

**Federal Decree by Law No. (7) of 2017  
on Excise Tax**

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

- After perusal of The Constitution;
- Federal Law No. (1) of 1972 Regarding the Competences of Ministries and the Powers of Ministers, as amended;
- Federal Law No. (11) of 1981 on the Levy of a Federal Customs Tax on Imports of Tobacco and its Derivatives, as amended;
- Federal Law No. (26) of 1981 on the Commercial Maritime Law, as amended;
- Federal Law No. (5) of 1985 Issuing the Civil Transactions Law, as amended;
- Federal Law No. (3) of 1987 Issuing the Penal Code, as amended;
- Federal Law No. (10) of 1992 Issuing the Law of Evidence in Civil and Commercial Transactions, as amended;
- Federal Law No. (11) of 1992 Issuing the Civil Procedure Code, as amended;
- Federal Law No. (18) of 1993 Issuing the Commercial Transactions Law;
- Federal Law No. (8) of 2004 Regarding the Financial Free Zones;
- Federal Law No. (1) of 2006 on Electronic Commerce and Transactions;
- Federal Law No. (2) of 2008 Regarding National Societies and Associations of Public Welfare;
- Federal Law No. (15) of 2009 on Combating Tobacco;
- Federal Law No. (1) of 2011 Concerning the Public Revenues of the State;
- Federal Law No. (8) of 2011 on the Re-organization of the State Audit Institution;
- Federal Decree-Law No. (8) of 2011 on the Rules for Drafting the Public Budget and Final Account;
- Federal Law No. (4) of 2012 on the Regulation of Competition;
- Federal Law No. (12) of 2014 Concerning the Regulation of the Audit Profession;

- Federal Law No. (2) of 2015 on Commercial Companies;
- Federal Decree-Law No. (13) of 2016 on the Establishment of the Federal Tax Authority;
- Federal Law No. (7) of 2017 on Tax Procedures; and
- The proposal submitted by the Minister of Finance and the approval thereof by the Cabinet,

**Hereby enact the following Decree-Law:**

## **Chapter One**

### **Definitions**

#### **Article (1)**

For the purpose of applying the provisions of this Decree-Law, the following words and expressions shall have the meanings assigned thereto respectively, unless the context requires otherwise:

<b>The State</b>	: The United Arab Emirates.
<b>The Minister</b>	: The Minister of Finance.
<b>The Authority</b>	: The Federal Tax Authority.
<b>The Tax</b>	: The Excise Tax.
<b>Excise Goods</b>	: Goods to be defined as taxable goods by a Cabinet resolution upon the proposal of the Minister.
<b>Importation</b>	: Brining goods or services into the State from abroad.
<b>Exportation</b>	: The departure of the goods from the State.
<b>Person</b>	: A natural or legal person.
<b>Taxable Person</b>	: Each person that is, or ought to be, registered for the tax purposes, pursuant to the provisions of this Decree-Law.
<b>Designated Area</b>	: Any fenced area intended to be a free zone and cannot be entered or exited except through a designated road, and any area identified by the Authority as being subject to the supervision of a warehouse keeper, in accordance with the provisions of the Executive Regulations of this Decree-Law.

<b>Warehouse Keeper</b>	: Any person who is approved and registered at the Authority to supervise a designated area in accordance with the provisions of the Executive Regulations of this Decree-Law.
<b>Tax Registration</b>	: A procedure under which a taxable person or the legal representative thereof registers for the tax purposes at the Authority.
<b>Tax Registration Number (TRN)</b>	: A unique number assigned by the Authority to each person registered for the tax purposes.
<b>Registrant</b>	: A taxable person holding a Tax Registration Number.
<b>Importer</b>	: The person who acts as the importer of excise goods on the date of importation for the purposes of customs clearance.
<b>Tax Return</b>	: The information and data specified for the tax purposes and provided by the taxable person in accordance with the form prepared by the Authority.
<b>Business</b>	: Any activity that is practiced on an ongoing, regular and independent basis by any person and in any place and involves or may involve trading in excise goods.
<b>Refundable Tax</b>	: The paid amounts that may be refunded by the Authority to the person, in accordance with the provisions of this Decree-Law.
<b>Due Tax</b>	: The tax that is calculated and levied under the provisions of this Decree-Law.
<b>Payable Tax</b>	: The tax which becomes due to be paid to the Authority.
<b>Deductible Tax</b>	: The tax paid, or deemed to have been paid, by the taxable person, which may be deducted by the taxable person under the provisions of this Decree-Law.
<b>Tax Period</b>	: A specific period for which the payable tax shall be calculated and paid.
<b>Administrative Fines</b>	: Amounts to be imposed on the person by the Authority for violating the provisions of this Decree-Law or the Tax Procedures Law.

