



Taxable Persons Guide (Excise Goods)

Excise Tax | ETGTP2

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1. Glossary

Ad Valorem Model: A taxation model under which Tax is calculated as a fixed percentage of the Excise Price of the Excise Goods.

Business: Any activity conducted regularly, on an ongoing basis and independently by any Person, in any location, which involves or may involve trading in Excise Goods.

Designated Zone: Any fenced area established as a free zone that cannot be entered or exited except through a designated road, and any area designated by the FTA as being subject to the supervision of a Warehouse Keeper, in accordance with the provisions of the Excise Tax Executive Regulation.

Due Tax: Tax that is calculated and imposed pursuant to the provisions of the Excise Tax Decree-Law.

Excise Goods: Goods that will be determined as being subject to Tax by a Cabinet Decision upon the recommendation of the Minister.

Export: The departure of goods from the territory of the UAE.

FTA: Federal Tax Authority, being the Authority responsible for the administration, collection and enforcement of federal taxes in the UAE.

Import: The arrival of goods from abroad into territory of the UAE.

Importer: The Person whose name appears for customs clearance purposes as the Importer of the Excise Goods on the date of Import.

Legal Representative: The guardian or custodian of an incapacitated Person or minor, or the bankruptcy trustee appointed by the court for a company that is in bankruptcy, or any other Person legally appointed to represent another Person.

Minister: Minister of Finance.

MOIAT: Ministry of Industry and Advanced Technology

Person: A natural or legal person.

Tax: Excise Tax.

Tax Agent: Any Person registered with the FTA who is appointed on behalf of another Person to represent him before the FTA and assist him in the fulfilment of his obligations and the exercise of his associated Tax rights.

Tax Period: A specific period of time for which the Payable Tax shall be calculated and paid.



Tax Registration: A procedure whereby the Taxable Person or his Legal Representative registers at the FTA for Tax purposes.

Tax Return: Information and data specified for Tax purposes and submitted by the Taxable Person in accordance with the form prepared by the FTA.

Taxable Person: Any Person registered or obligated to register for Tax purposes under the provisions of the Excise Tax Decree-Law.

Tiered-Volumetric Model: A taxation model under which Tax is calculated based on the volume of a product, with products classified into tiers according to their content of sugar and sweeteners, where each tier is subject to a different tax rate.

UAE: United Arab Emirates.

Warehouse Keeper: Any Person approved and registered at the FTA to supervise a Designated Zone in accordance with the provisions of the Excise Tax Executive Regulation.



2. Introduction

This is the second part of two Taxable Person Guides for Excise Tax, covering the Excise Tax legislation in the UAE:

- ETGTP1 – covers the legislative provisions as they apply to Excise Goods generally, and
- ETGTP2 – covers the products subject to Excise Tax and the application of the general provisions on Excise Goods.

The two guides together replace EG001.

2.1. Purpose of this guide

This guide provides you with:

- an overview of the Excise Goods, their definitions, exclusions, and key considerations specific to each type of Excise Good, and
- information about the Excise Tax calculation under the Ad Valorem Model and the Tiered-Volumetric Model.

Not everything within this guide will apply to every Business and it is not expected that every Business will need to read the entire document.

2.2. Changes to the previous version of the guide

A number of changes have been made to the previous version of the guide and are identified in chapter 8 of this guide.

2.3. Who should read this guide?

Anyone who is in Business and imports, stockpiles and/or produces Excise Goods or anyone who is a Warehouse Keeper of a Designated Zone and is, or thinks that they should be, registered for Excise Tax in the UAE, should read this guide.

2.4. How to use this document

The guide is split into chapters by topic. This includes an initial chapter on Excise Goods and applicable Tax rates, followed by a chapter explaining each type of Excise Good.

Subsequent chapters cover the key aspects of the Ad Valorem and Tiered-Volumetric Models in calculating the Excise Tax, and how each model applies to different types of Excise Goods.



This guide is intended to be read in conjunction with the relevant legislation and other relevant guidance published by the FTA.

2.5. Other important publications

The FTA publishes other documents intended to provide additional useful information. These publications will be in the form of:

Publication type	Series reference	Purpose
Guide	ETGXXX	A document that provides Taxpayers with guidance on specific Excise Tax matters. These may be industry or transaction-type specific. Guides are updated and replaced as necessary.
Public Clarification	EXTPXXX	A document summarising a specific Excise Tax technical or administrative position, which has been determined by the FTA.
Public Clarification	TAXPXXX	A document that provides Taxpayers with guidance on specific Tax procedural matter.

In all cases, these publications will be available on the FTA's website. Please refer to the latest, approved version of the relevant publication which is available on the website.

It is important to keep up to date with any changes, to ensure that Excise Tax is correctly reported and the required procedures are complied with.

