ANDERSEN

RUN DOWN 2024

TAX JOURNAL

Facts of impact: This year's focus highlights how UAE businesses have adapted to the evolving tax regime and ongoing developments in the country's tax landscape. With new tax policies in place, companies have demonstrated resilience and flexibility, ensuring compliance while optimizing their strategies. These changes underscore the UAE's commitment to strengthening its fiscal framework and maintaining its position as a competitive business hub.

In 2024, the UAE has made significant strides in reshaping its tax landscape, with key changes across various areas to align with international standards and strengthen its fiscal framework.

- Corporate Tax: The introduction of a 9% corporate tax on business profits has been a landmark shift. This reform is complemented by clarifications on corporate tax guidelines, including clarity on free zone incentives and exemptions.

- Transfer Pricing: The UAE has strengthened its transfer pricing regulations in 2024, bringing them in line with OECD guidelines. Clarifications have been issued on the documentation requirements and local inter-group transactions simplifying the compliances.

- Value Added Tax: Significant revisions to the VAT law and executive regulations have been implemented in 2024, simplifying compliance for businesses. The government has streamlined VAT filing procedures and clarified specific rules around VAT exemptions and refunds.

- Excise Tax: The excise tax framework remains largely unchanged in 2024, however number of businesses have been assessed by authorities on specific areas such as tobacco waste, moisture, and export procedures.

- Economic Substance Regulation (ESR): In a notable development, the UAE has abolished w.e.f. 2023. Businesses however been assessed for past year compliances.

- Pillar II: The UAE has fully adopted the OECD's global minimum tax framework under Pillar II, imposing a 15% minimum tax rate on multinational enterprises w.e.f. 1 January 2025.

- E-invoicing: A key milestone in the UAE's tax modernization efforts is the adoption of e-invoicing. implementation roadmap is defined to allow businesses to be technology ready.

These key developments in the UAE's tax system reflect the country's commitment to maintaining a competitive, transparent, and globally aligned tax framework, which continues to attract international businesses and strengthen the economy.

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CORPORATE TAX

By: Prateem Sengupta

First and foremost...

2024 marked a significant change for the UAE, transitioning from a tax-free environment to the first full year under the newly implemented Corporate Tax Law. This shift required businesses to adapt quickly and navigate new regulatory landscapes. As we approach 2025, further developments are expected.

RECAP OF 2024: KEY DEVELOPMENTS IN UAE CORPORATE TAX LAW UAE

1.First Year of Corporate Tax Compliance: 2024 was the first tax year for most businesses in the UAE. This marked a significant shift from the UAE's previous tax-free environment, requiring businesses to adapt their financial processes, accounting practices, and tax planning strategies to comply with the new regulations.

2.Clarifications from Tax Authorities: The UAE tax authorities issued several detailed guides throughout 2024 to clarify key aspects of the corporate tax law. These included clarifications on the tax treatment of real estate transactions, free zone businesses, tax groups, exempt income, etc. These clarifications have been crucial in helping businesses understand their obligations and avoid any misinterpretation.

3.Transfer Pricing (TP) Regulations: A significant development in the UAE was the introduction of transfer pricing (TP) regulations, aligned with the OECD guidelines. This has led many businesses to implement formal TP policies during 2024. For UAE businesses, this has been one of the major compliance challenges of the year.

4.Economic Substance for Free Zone Businesses: As part of the new corporate tax regime, to benefit from the 0% corporate tax rate, companies must now have adequate substance within the free zone. This ensures that free zone entities are not merely paper structures. While this change posed initial challenges for some businesses, it brought the UAE's tax system in line with global standards.

5.Tax Accounting and Reporting Structures: With the introduction of corporate tax law, businesses are required to accurately calculate tax liabilities based on taxable income (current tax) while managing timing differences between accounting income and taxable income (deferred tax).

In 2024, many businesses, especially family-owned enterprises and SMEs, had to also realign their accounting practices to comply with requirements of the UAE CT Law and international standards.
This has resulted in improved corporate governance and financial transparency across the board.

Parteem Sengupta

Partner
Direct & International Tax

“Businesses must adopt a diligent approach to comprehend the latest corporate tax regulations by implementing robust tax reporting systems. It is essential to enhance existing tax strategies, modernize accounting practices, and ensure that the team is well-versed in the updated tax framework. These measures will not only ensure compliance but also optimize financial performance in a competitive landscape.”

Webinar on the key challenges of implementing the new tax regulations and Pillar 2 updates in the UAE, September 2024. With Prateem Sengupta, Partner, (left)and Sahil Sharma, Transfer Pricing Director (right)

WATCH NOW

WHAT TO EXPECT IN 2025:
Key Developments Ahead watch

As we near 2025, companies must brace themselves for ongoing transformations. Here are the essential developments to watch for:

1.First Year of Tax Filing and Payments: 2025 will be the first year that businesses are required to file tax returns and pay corporate tax. This will be a significant milestone for companies, and businesses must start preparing well in advance. Ensuring accurate financial records, meeting filing deadlines, and calculating tax liabilities correctly will be critical to avoid penalties.

