per annum on the unsettled amount of Payable Tax	The penalty structure has been changed to a flat 14% annual penalty on the unpaid tax, simplifying the calculation but removing the previous cap of 300%. However, Article 24(4) of Tax Procedures Law which sets the statutory limit on administrative penalties at two times the amount of tax will remain the same.
10.	Failure to register for tax within the timeframe specified in the Tax Law.	10,000	10,000	No change
11.	Failure to deregister within the timeframe specified in the Tax Law.	1,000 in case of delay, and on the same date monthly thereafter, up to a maximum of 10,000.	1,000 in case of delay and on the same date monthly, up to a maximum of 10,000.	No change
12.	Failure of the Legal Representative to file a Tax Return	1,000 for the first time. 2,000 in case of repetition within 24 months.	1,000 for the first time. 2,000 in case of repetition within 24 months.	No change
13.	Failure to submit the Tax Return within the timeframe	1,000 for the first time. 2,000 in case of repetition within 24 months.	1,000 for the first time. 2,000 in case of repetition within 24 months.	No change



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14.	Failure to facilitate Tax Audit	20,000	20,000	No change
15.	Failure to account for import tax	50% of unpaid or undeclared Tax.	50% of unpaid or undeclared Tax.	No change

MMJS Comments

The revised administrative penalties introduced vide Cabinet Decision No. 129 of 2025 majorly reflect a significant reduction compared to the previous penalty structure. This change indicates the FTA’s intent to ease the compliance burden on taxpayers while continuing to enforce adherence to Tax laws. Businesses should review these changes carefully to ensure they understand the revised amounts and conditions, as reduced penalties do not eliminate the need for timely compliance.

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