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ELYSIAN CONSULTING GROUP

YOUR COMPLIANCE PARTNER IN THE UAE

WEEKLY NEWSLETTER



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THE UAE PILLAR TWO REGIME IS NOW COMPLETE: WHO FILES, WHO'S EXCLUDED, WHO'S IN SCOPE

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TTGREG1 – The Scope & Registration Guide

- **MNE Group condition:** Guide explains "Group", "Ultimate Parent Entity" and "MNE Group" in operational detail – including sovereign-wealth-fund structures – with worked examples for consolidation and control tests.
- **EUR 750M consolidated revenue threshold:** Detailed rules on how to compute the threshold, including recently-created entities, excluded-entity revenue treatment, short/long fiscal years, currency conversion, and – critically – mergers and demergers.
- **In-scope entities under the QDMTT:** The guide sets out the population of UAE entities subject to the Qualified Domestic Minimum Top-up Tax – the reference frame for who is included and who is not.

TTGEIE1 – Excluded Entities & Investment Entities

- **rimary Excluded Entities:** International Organisations; Non-profit Organisations; Pension Funds; Investment Funds that are Ultimate Parent Entities (UPEs); Real Estate Investment Vehicles that are UPEs – each with detailed qualifying tests.

In a single week the UAE has closed the last remaining gaps in its **Pillar Two DMTT (Top-Up Tax) framework.** The Ministry of Finance issued **Ministerial Decision No. 133 of 2026** on the entities required to file the Pillar Two Information Return, and the FTA published two operating guides – **TTGREG1** on Scope & Registration and **TTGEIE1** on Excluded Entities and Investment Entities. Together with FTA Decision 12/2026 (registration/deregistration, covered in Issue 15), the compliance stack for the UAE's **Fiscal Years starting on or after 1 January 2025** is now operational.

PILLAR TWO COMPLIANCE STACK · NOW COMPLETE

MD 133 +TTGREG1 + TTGEIE1

MD 133/2026 – Who Must File the Pillar Two Information Return

- **In scope to file:** (a) every UAE-located Constituent Entity except Investment Entities; (b) every UAE-located Joint Venture and JV Subsidiary; (c) every Stateless Constituent Entity that is a Reverse Hybrid Entity created under UAE law.
- **Designated Local Entity option:** Rather than each entity filing separately, an MNE Group can appoint a Designated Local Entity to file the Pillar Two Information Return on behalf of all UAE entities – cleaner for group compliance.
- **Foreign-filed exemption:** No UAE filing needed where the Ultimate Parent Entity – or a Designated Filing Entity – files the Pillar Two Information Return in a jurisdiction that has a Qualifying Competent Authority Agreement in effect with the UAE. In that case, the UAE entities must notify the FTA of who is filing and where.
- **Effective for FY starting 1 Jan 2025:** For a 31 December year-end MNE, the first Pillar Two Information Return relates to FY25 – the same compliance cycle already sitting inside the 30 November 2026 registration deadline (FTA Decision 12/2026).

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- **Secondary Excluded Entities:** Entities owned by primary Excluded Entities that meet an ownership test – the guide walks through which subsidiaries also fall out of scope.
- **Investment Entities are OUT of the filing pool:** MD 133/2026 expressly excludes Investment Entities from the Pillar Two Information Return filing obligation. TTGEIE1 defines what qualifies – critical for family-office and fund clients determining their compliance perimeter.



MD 133/2026 + TTGREG1 + TTGEIE1 complete the operating rulebook the UAE Pillar Two DMTT has been waiting for. The framework is now: register by 30 Nov 2026 (Decision 12/2026), file the Information Return per MD 133/2026, test scope against TTGREG1, and test entity type against TTGEIE1. Every UAE-tax-resident member of an EUR-750M-plus MNE Group needs a Pillar Two file on the desk by end of September.

FTA UPDATE – DECODED
FTA DECISION 4/2026 (RECORDS) & PUBLIC CLARIFICATION VATP045 (CONCERNED GOODS)

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Update 2A ·FTA Decision 4/2026: The New Record-Keeping Rules

Every business keeps invoices, ledgers, contracts and receipts. Decision 4/2026 sets minimum standards for how those records must be kept – whether as Electronic Copies (scanned/digital) or Photocopies (physical duplicates). If the FTA needs them, they must be complete, legible and accessible.

THE THREE GOLDEN RULES

- **Complete & identical to original – every page, in order**
- **Clear & legible on screen or paper**
- **Accessible on FTA request (systems included)**

ACCESS OBLIGATIONS

- **Encryption keys / passwords must be handed over on request**
- **Physical storage location must be available for inspection**
- **Outsourcing allowed – legal responsibility still stays with the business**

Two more pieces from the FTA closed out July–August 2026: **Decision No. 4 of 2026** (effective **30 July 2026)** setting minimum standards for how accounting records and commercial books must be maintained – and Public Clarification **VATP045** on Concerned Goods (imports where the place of supply is the UAE). Both are universal – every VAT and CT registrant is touched.

What Advisors Should Check This Quarter

- **Scan quality & completeness audit:** Sample the client's scanned-invoice archive. Any partial scans, cropped pages, illegible copies or missing attachments must be re-captured. B&W scans of coloured originals are fine – provided details remain readable.
- **Password & encryption register:** Encrypted or password-locked archives – cloud drives, ERP exports, encrypted PDFs – must have the keys documented and retrievable. "The employee who set the password has left" is not a defence.
- **Outsourcing arrangements:** If records are held by an outsourced accounting or storage firm, the business remains legally responsible. Refresh the SLA to include completeness, legibility and access standards – and audit them.

