



AMENDMENTS TO THE EXCISE TAX EXECUTIVE REGULATIONS

On 6th November, the United Arab Emirates (UAE)'s Cabinet of Ministers issued Cabinet Decision No. 108 of 2023 to amend certain provisions of Cabinet Decision No. 37 of 2017 on the Executive Regulation (ER) of the Federal Decree-Law No. 7 of 2017 on Excise Tax ("Excise Tax Law").

This publication follows the issuance of the Federal Decree-Law No. 19 of 2022 that had initially amended the Excise Tax Law which was issued on 26 September 2022.

Let's dive into the key highlights and changes that will reshape the tax landscape which is effective 1st December 2023.

Article #	Old Provisions	Amended Provisions
1 - Definitions	<p><u>Additions</u></p> <p>To bring more clarity, Article 1 of the ER introduces three new terms—"official evidence," "commercial evidence," and "shipping certificate"—under the 'Definitions' section. This not only improves accuracy but also follows the leading global standards in managing taxes</p> <ul style="list-style-type: none"> • Office evidence: A valid export certificate from the State's customs or a clearance document by competent authorities confirming Excise Goods' departure • Commercial evidence: Transport companies' issued document confirming Excise Goods' departure from the State, encompassing air, sea, or land transfer, such as air/sea/land waybills or manifests • Shipping Certificate: The document from transport companies confirms Excise Goods' transfer and departure from the State to outside 	
6 - Tax Deregistration	<p>A Registrant must notify the Authority and apply for Tax deregistration within 30 days from the date the taxable person was longer being responsible of Tax with relevance to Article 4 of the Excise Tax Law.</p>	<p>In the New ER, the Federal Tax Authority (FTA) is now empowered to forcefully deregister an Excise Taxable Person without submission of the Deregistration application in the below cases:</p> <ul style="list-style-type: none"> • When the Taxable person is deemed "no longer responsible for tax" which relates to the event where 6 months has lapsed since the date the registrant ceased conduct activities as mentioned in Article 2 of the Excise Tax Law, unless it is proven that they have an intention to resume conducting such activities in the coming 6 months. • If maintaining the Tax registration of the registrant would harm the Tax Controls System as specified by the Authority.
11 - Stockpiling	<p><u>Additions</u></p> <p>In the Amended ER, it is stated that not keeping audited reports for stockpiled Excise Goods may prompt the FTA to classify the entire inventory as "excess," resulting in full Excise Tax liability. This absence of audited stockpile reports could significantly affect taxpayers during Excise Tax audits if unable to provide them upon request.</p>	

Article #	Old Provisions	Amended Provisions
12 – Release of Excise Goods for Consumption.	In the Old definition it stated that in case of any shortage of Excise goods would be considered as “released for consumption”	<p>As per Article 12 (5) (b) of the Amended Executive Regulation, Excise Goods are no longer considered ‘released for consumption’ in cases of natural shortage which occur naturally in products, subject to meeting specified requirements.</p> <ul style="list-style-type: none"> • The requirement to report other shortages or wastage of goods e.g., during a manufacturing process remains unchanged.
14 – Exemption for Exported Excise Goods	<p><u>Additions</u></p> <p>The Amended ER outlines the documents that need to be retained to apply for Exemption for Exported Excise Goods.</p> <p>In Case of Direct Export and Indirect Export, any of the following documents need to be retained. In case of Indirect Export, any of the following documents must be obtained by the Overseas Customer and provided to the supplier</p> <ul style="list-style-type: none"> • Customs declaration and Commercial Evidence. • Shipping Certificate and Official Evidence. • A customs declaration that proves the suspension arrangement of customs duties <p>In addition, for exported Excise Goods, the relevant Customs Departments are now required to match the type and quantity of such goods against the export documents issued by them.</p>	
Article 15 – Designated Zones	<p><u>Additions</u></p> <p>In the New ER, Excise Tax Designated Zones who fail to satisfy the conditions and requirements will no longer receive special treatment and will be considered part of the mainland UAE for Excise Tax purposes.</p>	

Article #	Old Provisions	Amended Provisions
Article 16 – Deductible Tax	<p>Additions</p> <p>The New ER the Deductible Excise Tax for exported Excise Goods is now subject to similar evidentiary requirements as those for exempting exported goods.</p>	
Article 22 – Tax Refunds in Special Cases Tax Refunds in Special Cases	<p>Additions</p> <p>The Amended ER now permits non-taxable individuals to claim refunds for previously paid Excise Tax on goods exported outside the UAE, effective from 1st June 2024 subject to compliance as per the requirements. This alteration benefits traders purchasing locally for export, expanding refund eligibility beyond entities mandated to register for Excise Tax due to import, production, or goods release from designated zones.</p>	

[Click here to read the official Amended Executive Regulations of the Excise Tax Law.](#)

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