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ELYSIAN CONSULTING GROUP

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WEEKLY NEWSLETTER



INSIGHTS

1. **Cabinet Decision 149/2026:** The VAT Executive Regulation Overhaul (Effective 1 October)
2. **FTA Decision 15/2026:** The CT Exemption Playbook — Two Hard Deadlines (31 Oct & 31 Dec 2026)
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For every **31 December 2025** year-end Taxable Person, the UAE Corporate Tax return must be filed **AND** the tax paid by **30 September 2026** through EmaraTax. The FTA has confirmed **no extensions**.

Late-filing penalties begin from **1 October** at **AED 500/month**, rising to **AED 1,000/month** from month 13. Late-payment penalties accrue at **14% p.a.**

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CABINET DECISION 149/2026: THE VAT EXECUTIVE REGULATION OVERHAUL (EFFECTIVE 1 OCTOBER)

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The UAE Ministry of Finance has issued **Cabinet Decision No. 149 of 2026** (dated 1 September, effective **1 October 2026**) – amending the VAT Executive Regulation across four material fronts: composite supplies, cash-payment restrictions on input tax, employee accommodation, and medical products. This lands on the same day as **FTA Decision 13/2026** (supplier verification, Issue 17) – creating a same-day dual reset for every UAE VAT function.

Composite Supplies – What Changes

- **Economic-substance test bites:** Where a supply is a single composite supply in economic substance, it should be treated as one for VAT – not artificially split into components with different rates.
- **Bundling / unbundling under FTA lens:** Hotel packages (room + F&B + spa), telecoms bundles (data + device + service), education (tuition + textbooks + transport) all need to be tested against the new economic-substance rule. Expect FTA challenges to structures that unbundle for VAT-rate gaming.

COMPOSITE SUPPLIES

- VAT treatment now anchored to economic substance
- Single composite supply rules aligned with the actual nature of the transaction, not artificial unbundling

CASH PAYMENT RESTRICTIONS

- Input-tax recovery restricted for cash payments above thresholds
- Precise thresholds to be set by MoF decision — electronic payment now the safer default

EMPLOYEE ACCOMMODATION

- Clarifies input-tax recovery rules for staff-housing costs
- Removes long-standing ambiguity around whether employee accommodation is a business expense for VAT recovery

MEDICAL PRODUCTS

- Supply and import rules refreshed
- Aligned with UAE's updated healthcare-sector legislative framework

What Clients Should Do Before 1 October

- **Composite-supply mapping:** For any bundled offering, prepare an economic-substance memo. Hotels, telecoms, healthcare providers, education operators and mixed-supply retailers should have this on file when the FTA queries the treatment.
- **Payment-method audit:** Sample AP invoices paid in cash over the past 6 months. Establish whether the client can move to full electronic settlement – where cash is genuinely needed, document why.

Cash Payment Restrictions – The Real Operational Change

- **Input-tax recovery denied on above-threshold cash:** The Regulation now empowers denial of input-tax recovery where consideration is paid in cash above a threshold to be prescribed by the MoF. Threshold amount is TBD but the mechanism is in force from 1 October.

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- **Employee accommodation policy revisit:** Confirm the FY26 input-tax recovery position on staff-housing costs. The new clarification may open recovery on categories previously left unclaimed – or close others that were being over-claimed.
- **Healthcare clients – supply chain review:** Pharma, medical-device distributors and healthcare providers should re-check the zero-rating vs standard-rating position on their SKUs against the updated medical-products rules.

- **Alignment with Decision 13/2026:** Decision 13/2026's own payment-integrity test (Issue 17) already requires electronic payment as the default, with cash needing documented commercial reasoning. Cabinet Decision 149/2026 completes the loop – now cash above threshold explicitly costs the input-VAT credit.
- **AP workflow refresh:** Every AP policy should now default to electronic payment. Petty-cash reimbursements above the (still-to-be-specified) threshold need pre-clearance and documented commercial justification.



Cabinet Decision 149/2026 is a targeted, high-impact refresh across four axes. Composite-supply mapping, an electronic-payment default in AP, an employee-accommodation clarification, and medical-products alignment – all live from 1 October, the same day Decision 13/2026 kicks in on supplier verification. The AP and VAT policy manuals need a full walkthrough this quarter.

FTA DECISION 15/2026: THE CT EXEMPTION PLAYBOOK – TWO HARD DEADLINES (31 OCT & 31 DEC 2026)

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The FTA has issued **Decision No. 15 of 2026** (dated 8 September, effective **15 September 2026**) – the refreshed provisions on how eligible persons apply for exemption from UAE Corporate Tax. It **repeals FTA Decision 7/2023** and – most operationally urgent – carries two transitional deadlines every exempt-in-principle client needs on the desk: **31 October 2026** and **31 December 2026**. Miss them and the exemption slips.

