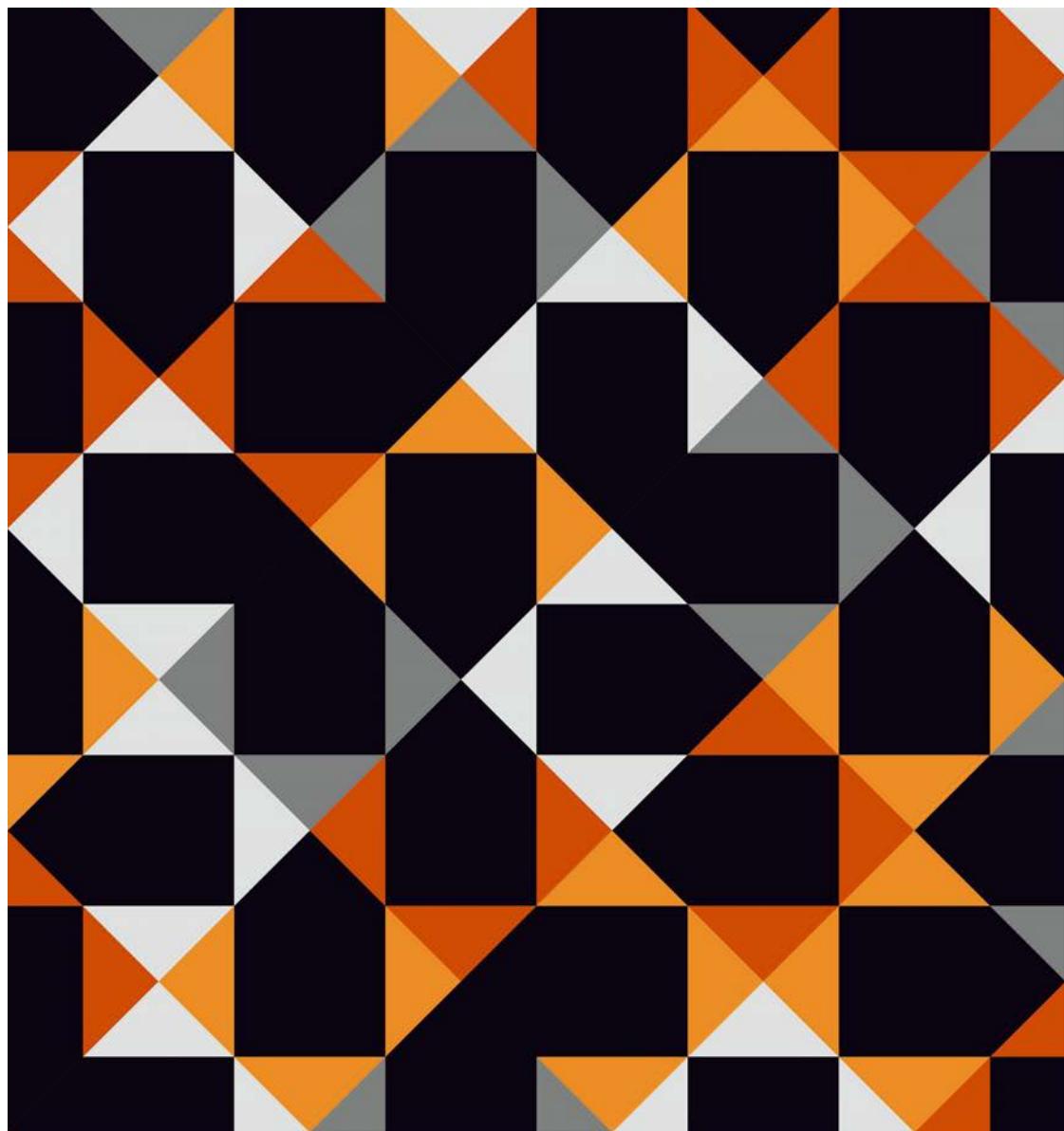


United Arab Emirates: Amendment of certain provisions of the Tax Procedures Law in relation to tax disputes resolution

November 2021





In brief

The UAE Cabinet of Ministers issued the Federal Decree Law No. 28 of 2021 to amend the provisions of Federal Decree Law No. 7 of 2017 on Tax Procedures relating to tax dispute and resolution in the UAE.

The new Decree Law has extended the timelines available for any person to dispute decisions issued by the Federal Tax Authority (“FTA”) as well as the timelines for the FTA to issue its decision regarding the disputed case. The Decree law has also introduced amendments to the requirements for submitting objections and appeals.

