



YOUR COMPLIANCE PARTNER IN THE UAE

# WEEKLY NEWSLETTER

## UAE FINANCE UPDATE

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



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# PILLAR TWO GOES OPERATIONAL: DMTT REGISTRATION IS NOW LIVE ON EMARATAX

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## Who Falls Inside the Net

The DMTT regime applies to MNE groups with consolidated global revenues above the OECD threshold:

- \* **EUR 750 million** or more in **at least 2** of the **4 preceding** fiscal years.
- \* Scope can **also arise after mergers, acquisitions or demergers** – a transaction can pull an otherwise out-of-scope group into the regime.
- \* **Qualifying Free Zone Person (QFZP) status** does **not** automatically exclude an entity from Pillar Two. If the group is in scope at consolidated level, your Free Zone entity can still attract DMTT.

## Two Registration Pathways

### \* DDFE (RECOMMENDED)

#### Domestic Designated Filing Entity

One UAE entity registers, files and settles Top-up Tax for all UAE constituent entities in the group. Cleaner governance, single point of contact.

### \* INDIVIDUAL ENTITY

#### Per-entity registration

Applicable only where no DDFE has been designated. Higher admin burden across multiple UAE constituent entities.



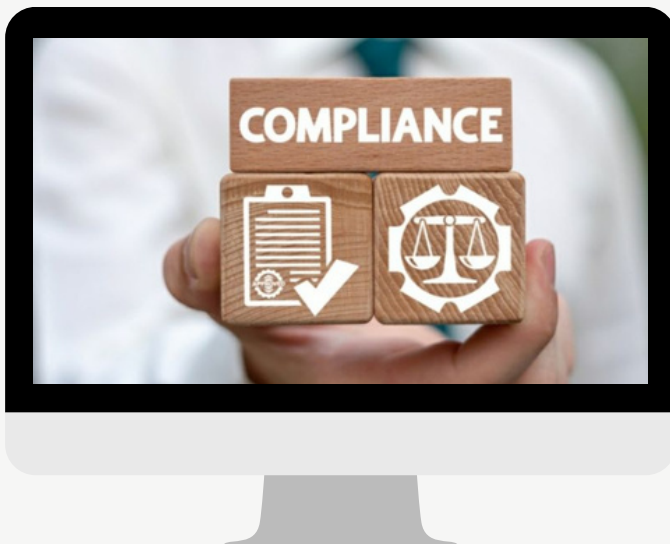
The UAE Federal Tax Authority has switched on **Domestic Minimum Top-up Tax (DMTT)** registration on EmaratTax – the operational gateway to the UAE's Pillar Two framework. **Pillar Two** is the UAE's alignment with the OECD/G20 Global Minimum Tax: a 15% effective tax-rate floor on the in-scope profits of large MNE groups. For applicable years from 1 January 2025, this is no longer policy theory – it's an EmaratTax form your finance team can now open.

CONTINUE

## The DDFE Registration Journey – 7 Stages

1. Questionnaire and scope confirmation
2. MNE Group Information (Ultimate Parent Entity and structure details)
3. DDFE Details and entity classification
4. Domestic Group Entity Details (includes a bulk Excel upload for groups with many UAE entities)
5. DDFE and DLE acknowledgements – **14-business-day response window**
6. Authorised Signatory details
7. Review and declaration

Supporting documentation is required throughout (DOC, DOCX, PDF, up to 15MB per upload). The interface closely mirrors UAE Corporate Tax registration on EmaraTax – most finance teams will find the navigation familiar.



## Compliance Timelines

- **Transition Year Return:** 18 months from the end of the relevant fiscal year.
- **Subsequent Years:** 15 months from the end of the relevant fiscal year.
- **Tax payment:** Due on the same date as the return filing deadline.

