

Cabinet Resolution No. (197) of 2025
Regarding Excise Goods, the Tax Rates or Amounts Imposed Thereon, and
the Method of Calculating the Excise Price

The Cabinet:

- Having reviewed the Constitution;
- Federal Law No. (1) of 1972 Regarding the Competences of the Ministries and the Powers of the Ministers, as amended;
- Federal Decree by Law No. (13) of 2016 Regarding the Establishment of the Federal Tax Authority, as amended;
- Federal Decree by Law No. (7) of 2017 Regarding Excise Tax, as amended;
- Federal Decree by Law No. (28) of 2022 Regarding Tax Procedures, as amended;
- Federal Decree No. (32) of 2017 Ratifying the Unified Excise Tax Agreement for the Gulf Cooperation Council (GCC) States;
- Cabinet Resolution No. (52) of 2019 Regarding Excise Goods, the Tax Rates Imposed Thereon, and the Method of Calculating the Excise Price, 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 purpose of implementing the provisions of this resolution, the following terms and expressions shall have the meanings assigned to each of them, unless the context otherwise requires:

State	:	United Arab Emirates.
Authority	:	Federal Tax Authority.
Minister	:	Minister of Finance.
Tax	:	Excise Tax.

- Decree by Law** : Federal Decree by Law No. (7) of 2017 Regarding Excise Tax, as amended.
- Excise Goods** : Goods designated as subject to Tax pursuant to this resolution.
- Taxable Person** : Any person registered or required to register for Tax purposes pursuant to the Decree by Law.
- Importer** : The natural or legal person whose name appears as the importer of the Excise Goods on the date of importation for customs clearance purposes.
- Excise Price** : The price calculated in accordance with the provisions of this resolution.
- Value Added Tax** : A tax imposed on the import and supply of goods and services in accordance with the provisions of Federal Decree by Law No. (8) of 2017 Regarding Value Added Tax, as amended.
- Milk** : Animal milk, reconstituted milk, milk powder, yogurt (soured milk), whey, and reconstituted whey; excluding cream.
- Milk Substitutes** : A beverage used for all or most uses of milk as a substitute thereof, having a density similar to milk and containing one hundred twenty (120) milligrams of calcium per one hundred (100) milliliters, provided that it is extracted from legumes, grains, nuts, seeds, or any other type of plant, and does not contain gaseous components.

Article (2)

Excise Goods

For the purposes of Article (2) of the Decree by Law, Tax shall be imposed on the following Excise Goods:

1. Tobacco and its products.

2. Liquids used in electronic smoking devices and tools.
3. Electronic smoking devices and tools.
4. Energy drinks.
5. Sweetened beverages.

Article (3)

Tobacco and Tobacco Products

1. For the purposes of Article (2) of this resolution, tobacco and its products shall include all items listed under Chapter (24) of the Unified Customs Tariff Schedule of the Cooperation Council for the Arab States of the Gulf, whether imported, cultivated, or produced within the State, including electrically heated cigarette rolls.
2. By way of exception to clause (1) of this Article, products listed under Chapter (24) of the Unified Customs Tariff Schedule exclusively intended to assist in smoking cessation shall not be considered tobacco and its products, in accordance with the customs codes to be specified by a decision issued by the Minister.

Article (4)

Liquids Used in Electronic Smoking Devices and Tools

For the purposes of Article (2) of this resolution, liquids used in electronic smoking devices and tools shall include all liquids used in such devices and tools or similar products, whether containing nicotine or not, in accordance with the customs codes to be specified by a decision issued by the Minister.

Article (5)

Electronic Smoking Devices and Tools

For the purposes of Article (2) of this resolution, electronic smoking devices and tools shall include all electronic smoking devices and tools and similar products, whether containing nicotine or tobacco or not, in accordance with the customs codes to be specified by a decision issued by the Minister.

Article (6)

Energy Drinks

For the purposes of Article (2) of this resolution, Energy Drinks shall mean:

1. Any beverages marketed or sold as energy drinks that may contain stimulants or substances that provide mental or physical stimulation, including, but not limited to, caffeine, taurine, ginseng, and guarana, as well as any substances having an identical or similar effect to the aforementioned substances.
2. Any concentrates, powders, gels, or extracts that may be converted into Energy Drinks.

