



Introduction

This document is a bilingual version of the United Arab Emirates Excise Tax Law published by the Ministry of Finance on the official website at 21 August 2017.

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The United Arab Emirates Excise Tax Law Federal Decree-Law No. (7) of 2017 on Excise Tax

We Khalifa Bin Zayed Al Nahyan, the President of United Arab Emirates

upon reviewing the constitution,

And Federal Law No. (1) of 1972 regarding the Competencies of the Ministries and Powers of the Ministers, and Laws amending thereof;

And Federal Law No 11 of 1981 regarding the implementation of federal custom duties over tobacco and tobacco derivatives, and Laws amending thereof;

And Federal Law no 26 of 1981 regarding Maritime Commercial Law, and Laws amending thereof;

And Federal Law no 5 of 1985 on issuance of Civil Transactions Law, and Laws amending thereof;

And Federal Law no. 3 of 1987 on issuance of Penal Law, and Laws amending thereof;

And Federal Law no 10 of 1992 on issuance of Law of Evidence in Civil and Commercial Transactions, and Laws amending thereof;

And Federal Law no. 11 of 1992 on issuance of Civil Procedures Law, and Laws amending thereof;

And Federal Law no. 18 of 1993 on issuance of Commercial Transactions Law, and Laws amending thereof;

And Federal Law no. 8 of 2004 regarding the Financial Free zones , and Laws amending thereof;

And Federal Law no. 1 of 2006 regarding electronic Transactions and trading;

And Federal Law no. 2 of 2008 regarding the National Societies and Associations of Public Welfare, and Laws amending thereof;

And Federal Law no. 15 of 2009 regarding Tobacco Control;

And Federal Law no. 1 of 2011 regarding State's general revenues;

And Federal Law no. 8 of 2011 regarding the re-regulation of State Audit Institution;

And Decree of Federal Law no. 8 of 2011 regarding the Rules of preparing the General Budget and Balance Sheet;

And Federal Law no. 4 of 2012 regarding the regulation of Competition;

And Federal Law no. 12 of 2014 regarding the Regulation of Auditors Profession;

And Federal Law no. 2 of 2015 regarding the Commercial Companies;

And Decree of Federal Law no. 13 of 2016 regarding the establishment of Federal Tax Authority;

And Federal Law no. (7) of 2017 regarding Tax Procedures;

And based on the recommendations submitted by the Minister of Finance and the approval of the Council of Ministers, the Federal National Council and on the sanction of the Supreme Council of the Federation, we do hereby issue the following Law:

Chapter 1 Definitions Article 1

For the implementation of the provisions of this Law, the following words and expressions shall have the meanings assigned opposite each of them as shown hereunder unless otherwise is required by the context:

State: The United Arab Emirates.

Minister: Minister of Finance.

Authority: Federal Tax Authority.

Tax: Excise Tax.

Excise Goods: Goods which are identified according to a resolution issued by the Cabinet upon the recommendations of the Minister as being subject to tax.

Import: The arrival of Goods to the territories of the State.

Export: The departure of Goods from the territories of the State.

The Person: Natural or legal person.

Taxable Person: Each person registered or who is obligated to register for tax purposes according to this Law.

Designated Zone: Any fenced area established as a free zone area where entry thereto or exit therefrom is not possible except through a designated road, and any area allocated by the Authority as being subject to the supervision of Warehouse Keeper according to the Executive Regulations of this Law.

Warehouse Keeper: Any Person approved and registered by the Authority to supervise the Designated Zone according to the Executive Regulations of this Law.

Tax Registration: A procedure whereby the Taxable Person registers for Tax purposes at the Authority.

Tax Registration Number (TRN): A unique number produced by the Authority for each person registered for Tax purposes.

Registrant: Taxable Person with TRN.

Importer: The person whose name appears for the purposes of Custom Clearance as the person who imported these Excise Goods on the date of import.

Tax Return: Information and data identified for Tax purposes and provided by the Taxable Person in the form prepared by the Authority.

Excise Price: The price calculated according to the resolution of the Cabinet upon the recommendation of the Minister.

Businesses: Any activity performed regularly, continuously and independently by any person and in any Place, which includes or would include Excise Goods trading.

Refundable Tax: Amounts that have been paid and can be refunded by the Authority to the Person according to the provisions of this Law.

Due Tax: Tax which is calculated and charged under this Law.

Payable Tax: Tax which fell due to the Authority.

