



United Arab Emirates

New Cabinet Decision on regulating
the procedures for Government
Entities objection and appeal in
tax disputes

February 2025



In brief

The UAE Cabinet has recently issued Decision No. 12 of 2025, hereinafter referred to as 'the decision', which aims to regulate the procedures for government entities objection and appeal in tax disputes.

The decision will come into effect on 14 April 2025, providing a clear framework for certain government entities to follow when raising objections or filing appeals in tax matters.

In detail

The UAE has introduced Decision No. 12 of 2025, published on 14 February 2025 in the Official Gazette Issue No. 793 and coming into effect 60 days after its publication. It outlines specific procedures for listed government entities to manage their objections and appeals related to Value Added Tax (VAT) on transactions conducted in their sovereign capacity.

The decision defines **government entities** as "federal and local entities conducting activities in their sovereign capacity, excluding the Federal Tax Authority, as listed in the Cabinet Decision No. 58 of 2017."

Objection process for Government Entities

- Government entities must submit objections to the Tax Disputes Resolution Committee (TDRC) within 40 working days of receiving a decision from the authority.
- The objection submitted to the TDRC shall not be accepted in any of the following cases:
 - If the request for reconsideration was not initially submitted to the authority.
 - If the objection was not submitted within the specified period of 40 working days.
- The TDRC is required to decide on objections within 20 working days.
- Government entities are not required to settle the VAT and administrative penalties subject to the dispute as a prerequisite for submitting the objection.
- The TDRC's decision regarding the objection shall be final if the total tax due and administrative fines do not exceed AED 100,000.
- The lapse of the period specified without the issuance of the TDRC's decision shall be considered a rejection of the objection.

The new decision represents an important advancement in establishing a more structured and transparent framework for addressing tax-related disputes involving government entities. This initiative will significantly improve the efficiency of the tax dispute resolution process, ensuring that all parties involved have a clear and consistent procedure to follow.





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Appeal process for Government Entities

- The listed government entity or the authority has the right to appeal TDRC decisions to the federal courts.
- The appeal must be submitted within 40 working days of receiving the TDRC decision.
- It is mandatory for the government entity to settle the VAT disputed with the authority before submitting the appeal to the federal courts.
- Additionally, the government entity must settle any administrative penalties once the final binding decision is issued by the relevant federal court.

Notification procedures

Federal entities must notify the Ministry of Finance within one week of submitting any objection to the TDRC. Similarly, government entities are required to inform the department of finance in the specific Emirate within one week of submitting an objection to the TDRC. However, failure to notify does not disqualify the government entity from submitting its objection.

Key differences in procedures

The primary differences between the general objection and appeal procedures and those recently introduced for government entities are highlighted below:

Topic	General procedures	Government Entities specific procedures
Objection to TDRC	Private entities are required to settle the VAT liability prior to submitting the objection to the TDRC.	Government entities are not required to settle VAT or administrative penalties prior to submitting the objection to the TDRC.
Appeal to Federal Courts	Private entities are required to settle 50% of the administrative penalties or provide an equivalent bank guarantee prior to submitting the appeal to the Federal Courts.	The government entity is only required to settle the VAT liability prior to submitting its appeal to the Federal Courts. The administrative penalties are only payable once a final binding decision is issued by the relevant Federal Court.

The takeaway

Government entities engaged in sovereign activities, as specified in Cabinet Decision No. 58 of 2017, are eligible to use special procedures for submitting objections and appeals on VAT-related disputes with the authority. Conversely, government entities involved in non-sovereign activities must adhere to the standard dispute procedures for tax disputes.

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Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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