2.6. Legislative references

In this guide, the following legislation will be referred to as follows:

- Federal Decree-Law No. 7 of 2017 on Excise Tax and its amendments is referred to as "Excise Tax Decree-Law",
- Cabinet Decision No. 37 of 2017 on the Executive Regulation of the Federal Decree-Law No. 7 of 2017, and its amendments, is referred to as "Excise Tax Executive Regulation",
- Cabinet Decision No. 42 of 2018 on Marking Tobacco and Tobacco Products is referred to as "Cabinet Decision No. 42 of 2018",
- Cabinet Decision No. 33 of 2019 on Administrative Penalties for Violations related to Marking Excise Goods is referred to as "Cabinet Decision No. 33 of 2019",



- 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 is referred to as “Cabinet Decision No. 197 of 2025”,
- Cabinet Decision No. 55 of 2019 on Excise Price for Tobacco Products is referred to as “Cabinet Decision No. 55 of 2019”,
- Ministerial Decision No. 237 of 2019 on the Implementation of the Cabinet Decision No. 55 of 2019 On Excise Price for Tobacco Products,
- Ministerial Decision No. 249 of 2025 on Exception of Smoking Cessation Products from the Definition of Tobacco and Tobacco Products for the Purposes of Cabinet Decision No. 52 of 2019 on Excise Goods, Excise Tax Rates and the Methods of Calculating the Excise Price, and its amendments, is referred to as “Ministerial Decision No. 249 of 2025”,
- Ministerial Decision No. 1 of 2025 on Implementation of the Cabinet Decision No.52 of 2019 on Excise Goods, Excise Tax Rates and the Methods of Calculating the Excise Price is referred to as “Ministerial Decision No. 1 of 2025”,
- Federal Tax Authority Decision No. 3 of 2018 on Implementing the Marking Tobacco and Tobacco Product Scheme is referred to as “FTA Decision No. 3 of 2018”,
- Federal Tax Authority Decision No. 2 of 2019 on Implementing the Marking Tobacco and Tobacco Product Scheme, and its amendments, is referred to as “FTA Decision No. 2 of 2019”,
- Federal Tax Authority Decision No. 1 of 2021 on the Mechanism for Calculating the Average Retail Selling Price of Excise Goods in the Market is referred to as “FTA Decision No. 1 of 2021”,
- Federal Tax Authority Decision No. 3 of 2021 on Implementing the Marking Tobacco and Tobacco Product Scheme, and its amendments, is referred to as “FTA Decision No. 3 of 2021”,
- FTA Decision No. 10 of 2025 on the Mechanism for Calculating the Percentage of Sugar and Other Sweeteners in Concentrates, Powders, Gels, and Extracts for which no Guidelines are available or where the Guidelines were proven inaccurate is referred to as “FTA Decision No. 10”, and
- FTA Decision No. 11 of 2025 on Additional Cases where Excise Tax Paid on Excise Goods may be Deducted and Controls for such Deduction is referred to as “FTA Decision No. 11”.

2.7. Status of this guide

This Guide is not a legally binding document, but is intended to provide assistance in understanding and applying the Excise Tax legislation. This guide is not intended for legal reference but serves as a framework of the general operation of Excise Tax in the UAE.



The information provided in this Guide should not be interpreted as legal or Tax advice. It is not meant to be comprehensive and does not provide a definitive answer in every case. It is based on the legislation as it stood when the Guide was published. Each Person's own specific circumstances should be considered.

The Excise Tax legislation, implementing decisions, and FTA Decisions referred to in this document will set out the principles and rules that govern the application of Excise Tax in the UAE. Nothing in this publication modifies or is intended to modify the requirements of any legislation.

This document is subject to change without notice.



3. Getting Additional Help

3.1. Chapter summary

In the event that you need more information about Excise Tax or need assistance with your Tax affairs, you can choose to contact the FTA for guidance or to seek support from an external Tax Agent.

3.2. FTA support channels

The FTA is committed to supporting taxpayers in learning about Excise Tax in an easy, accessible and straightforward manner. In addition to the Guides and Public Clarifications, various support channels are available to assist taxpayers in addressing their enquiries and to clarify specific Tax technical matters.

3.2.1 Communication channels

Taxpayers have access to a range of communication channels through which they may contact the FTA for assistance. These include:

- calling 800 829 23 for real-time support with general tax enquiries or to report technical issues with accessing the Emaratax portal,
- chatting with the AI-powered virtual assistant (i.e. Tara) available on the FTA's website,
- submitting enquiries using the online form available on the FTA's website, or
- visiting the nearest FTA's service center for in-person assistance.

It should be noted that the communication channels will not be able to give advice on case specific transactions or specialised topics. These matters will be handled through alternative channels.

3.2.2 Private clarifications

A Person may apply for a private clarification on specific Tax technical matters of uncertainty relating to the Person's Business. Before submitting an application for a private clarification, the Person should review the Private Clarifications Guide ("TPGPC1"), the relevant Tax laws, guides, public clarifications as well as other information available on the FTA's website.

3.3. Receiving support from external agents

A Business may decide to obtain help or advice about its Excise Tax obligations from a registered Tax Agent or other Tax advisor. However, only a Legal Representative (generally appointed by court to manage the affairs of another Person, for example in



the case of bankruptcy) or a registered Tax Agent may represent another Person in dealings with the FTA. Businesses may refer to the FTA's website for the list of registered Tax Agents.

It is not a requirement for Excise Tax Registration that a Business appoints a Tax Agent. It is also important to note that the appointment of a Tax Agent does not relieve the Taxable Person from the compliance obligations imposed by the Tax legislation, e.g. the responsibility for the accuracy of your Excise Tax affairs remains with the Taxable Person.



