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WEEKLY NEWSLETTER

UAE FINANCE UPDATE

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

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103,680 INSPECTIONS, AED 174 MILLION: THE FTA'S H1 2026 ENFORCEMENT PRINT

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The H1 Numbers Beneath the Headline

- * **INSPECTION VOLUME**
103,680 visits
 - +21% vs H1 2025 (- 86,000 visits)
 - Across all seven emirates, all sectors
- * **EXCISE SEIZURES**
8.45M packages
 - 6.58M non-compliant tobacco packs
 - 1.87M carbonated/energy/sweetened drink units

Three Things Clients Should Do Before 30 September

- * **Refresh the CT audit-readiness file:** Working papers, TP schedules, Related-Party disclosures, QFZP substance evidence, SBR election documentation – assume the file will be requested, not that it won't be.
- * **Excise-goods sellers: physical spot-check now:** Any tobacco, energy, carbonated or sweetened-drink business should run a self-inspection of stock labelling, digital tax-stamp compliance and inventory records before an FTA team lands.
- * **Frame the number in client conversations:** "570 inspections a day, AED 174M in six months" is a better opener than "the FTA is watching" for the CT-readiness conversation. Use it.

On 11 August the Federal Tax Authority disclosed its **H1 2026 field-inspection numbers** – and they materially change how any client should think about audit and compliance posture heading into the **30 September CT return deadline**. **103,680 inspections in six months (+21% YoY)**, **AED 174 million in tax liabilities and penalties**, and 8.45 million non-compliant excise packages seized. This is the FTA visibly stepping up.

H1 2026 FIELD INSPECTIONS

103,680 • +21% YoY

AED 174M in liabilities & penalties • 8.45M excise items seized

What This Tells Us About the FTA's Posture

- **Inspection is a scaled function now:** Averaging over 570 inspections a day is not sporadic – it is a permanent, staffed enforcement capability. Combine with the FTA 2025 Annual Report's 176,000-inspection full-year total and the trend line is clear.
- **Excise remains the highest-yield target:** AED 174M in H1 penalties came off excise seizures alone. High-volume retail, wholesale and warehousing footprints are where the enforcement machine is looking.
- **The CT audit wave is next:** With H1 excise enforcement clearly working, the operational muscle now shifts to Corporate Tax as the 30 September return deadline creates the first meaningful CT filing population.

THE BOTTOM LINE

H1 2026 confirms what the 2025 Annual Report signalled: the FTA has moved from launching to operating enforcement at scale. 103,680 inspections in six months and AED 174M in penalties are hard numbers, not soft warnings. Every advisor should be preparing every client for a real FTA touchpoint – starting with the CT-return workpapers due to be filed within seven weeks.

DIRECTIVE 1/2026: VAT ON JUDICIAL-EXPERT SERVICES (THE ONE EVERYONE MISSED)

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What Directive 1/2026 Actually Says

- Judicial-expert services = business:** Services supplied by experts appointed by courts, judicial authorities or arbitration centres are treated as provided in the course of conducting a Business in the UAE.
- Fees are taxable consideration:** The fees received represent consideration for a taxable supply of Services – subject to the standard 5% VAT rate where the mandatory registration threshold is exceeded.
- Applies regardless of appointing authority:** Whether the appointment comes from a UAE court, an emirate-level judicial authority or an arbitration centre (DIAC, ADCCAC, DIFC-LCIA, etc.), the VAT position is the same.

What to Do This Quarter

- Register (or check the threshold):** Any expert with 12-month taxable-supply revenue above AED 375,000 (mandatory) or AED 187,500 (voluntary) should have registered by now. Backdate assessment is the first task.
- Refresh engagement letters and invoicing:** Court/arbitration appointment letters rarely address VAT. Update your standard letter and issue TAX invoices carrying 5% VAT (and TRN) for post-1 August engagements.

Amid the summer's five-directive burst from the FTA, **Directive on Tax Transactions No. 1 of 2026** (issued 8 July 2026) is the one that has flown under the radar. It settles a long-standing question for a specific but influential client group: are judicial experts appointed by courts, **judicial authorities or arbitration centres** conducting a taxable Business for VAT purposes? The FTA's answer is a clear **yes** – and that reclassifies a lot of professional-fee flows.

The Two Findings That Matter

BEFORE THE DIRECTIVE

Grey area

Court-appointed experts often treated their fees as non-business income – no VAT registration, no output tax, mixed practice across firms.

AFTER THE DIRECTIVE

Taxable supply

Services rendered by court-, judicial-authority- and arbitration-appointed experts are supplied in the course of Business. Fees are consideration for a taxable supply.