<b>Administrative Fine Assessment</b>	: A decision issued by the Authority on due administrative fines.
<b>Stockpiler</b>	: A person who owns excise goods and cannot evidence that such goods have been previously subject to the tax under the conditions stipulated in the Executive Regulations of this Decree-Law.
<b>Customs Legislation</b>	: Federal and local legislation regulating customs in the State.
<b>Applying States</b>	: The GCC States, which apply the Tax Law under issued legislation.
<b>Tax Evasion</b>	: The person's use of illegal means which cause reducing the amount of the due tax, the non-payment thereof, or the refund of a tax that such person is not entitled to refund.
<b>Tax Audit</b>	: An action performed by the Authority to audit business records, or any information, data or goods related to a person to verify the fulfillment of its obligations, pursuant to the provisions of this Decree-Law or the Tax Procedures Law.
<b>Tax Assessment</b>	: The Tax Assessment as defined in the Tax Procedures Law.
<b>Voluntary Disclosure</b>	: A form prepared by the Authority by which a taxpayer notifies the Authority of any errors or omissions in the Tax Return, Tax Assessment or tax refund application, pursuant to the provisions of the Tax Procedures Law.
<b>Tax Procedures Law</b>	: Federal Law No. (7) of 2017 on Tax Procedures, as amended, and any federal law superseding the same.

**Chapter Two**  
**Application, Scope and Calculation of the Tax**  
**Article (2)**

**Application and Scope of the Tax**

1. The provisions of this Decree-Law shall apply to the excise goods determined under a resolution issued by the Cabinet, upon the proposal of the Minister.
2. The tax shall be levied on the following activities related to the excise goods:
  - a. The production of excise goods in the State if such production is made in the course of exercising the business;
  - b. The importation of excise goods;
  - c. The release of excise goods from a designated area;
  - d. Stockpiling excise goods in the State if such goods are stockpiled in the course of exercising the business.

**Article (3)**

**Calculation of the Tax**

The Cabinet shall issue, upon the proposal of the Minister, a resolution determining the tax rates to be levied on the excise goods and the method of calculating the excise price, provided that the tax rate to be levied on such goods does not exceed (200%) of the excise price of the goods.

**Article (4)**

**Tax Obligations**

1. The due tax shall be charged on the following:
  - a. The person practicing any of the activities set out in Clause (2) of Article (2) of this Decree-Law;
  - b. The person participating in any of the activities set out in Clause (2) of Article (2) of this Decree-Law if the person who practices the activity fails to meet the tax obligation, in accordance with what is determined by the Executive Regulations of this Decree-

- Law;
- c. The warehouse keeper, where excise goods are released from a designated area and the payable tax is not previously paid, in accordance with what is determined by the Executive Regulations of this Decree-Law.
2. The following persons shall be excluded from the provisions of Clause (1) of this Article:
    - a. The person who imports excise goods whose value is less than the value prescribed by the Customs Legislation, if such excise goods are carried by the person on an international trip and for non-commercial purposes;
    - b. The stockpiler in case of meeting the conditions stipulated by the Executive Regulations of this Decree Law.

