

United Arab Emirates

Amendment of the Excise Tax Decree-Law

October 2022





In brief

A new Federal Decree-Law No. 19 of 2022 has been issued to amend some provisions of the Federal Decree-Law No. 7 of 2017 on Excise Tax. The amendments take effect from 14 October 2022.

Additionally, The FTA has issued a new public clarification (EXTP009) on 13 October 2022 detailing the articles that have been amended with guidance and explanations on the key changes introduced.

In detail

The main changes to the Excise Tax Decree-Law relate to the following topics:

1. Exception from registration
2. Payment of Excise Tax amounts received
3. The statute of limitations
4. Timeframe for submission of voluntary disclosure

We have included below a summary of the amended provisions as stipulated in the new Federal Decree-Law No. 19 of 2022 and the Public Clarification issued by the FTA for this purpose.

Exception from registration

An additional provision was added in the amended Law whereby importers will be granted an exemption from Excise Tax registration if the imports are conducted for purposes other than business.

Payment of Excise Tax amounts received

The Federal Decree-Law No. 19 of 2022 has added a provision to the Excise Tax Decree-Law whereby any person who (1) collects an Excise Tax amount or (2) issues an invoice stating an Excise Tax amount is obligated to settle such an amount to the FTA, even if the person collects Excise Tax on goods which are not excisable.

Timeframe for submission of voluntary disclosure

The amendment clarifies the timeframe for the submission of a voluntary disclosure by taxable persons, which should take place no later than 5 years from the end of the relevant tax period.



The new Federal Decree-Law provides an amendment to the statute of limitations as relates to Excise Tax and limits the taxable person's timeframe for submitting voluntary disclosures for historical Excise Tax returns filed, and incorporates other changes to the Excise Tax Law, including the exception from registration in certain cases and settlement of collected Excise Tax.





Amendment of the Excise Tax Decree-Law

Statute of limitations

The new Federal Decree-Law No. 19 of 2022 has introduced a new article on the statute of limitations that sets the maximum timeframe in which the FTA can act. Once this period expires, the FTA is generally precluded from taking actions such as commencing an audit or issuing a tax assessment.

Generally, the FTA may not conduct a tax audit or issue a tax assessment to a taxable person after the expiration of 5 years from the end of the relevant tax period.

As an exception to the general rule, the FTA may conduct a tax audit or issue a tax assessment to the taxable person after 5 years from the end of the relevant tax period in the following instances:

- a. If the FTA notified the taxable person of the tax audit before the expiry of the 5-year period provided that the tax audit is completed, or the tax assessment is issued, within 4 years from the date of the notification of the tax audit.
- b. If the taxable person submits a voluntary disclosure in the 5th year from the end of the relevant tax period, provided that the tax audit is completed or the tax assessment is issued, within 1 year from the date of submission of the voluntary disclosure.
- c. In the case of tax evasion, the FTA may conduct a tax audit or issue a tax assessment within 15 years from the end of the tax period in which the tax evasion occurred.
- d. If a taxable person failed to register for Excise Tax within the prescribed period, the FTA may conduct a tax audit or issue a tax assessment within 15 years from the date on which the taxable person should have registered for Excise Tax.

Other changes

In addition to the above, other changes have also been introduced as part of the amendments of the Excise Tax Decree-Law, e.g. the addition of new technical definitions (“Tax Audit”, “Tax Procedures Law”, etc.) or the change of wording from “Federal Law No. (7) of 2017 on Tax Procedures” to “the Tax Procedures Law”, among others.

The takeaway

The New Federal Decree-Law No. 19 of 2022 provides exceptions to the 5 years statute of limitations whereby the FTA can still conduct an audit and issue a tax assessment. It also clarifies the limit for the taxable person to submit a voluntary disclosure to 5 years.

Businesses engaged in the import and/or production of excisable goods in the UAE are encouraged to carry out a detailed review of their historical filings of Excise Tax declarations and take the corresponding corrective measures to rectify their Excise Tax positions, if and where appropriate, before the expiry of 5 years from the end of the relevant tax period; otherwise businesses will no longer be able to make any further corrections after the expiry of 5 years.

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Let's talk

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

Mohammed Yaghmour

Middle East Tax & Legal Services Leader

+971 56 406 3384

mohammed.yaghmour@pwc.com

Chadi Abou-Chakra

ITX Network Leader

+966 56 068 0291

chadi.abou-chakra@pwc.com

Carlos Garcia

Middle East Customs and International Trade Leader

+971 56 682 0642

c.garcia@pwc.com

Maher ElAawar

Partner, Middle East Indirect Tax and Fiscal Policy, PwC Middle East

+971 (0) 56 216 1109

maher.elaawar@pwc.com

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