TWO EXEMPTION APPLICATION DEADLINES

31 OCT · 31 DEC 2026

Transitional windows for retrospective exemption applications· Do not miss

Who Is In Scope – Article 4(1) Exempt Categories

- **(e) Qualifying Public Benefit Entities:** Listed via Cabinet Decision 37/2023. Must register but do not require a separate exemption application.
- **(f) Qualifying Investment Funds:** Under Cabinet Decision 81/2023 and Cabinet Decision 34/2025. Must register AND apply for exemption if conditions are met.
- **(g) Public / Private Pension & Social Security Funds:** Under Ministerial Decision 115/2023 (private) or otherwise recognised. Registration + exemption application both required.
- **(h) Wholly Owned Juridical Persons of Exempt Persons:** Wholly owned and controlled by a Person in (a), (b), (f) or (g). Their exemption application only proceeds once the parent's application is approved.
- **(i) Other Persons – Cabinet-designated:** Currently covers Cabinet Decision 55/2025 (certain Persons) and Cabinet Decision 1/2026 (certain sports entities). Registration + exemption application both required.

The Standard Rule for Everyone Else

- **90 Business Days from Tax Period end:** The default filing window. "Business Day" = any day except UAE weekends and federal-government holidays – plan calendar-days accordingly.
- **New Cabinet Decisions issued on or after 1 Jan 2026:** 90 Business Days from the end of the Tax Period in which the relevant Cabinet Decision was issued.
- **Registration comes first:** Every exempt-in-principle person must first register for CT under FTA Decision 3/2024 timelines. Only after registration approval can an exemption application be filed.

When the Exemption Becomes Effective

- **Default:** From the start of the Tax Period specified in the application.
- **Wrong Tax Period specified in registration:** The FTA sets the effective date to the start of the correct Tax Period.
- **Mid-period acquisition by an exempt person:** The FTA sets the effective date to the start of the NEXT Tax Period after all conditions are met – protecting the timing point.

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- **Retrospective Cabinet Decisions:** Where the underlying legislation applies retrospectively, exemption effective from the start of the Tax Period in which the conditions were first met.

Decision 15/2026 replaces the 2023 exemption framework with sharper timelines and a clean hierarchy: register first, apply after, and mind the two transitional deadlines. Every advisor should have a client-list scan complete this month — the 31 October window will not accommodate a late start.

Jackson Hole & The Fed Reset

31 OCTOBER 2026
Wholly-owned juridical persons

Article 4(1)(h) juridical persons wholly owned and controlled by Persons in Article 4(1)(a) or (b) — Government Entities or Government Controlled Entities — for any Tax Period that ended before 1 January 2026.

31 DECEMBER 2026
CD 55/2025 & CD 34/2025 cohort

Persons designated by Cabinet Decision 55/2025 AND juridical persons entitled under Article 5 of Cabinet Decision 34/2025 for 2025 Tax Periods ending on or before 31 August 2026.

What Advisors Should Do This Quarter

- **Scan every family-office / fund / govt-owned client for scope:** Any Article 4(1)(f), (g), (h) or (i) client sitting in the book needs a Decision-15 impact note by end of September. The 31 October window is 6 weeks away.
- **Diarise the 31 October and 31 December dates:** Both dates are hard cutoffs — no auto-extension. Miss them and the client is taxed at 9% CT on income that would otherwise have been exempt.
- **Prep the exemption application file:** Registration extract, structure diagram, ownership chain, activity mapping, and — for (h) juridical persons — evidence that the parent has itself applied for exemption. The FTA will not decide the child's application until the parent's is approved.



THE FED'S FIRST HIKE SINCE 2023: RATES TO 3.75–4.00%, BRENT TO $106, GOLD SURGES

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What It Means for UAE Clients

- **Treasury & FX teams:** The dirham peg means UAE short-term rates track the Fed – expect EIBOR to rise in step, adding to corporate borrowing costs. Refresh loan and hedge-cost forecasts through 2027; stress-test balance sheets under a second 2026 hike.
- **Real-estate developers & mortgage-heavy books:** Higher EIBOR raises mortgage servicing costs and cools residential demand. Combined with the commercial-rent surge (Issue 15) and Abu Dhabi rent-freeze (Issue 17), the sector's Q4 2026 dynamic is meaningfully different from Q1.
- **Fuel-sensitive operators:** Brent at $106 is above the Gulf fiscal-breakeven zone. October UAE fuel prices (announced end-September) will bias meaningfully higher – logistics, transport and hospitality operators should now build fuel-surcharge revisions into Q4 client conversations.
- **Gold & jewellery businesses:** Gold's post-hike rally (Treasury-yield-driven) is a working-capital challenge if you hold inventory. Refresh hedge cover; retail buyers may pause pending a pullback – restock discipline matters.

