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WEEKLY NEWSLETTER



INSIGHTS

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MINISTERIAL DECISION 197/2026: E-INVOICING EASED – VAT GROUP RELIEF FOR 24 MONTHS, OFFSHORE STORAGE ALLOWED, OUTAGE NOTICES REMOVED

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Reading the Fine Print

- **It is a VAT Tax Group test:** Commentators read "Tax Group" as a VAT Tax Group registered with the FTA as a single taxable person. Related companies that are not in the same VAT group – and Corporate Tax groups as such – do not get the relief.
- **Group members still need a provider:** Any group member that invoices customers or receives invoices from suppliers outside the group remains inside the system. For most VAT groups, the relief removes intra-group volume, not the need to appoint an accredited provider by 30 October.
- **Voluntary use is allowed:** Commentary on the Decision indicates that groups may still e-invoice excluded transactions, with the rules applying in full except the penalty provisions. That gives groups room to test intra-group flows without penalty exposure.
- **Storage is now about access, not location:** Data hosted abroad by a provider or group shared-service centre is acceptable, provided it is retained for the Tax Procedures Law period and can be produced to the FTA on request. Contracts should say how quickly the provider will return data.
- **The outage penalty is an open question:** The Cabinet Decision 106/2025 schedule (Issue 03) included a daily penalty for failing to notify a system malfunction. With the notification duty repealed, that penalty should have nothing to attach to – but confirm with the FTA before relying on it.

URGENT ·FRONT NOTE · FINAL WEEK

28 · 30 · 31 OCTOBER 2026

Wed 28 Oct: quarterly VAT return for July–September. **Fri 30 Oct:** appoint an **accredited** e-invoicing provider if revenue is AED 50M or more. **Sat 31 Oct:** Corporate Tax return for 31 January 2026 year-ends and the first FTA Decision 15/2026 exemption window. **Treat Thursday 29 October as the deadline for all of them**

On **19 October 2026** the Ministry of Finance announced **Ministerial Decision No. 197 of 2026,** amending Ministerial Decision 243/2025 on the Electronic Invoicing System. It took effect from **1 October 2026** and makes three changes aimed at "reducing operational burdens on businesses". The largest is a **24-month exclusion for transactions between members of the same Tax Group,** starting 1 January 2027. Coming ten days after MD 168/2026 (Issue 22), it is the second e-invoicing instrument this month – and neither moves the 30 October appointment deadline or the 1 January 2027 go-live.

INTRA-GROUP RELIEF WINDOW

1 JAN 2027 – 31 DEC 2028

Transactions within the same Tax Group are treated as Excluded Transactions for 24 months

The Three Changes

TAX GROUP EXCLUSION

- Supplies between members of the same Tax Group are Excluded Transactions
- Runs for 24 months from 1 January 2027
- Supplies to and from outside the group stay in scope

STORAGE (ARTICLE 11)

- Requirement to store e-invoice data in the UAE removed
- Keep e-invoices, e-credit notes and data for the Tax Procedures Law period
- Must be provided to the FTA on request

SYSTEM FAILURE RULES REPEALED

- Article 12 and the "System Failure" definition deleted
- No duty to notify the FTA within two Business Days of an outage

WHAT DID NOT CHANGE

- ASP appointment by 30 October 2026 for revenue ≥ AED 50M
- Go-live 1 January 2027
- Only accredited providers count (MD 168/2026)

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MD 197/2026 is genuine relief for VAT groups and for businesses using offshore systems, and it removes an awkward outage-notification rule. It does not change who must appoint a provider or when. Use the next week to sign with an accredited provider, then use the relief to focus 2027 testing on external customers and suppliers first.

What Clients Should Do Now

- **Map each entity's VAT group status:** List which companies sit in the same VAT Tax Group and which are only related parties. Only the first category benefits.
- **Split invoice volumes:** Separate intra-group invoices from external ones. Re-price provider quotes on external volume only, but keep the appointment on track for 30 October.
- **Revisit data-hosting clauses:** Where offshore hosting was ruled out because of the UAE storage rule, it is now an option. Add retention, access and return-of-data terms instead.
- **Diarise 31 December 2028:** Intra-group transactions come into the system from 1 January 2029. Plan the group's integration during 2028, not after it.