Who Is Actually Affected

- Individual court-appointed experts:** Chartered accountants, engineers, valuers, forensic professionals, medical experts, IT experts – anyone regularly appointed to opine in disputes. Aggregate annual fees crossing AED 375,000 trigger mandatory VAT registration.
- Professional-services firms with expert-witness practices:** Audit, advisory and legal firms already VAT-registered on their core services must now bring judicial-expert fees inside the VAT return – often as a new revenue line requiring updated invoicing.
- Arbitration-related consultancies:** Quantum experts, delay analysts, technical experts appointed by tribunals. Cross-border engagements need place-of-supply analysis alongside the VAT liability call.

Directive 1/2026 is a small directive with a large effect on a specific practitioner community. Judicial-expert fees are now taxable supplies – full stop. Every expert practitioner and every firm running an expert-witness or arbitration-quantum practice should have this on their FY26 VAT policy document and inside the next voluntary-disclosure conversation with the FTA.

US JULY CPI COOLS TO 3.4%: THE FED CUT IS BACK ON THE TABLE – AND WHAT IT MEANS FOR THE UAE

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The July Numbers vs June

* JUNE 2026- PRIOR PRINT Headline 3.5% YoY -0.4% MoM

- Core 2.6% YoY - flat MoM
- Fell on energy-price collapse (post-ceasefire)

* JULY 2026- NEW PRINT Headline 3.4% YoY +0.1% MoM

- Core 2.5% YoY +0.2% MoM
- Disinflation broadening beyond energy

What It Means for UAE Clients

1. **Treasury / FX teams:** The Fed-cut narrative is back on. Dollar-strength assumptions may need tempering; hedge ratios on non-USD payables can be revisited. Dirham peg unchanged.

2. **Mortgage-heavy real-estate books:** UAE mortgage pricing tracks the peg. A Fed pause (or eventual cut) improves the affordability calculus into 2027 – with commercial rents already surging (Issue 15), residential yields need re-modelling.

3. **Gold and precious-metals traders:** AED 524.50/g is a fresh high for the year in Dubai. Dealers should refresh inventory-valuation and margin cover; retail buyers may pull demand forward if the Fed pauses.

4. **Fuel and logistics operators:** August UAE pump prices already rebounded from the July drop (+~AED 0.20/L across grades). Brent at \$87–88 keeps September pricing biased higher – factor into Q3 cost models.

The July US CPI print landed on 12 August: **headline 3.4% YoY (down from 3.5%), 0.1% MoM after June's -0.4%**. Core CPI eased to **2.5% YoY** (from 2.6%). The Fed still meets 16–17 September; futures now put the odds of a September rate hike at just **42%** – a meaningful reset from earlier in the summer. For any UAE CFO with USD exposure or dirham-peg-sensitive assumptions, this is the market-signal week.

What Moved on the Print

- **September rate-hike odds dropped to 42%:** CME FedWatch pulled back on hike pricing after the cooler-than-expected core reading. Fed statements this week will be watched for whether they lean into or push back against the market's move.
- **UAE stocks caught the tailwind:** ADX ~10,084 and DFM ~5,901 on 11 August; both closed higher on 12 August as US inflation data supported risk assets across the Gulf.
- **Brent bid, gold surged:** Brent around \$87–88/bbl on Strait-of-Hormuz tension; Dubai gold at ~AED 524.50/g on 11 August – a meaningful step-up from ~AED 500/g in late July.

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YOUR COMPLIANCE CALENDAR

Refreshed for the next **11** months.

DATE	WHAT'S DUE / WHAT KICKS IN
28 Aug 2026 (Fri)	VAT return due for the quarter ended 31 st July 2026
30 Sep 2026 (Wed)	Corporate Tax return due (31 Dec 2025 year-end). Q3 2021 VAT credits expire.
28 Oct 2026 (Wed)	Quarterly VAT return for Jul-Sep 2026 due (FTA portal deadline).
30 Oct 2026 (Fri)	ASP appointment deadline for businesses with revenue ≥ AED 50M (extended from 31 July 2026).
30 Nov 2026 (Mon)	NEW: Pillar Two Top-Up Tax registration deadline for in-scope MNE Group entities with FY ending before 30 April 2026 (FTA Decision 12/2026).
31 Dec 2026 (Thu)	Deadline for Top-Up Tax deregistration where entity ceased before 30 June 2026. Pre-2021 VAT credits and Pillar Two transitional-relief eligibility close.
1 Jan 2027 (Fri)	Mandatory e-Invoicing go-live for businesses ≥ AED 50M. Per-invoice penalties begin.
31 Mar 2027 (Wed)	ASP appointment deadline for businesses < AED 50M; government entities also.
1 Jul 2027 (Thu)	Mandatory e-Invoicing go-live for businesses < AED 50M.
31 Dec 2029 (Mon)	NEW: Small Business Relief window closes (extended by MoF MD 131/2026 from 31 Dec 2026).

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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