

This is not an official Translation:

The Establishment of the Federal Tax Authority

Federal Decree-Law No. 13 of 2016 – Issued 26 September 2016

Federal Decree-Law No. 11 of 2020 – Issued 27 September 2020

His Highness Khalifa bin Zayed Al Nahyan, President of the United Arab Emirates, has issued the following Decree Law:

- Having reviewed the Constitution;
- Federal Law No. 1 of 1972 on the Competencies of the Ministries and Powers of the Ministers and its amendments,
- Federal Law No. 11 of 1981 on the Imposition of a Federal Customs Tax on Imports of Tobacco and its derivatives and its amendments,
- Federal Law No. 5 of 1985 promulgating the Civil Transactions Law and its amendments,
- Federal Law No. 3 of 1987 promulgating the Penal Law and its amendments,
- Federal Law No. 10 of 1992 promulgating the Law of Evidence in Civil and Commercial Transactions and its amendments,
- Federal Law No. 11 of 1992 promulgating the Law on Civil Procedures and its amendments,
- Federal Law No. 7 of 1999 promulgating the Pensions and Social Security Law and its amendments,
- Federal Law No. 4 of 2002 on the Criminalisation of Money Laundering and Combating the Financing of Terrorism and its amendments,
- Federal Decree-Law No. 4 of 2007 on the Establishment of the Emirates Investment Authority and its amendments,
- Federal Decree-Law No. 11 of 2008 on Human Resources in the Federal Government and its amendments,
- Federal Law No. 1 of 2011 on the State's Public Revenues,
- Federal Decree-Law No. 5 of 2011 regulating the Boards of Directors and Trustees and the Committees at the Federal Government,
- Federal Law No. 8 of 2011 on the Reorganisation of the State Audit Institution,
- Federal Decree-Law No. 8 of 2011 on the Rules of the Preparation of the General Budget and Final Accounts,
- Federal Law No. 12 of 2014 on the Organization of the Auditing Profession,
- Federal Law No. 2 of 2015 on Commercial Companies,



- Federal Law No. 8 of 2015 on the Federal Customs Authority, and
- Pursuant to what was presented by the Minister of Finance and approved by the Cabinet,

Title One – Definitions

Article 1

In the application of the provisions of this Decree-Law, the following words and expressions shall have the meanings assigned against each, unless the context requires otherwise:

State	: The United Arab Emirates.
Federal Government	: The Government of the State.
Emirates' Governments	: The Local Government of each Emirate.
Ministry	: The Ministry of Finance.
Minister	: The Minister of Finance.
Authority	: The Federal Tax Authority.
Board	: The Authority's Board of Directors.
Chairman	: The Chairman of the Board.
Director-General	: The Director-General of the Authority.
Concerned Entities	: The Federal and local entities concerned with combatting tax evasion in the State.
Taxpayer	: Any Person who pays Federal Taxes.
Federal Taxes	: Tax imposed pursuant to a federal law.
Tax Law	: Any federal law pursuant to which a Federal Tax is imposed.
Relevant Penalties	: The financial penalties related to the Federal Taxes.
Tax Procedures	: The procedures of administering, collecting and enforcing Federal Taxes and Relevant Penalties.
Authority's Expenses	: All set-up and operational costs of the Authority.
Tax Evasion	: The Person's use of illegitimate means in order not to pay taxes that are due or the use of illegitimate means to reclaim tax without having the right to reclaim or refund.
Double Taxation	: Instances where any tax is imposed more than once on the same Taxpayer and the same source of income.



Title Two – Establishment of the Authority and its Jurisdictions

Article 2

A general Federal authority shall be established pursuant to this Decree-Law under the name of the “Federal Tax Authority”, and it shall have an independent legal personality, the necessary legal capacity to act and the financial and administrative independence.

Article 3

The Authority’s Head Office shall be in the city of Abu Dhabi and it may, pursuant to a Board Decision, establish branches and offices inside the State.

Article 4¹

The Authority shall have jurisdiction over the following:

1. The administration, collection and enforcement of Federal Taxes and Relevant Penalties, as well as the distribution of their revenues, and the implementation of the Tax Procedures applicable in the State. For this purpose, it shall:
 - a. Implement applicable laws and regulations related to Federal Taxes and Relevant Penalties.
 - b. Pay the Authority’s financial obligations.
 - c. Implement Double Taxation treaties ratified by the State.
 - d. Avoid Double Taxation and combat Tax Evasion in cooperation with the concerned entities inside and outside the State.
 - e. Decide on the applications submitted for registration in the tax systems applicable in the State and allocate tax registration numbers to register in said systems.
 - f. Propose legislation related to the administration, collection and enforcement of the Federal Taxes and Relevant Penalties and distribution of their revenues in coordination with the Ministry.
 - g. Collect statistical data and information related to the Federal Taxes and Relevant Penalties.
 - h. Create records for the registered Taxpayer and keep these records as specified by the Tax Laws issued.