## Four Things In-Scope Groups Should Do Now

1. **Identify UAE Constituent Entities, JVs and JV Subsidiaries:** Map every UAE entity within the Pillar Two perimeter and confirm registration / filing obligations.
2. **Evaluate special categories:** Permanent Establishments, JVs, Investment Entities – each has bespoke treatment under Pillar Two rules.
3. **Stress-test data readiness:** Map the effective-tax-rate calculation, identify data gaps, validate ERP/consolidation outputs.
4. **Coordinate with overseas group entities early:** Gathering, validating and reconciling Pillar Two data across jurisdictions is often the single most time-consuming part of compliance.

*DMTT registration is now live, the DDFE pathway is the cleaner option for most groups, and Free Zone status is not a free pass. For MNEs above the EUR 750M threshold, this is the right week to validate scope, pick the registration model, and start consolidating the data your transition-year return will eat.*

# E-INVOICING GUIDELINES V1.1: STORAGE, ADVANCE PAYMENTS AND RETENTION CLARIFIED

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## Storage Obligations (Appendix 4)

- \* **Compliance does not transfer:** Businesses remain fully accountable for e-invoicing compliance – appointing an Accredited Service Provider (ASP) does not shift legal responsibility.
- \* **Flexibility on where data sits:** E-invoice records may be stored at any system layer, provided **data integrity is maintained and records remain accessible to the FTA.**
- \* **ASP duties are spelled out:** ASPs must retain transaction logs separately from invoice content, and promptly notify the business once an invoice has been successfully transmitted to the FTA.

## Advance Payments & Retention (Appendix 5)

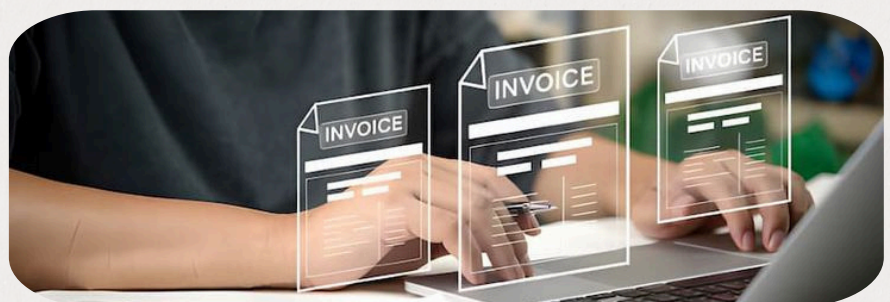
- \* **ADVANCE PAYMENTS**  
A tax invoice must be issued when the advance payment is received.  
  
The final invoice should cover only the outstanding balance and explicitly reference the original advance-payment invoice.
- \* **RETENTION ARRANGEMENTS**  
Issue an e-invoice for the net payable amount after retention.  
  
A separate e-invoice can be issued later when the retained amount becomes due for payment.

The Ministry of Finance has released **Version 1.1 of the UAE Electronic Invoicing Guidelines**, refreshing the PINT-AE framework with practical answers to questions tax and finance teams have been asking: where can invoice data live, how do advance payments work, and how should retention amounts be invoiced? With Phase 1 mandatory go-live on **1 January 2027** for businesses with revenue  $\geq$  AED 50M, these clarifications are timing perfectly with system-design decisions clients are making now.

## Why This Matters for Your System Design

The v1.1 guidance directly affects three areas of ERP and invoicing configuration that businesses need to lock down before go-live:

