



Corporate Tax Alert

Federal Tax Authority Decision No. 7 of 2025

Requirements for Preparing and Maintaining
Audited Special Purpose Financial Statements
for a Tax Group

The UAE Ministry of Finance has issued a Ministerial Decision No. 84 of 2025 on Audited Financial Statements mandating all Tax groups to prepare **audited special purpose aggregated financial statements** for Corporate Tax purposes. Further to this, the Federal Tax Authority (FTA) has recently issued a detailed guidance on the preparation and format of audited special purpose financial statements for Tax Groups.

The key requirements highlighted in the decision have been captured as below:

A. Framework for Preparation of Aggregated Financial Statements

- ▶ The Aggregated Financial Statements must be prepared annually based on the standalone financial statements of the members of the Tax Group.
- ▶ These aggregated FS will be prepared eliminating transactions between the members.
- ▶ These aggregated financial statements must be prepared in accordance with IFRS or IFRS for SMEs, subject to the following:

1. **Consolidation Adjustments:** For the purpose of preparing the tax- aggregate financial statements, the standalone financial statements of an acquiring entity in the Tax Group should not reflect the impact of business combinations under IFRS 3 and consolidated financial statements prepared under IFRS 10 in relation to such business combinations for the purposes of aggregation.

Adjustments relating to goodwill, gain on bargain purchase, or fair value adjustments to assets and liabilities recorded in IFRS-compliant consolidated financial statements shall not be included in the Aggregated Financial Statements, except where business combinations are executed without the acquisition of a separate legal entity. In such cases, the resultant assets, liabilities, goodwill, or gain on bargain purchase, as part of the acquiring entity's separate financial statements, shall be aggregated completely into the Aggregated Financial Statements of the Tax Group.

2. **Line-by-Line Aggregation:** Members of the Tax Group must perform a line-by-line aggregation of Financial Statement captions, including those relating to investments recorded by the Parent Company or any Subsidiary, or relating to corresponding equity recorded by the Subsidiaries within the Tax Group without any eliminations between these captions.
3. **Impairment of Investments:** For the purposes of preparing the Aggregated Financial Statements, any impairment that the Parent Company has recorded over its investment in a Subsidiary in the Tax Group and any impairment that a Subsidiary has recorded over its investment in another Subsidiary (directly held) in the Tax Group should not be eliminated.

B. Eliminations:

- ▶ Any income, expenses, unrealised gains and losses, and other transactions between members of the Tax Group must be eliminated.
- ▶ Transactions with entities outside the Tax Group must not be eliminated.
- ▶ Standalone financial statements of entities not part of the Tax Group must not be aggregated.

C. Standalone Financial Statements of the Members:

- ▶ Must be prepared in accordance with IFRS or IFRS for SMEs.
- ▶ Must be prepared using uniform accounting policies across all members.

D. Other Aspects:

- ▶ Investments in subsidiaries, joint ventures, and associates that are not members of the Tax Group must be carried at cost less impairment.
- ▶ The accounting profit or loss to be aggregated must be the pre-tax profit or loss of each member of the Tax Group.
- ▶ **Currency:** The Aggregated Financial Statements must be presented in United Arab Emirates Dirham (AED).
- ▶ **Presentation:** Set of Aggregated Financial Statements to include:
 - i) Aggregated Statement of Financial Position
 - ii) Aggregated Statement of Profit or Loss
 - iii) Aggregated Statement of Other Comprehensive Income
 - iv) Aggregated Statement of Changes in Equity
- ▶ **Disclosure:** The following disclosures must be included in the Aggregated Financial Statements:
 - i) The framework under which the Aggregated Financial Statements have been prepared
 - ii) The basis of aggregation
 - iii) The material accounting policies, estimates, and judgments used
 - iv) Explanatory notes and information supporting the numbers presented
- ▶ **Members Leaving the Tax Group:**
 - i) When a member leaves the Tax Group, or the Tax Group itself ceases to exist, the departing member must adopt the asset and liability values recorded in the Tax Group's Aggregated Financial Statements as the opening values in its standalone FS.
 - ii) Exception: If the relevant accounting standards do not permit using these values, the member must still calculate its taxable income as if those values had been used.

Key Takeaways

This Decision was long anticipated following Ministerial Decision No. 301 of 2024, which first set out the broad requirements for Tax Groups and provided the need for a framework on Aggregated Financial Statements.

While the Decision formally applies only to tax periods commencing on or after 1 January 2025 and does not cover FY 2024, Tax Groups should take guidance of the framework now and, where possible, may apply the same principles to their 2024 reporting. Doing so will:

- ▶ Ensure consistency in accounting policies, elimination procedures, and asset/liability values.
- ▶ Facilitate a smoother transition when ISA-audited special purpose statements become mandatory; and
- ▶ Allow teams and auditors to refine processes during 2024, reducing the risk of compliance issues or restatements.

Our Experts



Prateem Sengupta

Partner - Direct & International Tax
prateem.sengupta@ae.andersen.com



Sahil Sharma

Director - Transfer Pricing & Value Chain Advisory
sahil.sharma@ae.andersen.com



Dhaval Ranpura

Associate Director - Corporate & International Tax
dhaval.ranpura@ae.andersen.com



- 📍 803, New Global Tower, Electra Street, Abu Dhabi
- 📍 402, Arentco Tower, Dubai Media City, Dubai
- 📍 AB 1002, Jafza One, Jebel Ali Free Zone, Dubai
- ☎ 800 2829
- ✉ info@ae.andersen.com

DISCLAIMER: This information cannot be considered as our recommendation and contains information in summary form. This is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither Andersen in the UAE nor any member firm can accept any responsibility for loss occasioned by any person acting or refraining from action as a result of any material in this presentation. On any specific matter, reference should be made to the appropriate advisor (under contact information)