Deductible Tax: Tax paid by the Taxable Person or deemed as have been paid by the Taxable Person.

Tax Period: Timeline through which Due Tax shall be calculated and paid.

Administrative Penalties: Sums of money charged to the Person, by the Authority, for violating the provisions of this Law and Federal Law no (7) of 2017 regarding Tax Procedures.

Administrative Penalties Assessment: A decision issued by the Authority regarding payable administrative penalties.

Stockpiler: The Person who is holding Excise Goods, and could not prove that those Goods have been previously subject to tax according to terms and conditions mentioned in the Executive Regulations of this Law.

Customs Legislations: Federal and local legislations regulating customs within the State.

Implementing States: GCC member States which are implementing Tax Laws as per enacted Laws.

Tax Evasion: The Person uses illegal methods resulting in reducing the value of Due Tax, or the non-payment of tax or the refund of tax which he is not eligible to refund according to the provisions of this Law.

Chapter 2

Implementation, Scope of Tax and Calculation

Article 2

Implementation and Scope of Tax

1. The provisions of this Law are applied on the Excise Goods determined according to a resolution issued by the Cabinet upon the recommendation of the Minister.
2. Tax shall be imposed on the following activities in respect of Excise Goods:
 - a. Production of Excise Goods in the State, where production is made within the course of business.
 - b. Import of Excise Goods.
 - c. Release of Excise Goods from a Designated Zone.
 - d. Stockpiling of Excise Goods in the State, where stockpiling is made within the course of business.

Article 3

Tax Calculation

Upon the recommendation of the Minister, the Cabinet will issue a resolution to identify the Tax Rates charged on Excise Goods and the method of calculating the Excise Price.

Article 4
Tax Liabilities

1. Due Tax shall be charged on the following:
 - a. The Person who is practicing any of activities mentioned in Paragraph 2 of Article 2 of this Law.
 - b. The Person who is participating in any of activities mentioned in Paragraph 2 of Article 2 of this Law where the Person who is performing this activity failed to meet the obligation to pay Tax as determined in the Executive Regulations of this Law.
 - c. The Warehouse Keeper, where Excise Goods are released from the Designated Zone and Due Tax was not previously paid, as determined in the Executive Regulations of this Law.
2. As an exception to the provisions of paragraph 1 of this Article, Tax should not be charged on the following:
 - a. The Person who is importing Excise Goods of a value less than the value prescribed by Custom Legislations if these Excise Goods are accompanied by the Person on an international journey for non-business purposes.
 - b. The Person who is storing Excise Goods according to circumstances determined in the Executive Regulations of this Law.

Chapter 3
Tax Registration and Deregistration

Article 5
Tax registration

1. Each Person obligated to account for Tax according to Article 4 of this Law, shall apply to the Authority for tax Registration according to the provisions of Federal Law no (7) of 2017 regarding Tax Procedures, within 30 days of the end of any month in which the Person performs or intends to perform any of activities mentioned in Paragraph (2) of Article 2 of this Law, or from the effective date of Law, whichever is later.
2. The date on which Registration comes into effect is the date prescribed in the Executive Regulations of this Law.
3. Any person must not perform any activity, which falls within Paragraph (2) of Article 2 of this Law until he is registered for tax purposes according to the provisions of this Law.

Article 6
Registration Exceptions

1. The Authority may except any Person from Tax Registration if Tax becomes due according to sub-paragraphs (b) and (c) of paragraph 2 of Article 2 of this Law, if he proved to the Authority that he will not regularly import Excise Goods, and as determined in the Executive Regulations of this Law.
2. Any person excepted from Tax Registration, according to paragraph 1 of this Article, shall immediately inform the Authority of any changes to his circumstances that would make him subject to Tax according to the provisions of this Law, and according to periods and procedures determined in the Executive Regulations of this Law.
3. The Authority has the right to collect any Due Tax or Administrative Penalties from the Person excepted from Tax Registration according to the provisions of paragraph 1 of this Article.

Article 7
Tax Deregistration

The registrant, who is no longer obligated to account for Tax, shall apply to the Authority for Tax Deregistration according to the provisions of Article 4 of this Law according to periods prescribed in the Executive Regulations of this Law.

Article 8
Registration as a Warehouse- Keeper

1. Every Person who operates or intends to operate a Designated Zone, shall apply to the authority for Registration as a Warehouse Keeper as determined in the Executive Regulations of this Law.
2. The date on which Registration comes into effect is the date prescribed in the Executive Regulations of this Law.
3. Any Person must not act as a Warehouse Keeper until he is registered according to the provisions of this Law.