4. Excise Goods and applicable Tax rates

The goods which are subject to Excise Tax in the UAE, and the rates of Tax applicable to those goods, are summarised in this section. Most Excise Goods are subject to Excise Tax under the Ad Valorem Model, while sweetened drinks are subject to Excise Tax under the Tiered-Volumetric Model.

4.1. Excise Goods under the Ad Valorem Model

Excise Good	Current Tax rate ¹	Effective date of current Tax rate
Tobacco and tobacco products	100%	1 October 2017
Energy drinks	100%	1 October 2017
Liquids used in electronic smoking devices and tools	100%	1 December 2019
Electronic smoking devices and tools	100%	1 December 2019

4.2. Excise Goods under the Tiered-Volumetric Model

Excise Good	Current Tax rate ²	Effective date of current Tax rate
Sweetened drinks	Rates depend on the categorisation of the sweetened drink based on amount of sugar or other sweeteners. Please refer to the table below.	1 January 2026. (Note that from 1 December 2019 to 31 December 2025, sweetened drinks were subject to a Tax Rate of 50%.)

¹ Cabinet Decision No. 197 of 2025.

² Cabinet Decision No. 197 of 2025.



The Excise Tax rates for sweetened drinks based on the Tiered-Volumetric Model are as follows:

Category	Description	Tax Rate
High sugar	Sweetened drinks containing ≥ 8 grams of total sugar and other sweeteners per 100ml.	AED 1.09 per litre
Moderate sugar	Sweetened drinks containing ≥ 5 and < 8 grams of total sugar and other sweeteners per 100ml.	AED 0.79 per litre
Low sugar	Sweetened drinks containing < 5 grams of total sugar and other sweeteners per 100ml.	AED 0 per litre
Artificially sweetened	Sweetened drinks sweetened with artificial sweeteners only, or with artificial sweeteners and contains < 5 grams of total sugar and other sweeteners per 100ml.	AED 0 per litre

Note that carbonated drinks have been abolished as a separate category of Excise Good with effect from 1 January 2026. The applicability of Excise Tax is now determined based on categorisation as a sweetened drink. From 1 October 2017 to 31 December 2025, carbonated drinks were subject to a Tax rate of 50%.



5. Excise Goods

5.1. Tobacco and tobacco products

The term “tobacco and tobacco products” is defined for Excise Tax purposes as any product which falls under Chapter 24 of the GCC Common Customs Tariff, including electrically-heated cigarettes.³ Those products include:

- chewing tobacco
- cigars
- cigarettes
- cigarette rag
- cigarillo
- expanded tobacco
- hand rolling tobacco
- herbal smoking products
- reconstituted tobacco sheets
- snuff

As an exception to the above, with effect from 1 October 2025, the products listed under Chapter 24 of the GCC Common Customs Tariff, which are exclusively intended to aid in the cessation of smoking are not considered as tobacco and tobacco products for Excise Tax purposes, according to the following Customs HS codes⁴:

HS Code	Item
24 04 91 10 00 00	Chewing gum containing nicotine to help tobacco use cessation, including smoking.
24 04 91 20 00 00	In tablet form to help tobacco use cessation, including smoking.
24 04 91 91 00 00	Other, to help tobacco use cessation, including smoking.
24 04 92 10 00 00	Patches to help tobacco use cessation, including smoking.
24 04 92 91 00 00	Other, to help tobacco use cessation, including smoking.
24 04 99 10 00 00	Spray to help tobacco use cessation, including smoking.
24 04 99 20 00 00	Nose drops to help tobacco use cessation, including smoking.
24 04 99 30 00 00	Injections to help tobacco use cessation, including smoking.

³ Article 3(1) of Cabinet Decision No. 197 of 2025.

⁴ Article 3(2) of Cabinet Decision No. 197 of 2025, read with Article 1 of Ministerial Decision No. 249 of 2025.



Example:

A Taxable Person imports chewing gum with nicotine intended to help with cessation of tobacco use under HS Code 24 04 91 10 00 00. The Taxable Person also imports low-nicotine cigarettes branded as a “light” version of regular cigarettes.

Based on the exceptions defined for tobacco and tobacco products, the chewing gum with nicotine is not considered a tobacco product for Excise Tax purposes. The low-nicotine cigarettes do not fall under the exceptions and are, therefore, considered a tobacco product for Excise Tax purposes.

5.2. Liquids used in electronic smoking devices and tools

Liquids used in electronic smoking devices and tools shall include all liquids used in such devices and tools and the like, whether or not containing nicotine, which are classified under the applicable Customs HS code specified in Chapter 24 of the GCC Common Customs Tariff.⁵

5.3. Electronic smoking devices and tools

Electronic smoking devices and tools shall include all electronic smoking devices and tools and the like which fall under the following Customs HS codes specified in Chapter 85 of the GCC Common Customs Tariff, regardless of whether these contain nicotine/tobacco or not.⁶

HS Code	Item
85 43 40 10 00 00	Electronic cigarette devices for reusable use
85 43 40 20 00 00	Electronic water pipe "shisha"
85 43 40 30 00 00	Electrically heated devices for cigarettes
85 43 40 90 00 00	Other
85 43 90 91 00 00	For electronic cigarettes, excluding batteries under item 85 07
85 43 90 92 00 00	For electronic water pipe "shisha", excluding batteries under item 85 07
85 43 90 93 00 00	For electrically heated devices for cigarettes, excluding batteries under item 85 07
85 43 90 98 00 00	For other smoking electronic devices

⁵ Article 4 of Cabinet Decision No. 197 of 2025, read with Article 1 of Ministerial Decision No. 1 of 2025.

