

Cabinet Decision Release: Administrative Penalties - Corporate Tax

Key Takeaways



August 2023



UAE Cabinet Decision Release



Cabinet Decision No. (75) of 2023 dated 10 July 2023 was issued on the Administrative Penalties for Violations Related to the Application of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (hereinafter referred to as the “CT Law”).

The Decision details the penalties that will apply to taxpayers in case they don't comply with the provisions of the CT Law. It will come into effect on 1 August 2023.

Key highlights

According to Cabinet Decision No. (75) of 2023, Administrative Penalties will apply to a number of violations in relation to the UAE CT law.

Those violations include failure to register for CT purposes as well as failure to file and pay the CT due within the set deadlines. Penalties will also apply if the taxable person files an incorrect tax return or does not maintain the required records.

To note that the Cabinet Decision also makes reference to voluntary disclosure penalties, which suggests that the UAE CT regime will have a voluntary compliance system similar to the one available for Value Added Tax.

For a full list of the applicable penalties, please refer to:

<https://mof.gov.ae/wp-content/uploads/2023/07/Cabinet-Decision-No.-75-of-2023-on-the-Administrative-Penalties-on-Violations-Related-to-the-Application-of-the-Corporate-Tax-Law.pdf>

Key takeaway and next steps

The introduction of Administrative Penalties will play a crucial role in the implementation of the UAE CT regime. Administrative Penalties act as a deterrent to non-compliance by encouraging taxpayers to fulfil their tax obligations and discouraging tax evasion.

As more clarity is now available on the administration of Corporate Tax, time is of the essence for companies to assess their readiness to register and comply with the new regime.

For further assistance, you can reach us by emailing CT.UAE@pwc.com.



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