2.Tax Incentives for Key Sectors: The UAE is likely to introduce targeted tax incentives to promote investment in sectors critical to the country's economic future. Businesses should stay informed about potential tax relief measures or breaks, which could provide significant opportunities for growth.

3.Adoption of Pillar 2 Global Minimum Tax: The UAE has committed to adopting the OECD's Pillar 2 rules, which establish a global minimum tax rate of 15% on profits. Large businesses breaking the thresholds (Euros 750 million) should prepare for the potential adoption of these rules.

Taxation of Digital and Virtual Assets: With the UAE positioning itself as a global leader in virtual assets and blockchain technology, there may be new regulations in 2025 concerning the taxation of digital and virtual assets. As cryptocurrencies, NFTs, and other blockchain-based assets become increasingly popular, businesses operating in this space should be prepared for specific tax policies that may affect their operations.

4.The Need for a Strong Internal Tax Policy: As the UAE's corporate tax system continues to evolve, businesses in 2025 will need to have a solid internal tax policy in place. Businesses should invest in tax risk management practices, ensure internal tax teams are trained in the latest regulations, and maintain strong governance to handle complex tax matters efficiently.

5.Specific Tax Rules for Banks and Insurance Companies: Given the unique nature of these industries, many countries impose specific tax rules for them. It will need to be seen whether there will be new and tailored regulations for the banking and insurance sectors.

> While the changes brought challenges, they also offered opportunities for businesses to improve their financial practices and align with global standards. As we look ahead to 2025, businesses will need to stay proactive, especially with the first round of tax filings and payments approaching. To navigate this evolving environment, businesses must have a clear internal tax policy, strong reporting structures, and a solid tax strategy in place. With the right planning, 2025 can be a year of growth and compliance, as the UAE's tax system continues to mature and align with international practices.

TRANSFER PRICING

By: Sahil Sharma, Mankush Soni

NAVIGATING THE UAE TRANSFER PRICING LANDSCAPE SO FAR

The UAE's introduction of corporate taxation has transformed its fiscal framework, emphasizing Transfer Pricing (TP) regulations to enhance transparency in cross-border transactions and align with global tax standards. As businesses adapt to these TP requirements starting from June 1, 2023, there is increased focus on compliance, reporting, and strategic planning. The UAE Transfer Pricing Guidelines offer a foundational roadmap, highlighting both challenges and opportunities in this evolving regulatory landscape. This newsletter explores the milestones, hurdles, and prospects of this new era.

I. The UAE's Adoption of TP Regulations:

The UAE's transition to a corporate tax regime, including TP rules, signifies a shift from its historically tax-free environment to a robust fiscal structure. Based on the OECD's Base Erosion and Profit Shifting (BEPS) framework, particularly Action 13, these regulations aim to align profits with value creation.

II. Challenges Encountered: Breaking Down the Complexities:

The introduction of TP rules has brought several challenges for businesses navigating compliance in their first tax period. Below are the key hurdles with transactional insights into how they impact businesses:

KEY FEATURES OF THE UAE TP FRAMEWORK

- Scope and Applicability: All related-party and connected-person transactions, whether domestic or cross-border, must adhere to the arm's-length principle.
- Comprehensive Documentation: Businesses exceeding revenue thresholds must prepare TP Disclosure Forms, Master Files, and Local Files.
- International Alignment: The regulations mirror OECD guidelines, ensuring global consistency.
- Compliance Consequences: Non-compliance risks include audits, penalties, and reputational harm.

1. AWARENESS AND UNDERSTANDING

Many local businesses and SMEs find transfer pricing (TP) unfamiliar, especially with the swift implementation of TP regulations requiring understanding of complex principles like the arm's-length standard and documentation. A UAE-based SME struggled with determining arm's-length pricing for goods from a sister entity, leading to delayed documentation and higher audit risks due to a lack of proper benchmarks.

2. DATA COLLECTION AND SYSTEMS PREPAREDNESS

TP compliance demands systems capable of tracking, analyzing, and documenting intercompany transactions. Many businesses lacked the infrastructure needed to meet these requirements.

