

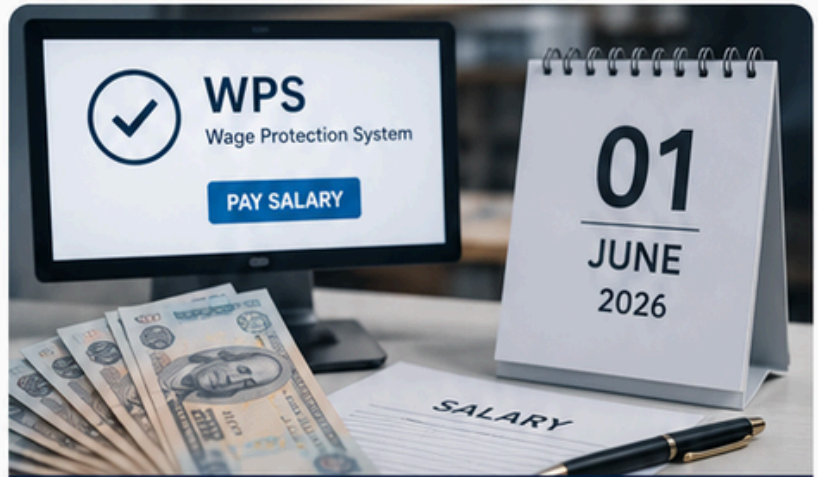


YOUR COMPLIANCE PARTNER IN THE UAE

WEEKLY NEWSLETTER

UAE FINANCE UPDATE

Your guide to key finance and compliance updates in the UAE.



1. From 1 June 2026:
One Salary Deadline. The First of the Month.



2. 5% VAT on Salik Tolls and Dubai Parkin —
From 1 June 2026



3. CBUAE Holds the Line:
5.6% Real GDP Growth Forecast for 2026



INSIGHTS

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One Salary Deadline. The First of the Month.
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FROM 1 JUNE 2026: ONE SALARY DEADLINE. THE FIRST OF THE MONTH

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On **12 May 2026**, the Ministry of Human Resources and Emiratisation (MoHRE) issued **Ministerial Resolution No. (0340) of 2026** on the Wage Protection System (WPS). The rule is simple, public and binding: starting **1 June 2026**, every private-sector employer must pay wages by the **first day of each Gregorian month** for the previous month's work. Payments after that date are officially delayed.

The Headline Rule

* BEFORE 1 JUNE 2026

Pay window: varied by contract / company practice.
WPS due-date discipline was looser; payment cycles often slipped into the second week of the following month.

* FROM 1 JUNE 2026

Pay deadline: **1st of each Gregorian month**.
Anything later than that is, by definition, a delayed payment.



The 85% Compliance Threshold

MoHRE has set a quantitative test for compliance. A company is treated as compliant if it pays at least 85% of total wages due by the deadline. Equally, a worker is treated as having received their salary if they are paid at least 85% of their total wage – provided the remaining 15% reflects deductions or withholdings that are legally permitted under UAE labour law. The worker's right to claim any unpaid balance is preserved.

Escalation Timeline – Day-by-Day

- **Day 2:** MoHRE begins sending notifications and alerts to non-compliant establishments.
- **Day 5:** New work permits are suspended. The employer is notified of the suspension, the reason, and warned again to settle outstanding wages.
- **Day 11:** Administrative fines kick in under Cabinet Resolution No. 21 of 2020. The company is reclassified to the third category. Repeat violations within six months trigger further action.
- **Day 16:** MoHRE automatically registers a labour dispute on behalf of affected workers (individual or collective, depending on numbers) for establishments with 25+ unpaid workers. New work-permit issuance remains suspended.
- **Day 21:** Executive order issued for companies with fewer than 50 workers; collective dispute procedures for 50+. Precautionary seizure on the company. Travel ban on the person responsible for the establishment.
- **Repeat (two consecutive months):** Firms with 50+ employees can be referred to the Public Prosecution. Particularly applies to construction, transport, security, cleaning and recruitment.

CONTINUE

Who Is Outside the WPS

The resolution carves out specific exemptions:

1. Workers whose wage disputes have already been referred to court or are subject to an executive order – exempt for the disputed period and amount.
2. Workers reported as absconding – exempt during the validity of the report.
3. Workers in legal detention or under court orders, and those on approved unpaid leave (subject to ministry notification).
4. Seafarers (with ministry approval), foreign employees of overseas firms paid outside the UAE, and short-term mission permits \leq 3 months.
5. Sector exemptions: fishing boats and public taxis owned by individuals, banks, financial institutions, and places of worship.



What You Should Do This Week

- **Lock the calendar:** Reset your payroll cut-off to land on or before the 1st of the next month. Adjust the cycle now – May's payroll will be the first under the new regime.
- **Check your WPS channel:** Confirm your processor / exchange house can release files in time. Bank-cycle delays will not be an excuse.
- **Stress-test the 85% line:** If your contracts have variable components (commissions, performance bonuses), make sure 85% of total entitled wage is paid by Day 1.
- **Brief HR and Finance jointly:** The penalty ladder reaches travel bans by Day 21. The owners/responsible persons need to know what's at stake.
- **Review documentation:** Lawful deductions and withholdings should be supported by signed-off policies and contracts – that's what keeps you on the right side of the 85% test.

The salary deadline is now a hard date, not a window. Day 1 is the line; everything after is delay. The penalty ladder escalates fast – from notifications on Day 2 to travel bans by Day 21. Fix the cycle in May, not in June.



5% VAT ON SALIK TOLLS AND DUBAI PAID PARKING-FROM 1 JUNE 2026

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From **1 June 2026**, two charges that have long sat outside the VAT net move into it. **Salik Company PJSC** (toll gates) and **Parkin Company PJSC** (Dubai paid parking) will both apply 5% VAT on their charges, collect it from users, and remit it to the Federal Tax Authority.

