

# ATOZ ALERT

## United Arab Emirates clarifies the waiver of penalties for late registration

8 July 2025

Beginning of July, the United Arab Emirates (“UAE”) Federal Tax Authority (“FTA”) issued a [Corporate Tax Public Clarification](#) regarding the Waiver of Administrative Penalty<sup>1</sup> for failing to submit a Corporate Tax registration application within a specified deadline. This clarification follows the [key UAE initiative](#), launched on 2 May 2025, which waives the administrative penalty for the late submission of corporate tax registration applications. For more details, please read our previous ATOZ Alert: [United Arab Emirates Eases Corporate Tax Compliance with Penalty Waiver for Late Registration](#).

This waiver aims to ease the financial and compliance burden on companies—particularly SMEs—as they adapt to the UAE’s new corporate tax regime introduced in 2023.

The Public Clarification intends to explain the eligibility criteria under which Taxable Persons and certain categories of Exempt Persons may have these penalties waived and, where applicable, refunded.

Hereafter, we outline the clarifications on the persons who may benefit from the waiver as well as the conditions required to benefit from it.

### Who may benefit from the waiver?

- a Person (natural person, juridical person or other) who is required to file a Tax Return
- a Person who registers as a Taxable Person but, subsequently, forms or joins a Tax Group.
- a Qualifying Public Benefit Entity listed in Cabinet Decision No. 37 of 2023.
- a Qualifying Investment Fund that initially registers as a Taxable Person but is later approved for exemption.
- a public pension or social security fund, or a private pension or social security fund that initially registers as a Taxable Person but is later approved for exemption.
- a juridical person incorporated in the UAE that is wholly owned and controlled by an Exempt Person, and who initially registers as a Taxable Person but is later approved for exemption.

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<sup>1</sup> All terms in capital letters that are not defined in this article shall be interpreted as defined under the UAE corporate tax laws.

## Practicalities of the Administrative Penalty Waiver initiative

### ELIGIBILITY CONDITIONS

Under the FTA's initiative, all entities required to register for Corporate Tax – whether they have already incurred an Administrative Penalty due to late submission of the registration application or have not yet submitted their Registration Application - can benefit from a penalty waiver.

To qualify, Taxable Persons (or Exempt Persons required to register) must file their Corporate Tax Returns (or Annual Declaration) within 7 months of the end of their first tax period or financial year, instead of the standard 9 months. If a Corporate Tax Registration application has not yet been submitted, it must be completed before filing the tax return.

To avoid losing eligibility, it is recommended to submit the application promptly via the [EmaraTax platform](#) (i.e. FTA's online platform, through which tax returns and annual declarations can also be filed).

### WAIVER PROCESS

- If the penalty has not been paid, it will be waived and removed from the Person's EmaraTax Corporate Tax account.
- If the penalty has already been paid, the amount of AED 10,000 will automatically be credited to the Person's (or Tax Group's) EmaraTax Corporate Tax account.
  - In this case, the credited amount can be used to offset future tax liabilities or refunded upon request.
- Any pending reconsideration requests will be null and void if the waiver applies.
- If a reconsideration request has already been approved (i.e. the penalty has already been waived), no additional waiver will be granted

### Timing and Period covered

The Cabinet approval is effective from 14 April 2025. It applies to any Corporate Tax late registration penalty incurred from 1 June 2023 onward.

This initiative applies only to the first Tax Period, whether past or future.

### Impact on the Tax liability

This initiative does not change the deadline for settling Corporate Tax Payable to the FTA, which remains nine months from the end of the first Tax Period.

## Do you have any questions?



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