

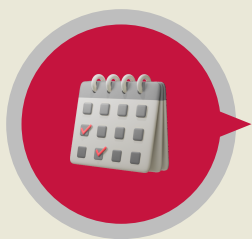
Major Amendments to Tax Procedures Law

UAE Federal Decree-Law No. 17 of 2025



Amendment Objectives

This amendment aims to:



Standardize limitation periods

Creates a single consistent timeline (mostly 5 years) for assessment, audit, and refunds.



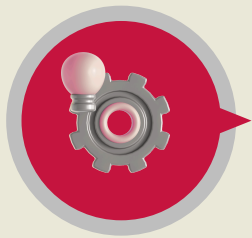
Reduce unnecessary compliance burden

Eliminates voluntary disclosures for errors that don't affect payable tax.



Increase transparency & predictability

Clarity on framework governing tax assessments and audits.



Strengthen FTA's administrative capabilities

Through authority to issue binding practical guidelines to clarify interpretations.



Key

Amendments

A.

Unified Limitation period

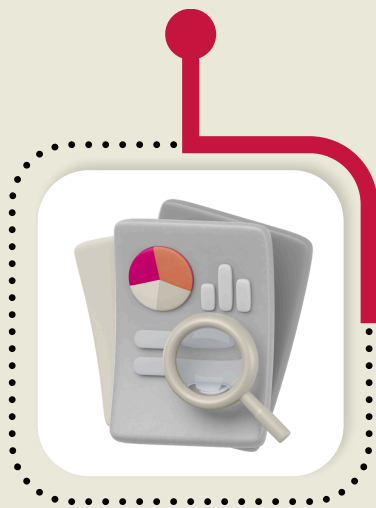
A unified 5-year limitation period applies for:

01



**Tax
assessments**

02



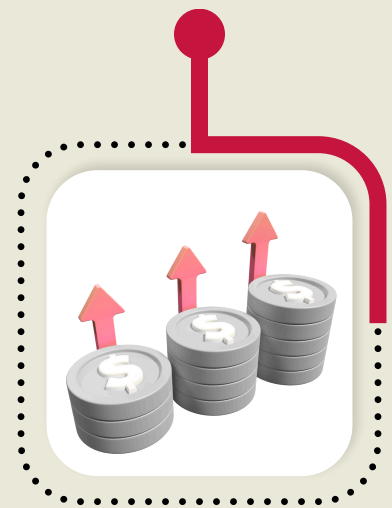
**Tax
audits**

03



**Refund
claims**

04



**Using credit
balances**

Impact: Tax matters become more predictable and time-bound.

B.

Time Limit for **Credit balances/Refunds**



A major change.

Any credit balance or overpaid tax must be refunded or applied within 5 years from the end of the relevant tax period.



If not used/claimed, the amount can be forfeited.

Impact: : Businesses must review balances periodically and take early action.



“Nil-impact errors” no longer require **voluntary disclosures**

If an error does not change payable tax, taxpayers do not need to file a voluntary disclosure.

Examples:

- Wrong TRN mentioned
- Wrong address
- Invoices misclassified but no tax change



FTA can correct these on its own.

Impact: : Lower administrative burden.

D.

Extension of audit window **in case of tax evasion**

The 15-year period applies only when intent to evade taxes or fraudulent activity is demonstrated.

Normal audit limit:
5 years

But in tax evasion / fraud, statute of limitation may extend up to:

15 years (if conditions or intent to evade exist)



Encourages strong internal controls and anti-fraud compliance.

E.

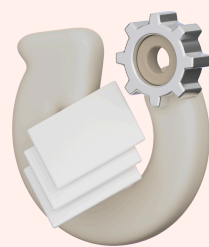
New Article

FTA official guidelines (Article 54 BIS)

The FTA is authorized to issue binding guidance notes to clarify:



**Practical tax
treatment**



Procedures



Interpretations

These publications become authoritative references.

***Impact:* More consistency and clarity.**

F.

Transitional Provisions Important for existing taxpayers



Credit Balance Status

For any credit balance where the 5-year limit on or before 1 January 2026



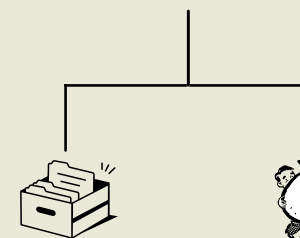
Transitional Provisions

Taxpayers get one additional year (till 31 Dec 2026)



Extended Deadline & Actions

Till 31st December 2026



File Refund Request

Use Credit Balance

Ensure opportunity for utilization or refund.

What it means

For Companies (Practical Impact)



Must tighten year-end compliance & ledger reviews

Because credit balances can expire.



Refunds must be acted upon quickly

Waiting indefinitely is no longer possible.



Lower paperwork for nil-impact errors

Simplifies compliance.



More certainty in audit timelines

Businesses know when tax years close.



Need for stronger documentation

FTA may still audit for 5 years.

Who should **pay close attention**



Businesses with **large VAT/CIT** credit balances



Businesses with **past voluntary disclosure issues**



Sectors with **complex VAT frameworks** (e.g., real estate, healthcare, financial services)



EVALUATE TAX RISK EXPOSURE & AUDIT READINESS

Act now with MCA to ensure timely refund claims and stay fully compliant under the new 5-year limitation rules.



FOR A WORKING SESSION
CONTACT US AT

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