⁶ Article 5 of Cabinet Decision No. 197 of 2025, read with Article 2 of Ministerial Decision No. 1 of 2025.



5.4. Energy drinks

The definition of energy drinks for Excise Tax purposes includes:

- any beverages which are marketed, or sold as an energy drink, and which may contain stimulant substances that provide mental and physical stimulation. This includes caffeine, taurine, ginseng and guarana, as well as any other substance that have an identical or similar effect as the specifically mentioned substances.
- any concentrate, powder, gel or extracts that can be transformed into an energy drink.⁷

In instances where a concentrate (which is to be made into an energy drink at point of retail) has already been subject to Excise Tax in the UAE, the drink which is then made from that concentrate at the point of retail sale is not considered to be an Excise Good for the purposes of applying the Tax.⁸

Drinks containing alcohol are not considered to be energy drinks.⁹

It should be noted that any product marketed as an energy drink will be subject to Tax, regardless of whether it contains stimulant substances such as caffeine, taurine, ginseng, or guarana.

Certain factors can be considered in order to assess whether a product is marketed or held out for sale as an energy drink. The following list of factors to consider, is important, but non-exhaustive, and other factors may need to be or can be considered:

- the marketing/promotional material used,
- the product's label, packaging, can design, etc.,
- the description of the product for marketing purposes on a website or in a product catalogue,
- references to increased mental ability or mental stimulation as a result of consuming the product,
- references to increased physical ability or increased physical stamina as a result of consuming the product, and
- references to a Person feeling more energetic or having more energy as a result of consuming the product.

Similarly, some features which may indicate that the drink is not necessarily marketed as an energy drink could include:

- references to health benefits only, e.g. increased hydration, content levels of vitamins and minerals etc., and

⁷ Article 6 of Cabinet Decision No. 197 of 2025.

⁸ Article 9(1) of Cabinet Decision No. 197 of 2025.

⁹ Article 8 of Cabinet Decision No. 197 of 2025.



- no reference in the product packaging or marketing material relating to the benefits of consumption, other than taste, consistency etc.

Businesses should exercise due care when marketing products, as any product marketed as an energy drink will be subject to Excise Tax, regardless of whether it contains ingredients such as caffeine, taurine, ginseng, or guarana.

Any product which meets the definition of both a sweetened drink and an energy drink will be classified and taxed as an energy drink.

Example:

A drink contains caffeine and sugar. The product's marketing materials state that drinking it will increase physical and mental stamina. The marketing materials include imagery and descriptions of consuming the drink to aid in physically and mentally demanding activities.

The drink, therefore, meets the definition of both an energy drink and sweetened drink. The drink will, however, be classified and taxed as an energy drink for Excise Tax purposes.

5.5. Sweetened drinks

5.5.1 Definition

Sweetened drinks mean any product to which a source of sugar, artificial sweeteners or any other sweeteners is added, that is produced for consumption as a beverage, whether ready-to-drink or in the form of concentrate, powder, gel, extract or any other form that can be converted into a sweetened drink.¹⁰

For the purpose of Excise Tax, the following definitions apply:

- The term "sugar" includes any type of sugar listed under the heading "Sugar" in Standard 148 of the GCC Standardization Organization, and any subsequent and relevant standards.¹¹ This includes, but is not limited to, white sugar, soft white sugar, powdered sugar, soft brown sugar, glucose syrup and others, as these are defined within the Standard and subject to the respective requirements for their composition, quality, packaging, and others.
- The term "artificial sweeteners" include sweeteners listed under the heading "Sweeteners Permitted in Food" in Standard 995 of the GCC Standardization

¹⁰ Article 7(1) of Cabinet Decision No. 197 of 2025.

¹¹ Article 7(2) of Cabinet Decision No. 197 of 2025.



Organization, and any subsequent and relevant standards.¹² Some examples according to Standard 995 would include but are not limited to saccharin and its salts, aspartame, sorbitol, neotame and others, as these are defined within the Standard and subject to the respective requirements for their composition, quality, packaging, and others.

- The term “other sweeteners” mean any type of sweetener added to the beverage for the purpose of sweetening it, except artificial sweeteners.¹³

5.5.2 Exclusions

It should be noted that sweetened drinks do not include the following:

- ready to drink beverages containing at least 75% milk in its ready-to-drink form,
- ready to drink beverages containing at least 75% milk substitutes in its ready-to-drink form,
- baby formula, follow up formula or baby food,
- beverages consumed for special dietary needs as determined under Standard 654 of the GCC Standardization Organization under the heading “General Requirements for Prepackaged Foods for Special Dietary Use”, and any subsequent and relevant standards,
- beverages consumed for medical uses as determined under Standard 1366 of the GCC Standardization Organization under the heading “General Requirements for Handling of Foods for Special Medical Purposes”, and any subsequent and relevant standards,
- beverages containing any added source of sugar, artificial sweeteners, or other sweeteners that are prepared in restaurants and similar places and served in an open container that is not hermetically sealed for end consumers and intended for direct consumption,
- beverages and concentrates containing any added source of sugar or sweeteners that are prepared by natural Persons for Personal consumption or other non-commercial purposes,
- drinks that contain only natural sugar (i.e. without any added sugar, artificial sweeteners, or other sweeteners),
- 100% natural fruit and vegetable juices without added sugar or other sweeteners, including pureed fruit and powdered fruit juice.¹⁴

¹² Article 7(3) of Cabinet Decision No. 197 of 2025.

