



United Arab Emirates: Significant legislative updates to tax procedures, VAT, and excise tax laws

December 2025



In brief

On 25 November 2025, the UAE Ministry of Finance (MoF) announced two important legislative updates:

- Federal Decree-Law No. 17 of 2025, which amends the Tax Procedures Law (TPL)
- Federal Decree-Law No. 16 of 2025, which introduces specific changes to the Value Added Tax (VAT) Law

While the VAT updates are technical and narrowly targeted, the amendments to the Tax Procedures Law are extensive, affecting:

- Refund processes and credit balances
- Requirements for voluntary disclosure
- Audit deadlines
- The Federal Tax Authority's (FTA) framework for administrative guidance

Additionally, the TPL amendments influence the Excise Tax Law, especially regarding the Statute of Limitation provisions.

Both laws will come into effect on January 1, 2026. Transitional provisions under the Tax Procedures Law will address refunds and credit positions arising before that date. It is advisable for businesses to review these updates promptly to ensure compliance and to prepare for the updated procedural requirements.

The revised versions of the tax laws can be accessed via the following links:

- [Tax Procedures Law](#)
- [VAT Law](#)
- [Excise Tax Law](#)

Federal Decree-Law No. 16 of 2025: Targeted Amendments to the VAT Law

The UAE MoF has issued Federal Decree-Law No. 16 of 2025, introducing specific and technical changes to the VAT Law. These amendments aim to refine certain provisions to improve clarity and compliance within the VAT framework.

The changes will take effect from 1 January 2026, and businesses should review the updated provisions to ensure readiness for the new requirements. While the amendments are focused on scope, they may impact reporting obligations and compliance processes for VAT-registered persons.

Impacted articles	Key amendments to the VAT Law
Article 48.1 Reverse Charge	<ul style="list-style-type: none"> Self-invoicing will no longer be required for imports of goods and services for business purposes, simplifying compliance for businesses engaged in cross-border transactions.
Article 74.3 Excess Recoverable Input Tax	<ul style="list-style-type: none"> A five-year time limit is introduced for carrying forward and claiming excess recoverable input tax. Any balance remaining after five years will not be eligible for offset or refund. Taxpayers whose five-year refund eligibility have expired or will expire within one year from 1 January 2026 may request a refund before 1 January 2027 based on the transitional rule given in the amended Tax Procedures Law.
Article 54 Recoverable Input Tax	<p>Three new anti-evasion provisions strengthen due diligence requirements for taxpayers:</p> <ul style="list-style-type: none"> The FTA will disallow input tax if the supply is linked to tax evasion and the taxpayer knew or should have known of the connection. Taxpayers are expected to verify the validity and integrity of supplies before recovering input tax. Failure to exercise due diligence may result in denial of recovery.
Article 79 (bis) Status of Limitation	<ul style="list-style-type: none"> VAT-specific Article 79 bis is repealed. Limitation rules will now align with the revised Tax Procedures Law effective 1 January 2026, ensuring consistency across tax frameworks.

Federal Decree-Law No. 17 of 2025: Targeted Amendments to the TPL

The UAE MoF has issued Federal Decree-Law No. 17 of 2025, introducing extensive amendments to the Tax Procedures Law, effective 1 January 2026.

These changes impact refund processes, voluntary disclosure requirements, audit timelines, and the Federal Tax Authority's administrative guidance framework, requiring businesses to review and prepare for compliance.