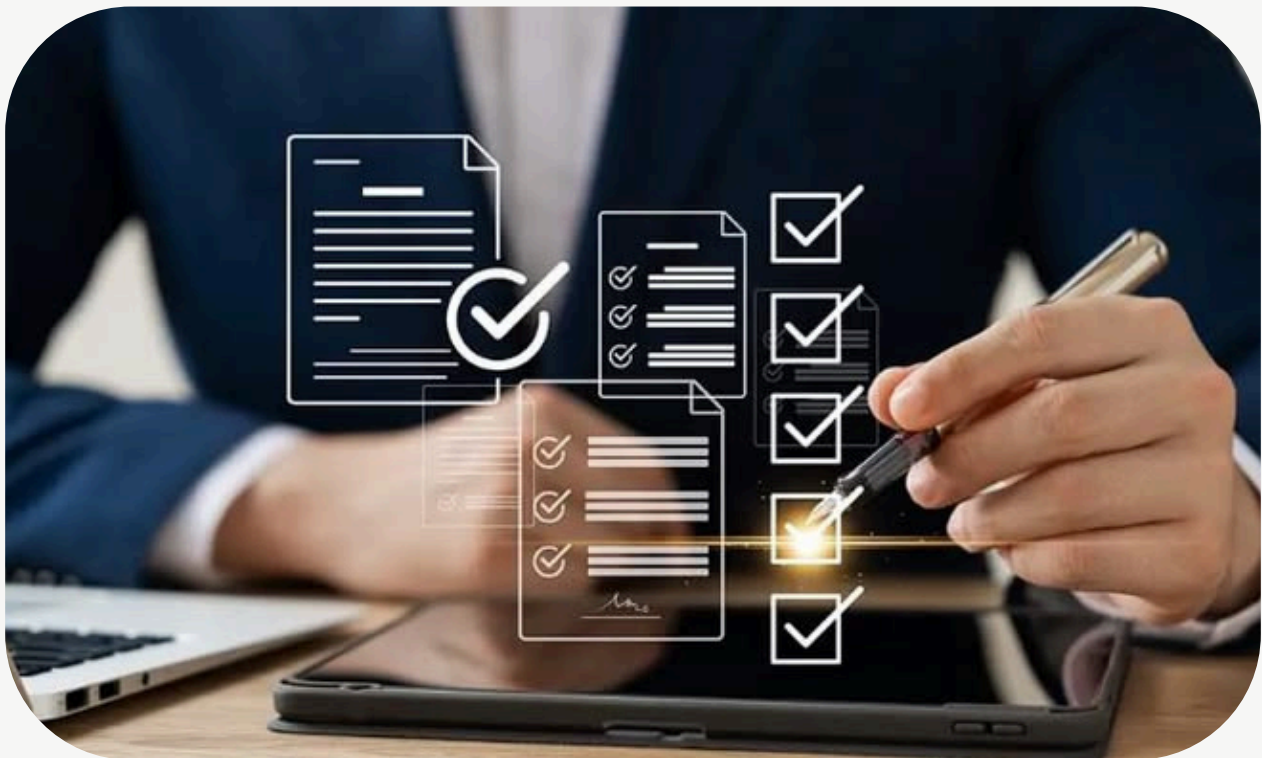
1. **Document linking:** Your system must support cross-referencing – the final invoice has to point back to the advance-payment invoice. Many off-the-shelf systems don't do this cleanly today.
2. **Retention workflow:** Construction, contracting and engineering firms in particular need a defined trigger for issuing the retention-release e-invoice. A missed trigger is a missed invoice, which (post 1 Jan 2027) is an AED 100-per-document penalty.
3. **Archive design:** ASP storage doesn't equal compliance storage. You still need internal access, audit trail, and a way to satisfy a 7-year FTA request – even if your ASP loses its accreditation later.



CONTINUE

## What You Should Do This Quarter

- 1. Walk-through with your ASP:** Confirm in writing how transmission logs, success notifications, and storage segregation are handled in their architecture.
- 2. Test the advance-payment flow:** Use a live transaction (or a sandbox dummy) to verify your system produces compliant tax invoices on advance receipt, with proper linkage.
- 3. Review retention contracts:** Identify which agreements release retention in 2027+ and tag them for compliant e-invoicing under the new rules.
- 4. Document your storage architecture:** Map where invoice data flows, where it's stored, who controls access, and how it can be produced on demand to the FTA.