Article 9
Procedures, Rules and Conditions of Tax Registration and Deregistration

The Executive Regulations of this Law determines the procedures, rules and conditions of Tax Registration and Deregistration, the rejection of the application of Tax Registration and Tax Deregistration.

Chapter 4
Rules Pertaining to Tax Payment and Exemptions

Article 10
Date of Tax Calculation

Tax shall be calculated according to the following:

1. The date on which Excise Goods are imported.
2. The date on which the stockpiler acquired Excise Goods, and in case that was occurred before the effective date of Law then the date on which Tax is calculated is the same date on which Law comes into force.
3. As an exception to two cases mentioned in paragraph 1 and 2 of this Article, Tax shall be calculated on the date on which Excise Goods are released for consumption as determined in the Executive Regulations of this Law.

Article 11
Stated Price Inclusive Tax

The stated prices of Excise Goods at the point of sale shall include Tax. The Executive Regulations of this Law determines the cases where the price does not include Tax.

Article 12
Tax Exemption

1. Exported Excise Goods are exempted from Tax.
2. The Executive Regulations of this Law determines the conditions, and rules of exemption mentioned in paragraph 1 of this Article.

Chapter 5
Designated Zone
Article 13
Designated Zone

1. The Designated Zone that meets the terms and conditions determined in the Executive Regulations of this Law shall be treated for Tax purposes as being outside the territories of the State.
2. As an exception to paragraph (1) of this Article, the Executive Regulations of this Law determines the conditions under which Businesses performed within the Designated Zone shall be treated as being performed within the State.

Article 14
Transfer of Excise Goods in the Designated Zone

1. Excise Goods can be transferred from one Designated Zone to another Designated Zone without any Tax becoming due.
2. The Executive Regulations of this Law determine the procedures and conditions for the transfer of Excise Goods from and to the Designated Zone, and the process of maintenance, storage and handling of these Excise Goods therein.

Chapter 6
Calculation of Due Tax
Article 15
Tax Calculation

The Payable Tax due on the Taxable Person shall be calculated for any Tax Period as being Due Tax from the Taxable Person for this Tax Period less the total of Deductible Tax as calculated according to the provisions of Article 16 of this Law.

Article 16
Deductible Tax

1. The Deductible Tax consists of the following:
 - a. Tax paid on the Excise Goods that has been exported.
 - b. Tax paid on the Excise Goods which become a component in another Excise Good over which Tax is or will be due.
 - c. Amounts paid by error.
2. The Executive Regulations of this Law determine the conditions and rules for Tax deduction under the circumstances mentioned in paragraph 1 of this Article.

Chapter 7
Tax Period, Tax Return and Payment
Article 17
Tax Period

The Executive Regulations of this Law determine the Tax Period and exceptional circumstances whereby the Authority may change the Tax Period.

Article 18
Tax Return

The Taxable Person shall submit his Tax Return to the Authority at the end of each Tax Period within the periods and according to procedures determined in the Executive Regulations of this Law.

Article 19
Tax Payment

1. The Taxable Person shall pay the Payable Tax stated in the Tax Return on the same date on which he submits his Tax Return according to the provision of Article 18 of this Law and according to the procedures determined by the Authority.
2. The Person excepted from Tax Registration under paragraph 1 of Article 6 of this Law shall pay the Due Tax at the time of importing Excise Goods.

Chapter 8
Deferral of Refundable Excess Tax
Article 20

Refundable Excess Tax

1. The Taxable Person must carry forward the excess of Refundable Tax to the following Tax Periods, and offset such excess against Payable Tax or Administrative Penalties imposed under this Law or Federal Law No. (7) of 2017 regarding Tax Procedures in the following Tax Periods until such excess is utilised in full, in the following cases.
 - a. If the Deductible Tax by the Taxable Person exceeds, according to the provisions of Article 16 of Law, the Due Tax for the Same Tax Period.
 - b. If the Tax paid to the Authority by the Taxable Person exceeds the Payable Tax according to the provisions of Law.
2. If there remains any excess of Refundable Tax for any Tax Period after being carried forward for a period of time, the Taxable Person may apply to the Authority to recover the remaining excess under the periods and procedures determined by the Executive Regulations of this Law.

