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ELYSIAN CONSULTING GROUP

YOUR COMPLIANCE PARTNER IN THE UAE

WEEKLY NEWSLETTER

UAE FINANCE UPDATE

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

INSIGHTS

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FOUR WEEKS TO SAVE AED 10,000: THE 31 JULY CT WAIVER DEADLINE

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The Waiver Rule in One Line

- **FILE BY 31 JULY 2026**
  Waiver granted
  The AED 10,000 late-registration penalty is waived automatically. If already paid, it's credited to your EmaraTax account.
- **FILE AFTER 31 JULY**
  Waiver lost
  AED 10,000 stays on your record. Late-filing penalties still start from 1 October (AED 500/month, then AED 1,000/month from month 13).

Three Common Client Scenarios

- **Penalty already paid:** File by 31 July and the AED 10,000 is refunded automatically as a credit to your EmaraTax account. Use it against other tax liabilities or apply for a cash refund.
- **Penalty raised but unpaid:** File by 31 July and the penalty is cancelled – no reconsideration or waiver request needed.
- **Haven't registered yet:** You can still benefit – register first through EmaraTax, then file the CT return within the 7-month window from your first Tax Period end. For 31 Dec 2025 year-ends, that window closes 31 July 2026.

If your business has a **31 December 2025 year-end** and was previously charged the **AED 10,000 late Corporate Tax registration penalty**, you have exactly four weeks to make it disappear. File your first CT return by **31 July 2026** and the FTA waives the penalty automatically. Miss it, and the waiver is lost – even if you eventually file by the standard 30 September deadline.

Who This Applies To

The waiver initiative is targeted at Taxable Persons and certain Exempt Persons who were charged late-registration penalties for the first Tax Period since 1 June 2023. The FTA has already processed 68,600+ waivers, with another 22,000 businesses eligible in the coming months. For 31 Dec 2025 year-ends, the 7-month window closes on 31 July.

TWO FTA INSTRUMENTS LIVE THIS WEEK: MD 244/2025 (E-INVOICING) + VATGED1 (EDUCATION)

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Article 3 – The Pilot Programme

1. **Commencement:** The Pilot Programme officially commenced on 1 July 2026.
2. **Taxpayer Working Group:** The Ministry notifies businesses of inclusion. Participation is voluntary and only takes effect on written agreement by the business.
3. **Compliance obligation:** Once in the Working Group, the business must comply with all technical requirements established by the MoF and FTA.

Article 4 – Voluntary Implementation

Any business – not just Taxpayer Working Group members – can implement the e-invoicing system voluntarily from 1 July 2026, provided it complies with all technical requirements. This is the quickest path to surface integration issues before mandatory go-live.

Article 5 – Mandatory Phasing

REVENUE ≥ AED 50M
Appoint ASP by **30 October 2026**
Implement by ***1 January 2027***. *(Deadline extended from 31 Jul 2026 by MD 66/2026.)*

REVENUE < AED 50M
Appoint ASP by **31 March 2027**
*Implement by **1 July 2027**. Government entities implement by 1 October 2027.*

The FTA and Ministry of Finance published two important pieces of guidance this week: the official English text of **Ministerial Decision No. 244 of 2025** (as amended by MD 66/2026) – the legal engine of the e-invoicing pilot that went live on **1 July 2026** – and **VAT Guide VATGED1** on the Education Sector (issued 29 June 2026).

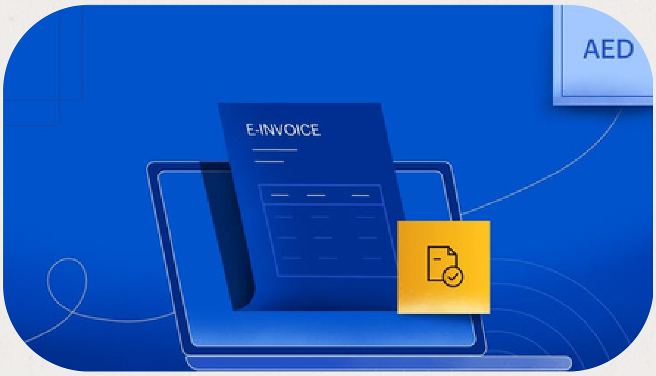
UPDATE 2A · MINISTERIAL DECISION 244 OF 2025

