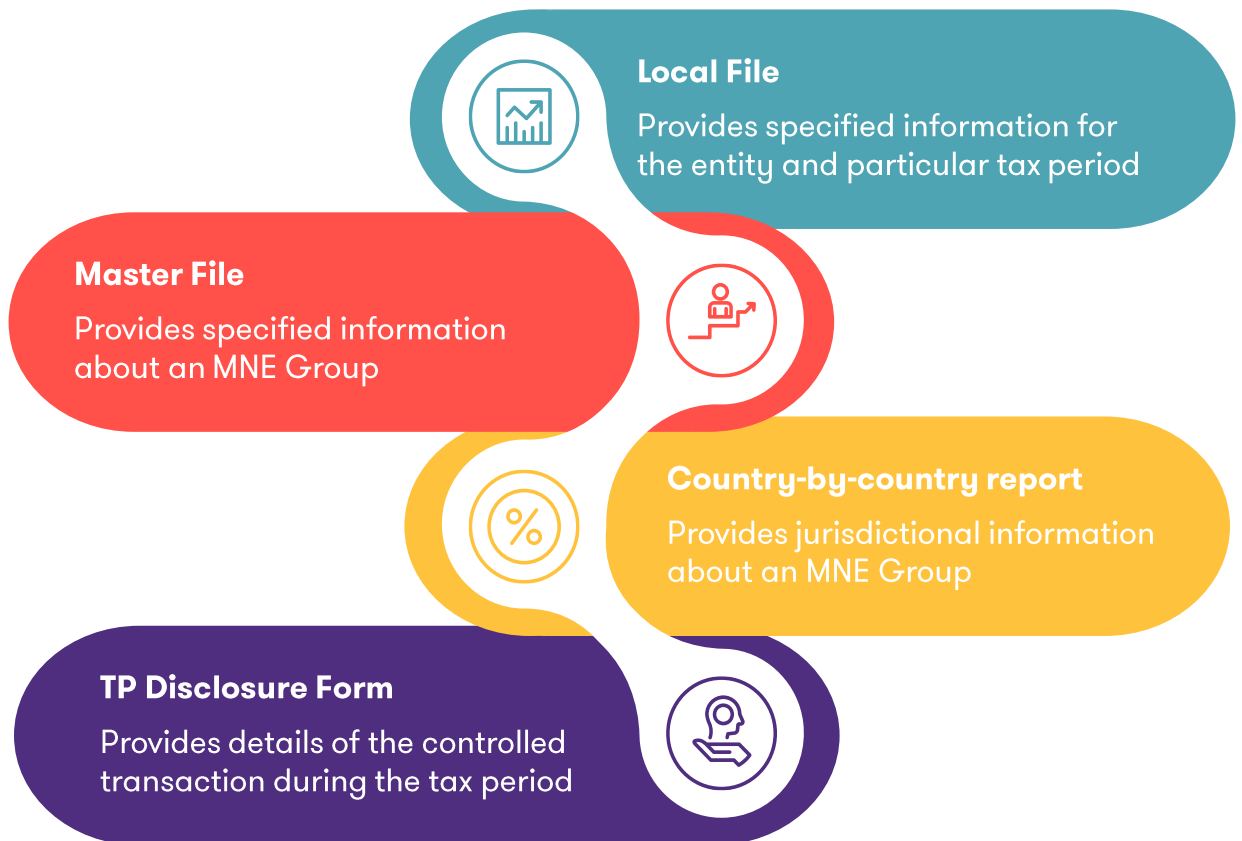


Decoding Transfer Pricing with GT UAE

Transfer Pricing Compliances in UAE

September 2024

With this post, we will understand various transfer pricing compliance requirements in UAE as per the provisions of Article 55 of the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (“Corporate Tax Law”).



Decoding Transfer Pricing with GT UAE

Local File and Master File

September 2024

Local File:

Detailed information on operations of the local entity and analysis and testing of the outcomes of the Controlled Transactions against the Arm's Length Principle in the following categories:

- Information on the local entity.
- Detailed information including a functional analysis, selection of tested party and selection of the most appropriate method.
- Financial information.

