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WEEKLY NEWSLETTER

UAE FINANCE UPDATE

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



1. Four Months to 30 September: Your First Corporate Tax Return Won't Wait



2. The Senior Attrition "Tax" UAE Family Businesses Are Quietly Paying



3. FTA Service Fees Refreshed: New APA Charges, Paper Certificates Scrapped



INSIGHTS

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FOUR MONTHS TO 30 SEPTEMBER: YOUR CORPORATE TAX RETURN WON'T WAIT

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For every UAE business with a **31 December 2025 year-end**, the Corporate Tax return is due by **30 September 2026** — exactly four months away. The FTA has signalled the end of the adjustment phase. Penalties are sharper, audits are risk-based, and there is **no general extension** mechanism.

The Cost of Missing the Date

* MONTHS 1–12 LATE

AED 500 per month

Up to AED 6,000 in the first year just for filing late

* MONTH 13 ONWARDS

AED 1,000 per month

Penalty doubles. Plus interest on unpaid tax. Plus audit exposure.



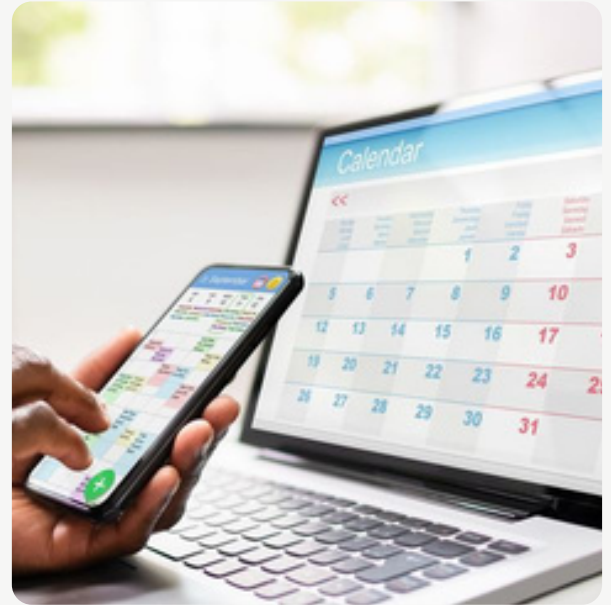
What "Filed" Actually Means

- **Audited or finalised financial statements:** Income, expenses, and balance sheet positions reconciled to source. The return form imports these numbers directly.
- **Tax-adjustment workings:** Non-deductible expenses, exempt income, prior-year loss utilisation, depreciation differences — all calculated, documented and signed off.
- **Related-party / Connected-Person schedules:** Article 55 disclosure data, transfer-pricing positions, Market Value tests on payments to directors and officers (per CTP010).
- **QFZP substance file (Free Zone clients): Five-condition test documented:** adequate substance, qualifying income, de minimis, no mainland election, arm's-length pricing.

CONTINUE

The Four-Month Plan

- **June – Close the books:** Finalise the 31 Dec 2025 audited financials. If the audit is still open, push for sign-off by 30 June.
- **July – Build the tax computation:** Draft the CT computation, identify Small Business Relief eligibility (\leq AED 3M revenue), test QFZP substance, lock TP positions.
- **August – Internal review:** Second-pair-of-eyes review on the computation, related-party schedules, working papers. Flag any uncertain positions and decide on disclosure approach.
- **September (1st–20th) – File and pay:** Submit through EmaraTax with at least 10 days of buffer. Last-day filing risks portal-load issues that the FTA does not accept as an excuse.
- **September (21st–30th) – Document and archive:** File working papers and supporting documents per the 7-year retention rule. This is what the FTA asks for in a risk-based audit.



What You Should Do This Week

- Free Zone entities assuming 0% means "no filing required" – **even QFZPs must register and file annually.**
- Small Business Relief assumed automatic – **it must be actively elected on the return.**
- Director and officer remuneration treated as fully deductible – **now capped at Market Value under Article 36 + CTP010.**
- Transfer-pricing documentation as an afterthought – **Master File / Local File needed if revenue \geq AED 200M or part of MNE group \geq AED 3.15B.**

Four months is comfortable if you start now. Four weeks is not. The first CT season is the one the FTA will use to set audit baselines for the years ahead – file on time, document properly, and leave no positions undefended.

FTA SERVICE FEES REFRESHED: NEW APA CHARGES, PAPER CERTIFICATES SCRAPPED

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الهيئة الاتحادية للضرائب
FEDERAL TAX AUTHORITY



Effective **1 January 2026**, **Cabinet Decision No. 174 of 2025** amends the FTA's service-fee schedule (originally set under Cabinet Decision No. 65 of 2020). Two new APA-related fees go in, and a slew of paper-certificate fees go out. It's a small change with two real-world impacts: a new gate for Transfer Pricing certainty, and faster, cheaper everyday compliance.