These changes are applicable from 1 November 2021.

In detail

The new Decree Law has introduced the following amendments to the Tax Procedures Law that entered into force as of 1 November 2021:

1. Extension of timelines related to tax dispute resolution

Amendment of Articles 27, 30 and 33 of the Tax Procedures Law as follows:

- **Procedures for application for reconsideration (Article 27)**
 - The timeframe for any person to submit a reconsideration request to the FTA has been extended to 40 business days (previous timeline of 20 business days);
 - The timeframe for the FTA to review the reconsideration request and issue a decision has been extended to 40 business days (previous timeline of 20 business days).
- **Procedures for submitting objections and cases of inadmissibility (Article 30)**
 - The timeframe to submit an objection to the FTA's decision to the respective Tax Disputes and Resolution Committee (TDRC) in respect to a reconsideration request has been extended to 40 business days (previous timeline of 20 business days).
- **Challenge procedures before Courts (Article 33)**
 - The timeframe for the person and the Authority to submit an appeal to the TDRC's decision before the competent Court has been extended to 40 business days (previous timeline of 20 business days).



2. Amendment of requirements to submit objections and appeals

Amendment of Articles 30 and 33 of the Tax Procedures Law as follows:

- **Requirements to submit objections to Committees (Article 30)**

The requirement for settlement of taxes and penalties prior to filing an objection to the FTA's decision has been amended to include the settlement of taxes only (not the penalties anymore).

- **Requirements to submit appeals to Courts (Article 33)**

A new clause was introduced to Article 33 to provide the instances where the appeal is considered as inadmissible. These instances are as follows:

- a. Existence of inadmissible case to file an objection with the TDRC;
- b. Failure of the person to provide proof of payment of taxes to the FTA; and
- c. Failure of the person to provide proof of payment of no less than 50% of the administrative penalties by means of cash payment or submission of bank guarantee to the FTA.

3. Enforcement of TDRC' decisions

Amendment to Article 32 of the Tax Procedures Law as follows:

- The decisions of disputes issued by the TDRC exceeding AED 100,000 shall be considered as exclusionary instruments if not appealed before the competent Court within 40 business days of notification of the outcome of objections (previous timeline of 20 business days);
- If the parties of dispute are federal or local government entities, the Cabinet shall issue a decision adopting an alternative mechanism of objections and appeal. Until then, the current mechanism shall apply [Article 32 (bis)].

4. Special waiver committee

Amendment to Article 46 of the Tax Procedures Law as follows:

- The special waiver committee has been given additional powers in approving instalments of the penalty amount or refund it to the person according to the controls and procedures of a Cabinet Decision to be issued according to a suggestion by the Minister;
- The structure of this committee has been clarified. The committee shall be formed by a decision issued by the Chairman of the Board of the FTA. The Committee is chaired by the Chairman of the board of the FTA or his deputy, with the membership of two board members.

The takeaway

The new timelines and procedures shall apply to new decisions issued as of 1 November 2021 onwards by the FTA, TDRC or Courts, i.e. any decisions issued prior to the effective date shall follow the provisions of the old Tax Procedures Law.

Taxpayers have now more time (additional 20 business days) to dispute decisions issued by the FTA which will help to reduce the risk of missing the chance of disputing the penalties.

Taxpayers have been given more flexibility in terms of settlement of taxes and penalties, whereby they will be only required to make the payment of taxes to be eligible of filing objections with the TDRC, and payment of 50% of administrative penalties or submission of an equivalent bank guarantee to the FTA to be eligible of filing appeals with the Courts.

www.pwc.com/me

Let's talk

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

Mohammed Yaghmour

Middle East Tax and Legal Services Leader
+971 56 406 3384
mohammed.yaghmour@pwc.com

Nadine Bassil

Indirect Tax Partner
+971 56 177 7591
nadine.bassil@pwc.com

Antoni Turczynowicz

Indirect Tax Partner
+971 54 791 5259
antonи.a.turczynowicz@pwc.com

Carlos Garcia

Middle East Customs and International Trade Leader
+971 56 682 0642
c.garcia@pwc.com

Jeanine Daou

Middle East Indirect Tax Leader
+971 56 682 0682
jeanine.daou@pwc.com

Maher ElAawar

Indirect Tax and Fiscal Policy Partner
+971 56 216 1109
maher.elaaawar@pwc.com

Thank you

©2021 PwC. All rights reserved. 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. This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.