

United Arab Emirates

Issuance of a New Tax  
Procedures Executive  
Regulation

July 2023





## In brief

The Prime Minister of the UAE, H.H. Sheikh Mohammed Bin Rashid Al Maktoum, issued Cabinet Decision No. (74) of 2023 on the Executive Regulation of Federal Decree-Law No. (28) of 2022 on Tax Procedures (“New Executive Regulation”), which repealed Cabinet Decision No. (36) of 2017 on the Executive Regulation of Federal Law No. (7) of 2017 on Tax Procedures and its amendments (“Previous Executive Regulation”).

The new Executive Regulation was published in the Official Gazette and will be effective as of 1 August 2023.

## In detail

Many of the provisions of the Previous Executive Regulation were maintained in the New Executive Regulation. The main changes/amendments in the New Executive Regulation can be summarized as follows:

1. **Definitions** - The definition of “Assets” was amended to include intangible assets (such as patents, trademarks, copyrights, goodwill, etc).
2. **Recordkeeping** - The record-keeping requirements that taxable persons should retain were expanded to include (but not limited to) correspondence, contracts, invoices, documents supporting election/calculation made in relation to the method of estimation, documents with respect to related party transactions and transfer pricing documentation.
3. **Period of record keeping** - The period for retention of documents was extended as follows:
  - The retention period for real estate records is 7 years from the end of the calendar year in which such record or document was created.
  - The general document retention period of 5 years will be extended by one year starting from the date of submission of a voluntary disclosure in the 5th year from the end of the relevant tax period.
  - Legal representatives are required to continue to retain the required books and records of the person they were representing for a period of one year from the date on which such legal representation ends.



This document highlights the main changes made to the New Executive Regulation of the Tax Procedures that will come into effect as of 1 August 2023, except for the provisions relating to the conditions for registering juridical tax agents, which comes into effect on 1 December 2023.





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4. **Language** - The Federal Tax Authority (FTA) may now accept the tax return, data, information, records and any other documents related to tax to be submitted in English or Arabic.
5. **Tax registration amendments** - The instances in which a registrant is required to inform the FTA of a change of information have been extended to include instances of a change in the email address, trade license activities, legal entity type and partnership agreement for unincorporated partnerships.
6. **Deregistration** - The FTA may now deregister a person who is required to deregister for a specific tax type but fails to submit a deregistration application.
7. **Voluntary disclosure** - The New Executive Regulation requires the person to submit a voluntary disclosure to rectify an error that has no impact on due tax (such as a failure to report imported services in the tax return or an error/omission of Emirate-level reporting).
8. **Means of Notification** - New means of notification were introduced where the FTA can now notify the person, his tax agent or legal representative by mobile text messages, smart applications or the electronic system of the FTA.
9. **Tax Agents** - The New Executive Regulation introduces changes and a new concept for tax agents as follows:
  - *Natural Persons* - The tax agent system in the UAE is being updated. The updates are around specialism, experience required, education, language (be able to communicate in both Arabic and English as fluency in either of these languages is acceptable), procedures for tax agent listing and renewal and professional behaviour and integrity.
  - *Judicial Persons* - A new concept of a juridical person tax agent has been added to the UAE tax legislation. The New Executive Regulation sets the requirements for a juridical person to become a tax agent.
  - *Listing and de-listing* - Tax agents are required to pay the relevant fees within 20 business days from the FTA's approval of the registration. Non-payment will result in the application being cancelled.
  - *Tax Agents' obligations* - New obligations were introduced in the New Executive Regulation. Tax Agents are now required to continue to meet their Continuing Professional Development (CPD) requirements as may be prescribed by the FTA, and they shall keep information, documents, records and data in respect of any person that is or was, represented by the tax agents for the duration set out in the New Executive Regulation.



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10. **Tax audits** - The FTA is now required to give a person at least 10 business day notice before conducting a tax audit. In addition, the New Executive Regulation reduces the period for the FTA to respond to a person's request to view or obtain documents, data and information on which the FTA based an assessment of due tax to 10 business days (previously 20 business days).
11. **Disposal of seized goods** - The New Executive Regulation grants the FTA the right to sell seized goods owned by a person. The related procedures and measures are detailed in the New Executive Regulation.
12. **Reconciliation process for tax evasion crimes** - The New Executive Regulation introduces the requirements for requesting a reconciliation of tax evasion cases before a criminal case is initiated, subject to the full settlement of the payable tax and administrative penalties due along with the payment of certain fees.
13. **Extension of deadlines** - The New Executive Regulation introduces new timelines for extending the statutory timelines:
  - *Tax assessment review / request for reconsideration* - The FTA may extend the deadline for reviewing a tax assessment and a request for reconsideration with a period of 20 business days if the extension is necessary to decide on the request.
  - *Tax objection decisions*: The Tax Disputes Resolution Committee (TDRC) may extend the deadline for issuing its decision in relation to a tax objection for a period of 60 business days if the extension is necessary to decide on the objection.
  - *Submitting a tax assessment review / Tax objection* - The FTA and the TDRC may, at the request of the person, extend the timeframe for submitting a tax assessment review or a tax objection beyond the statutory timelines, subject to fulfilment of certain criteria.
  - *Bankruptcy* - The appointed trustee shall notify the FTA of their appointment within 20 business days. The FTA shall notify the appointed trustee of any taxes due or the initiation of tax audit within 20 business days of the trustee's appointment.
14. **Effective date of the New Executive Regulation** - The New Executive Regulation shall come into effect on 1 August 2023, except for the provisions relating to the conditions for registering juridical tax agents, which come into effect on 1 December 2023.

# The takeaway

Taxable persons are required to review the changes and additions made to the New Executive Regulation to understand and assess the impact on their business and activities and to ensure implementation readiness by the effective date of 1 August 2023.

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## Let's talk

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# Thank you

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