### **Chapter Three**

#### **Tax Registration and Cancellation thereof**

##### **Article (5)**

###### **Tax Registration**

1. Any Person shall be prohibited from practicing any activity mentioned in Clause (2) of Article (2) of this Decree-Law before being registered for the tax purposes, in accordance with the provisions of this Decree-Law.
2. Without prejudice to the provisions of Clause (1) of this Article, the person liable for the due tax, pursuant to Article (4) of this Decree-Law, shall submit to the Authority an application for tax registration, pursuant to the provisions of the Tax Procedures Law, within thirty (30) days as of the end of any month during which such Person practices or intends to practice the activities set forth in Clause (2) of Article (2) of this Decree-Law, or as of the date of entry into force of this Decree-Law, whichever comes later.
3. The Executive Regulations of this Decree-Law shall determine the effective date of the tax registration referred to in this Article.

## **Article (6)**

### **Exemption from the Registration**

1. Notwithstanding the provisions of Clause (1) of Article (5) of this Decree-Law, the Authority may exempt any person from the tax registration when the tax becomes due, pursuant to Paragraphs (b) and (c) of Clause (2) of Article (2) of this Decree-Law, if the Authority finds that such person will not import excise goods on a regular basis, in accordance with what is determined by the Executive Regulations of this Decree-Law.
2. Whoever is exempted from the tax registration under Clause (1) of this Article shall notify the Authority of any changes, which may make him subject to the tax in accordance with the provisions of this Decree-Law, within the time limits and under the procedures determined by the Executive Regulations of this Decree-Law.
3. A person that carries out importation for purposes other than the practice of business shall be exempt from the tax registration, without prejudice to the obligation to pay the tax due for such importation.
4. The person's exemption from the registration, pursuant to the provisions of this Article, shall not prejudice its obligation to pay any due tax or administrative fine under the provisions of this Decree-Law or any other law.

## **Article (7)**

### **Cancellation of Tax Registration**

The registrant shall submit to the Authority an application for cancellation of tax registration if he is no longer liable for the tax in accordance with the provisions of Article (4) of this Decree-Law within the time limits defined under the Executive Regulations of this Decree-Law.

## **Article (8)**

### **Registration as Warehouse Keepers**

1. Each person who operates or intends to operate a designated area shall apply for registration as a warehouse keeper in accordance with the provisions of the Executive Regulations of this Decree-Law.

2. The Executive Regulations of this Decree-Law shall determine the effective date of registration referred to in Clause (1) of this Article.
3. Any person shall be prohibited from acting as a warehouse keeper before being registered in accordance with the provisions of this Article.

## **Article (9)**

### **Procedures, Controls and Conditions of Tax Registration and Cancellation thereof**

The Executive Regulations of this Decree-Law shall determine the procedures, controls and conditions of the tax registration, cancellation thereof and rejection of applications for tax registration and its cancellation.

## **Chapter Four**

### **Rules of Tax Payment and Exemption therefrom**

## **Article (10)**

### **Date of Tax Calculation**

The tax shall be calculated according to the following dates:

1. The date of importing the excise goods;
2. The date on which the excise goods are acquired by the stockpiler, but if such acquisition occurs prior to the date of entry into force of this Decree-Law, the date of tax calculation shall be the date of entry into force of this Decree-Law.
3. As an exception to the two cases set forth in Clauses (1) and (2) of this Article, the tax shall be calculated on the date when the excise goods are offered for consumption, in accordance with the provisions of the Executive Regulations of this Decree-Law.

## **Article (11)**

### **Tax-Inclusive Prices**

The declared prices of excise goods shall, upon sale, include the tax. The Executive Regulations of this Decree-Law shall determine the cases where prices do not include the tax.

## **Article (12)**

### **Exemption from the Tax**

1. Excise goods that are exported shall be exempted from the tax.
2. The Executive Regulations of this Decree-Law shall establish the conditions and controls for exempting from the tax referred to in Clause (1) of this Article.

