



Penalties for violating UAE corporate tax legislation

August 2025

UAE tax legislation prescribes various sanctions for tax-related violations. Administrative liability may be imposed in the form of fines for failing to comply with tax obligations. Fines also apply to taxpayers if they do not comply with transfer pricing (TP) rules, since TP documentation relates to corporate income tax and forms part of a tax return. See below for a description of fines applicable for violations of UAE corporate tax legislation.

Description of violations	Size of fine (AED)	Legislation reference	Comments
I. Tax registration of a taxable person with the Federal Tax Authority (FTA):			
1. Failure by a taxable person to submit a Tax Registration application within the specified timeframe	10,000	Clause 14 of the Table of Violations and Administrative Penalties Annexed to Cabinet Decision No. (75) of 2023 on Violations Related to the Application of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses	As a general rule, companies incorporated under applicable UAE or free zone legislation on or after 1 March 2024 are required to register for corporate tax within three months after the date of incorporation. For other companies, specific registration timeframes are prescribed by Article 3(1) of Federal Tax Authority Decision No. (3) of 2024. Furthermore, where a taxpayer submits a corporate tax return within seven months following the end of its first tax period, the administrative penalty for late registration does not apply under Public Clarification No. CTP006 issued by the FTA.
2. Failure to inform the FTA of any case that may require amending the information pertaining to a taxable person's tax record kept by the FTA	1,000 (for first violation) 5,000 (in each case of repeated violation within 24 months after the date of the last violation)	Clause 4 of the Table of Violations and Administrative Penalties Annexed to Cabinet Decision No. (75) of 2023 on Violations Related to the Application of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses	The taxpayer's information must be updated in the taxpayer's account on the FTA portal upon the occurrence of relevant events, such as a change in the company's name, registered address, email address, or an update to the licensed activities. Such updates must be made within 20 business days after the date of the relevant change, in accordance with Article 6(4) of Cabinet Decision No. (74) of 2023.

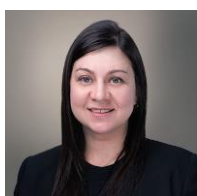
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August 2025

Description of violations	Size of fine (AED)	Legislation reference	Comments
I. Tax registration of the taxpayer with the Federal Tax Authority (FTA):			
3. Failure by a taxable person conducting a business or business activity or having a tax obligation under the Tax Procedures Law or the Corporate Tax Law to keep required records as well as other specified information	10,000 (for first violation) 20,000 (in each case of repeated violation within 24 months after the date of the last violation)	Clause 1 of the Table of Violations and Administrative Penalties Annexed to Cabinet Decision No. (75) of 2023 on Violations Related to the Application of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses	Taxpayers are required to maintain accounting records and retain supporting documentation evidencing transactions, payments, and the movement of income and expenses, including balance sheet, profit and loss statement, contracts, invoices, payroll records, and fixed asset registers, for a period of five years from the end of the relevant tax period, under Articles 2 and 3 of Cabinet Decision No. (74) of 2023.
II. Filing of a tax return			
1. Submitting an incorrect tax return	500	Clause 9 of the Table of Violations and Administrative Penalties Annexed to Cabinet Decision No. (75) of 2023 on Violations Related to the Application of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses	This penalty does not apply if the taxpayer becomes aware of the error and submits a corrected tax return before the statutory filing deadline, i.e., within nine months after the end of the relevant tax period (by 30 September).
2. Failure to submit a tax return within the statutory deadline	500 (for each month, or part thereof, during the first 12 months) 1,000 (for each month, or part thereof, from the 13 th month onwards)	Clause 7 of the Table of Violations and Administrative Penalties Annexed to Cabinet Decision No. (75) of 2023 on Violations Related to the Application of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses	The tax return must be submitted within nine months after the end of the relevant tax period. The penalty accrues from the day following the due date for submission. If the penalty is paid before the end of the applicable month, the amount is calculated proportionally based on the actual number of days a tax return was overdue in that month.
3. Submitting a voluntary disclosure after the statutory deadline for filing the original tax return when a taxable person discovers an error in the initial return	A monthly penalty of 1% calculated on the difference between the tax amount reported in the original tax return and the tax amount reported in the voluntary disclosure (tax difference)	Clause 10 of the Table of Violations and Administrative Penalties Annexed to Cabinet Decision No. (75) of 2023 on Violations Related to the Application of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses	A voluntary disclosure is a self-reporting form that must be filed within 20 business days after the date the taxpayer becomes aware of an error in the tax return. The penalty accrues from the day following the original filing deadline until the date the voluntary disclosure is submitted.

Description of violations	Size of fine (AED)	Legislation reference	Comments
II. Filing of a tax return:			
4. Failure to submit a voluntary disclosure before the FTA identifies an error in a tax return and notifies a taxable person that it will be subject to a tax audit	A fixed penalty of 15% on the tax difference A monthly penalty of 1% on the tax difference	Clause 11 of the Table of Violations and Administrative Penalties Annexed to Cabinet Decision No. (75) of 2023 on Violations Related to the Application of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses	The 15% penalty is a fixed charge. The 1% monthly penalty accrues from the day following the end of the filing deadline until the date the voluntary disclosure is submitted, or, if no voluntary disclosure is filed, until the date the tax assessment (i.e. the notice issued by the Federal Tax Authority to a taxable person indicating the non-payment of tax) is issued.
III. Non-payment of Tax:			
1. Failure to pay tax (administrative penalty)	A monthly penalty of 14% per annum, for each month or part thereof, on the unsettled payable tax amount	Clause 8 of the Table of Violations and Administrative Penalties Annexed to Cabinet Decision No. (75) of 2023 on Violations Related to the Application of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses	The penalty accrues starting from the 21 st business day following the date of submission of the voluntary disclosure or the date of receipt of the tax assessment.
2. Willful tax evasion (criminal liability)	Prison sentence and/or a monetary penalty not less than the amount of evaded tax and not exceeding it by three (3) times	Article 25(2) of Federal Decree-Law No. (28) of 2022	This provision applies to cases involving deliberate failure to settle any payable tax, deliberately understating the actual value of the taxpayer's business or revenues in order not to pay tax, or participation in tax evasion schemes aimed at reducing the payment of due tax. Such intent must be proven by the FTA, based on the specific facts and circumstances of each case.
3. Willful commitment of other unlawful acts (criminal liability)	A prison sentence and a monetary penalty not exceeding (1,000,000) AED 1 million	Article 25(4) of Federal Decree-Law No. (28) of 2022	This provision applies to cases involving the intentional submission of false information to the Federal Tax Authority, the destruction of records or documents required to be submitted, the theft or destruction of documents held by the FTA, or obstructing the lawful duties of FTA officials.

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