The two weeks reset every macro assumption UAE CFOs had running into September. On **16–17 September** the Federal Reserve voted **12-0** to raise rates **25bp to 3.75–4.00%** – the first hike since July 2023 – and lifted the median 2026-end policy-rate projection to **4.1%**. Brent traded near **$106/bbl** on a Saudi East–West pipeline strike + Hormuz talks stalling; gold jumped +**2.5% to $4,369/oz** on 17 September as Treasury yields corrected.

The Numbers That Moved

FED· FIRST HIKE SINCE 2023
3.75–4.00% · +25bp

- Unanimous 12-0 vote
- End-2026 dot raised to 4.1% (from 3.8%)
- Warsh: "inflation too high, for too long"

OIL & GOLD ·MID-SEPTEMBER
Brent ~$106 · Gold $4,369/oz

- Saudi East–West pipeline drone-strike hit
- Hormuz talks stalled – supply premium bid
- Gold +2.5% post-hike as yields corrected

What Happened Under the Hood

- **August US CPI was the trigger:** The 11 September print showed headline CPI +0.4% MoM (3.4% YoY) driven by gasoline +3.9% MoM. That gave Warsh the political cover to hike despite easing core (2.4%).
- **The dot plot reset the path:** Lifting the median end-2026 projection to 4.1% signals a second potential hike still in 2026. Markets should price this as "hike now, hike again if data confirms" – not a one-and-done.
- **Middle East risk added to the case:** Warsh explicitly named tension in the Middle East as contributing to the decision – a rare acknowledgement of geopolitical inflation feed-through, and directly relevant to Gulf CFOs.
- **UAE stocks split:** ADX -0.22%, DFM +0.66% on one session – the market read Gulf sovereigns as short-term neutral on the rate hike but net beneficiaries of higher Brent.

Three signals into Q4: (1) end-September UAE October fuel-price announcement – Brent at $106 implies a material step-up; (2) any de-escalation in Hormuz / restoration of Saudi pipeline – the fastest reversal in Brent since Q2; (3) 28–29 October FOMC – whether Warsh's dot plot translates to a second 25bp hike. For UAE CFOs, the Q4 base case is now "higher for longer" – plan cost lines and borrowing accordingly.

YOUR COMPLIANCE CALENDAR

Refreshed for the next **6** months.

DATE	WHAT'S DUE / WHAT KICKS IN
28 Sep 2026 (Mon)	Quarterly VAT return for June–August 2026 due (FTA portal deadline).
30 Sep 2026 (Wed)	Corporate Tax return due (31 Dec 2025 year-end). Q3 2021 VAT credits expire.
1 Oct 2026 (Thu)	FTA Decision 13/2026 supplier verification effective. Cabinet Decision 149/2026 VAT Executive Regulation amendments effective.
17 Oct 2026 (Sat)	Excise Tax return for September 2026 due (FTA portal).
28 Oct 2026 (Wed)	Quarterly VAT return for Jul–Sep 2026 due (FTA portal deadline).
30 Oct 2026 (Fri)	ASP appointment deadline for businesses ≥ AED 50M revenue.
31 Oct 2026 (Sat)	NEW: FTA Decision 15/2026 – exemption application deadline for Article 4(1)(h) wholly-owned juridical persons of Government / Government-Controlled Entities (pre-1 Jan 2026 Tax Periods).
28 Nov 2026 (Sat)	Quarterly VAT return for Aug–Oct 2026 due (FTA portal deadline).
28 Dec 2026 (Mon)	Quarterly VAT return for Sep–Nov 2026 due (FTA portal deadline).
31 Dec 2026 (Thu)	FTA Decision 15/2026 – exemption deadline for CD 55/2025 and CD 34/2025 juridical-person cohorts. Also Top-Up Tax deregistration for entities ceased pre-30 Jun 2026.
1 Jan 2027 (Fri)	Mandatory e-Invoicing go-live for businesses ≥ AED 50M. Per-invoice penalties begin.
28 Jan 2027 (Thu)	Quarterly VAT return for Oct–Dec 2026 due (FTA portal deadline).
01 Mar 2027 (Fri)	Quarterly VAT return for Nov 2026–Jan 2027 due (FTA portal deadline).
28 Mar 2027 (Thu)	Quarterly VAT return for Dec 2026–Feb 2027 due (FTA portal deadline).
31 Mar 2027 (Wed)	ASP appointment deadline for businesses < AED 50M; government entities also.

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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