## **Chapter Five**

### **Designated Areas**

## **Article (13)**

### **Designated Area**

1. The designated area that meets the conditions established by the Executive Regulations of this Decree-Law shall be treated, for the tax purposes, as being outside the State.
2. Notwithstanding the provisions of Clause (1) of this Article, the Executive Regulations of this Decree-Law shall determine the conditions under which the business practiced within the designated area shall be treated as being practiced inside the State.

## **Article (14)**

### **Transfer of Excise Goods in Designated Areas**

1. The excise goods may be transferred from one designated area to another without any tax due thereon.
2. The Executive Regulations of this Decree-Law shall determine the procedures and conditions of the transfer of excise goods from and to a designated area and the method of maintaining, storing, and processing such goods.

**Chapter Six**  
**Calculation of the Due Tax**

**Article (15)**

**Calculation of the Tax**

The payable tax levied on the taxable person for any tax period shall be calculated as the tax due from the taxable person for such tax period less the total deductible tax as calculated in accordance with the provisions of Article (16) of this Decree-Law.

**Article (16)**

**Deductible Tax**

1. The deductible tax shall consist of the following:
  - a. The tax paid on the excise goods that have been exported;
  - b. The tax paid on the excise goods that have become a component of another excise goods on which the tax has become, or becomes, due;
  - c. Amounts paid to the Authority by mistake.
2. The Executive Regulations of this Decree-Law shall establish the conditions and controls of deducting the tax in the cases mentioned in Clause (1) of this Article.

**Chapter Seven**

**Tax Period, Tax Return and Tax Payment**

**Article (17)**

**Tax Period**

The Executive Regulations of this Decree-Law shall determine the tax period and the exceptional cases in which the Authority may amend the tax period.

**Article (18)**

**Tax Return**

The taxable person shall submit to the Authority the tax return at the end of each tax period, within the time limits and in accordance with the procedures determined by the Executive

Regulations of this Decree-Law.

## **Article (19)**

### **Payment of the Tax**

1. The taxable person shall pay the payable tax on the date of submitting the tax return, in accordance with the provisions of Article (18) of this Decree-Law and as per the procedures to be determined by the Authority.
2. Any person exempted from the registration under Clause (1) or Clause (3) of Article (6) of this Decree-Law shall pay the due tax at the time of importing excise goods.
3. Any person that receives any amount as a tax or any amount invoiced shall pay it to the Authority. Such amount shall be subject to the same treatment established for the due tax under the provisions of this Decree-Law.

## **Chapter Eight**

### **Carrying forward the Excess Refundable Tax**

## **Article (20)**

### **Excess Refundable Tax**

1. The taxable person shall carry forward any excess refundable tax to the subsequent tax periods and offset such excess against the payable tax or any administrative fine imposed pursuant to the provisions of this Decree-Law or the Tax Procedures Law in the subsequent tax periods until such excess is fully utilized, in the following cases:
  - a. If the deductible tax of the taxable person, pursuant to the provisions of Article (16) of this Decree-Law, exceeds the due tax for the same tax period;
  - b. If the tax paid by the taxable person to the Authority exceeds the payable tax in accordance with the provisions of this Decree-Law.
2. If there is any excess for any tax period after being carried forward for a period of time, the taxable person may submit to the Authority an application for claiming a refund of such excess in accordance with the periods and procedures determined by the Executive Regulations of this Decree-Law.

## **Article (21)**

### **Tax Refund in Special Cases**

The Authority may, based on an application to be submitted thereto, may refund the tax to the following:

1. Foreign governments, international organizations and diplomatic bodies and missions, for the tax paid thereby while performing their official activities, in accordance with the conditions, controls and procedures determined by the Executive Regulations of this Decree-Law, subject to reciprocity.
2. The person who is registered in an applying state if he pays the due tax in the State and then exports the excise goods to an applying state, in accordance with the conditions, controls and procedures determined by the Executive Regulations of this Decree-Law.
3. Any persons or categories to be determined under a Cabinet resolution, upon the proposal of the Minister.