Why Now!

Salik and Parkin were originally treated as government / sovereign activities – outside the scope of UAE VAT, which has been in force since 1 January 2018. Both entities are now listed companies running commercial operations, so their fees move into the standard VAT regime alongside other commercial supplies. The 5% applies to the existing tariff; the underlying rate has not changed.

What Becomes VAT-able



Salik

5% VAT on **toll gate usage charges**.

5% VAT on **Salik tag activation fees**.

Tariff structure unchanged – VAT is added on top.



PARKIN

5% VAT on **on-street & off-street parking**.

5% VAT on **seasonal cards, permits & reservations**.

Cash payments at meters phased out – Parkin app, nol, Dubai Now, RTA app only.

Who Bears the Cost

Daily commuters: every Salik passage and every paid parking session becomes 5% more expensive in cash terms.

Employers reimbursing staff: policy reimbursements (Salik on company business, parking on client visits) need to capture the gross + VAT figure cleanly.

Fleet operators and logistics companies: vehicle-heavy operations will see the largest absolute increase. Input VAT recovery applies where the cost is incurred for taxable business activity.

B2C-facing businesses (taxis, delivery, ride-hailing): the additional 5% feeds into your cost base. Decide whether to absorb it or pass it through to customers.

CONTINUE

What You Should Do Before 1 June

- Update the chart of accounts: Map Salik and parking spend into a separate VAT-bearing GL bucket. Without this, recovery on input VAT later will be messy.
- Refresh expense policies: Update employee reimbursement caps and policy wording to reflect the gross-of-VAT figures from June.
- Reset transport budgets: Fleet operators should re-run the 2026 forecast with the 5% uplift on Salik tolls and Parkin parking baked in.
- Brief Accounts Payable: Salik and Parkin will issue tax invoices that meet UAE VAT requirements – AP teams need to know what to expect and how to claim input VAT.
- Decide on pass-through: B2C operators (transport, logistics, hospitality with valet) need a position now on whether to absorb the 5% or update menus / price lists.



5% sounds small until you multiply it by daily passages and monthly parking. Logistics, fleet and delivery businesses will feel it most. Fix your GL coding, refresh reimbursement policies, and decide your pass-through stance before 1 June.

CBUAE HOLDS THE LINE: 5.6% REAL GDP GROWTH FORECAST FOR 2026

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The UAE Central Bank's latest Quarterly Economic Review kept the headline number where it was: real GDP grew 5.6% in 2025, and the forecast for 2026 is held at 5.6%. The driver is non-oil; the message is resilience.

What the Numbers Say

- * **Non-oil foreign trade:** +24.6% YoY in the first 9 months of 2025, reaching AED 2,530 billion — driven by an expanding CEPA (Comprehensive Economic Partnership Agreement) network.
- * **Insurance sector:** Gross written premiums up +15.5% to AED 75.2 billion, with total assets at AED 166.7 billion.
- * **Growth engines:** Financial and insurance services, manufacturing and construction lead the non-oil expansion, alongside a rebound in hydrocarbon GDP after the most recent OPEC+ quota adjustments.
- * **Inflation:** Proactive monetary policy has kept inflationary pressures at stable, manageable levels.



WHAT IT MEANS FOR BUSINESS

The diversification thesis is doing its job — non-oil sectors are absorbing the OPEC+/Hormuz volatility and the CEPA network is amplifying trade.

1. expect continued capex demand in financial services, insurance, manufacturing and construction — strong sectors for new client work;
2. CEPA-driven trade volume = more cross-border invoicing, more TP exposure, more VAT-zero-rated revenue lines to defend;
3. a steady macro = no slowdown in compliance enforcement. The 30 September CT filing crunch and e-invoicing readiness still own your Q3.

YOUR COMPLIANCE CALENDAR

Refreshed for the next **11** months.

| DATE | WHAT'S DUE / WHAT KICKS IN |
|---------------------|--|
| Jun 1, 2026 | Monthly VAT return for April 2026 due. |
| Jun 1, 2026 | NEW: WPS salary-date rule live (Min. Resolution 0340/2026). 5% VAT on Salik tolls and Parkin parking begins. |
| Jun 28, 2026 | Monthly VAT return for May 2026 due. |
| Jun 30, 2026 | Last day to claim VAT credits arising in Q2 2021 (5-year carry-forward sunset). |
| Jul 1, 2026 | UAE e-Invoicing Pilot Programme begins. |
| Jul 28, 2026 | Quarterly VAT return for Apr-Jun 2026 due. |
| Sep 30, 2026 | Corporate Tax return due for entities with 31 Dec 2025 year-end. Q3 2021 VAT credits expire. |
| Oct 30, 2026 | Deadline: businesses with revenue \geq AED 50M to appoint an ASP (extended from 31 July). |
| Dec 31, 2026 | Cliff date: pre-2021 VAT credits and Small Business Relief both end. |
| Jan 1, 2027 | Mandatory e-Invoicing go-live for businesses \geq AED 50M. Per-invoice penalties begin. |
| Mar 31, 2027 | Deadline for businesses $<$ AED 50M to appoint an ASP. |

FREE CORPORATE TAX FILING READINESS

LET'S TALK

Book a free 30-minute Corporate Tax Filing Readiness

If you have a 31 December 2025 year-end, your CT return is due 30 September 2026 – about four months away. We'll review your trial balance, transfer-pricing exposure, QFZP positioning, related-party schedules and the readiness of your working-paper file. You leave with a written gap list and a clear filing plan – no obligation.

To book, write to me directly.

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