¹ Amended as per Federal Decree-Law No. 11 of 2020



- i. Issue directives and clarifications necessary for Taxpayers with regard to the limits of their obligations related to the Federal Taxes and Relevant Penalties in accordance with the mechanisms decided by the Board.
 - j. Coordinate with the Federal Government and the Emirates' Governments and taxpayers on all matters related to Federal Taxes and Relevant Penalties.
 - k. Contract with certain entities to execute certain works required by the Authority to exercise its jurisdictions.
 - l. Exchange information and expertise with other states and international organisations, bodies and federations related to tax.
 - m. Coordinate with competent authorities with regard to joining international tax organisations, bodies and federations.
 - n. Represent the State in regional and international conferences and meetings related to tax matters in coordination with the competent authorities in the State.
 - o. Inspect Taxpayers' records and documents.
 - p. Review tax returns and reports submitted to the Authority, audit them, decide on approving or amending the same, or request any additional information or documents.
 - q. Issue certificates related to Federal Taxes.
 - r. Implement a mechanism to settle disputes between the Taxpayer and the Authority in accordance with the laws in force.
 - s. Demand access to any information or data available with any third party who may possess information on a person being subjected to a tax audit and that may be necessary for the tax audit process.
 - t. Demand from any person having dealings with a person subject to a tax audit to provide information about such transactions.
2. Implement rules and procedures for regulating cooperation between the State and states, regional and international organizations, bodies, and federations with respect to tax systems, and execute the requirements related to the exchange of information as determined by decisions issued from the Cabinet in this regard based on the Minister's recommendation.
 3. Any other jurisdictions vested in the Authority under the laws or regulations and decisions issued by the Cabinet.

Title Three – The Administration of the Authority

Article 5

The Authority shall be managed by a board of directors chaired by the Minister and a sufficient number of members, whose appointment and remuneration shall be determined by a Cabinet decision based on the nomination by the Minister. Such decision shall determine the Board's by-laws.

Article 6

The Board is the supreme authority overseeing the Authority's affairs and conducting its business. It may in particular:

1. Draw up the Authority's general policy and supervise its implementation after the Cabinet's approval thereon.
2. Propose general tax policies in the light of the State's policy in coordination with the Ministry, and oversee their implementation. The Cabinet shall issue the necessary decisions to this effect.
3. Oversee the Authority's exercise of its jurisdictions.
4. Issue the regulations and decisions required for the organisation of the Authority's work.
5. Propose the Authority's organisational structure and submit it to the Cabinet for approval.
6. Propose the Authority's Human Resources Regulation including the rules for the recruitment of its staff and salary scale. Such regulation shall be approved by a Cabinet decision.
7. Propose the Finance and Procurement Regulations in accordance with the principles of transparency and accountability; such regulations shall be approved by a Cabinet decision.
8. Approve the Authority's draft annual budget and its closing account and present the same to Cabinet for approval.
9. Appoint one or more independent certified auditors for the Authority's accounts and determine their remuneration.
10. Propose the fees of the services provided by the Authority as well as the administrative penalties resulting from violation thereof and present the same to the Minister for a recommendation to be made thereon. A decision shall be issued by the Cabinet in respect thereof.
11. Appoint the executive directors of sectors at the Authority.

12. Submit an annual report to the Cabinet regarding the Authority's achievements and conduct of business.
13. Any other jurisdictions assigned to the Board by virtue of Tax Laws or by the Cabinet. The Board may form one or more committees from among its members to conduct studies and research certain issues within its jurisdiction. It may invite whomever it deems appropriate to attend its meetings without such person having voting rights.

Article 7

The Authority shall have a Director-General at the rank of an Undersecretary. He shall be appointed by a federal decree based on a nomination from the Chairman and the approval of the Board.

Article 8

1. The Director-General shall exercise the powers vested in him by the Board and required to manage the Authority and represent it in its relationship with others and before the courts. In particular, the Director-General may:
 - a. Follow up the Authority's technical, administrative, and financial affairs within the limits prescribed in the applicable legislation, the regulations of the Authority, and the Board decisions.
 - b. Implement the Authority's decisions and general policies approved by the Board.
 - c. Propose the plans and strategies for the Authority, present the same to the Board for approval and follow up the implementation thereof.
 - d. Prepare the Authority's draft annual budget and closing account and present the same to the Board for approval pursuant to Article 6(8) of this Decree-Law.
 - e. Appoint staff and issue decisions related to their affairs in accordance with the Human Resources Regulation in force at the Authority within the powers vested in him by the Board.
 - f. Prepare periodic reports concerning the conduct of the business of the Authority and present the same to the Board.
 - g. Enter into contracts and agreements to which the Authority is a party in accordance with the powers vested in him by the Board and the applicable regulations of the Authority.
 - h. Any other jurisdictions or tasks assigned to him by the Board.

2. The Director-General may delegate some of his powers under clause (1) of this Article to the Authority's executive directors.