## **Chapter Nine**

### **Violations and Penalties**

## **Article (22)**

### **Administrative Fines Assessment**

Subject to the provisions of Tax Procedures Law, the Authority shall issue an Administrative Fine Assessment to the taxable person and notify him thereof within five (5) working days as of the date of issuance, in case of committing any of the following violations:

1. Failure by the taxable person to display the tax-inclusive prices in accordance with the provisions of Article (11) of this Decree-Law;
2. Failure to adhere to the conditions and procedures to be followed for transferring the excise goods from a designated area to another and the mechanism of maintaining, storing and processing the same;
3. Failure by the taxable person to provide the Authority with the price lists of excise goods produced, imported or sold thereby, in accordance with the provisions of the Executive Regulations of this Decree-Law.

## **Article (23)**

### **Tax Evasion**

Without prejudice to the cases of tax evasion set forth in the Tax Procedures Law, a person shall be deemed to have committed a crime of tax evasion and shall be punished pursuant to the Tax Procedures Law if he commits any of the following:

1. Bringing or attempting to bring excise goods into or out of the State without paying the due tax in whole or in part;
2. Producing, transferring, acquiring, storing, transporting or receiving excise goods for which the due tax has not been paid with the intention of evading payment of the due tax;
3. Placing false labels on excise goods, in violation of the provisions of Clause (2) of Article (24) of this Decree-Law, with the intention of evading payment of the due tax or receiving an unjustified refund;
4. Submitting any false, counterfeit or fabricated documents, returns or records, with the intention of evading payment of the due tax or receiving an unjustified refund.

## **Chapter Ten**

### **General Provisions**

## **Article (24)**

### **Record Keeping and Evidentiary Requirements**

1. Without prejudice to the provisions related to record keeping contained in any other law, every taxable person shall keep the following records:
  - a. Records of all excise goods produced, imported or stockpiled;
  - b. Records of excise goods exported and evidence of such exportation;
  - c. Records of stock levels, including details of lost or destroyed items;
  - d. A tax record that shall contain the following information:
    - 1) The due tax on the imported excise goods;
    - 2) The due tax on the produced excise goods;
    - 3) The due tax on the stockpiled excise goods;
    - 4) The deductible tax in accordance with the provisions of Article (16) of this Decree-Law.

2. The Cabinet shall, upon the proposal of the Minister, identify the excise goods on which labels indicating that the tax has been paid shall be placed and the relevant conditions and procedures.
3. The Executive Regulations of this Decree-Law shall determine the periods, conditions and controls necessary for keeping the records set out in Clause (1) of this Article.

## **Article (25)**

### **Tax Registration Number**

The taxable person or any person authorized in writing thereby shall refer to the Tax Registration Number in all correspondences and dealings with the Authority, tax return, and any other document related to the tax.

## **Article (25) BIS**

### **Statute of Limitations**

Repealed by Federal Decree by Law No. (17) of 2025.

## **Chapter Eleven**

### **Final Provisions**

## **Article (26)**

### **The Executive Regulations**

The Cabinet shall, upon the proposal of the Minister, issue the Executive Regulations of this Decree-Law.

## **Article (27)**

### **Revenue Sharing**

The tax revenues and administrative fines to be collected in accordance with the provisions of this Decree-Law shall be subject to sharing between the Federal Government and the Emirates' Governments, pursuant to the provisions of Federal Decree-Law No. (13) of 2016 on the Establishment of the Federal Tax Authority.

## **Article (28)**

Matters not stipulated herein shall be subject to the provisions of the Tax Procedures Law.

## **Article (29)**

### **Repeal of Conflicting Provisions**

Any text or provision inconsistent or conflicting with the provisions of this Decree-Law is hereby repealed.

## **Article (30)**

### **Publishing and Entry into Force**

This Decree-Law shall be published in the Official Gazette and shall enter into force as of 1st October 2017.

**Khalifa bin Zayed Al Nahyan**

**President of the United Arab Emirates**

Issued by us in the Presidential Palace in Abu Dhabi on:

Corresponding to 17 August 2017 AD.

On: 01 Dhul Qi'dah 1438 AH.