CLOSING OCTOBER: THE FIRST VAT PERIOD UNDER THE NEW RULES – A PRE-CLOSE CHECKLIST

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October 2026 is the **first VAT period** under three instruments that took effect on 1 October: **FTA Decision 13/2026** (supplier verification, Issue 17), **Cabinet Decision 149/2026** (VAT Executive Regulation amendments, Issue 20) and **FTA Decision 17/2026** (employee expenses, Issue 21). Monthly filers report October in the return due **28 November**; quarterly filers carry it into the October–December return due 28 January 2027. The time to get the evidence right is this month-end, **not when the return is being prepared.**

The October Pre-Close Checklist

- **Run a new-supplier report for October:** Every supplier first paid in October, and every supplier crossing AED 100,000 of supplies in 12 months, needs the Decision 13 verification file before its input VAT is claimed.
- **Tag employee-benefit costs:** Code October transport, meals, accommodation, phones, internet and parking to the six Decision 17 cases. Costs outside a case, or with a cash-allowance option, go to blocked VAT.
- **Pull a cash-payment report:** List October supplies paid in cash. Until the threshold is published, keep the list and the reason cash was used, so the claim can be reviewed once the figure is known.
- **Update tax codes in the ERP before 1 November:** New codes for blocked employee VAT and unverified-supplier VAT stop the wrong amount flowing into Box 9 by default.
- **Keep the evidence with the period:** File verification records, policies and receipts by month. The FTA's record-keeping standard under Decision 4/2026 (Issue 18) expects them to be complete and legible.

Three Instruments, One Close

DECISION 13/2026 · SUPPLIERS

- Verify supplier and supply before deducting input VAT
- Supplies under AED 10,000 excepted — unless supplier total exceeds AED 100,000 in 12 months
- Extra checks above AED 375,000 per supplier

DECISION 17/2026 · EMPLOYEES

- Six cases only: transport, food, accommodation, new joiners, phones/internet, parking
- Every condition in a case must be met
- No cash alternative on transport, food or housing

CABINET DECISION 149/2026 · REGULATION

- Composite supplies follow the principal component
- Cash-paid supplies above a Ministerial threshold: input VAT blocked
- Threshold still to be announced — watch for the Ministerial Decision

WHAT STAYS THE SAME

- Tax invoice requirements and the 5% standard rate
- Apportionment method changes only from the first tax year after 1 October 2027
- Return due dates unchanged

The October close is the first test of the 1 October VAT reset. Recovery now depends on records created at the time – supplier checks, benefit policies and payment evidence – not reconstructed at return time. Build the checklist into this month-end and the 28 November return becomes a review, not a rescue.

UAE H1 GDP +0.4%, DUBAI −2.3%; BRENT ABOVE $110 AFTER SHAYBAH STRIKE; GOLD SLIDES

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The first official half-year numbers show how hard the regional conflict hit the second quarter. **UAE real GDP grew 0.4%** in H1 2026 to **AED 961.9 billion** (FCSC), with Q2 down **2.1%. Dubai's real GDP fell 2.3%** to about AED 473 billion. Oil moved the other way: Brent climbed **above $110/bbl** this week after a drone strike on Saudi Aramco's Shaybah field and renewed attacks on shipping, while gold fell nearly 3% on 22 October.

