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Additional Cases where Excise Tax Paid on Excise Goods may be Deducted and Controls for such Deduction

Federal Tax Authority Decision No. 11 of 2025 – Issued 12 Dec 2025 (Effective from 1 Jan 2026)

The Chairman of the Board of Directors of the Federal Tax Authority has decided:

- Having reviewed the Constitution
- Federal Decree-Law No. 13 of 2016 on the Establishment of the Federal Tax Authority, and its amendments,
- Federal Decree-Law No. 7 of 2017 on Excise Tax, and its amendments,
- Federal Decree-Law No. 28 of 2022 on Tax Procedures, and its amendments,
- Cabinet Decision No. 37 of 2017 on the Executive Regulation of the Federal Decree-Law No. 7 of 2017 on Excise Tax, and its amendments,
- Cabinet Decision No. 197 of 2025 on Excise Goods, Tax Rates or Amounts Imposed on Excise Goods, and the Methods of Calculating the Excise Price,
- Decision of the Chairman of the Board of Directors No. 9 of 2021 on the Delegation to the Vice Chairman of the Board of Directors of the Federal Tax Authority,
- Federal Tax Authority Decision No. 6 of 2025 on Standards, Controls and Procedures for Dealing with Shortage Within the Designated Zone due to the Natural Characteristics of Excise Goods, and
- Pursuant to the approval of the Board of Directors of the Authority's Memorandum on the cases where Excise Tax paid on Excise Goods is deductible and for such Deduction, in its 41st meeting held on 30/10/2025.

Article 1 – Definitions

In the application of the provisions of this Decision, the following words and expressions shall have the meaning assigned against each, otherwise, the definitions stated in Federal Decree-Law No. 7 of 2017, Cabinet Decision No. 197 of 2025, and Federal Tax Authority Decision No. 6 of 2025, referred to, shall apply to this Decision:



- Laboratory Report : A document relating to the content of sugar, other sweeteners, and artificial sweeteners in Sweetened Drinks issued by an accredited laboratory in accordance with the list of accredited laboratories published by the Ministry of Industry and Advanced Technology.
- High-Sugar Category : Sweetened Drinks that contain 8 grams or more of total sugar and other sweeteners per 100 millilitres of the drink.

Article 2 – Additional Cases Where Excise Tax May Be Deducted

A Taxable Person may deduct the Tax paid on Excise Goods in accordance with Paragraph (d) of Clause 1 of Article 16 of Federal Decree-Law No. 7 of 2017 and its amendments referred to, in the following cases:

1. Tax paid on Excise Goods that are removed from a Designated Zone for the purpose of inspection to determine the permissible Natural Shortage for such Goods, in accordance with Federal Tax Authority Decision No. 6 of 2025 referred to.
2. Tax paid in excess on Sweetened Drinks that were classified under the High-Sugar Category, after the submission of the Laboratory Report proving that such Sweetened Drinks fall under a lower category based on the amount of sugar and other sweeteners or are not subject to Tax, for the Tax Periods commencing on or after 1 January 2026 and ending on or before 30 June 2026.

Article 3 –Controls for Tax Deduction

1. The Tax paid on Excise Goods in the case stated in Clause 1 of Article 2 of this Decision shall be deducted in accordance with the following controls:
 - a. Removing the Excise Goods sample from the Designated Zone is exclusively for the purposes of inspection by the Independent Competent Entity to determine the percentage of the Natural Shortage, as part of the inspection of the production and storage process of Excise Goods, for the purposes of Clauses 3 and 9 of Article 2 of Federal Tax Authority Decision No. 6 of 2025 referred to.



- b. The sample of the Excise Goods has been damaged during inspection, so it became irrecoverable and consequently cannot be returned to the Designated Zone.
 - c. The Warehouse Keeper or the Taxable Person shall retain, and submit when requesting deduction, evidence issued by the Independent Competent Entity that includes the quantity of Excise Goods removed from the Designated Zone, that the removal was for the purpose of determining the percentage of Natural Shortage, and that such Goods were damaged during inspection and became irrecoverable.
2. The Tax paid on Excise Goods in the case stated in Clause 2 of Article 2 of this Decision shall be deducted in accordance with the following controls:
- a. The Taxable Person did not sell the Sweetened Drinks before the date on which the right of deduction arose.
 - b. The Taxable Person submits the following documentary evidence when submitting the request for deduction:
 - 1) The Laboratory Report which proves that the content of sugar and other sweeteners is below the High-Sugar Category, or proving that the drink is not subject to Tax.
 - 2) A copy of the previously submitted declaration on the Authority's system which confirms that the Tax was paid according to the High-Sugar Category.
 - 3) Evidence proving that the goods subject of the deduction were not sold before the time at which the right to deduction arose.

Article 4 – Implementation of the Decision

This Decision shall be published in the Official Gazette and shall come into effect on 1 January 2026.