

DUBAI CORPORATE TAX UPDATE

UAE Corporate Tax Registration Penalty & Waiver Initiative

The Ministry of Finance in the UAE has approved an administrative penalty of AED 10,000 for delays in tax registration beyond the Federal Tax Authority's specified timelines. This penalty applies to all taxable persons, including resident and non-resident juridical persons and natural persons.

To support businesses, the Federal Tax Authority has launched an initiative to waive penalties for late corporate tax registration applications submitted within the deadline. This initiative aims to help taxpayers meet their tax obligations smoothly.



Timelines for Tax Registration

The Federal Tax Authority specifies clear timelines for submitting tax registration applications for all taxable persons, including resident juridical, non-resident juridical, and natural persons.

Adhering to these timelines is critical to avoid penalties and benefit from the waiver initiative. Timely registration ensures smooth compliance with corporate tax obligations in the UAE.

Resident Juridical

Must register within specified deadlines to avoid penalties.

Non-Resident Juridical

Subject to the same registration timelines and penalties.

Natural Persons

Also required to register and comply within deadlines.



Penalty Waiver Conditions for Corporate Tax Registration :-

Tax Return Submission

To qualify for the waiver, taxable persons must submit their tax return within seven months from the end of the first tax period.

Exempt Persons

Entities exempt from corporate tax must submit an annual declaration within seven months from the end of their first financial year.

Target Group

All entities required to register for Corporate Tax who have incurred penalties or have not yet submitted their registration application.



Scenario 1: Penalty Issued, Return Submitted



Situation

The taxpayer completed registration and received a penalty for late registration, which remains unpaid.



Action

The taxpayer submits the tax return within seven months from the end of the first tax period.



Outcome

The penalty is waived, exempting the taxpayer from payment.

Scenario 2 – Penalty Unpaid

Scenario 2

- Penalty issued but unpaid
- Tax return not yet submitted
- Must submit return within seven months
- Penalty will be waived upon submission

Scenario 3 : Paid, Return Not Submitted

Scenario 3

- Penalty issued and already paid
- Tax return not yet submitted
- Must submit return within seven months
- Paid penalty amount refunded to tax account

Scenario 4: Penalty Paid and Return Submitted

In this case, the taxpayer has completed registration, paid the penalty for late registration, and submitted the tax return within seven months from the end of the first tax period.

The amount paid as penalty will be refunded to the taxpayer's tax account, providing financial relief and encouraging compliance.



Key Point

Refund of penalty amount upon timely tax return submission.





Scenario 5: No Registration Application Submitted

If the taxpayer has not submitted a corporate tax registration application, they must complete registration and submit the tax return or annual declaration within seven months from the end of the first tax period.

If a penalty is imposed for late registration, it will be waived upon timely submission, supporting late registrants to comply without financial burden.

Requirement

Complete registration and submit tax return within deadline.

Benefit

Penalty waived if imposed for late registration.

Key Takeaways & Support for UAE Businesses

The AED 10,000 penalty for late tax registration encourages timely compliance, but the waiver initiative offers relief for those who submit returns within seven months of their first tax period.

This approach balances enforcement with support, helping businesses meet obligations without undue financial stress. The Federal Tax Authority's initiative reflects commitment to fostering a compliant and thriving business environment in the UAE.



Penalty Enforcement

Ensures timely tax registration compliance.



Waiver Initiative

Supports businesses by waiving penalties under conditions.



Business Support

Encourages compliance while reducing financial burden.

Thanks





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