¹⁴ FTA Decision No. 11 of 2025

¹³ Article 7(4) of Cabinet Decision No. 197 of 2025.

¹⁴ Article 7(5) of Cabinet Decision No. 197 of 2025, read with Excise Tax Public Clarification on Transition to a Tiered-Volumetric Model of Excise Tax for Sweetened Drinks (“EXTP012”).



Similarly, to energy drinks, where any concentrate which is to be made into a sweetened drink at the point of retail sale has already been subject to Excise Tax in the UAE, any drink which is then made from that concentrate at the point of retail sale is not considered to be an Excise Good for the purposes of applying the Tax.

In addition, drinks containing alcohol are not considered to be sweetened drinks.¹⁵

Any product which meets the definition of both a sweetened drink and an energy drink will be classified and taxed as an energy drink.

¹⁵ Article 8 of Cabinet Decision No. 197 of 2025.



6. Valuation under the Ad Valorem Model

As set out above, for all Excise Goods other than sweetened drinks, Excise Tax is calculated on an Ad Valorem Model as a percentage of the excise price of the goods. Under the Ad Valorem Model, the excise price of the goods (i.e. the “Tax base” before excise is calculated) is the higher of:

- the price stated in a list published by the FTA confirming the excise price of Excise Goods, or
- the designated retail sales price of the goods, less any Excise Tax already included in that price.¹⁶

Excise Tax is then calculated as the relevant percentage of the Tax base. The excise price includes any other taxes or duties charged on those goods, except any VAT which may be due.

As a result, the selling price of the goods will be the Tax base plus the Tax due on that value at the applicable rate (i.e. 100%) plus VAT. Therefore, the value of Excise Tax included within the selling price after Tax will be 100% of the Tax base, but will become 50% of the new selling price, excluding VAT.¹⁷

6.1. Identifying the designated retail sales price

The FTA maintains a standard price list of “Excise Goods available for sale within the UAE”. The price stated within the price list must be compared to the designated retail sales price of the goods less any Excise Tax included in that price. Tax must then be accounted for on the higher of the price stated within the price list and the designated retail sales price.

The designated retail sales price is the higher of:

- the recommended selling price (also known as the “RSP”) of the Excise Good in the course of its retail sale, identified, declared and affixed to the goods by the Importer or producer after deducting VAT, and
- the average retail selling price of the goods in the market after deducting VAT.¹⁸

For the purposes of the above, the term “recommended selling price” of the goods refers to the price at which the Excise Good are sold for retail purposes directly to a consumer. This does not include cases where the selling price is increased as a result

¹⁶ Article 11(1) of Cabinet Decision No. 197 of 2025.

¹⁷ Article 11(2) of Cabinet Decision No. 197 of 2025.

¹⁸ Article 12(1) of Cabinet Decision No. 197 of 2025.



of the good being sold in an establishment such as a hotel, restaurant or similar for consumption on the premises.¹⁹

6.2. Calculating the average retail selling price

In order to calculate the average retail selling price (also known as “ARSP”) of the Excise Goods in the market, the FTA will normally expect the following method to be used:

1. Identify the different retail selling prices at which Excise Goods have been sold by retailers to customers over the previous 12 months. The different retail selling prices are identified based on the following:
 - Where there are up to two customers, identify all retail prices for Excise Goods sold to these two customers.
 - Where there are more than two customers, identify a sample of retail prices that cover at least 50% of the total sales volume and involve at least three different customers.
 - The recommended selling price of the Excise Good as specified by the producer of the Excise Good, where the Excise Goods have not previously been sold for retail purposes in the UAE.
2. Deduct the VAT and Excise Tax included within each retail selling price identified in step 1 to calculate the Tax exclusive selling price. If the retail selling price relates to a period before the good became an Excise Good, only VAT should be deducted to calculate the Tax exclusive retail selling price.
3. For each different selling price in the previous 12 months, identify the total quantity of Excise Goods sold at that price. Multiply the quantity sold by the relevant Tax exclusive selling price (calculated in step 2) to calculate the total revenues in the market arising from the sale of that Excise Good for the previous 12 months.
4. Divide the total revenues in the market (as calculated in step 3) by the total number of the Excise Goods sold at all the prices during the previous 12 months.
5. Multiply the amount calculated in step 4 by the appropriate Tax rate for that Excise Good to calculate the notional Excise Tax on the Excise Good.
6. Add the notional Excise Tax (per Step 5) to the amount calculated in step 4 to determine the average retail selling price of the goods, which includes Excise Tax.²⁰

¹⁹ Article 12(1)(a) of Cabinet Decision No. 197 of 2025.

²⁰ Article 1 of FTA Decision No. 1 of 2021.