3. COMPLEX FINANCIAL TRANSACTIONS

Intercompany financial arrangements often pose nuanced challenges, including:

- Interest Rate Benchmarking: Determining an arm's-length interest rate reflective of creditworthiness and market conditions.
- Example: A UAE subsidiary of an MNE found it challenging to benchmark interest rates on shareholder loans, with no direct comparables available in the market.
- Guarantee Fees: Calculating fees for explicit and implicit guarantees provided by parent entities.
- Example: A manufacturing company grappled with justifying implicit guarantee fees from its parent, ultimately relying on complex adjustments to comparable agreements.
- Legacy Loans and Capital Contributions: Differentiating between equity and debt instruments for shareholder contributions.
- Example: A real estate company faced disputes over whether shareholder advances constituted equity (no interest charge) or loans requiring an interest charge under TP regulations.

4. KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION

Benchmarking remuneration for KMP is particularly challenging, especially when personal attributes or unique contributions are involved.

Andersen Insight*: A family-owned trading company faced significant challenges to justify salaries paid to owner-directors due to the lack of external benchmarks for their dual roles as strategic decision-makers and operational managers.*

5. AMBIGUITIES IN INTERPRETATION

Businesses often faced uncertainty regarding definitions, thresholds, and acceptable benchmarking approaches, leading to delayed compliance efforts.

Andersen Insights*. Companies with significant intra-group service transactions faced hurdles in quantifying value. For instance, a logistics firm struggled to justify management fees paid to its parent company due to insufficient cost base identification and cost allocation systems.*

6. ALIGNING GROUP POLICIES WITH UAE REQUIREMENTS

Multinationals had to reconcile global TP policies with UAE-specific rules. This required revisiting intercompany agreements and documentation frameworks.

III. Opportunities for Businesses

Turning Challenges into Strategic Wins. While the challenges are evident, the UAE's TP framework presents significant opportunities for businesses to enhance their operations and compliance practices:

1. OPERATIONAL TRANSFER PRICING (OTP)

OTP ensures real-time compliance by integrating TP policies into daily business operations. Andersen Insight: A leading consumer product retailer automated its invoicing process for intercompany transactions, reducing manual errors and ensuring consistent adherence to the arm's-length principle.

2. ENHANCED GOVERNANCE AND REPORTING

TP compliance encourages the adoption of robust internal controls and improved financial reporting systems.

Andersen Insight*: An MNE established a centralized TP team to oversee intercompany transactions, resulting in streamlined reporting and fewer compliance lapses.*

3. STRENGTHENED GLOBAL CREDIBILITY

Adhering to OECD-aligned TP rules enhances reputations in the global marketplace, fostering trust among stakeholders and investors.

Andersen Insight*: An online real-estate startup platform used its compliance with UAE TP regulations as a selling point during negotiations with international joint-venture partners and its subsequent seed fund rounds.*

4. RISK MITIGATION THROUGH DOCUMENTATION

Comprehensive documentation acts as a safeguard against audits and disputes, reducing potential penalties.

5.IDENTIFYING VALUE DRIVERS IN TRANSACTIONS

The TP framework prompts businesses to analyze and optimize intercompany arrangements.

Andersen Insight*: A trading company identified inefficiencies in its shared services model during a TP review, leading to cost savings and improved profitability.*

IV. Challenges Encountered: Breaking Down the Complexities:

Critical Considerations for UAE Businesses:

- Focus on Related-Party Transactions: Ensure arm's-length compliance across all related-party and connected-person dealings.
- Conduct Comprehensive Functional Analysis: Assess functions, assets, and risks (FAR) for each transaction.
- Timely Preparation of Documentation: Anticipate FTA audit requests by maintaining accurate and detailed records.

V. The Road Ahead. The UAE's TP journey is still evolving, with key developments expected in the near term:

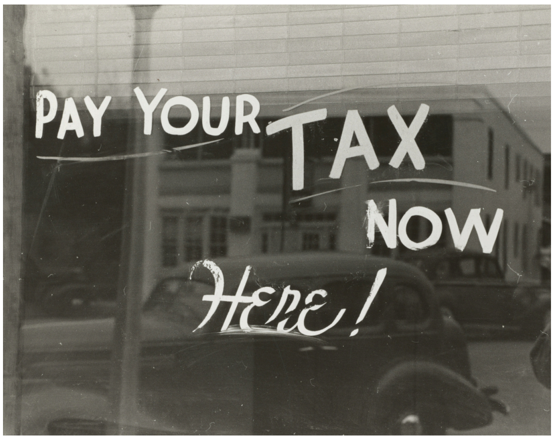
- Enhanced FTA Guidance: Greater clarity on documentation standards and enforcement practices.
- Increased Audit Activity: Businesses should be prepared for scrutiny, particularly regarding high-value transactions.
- Integration with Global Trends: Potential introduction of measures such as Country-by-Country Reporting (CbCR) and enhanced dispute resolution mechanisms.

Andersen insight: A construction firm prepared detailed Master and Local Files, preempting audit queries and ensuring smooth operations despite heightened scrutiny.

