



Transfer Pricing **Country Summary**

United Arab Emirates

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1. Introduction

There are currently no particular local transfer pricing rules in existence in the United Arab Emirates (UAE). As part of the acceptance of minimal BEPS standards, the UAE's transfer pricing rules now solely include Country-by-Country Reporting (CbCR) and Economic Substance Reporting (ESR) responsibilities.

However, in May 2018, the UAE joined the OECD's Inclusive Framework on Base Erosion and Profit Shifting (BEPS) and committed to fulfilling the four BEPS basic standards:

- Action 5: Countering harmful tax practices (ESR).
- Action 6: Countering tax treaty abuse.
- Action 13: Country-by-country (CbC) reporting.
- Action 14: Improving dispute resolution mechanisms.¹

2. Laws & Regulations

a) References to OECD/EU/Local Rules

In the United Arab Emirates, there are no specific TP rules. The UAE MoF, however, has initiated a variety of exchange channels with tax authorities and competent authorities in other tax jurisdictions as a result of the recently implemented CbCR legislation. The MoF will share the UAE's CbCR with the necessary competent authorities, who, in conjunction with the MoF, will be able to review it for the following purposes:

- assessing high-level transfer pricing risks
- evaluating potential risks connected to base erosion and profit shifting
- to conduct economic and statistical research.²

b) Definition of Related Party

The UAE has only recently imposed restrictions on related party transactions. When introduced in 2015 as part of the new Federal Commercial Companies Law in a jurisdiction where family-owned businesses control a significant portion of the market, the restrictions sparked a storm of controversy in the legal community (CCL).

c) Nature of Transfer Pricing Documentation

The UAE's Ministry of Finance (MoF) introduced the Economic Substance Regulations (ESR) on 30 April 2019 in response to the UAE's pledge to align with OECD objectives through Cabinet of Ministers Resolution No. 31 of 2019 as revised by Cabinet Decision No. 57. The ESR's goal is to ensure that UAE entities that engage in specified activities disclose and substantiate actual profits that are consistent with the economic activity they engage in.

In 2019, Cabinet Resolution No. 32 (CR 32) established CbCR rules for multinational groups of businesses (MNEs). CR 32, on the other hand, was superseded by Cabinet Decision No. 44, which was released in 2020. The CbCR rules in the UAE are largely in line with the OECD Model Legislation. Ultimate Parent Entities (UPE) based in the UAE are expected to submit a CbCR notification by the end of the financial year at the latest, and a properly completed CbC Report no later than 12 months after the end of the financial year. Constituent Entities in the UAE that are members of an MNE with a foreign headquarters are exempt from filing a CbCR notification.

¹ [United Arab Emirates transfer pricing | Grant Thornton insights](#)

² [United Arab Emirates transfer pricing | Grant Thornton insights](#)

The UAE joined over 130 countries of the BEPS IF in October 2021 to sign a significant agreement for major reform of the international tax system based on a two-pillar solution to meet the tax issues posed by the digitization of the economy.³

d) Tax Havens & Blacklists

With more than \$200 billion streaming into the country, the United Arab Emirates has become one of the fastest-growing corporate tax havens. The United Arab Emirates has been added to the Tax Justice Network's Corporate Tax Haven Index 2021, which documents nations that attract businesses looking to reduce their tax costs. The UAE joins Switzerland and Bermuda in the top ten.⁴

e) Advance Pricing Agreement (APA)

In the UAE, there are no APAs or dispute resolution guidance.⁵

f) Audit Practice

Not applicable.

3. Transfer Pricing Documentation

a) Level of Documentation

The UAE CbCR regulations apply to multinational companies having revenues of more than AED 3.15 billion for fiscal years beginning on or after January 1, 2019. (approx. USD 858 million). The CbC Report must be submitted within 12 months after the conclusion of the MNE's reporting fiscal year, using the standard template outlined in Annex III of Chapter V of the OECD Transfer Pricing Guidelines.

The UAE does not yet require transfer pricing documents (i.e. Local File and Master File).⁶

b) Industry Analysis

By identifying value drivers for the relevant industry, a first indication of the level of profitability common in the industry is being given.

c) Company Analysis

A description of the management structure of the local entity, a local organisation chart, and a description of the individuals to whom local management reports and the country(ies) in which such individuals maintain their principal offices.

A detailed description of the business and business strategy pursued by the local entity including an indication whether the local entity has been involved in or affected by business restructurings or intangibles transfers in the present or immediately past year and an explanation of those aspects of such transactions affecting the local entity.