Article (7)

Sweetened Beverages

1. For the purposes of Article (2) of this resolution, sweetened beverages shall mean any product to which a source of sugar, artificial sweeteners, or any other sweeteners has been added and which is produced for consumption as a beverage, whether ready-to-drink or in the form of concentrate, powder, gel, extract, or any other form capable of being converted into a sweetened beverage.
2. For the purposes of this Article, sugar shall include any type of sugar specified under Standard No. (148) issued by the GCC Standardization Organization under the title "Sugar," and any subsequent and related standard specifications.
3. For the purposes of this Article, artificial sweeteners shall include sweeteners specified under Standard No. (995) issued by the GCC Standardization Organization under the title "Sweeteners Permitted for Use in Food," and any subsequent and related standard specifications.
4. For the purposes of this Article, other sweeteners shall mean any type of sweetener added to the beverage for the purpose of sweetening, excluding artificial sweeteners.
5. For the purposes of Article (2) of this resolution, the following goods shall be excluded from the definition of sweetened beverages:
 - a. Beverages containing at least seventy-five percent (75%) milk of the ready-to-drink beverage content.

- b. Beverages containing at least seventy-five percent (75%) Milk Substitutes of the ready-to-drink beverage content.
- c. Infant formula, follow-up formula, or baby food.
- d. Beverages intended for special dietary uses pursuant to Standard No. (654) issued by the GCC Standardization Organization under the title "General Requirements for Prepackaged Foods for Special Dietary Uses," and any subsequent and related standard specifications.
- e. Beverages intended for special medical purposes pursuant to Standard No. (1366) issued by the GCC Standardization Organization under the title "General Requirements for Handling of Foods for Special Medical Purposes," and any subsequent and related standards specifications.
- f. Beverages containing any added source of sugar, artificial sweeteners, or other sweeteners prepared in restaurants or similar establishments and served to final consumers in open, non-sealed containers intended for direct consumption.

Article (8)

Beverages Containing Alcohol

By way of exception to the provisions of this resolution, the beverages referred to in Articles (6) and (7) of this resolution shall not include those containing alcohol.

Article (9)

Goods Previously Subject to Tax

1. Where any Excise Good referred to in Articles (6) and (7) of this resolution has previously been subject to Tax within the State, any beverage produced by mixing such good with other products at a place of sale for consumption by non-Taxable Persons shall not be considered an Excise Good for the purposes of the Decree by Law, and no additional Excise Tax shall be due thereon.
2. The tax paid on the Excise Goods referred to in clause (1) of this Article shall not be considered deductible in accordance with the provisions of Article (16) of the Decree by Law.

Article (10)

Tax Rate and Amount

1. For the purposes of Article (3) of the Decree by Law, Tax shall be imposed on the Excise Goods referred to in Article (2) of this resolution in accordance with the following rates or amounts:

No.	Excise Goods	Tax Rate or Amount
1	Tobacco and its products	(100%)
2	Liquids used in electronic smoking devices and tools	(100%)
3	Electronic smoking devices and tools	(100%)
4	Energy drinks	(100%)
5	Sweetened beverages containing sugar or other sweeteners in a quantity of five (5) grams or more and less than eight (8) grams per one hundred (100) milliliters	(0.79) per liter
6	Sweetened beverages containing sugar or other sweeteners in a quantity of eight (8) grams or more per one hundred (100) milliliters	(1.09) per liter
7	Sweetened beverages containing sugar or other sweeteners in a quantity of less than five (5) grams per one hundred (100) milliliters	0 per liter
8	Sweetened beverages sweetened exclusively with artificial sweeteners, or containing artificial sweeteners and less than five (5) grams of sugar or other sweeteners per one hundred (100) milliliters	0 per liter

2. For the purposes of clause (1) of this Article, the quantity of sugar or other sweeteners in concentrates, powders, gels, and extracts that meet the definition of sweetened beverages shall be calculated based on the form of the final product in accordance with the producer's instructions. Where instructions regarding the quantity of sugar or other sweeteners in such concentrates, powders, gels, or extracts are unavailable or where such

instructions are proven to be inaccurate, the Authority shall determine the mechanism for calculating the percentage of sugar and other sweeteners in such goods.