CONCLUSION

The UAE's transfer pricing regulations mark a significant stride toward greater fiscal transparency and alignment with global norms. While challenges persist, the opportunities for enhancing compliance, optimizing operations, and building trust are substantial. Businesses must adopt a proactive approach, leveraging robust systems, detailed documentation, and strategic planning to navigate this evolving landscape. By doing so, they can not only meet regulatory expectations but also position themselves as credible and competitive players in the global economy.

VALUED ADDED TAX



By: Gurleen Sethi, Vaijanti Dalvi & Amandeep Singh

Announcement of Cabinet Decision No. (100) of 2024, which amends Executive Regulation of Federal Decree-Law No. (8) of 2017 on VAT, has brought notable developments to the UAE tax landscape.

This year has been eventful, marked by critical regulatory updates that aim to support the growth of the UAE economy and provide businesses with much-needed clarity and flexibility in meeting their VAT obligations. We have provided some key takeaways below.

Zero-Rating of Export of Goods: Key Clarifications

A significant change pertains to the new mandatory requirement for an exit certificate, which is necessary to validate the zero-rating of exported goods. Although we are still waiting for further clarifications, this amendment may help alleviate the difficulties exporters face, especially those dealing with delays or complications in obtaining exit certificates that could result in the loss of zero-rating benefits.

Consequently, it is crucial for businesses engaged in exports to stay vigilant and monitor any further guidance or developments to ensure compliance while effectively utilizing this provision.

From our audit experience, it's vital to keep corroborative evidence to support export activities.

Grace Period to Update Tax Records Without Penalties

TA introduced a grace period from January 1, 2024, to March 31, 2025, allowing businesses to update their tax records without administrative penalties. Businesses must inform the FTA of changes like name, address, trade license activities, legal entity type, partnership agreements, or business location.

This initiative aims to simplify compliance and provide businesses with an opportunity to avoid penalties of AED 1,000 to AED 10,000. Further, penalties imposed after January 1, 2024, for non-updated records will be automatically reversed, including refunds for penalties already paid.

Key Insights for VAT Compliance in 2024

- Retrospective change aligning VAT treatment for exempt supplies and virtual assets has brought clarity to the financial services sector but highlights the need for businesses to review their VAT compliance.

- Companies should assess VAT registration, consider voluntary disclosures to correct past returns, and update profiles despite issues with the EmaraTax portal. With increasing VAT audits, businesses must ensure their ERP systems, accounting records, and documentation are accurate and well-maintained. Recent audits have focused on thorough evaluations, emphasizing the importance of strong record-keeping and compliance.

- The Public Clarification on Manpower vs. Visa Facilitation Services offers much-needed clarity on distinguishing between the supply of manpower services and visa facilitation services for various business groups in the UAE. It is prudent to create and maintain a policy for future use and necessitate the careful examination and interpretation of what is adopted by businesses.

Role of Technology in Tax Compliance

Advent of e-invoicing signals a transformative shift in compliance expectations. Small and medium enterprises (SMEs), in particular, must begin budgeting for the implementation of advanced ERP systems that can seamlessly integrate with regulatory requirements. Investing in technology now will enable businesses to streamline processes, reduce errors, and remain competitive in a digitally driven tax ecosystem.

Practical Tips for Businesses:

- Advent of e-invoicing signals a transformative shift in compliance expectations. Small and medium enterprises (SMEs), in particular, must begin ongoing Training: Keep teams updated on VAT laws and audit procedures.
- Internal Audits: Regularly check for compliance gaps and fix them proactively.
- Monitor Amendments/Updates: Stay informed about updates to UAE VAT Law and FTA clarifications.
- In 2025, VAT audits will focus on ensuring compliance with VAT regulations, emphasizing accurate documentation, proper registration, and correct returns. Businesses should maintain strong accounting systems and ensure records are audit-ready to avoid penalties and compliance issues.
- As we move forward, the focus remains on building robust compliance structures, embracing technological advancements, and staying prepared for a dynamic tax environment. By doing so, businesses can navigate challenges effectively while leveraging opportunities for growth and efficiency, budgeting for the implementation of advanced ERP systems that can seamlessly integrate with regulatory requirements.
- Investing in technology now will enable businesses to streamline processes, reduce errors, and remain competitive in a digitally driven tax ecosystem.

By: Gaurav Chugani, Rishi Sundaram

EXCISE TAX

Marching towards systematic compliance: one year later in the UAE's Excise Tax regime

As another year passes in the intricate Excise Tax regime introduced in the UAE in 2017, the journey towards practicing compliance becomes more and more streamlined, often accompanied with unique opportunities and hurdles.