*v1.1 isn't a rule change – it's the FTA showing its working. The clarifications close ambiguity around storage, advance payments and retention, which is exactly what finance teams need before locking in ASP contracts and ERP changes. The 1 January 2027 mandatory date has not moved. Use the next six months well.*

# EMIRATISATION: 30 JUNE 2026 – THE H1 1% TARGET DEADLINE

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Three weeks. That's how long private-sector employers with **50 or more employees** have to close their H1 2026 Emiratisation gap. MoHRE has reiterated that **30 June 2026** is the deadline for adding **1% growth** in skilled-job Emiratisation for the first half of the year – and from 1 July, financial contributions kick in for non-compliant establishments.

## The Year-End Math

### \* BY 30 JUNE 2026 (H1)

#### +1% growth

In the Emiratisation rate of skilled jobs for the first half of the year.

### \* BY 31 DECEMBER 2026 (FY)

#### 2% growth (cumulative)

Another 1% in H2 – to land at a full 2% rate increase by year-end.

## The Cost of Missing It

From **1 July 2026**, MoHRE begins verifying compliance – including confirming that newly hired Emiratis are properly registered with social security funds and that contributions are being paid. Companies missing the target face administrative penalties of up to **AED 108,000 per year, per unfilled position**. A 10-position gap is more than AED 1 million a year in avoidable cost.

## What the Smarter Employers Are Doing Now

- **Quota gap audit:** Pulling current skilled-headcount totals from the MoHRE establishment file and quantifying exactly how many Emirati hires are still needed to hit the H1 target.
- **Nafis pipeline activation:** Using the Nafis platform (extended through 2040) to access the active Emirati jobseeker pool, training and upskilling programmes. The platform was built for exactly this run-up.
- **Social-security setup:** Ensuring every new Emirati hire is properly registered with GPSSA / social-security fund and that contributions are flowing. From July, this becomes part of the MoHRE compliance check – not just a payroll setting.
- **Retention design:** Hiring is half the work. MoHRE may disqualify newly hired Emiratis from counting toward the quota if salaries are not paid in line with the new WPS rules (covered in Issues 05 and 06).

## The Connection to Last Week's Story

The new WPS salary-date rule (live since 1 June) is now directly tied to Emiratisation compliance. If you delay an Emirati hire's salary, MoHRE may strike them off your quota – leaving you both short – on Emiratisation and exposed on WPS. The two regimes are now joined at the hip.

*Three weeks is enough – barely – to close a small quota gap. Run the audit on Monday, pull the Nafis shortlist by Wednesday, and lock interviews this week. Anything left to the final week of June is materially at risk of slipping into the AED 108,000 penalty bracket.*

# YOUR COMPLIANCE CALENDAR

Refreshed for the next **11** months.

| DATE               | WHAT'S DUE / WHAT KICKS IN   |
|--------------------|--|
| <b>15 Jun 2026</b> | Final deadline for filing Excise Tax return.   |
| <b>29 Jun 2026</b> | Final deadline for filing VAT returns (Q1 quarterly filers).                                       |
| <b>30 Jun 2026</b> | Emiratization H1 deadline: +1% growth for 50+ employee firms. Q2 2021 VAT credits expire.          |
| <b>1 Jul 2026</b>  | UAE e-Invoicing Pilot Programme begins. Emiratization penalties (up to AED 108K/yr per gap) start. |
| <b>28 Jul 2026</b> | Quarterly VAT return for Apr-Jun 2026 due.   |
| <b>30 Sep 2026</b> | Corporate Tax return due for entities with 31 Dec 2025 year-end. Q3 2021 VAT credits expire.       |
| <b>30 Oct 2026</b> | ASP appointment deadline for businesses with revenue $\geq$ AED 50M (extended from 31 July).       |
| <b>31 Dec 2026</b> | Cliff: pre-2021 VAT credits, Small Business Relief, +2% Emiratization rate all due.                |
| <b>1 Jan 2027</b>  | Mandatory e-Invoicing go-live for businesses $\geq$ AED 50M. Per-invoice penalties begin.          |
| <b>31 Mar 2027</b> | Deadline for businesses $<$ AED 50M to appoint an ASP.   |

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# 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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