PANORAMIC

TAX CONTROVERSY

United Arab Emirates

LEXOLOGY

Tax Controversy

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OVERVIEW

Legislation

What is the relevant legislation relating to tax administration and controversies? Aside from legislation, are there other binding rules for taxpayers and the tax authority?

The United Arab Emirates (UAE) continues its strategic fiscal evolution, building upon the foundational introduction of Value Added Tax (VAT) in 2018 and Corporate Tax (CT) in 2023 with a sophisticated and rapidly maturing legislative and judicial framework. The 2025 landscape is defined by three core themes: the granular implementation of the new CT regime, the landmark adoption of the Organisation for Economic Co-operation and Development's (OECD) Pillar Two global minimum tax framework, and the establishment of a robust body of judicial precedent that provides critical certainty for taxpayers. As the Federal Tax Authority (FTA) intensifies its enforcement activities, a deep understanding of the interplay between new legislation, evolving regulations for indirect taxes, and the definitive principles articulated by the nation's highest courts is no longer optional, but essential for effective compliance and strategic dispute resolution.

The legislative framework governing tax administration and controversies in the UAE is a multi-layered system of Federal Decree-Laws, supplemented by a cascade of detailed Cabinet and Ministerial Decisions. These instruments collectively create a comprehensive, albeit complex, regulatory environment.
Primary Legislation:

- Federal Decree-Law No. 28 of 2022 on Tax Procedures: This is the cornerstone legislation governing the administration, collection, and enforcement of all federal taxes, outlining the rights and obligations of both the FTA and taxpayers.
- Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses: This law establishes the federal corporate tax regime, which became effective for financial years starting on or after 1 June 2023.
- Federal Decree-Law No. 8 of 2017 on Value Added Tax: This law introduced a 5 per cent VAT on most goods and services in the UAE.
- Federal Decree-Law No. 7 of 2017 on Excise Tax: This law imposes taxes on specific goods deemed harmful to human health or the environment.

Key Implementing Regulations and Recent Updates (2024-2025):

The primary laws are given practical effect through numerous executive regulations. Notable recent additions and amendments that significantly shape the 2025 landscape include:

Corporate Tax & Global Minimum Tax:

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    - Cabinet Decision No. 142 of 2024 on the Imposition of Top-up Tax on Multinational Enterprises: Implements a 15 per cent Domestic Minimum Top-up Tax (DMTT) in line with the OECD's Pillar Two framework, effective from 1 January 2025.
    - Ministerial Decision No. 88 of 2025: Formally adopts the OECD Commentary and Administrative Guidance for interpreting the DMTT, ensuring alignment with global standards.

- Cabinet Decision No. 10 of 2024: Amends the schedule of administrative penalties for corporate tax violations.
- Ministerial Decision No. 261 of 2024: Replaces a previous decision, significantly relaxing the conditions for foreign partnerships to be treated as fiscally transparent.
- Cabinet Decision No. 34 of 2025: Updates the framework for Qualifying Investment Funds (QIFs) and introduces rules for Qualifying Limited Partnerships.
- Cabinet Decision No. 55 of 2025: Allows certain foreign entities wholly owned by exempt persons (eg, sovereign wealth funds) to apply for a CT exemption, effective retrospectively.
- Ministerial Decision No. 173 of 2025: Introduces an election for a deemed depreciation deduction for investment properties, providing significant relief for the real estate sector.

Value Added Tax (VAT):

- Cabinet Decision No. 100 of 2024: A major overhaul of the VAT Executive Regulations, effective 15 November 2024, introducing over 30 amendments. Key changes include providing a definition and exempt status for the transfer of virtual assets, clarifying rules for real estate supplies, and expanding input tax recovery for employee medical insurance.
- Cabinet Decision No. 127 of 2024: Clarifies the application of the reverse charge mechanism on precious metals and stones.

Economic Substance Regulations (ESR):

- Cabinet Decision No. 98 of 2024: Restricts the applicability of the standalone ESR regime to accounting periods ending on or before 31 December 2022, effectively sunsetting the regime and integrating substance requirements into the CT law for Qualifying Free Zone Persons.

