

# TAX ALERT: GRACE PERIOD ANNOUNCED BY FEDERAL TAX AUTHORITY FOR UPDATING TAX REGISTRATION DETAILS



The Federal Tax Authority (FTA) has introduced a grace period allowing taxpayers to update their tax registration details without facing administrative penalties<sup>1</sup>. This period is valid until March 2025 to encourage registrants to update the information in their tax records held by the FTA.



## OBLIGATION<sup>2</sup>

Registrants are required to inform the FTA of any event that might require the amendment of information related to their tax record kept by the FTA **within 20 business days from occurrence**, including the following changes:

1. Name, address and email address.
2. Trade license activities,
3. Legal entity type, partnership agreement for unincorporated partnerships and articles of association or its equivalent.
4. Nature of the business of the registrant
5. The address from which any business is conducted by the registrant.



## PENALTY<sup>3</sup>

Failure of the person to inform the FTA of any case that may require the amendment of the information pertaining to his tax record kept by Authority, the penalties are:

In relation to Corporate Tax law:

- AED 1,000 for each violation.
- AED 5,000 in each case of repeated violation within 24 months from the date of the last violation.

And the general administrative penalties for violation of Tax Laws in the UAE are:

- AED 5,000 for the first time.
- AED 10,000 in case of repetition.



## Grace Period Benefits

No administrative penalties will be imposed if the information is updated in delay during the grace period.

Any administrative penalties imposed between 1 January 2024 and the implementation date of grace period for non-compliance will be reversed.

For registrants who have already paid these penalties, the amounts will be credited back registrant's tax account.

The reversal process will be carried out automatically and registrants need not contact the FTA to request a reversal.

**This is a pivotal opportunity for businesses to proactively update their tax registration details with the Federal Tax Authority (FTA) and safeguard against future penalties.**

**Companies must seize this chance to meticulously review recent and historical business changes including name and address modifications, trade activity shifts and legal documentation updates. By developing a robust internal compliance policy, training teams effectively, businesses can ensure timely updates and seamless adherence to the regulations.**

<sup>1</sup> TAXP007 -Clarification Public Procedures

<sup>2</sup> Article 6(4) of the Executive Regulation of the Federal Decree-Law No. 28 of 2022 on Tax Procedures

<sup>3</sup> Cabinet Decision No. 75 of 2023 & Cabinet Decision No. 40 of 2017