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WEEKLY NEWSLETTER



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OUR SERVICES



CORPORATE
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E-INVOICING
IN DUBAI



THE HORMUZ RISK-PREMIUM RETURNS



info@elysianuae.com



+971 54 243 9656



www.elysianuae.com

FTA DECISION 13/2026: VERIFY YOUR SUPPLIER – OR LOSE THE INPUT VAT (EFFECTIVE 1 OCTOBER)

+971 54 243 9656

WWW.ELYSIANUAE.COM

INFO@ELYSIANUAE.COM

The Four Verification Pillars

* PILLAR 1.

SUPPLIER IDENTITY

- *Natural person: Emirates ID / passport + meeting (in person or virtual)*
- *Legal person: incorporation via official databases*
- *Verify identity of authorised representative*

* PILLAR 2.

PLACE OF BUSINESS

- *Confirm actual place of business exists*
- *Electronic verification OR field visit*
- *Premises must match nature of activities*

* PILLAR 3.

RISK INDICATORS

- *Address changed >2x in last 12 months*
- *Key employees changed >2x in last 12 months*
- *Transactions disproportionate to business size*

* PILLAR 4.

BANK & REPUTATION

- *Applies where supplies > AED 375,000 / 12 months*
- *Written bank confirmation from a UAE bank*
- *Review public reviews / media on the supplier*

The FTA has issued **Decision No. 13 of 2026** (dated 22 July 2026, effective **1 October 2026**) – the **measures, procedures and conditions** every taxable person must satisfy to **verify the validity and integrity of supplies before deducting input VAT**. In plain terms: from 1 October, if a supplier turns out to be a shell, a nominee or a tax-evader, and you have not run the checks below, **your input VAT is at risk**. This is the biggest AP-workflow change since VAT went live.

INPUT-TAX SUPPLIER DUE DILIGENCE · IN FORCE FROM

1 OCTOBER 2026

Identity checks · place-of-business verification · risk scoring · documented policy

Verifying the Supply Itself (Article 4)

- **Commercial-genuineness test:** Confirm the transaction has real commercial purpose. Prices and profit margins must not be commercially unjustifiable or materially off market without a documented reason.
- **Payment-integrity test:** Consideration must be paid by electronic means. Third-party payors, out-of-country bank accounts and cash payments each need a documented commercial explanation.
- **Scope-of-licence test:** Goods or services supplied must fall within the supplier's ordinary activity or trade licence. Verify authenticity, origin and the supplier's ownership / right to dispose of the goods.
- **Intermediary test:** Where the supplier acts as an intermediary, retain a clear justification for their role in the supply.

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The Exceptions and Thresholds

1. **AED 10,000 per supply:** Taxable supplies below AED 10,000 (VAT-exclusive) are exempt from the verification obligation.
2. **The AED 100,000 aggregation rule:** The AED 10,000 per-supply exception does NOT apply where the total value of supplies received from that supplier exceeds AED 100,000 over the previous or next 12 months. Multiple small invoices from the same vendor still trigger full verification.
3. **First deal → full verification:** Article 5 requires supplier verification on the first dealing, then annual re-verification if not already verified in the past 12 months.

What Clients Must Do Before 1 October

- **Build a supplier due-diligence file & policy:** Article 5 requires a documented policy naming the persons responsible for verification, review and supervision – with clear powers and responsibilities. This is not an optional checklist; it is a mandatory document.
- **Redesign the AP onboarding workflow:** Update new-vendor forms to capture Emirates ID/passport, incorporation extract, TRN, place-of-business proof, bank letter (for high-value suppliers), and risk-indicator declarations.
- **Run the existing supplier book through the filter:** Segment the vendor master: (a) below AED 10K per supply and below AED 100K annual – no action; (b) between AED 10K and AED 375K – verification pillars 1–3; (c) above AED 375K annual – all four pillars including bank letter.
- **Update engagement / procurement contracts:** Insert a supplier-cooperation clause requiring the supplier to provide the documentation needed for verification, and to notify material changes in address / key employees.



FTA Decision 13/2026 makes supplier due diligence a condition precedent to input-VAT recovery. From 1 October, every AP function needs a documented policy, a segmented supplier book, and evidence on file. Skip the verification and the FTA can – and, based on H1's 103,680-inspection cadence, will – disallow the input tax. Every UAE business should have this on the CFO's desk before 30 September.

THE TAX-RESIDENCY PLAYBOOK: TPGTR1 – WHAT EVERY ADVISOR SHOULD HAVE ON FILE

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The Two Residency Frameworks

* CORPORATE TAX LAW

Resident Person test

Determines whether a person is subject to UAE CT on worldwide income (juridical) or on business income above the threshold (natural).
Article 11(3) of the CT Law + Cabinet Decision 85/2022.

* DOMESTIC LAW / TREATIES

Tax Resident test

Determines eligibility for a UAE Tax Residency Certificate – for domestic-law purposes or to claim treaty relief under a Double Taxation Agreement.
Cabinet Decision 85/2022 + MD 27/2023 + MD 247/2023.

Obtaining the TRC – Application Track

1. **Two application types:** TRC for domestic-law purposes (e.g., proving UAE residency to a foreign bank or authority) vs TRC for the purposes of a specific Double Taxation Agreement (treaty relief).
2. **Period covered:** The TRC covers a defined financial year. Applications should specify the year and, for DTA-purposes TRCs, the treaty partner country.