Two New Fees: Advance Pricing Agreements (APAs)

* NEW APA APPLICATION

AED 30,000

Non-refundable. Covers the full Unilateral APA application, including any revisions or amendments during processing.

* RENEWAL / AMENDMENT

AED 15,000

For renewing or amending a previously concluded Unilateral APA.



Why APAs Matter (Even With the Fee)

An Advance Pricing Agreement is a pre-agreed position with the FTA on how related-party transactions will be priced, locking in certainty for a defined period (typically 3–5 years). For groups with material cross-border or intra-group flows, that certainty is worth multiples of the application fee – it removes audit risk, eliminates double taxation exposure, and gives finance teams a defensible baseline.

The FTA's new APA Programme is governed by FTA Decision No. 2 of 2026. Eligibility, documentation, and process were spelled out in the FTA's Corporate Tax Guide for Advance Pricing Agreements published in February 2026.

CONTINUE

Who Should Consider Filing

- **Groups with revenue \geq AED 200M** or part of an MNE group \geq AED 3.15B (already required to keep Master File / Local File).
- **Businesses with significant management fees, royalties, or intra-group services** where pricing methodology is debatable.
- **Free Zone entities relying on the 0% QFZP regime** with related-party trading that needs arm's-length defensibility.

The Quiet Win: Paper Certificates Are Now Free

The FTA has scrapped fees for issuing paper Tax Registration Certificates and Warehouse Keeper Certificates. Replacement: free electronic certificates with QR codes for instant verification. Small admin saving, but real cumulative impact for groups that regularly request these for bank, supplier, or government processes.

Two new fees in, several old fees out. The APA route is now a priced product – for businesses with real TP exposure, AED 30,000 is a meaningful insurance policy. Everyone else benefits from the move to free digital certificates. Refresh internal references and update templates.



What This Means for Compliance Costs

- **TP-heavy businesses:** Budget AED 30,000 for an APA application if pursuing one. Often cheaper than a single audit defence.
- **Everyday compliance:** Reduced friction. No more queueing for stamped certificates. QR-verifiable digital documents are accepted across the system.
- **Process design:** Update internal procurement, KYC and HR templates that reference paper certificates. Switch references to the electronic-certificate URLs.

THE SENIOR ATTRITION "TAX" UAE FAMILY BUSINESSES ARE QUIETLY PAYING

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A piece in Gulf News this month — by Mayank Sharma of Element MEA — surfaces a cost most UAE family businesses never put on a P&L: the loss of long-tenured senior leaders. With family businesses contributing a serious share of UAE non-oil GDP, the topic deserves attention from finance, not just HR.

The Replacement Cost Math

* MULTINATIONAL

1.5x–2x annual salary

The textbook benchmark for replacing a senior leader.

* GULF FAMILY BUSINESS

~3x annual salary

Lost relationships, institutional knowledge, and the second wave of resignations that almost always follows.



Two Reasons UAE Family Businesses Are Especially Exposed

1. **Off-org-chart work:** Senior people are the bridge between the family and the operation — they know which decisions need a phone call to the chairman and which can sit in an email. That knowledge doesn't fit into a two-week handover. The replacement starts at zero on personal credibility.

2. **Pay positioning:** At senior levels, family businesses often trail listed multinationals on cash compensation. Housing, school fees and long-service benefits compound quietly — but none of it travels to a counter-offer.



The Replacement Cost Math

- A government relationship cools — a routine licence renewal becomes a full tender.
- Two direct reports resign within six months of the exit.
- The new hire takes ~9 months to start adding real value.
- Search fees, productivity drag and morale impact stack on top.

What the Sharper Family Businesses Are Doing

1. Retention reviews on the top 10–20 leaders — twice a year, treated as a board-level credit-risk review.
2. Long-term incentive plans tied to **enterprise value** rather than family preference.
3. Clear career paths so a senior professional in their mid-forties can see the next 10 years without calling a headhunter.
4. Independent board members acting, in part, as career advocates and continuity guardians.

WHY IT BELONGS IN THIS BULLETIN

Senior attrition in a family business isn't an HR problem — it's a balance-sheet issue filed under the wrong heading. The chairman will find a replacement. He won't, for a long time, find another 19 years. Worth raising in your next board meeting, not your next exit interview. (Adapted from Mayank Sharma, Gulf News, May 2026.)

YOUR COMPLIANCE CALENDAR

Refreshed for the next **11** months.

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