Aside from this formal legislation, the FTA is also bound by the judicial precedents set by the UAE courts, particularly the Federal Supreme Court. These judgments form a critical, binding source of law, clarifying statutory interpretation and defining the procedural and substantive rights of taxpayers.

Law stated - 5 August 2025

Relevant authority
What is the relevant tax authority and how is it organised?

The sole federal body responsible for the administration, collection, and enforcement of federal taxes in the UAE is the FTA. Established by Federal Decree-Law No. 13 of 2016, the FTA operates under a board of directors chaired by the Minister of Finance. Its internal structure comprises various specialised departments handling distinct functions, including tax collection, compliance and enforcement, taxpayer services, and legal affairs.

Law stated - 5 August 2025

ENFORCEMENT

Verification of compliance with tax laws

How does the tax authority verify compliance with the tax laws? Does this vary for different taxpayers or taxes?

The FTA employs a multi-faceted approach to verify compliance with tax laws, as stipulated in the Tax Procedures Law. This strategy is not uniform and is adapted based on the taxpayer's risk profile and tax type. In 2024, the Federal Tax Authority (FTA) significantly increased its enforcement activities, conducting approximately 93,000 field visits, a 135 per cent increase from the previous year, signaling a clear focus on combating evasion and ensuring broad compliance. Key verification methods include:

- Tax Audits: The FTA conducts comprehensive audits to scrutinise the accuracy of tax returns and a taxpayer's adherence to the law. This involves a detailed examination of financial records, accounting systems, tax returns, and all supporting documentation.
- Information Requests: The FTA is empowered to request any additional information or documentation from taxpayers to validate the data submitted in tax returns.
- Electronic Monitoring: The FTA leverages sophisticated electronic systems, including the EmaraTax portal for filing and registration, to monitor compliance, track taxpayer data, and perform data analytics to identify anomalies and risk areas.
- Third-Party Information: The authority can obtain information from third parties (such as banks, suppliers, and other government agencies) to cross-reference and verify the information provided by taxpayers.
- Field Visits: FTA officials may conduct on-site visits to a taxpayer's business premises to inspect records, observe operations, and verify the accuracy of reported information.

Law stated - 5 August 2025

Tax return review procedure and limitation periods

What is the typical procedure for the tax authority to review a tax return and how long does the review last? What limitation periods apply?

The UAE tax system is predicated on a self-assessment basis, placing the onus on taxpayers to ensure the accuracy and timeliness of their filings. The FTA's review process and the applicable limitation periods vary by tax type.

- Value Added Tax (VAT): Taxpayers typically file VAT returns quarterly via the EmaraTax portal, detailing output tax charged and input tax claimed. The standard limitation period for the FTA to conduct an audit is five years from the end of the relevant tax period.

- Excise Tax: Excise tax returns are filed monthly, detailing the production or import of excisable goods and the corresponding tax due. The limitation period is also five years.
- Corporate Tax (CT): CT returns are filed annually. The FTA has established staggered registration deadlines based on the month of a company's license issuance, with all new entities required to register before the end of their first financial year to avoid penalties. The standard filing and payment deadline is nine months from the end of the tax period. However, the FTA has demonstrated flexibility, issuing extensions for certain taxpayers in specific circumstances, such as the extension to 31 December 2024 for entities with tax periods ending on or before 29 February 2024. The general limitation period for CT audits is five years.

Law stated - 5 August 2025

Tax authority requests for information

What types of information may the tax authority request from taxpayers? Can the tax authority interview the taxpayer or the taxpayer's employees? If so, are there any restrictions?

The FTA possesses broad statutory powers to request information and conduct interviews to ensure tax compliance. These powers, detailed in the Tax Procedures Law, allow the authority to request a wide array of documents, including:

- Financial statements (balance sheets, income statements, etc.).
- Transactional records (invoices, receipts, contracts).
- Copies of all filed tax returns and supporting computations.
- Payroll records, inventory records, and relevant contracts or agreements.