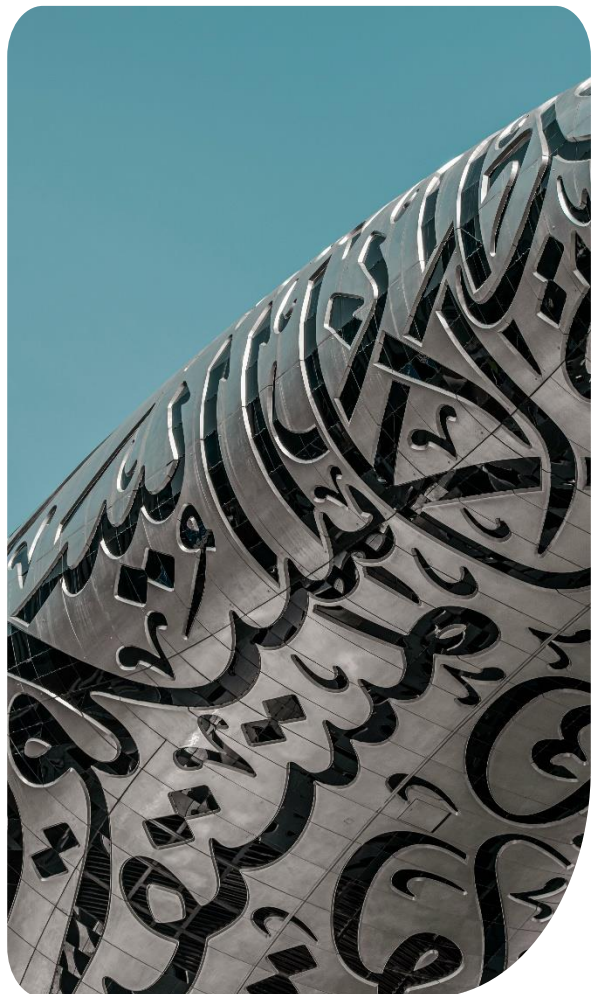
There are certain exclusions provided in ministerial decision no. 97 of 2023 in respect of transactions or arrangements with certain related parties and connected persons subject to additional conditions being satisfied.

Master File:

High-level overview of the Group's business and the allocation of income and economic activity within a Group in the following categories:

- MNE Group's organizational structure;
- A description of the MNE Group's business(es);
- MNE Group's intangibles;
- MNE Group's intercompany financial activities; and
- MNE Group's financial and tax positions

Any Taxable Person not part of an MNE Group (i.e. a group that does not have business establishments/legal entity outside the UAE) is not required to maintain a Master File.



Decoding Transfer Pricing with GT UAE

Local File and Master File

September 2024

Applicability



- Taxable person is part of an MNE Group with consolidated group revenue of **AED 3.15 billion** or more in the relevant Tax Period,

or

- Taxable person's revenue in the relevant Tax Period is **AED 200 million** or more.

Exception



- A Taxable Person not meeting either of the applicability thresholds is still required to maintain reasonable records to support the arm's length nature of the transactions or arrangements.

Timeline



- It should be maintained on contemporaneous basis and ready by the time the Taxable Person submits its Tax Return for the relevant Tax Period.
- It needs to be submitted to FTA within 30 days upon being requested.



