



# New Tax Regulations for Businesses

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**Parker Russell UAE**

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## Table of Contents

New Tax Regulations for Businesses	3
Period of Record-Keeping	3
Language	4
Procedures relating to Tax Registration, Deregistration, and Amending Details of Registration	4
• Tax Registration	5
• Deregistration	5
Voluntary Disclosure	6
Remarks	6

## **New Tax Regulations for Businesses**

The Ministry of Finance has issued a new executive regulation that amends the Federal Tax Authority's (FTA) regulations on tax registration, deregistration, and amending details of registration. The regulation also expands the list of instances in which registrants must notify the FTA of changes to their business data, and clarifies the procedures for voluntary disclosure.

This New Tax Regulations for Businesses is important for businesses to be aware of, as it ensures that the FTA has up-to date information about registrants and can carry out its regulatory functions effectively. Businesses that fail to comply with these regulations may face penalties, such as fines or the suspension of their license.

## **Period of Record-Keeping**

The Ministry of Finance has issued a New Tax Regulations for Businesses that establishes requirements for businesses to keep their accounting records, commercial books, and other documents.

The length of the retention period depends on the type of record and whether or not the business is a taxable person. For real estate records, the retention period is seven years from the end of the calendar year in which the record was created. For example, if a property was sold on January 2, 2025, the related records must be kept until December 31, 2032.

A business can extend the general document retention period of five years by one year by submitting a voluntary disclosure in the fifth year from the end of the relevant tax period.

This means that a business that discovers an error requiring a voluntary disclosure related to a tax period ending on December 31, 2019, and submits the voluntary disclosure application on June 14, 2024, must keep the related records until June 14, 2025.

The tax authority designed these retention requirements to help them conduct audits and verify compliance with tax obligations. By keeping their records, businesses can help to ensure that they are in good standing with the tax authority.

## Language

The Federal Tax Authority (FTA) has recently amended its language policy on tax returns and other related documents. Under the previous policy, all documents had to be submitted in Arabic. This could be a barrier for taxpayers who do not speak Arabic, as they may not have a good command of the language or may not be able to afford to hire a translator.

The New Tax Regulations for Businesses allows taxpayers to submit these documents in either English or Arabic. Tax filing process enables inclusive and accessible for all taxpayers, regardless of their language skills. It is also a welcome change for foreign investors, who may be more likely to invest in the country if they know that they can file their taxes in English.

The FTA's decision to change its language policy is in line with the UAE's efforts to become a more attractive destination for foreign investment and talent. The new policy is a step in the right direction and will make it easier for taxpayers to file their taxes accurately and on time.

## Procedures relating to Tax Registration, Deregistration, and Amending Details of Registration

## Tax Registration

The New Tax Regulations for Businesses expands the list of instances in which registrants must notify the FTA of changes to their business data. This is an important change, as it ensures that the FTA has up-to-date information about registrants. This information is essential for the FTA to carry out its regulatory functions, such as ensuring that registrants are compliant with the law.

The changes that must now be notified to the FTA include:

- E-mail address
- Trade license activities
- Legal status and partnership agreement for unincorporated partnerships

Registrants must notify the FTA of any of these changes within 30 days of the change occurring. Failure to do so may result in penalties, such as fines or the suspension of the registrant's license.

## Deregistration

The Federal Tax Authority (FTA) may, at its discretion, deregister a registrant from a specific tax type if the registrant fails to submit a deregistration application. Therefore, this is in accordance with the New Executive Regulation and the relevant Tax law.

The Federal Tax Authority (FTA) may require a person to deregister for excise tax in certain circumstances. These circumstances include:

- Continuously submitting nil returns for excise tax. This means that the person has not had any taxable activity in the past year
- The value of supplies/taxable expenses does not meet the voluntary registration threshold for the purposes of VAT registration. The person's business is not large enough to be required to register for VAT, so it is also not required to be registered for excise tax
- Ceasing to manufacture or import excise goods. This means that the person is no longer engaged in any activity that is subject to excise tax

## Voluntary Disclosure

Taxpayers who discover an error or omission in a tax return they have submitted to the Federal Tax Authority (FTA) must submit a voluntary disclosure, even if the error does not affect the amount of tax owed for that tax period.

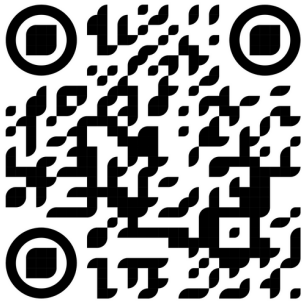
This is in accordance with the FTA's Voluntary Disclosure Policy, which encourages taxpayers to come forward and report errors or omissions in their tax returns. The FTA can penalize taxpayers for non-compliance, but taxpayers can avoid this possibility by complying with the regulations.

The Voluntary Disclosure policy provides taxpayers with certain safeguards, such as the protection of their identity and the possibility of receiving a reduced penalty if they disclose the error voluntarily within the new executive regulation.

## Parker Russell's Remarks

The Federal Tax Authority (FTA) has recently updated its regulations on tax registration, deregistration, and amending details of registration. Therefore, these changes are important for businesses to be aware of, as they ensure that the FTA has up-to-date information about registrants and can carry out its regulatory functions effectively. Businesses that fail to comply with these regulations may face penalties, such as fines or the suspension of their license.

The FTA also has a Voluntary Disclosure Policy that encourages taxpayers to come forward and report errors or omissions in their tax returns. This policy provides taxpayers with certain safeguards, such as the protection of their identity and the possibility of receiving a reduced penalty if they disclose the error voluntarily.



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Through our professional and best practices we have extended our services into more areas. In UAE, we have offices in Dubai, Abu Dhabi and Al Ain. Our staff strength is around 50+, which include Accountants, Auditors, Tax Consultants, Management Consultants, and ERP Consultants. Our present client strength is around 550 of varying discipline and sizes.

It is operating and is placed in one of the leading audit firms in Dubai with its branches in Dubai and Abu Dhabi. Parker Russell is incorporated in the year 1998, with the ideology of highly qualified, experienced, and capable chartered accountants and accounting executives, with much dedication and passion in providing high-quality financial services to any corporation or individual that is in need and imparting professional financial insights without compromising excellence.