The FTA is also empowered to interview the taxpayer and their employees, particularly those with financial or operational responsibilities. However, these powers are not unrestricted. The requests must be reasonable and relevant to the audit or investigation. The FTA is bound by strict confidentiality obligations regarding the information it obtains. Furthermore, taxpayers must be given reasonable notice for interviews or field visits and have the right to be accompanied by their legal or tax advisors.

Law stated - 5 August 2025

Taxpayer failure to provide information

What actions may the tax authority take if the taxpayer does not provide the required information?

Failure to provide the required information to the FTA can result in significant consequences. The authority may impose administrative penalties, which for corporate tax can include a fixed penalty of 5,000 UAE dirhams for not submitting requested documents in Arabic. If a taxpayer remains non-compliant, the FTA can issue a tax assessment based on the best information available to it and initiate legal action to enforce compliance and collect any due tax and penalties.

Law stated - 5 August 2025

Protecting commercial information

How may taxpayers protect commercial information, including business secrets or professional advice, from disclosure? Is the tax authority subject to any restrictions concerning what it can do with the information disclosed?

Taxpayers can protect commercially sensitive information, such as business secrets or privileged professional advice, by clearly marking such documents as 'confidential' when submitting them to the FTA and formally requesting confidential treatment. The Tax Procedures Law imposes a strict legal duty of confidentiality on the FTA and its employees. Information obtained from a taxpayer can only be disclosed in specific, legally prescribed circumstances, such as during judicial proceedings or as required under international tax agreements.

Law stated - 5 August 2025

Alternative dispute resolution

What (if any) alternative dispute resolution (ADR) or settlement options are available?

The UAE tax framework provides for several alternative dispute resolution (ADR) mechanisms.

- Installment Plans and Waivers: The FTA may permit taxpayers to pay administrative penalties in installments. A dedicated committee can also approve the partial or full waiver of penalties based on a taxpayer's application, providing relief in cases of demonstrable hardship.
- Conciliation: The Tax Procedures Law allows the FTA to settle tax cases through conciliation before initiating proceedings, enabling taxpayers to resolve disputes by paying the due tax and penalties without resorting to litigation.
- Advance Pricing Agreements (APAs): For complex transfer pricing matters under the Corporate Tax regime, taxpayers can engage with the FTA to enter into an APA. This process involves an initial meeting, formal application, review by the authority, and negotiation, culminating in a binding agreement on the pricing of related party transactions for a specified period.

Law stated - 5 August 2025

Collecting overdue payments
How may the tax authority collect overdue tax payments following a tax review?

If a tax review results in overdue payments, the FTA has a robust enforcement mechanism. The process typically begins with formal notices demanding payment. If the taxpayer fails to comply, the FTA can file an enforcement application with the Federal Primary Court. This allows the authority to seize and enforce against the taxpayer's assets, including bank accounts, vehicles, stocks, and real estate. The Federal Supreme Court has affirmed that the execution judge is the competent authority to handle all enforcement disputes (Appeal No. 146 of 2024). In a significant ruling issued on 8 January 2025, the Supreme Court confirmed that taxpayers have the right to present substantive objections to the merits of the FTA's decision even during the execution phase, providing a crucial check on the enforcement process (Case No. 1322/2024).

Law stated - 5 August 2025

Penalties - scope of application
In what circumstances may the tax authority impose penalties?

The FTA can impose administrative penalties for a wide range of violations across all tax types. The primary goal of the penalty regime is to ensure accurate and timely compliance in a self-assessment system. Key regulations governing penalties include Cabinet Decision No. 75 of 2023 (for Corporate Tax) and Cabinet Resolution No. 40 of 2017 (for VAT and Excise Tax).

Penalties are imposed for infractions such as:

- Failure to register for tax when required.
- Late filing of tax returns.
- Late payment of due tax. The Federal Supreme Court has consistently held that failure to pay tax by the legally specified date automatically triggers late payment penalties, as the obligation arises from the law itself (Appeal No. 277 of 2022).
- Submission of incorrect tax returns.
- Failure to maintain required records.
- Failure to submit a voluntary disclosure for an error before being notified of an audit.