Article 21
Tax Refunds in Special Circumstances

The Authority may repay Tax upon a submitted refund request, to the following:

1. Foreign governments, international organizations, diplomatic bodies and missions tax paid in the course of practicing their official duties, under the conditions, rules and procedures determined by the Executive Regulations of this Law and on condition of reciprocity.
2. The Person who is registered in an Implementing State if he paid the Due Tax in the State then exported the Excise Goods to an Implementing State under the conditions, rules and procedures determined by the Executive Regulations of this Law.

3. Any Persons or categories identified within a resolution issued by the Cabinet upon the recommendation of the Minister.

Chapter 9
Fines and Penalties
Article 22

Imposition of Severest Penalties

The imposition of penalties stated in this Law shall not prejudice with any severe penalty stated in any other Law.

Article 23
Assessment of Administrative Penalties

Without prejudice to the provisions of Federal Law No. (7) of 2017 regarding Tax Procedures, the Authority shall issue an Administrative Penalty Assessment to the Taxable Person and notify him with the same within five (5) working days from the date of issuance in case of committing any of the following violations:

1. If the Taxable Person failed to display prices including Tax according to Article 11 of this Law.
2. If the Taxable Person failed to comply with required conditions and procedures related to the transfer of Excise Goods from a Designated Zone to another Designated Zone and the process of maintaining, storing and handling such Excise Goods therein.
3. If the Taxable Person failed to provide the Authority with the price lists of Excise Goods, which the Taxable Person is producing, or importing or selling as determined by the Executive Regulations of this Law.

Article 24
Tax Evasion

Without prejudice to the cases of Tax Evasion mentioned in the Federal Law no. (7) of 2017 regarding Tax Procedures and penalties applied in this regard, the Person is deemed to have committed a Tax Evasion violation in any of the following:

1. Bringing or attempting to bring Excise Goods to the State, or removing or attempting to remove the Excise Goods from the State without paying the Due Tax in full or part, or in a way violating the provisions of this Law.
2. The production, transformation, acquisition, storage, transfer or receipt of Excise Goods for which the Due Tax has not been paid with the intent to avoid the payment of Due Tax or in a way violating the provisions of this Law.
3. Putting false labels on the Excise Goods, in a way violating the provision of paragraph 2 of Article (25) of this Law, with the intent to avoid the payment of Due Tax or to receive refunds unrightfully.
4. Submission of incorrect, false or fraudulent documents, records or Tax Returns or to place false labels with the intent to avoid the payment of Due Tax or to receive refunds unrightfully.

Chapter 10
General Provisions
Article 25

Records Keeping and Evidential Requirements

1. Without prejudice to the provisions related to record keeping mentioned in any other Law, the Taxable Person shall maintain the following records:
2. Records of all Excise Goods which are produced, imported or stored.
3. Records of the Excise Goods which have been exported and evidence of this export.
4. Records of stock level, including details of lost or destroyed items.
5. Tax records which include the following information:
 - a. Due Tax on the imported Excise Goods.
 - b. Due Tax on the produced Excise Goods.
 - c. Due Tax on the stored Excise Goods.
 - d. Deductible Tax according to the provisions of Article 16 of this Law.
6. Upon the recommendations of the Minister, the Cabinet shall determine the Excise Goods which should be labelled to indicate that Tax has been paid on them, in addition to relevant conditions and procedures.

7. The Executive Regulations of this Law determine the periods, rules and conditions required for keeping records as stated in paragraph 1 of this Article.

Article 26
Insertion of Tax Registration Number

The Taxable Person or any Person authorized in writing by the Taxable Person shall state the TRN of the Taxable Person on each practices and transactions with the Authority, each Tax Return, or any other document related to Tax.

Chapter 11
Concluding Provisions
Article 27
Executive Regulations

Upon the recommendation of the Minister, the Cabinet will issue the Executive Regulations of this Law.

Article 28
Revenue Sharing

The Tax revenue and the administrative penalties, which are collected according to the provisions of this Law, are subject to sharing between the Federal Government and Local Governments of each Emirate in virtue to the Decree of Federal Law no. 13 of 2016 for the Establishment of Federal Tax Authority.

Article 29
Conflicting Provisions

All provisions or rules which are in contradiction with or in violation of the provisions of this Law shall be null and void.

Article 30
Enforcement and Publication of Law

This Law shall be published in the official gazette and come into force from (.....).

Khalifa Bin Zayed Al Nahyan, the President of United Arab Emirates

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