MAY 2026

Penalties for Violation of Tax Compliance Procedures

Tax Amendments
(Cabinet Decision No.129 of 2025)

info@sbcllc.ae

sbcllc.ae

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Comparison of Amendments of Administrative Penalties Cabinet Decision No. 75 of 2023 vs Cabinet Decision No. 129 of 2025

The UAE Ministry of Finance has issued **Cabinet Decision No. 129 of 2025**, which revises and consolidates the *Administrative Penalties* framework applicable under the **Federal Decree-Law No. 28 of 2022** on *Tax Procedures***.**

- This Decision interacts with the existing **Cabinet Decision No. 75 of 2023**, which specifically governs *administrative penalties* related to the application of the UAE Corporate Tax Law **(Federal Decree-Law No. 47 of 2022)**.
- This alert highlights the **key changes, additions/withdrawals, and provisions that remain unchanged**, to help taxpayers assess the practical Corporate Tax compliance impact.

Key Changes

<table>
<tr><th>Description of Violation</th><th>(Cabinet Decision 75. Of 2023)
Penalty Amount</th><th>(Cabinet Decision 129. Of 2025)
Penalty Amount</th></tr>
<tr><td>Failure of Legal Representative of Taxable Person to file a Tax Return.

A new definition of Legal Representative (LR) has been added, which is summarized as follows:
Legal Representative of a Person:
• Manager of Company
• Guardian, Trustee or Curator
• Any person legally appointed.</td><td rowspan="2">- 500 AED for each month, or part thereof, for the first twelve months.

- 1,000 AED for each month, or part thereof, from the thirteenth month onwards.</td><td rowspan="2">- 1,000 AED for the first time.

- 2,000 AED in case of repetition within 24 months.</td></tr>
<tr><td>Failure in submitting the Tax Return within the timeframe specified in the Tax Law</td></tr>
<tr><td>Failure in maintaining required records.</td><td>- 10,000 AED each, or

- 20,000 AED for repeated violations.</td><td>- 1,000 AED each, or

- 20,000 AED for repeated violations.</td></tr>
</table>

Insertion of New Provisions

- These changes aim to strengthen **procedural compliance, clarify responsibilities** of Registrants and Legal Representatives, and enhance enforcement mechanisms in line with the evolving UAE tax framework.
- The amendments are primarily focused on **expanding** the scope of violations and refining penalty applicability, rather than fundamentally restructuring the penalty regime.

Description of Violation	Penalty
Failure in submission of **registration application** within the timeline specified.	- **10,000 AED**
Submission of an **incorrect** tax return. **New Provision:** Voluntary Disclosure for correction of Tax Returns.	- **500 AED**, unless 1. **Tax Return** is corrected before deadline, or 2. Correction is done via a **Voluntary Disclosure**.
Failure in **calculation** of tax on **behalf of other person.** **Due Date of Payment:** • **20** Business Days, for Tax Assessment and Voluntary Disclosure.	- **14% P.A** monthly, or part thereof, on the due tax.
Failure in **calculation** of due tax on **import** of goods.	- **50%** of **undeclared tax**.

Withdrawal of Provision

- One provision which was included earlier has been **withdrawn** in the new Cabinet Decision No. 129 of 2025, with no corresponding replacement.

Description of Violation	Penalty
Failure or late **submission** of **Declaration.**	- **500 AED** each month or part, for first **12 months.** - **1,000 AED** each month, from **13th month.**

Comparative Analysis

Cabinet Decision: Previous Regulations vs. Updated Regulations

Description of Violation	Penalty under CD 129 of 2025	Penalty under CD 75 of 2023
Failure to provide documents in **Arabic** when requested by Authority.	- **5,000 AED**	- **20,000 AED**
Late submission of **deregistration** application.	- **1,000 AED**, up to - **10,000 AED** maximum	- **1,000 AED**, up to - **10,000 AED** maximum
Failure in informing any information requiring **amendment** to the Authority.	- **1,000 AED** each, or - **5,000 AED** for repeated violations.	- **5,000 AED** each, or - **10,000 AED** for repeated violations.
Failure to inform about **appointment** of Legal Representative.	- **1,000 AED**	- **10,000 AED**
Failure of Taxable Person in **settlement** of Payable Tax within time. **Due Date of Payment:** • **20** Business Days, for *Tax Assessment* and *Voluntary Disclosure*.	- **14% P.A** monthly, or part thereof, on the due tax.	- **2% + 4% monthly.**
Submission of Voluntary Disclosure on **errors** in Tax Return, Assessment or Refund Application.	- **AED 500 fixed.**	- **AED 1,000/2,000**
Non-submission of Voluntary Disclosure **prior** to Tax Audit notification. **(Applied from due date until disclosure or assessment)**	- **15%** on the tax difference. - **1%** monthly penalty, or part thereof.	- **5–40%** escalating by time period.
Non-submission of Voluntary Disclosure **post** Tax Audit notification.	- **15% fixed + 1% monthly.**	- **50% + 4% monthly.**

Conclusion

- The new decisions strengthen the UAE's tax compliance framework by refining administrative penalties for Corporate Tax, with increased emphasis on timely filings, disclosures and accountability.

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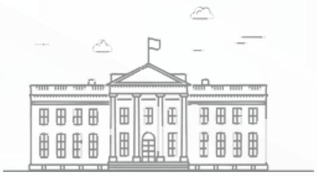
UAE
SBC TAX Consulting LLC
202 &309, Al Nasr Plaza Commercial Building, Oud Metha Metro Station Exit 1, Dubai, UAE

UAE (ABU DHABI)
SBC TAX Consulting LLC
Unit 801– 4A, 8th Floor, Al Saman Tower-A, Hamdan Bin Mohammed Street (Beside Capital Park), Al Danah, Abu Dhabi P.O. Box: 26053

INDIA
SBC LLP
Suite 5, Level 3, Reliance Cyber Ville, Madhapur, Hitech City, Hyderabad – 500081



USA
SBC LLC
8 The Green, Suite A in the City of Dover, Delaware - 19901

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+971 58 606 0939 info@sbcllc.ae www.sbcllc.ae SBC UAE

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