The court has also clarified the distinction between different types of penalties. For example, in Appeal No. 941 of 2020, it ruled that the fixed penalty for submitting a voluntary disclosure is legally separate from the late payment penalties that accrue on the tax difference reported in that disclosure; each has its own trigger and legal basis.

Law stated - 5 August 2025

Penalties – calculation
How are penalties calculated?

Penalties in the UAE are calculated with a strong emphasis on retroactivity, particularly for late payments. The Federal Supreme Court has established the core principle that tax obligations, and therefore the calculation of any associated late payment penalties, arise from the date prescribed by the law, not from the date of a tax assessment or the submission of a return or voluntary disclosure (Appeal No. 277 of 2022). This means penalties are calculated from the original due date of the tax, reflecting the entire period the amount was outstanding.

This principle was decisively affirmed in cases where taxpayers argued that penalties should only run from the date they submitted a voluntary disclosure. The court rejected this, ruling that a voluntary disclosure is an extension of the original return, and thus penalties for the underpaid tax are applied retrospectively to the original due date.

Furthermore, the court has ruled that administrative fines are governed by administrative law, not criminal law. Consequently, a new law that introduces more lenient penalties does not apply retroactively to violations that occurred before its enactment (Appeal No. 1108 of 2021; Appeal No. 578 of 2022).

Law stated - 5 August 2025

Penalties – defences
What defences are available if penalties are imposed?

While the penalty regime is strict, a growing body of judicial precedent from the Federal Supreme Court has established several valid defences available to taxpayers.

- Procedural Errors without Substantive Loss: A key principle established by the court is that tax procedures are a means to an end (collecting tax), not an end in themselves. In a landmark ruling, the court held that if a taxpayer paid the full amount of tax due on time, but through a procedurally incorrect filing which was later corrected, there is no basis for imposing late ***payment*** penalties. The state suffered no financial loss, so the penalty should be limited to the specific procedural infraction itself, not the underlying tax that was already paid (Appeal No. 151 of 2022; Appeals No. 75-106 of 2024; Appeal No. 107 of 2024).
- FTA System Failures: Where a taxpayer's inability to file or pay on time is due to technical faults with the FTA's own systems (eg, the EmaraTax portal), the courts have ruled that penalties cannot be imposed (Appeal No. 1086 of 2021).
- Unintentional Calculation Errors: The courts have distinguished between errors in tax calculation versus errors in tax returns. Where a taxpayer made a genuine, unintentional error in calculating the tax rate and voluntarily corrected it, the court found no legal basis for penalties, viewing it as a correction of an error rather than a formal voluntary disclosure of a return error.
- Lack of a Valid 'Cause' for the Decision: The court has held that every administrative decision, including the imposition of a penalty, must be based on a valid factual and legal 'cause'. If the underlying reason for the penalty is flawed, the penalty itself can be challenged (Appeal No. 180 of 2024).

Law stated - 5 August 2025

Collecting and calculating interest
In what circumstances may the tax authority collect interest and how is it calculated?

The UAE tax system does not impose 'interest' on overdue tax in the traditional sense. Instead, it applies late payment penalties, which are calculated as a percentage of the unpaid tax amount. The Federal Supreme Court has explicitly ruled that these 'late payment charges' find their basis in tax legislation and are not subject to the rules and limitations governing legal interest under civil law (Appeal No. 660 of 2022).

Law stated - 5 August 2025

Criminal consequences
Can criminal consequences arise as a result of tax non-compliance? Are these different for different types of taxpayers?

Serious tax non-compliance can lead to criminal consequences. Tax evasion, which involves the deliberate and illegal avoidance of tax payment, is considered a criminal offense under UAE law. These consequences can apply to any type of taxpayer, though the severity may depend on the specifics of the case. The Federal Public Prosecution is responsible for administering tax evasion crimes, which are adjudicated by the federal criminal courts. In a civil case, the court may suspend proceedings if there is a related criminal case whose outcome is necessary to resolve a common issue, such as the commission of a crime (Appeal No. 1252 of 2023).

Law stated - 5 August 2025

Tax avoidance
Are there specific rules or provisions regarding perceived tax avoidance?