Reflecting upon 2024, the year brought upon some substantial considerations for UAE Excise Tax compliance. Succeeding the amendments introduced by Cabinet Decision No. 108 of 2023 on the Excise Tax Executive Regulations in 2023, the year marked the clauses related to Excise Tax Refunds for Non-Registered companies coming into effect, supported by the introduction of excise form EX203H–Non-Registered Local Purchase Declaration on the FTA's EmaraTax platform.

While the 2024 year was relatively modest with respect to legislative updates, drawing reference to the phrase "ignore the fine print at your own risk" becomes highly apt, considering the high tax rates & nature of excise tax.

Insights: Considerations for Excise Tax Compliance in the 2024

Annual Designated Zone renewal is an extremely critical activity, as non-compliance with the provisions may lead to suspensions, which in turn may invite inconceivable financial implications due to tax being levied on all excise goods being held in the Designated Zone. A key factor in the renewal process is the valuation of the Financial Guarantee to be issued to the FTA, based on risk factors determined by them.

In 2024, it was seen that the FTA transitioned from a manual calculation process to an automated IT system process with respect to the Financial Guarantee valuation, utilizing the virtual inventory data available and streamlining efficiency and accuracy. This transition led to challenges where the system inventory of companies was in discrepancy with their virtual inventory on their Emara Tax portal.

In 2024, it was seen that the FTA transitioned from a manual calculation process to an automated IT system process with respect to the Financial Guarantee valuation, utilizing the virtual inventory data available and streamlining efficiency and accuracy. This transition led to challenges where the system inventory of companies was in discrepancy with their virtual inventory on their EmaraTax portal.

Consider a simple case: a company had made several historical inadvertent errors in filing declarations on the EmaraTax portal, which led to inflation of their FTA virtual inventory. Accordingly, the FTA's automated computation based on the inflated inventory yielded a significantly higher Financial Guarantee request, exceeding 100% of the excise product base.

On the contrary, in several cases, the FTA identified cases where a unique product held negative stock positions at the end of various periods, leading to undervaluation. Such cases were intimated to companies with the opportunity to rectify inadvertent errors to allow for recalculation of the Financial Guarantee request amount.

In addition to Designated Zone renewals, the FTA placed emphasis on reviewing & updating the Retail Selling Price (i.e., Excise Price) of all unique products registered by companies with the FTA.

Companies need to be very mindful and conduct regular reviews of the RSP registered with the FTA. The complexities of the legislation, coupled with the fact that FTA regularly conducts physical inspections for pricing at retail stores, indicate the criticality of the subject—just because it is right today may not necessarily mean it is right tomorrow.

New horizons: Outlooks for UAE Excise Tax in 2025

The UAE's Ministry of Health and Prevention (MoHAP) revealed the undertaking of the National Health and Nutrition Survey 2024-25, a survey conducted every 5 years to assess the consumption trends that may influence tax, health & economic policy—the last such survey resulted in the inclusion of electronic smoking devices under the scope of excise tax.

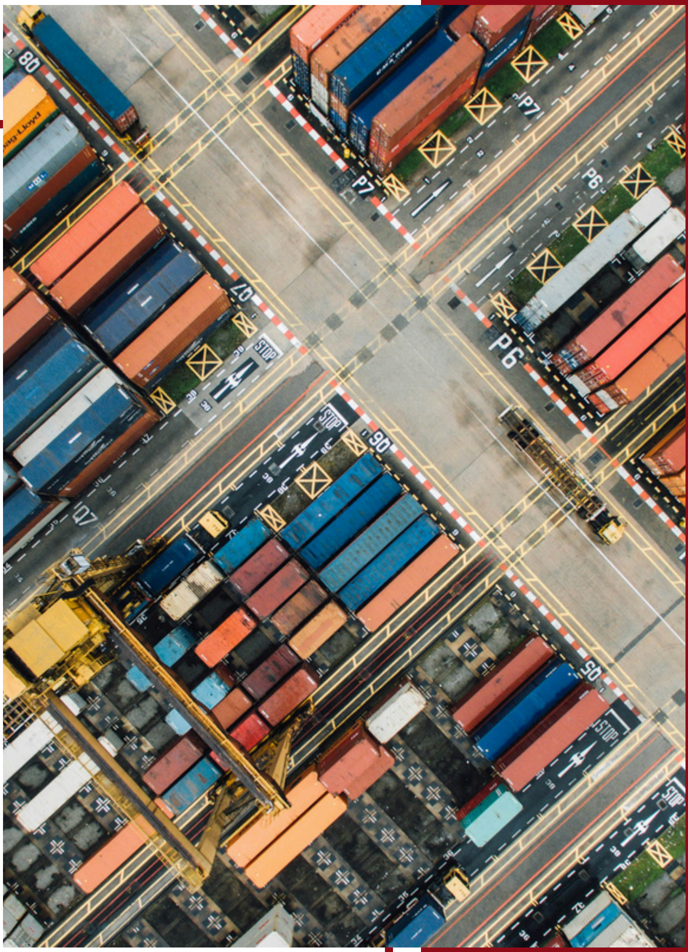
It is rationally expected that the results of the survey would result in a possible update to the scope of excisable products & possibly rates going forward, where it is vastly anticipated that the ever-so-trending nicotine pouches would be addressed.

