

UAE TAX ALERT



Amendments in

**Tax Procedure Law vide
Federal Decree Law No. 17
of 2025**

#taxatmmjs



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Federal Decree Law No. 17 of 2025 has been issued on 1st October 2025 to amend the existing Federal Decree Law No. 28 of 2022 on Tax Procedures. These amendments will become effective from 1st January 2026.

Please find below the summary of the amendments made along with our comments:

Article No.	Summary of Amendment	MMJS Remarks
Article 9(3) - Determination of Payable Tax	<p>The Authority may allocate the excess amount paid by the taxpayer or credit balance to settle any Tax or liabilities to the Authority, within a period not exceeding five years from the end of the relevant tax period.</p>	<ul style="list-style-type: none"> This amendment aligns with the timelines prescribed for claiming refunds, i.e., five years from the end of the relevant tax period. The same five-year timeline has been introduced for settling Tax or liability due to the authority from the excess balance available with the authority. Consequently, any remaining excess amount with the FTA, cannot be utilised for any purpose after five years, including the settlement of taxes or other liabilities and accordingly, will not be available for the taxpayers.
Article 10 - Voluntary Disclosure ['VD']	<p>If the Taxpayer discovers an error or omission in the Tax Return submitted to the Authority, where there is no difference in the amount of Due Tax, the Taxpayer must correct such error by:</p> <ol style="list-style-type: none"> submitting a VD in the cases specified by the Authority; or correct such error via a Tax Return in any other case. 	<ul style="list-style-type: none"> Currently, the prescribed cases for filing VD with no difference in due tax include errors or omissions in emirate-wise reporting, zero-rated supplies, or exempt supplies. Following the amendment, the FTA may introduce updated categories of errors or omissions that will require filing a VD even when there is no difference in tax due. For corporate tax purposes, the FTA's Guide on Corporate tax returns (CTGTXR1) currently specifies that any error in respect of a prior Tax Period which has tax impact of more than AED 10,000 must be amended by way of a VD.

Article No.	Amendment	MMJS Comments
		<ul style="list-style-type: none"> For all other cases not specified by the FTA, corrections can be made in the Tax return.
Article 38(2) - Application for Refund of Credit Balance	<p>The refund application must be submitted within a period not exceeding five years from the end of the Tax Period to which any of the following applies:</p> <ol style="list-style-type: none"> The excess payment was made if the credit balance resulted from an excess Tax payment. The Tax Return or Voluntary Disclosure was submitted, or the Tax Assessment was issued, if the credit balance resulted from a Tax Return or a Voluntary Disclosure submitted to the Authority, or otherwise from a decision issued by the Authority. The credit balance arose, in any other case. <p><i>Transitional Period:</i></p> <ul style="list-style-type: none"> Where the period of five years has lapsed from the end of the Tax Period referred to above, the taxpayer may submit an application for a refund of the credit balance or utilize it in the payment of Tax liabilities or Administrative Penalties, provided that this request is submitted within a period not exceeding a year from the effective date of Decree Law 17 of 2025 [i.e. 1 January 2026]. 	<ul style="list-style-type: none"> The amendment has introduced specific statutory timelines for submitting refund applications i.e. 5 years from the date of excess payment made, or the date of tax return or VD submitted (if the credit balance resulted from tax return or VD) or the date on which credit balance arose. Accordingly, taxpayers should promptly review all potential refund cases and ensure that applications are filed within these newly prescribed timelines. A transitional provision has also been introduced for cases where the five-year period has already expired. In such instances, an extended deadline of one additional year has been granted, allowing taxpayers to submit refund applications up to 31 December 2026.
Article 38(3) & 38(4) – Application for Refund of Credit Balance	<p>Where the credit balance arises as a result of a decision issued by the Authority after the expiry of the five years period or during the last ninety days thereof the Taxpayer may submit</p>	<p>This amendment grants taxpayers additional time to submit refund applications i.e. one year where credit balance resulted from the decision of the authority or 90 days where credit</p>

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	<p>the refund application within one year from the date on which this balance arises.</p> <p>Where the credit balance arises in any other case after the expiry of the five years period or during the last ninety days thereof, the Taxpayer may submit the refund application within ninety days from the date on which this balance arises.</p>	<p>balance arises in other cases, after the expiry of five years or within the last 90 days of the five-year period.</p>
Article 46(4) - Statute of Limitation	<p>Tax Audit may be conducted or Tax Assessment may be issued after five years from the end of the relevant Tax Period if the Tax Audit or the issuance of the Tax Assessment relates to a refund application related to Tax or credit balance submitted in the fifth year, provided that the Tax Audit is completed or the Tax Assessment is issued, as the case may be, within two years from the date of the submission of the refund application.</p> <p>Furthermore, in cases where a refund application is submitted within one year from 1 January 2026 for the tax periods where timeline of 5 years is expired, the FTA may conduct a tax audit or issue a tax assessment. However, any such audit or assessment must be completed within two years from the date the refund application is submitted.</p>	<ul style="list-style-type: none"> As per the amendment, a Tax Audit may be conducted or Tax Assessment may be issued five years after the end of the relevant tax period if it relates to a refund application submitted in the fifth year, provided it is completed or issued within two years of the application date. Further, for refund applications submitted within one year from 1 January 2026 for periods where the five-year timeline has expired, the FTA may conduct a tax audit or issue an assessment, provided it is completed within two years of the application date.
Article 46(6) - Statute of Limitation	<p>No VD may be submitted after the expiration of five years from the end of the relevant Tax Period except where the VD is related to a refund application</p>	<ul style="list-style-type: none"> The extended timelines for filling VD application under clause 2 of Article 10 of Tax Procedure Law have been provided in cases where refund

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	<p>for which the Authority has not yet issued a decision.</p> <p>As an exception, if a taxpayer submits a refund application within the special one-year window starting 1 January 2026 (where refund period of 5 years is expired), they are allowed to file a VD for that same period.</p> <p>However, the VD must be submitted within two years from the date the refund application was filed, unless the FTA has already issued a decision on the refund.</p>	<p>application is still under review even after the expiry of 5 years.</p> <ul style="list-style-type: none"> Further, where refund application is filed for the period after the expiry of 5 years from the relevant tax period (within 1 year from 1 January 2026), VD application can be filled within 2 years from the date refund application was filed, unless the FTA has already issued a decision on refund.
Article 54 (bis)	<p>Without prejudice to the provisions of the tax legislation in force, the Authority may issue decisions that include directives on the implementation of the provisions of this Federal Decree-Law and the Tax Law in relation to tax transactions, which shall be binding on both the Authority and the Taxpayer</p>	<p>This provision has been introduced to provide powers to the authorities to issue directives under the Tax Procedure Law.</p>

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