

UAE Corporate Tax FTA Readiness Review



The Regulatory Environment Has Shifted.

The Federal Tax Authority has materially increased its audit and inspection activity as corporate tax enters its second and third year of application.

Businesses are now subject to heightened scrutiny across:

- ▶ Tax positions adopted in initial filings
- ▶ Transfer pricing documentation and policies
- ▶ Free zone qualification and economic substance
- ▶ Application of reliefs, exemptions, and Small Business Relief



Key Risk Areas

- ▶ Positions taken without full technical support
- ▶ Incorrect or aggressive deductions
- ▶ Transfer pricing gaps
- ▶ Free zone / QFZP positions not aligned with substance
- ▶ Small Business Relief and exemption claims
Uncertain tax positions not revisited
- ▶ Tax provisioning and deferred tax inconsistencies
- ▶ Intercompany arrangements not formally documented



The Case For Acting Now

The revised penalty framework has materially increased the cost of errors:

- ▶ Proactive correction (Voluntary Disclosure)
→ 1% monthly charge
- ▶ FTA-detection error
→ 15% fixed penalty + monthly charges

Businesses that identify and address errors before FTA intervention significantly limit their financial and reputational exposure.



Our Approach

3 Stage Model

Stage 1: Risk Diagnostic

- ▶ Review of CT positions, TP documentation, and structures
- ▶ Identification of key risk areas

Stage 2: Remediation & Disclosure

- ▶ Quantification of exposures
- ▶ Voluntary disclosure support
- ▶ Strengthening of technical positions



Stage 3: Audit Readiness & Defense

- ▶ Documentation preparation
- ▶ Response strategy
- ▶ Support during FTA queries and audits

This Review is Relevant For:

- ▶ Businesses filing their second or third UAE Corporate Tax return
- ▶ Groups with intercompany transactions, related party arrangements, or cross-border structures
- ▶ Free zone entities relying on QFZP or qualifying free zone status
- ▶ Any business where CT or VAT compliance was handled internally or by a non-specialist provider



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