Alongside the new supplier-verification rules, the FTA's **Tax Procedures Guide TPGTR1** on Tax Resident and Tax Residency Certificate is the reference file that every advisor should have on the desk this quarter – especially with the first mainstream CT return wave due **30 September** and cross-border clients increasingly requesting UAE **Tax Residency Certificates (TRCs)** to claim double-tax-treaty relief. Here is what the guide actually says.

Juridical Persons – When You Are a UAE Tax Resident

- **Incorporated or formed in the UAE:** Mainland, Free Zone, financial free zone (DIFC/ADGM) – automatic Resident Person status under the CT Law.
- **Effectively managed and controlled from the UAE:** A foreign entity is a UAE Resident Person if key management and commercial decisions are made in the UAE. The guide sets out multiple identification criteria – board composition, meeting location, decision-making authority.
- **Foreign companies with UAE branches:** The branch itself can be a UAE Tax Resident under domestic law for TRC purposes, even if the head office is offshore.

Natural Persons – The Three Residency Tests

- **183-day test:** Physically present in the UAE for 183 days or more in a rolling 12-month period → UAE Tax Resident.
- **90-day+ test:** Present 90 days+ in a 12-month period AND UAE citizen or GCC resident/UAE-resident-permit-holder AND either has a permanent place of residence in the UAE OR carries on business/employment in the UAE.
- **Centre-of-financial-and-personal-interests test:** Usual or primary residence AND centre of financial and personal interests in the UAE – even where the day-count tests are not met.

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The Exceptions and Thresholds

3. Documentation: Differs based on purpose – passport, Emirates ID, residence permit, entry/exit report from ICP, salary certificate, source-of-income proof, lease or utility bill for natural persons; incorporation documents, audited financials and shareholder register for juridical persons.

4. International form stamping:

Where a treaty partner requires its own form to be stamped by the UAE competent authority, the FTA offers a stamping service alongside the TRC.

Where This Matters This Quarter

- **CT-return preparation:** The Resident Person determination underpins the CT-return position for every juridical person. Cross-border groups with UAE branches / effectively-managed subsidiaries need the residency call documented in the return file.
- **Treaty relief on outbound income:** UAE residents receiving dividends, interest, royalties or capital gains from treaty-partner countries need a valid DTA-purposes TRC on file to claim reduced withholding tax. Apply early – treaty-purpose TRCs take longer to issue.
- **Individual clients & family offices:** The 183-day and 90-day tests are documented via entry/exit reports and residence proofs – collect these on a rolling basis, not at TRC application time.



TPGTR1 is the operating manual for two of the most-requested compliance products of Q3–Q4: the Resident Person determination in the CT return, and the Tax Residency Certificate for treaty-relief claims. Load the guide onto every advisor's desktop; align the natural-person day-count files ahead of TRC applications; and build the residency call into every cross-border CT return worksheet.

BRENT BACK TO \$93, DUBAI GOLD TO AED 554/G: THE HORMUZ RISK-PREMIUM RETURNS

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The Numbers That Moved This Week

* BRENT CRUDE

~\$93/bbl • +5% on the week

- \$87 → \$92 → \$93.86 across the week
- Second consecutive weekly gain

* DUBAI GOLD

24K AED 554/g- fresh 2026 high

- 22K AED 513/g • 21K AED 492/g
- Up from ~AED 524/g on 11 August

What's Driving It

- **Hormuz risk premium back on:** The US-Iran dispute over Strait of Hormuz shipping is again the marginal price-setter for Brent. Any escalation adds a fresh layer of risk premium; any pause reverses it.
- **Gold as the Fed-pause hedge:** With Fed rate-cut odds building and US real yields softening, gold is bid – both from institutional flow and from retail demand into the Diwali/wedding season window.
- **UAE stocks resilient:** ADX ~10,084 and DFM ~5,901 mid-week; both held gains despite the oil spike – a signal that the market prices Gulf sovereigns as beneficiaries of higher Brent rather than victims of the tension.

The August pause is over. **Brent surged above \$92/bbl on 18 August** and reached **~\$93.86 by 21 August** – the second consecutive weekly gain, with the run driven by **Strait of Hormuz tensions** and further US moves to isolate the Iranian economy. On the same tape, **Dubai 24K gold pushed to AED 554/g on 20 August** – a fresh 2026 high. The Fed sits on hold at 3.5–3.75% into the 16–17 September FOMC.

What It Means for UAE Clients

1. **Fuel & logistics operators:** September UAE pump prices (announced late this month) will bias higher on Brent at \$93. Refresh Q3–Q4 fuel-cost forecasts and revisit contractual fuel surcharges.
2. **Gold & jewellery businesses:** AED 554/g is a working-capital and inventory-hedging alert – margin management is where profit gets made or lost this quarter. Retail customers may pull forward Diwali/wedding purchases.
3. **Treasury & FX teams:** Fed-cut probability into September FOMC is drifting higher on cooler US inflation and softer labour data. Non-USD payable hedge ratios can be revisited; dirham peg unchanged.
4. **Federal-budget backdrop:** Brent above \$90 is comfortably above Gulf fiscal-breakeven levels. Sustained prices at this level support UAE public spending and reinforce the sovereign-credit story through year-end.



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:

CA Midhun Nair

Chartered Accountant, Partner, Elysian Consulting Group



+971 54 243 9656



WWW.ELYSIANUAE.COM



INFO@ELYSIANUAE.COM

