

**Cabinet Resolution No. (105) of 2021**  
**Regarding the Controls and Procedures for the Installment, Waiver, and**  
**Refund of Administrative Penalties**

**The Cabinet:**

- Having reviewed the Constitution;
- Federal Decree by Law No. (13) of 2016 Regarding the Establishment of the Federal Tax Authority (FTA), as amended;
- Federal Law No. (7) of 2017 Regarding Tax Procedures, as amended;
- Federal Decree by Law No. (7) of 2017 Regarding Excise Tax;
- Federal Decree by Law No. (8) of 2017 Regarding Value Added Tax (VAT);
- Cabinet Resolution No. (40) of 2017 Regarding Administrative Penalties for Violations of Tax Laws in the State, as amended; and
- Upon the proposal of the Minister of Finance, and the approval of the Cabinet,

**Hereby resolves as follows:**

**Article (1)**

**Definitions**

For the purposes of implementing the provisions of this Resolution, the following terms and expressions shall have the meanings assigned to each of them, unless the context requires otherwise:

- The State** : United Arab Emirates (UAE).
- Ministry** : Ministry of Finance.
- Authority** : The Federal Tax Authority (FTA).
- Committee** : A committee formed by a decision of the Chairman of the Board of Directors of the Authority in accordance with Article (46) of Federal Law No. (7) of 2017 Regarding Tax Procedures, as amended.
- Tax Procedures** : Federal Law No. (7) of 2017 Regarding Tax Procedures as amended.
- Law**

<b>Tax Law</b>	: Any federal law under which a federal tax is imposed.
<b>Administrative Penalties</b>	: Monetary amounts imposed on a Person by the Authority for violating the provisions of the Tax Procedures Law or the Tax Law.
<b>Person</b>	: The natural or legal person against whom an Administrative Penalty has been imposed.
<b>Category of Persons</b>	: A group of persons affected by the same Administrative Penalties, and the circumstances that led to the imposition of Administrative Penalties are similar.
<b>Installment of Administrative Penalties</b>	: Payment of Administrative Penalties in specific instalments at certain times, as determined by the Committee, and based on the fulfilment of the controls and procedures stipulated in this Resolution.
<b>Waiver of Administrative Penalties</b>	: A full or partial exemption granted to a Person or a Category of Persons from Administrative Penalties, according to a percentage or periods determined by the Committee and based on the fulfilment of the controls and procedures stipulated in this Resolution (whether these Penalties have been paid or not).
<b>Refund of Administrative Penalties</b>	: Refund of Administrative Fines previously paid by a Person or A Category of Persons without requesting proof of a specific justification in order to ensure equality between Taxable Persons, as determined by the Committee, and after verifying that the controls and procedures stipulated in this Resolution are fulfilled.
<b>Request</b>	: The request submitted by a Person seeking the installment or waiver of Administrative Penalties.
<b>Installment Beneficiary</b>	: The person in respect of whom the Committee has issued a Decision approving the installment of their Administrative Penalties.

## **Article (2)**

### **Scope of Application**

The provisions of this Resolution shall apply to requests for installment, waiver, and refund of Administrative Penalties, in whole or in part, imposed on any Person for violating the provisions of the Tax Procedures Law or the Tax Law.

## **Article (3)**

### **Controls for the Installment of Administrative Penalties**

The Committee shall approve the payment of Administrative Penalties in installments if the following are met:

1. The Instalment Request shall apply only to unpaid Administrative Penalties.
2. The Administrative Penalties required to be paid in installments shall not be less than (AED 50,000) Fifty Thousand Dirhams, and the Committee may make any amendment to this amount.
3. Administrative Penalties, the subject of the Installment Request, shall not be under dispute before the Tax Dispute Resolution Committee, the competent courts or any other entities concerned with considering tax objections or appeals, in accordance with the mechanism stipulated in Federal Law No. (7) of 2017, except for the objection through the reconsideration mechanism.
4. There shall be no tax payable by the person for the tax period subject of the request.