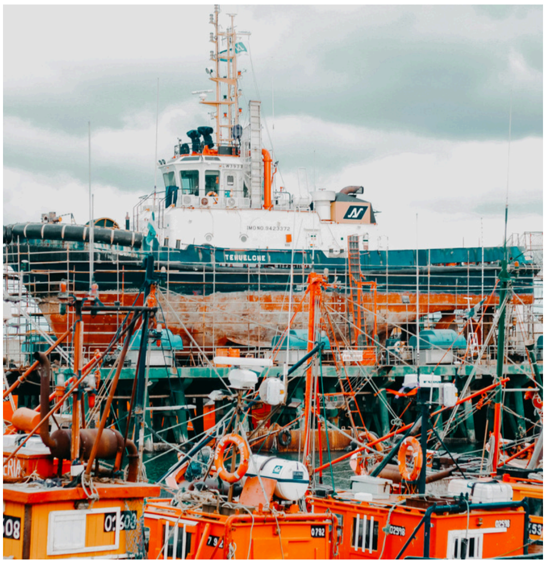
Further, the learnings of 2024 provide valuable takeaways, namely the alignment of system stock records & FTA virtual inventory records and adherence to all excise compliance areas, including pricing, from a holistic perspective. It is the need of the hour for companies to be oriented towards automated ERP solutions that integrate all areas of tax compliance & documentation—past, present & future.

It is often said but holds specifically true for UAE excise tax that "*if you think compliance is costly, try non-compliance.*"

CUSTOMS

By: Gaurav Chugani, Navaroj Srinivasan





UAE Customs Regulations: Easing Trade and Improving Efficiency

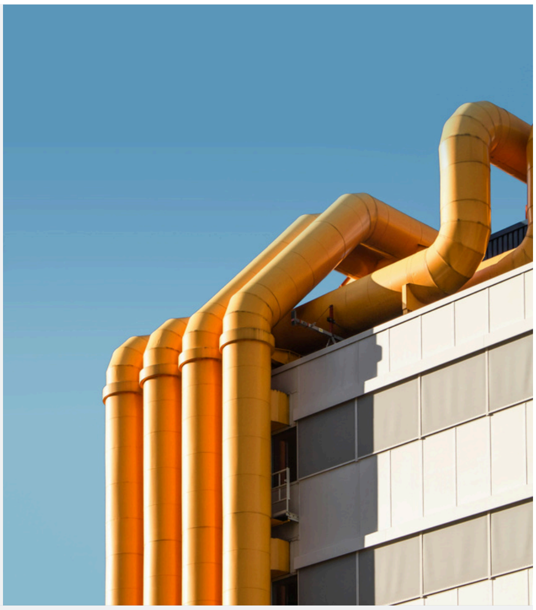
The UAE has been continuously evolving its customs regulations to simplify processes and enhance the overall trade experience. In line with the country's vision to position itself as a global trade hub, recent amendments have streamlined several customs procedures, including:

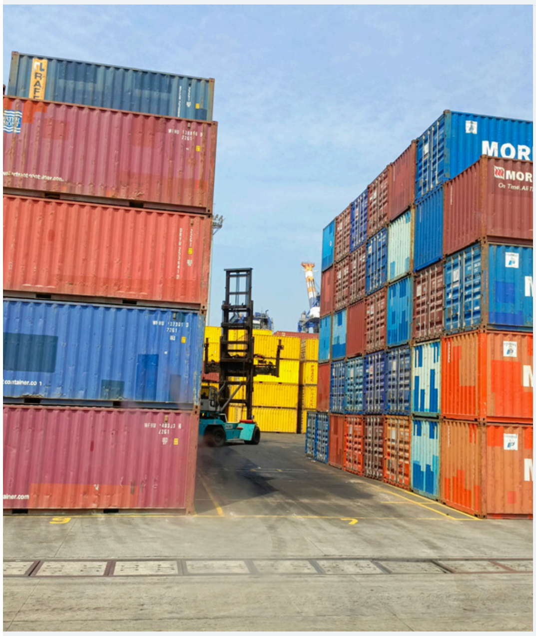
- UAE has recently introduced updated customs declaration procedures designed to enhance efficiency, transparency, and compliance in trade activities. The integration of QR codes and digital records has significantly improved the efficiency and security of customs declarations.
- UAE has also announced the imposition of final anti-dumping measures on electrical fittings imports from China into the GCC. This move is a strategic initiative to protect local industries, promote fair competition, and ensure the long-term sustainability of the region's manufacturing sector.
- Dubai Trade Portal is part of the UAE's Single Window System, where businesses can complete all regulatory requirements for trade in one place. This system integrates Dubai Customs with other government agencies, such as the Ministry of Health, the Ministry of Agriculture, and others. Additionally, in June 2024, Dubai Customs introduced an opportunity for taxpayers to rectify errors by filing a Voluntary Disclosure (VD), which has helped mitigate penalty implications for past errors.