Update 2B ·Public Clarification VATP045: Concerned Goods (Pre-2026 Imports)

The VAT Law was amended so that **from 1 January 2026**, Taxable Persons no longer need to issue Tax Invoices to themselves when importing Concerned Goods. VATP045 sets out how to close out the pre-2026 tail: what output tax to account for, what invoice / declaration evidence to hold, and how to recover the input tax.

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What Clients Should Do Now

1. **Complete the pre-2026 self-invoice audit:** For any Concerned Goods imported on or before 31 December 2025, confirm the required evidence pack (overseas supplier invoice + Emirate Customs declaration) is on file. Without both, the FTA can disallow the input VAT.
2. **Update the FY26 VAT process:** From 1 January 2026, remove the self-invoice step from the import workflow. Retain the overseas invoice and Emirate Customs declaration – those remain the primary support for the Box 6 auto-population and any Box 7 adjustment.
3. **Reconcile Box 6 against internal records every period:** The auto-populated Box 6 is not "trust and file". Reconcile every VAT-return period to internal import records; where an agent imports on behalf of the client, an active Box 7 adjustment is required.

The Key Positions in VATP045

- **Concerned Goods = imports that would be taxable if supplied in the UAE:** Spare parts, machinery, most imported goods. If they would have been VAT-exempt in a UAE supply, they are outside the scope of the rule.
- **Output tax obligation stays:** Taxable Person is deemed to make a taxable supply to itself under Article 48(1). Output VAT sits prepopulated in Box 6 of the VAT return; reconcile to internal records for the period, and use Box 7 to adjust discrepancies or third-party-agent imports.
- **Administrative exception on self-invoicing (pre-2026):** The FTA accepts the Recipient does NOT need to issue a self-Tax-Invoice for pre-1 January 2026 imports – provided it (a) obtains and retains the overseas supplier's invoice, (b) retains the relevant Emirate Customs Department declaration, and (c) confirms the VAT correctly populates Box 6 (or adjusts Box 7).
- **Input tax recovery:** The Recipient may recover the related input tax to the extent the Concerned Goods were acquired to make taxable supplies – subject to VAT registration and retention of the supplier's invoice plus the Emirate Customs declaration.



Decision 4/2026 makes record-keeping quality an inspectable standard – completeness, legibility, access. VATP045 closes out the pre-2026 self-invoicing tail for imports. Both belong on the FY26 VAT and record-retention policy documents this quarter, ideally before the 30 September CT return sign-off cycle brings every workpaper under fresh scrutiny.

TWO WEEKEND EVENTS FOR UAE CFOS: JACKSON HOLE & THE 1 SEPTEMBER FUEL RESET

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Where the Numbers Sit Going Into the Weekend

JACKSON HOLE · FED PATH

Fed hold at 3.50–3.75%

- ~65% probability of no change at Sep FOMC
- Gold at ~$4,600/oz – safe-haven bid holding
- Any hawkish signal → dirham peg tracks USD strength

UAE FUEL· 1 SEP RESET

Announcement 31 Aug

- Aug pricing: Super 98 AED 3.60, Special 95 AED 3.49
- Diesel AED 3.80, E-Plus 91 AED 3.41
- Brent averaged $85–90 in Aug – modest bias implied



Two events over the coming weekend will set the tone for the September UAE cost base. **Jackson Hole** – the Fed's annual monetary-policy retreat – closes with speeches that markets read for signals on the **16–17 September FOMC**. And on **31 August** the UAE Fuel Price Committee will announce September pump prices, effective **1 September**. Both move client cost lines – directly for logistics and treasury, indirectly for everyone.

What's Driving It

1. **Fed on hold, hawkish tilt:** Cooler July CPI (3.4% YoY, Issue 16) was offset by resilient labour data. Markets now price ~65% chance of hold in September; the tail risk is a hawkish Jackson Hole line pushing hike probability higher into year-end.
2. **Brent softened but stays elevated:** Brent traded $85–90 through late August after the mid-month $93 spike (Issue 17). Below $90 mutes the September pump-price bias, but a Hormuz flare-up can restore it in a day.
3. **Gold as the pressure valve:** Gold holding around $4,600/oz reflects a combination of Fed-cut-in-2027 expectations, weaker USD sentiment, and steady safe-haven demand – a bid pattern likely to continue into the FOMC.

What UAE Clients Should Do Before Monday

1. **Fleet & logistics operators:** Load the 31 August fuel-price announcement into September cost models on the day. Contractual fuel surcharges should refresh from 1 September, not from the first refuel.
2. **Treasury & FX teams:** A hawkish Jackson Hole read strengthens USD (and by peg, AED). Non-USD payable hedges may benefit from a tighter ratio; watch for a dovish surprise that reverses the run.
3. **Gold & jewellery businesses:** Dubai gold near AED 550/g with $4,600/oz backdrop – inventory-cover discipline is what defends margin this quarter. Retail can pull forward Diwali/wedding buying.

Three near-term signals: (1) the Fed Chair's Jackson Hole tone – hawkish vs dovish; (2) 29 Aug US PCE – the Fed's preferred inflation gauge; (3) 31 Aug fuel announcement + 5 Sep US non-farm payrolls. Together, they set the rate/oil/currency backdrop for Q4 client planning across every UAE sector.

YOUR COMPLIANCE CALENDAR

Refreshed for the next **11** months.

DATE	WHAT'S DUE / WHAT KICKS IN
31 Aug 2026 (Mon)	VAT return due for the quarter ended 31st 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