3. For the purposes of clause (1) of this Article, where a sweetened beverage contains naturally occurring sugar in addition to added sugar or other sweeteners, the quantity of naturally occurring sugar in the beverage shall be included in the calculation of the quantity of sugar or other sweeteners.
4. For the purposes of clause (1) of this Article, where the calculation of tax on the Excise Good results in fractions of a fils, the value of the Tax at the goods level shall be rounded to the nearest four decimal places of the dirham upon registration with the Authority, and the value of the Tax due for the purposes of periodic returns shall be rounded to the nearest fils, in accordance with mathematical rounding rules.

Article (11)

Excise Price

1. Pursuant to Article (3) of the Decree by Law, the Excise Price shall be the higher of the following two prices:
 - a. The price declared for the Excise Good by the Authority in the price list issued thereby, if any;
 - b. The designated retail selling price of such good, exclusive of the tax included therein.
2. For the purpose of deducting the value of the tax included in the designated retail selling price pursuant to paragraph (b) of clause (1) of this Article, in respect of an Excise Good subject to tax at a rate of one hundred percent (100%) of the Excise Price, the value of the tax shall be equal to one-half of the designated retail selling price of such good.
3. By way of exception to paragraph (b) of clause (1) of this Article, the Excise Price of the concentrates, powders, gels, or extracts referred to in clause (2) of Article (6) of this resolution shall be calculated in accordance with the mechanism determined by the Minister.

Article (12)

Designated Retail Selling Price

1. For the purposes of Article (11) of this resolution, the designated retail selling price shall be the higher of:
 - a. The proposed retail selling price of the Excise Good in the context of retail sale, which shall be determined, declared, and affixed to the goods by the Importer or producer after deducting the value added tax. The “proposed retail selling price in the context of retail sale” shall mean the price realized upon the direct sale of the Excise Good to the consumer for retail purposes, and shall not include cases where the price increases as a result of the sale of the Excise Good in a hotel, restaurant, or similar establishment for consumption therein;
 - b. The average retail selling price of the good in the market, after deducting the value added tax.
2. For the purposes of paragraph (b) of clause (1) of this Article, the average retail selling price of the good in the market shall be calculated in accordance with the procedures determined by the Authority.

Article (13)

Procedures of the Authority

1. The Authority may determine the necessary procedures to verify the classification of any product to ascertain whether it is an Excise Good or not. The Authority may require the person to provide documents, laboratory evidence, or any other evidence specified by the Authority to establish and determine the content of the product.
2. The Authority may determine the procedures necessary to add any product to the price list referred to in Article (11) of this resolution.
3. Where the person fails to provide the documents referred to in clause (1) of this Article within the timeframe specified by the Authority, the Authority may consider the product to be an Excise Good to which the provisions of this Decree by Law shall apply, until proven otherwise.

4. For the purposes of Article (7) of this resolution, the person shall submit a laboratory report acceptable to the Authority confirming the quantity of sugar and other sweeteners in the sweetened beverages and whether they contain artificial sweeteners. Where such report is not submitted, tax shall be imposed on the sweetened beverage under the category with the highest quantity of sugar and other sweeteners pursuant to clause (1) of Article (10) of this resolution. The tax shall be adjusted to the correct category upon submission of a laboratory report establishing that the sweetened beverage falls within another category based on the quantity of sugar and other sweeteners.

Article (14)

Repeals

Cabinet Resolution No. (52) of 2019 referred to herein shall be repealed. Any provision that contradicts or conflicts with the provisions of this resolution shall also be repealed.

Article (15)

Publication and Entry into Force

This resolution shall be published in the Official Gazette and shall enter into force as of 1 January 2026.

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued by us:

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