Title Four – Financial Affairs

Article 9²

1. The Authority shall have an independent annual budget.
2. Financial surplus from the Authority's own revenues from any financial year shall be carried forward to cover the Authority's approved budget for the following financial years.

Article 10

The Authority's funds shall be considered as public funds and shall be exempt from all taxes and duties.

Article 11

The Authority's financial year shall start on 1st January and end on 31st December of each year. The first financial year of the Authority shall commence on the effective date of this Decree-Law and shall end on the 31st of December of the following year.

Article 12

The financial resources of the Authority shall consist of the following:

1. Revenues collected by the Authority from the services provided thereby, with the exception of the revenues of Federal Taxes and Relevant Penalties.
2. Amounts withheld from the revenues of Federal Taxes and Relevant Penalties that are allocated for the payment of the Authority's expenses according to the budget approved pursuant to Clause 8 of Article 6 of this Decree-Law.
3. Loans received by the Authority from the Federal Government to pay the Authority's expenses pursuant to Cabinet decision based on the Minister's recommendation. The Authority shall commit to repay these loans within the terms set by the Cabinet decision, subject to Article 16 of this Decree-Law.
4. Gifts, subsidies, grants and bequests that are accepted by the Board and deemed

² Amended as per Federal Decree-Law No. 11 of 2020

consistent with the Authority's jurisdictions.

5. Proceeds from bank deposits through managing the revenue from Federal Taxes and Relevant Penalties realised during the financial year.³

Article 13

The revenues collected by the Authority from Federal Taxes and Relevant Penalties shall be deposited in separate accounts for each type of Federal Tax, pending distribution thereof to the Federal Government and Emirates' Governments in accordance with the relevant legislations.

Article 14

The Authority may, upon a Board decision, withhold amounts of the revenues of Federal Taxes and Relevant Penalties for refund purposes.

Amounts withheld shall be deposited into a separate account designated for each type of Federal Tax. The mechanism of refund from these amounts shall be determined according to the Tax Laws.

Article 15

1. Each Tax Law shall determine whether the revenues of Federal Taxes and Relevant Penalties arising out of said Law will be shared between the Federal Government and the Emirates' Governments.
2. The mechanism of sharing the revenues of Federal Taxes and Relevant Penalties and the dates of their distribution shall be determined according to a Cabinet decision based on the recommendation of the Minister and as agreed between the Federal Government and the Emirates' Governments

Article 16

Prior to any sharing or distribution of the revenues of Federal Taxes and Relevant Penalties collected by the Authority, the following shall take place:

1. Deduct amounts withheld for refunding pursuant to Article 14 of this Decree-Law;
2. Deduct amounts provided for in Clause 2 of Article 12 of this Decree-Law;
3. Settle the amounts received under Clause 3 of Article 12 of this Decree-Law;

³ Clause added as per Federal Decree-Law No. 11 of 2020

4. Settle the expenses paid by the Federal Government to set up the Authority prior to the issuance of this Decree-Law.

Article 17

Subject to Articles 13, 14, 15 and 16 of this Decree-Law, the Authority shall distribute the revenues of Federal Taxes and Relevant Penalties to the Federal Government and Emirates' Governments in accordance with a Cabinet decision.

Article 18

The Authority's accounts shall be audited by one or more certified independent auditors in accordance with the recognised auditing norms applicable in the State. The Auditor shall submit a report within a period of maximum three months from the end of the financial year, provided that the final account is submitted to the Cabinet in accordance with the rules and the provisions of the laws in force. The Auditor may not combine his work with any other work in the Authority.

Title Five – General Provisions

Article 19

Until the issuance of the Authority's Human Resources Regulations, the Authority's staff shall be subject to the Human Resources Regulation for Independent Federal Entities.

Article 19 (bis)⁴:

1. As an exception to the provisions of the first paragraph of Article 62 of Federal Law No. 23 of 1991 on the Regulation of the Legal Profession, the Authority shall have the jurisdiction to represent itself before the federal and local judicial authorities, tax dispute resolution committees, arbitration entities in the State, or any other entity or committee which has been granted judicial jurisdiction, whether the Authority was a claimant or a defendant. In order to achieve such, the Authority shall have the right to submit requests, statements of claims, appeals, defense and, in general, all that is required to initiate the claim and appeals before such entities.
2. The Authority may be represented by the competent department at the Ministry of Justice or legal advisors and experts working at the authority, on the condition that they are listed in the register of non-employed lawyers; the Authority may also authorise lawyers to carry out the work mentioned in Clause (1) of this Article,

⁴ Added as per Federal Decree-Law No. 11 of 2020

provided that the lawyer is approved for pleading before the judicial authority before which the proceeding is initiated.

Article 20

Any text or provisions contrary to or inconsistent with the provisions of this Decree-Law shall be abrogated.

Article 21

This Decree-Law shall be published in the Official Gazette and will come into effect 90 days from the date of its publication.