KEY INSIGHTS: UAE'S TRADE GROWTH AND STRATEGIC INITIATIVES

UAE continues to invest heavily in its free zones to foster innovation and trade. These zones offer attractive benefits like tax exemptions, simplified customs procedures, and 100% foreign ownership.

UAE's focus on expanding its global trade footprint is evident in its participation in major free trade agreements (FTAs). Notably, the Comprehensive Economic Partnership Agreement (CEPA) with India is expected to boost bilateral trade and introduce new opportunities for businesses in both countries. Companies should monitor these agreements to take advantage of favourable tariffs and import/export incentives.





UPCOMING CHANGES IN UAE CUSTOMS PROCEDURES: WHAT YOU NEED TO KNOW

UAE Customs Authority has announced several upcoming changes to the customs procedures that will affect how businesses engage with customs operations:

- Dubai Trade Portal facilitates the application process for businesses seeking to obtain the Authorized Economic Operator (AEO) status, which grants access to benefits such as faster clearance, fewer inspections, and enhanced supply chain security.

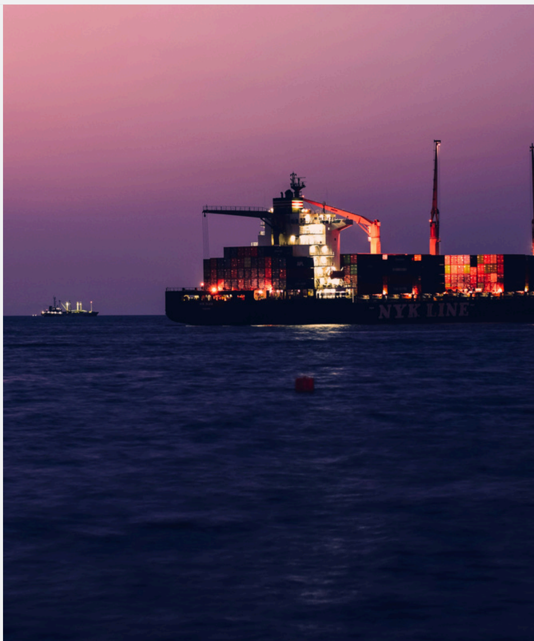
- Digitalization of Customs Valuation: UAE Customs Authority is moving toward a more advanced, data-driven customs valuation system. This change aims to simplify the process of determining the value of goods and enhance the transparency of import duties.

NAVIGATING FUTURE CHALLENGES IN 2025

- As we look ahead to 2025, the landscape of international trade and customs regulations is expected to continue evolving, with increased focus on trade protection measures like anti-dumping duties and tariffs. Businesses will need to be even more agile in adapting to these changes, utilizing technology and data analytics to monitor real-time shifts in regulations, tariff codes, and international trade agreements. The ability to predict and prepare for potential customs challenges will become a competitive advantage.

- For companies involved in global shipping, the key takeaway is clear: maintaining strong relationships with customs advisor, staying informed about new regulations, and ensuring full compliance with all trade laws are essential steps to mitigate risks.

- We envisage that the exit certificate may be phased out in the near future. As such, it will be essential for companies to maintain accurate records and supporting evidence to validate exports from the UAE.



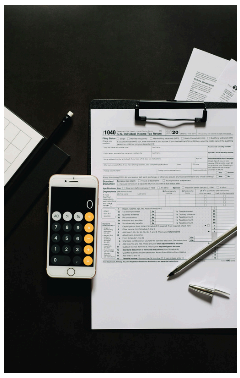
MERGERS AND ACQUISITIONS

By: Alexandra Smirnova

Global Overview: A comeback for Big Deals

Mergermarket reports that the first 9 months of 2024 saw global M&A value reach USD 2.5 trillion, an 18.8% increase compared to the same period in 2023. Mega deals valued at more than USD 2 bn accounted for over half the total volume.

However, the number of transactions dipped by 4% YoY, highlighting a shift in focus among companies and investors toward fewer, higher-value deals over a greater volume of smaller transactions.



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“As the region embraces innovation and sustainability, the UAE and Saudi Arabia are poised to lead MENA’s economic transformation and maintain their positions as M&A leaders.”