## **Article (4)**

### **Controls for the Waiver of Administrative Penalties**

The Committee shall approve the waiver of Administrative Penalties if the following are met:

1. The violation for which the Administrative Penalties were imposed shall not be related to a Tax Evasion offense.
2. The Request shall be submitted within the period specified by the Committee.
3. The Person's Request shall be related to one of the following cases:
  - a. The death of a registered natural person or the owner of a sole proprietorship,

- provided that the death was a direct cause for the failure to fulfill the Tax obligation.
- b. The illness of a registered natural person or the owner of a sole proprietorship, provided that such illness prevented them from fulfilling their Tax obligation on time.
  - c. The death, illness, or resignation of a key employee of a registered Establishment, provided that it shall be proven that such event was a direct reason for the failure to fulfill the Tax obligation on time.
  - d. The existence of restrictions or precautionary or preventive measures imposed by government authorities in the State, provided that such restrictions or measures were a direct cause of the failure to fulfill the Tax obligation.
  - e. The existence of a malfunction in the Authority's systems, payment systems, or used telecommunications services, provided that such a malfunction is a direct cause for a Category of Persons failing to fulfill their Tax obligations on time.
  - f. The registered natural person or the owner of a sole proprietorship has executed any custodial sentence.
  - g. The Person fulfilled their Tax obligations and paid all Tax due in accordance with the Tax Law through another account registered for Tax purposes with the Authority.
  - h. If a Person has been declared insolvent or bankrupt, and the tax due has been paid before the date of the bankruptcy or insolvency declaration, unless the purpose of the declaration of bankruptcy or insolvency is to evade the payment of those Administrative Penalties.
  - i. Any other cases as determined by the Committee.

## **Article (5)**

### **Procedure for Submitting Installments and Waiver Requests**

1. Requests for installments or waiver of Administrative Penalties shall be submitted to the Authority using the forms prepared thereby for this purpose. The Request shall include the following documents and data:
  - a. The Person's name and information, including e-mail and correspondence address;
  - b. Tax Registration Number (if any);
  - c. The amount of Administrative Penalties and violations related to the Request;

- d. The date of imposing the Administrative Penalties subject of the Request;
  - e. Reasons for submitting the Request;
  - f. Attach an undertaking from the Person to pay the required payment according to the Administrative Penalties' Instalment Plan approved by the Committee, if the Request is related to the installment of Administrative Penalties;
  - g. Attach an undertaking from the Person that the violation was remedied and will not be repeated, if the Request is related to the waiver of Administrative Penalties; and
  - h. Any other documents or data required by the Committee or the Authority.
2. A Person may not submit more than one Request for installment or waiver of the same Administrative Penalties under review.
  3. The Request shall be considered null if the provisions of this Article are not observed.

## **Article (6)**

### **Submission of Installment and Waiver Requests**

1. The Authority shall review the Requests submitted thereto by the Person and verify their compliance with the controls and procedures stipulated in this Resolution.
2. The Director General of the Authority shall refer the Requests received and found to be compliant with the procedures mentioned in Article (5) of this Resolution to the Committee within a period not exceeding (40) forty working days from the date of receiving the Request, along with an assessment of their conformity with the controls specified in this Resolution.

## **Article (7)**

### **Committee Procedures and Consideration of Requests**

1. The Committee shall determine the timeframes within which the Waiver Requests shall be submitted;
2. The Committee shall establish the Administrative Penalty Installment Scheme and its Plans in accordance with the schedules approved thereby and the controls and dates for paying the advance payment;
3. The Committee shall review and approve the Administrative Penalty Installment and

Waiver Requests if they are found to meet all the controls and procedures stipulated in this Resolution. For this purpose, the Committee may request any clarifications, documents, or additional data from the Person in coordination with the Authority;

4. The Committee shall determine the amount of the waiver of Penalties at its discretion;
5. The Committee shall decide on the Requests submitted thereto within (60) sixty working days as of the presentation of the matter thereto, otherwise, the failure to respond shall constitute a rejection of the Request, and the Committee's Decision on the Request shall be considered final; and
6. The Committee may request the Person to submit any guarantee it deems appropriate to the Authority to implement the installment plan.