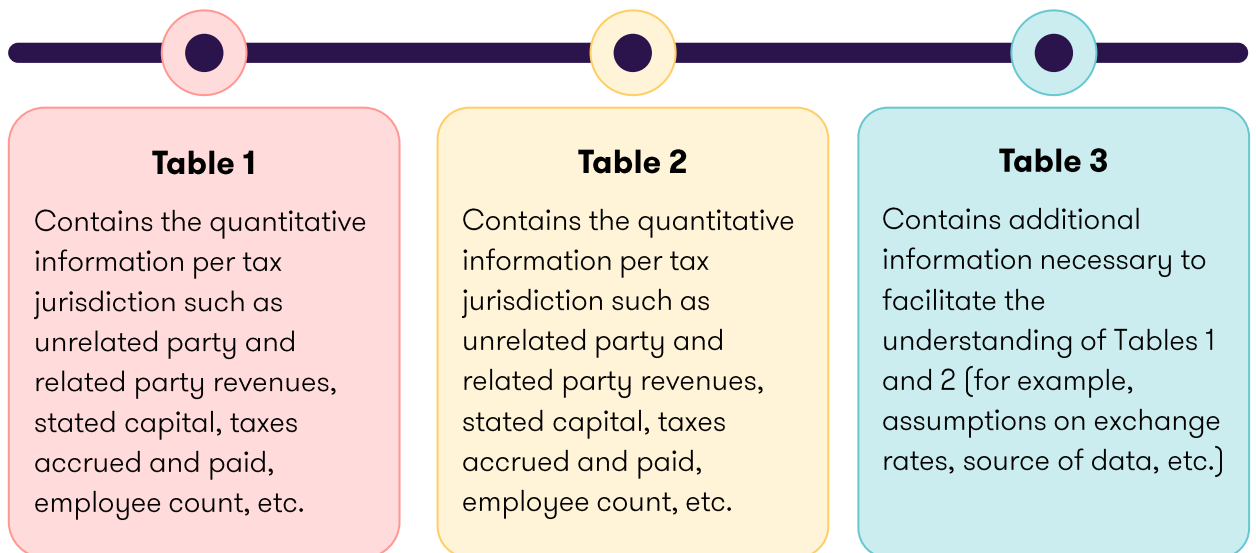
Decoding Transfer Pricing with GT UAE

Country-by-Country Report (“CbCR”)

September 2024

Country-by-Country Report (“CbCR”):

Provides jurisdictional quantitative information about an MNE Group as well as an overview of the different activities conducted by affiliates of an MNE Group. Specifically, a CbCR includes the following three tables:



Applicability



- MNE Group headquartered in the UAE with consolidated group revenue of AED 3.15 billion or more during the Fiscal Year immediately preceding the reporting Fiscal Year.

Timeline



- The notification for reporting entity needs to be submitted by the last day of the Fiscal Year.
- The CbCR needs to be filed within 12 months from the last day of reporting fiscal year of the MNE Group in UAE.

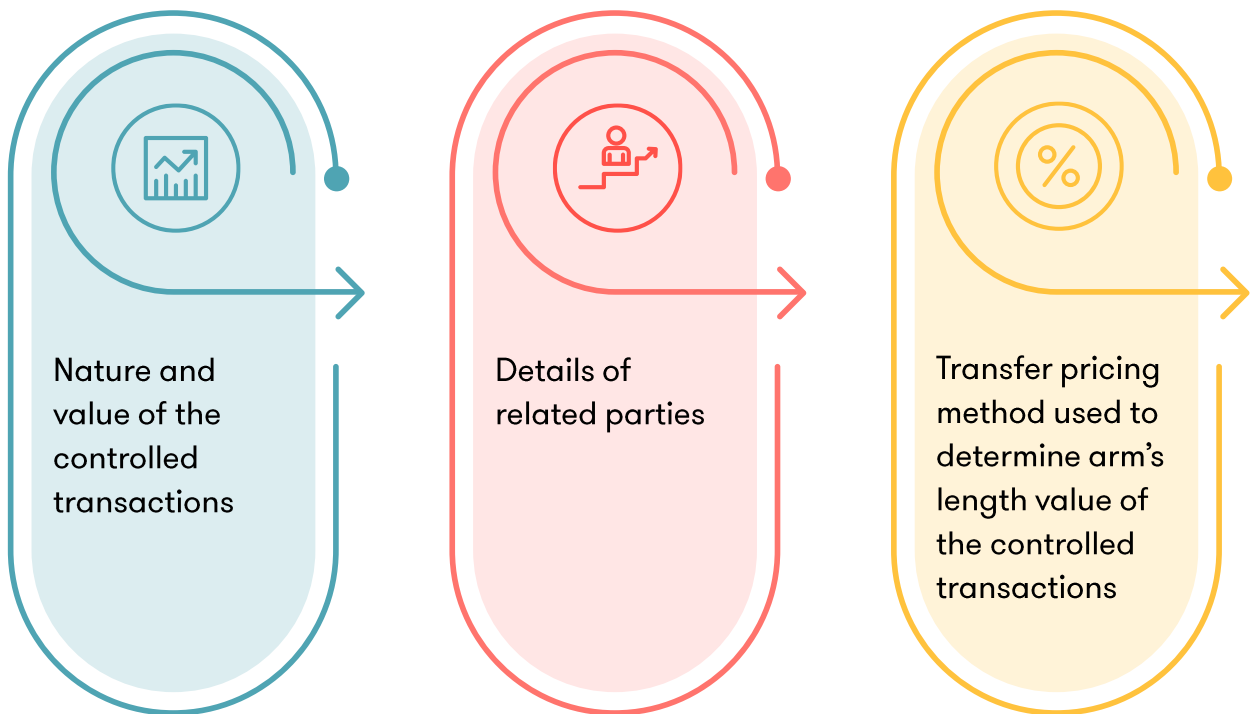
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TP Disclosure Form