The Legal Framework for the E-Invoicing Pilot – Now Live

MD 244/2025 sits alongside MD 243/2025 (which establishes the Electronic Invoicing System itself) and MD 64/2025 (ASP accreditation criteria) as the operative trilogy. This is the article-by-article structure your compliance team should reference.

What You Should Do This Week

1. **Confirm your Phase:** Revenue ≥ AED 50M means Phase 1; < AED 50M means Phase 2. Government entities follow their own track.
2. **Assess B2B / B2C mix:** If exclusively B2C, you're outside the current mandate. Mixed businesses need to separate the flows in ERP mapping.
3. **Decide on voluntary implementation:** Article 4 lets you opt in from 1 July with zero penalty exposure. Best de-risking mechanism available.



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Article 5(2) – The B2C Carve-Out

A practical exclusion: **Business-to-Consumer (B2C) transactions** are **not subject** to the Electronic Invoicing System until the Minister decides otherwise. Businesses engaged exclusively in B2C are entirely outside the system. This matters for retail, hospitality and consumer-services clients – for now.

What's Zero-Rated vs. Standard-Rated

ZERO-RATED (0%)

- Qualifying educational services
- Books and printed reading matter for the qualifying curriculum
- Supply of a new school bus (per rules)
- Student accommodation qualifying as residential

STANDARD-RATED (5%)

- Application and registration fees (not part of curriculum)
- Optional events, graduation events, non-curricular field trips.
- Uniforms, transport (school bus service – see guide)
- Staff accommodation, retained overpayments after grace period

What This Means for Sector Clients

1. **Requalify the entity:** Confirm government recognition + funding profile against the two-condition test. Private schools receiving <50% government funding are usually standard-rated.
2. **Audit revenue lines:** Tuition vs. application fees vs. events vs. transport – each may need a different tax code in the ERP.
3. **Refresh input-tax methodology:** Mixed activities require a defensible partial-exemption calculation – the FTA will ask for it in any audit.

MD 244/2025 is the operating manual for the e-invoicing pilot – treat Articles 3–5 as the compliance calendar for your Phase. VATGED1 rewrites the education-sector VAT playbook in one place – schools, universities and training providers should reissue their tax-code map against it before the next VAT return.

UPDATE 2B· VAT GUIDE VATGED1

VAT in the Education Sector – Comprehensive Reset

Issued 29 June 2026, VATGED1 is the FTA's consolidated position on VAT for the education sector. It matters for schools, universities, nurseries, training providers – and anyone advising them. The scope is far wider than just tuition zero-rating.

What It Means for UAE Businesses and HNW Clients

Educational services are zero-rated in the UAE only where both conditions are met:

1. **Qualifying Educational Institution:** Recognised by the federal or local government entity regulating education in the emirate; and **either government-owned OR receives >50% of annual funding from the government.**

2. **Qualifying Curriculum:** Delivered under a curriculum recognised by the same competent regulator.

Areas the Guide Now Clarifies

Educational services are zero-rated in the UAE only where both conditions are met:

1. **Distance learning and Electronic Services:** Place-of-supply rules matter – online courses can flip VAT treatment depending on where the customer sits.
2. **Grants, scholarships and third-party consideration:** The guide walks through when a grant is consideration for a supply (VAT-able) versus a genuine funding arrangement (out of scope).
3. **Healthcare services on campus:** Institutions operating a clinic, leasing premises to healthcare providers, or outsourcing healthcare services – each has a different VAT position.
4. **Retained overpayments:** Fees held after a student leaves – the guide sets the point at which they become VAT-able consideration.
5. **Input tax recovery:** Partial exemption principles for institutions with both zero-rated and standard-rated activities.