Exceptions

The following exceptions apply with regards to the calculation of the average retail selling price:

- In instances where the Excise Good is imported solely for the purpose of being exported to a place outside the UAE, or to be used in the production of a new Excise Good and the original Excise Good is not sold for retail purposes in the UAE, the value of the imported Excise Good shall substitute the average retail selling price. This Import value shall include the Customs value, the value of insurance, freight and any Customs fees that would be applicable on the Import of these goods, but shall exclude VAT.
- If Excise Goods are produced in the UAE for the purpose of being exported, the average retail selling price of that Excise Good shall be the price at which it is sold for export.
- If the Excise Goods are produced in the UAE for the purpose of being used in the production of a new Excise Good and the original Excise Good was not sold for retail purposes in the UAE, the average retail selling price of that Excise Goods shall be the price at which the goods are designated for sale to the producer of the other Excise Good before calculating any deductions or offers.²¹

Example:

An energy drink has been sold in the UAE over the previous 12 months at different retail selling prices. The retail selling prices of the product were AED 10.50, AED 12.60 and AED 14.70 per unit (all prices inclusive of Excise Tax and VAT). Over the same period, the Taxable Person supplied 40,000 units, 35,000 units and 25,000 units of the product, respectively, to retailers at which those retail selling prices applied. These retail selling prices cover at least 50% of the total quantity of the Excise Good supplied by the Taxable Person to retailers in the UAE.

The calculation steps of the ARSP for the energy drink will be as per the following steps:

- 1) The retail selling prices include Excise Tax at a rate of 100% and VAT at a rate of 5%. After deducting Excise Tax and VAT, the tax-exclusive selling prices are AED 5, AED 6 and AED 7 per unit, respectively.
- 2) Based on the tax-exclusive selling prices and quantities supplies, the total tax-exclusive revenues arising from the sale of the product in the market over the previous 12 is calculated as follows:

²¹ Article 2(1) – (4) of FTA Decision No. 1 of 2021.



Total revenue = Tax-exclusive price × Quantity supplied by Taxable Person

Total revenue = (5 × 40,000) + (6 × 35,000) + (7 × 25,000)

Total revenue = 200,000 + 210,000 + 175,000 = AED 585,000

3) The average tax-exclusive selling price is calculated as:

Average tax-exclusive price = Total revenue ÷ Total quantity supplied

Average tax-exclusive price = AED 585,000 ÷ 100,000 units = AED 5.85

4) The notional Excise Tax per unit is calculated by multiplying the average tax-exclusive price by the Excise Tax rate:

Notional Excise Tax = 5.85 × 100% = AED 5.85 per unit

5) Average Retail Selling Price (ARSP) which includes Excise Tax, is calculated by adding the notional Excise Tax (Step 4) to the average tax-exclusive price (Step 3):

ARSP = 5.85 + 5.85 = AED 11.70 per unit. This is the ARSP, excluding VAT.

It should be noted that where a change of intention arises after Excise Tax has been declared on the Excise Goods in respect of which any of the above exceptions apply, e.g. where the goods are subsequently intended to be sold for retail purposes, the Taxable Person is required to adjust the excise price of the Excise Goods in the Tax return for the Tax Period in which this change of intention arose.²² In such cases, the Taxable Person shall calculate the average retail selling price in the Market per the above Step by Step approach.

6.3. Determining the excise price for tobacco products

For the purposes of determining the excise price for tobacco products, the excise price for such Excise Goods shall not be less than:

- 0.4 AED for each cigarette, and
- 0.1 AED for each 1 gram of waterpipe tobacco, or ready to use tobacco or other similar products.²³

6.4. Calculating the designated retail sales price of a concentrate²⁴

The methods specified above to identify the designated retail sales price of an Excise Good are not appropriate for identifying the designated retail sales price of a

²² Article 2(6) of FTA Decision No. 1 of 2021.

²³ Article 2 of Cabinet Decision No. 55 of 2019.

²⁴ Article 2 of FTA Decision No. 11 of 2025.



concentrate, powder, gel or extract which is to be used to produce an energy drink. This is because the retail price applicable to the product when it is finally sold as a drink is not normally identified by the Importer or producer, and it may be difficult for the Taxable Person to identify what price the retailer would sell the final beverage for.

As a result, where such products are imported, produced or released from a Designated Zone in the UAE, a separate calculation methodology should be used. In such cases, the price that is identified and declared by the Importer or producer of the Excise Goods and before any discounts or offers are applied (excluding any VAT and Excise Tax already included in the price), shall be considered as the designated retail sales price of the Excise Goods.

Example:

A Taxable Person imports a concentrate that can be transformed into an energy drink by a retailer by mixing the concentrate with water.

The energy drink concentrate has a price of AED 10 per kg in the standard price list.

The designated selling price identified and declared by the importer is AED 16 per kg, including Excise Tax and a discount of AED 2 per kg. Therefore, the designated selling price before the discount is AED 18 per kg. As the designated selling price includes Excise Tax of 100%, the designated selling price before the discount and after deducting the included Excise Tax is AED 9 per kg.

As the price in the standard price list is higher than the designated selling price before the discount and after deducting the included Excise Tax, the excise price is the price in the standard price list (AED 10 per kg).

6.5. Requesting a change to the standard price list

The FTA maintains a published standard price list which is intended to include the retail selling price of all Excise Goods supplied within the UAE. However, there will often be occasions where certain updates might be required to be made (e.g. new products entering the market or where evidence exists that the price included in the published list needs to be updated to take account of market fluctuations). In the periods in between updates, or particularly in the event that you would be required to file an Excise Tax declaration and the Excise Good in question is not on the list, you may file a request to have the product added or amended.