The UAE's legal framework is primarily focused on combating tax *evasion*—the illegal non-payment of tax. There are no specific rules or penalties that explicitly target tax *avoidance*, which typically refers to the legal arrangement of one's affairs to minimise tax liability. However, the Corporate Tax Law does contain a General Anti-Abuse Rule (GAAR) in Article 50, which allows the FTA to disregard transactions that lack a valid commercial reason or economic reality and are undertaken for the main purpose of obtaining a tax advantage. Additionally, specific anti-abuse rules have been introduced in certain contexts, such as the rule disallowing depreciation deductions for investment property transfers between related parties that lack commercial substance.

Law stated - 5 August 2025

Enforcement record
What is the recent enforcement record of the authorities?

The FTA has markedly intensified its enforcement activities. In 2024, the authority conducted approximately 93,000 field inspection visits, representing a 135 per cent increase compared to the 40,000 visits in 2023. This surge in enforcement actions, coupled with a rising number of tax disputes reaching the courts, underscores the authority's heightened focus on compliance across all sectors of the economy.

Law stated - 5 August 2025

THIRD PARTIES AND OTHER AUTHORITIES

Third-party involvement with tax reviews

Can a tax authority involve third parties as part of the authority's review of a taxpayer's returns?

There are no legal limitations on whom the Federal Tax Authority (FTA) may involve or question during a tax audit or review. The authority has the power to request information from any third party it deems relevant to verifying a taxpayer's compliance.

Law stated - 5 August 2025

Cooperation with other authorities

Does the tax authority cooperate with other authorities within the country? Does the tax authority cooperate with the tax authorities in other countries?

The FTA actively cooperates with other government authorities within the UAE to ensure effective tax administration. It also engages in international cooperation with tax authorities in other countries through a wide network of Double Taxation Agreements and Tax Information Exchange Agreements to combat cross-border tax evasion and ensure compliance with global standards.

Law stated - 5 August 2025

FINANCIAL OR OTHER HARDSHIP

Voluntary disclosure and amnesties

Do any special procedures apply in cases of financial or other hardship, for example when a taxpayer is bankrupt?

When a taxpayer is bankrupt, the Tax Procedures Law outlines specific procedures. An appointed bankruptcy trustee must notify the Federal Tax Authority (FTA) of the situation. The FTA then informs the trustee of the outstanding tax due, and the trustee is responsible for ensuring payment from the estate's assets. The trustee has the right to review and appeal the FTA's assessments through the standard dispute resolution channels.

Law stated - 5 August 2025

Voluntary disclosure and amnesties
Are there any voluntary disclosure or amnesty programmes?

The UAE offers a voluntary disclosure mechanism that allows taxpayers to correct errors or omissions in previously submitted tax returns, assessments, or refund applications. While this can mitigate more severe penalties for tax evasion, penalties for the late payment of the corrected amount are still applied retrospectively from the original due date. The UAE has also periodically offered amnesty programs or penalty reduction schemes, such as the one in 2021, to encourage taxpayers to settle outstanding liabilities.

Law stated - 5 August 2025

RIGHTS OF TAXPAYERS

Rules protecting taxpayers
What rules are in place to protect taxpayers when dealing with the tax authority?

The UAE Constitution and tax legislation provide several rules to protect taxpayers. These include the fundamental right to equality before the law and the right to access justice, which the Federal Supreme Court has affirmed apply in the tax context (Appeal No. 924 of 2023). Key statutory rights include:

- The right to confidentiality of their information.
- The right to be represented by a tax agent or legal advisor.
- The right to appeal Federal Tax Authority (FTA) decisions through a clearly defined judicial process.

Law stated - 5 August 2025

Requesting information from tax authority
How can taxpayers obtain information from the tax authority? What information can taxpayers request?

Taxpayers can obtain information from the FTA through its official channels, including the EmaraTax portal and formal requests. They can request information regarding their own tax status, clarification on the application of tax laws, and guidance on compliance requirements. The FTA has a formal policy for issuing public and private clarifications to provide certainty to taxpayers.

Law stated - 5 August 2025

Oversight of tax authority governance
Is the tax authority subject to non-judicial oversight?