Impacted articles	Key amendments to the TPL
Article 9.3 Determination of Payable Tax	<ul style="list-style-type: none"> A five-year period is now allowed for the FTA to allocate excess tax credits or overpayments against taxpayer liabilities.
Article 10.5 Voluntary Disclosure	<ul style="list-style-type: none"> For errors or omissions that do not affect the amount of tax due, the FTA will define cases requiring a Voluntary Disclosure (VD) and those that can be corrected in subsequent returns.
Article 38 Application for Tax Refunds	<ul style="list-style-type: none"> Clause 2: Refund applications for input tax credit balances must be filed within five years from the end of the tax period in which the balance arises. Clause 3: If a credit balance arises from an FTA decision made after the five-year period, taxpayers can submit a refund application within one year from the date the balance arises. Clause 4: If a credit balance arises after the five-year period or during the last 90 days of that period, taxpayers may submit an application within 90 days from the balance date. Clause 5: The FTA is obliged to review and notify taxpayers of its decision (approval or rejection). Clause 6: The right to apply for a refund expires after five years if no application is submitted.
Article 46 Status of Limitation	<ul style="list-style-type: none"> Clause 1: Five years is the default limitation for audits and tax assessments, with exceptions under specific clauses. Clause 4: If a taxpayer applies for a refund during the last 90 days of or after the fifth year, the FTA may audit or issue an assessment related to that claim. Any audit or assessment must be completed within two years from the refund or credit claim date. Clause 6: Introduces a specific exception for refund-related VDs to extend the five-year limitation.

Federal Decree-Law No. 17 of 2025: Targeted Amendments to the TPL (cont'd)

Impacted articles	Key amendment to the TPL
Article 54 (Bis)	<ul style="list-style-type: none"> Grants the FTA formal authority to issue binding decisions and guidance on tax law application.
Article 3 Transitional Rules and Other Provisions	<ul style="list-style-type: none"> Clause 1: Taxpayers whose five-year refund eligibility have expired or will expire within one year from effective of the Decree-Law may request a refund before 1 January 2027. Clause 2: For refund applications submitted under transitional rules, taxpayers may file a VD within two years from the refund application date if the FTA has not issued a decision. Clause 3: The FTA may audit or issue an assessment related to the refund application during this period, provided the audit or assessment is completed within two years.

Federal Decree-Law No. 17 of 2025: Targeted Amendments to the Excise Tax Law

Impacted articles	Key amendment to the TPL
Article 25 (Bis)	<ul style="list-style-type: none"> Article 25 of the Excise Tax Law has been cancelled pursuant to Federal Decree-Law No. 17 of 2025 amending certain provisions of the Tax Procedures.

Key takeaways on UAE Tax Law Amendments

Recent changes to the UAE TPL, VAT, and Excise Tax legislations, coupled with the introduction of the mandatory eInvoicing framework, significantly raise compliance requirements for businesses. Non-compliance now carries substantial financial penalties and reputational risks, making proactive action essential.

How PwC Middle East can support you

- **Navigate complexity:** Our Tax specialists partner with businesses to ensure full compliance, leveraging technology-enabled solutions for efficiency and accuracy.
- **Minimise risk:** We help implement robust processes to reduce exposure to penalties and safeguard operational continuity.
- **Resolve disputes:** If penalties occur, our Tax Dispute and Litigation team provides expert support in managing appeals and resolving disputes swiftly and effectively.

Contact us



Jochem Rossel

Tax Partner
Middle East Tax & Legal
Services Leader
jochem.rossel@pwc.com



Steven Cawdron

Tax Partner
UAE Tax & Legal Services
Leader
steven.cawdron@pwc.com



Chadi Abou-Chakra

Tax Partner
Middle East Indirect Tax
Network Leader
chadi.abou-chakra@pwc.com



Carlos Garcia

Tax Partner
Middle East Customs and
International Trade Leader
c.garcia@pwc.com



Maher ElAawar

Tax Partner
Indirect Tax
maher.elaawar@pwc.com



Ishan Kathuria

Tax Partner
Indirect Tax
ishan.k.kathuria@pwc.com



Omara Islam

Tax Partner
Connected Tax
Compliance Lead
omara.i.islam@pwc.com



David van der Berg

Tax Partner
UAE Corporate Tax
david.van.der.berg@pwc.com



Charles Collett

Tax Partner
UAE Corporate Tax
charles.c.collett@pwc.com

Thank you

About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 151 countries with nearly 364,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

Established in the Middle East for over 40 years, PwC Middle East has 30 offices across 12 countries in the region with around 12,000 people. (www.pwc.com/me).

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

© 2025 PwC. All rights reserved