To request to add a new product to the list, you should submit a form via the Product Registration Portal (also known as BrandSync), which is accessed via a link from the FTA's portal. This will open a form which can be completed with all of the product details and will then go for the FTA's consideration. In order to support the request,



the FTA will ask for evidence to be submitted to support the selling price of the product within the market, for example copies of receipts showing the product's retail selling price.

The documents and information that need to be provided may include but are not limited to:

- details of the product,
- details of the product ingredients,
- details of marketing materials,
- laboratory reports, and
- details about the product price.

Please note that the specific documents and information that will need to be provided will depend on the category of Excise Good.

Furthermore, it should be noted that the supporting evidence may need to be periodically updated in order to ensure the information in the products list remains up to date and accurately reflects the current market selling price.



7. Tiered-Volumetric Model

A Tiered-Volumetric Model has been introduced for the calculation of Excise Tax on sweetened drinks from 1 January 2026. Under this model, Excise Tax is calculated based on the total amount of sugar (i.e. natural sugar, added sugar, artificial sweeteners and other sweeteners) contained in the drink, instead of a fixed Tax rate, and is applied per one litre of the sweetened drink.

7.1. Determining the specific Tax amount based on sugar content

Under the Tiered-Volumetric Model, sweetened drinks will be categorised in brackets based on the total amount of sugar and other sweeteners and a specific Tax rate corresponding to each bracket will be charged per one litre of the sweetened drink.

In order to determine the specific Tax rate to be applied when calculating Excise Tax on a sweetened drink, it needs to be categorised in one of the brackets set out in paragraph 4.2 of this guide.

7.2. Determining the amount of sugar and other sweeteners

Natural sugar is counted as part of the total sugar content in sweetened drinks for Excise Tax purposes only where the drink contains any added sugar or other sweeteners (excluding artificial sweeteners). Where the drink does not contain any added sugar or other sweetener, the natural sugar is not counted as part of the sugar content for Excise Tax purposes.

Example:

A drink contains 5g of natural sugar and 3g of added sugar per 100ml.

As the drink includes added sugar, the natural sugar is also counted as part of the total sugar content. Therefore, the total sugar for the purposes of Excise Tax is 8g per 100ml.

The drink will fall under the 'High sugar' category, and the specific Tax rate applied is AED 1.09 per litre.

Example:

A drink contains 8g of natural sugar per 100 ml and no added sugar or other sweeteners.



As the drink does not include added sugar, the natural sugar is not counted for Excise Tax purposes, and the drink is not considered a sweetened drink for Excise Tax purposes.

Artificial sweeteners, such as aspartame, sucralose, saccharin, and stevia, are disregarded when calculating the total sugar content in a drink, even if the drink also contains added sugar or other sweeteners.

However, it should be noted that sweetened drinks under the Low Sugar and Artificially Sweetened categories are still considered sweetened drinks for Excise Tax purposes, subject to a Tax rate of AED 0 per litre. This means that all registration, reporting and compliance requirements (for both the product and the Taxable Person) applicable to sweetened drinks also apply to drinks under the Low Sugar and Artificially Sweetened categories.

Example:

A Taxable Person imports a drink containing 5g of artificial sweetener per 100ml without any added sugar or other sweeteners.

The amount of artificial sweetener is disregarded when determining the total sugar content. The drink will fall under the 'Artificially sweetened' category and the specific Tax rate applied is AED 0 per litre.

The Taxable Person is required to register the drink with the FTA and register for tax purposes (if not already registered).

Example:

A drink contains 6g of added sugar and 1g of artificial sweetener per 100ml.

The amount of artificial sweetener is disregarded when determining the total sugar content, so the total sugar for the purposes of Excise Tax is 6g per 100ml.

The drink will fall under the 'Moderate sugar' category and the specific Tax rate applied is AED 0.79 per litre.

Mixing natural fruit or vegetable juices with each other, or mixing concentrates and juices of natural fruits or vegetables, is not considered sweetening with added sugar or other sweeteners, unless the concentrate itself contains added sugar or other sweeteners, or where the concentrate is added for the purpose of sweetening the drink.

For additional details on calculating the Excise Tax on sweetened drinks under the Tiered-Volumetric Model, including examples, please refer to EXTP012.



7.3. Concentrates, powders, gels and extracts

The Excise Tax due on sweetened drink concentrates, powders, gels and extracts is determined according to their classification (see section 4.2) when prepared in ready-to-drink form according to the manufacturer's instructions.

Example:

A Taxable Person imports 500kg of a sweetened drink concentrate. The manufacturer's instructions on the concentrate's packaging indicate that 20g of concentrate should be mixed with 200ml of water. Where such instructions are followed, the ready-to-drink beverage shall contain 7g of sugar per 100ml.

Accordingly, the concentrate is classified as a 'Moderate sugar' sweetened drink and subject to a Tax rate of AED 0.79 per litre of ready-to-drink beverage.

Based on the dilution ratio of the manufacturer's instructions, 1kg of concentrate produces 10 litres of ready-to-drink beverage. Therefore, 500kg of concentrate is deemed equivalent to 5,000 litres of ready-to-drink beverage.