The FTA is subject to non-judicial oversight as established in its founding legislation. It operates under the supervision of the Ministry of Finance and is governed by a board of directors. This structure ensures that the FTA functions within its legal mandate and achieves its objectives. The authority is required to submit regular performance and financial reports to the Ministry of Finance, ensuring transparency and accountability.

Law stated - 5 August 2025

COURT PROCEEDINGS

Competent courts
Which courts have jurisdiction to hear tax disputes?

Tax disputes in the UAE are heard by a specialised, multi-tiered judicial system.

- Tax Disputes Resolution Committees (TDRCs): These are the first instance for challenging an Federal Tax Authority (FTA) decision (after the internal reconsideration step is completed). The Federal Supreme Court has clarified that a TDRC is a committee with judicial competence, not a formal degree of litigation (Appeal No. 1013 of 2022). Committees are located in Abu Dhabi, Dubai, and Sharjah, with jurisdiction based on the taxpayer's registered address.
- Federal Courts: If a party is unsatisfied with a TDRC decision (and the amount in dispute exceeds 100,000 UAE dirhams), they can appeal to the federal courts. Specialised Tax Disputes Circuits have been established within the Federal Primary Court and the Federal Court of Appeal.
- Federal Supreme Court: This is the final court of appeal for tax disputes, hearing appeals on matters of law from the Federal Court of Appeal.
- Execution Judge: The execution judge of the Federal Courts is responsible for executing enforcement decisions and resolving disputes related to enforcement.
- Federal Criminal Courts: These courts have jurisdiction over tax evasion crimes.

Law stated - 5 August 2025

Lodging a claim
How can tax disputes be brought before the courts?

The process for bringing a tax dispute before the courts is sequential and procedurally strict. The Federal Supreme Court has consistently ruled that failure to follow this path renders a claim inadmissible (Appeal No. 199 of 2020).

1. FTA Reconsideration: A taxpayer must first file a reconsideration request with the FTA within 40 working days of being notified of the decision. The FTA must decide on the application within 40 working days, a period which it may extend by a further 20 working days if necessary, and communicate the decision to the applicant within five weekdays of its issuance.
2.

TDRC Objection: If unsatisfied with the reconsideration outcome, the taxpayer must file an objection with the competent TDRC within 40 working days of being notified of the reconsideration decision. The court has clarified this period begins the day *after* notification (Appeal No. 853 of 2020). Electronic notification is considered valid upon transmission, and a recipient's failure to open the message does not extend the deadline (Appeal No. 1034 of 2021). However, the TDRC may, at the taxpayer's request, extend this filing deadline if the taxpayer was prevented from submitting the objection due to circumstances beyond their control, such as a sudden accident or force majeure. The TDRC must issue its decision within 20 working days, a period which the committee may extend by a further 60 working days if necessary to rule on the objection.

3. Federal Primary Court Challenge: A TDRC decision (where the disputed amount exceeds 100,000 UAE dirhams) can be challenged before the Federal Primary Court within 40 working days.
4. Appeals: Judgments can be subsequently appealed to the Federal Court of Appeal and then to the Federal Supreme Court.

The court's jurisdiction is strictly limited to reviewing the decision issued by the TDRC; it cannot examine grounds or arguments that were not first raised before the committee (Appeal No. 647 of 2022).

Law stated - 5 August 2025

Combination of claims
Can tax claims affecting multiple tax returns or taxpayers be brought together?

Related tax claims affecting multiple tax returns or taxpayers can be consolidated to streamline the judicial process, subject to the court's approval.

Law stated - 5 August 2025

Pre-claim payments
Must the taxpayer pay the amounts in dispute into court before bringing a claim?

The UAE operates under a strict 'pay now, argue later' principle, which has been consistently upheld by the courts and justified on constitutional grounds as a valid legislative choice for regulating tax collection (Appeal No. 928 of 2023).

- To have an objection accepted by a TDRC, the taxpayer must have paid the full amount of the tax in dispute.
- To challenge a TDRC decision before the Federal Primary Court, the taxpayer must provide proof of having paid at least 50 per cent of the administrative penalties as determined by the TDRC (Appeal No. 319 of 2023).