UAE and Saudi Arabia Propel MENA M&A Growth into 2025

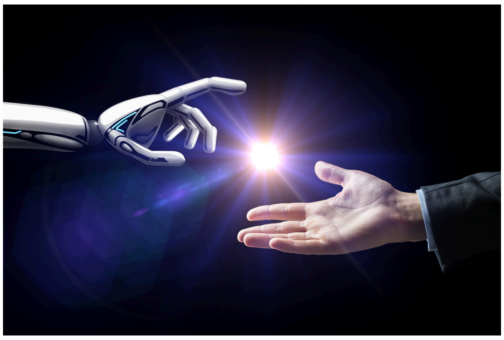
The MENA region saw a significant surge in M&A activity during the first nine months of 2024, reinforcing its position as a global investment hub. Both deal volume and value experienced notable growth, with the UAE leading the region with 98 transactions, followed by Saudi Arabia with 47 deals.

The Middle East M&A landscape continues to be dominated by outbound activity, with regional buyers increasingly focusing on acquiring companies outside their borders. Middle Eastern sovereign wealth funds (SWFs) are particularly active, seeking opportunities abroad. A notable example includes Mubadala's acquisition of a 49% stake in Tubacex's Oil Country Tubular Goods and Truist Insurance buyout in February by Mubadala and co-investors.

The UAE's M&A success is fueled by strong government initiatives such as the "We the UAE 2031" plan, the UAE Energy Strategy 2050, and recent legislation updates, including a competition law requiring companies to notify authorities about major mergers and acquisitions to ensure fair competition and protect the local economy. Meanwhile, a growing focus on renewable energy and the integration of artificial intelligence (AI) are transforming the M&A landscape.

AI's Role in Shaping Future M&A Growth

AI is playing a pivotal role in streamlining due diligence, optimizing deal structures, and identifying high-value targets across critical sectors. In the UAE, it supports the Energy Strategy 2050, which aims to triple renewable energy contributions and achieve net-zero emissions, driving investments in energy innovation and sustainable technologies. Similarly, Saudi Arabia's Vision 2030 leverages AI to enhance decision-making in key sectors and supports a $40 billion investment in fostering innovation and business growth.



As the region embraces innovation and sustainability, the UAE and Saudi Arabia are poised to lead MENA's economic transformation and maintain their positions as M&A leaders.

CLIENT’S TESTIMONIALS

“We engaged with Andersen for our VAT project, and they delivered exceptional results. Their team demonstrated deep subject knowledge, market expertise, and professionalism. Despite tight deadlines, they were quick, collaborative, and aligned throughout—from initiation to the final CFO presentation. Andersen truly stands out as one of the best firms we’ve partnered with.”
Damac

“We appreciate the outstanding support and expertise provided by Andersen.
Their comprehensive understanding of VAT compliance and litigation has been crucial in keeping our business aligned with current regulations. They have consistently offered clear, practical advice that has empowered us to confidently address complex tax challenges.”
University Hospital Sharjah

“Andersen UAE has been instrumental in our UAE CIT implementation. Their team was knowledgeable, approachable, and committed to supporting us every step of the way.
Their willingness to go above and beyond, coupled with their deep understanding of the subject, truly made a difference.”
Majid Al Futtaim

“We partnered with Andersen for their expertise in UAE Corporate Tax services and were thoroughly impressed by their professionalism and attention to detail. Their team navigated complex regulations seamlessly, providing us with tailored strategies that ensured full compliance and maximized tax efficiency.”
Gutmann Industries L.L.C.

“We engaged Andersen for Corporate Tax and Transfer Pricing services. Their team demonstrates expertise, hands-on with the latest developments, delivering quality insights and solutions with precision. The deliverables consistently meet the highest professional standards. Their professionalism and commitment make them an invaluable partner.”
New Auto FZCO

“We are extremely grateful for the exceptional service and support provided by Andersen's Indirect tax team over the past five years. Their expertise, professionalism, and responsiveness have consistently exceeded our expectations in managing UAE VAT and ESR compliance.”
Nusret

OUR RECENT JAFZA FORUM

Excise Tax on the Tobacco Industry

Tax seminar at the University of Wollongong in Dubai.

China Private Equity Conference

IPEM Paris

World Tobacco Middle East 2024

End-Year Party

ITR Awards

PODCASTS & WEBINARS

Understanding UAE Competition Law: Key Insights and Implications

The UAE Competition Law (2020) ensures fair competition, setting thresholds for economic concentration and impacting sectors like tech and real estate. Businesses must comply and notify the Ministry.

9 minutes

Transfer Pricing and Pillar Two: Insights from Andersen UAE

Andersen UAE experts discuss transfer pricing challenges, Pillar Two updates, and navigating tax regulations in the Middle East.

35 minutes

Want To Listen More?

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