³ [United Arab Emirates transfer pricing | Grant Thornton insights](#)

⁴ [UAE is among the world's fastest-growing tax havens, study finds | Tax News | Al Jazeera](#)

⁵ [United Arab Emirates transfer pricing | Grant Thornton insights](#)

⁶ [United Arab Emirates transfer pricing | Grant Thornton insights](#)

d) Functional Analysis

In conducting a functional analysis, an assessment is made of the significant activities and responsibilities that are performed by the related parties relevant to the Intercompany Transactions under review, the tangible and intangible assets that are employed and the risks that are borne in undertaking the business activities. Such an assessment is consistent with the recommendations that have been made in the OECD Guidelines at paragraph 1.51.

e) Choice of Transfer Pricing Method

In the UAE, no formal guideline on transfer pricing procedures has been implemented. As a result, OECD recommendations are expected to be accepted in principle.⁷

f) Economic Analysis – Benchmark Study

In the United Arab Emirates, no explicit guidance has been implemented regarding economic analysis. As a result, OECD recommendations are expected to be accepted in principle.⁸

g) Inter-company (IC) Legal Agreement

Although an Inter-company legal agreement formalizes the business and financial relationship between group entities, the legal agreements have a lower ranking since the OECD 2017 Guidelines made the “conduct of parties” the prevailing concept.

h) Financial Statements

Not applicable.

i) Production Process for TP Relevant Returns, Documents, Forms and Financials

In the chart below, the existence of the filing requirements with the details of which format is used, the latest filing date, notification requirement and its deadline, thresholds to be applied in case it exists, and the required languages are demonstrated. These information can be seen respectively for CIT, master file, local file, CbCR, local forms, annual accounts and segmented P&L documentations.

	Prepare or File?	Format	Deadline	Notification Deadline*	Threshold* (Yes/No)	Local Language (Yes/No)*(If “No”, it can be filed in English)
Corporate Income Tax	File	IFRS and GAAP	Currently not applicable for most industries/companies except those currently subject to actual Emirate level income taxation.	No	No	No

⁷ [United Arab Emirates transfer pricing | Grant Thornton insights](#)

⁸ [United Arab Emirates transfer pricing | Grant Thornton insights](#)

Master File	N/A	N/A	N/A	N/A	N/A	N/A
Local File	N/A	N/A	N/A	N/A	N/A	N/A
CbCR	File	OECD Guidelines	December, 31 st .	Yes	Yes	No
Annual Accounts	File	IFRS and GAAP	March, 31 st .	N/A	N/A	No
Segmented P&L	N/A	N/A	N/A	N/A	N/A	N/A
* United Arab Emirates has signed the MCAA agreement for the filing of CBCR on 24 June 2018.						
* United Arab Emirates does not request as much and detailed information from smaller and less complex enterprises (SME's included) than it does from large and complex enterprises.						

j) Mandatory Language

A specific form must be filed online on the AEOL tax portal, and it can be filed in either English or French.⁹

k) Notification Requirement

Each MNE group's ultimate parent entity (UPE) that is tax resident in the UAE must notify the competent authorities that it is the entity responsible for filing the CbC report.

The following information must be included in the notification:

- information on the notifying entity, such as its activity, legal form, business registration number, and address (i.e. UPE);
- the end of the fiscal year; and
- the name and description of the MNE group.

The date for the notification is the last day of the reporting period.¹⁰

l) Record Keeping

Not applicable.

⁹ [Document - United Arab Emirates - Transfer Pricing Documentation Tables - Tax Research Platform - IBFD](#)

¹⁰ [Document - United Arab Emirates - Transfer Pricing Documentation Tables - Tax Research Platform - IBFD](#)

m) Penalties and Interest Charges

As stated in article 8(1)(2) of the Decision of the Council Resolution No. 44 of 2020 regulating the reports submitted by multinational companies ("Resolution"), AED 1 million plus an additional AED 10,000 for each day the failure to send a notification continues (up to a maximum of AED 250,000).

In addition, if a reporting entity fails to keep documentation and information for 5 years or fails to disclose information requested by the tax authorities, a penalty of AED 100,000 is applied (see sections 8(1)(b) and 8(1)(c) of the Resolution).¹¹

¹¹ [Document - United Arab Emirates - Transfer Pricing Documentation Tables - Tax Research Platform - IBFD](#)