Failure to meet these payment prerequisites will lead to the case being rejected on procedural grounds.

Law stated - 5 August 2025

Cost recovery
To what extent can the costs of a dispute be recovered?

The federal courts have the discretion to order the losing party in a lawsuit to bear the legal expenses, which can include attorneys' fees. However, the amount awarded for attorneys' fees is typically nominal (often between 500 UAE dirhams and 3,000 UAE dirhams) and does not reflect the actual costs incurred by the litigant.

Law stated - 5 August 2025

Third-party funding
Are there any restrictions on or rules relating to third-party funding or insurance for the costs of a tax dispute, including bringing a tax claim to court?

Third-party funding for litigation is not regulated in the onshore UAE courts, and therefore it is not explicitly prohibited for tax disputes. However, a potential risk for a funder is that if the taxpayer is ultimately convicted of tax evasion, the funder could be investigated as an accomplice. There are no prohibitions on obtaining insurance to cover the costs of a tax dispute.

Law stated - 5 August 2025

Availability of jury trials
Who is the decision maker in the court? Is a jury trial available to hear tax disputes?

Jury trials are not available in the UAE.

- The TDRCs are adjudicated by a panel of three: a presiding judge and two tax experts.
- The Tax Disputes Circuits in the Federal Primary and Appeals Courts are composed of one judge and a panel of three judges respectively.
- The Federal Supreme Court hears cases with a panel of three out of five judges.

However, in the Federal Primary and Appeals Courts, a litigant can request the appointment of a court-certified expert. This expert can be empowered to review documents, hear witness statements, and investigate premises to prepare a technical report that assists the court in its adjudication. The court has full discretion on whether to accept the expert's report in whole or in part (Appeal No. 22 of 2022).

Law stated - 5 August 2025

Time frames
What are the usual time frames for tax hearings?

The time frames for tax hearings can vary:

- A case before the Federal Primary or Appeals Court typically takes around four months to conclude. This can extend to seven months if a court-appointed expert is involved.
- Disputes at the Federal Supreme Court are generally resolved more quickly, with time frames ranging from two to eight months, depending on the complexity of the legal issues.

Law stated - 5 August 2025

Disclosure requirements
What are the requirements concerning disclosure or a duty to present information for trial?

There is no formal discovery or disclosure process in UAE court proceedings. Litigants are not obliged to submit all documents in their possession, whether favourable or detrimental to their case. Each party submits the evidence it chooses to rely on.

Law stated - 5 August 2025

Permitted evidence
What evidence is permitted in tax hearings?

In civil tax disputes, litigants may submit documentary evidence and official statements. Witness examination is generally not a feature of civil proceedings. The most critical form of evidence is documentary. All documents submitted to the courts must be in Arabic or accompanied by a certified Arabic translation. The court has affirmed that electronic evidence can have the same legal weight as an official document if properly authenticated (Appeal No. 212 of 2023).

Law stated - 5 August 2025

Permitted representation
Who can represent taxpayers in a tax trial? Who represents the tax authority?

A taxpayer can represent themselves before the TDRC and the federal courts. Alternatively, an authorised representative can appear before the TDRC. However, before the federal courts, representation must be by a lawyer with rights of audience before those courts. The FTA is typically represented by the Department of State Disputes of the Ministry of Justice.

Law stated - 5 August 2025

Publicity of proceedings
Are tax hearings public?

TDRC rulings and judgments from the lower federal courts are generally not made public. However, a growing number of judgments from the Federal Supreme Court are published online, contributing to greater transparency and the development of public case law.

Law stated - 5 August 2025

Burden of proof
Who has the burden of proof in tax hearings?

The general principle is that the claimant bears the burden of proof. However, the Federal Supreme Court has carved out a critical exception in administrative disputes. If a taxpayer makes a claim and the FTA is in sole possession of the documents needed to verify that claim, the burden of proof can shift to the FTA. If the authority fails to produce the relevant evidence, the court may rule in the taxpayer's favour based on a presumption that their claim is correct (Appeal No. 212 of 2023).