DUBAI VS. ABU DHABI: THE UAE PROPERTY MARKET SPLITS IN TWO

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What's Zero-Rated vs. Standard-Rated

DUBAI (COOLING

- Q1 2026 sales AED 176.7B (+23.4% YoY)
- March index -5.9% MoM (steepest since pandemic)
- Villas -5.8%, apartments -6.3% in month
- ~120,000 units due for handover in 2026 – supply headwind ahead

ABU DHABI (ACCELERATING)

- Q1 2026 residential mortgages AED 10.05B (+42.1% YoY)
- Sale prices +30% by Nov 2025 (YoY)
- Forecast +16% capital values 2026 (ValuStrat)
- Only ~6,500 new units in 2026 – supply-constrained

What This Means for Sector Clients

1. **Property-holding SPVs / family offices:** Refresh valuations for any 30 June and 31 December revaluation dates. Dubai portfolios may need writedowns; Abu Dhabi portfolios likely writeups.
2. **Real-estate operators (developers, brokers):** Dubai revenue-forecast risk rising; Abu Dhabi pipeline demand solid. Adjust cash-flow forecasts and hiring plans by emirate.
3. **Corporate Tax angle:** Fair-value adjustments feed into CT computations for real estate investment entities. Timing of impairment vs. revaluation gains matters for the 30 September return.
4. **VAT angle:** Off-plan and first-supply residential sales are zero-rated for three years; subsequent supplies are exempt. Deal timing around handover dates matters.

For the first time in years, the two major UAE real-estate markets are moving in opposite directions. **Dubai** is entering a measured correction after a record run, while **Abu Dhabi** is picking up speed. For clients holding, financing or advising on UAE property, the two-market split now matters more than the headline UAE number.

What's Driving the Divergence

1. **Supply pipeline:** Dubai's 120K unit delivery pipeline for 2026 dwarfs Abu Dhabi's ~6.5K, capping price appreciation for the former and supporting it for the latter.
2. **Financing conditions:** Abu Dhabi mortgage volumes surged 42% YoY in Q1 2026 – indicating strong resident and end-user demand rather than pure investor speculation.
3. **Rate cycle:** Rising US rate expectations (see Issue 10's gold piece) via the dirham peg keep mortgage costs elevated – pressuring the leveraged/investor end of Dubai and rewarding cash buyers in Abu Dhabi.
4. **Segment mix:** Some Dubai sellers are cutting prices, particularly at the higher end. Abu Dhabi's growth is broader-based across apartments and villas.

WHAT TO WATCH NEXT

Three signals over the summer: (1) Dubai Q2 handover volumes – a spike accelerates the correction; (2) Abu Dhabi mortgage growth – whether the 42% pace sustains or moderates; (3) Fed decisions in September – the peg means the UAE mortgage market is priced from Washington. For property-heavy clients, one UAE story no longer works; you now need a two-emirate view.

YOUR COMPLIANCE CALENDAR

Refreshed for the next **11** months.

DATE	WHAT'S DUE / WHAT KICKS IN
28 Jul 2026	Quarterly VAT return for Apr–Jun 2026 due.
31 July 2026(FRI)	CT Waiver Deadline: file first CT return (31 Dec 2025 year-ends) to auto-waive AED 10,000 late-registration penalty.
30 Sep 2026	Corporate Tax return due (31 Dec 2025 year-end). Q3 2021 VAT credits expire.
30 Oct 2026	ASP appointment deadline for businesses with revenue ≥ AED 50M (extended from 31 July).
31 Dec 2026	Cliff: pre-2021 VAT credits, Small Business Relief, +2% Emiratisation rate all due.
1 Jan 2027	Mandatory e-Invoicing go-live for businesses ≥ AED 50M. Per-invoice penalties begin.
31 Mar 2027	Deadline for businesses < AED 50M to appoint an ASP.
1 Jul 2027	Mandatory e-Invoicing go-live for businesses < AED 50M.
1 Oct 2027	Government entities join e-Invoicing system.

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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