Excise Tax is, therefore, calculated on the import of 500kg of concentrate as:

5,000 litres * AED 0.79 per litre = AED 3,950 Due Tax on the import.

7.3.1 Calculation of percentage of sugar and other sweeteners in Concentrates, powders, gels and extracts where instructions are unavailable or proven to be incorrect²⁵

Where the preparation instructions for a sweetened drink concentrate, powder, gel or extract ("Concentrated Products") are not available or are proven to be inaccurate, the dilution ratio and Due Tax shall be calculated in accordance with the following mechanism:

1. The Taxable Person will be required to submit the certificate issued by the Ministry of Industry and Advanced Technology ("MOIAT Certificate") to the FTA for one Unit (e.g. one packet or can) of the Concentrated Product proving the sugar content per unit.
2. The maximum ready-to-drink volume of the sweetened drink that can be produced from one unit of the Concentrated Product will be calculated according to the following formula:

²⁵ FTA Decision No. 10 of 2025, read with Excise Tax Public Clarification on Implementation of a Tiered-Volumetric Model of Excise Tax for Sweetened Drinks ("EXTP013").



“Maximum ready-to-drink volume = Sugar content per Unit (in grams) x 20”

3. The dilution ratio (i.e. the quantity of ready-to-drink sweetened drink in ml deemed to be produced per 1ml or 1g of Concentrated Product) will be calculated according to the following formula:

$$\text{Dilution Ratio} = \frac{\text{Maximum Ready-to-Drink Volume (in ml)}}{\text{Volume (in ml) or Weight (in g) of one Unit of Concentrated Product}}$$

4. The Tax on the Concentrated Product will be calculated based on the Moderate Sugar category according to the following formula:

$$\text{Tax on Concentrated Product} = \frac{\text{Maximum Ready-to-Drink Volume (in ml)} \times \text{AED 0.79}}{1000}$$

Exceptions

The following exceptions apply to the calculation of percentage of sugar and other sweeteners in sweetened drink Concentrated Products where instructions are unavailable or proven to be incorrect:

- Where the Concentrated Product is in the form of a liquid and the sugar content as per the MOIAT Certificate is less than 5g per 100ml of the Concentrated Product, it shall be classified as a sweetened drink under the Low Sugar category.
- Where the MOIAT Certificate proves that the Concentrated Product contains only artificial sweeteners and no added sugar or other sweeteners, it shall be classified as an artificially sweetened drink.

For additional details on calculation of percentage of sugar and other sweeteners in Concentrated Products where instructions are unavailable or proven to be incorrect, including examples, please refer to the Excise Tax Public Clarification on the Implementation of a Tiered-Volumetric Model of Excise Tax for Sweetened Drinks (“EXTP013”).

7.4. Administrative requirements related to the change to Tiered-Volumetric Model

Taxpayers will be required to obtain a MOIAT Certificate, based on a report from accredited laboratory, which should detail the total content and types of sugar for each product, (i.e. natural, added and other sweeteners), and whether artificial sweeteners are included in the sweetened drinks which they produce, import, stockpile or release from Designated Zone.

The MOIAT Certificate will be required during registration or update of existing registration of sweetened drinks. The report should show whether the drink has added sugar, other sweeteners or artificial sweeteners, and the total amount of sugar (i.e.



natural, added, and other sweeteners) in the drinks. MOIAT has published the list of accredited laboratories for the purpose of issuing MOIAT Certificate on its website (www.moiat.gov.ae).

Where the MOIAT Certificate including the above details is not obtained after the new rules come into effect, a sweetened drink shall be classified as a High sugar sweetened drink until and unless MOIAT Certificate is provided which evidences a lower sugar content, or proves that the drink is not subject to Tax.

As a transitional rule, for Tax Periods starting on or after 1 January 2026 and ending on or before 30 June 2026, where a sweetened drink has been classified under the High Sugar Category due to the non-submission of a MOIAT Certificate, and a valid MOIAT Certificate is subsequently provided evidencing a lower sugar content or that the drink is not subject to Tax, any additional Tax paid may be deducted for those Tax Periods, provided that the following documents are retained:

- the MOIAT Certificate which evidences a lower sugar content, or proves that the drink is not subject to Tax, and
- EmaraTax declaration confirming that a higher rate of Excise Tax was paid, and
- proof that goods are unsold at the time the right to deduct arose (i.e. when MOIAT Certificate was issued).

For additional details on the Tiered-Volumetric Model administrative requirement and deduction of Excise Tax paid in excess, including examples, please refer to EXTP013.

Important note:

The above deduction will apply only to Tax Periods that start on or after 1 January 2026 and end on or before 30 June 2026. After the Tax Period ends on 30 June 2026, deductions related to the reclassification of sweetened drinks from the High Sugar to another category will no longer be permitted.



8. Updates and amendments

Date of amendment	Amendments made
September 2017	<ul style="list-style-type: none"> • First version
September 2019	<ul style="list-style-type: none"> • Updated to include legislative updates including Excise Goods subject to Tax from December 2019.
February 2026	<ul style="list-style-type: none"> • Updates to Excise Goods and applicable rates. • Updates in relation to the classification of sweetened, carbonated and energy drinks. • Introduction of Tiered-Volumetric Model for calculating Excise Tax on sweetened drinks. • Updates to Deductible Tax provisions. • Added footnotes with legislative references.