The Numbers That Moved

UAE & DUBAI · H1 2026

UAE +0.4% · Dubai −2.3%

- UAE non-oil GDP +1.8%; Q2 real GDP −2.1%
- Non-oil share of GDP 79.2%
- Dubai finance & insurance +8.8%; transport & storage −7.4%

OIL & GOLD · 22 OCTOBER

Brent $111–113 · Gold ~$4,021/oz

- Drone strike on Aramco Shaybah field
- Renewed attacks on shipping near Hormuz
- Gold −2.9% in one session

What Happened Under the Hood

- **Q2 took the hit:** UAE non-oil activity fell 1.1% in the second quarter, with tourism, transport and trade affected by regional developments and travel disruption (FCSC). Finance and insurance (+14.8%), ICT (+7.3%) and construction (+5.1%) carried the half year.
- **Dubai's mix shifted:** Real activity fell, but nominal GDP edged up to about AED 505 billion as prices rose. Real estate earned more on fewer sales; transport and storage fell 7.4%. Dubai home values were broadly flat in Q3 after a correction of about 10% earlier in the year (ValuStrat).
- **Oil re-priced on supply risk:** Brent traded near $111 on 22 October and above $113 in US trading, with WTI near $100. Direct tanker traffic through Hormuz remains heavily disrupted, partly offset by pipelines and rerouting.
- **Gold fell despite lower yields:** Gold dropped about $119 to roughly $4,021/oz, and silver fell almost 6%, as investors sold metals to cover losses elsewhere and priced further Fed tightening.
- **The Fed:** Markets price about an 84% chance of a hold at the 27–28 October meeting, with a December hike still the central expectation.

What It Means for UAE Clients

- **Budgets for 2027:** The H1 data and the IMF's −3.9% 2026 forecast (Issue 22) point to a weak second half. Base 2027 budgets on a slow first quarter and treat a Hormuz reopening as upside.
- **Fuel-sensitive operators:** Brent above $110 makes another increase in November UAE fuel prices — announced at the end of this month — likely. Build it into Q4 cost forecasts now.
- **Hospitality, transport and trading:** These sectors drove the Q2 decline. Review covenant headroom and Q4 cash flow; banks will be reading the same numbers.
- **Financial services and construction:** The strongest sectors in H1. Expect continued demand for funding, staff and space, and price contracts accordingly.
- **Gold & jewellery businesses:** Gold is now about 8% below its 17 September level (Issue 20). Revalue inventory at month-end and review hedges before the Fed meeting.

Three signals into November: (1) the 27–28 October FOMC — a hold is expected, but the statement will shape December; (2) the end-October announcement of November UAE fuel prices, with Brent above $110; (3) further strikes on Gulf energy infrastructure or shipping. For UAE CFOs, the second half of 2026 looks weaker than the first — plan cash and funding on that basis.

YOUR COMPLIANCE CALENDAR

Refreshed for the next **11** months.

DATE	WHAT'S DUE / WHAT KICKS IN
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 – accredited providers only (MD 168/2026). Practical filing date for CT returns of 31 January 2026 year-ends.
31 Oct 2026 (Sat)	CT return and payment due for 31 January 2026 year-ends. 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). Around this date: end of the 30-day accreditation window for pre-approved e-invoicing providers.
28 Nov 2026 (Sat)	VAT return for October 2026 (monthly filers) – the first return under FTA Decisions 13/2026 and 17/2026 and Cabinet Decision 149/2026.
30 Nov 2026 (Mon)	Pillar Two Top-Up Tax registration (Decision 12/2026) AND Pillar Two Information Return filing framework (MD 133/2026) – first cycle for FY starting 1 Jan 2025.
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.
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.
1 Oct 2027 (Fri)	Mandatory e-Invoicing go-live for government entities.
31 Dec 2029 (Mon)	Small Business Relief window closes (extended by MoF MD 131/2026 from 31 Dec 2026).

FREE E-INVOICING GROUP SCOPE REVIEW

LET'S TALK

Book a free 30-minute E-Invoicing Group Scope Review

Running more than one UAE entity? Send us your group chart and VAT group registration. We'll confirm which transactions fall under the new 24-month intra-group relief, which stay in the system from 1 January 2027, and what that means for your provider appointment and quote before 30 October. You leave with a written scope note – no obligation.

To book, write to me directly:

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