

## **Federal Law No. 2 of 2015**

Issued on 1/04/2015

Corresponding to 17 Dhi Al-Hijjah 1436 H.

### **ON COMMERCIAL COMPANIES**

#### **Greeting from Apex auditing...**

Govt. introducing VAT 5% from 1 jan 2018 for the commercial companies so please find the link below: - Books of accounts accounting records to be maintained for 5 years. Please Refer [article 26,27,347,348,361 and 365](#)

[http://ejustice.gov.ae/downloads/latest\\_laws2015/federal\\_law\\_2\\_2015\\_commercial\\_companies\\_en.pdf](http://ejustice.gov.ae/downloads/latest_laws2015/federal_law_2_2015_commercial_companies_en.pdf)

#### **Article 26- Accounting Records**

1- Every company shall keep accounting records showing its transactions to accurately reveal at any time the financial position of the company and enabling the partners or shareholders to confirm that the accounts of the company are properly kept in accordance with the provisions of this Law.

2- Every company shall keep its accounting books in its head office for a period of **at least 5 (five) years** from the end of the financial year of the company.

3- The company may keep an electronic copy of the original of the documents and records kept and deposited therein in accordance with the controls issued by a Ministerial Decision.

#### **Article 27- Accounts of the Company**

1- Every Joint Stock Company or Limited Liability Company shall have **one or more auditors to audit the accounts of the company every year**. The other types of companies may appoint an auditor in accordance with the provisions of this Law.

2- The company shall prepare annual financial accounts including the balance sheet and the profit and loss account.

3- The company shall apply the **International Accounting Standards and Practices** upon preparing its periodical and annual accounts, to give a clear and accurate view of the profits and losses of the company.

4- Every partner or shareholder in any company may, based on a written request presented, obtain a free copy of the last audited accounts and of the last report of its auditor and a copy of the accounts of the group if it is a holding company. **The company shall respond to such request within 10 (ten) days from the date of submittal thereof.**

#### **Article 347- Rejection to Provide Assistance to the Auditors or Inspectors**

A fine of at least **AED 10,000 (ten thousand)**, but not more than **AED 100,000 (one hundred thousand)** shall be imposed on the Chairman, Board member, Executive Officer, General Manager or other employee of a company if he rejects to provide documents or information to the auditors of the company or to the inspectors from the Ministry or the Authority to perform their duties, conceals information or explanations or provides misleading information to such auditors or inspectors.

#### **Article 348- Failure to keep Accounting Records**

A fine of at least **AED 50,000 (fifty thousand)**, but not more than **AED 500,000 (five hundred thousand)** shall be imposed on the national or foreign company that fails to keep accounting records for the company to state its deals.

#### **Article 361- Providing False Statements or Statements in Violation of the Law**

A person shall be punished by imprisonment for a period between six months and **three years and/ or a fine between AED 200,000 (two hundred thousand) and AED 1,000,000 (one million)** if he deliberately inserts in the Memorandum of Association or Articles of Association of the company or in the prospectuses of shares or bonds or in any other documents of the company, any false statements or such statements in violation of the provisions of this Law, any other person that may, knowingly, signs or distributes such documents.

#### **Article 365- False Incidents in the Inspection Report**

The penalty of **imprisonment between three months and two years and/ or a fine of at least AED 10,000 (ten thousand)**, but not in excess of **AED 100,000 (one hundred thousand)** shall apply against (Refer the document attached)