## **Article (8)**

### **Implementation of The Committee's Decisions**

1. The Authority shall notify the person, at the address or e-mail indicated in their request, of the Committee's decision within (10) ten working days from the date of its issuance.
2. In the event of approval to pay the imposed Administrative Penalties in installments, the Authority shall notify the person of the details of the plan set by the Committee.
3. The Installment Beneficiary shall comply with the payment of the installments in accordance with the installment decision determined by the Committee.
4. The Authority shall follow up on the implementation of the Committee's decisions and ensure the person's compliance with the payment of the due installments on the specified dates, provided that the Authority shall submit reports on cases of default in payment to the Committee to take the appropriate decision from the Committee in this regard.

## **Article (9)**

The Committee may cancel the installment decision in the event of default in payment, and it may take the following procedures:

1. Determine a new plan for the person in the event that the reasons for default are presented to and accepted by the Committee.
2. Direct the Authority to take the necessary legal procedures to collect Administrative

Penalties.

### **Article (10)**

Notwithstanding the obligation to submit an Administrative Penalty Waiver Request, the Director General may refer any of the cases provided for in Clause (3) of Article (4) of this Resolution to the Committee for the purposes of waiving Administrative Penalties imposed on a Category of Persons, provided that the grounds for referring the case are specified, including the extent of its compliance with the controls and procedures.

### **Article (11)**

#### **Controls and Procedures for Refunding Administrative Penalties**

1. The Committee shall determine the cases and rules for refunding penalties collected during the five (5) years preceding the date of consideration of their refund, in a manner that achieves tax justice and equality between the legal positions of Taxable Persons.
2. The Authority shall study the financial implications of refunding Administrative Penalties and submit recommendations thereon to the Committee.

### **Article (12)**

1. The Director General shall present, to the Committee, the cases in which the refund of Administrative Penalties is proposed.
2. For the purposes of this Article, the Committee shall determine the Administrative Penalties that it agrees to refund, the reasons for their refund and their total amount to be refunded for each category of registered Persons covered by the refund.

### **Article (13)**

Refunds of Administrative Penalties shall be as follows:

1. By crediting them to the tax account balance of the beneficiary within (90) ninety days from the decision approving the refund of Administrative Penalties.
2. By cash refund in the event of revocation of the Person's registration, in accordance with

the procedures followed by the Authority.

### **Article (14)**

If the Committee decides to reject the Administrative Penalties Waiver or Installment Request, the Authority shall take the necessary legal procedures to collect them.

### **Article (15)**

#### **Transitional Provisions**

1. The Authority shall refer all Reduction and Waiver Requests to the Committee if they were submitted thereto and have not been decided upon by the Authority prior to the entry into force of Decree by Law No. (28) of 2021 Regarding the Amendment of Certain Provisions of Federal Law No. (7) of 2017 regarding tax procedures, or If it was received prior the issuance of this resolution.
2. The Requests specified in Clause (1) of this Article shall be referred, after observing the controls provided in this Resolution, and for this purpose, the Authority may request any additional data.

### **Article (16)**

#### **Repeals**

Article (26) of Cabinet Resolution No. (36) of 2017 Regarding the Executive Regulations of Federal Law No. (7) of 2017 Regarding Tax Procedures, as amended, shall be repealed. Any provision that contradicts or conflicts with the provisions of this resolution shall be repealed.

## **Article (17)**

### **Resolution Publication and Entry into Force**

This Resolution shall be published in the Official Gazette and shall enter into force on 01 March 2022.

**Mohammed Bin Rashid Al Maktoum**

**Prime Minister**

**Issued by Us:**

**Dated: 23 Jumada al-Awwal 1443 A.H.**

**Corresponding to: 28 December 2021 A.D.**