Law stated - 5 August 2025

Case management process
What is the case management process for a tax hearing?

Disputes are initiated at the TDRC via an online form. The committee may hold hearings but often decides based on written submissions. At the federal courts, a case is filed at the case management office. The parties then exchange pleadings and evidence in a series of case management sessions. Once the submissions are complete, the case is referred to a judge who will either request further clarifications or reserve the dispute for judgment. Oral advocacy hearings are rare.

Law stated - 5 August 2025

Appeal
Can a court decision be appealed? If so, on what basis?

Court decisions can be appealed through a clear hierarchy:

- A TDRC ruling (on disputes over 100,000 UAE dirhams) can be challenged before the Federal Primary Court on grounds of fact or law.
- A Federal Primary Court judgment can be appealed to the Federal Court of Appeal on grounds of fact or law.

- A Federal Appeals Court judgment can be appealed to the Federal Supreme Court, but only on grounds of law (eg, incorrect application or interpretation of the law, or procedural invalidity).

While the courts' review is limited to the grounds decided by the TDRC, once a case is properly accepted, the administrative judiciary exercises full or 'plenary' jurisdiction. This means it can re-examine the facts and merits of the case and substitute its own judgment for that of the administration, rather than simply remanding the case back (Appeal No. 1013 of 2022).

Law stated - 5 August 2025

UPDATE AND TRENDS

Key developments of the past year

What are the current trends in enforcement of tax controversies? What are the current concerns of the authorities and taxpayers in relation to the enforcement and handling of tax controversies and are these likely to change? Are there proposals to change the relevant legislation or other rules?

The past year has been transformative for the UAE tax landscape, marked by significant legislative rollouts and the crystallisation of key judicial doctrines.

- Implementation of Pillar Two: The most significant development is the UAE's adoption of the Organisation for Economic Co-operation and Development's Pillar Two framework through Cabinet Decision No. 142 of 2024. Effective from 1 January 2025, this decision introduces a 15 per cent Domestic Minimum Top-up Tax (DMTT) for multinational enterprises with global revenues exceeding €750 million. This aligns the UAE with global tax standards and ensures that any top-up tax on UAE profits is collected domestically.
- Corporate Tax Refinements: The Ministry of Finance and the Federal Tax Authority (FTA) have issued a torrent of new decisions to add granularity to the CT law. Key measures include Ministerial Decision No. 261 of 2024, which simplifies tax transparency rules for foreign partnerships; Cabinet Decision No. 34 of 2025, which updates the regime for Qualifying Investment Funds; and Ministerial Decision No. 173 of 2025, which provides a valuable deemed depreciation deduction for investment properties.
- New Pro-Growth Incentives: Signifying a shift towards an active, incentive-driven fiscal policy, the government has announced new tax credits. A refundable credit for high-value employment is set to take effect from 1 January 2025, and a significant R&D tax incentive, offering a potential 30-50 per cent refundable credit, is planned for 2026.
- VAT Modernisation: Cabinet Decision No. 100 of 2024 represents the most substantial update to the VAT Executive Regulations since 2018. Effective 15 November 2024, it provides crucial clarity for modern economic sectors by formally exempting the transfer of virtual assets from VAT and clarifies rules for real estate, financial services, and input tax recovery.

- Streamlining of Compliance: In a welcome move to reduce administrative burdens, Cabinet Decision No. 98 of 2024 has effectively sunset the standalone Economic Substance Regulations (ESR) for periods after 31 December 2022. Substance requirements are now consolidated within the CT framework for Qualifying Free Zone Persons.
- Judicial and Enforcement Trends: The FTA has dramatically increased its enforcement activity, with field audits up 135 per cent in 2024. Concurrently, the Federal Supreme Court is building a clear tax jurisprudence, emphasising strict procedural adherence while also carving out pragmatic defences for taxpayers, such as the principle of proportionality for penalties where the underlying tax has been paid (Appeal No. 151 of 2022). The judiciary is also asserting its role as a check on administrative power, affirming the right to challenge enforcement actions on their merits and shifting the burden of proof to the FTA when it withholds evidence.

Law stated - 5 August 2025