September 2024

TP Disclosure Form*:

Covers following details pertaining to the controlled transactions during a Tax Period:



Applicability



- Taxable person having controlled transactions during the Tax Period.
- No specific thresholds prescribed yet.

Timeline








- It should be submitted alongside the Tax return within 9 months from the end of the relevant Tax Period.

**The TP Disclosure Form has not yet been notified by the FTA. Stayed tuned to our alert as soon as the form gets notified.*

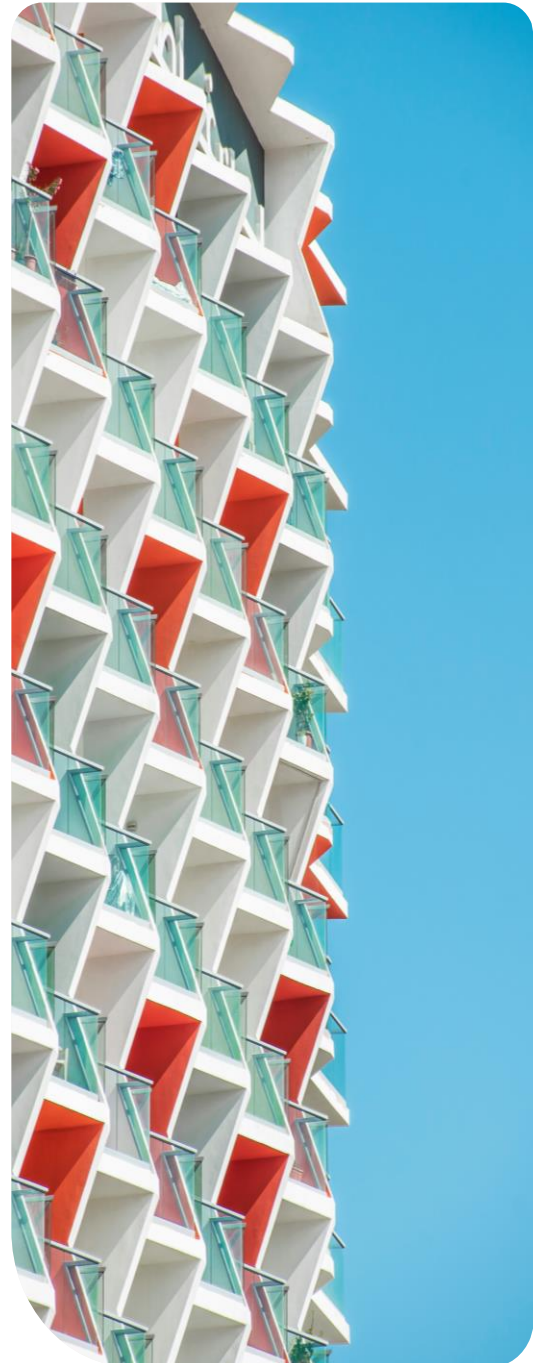
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Next Steps

September 2024

-  Evaluate the applicability of various transfer pricing compliance requirements.
-  Identify all the transactions and arrangements with Related Parties and Connected Persons to be reported in the compliance documentation.
-  Ensure that the applicable transfer pricing compliance documentations are prepared on a contemporaneous basis and should be ready by the Tax Return filing due date.
-  All applicable transfer pricing documentations should meet the content requirement as prescribed in the regulations.
-  Review and ensure compliance with arm's length principle for all related party transactions using the prescribed transfer pricing methods.

Stay tuned for our next publication on *Transfer Pricing Methods*.



Decoding Transfer Pricing with GT UAE

Contact our Transfer Pricing team

September 2024

For more details regarding this topic or other Tax issues, reach out to our team of experts on the latest Tax developments within the UAE and the Middle East region.



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