

# Corporate Tax in the UAE: Return and Beyond

## 55 Documents to Keep at Hand

Following the completion of the first Corporate Tax (CT) filing campaign for most legal entities in the UAE, the next key step is to prepare for requests and audits from the Federal Tax Authority (FTA).

We have prepared a checklist of key documents for taxpayers (including Qualifying Free Zone Persons – QFZP) to add to their defence file. Collecting these documents in advance will help you respond quickly to any requests from the FTA.

**When can the FTA send a request?**

Within 5, and in some cases, 15 years after the end of the tax period. Taxpayers are required to retain records supporting the Corporate Tax return content for 7 years

**How will the request be sent?**

By email, via EmaraTax, by post, SMS, via smart applications, or by placement in a prominent place at the company's office

**What is the response deadline?**

From 5 to 40 business days, depending on the procedure and the documents requested. For Transfer Pricing documentation, a separate deadline applies – 30 days office

### What documents may be requested from most CT payers?

**Basic Documents**

**Financial Statements and Schedules**

Financial statements for the period (Audited Financial Statements are required if annual revenue exceeds AED 50 million and for QFZP status)

- Trial Balance and General Ledger with breakdowns of key income and expense items
- Separate registers: payroll, fixed assets, inventory, annual revenue by activity type / counterparty
- Accounting policy for accounting and tax purposes
- Provisions and policies regarding key expenses (e.g., entertainment expenditures and employee bonuses)

**Primary Documentation**

- Supporting documents for major transactions and sources of profit (contracts, invoices, acts/acceptance notes, specifications)
- Contracts and breakdowns of operations with key counterparties (justification of value, volume, and frequency of services)
- Bank statements for main settlement accounts for the audited period

**Transfer Pricing (TP) and Related Parties**

- Updated Local File and Master File (if a taxpayer is a part of an MNE Group with annual revenue exceeding AED 3.15 billion or if annual revenue exceeds AED 200 million)
- Reasonable records and a TP study for key transactions with Related Parties / Connected Persons

**Additional Documents for Specific Cases**

**Participation Exemption**

- Ownership structure and jurisdictions of subsidiary companies
- Extract from the share register confirming the acquisition date, shareholding size (or primary documentation confirming the acquisition cost of the asset), and holding period
- Opinion from a tax expert in the subsidiary's country of residence regarding the comparability of that country's tax regime with the UAE Corporate Tax regime ("Subject to Tax" test)
- Financial statements of the subsidiary, description, and analysis of its asset structure

**Interest Deduction**

- Calculation of Net Interest Expenditure and verification of compliance with the general limit: 30% of adjusted EBITDA (if exceeding AED 12 million)
- If necessary, a detailed calculation of adjusted EBITDA
- Justification, for example, an expert opinion on whether the interest falls under the Specific Interest Deduction Rules

**Transfer of Tax Losses**

- Calculation of the amount of Tax Losses available for use, considering applicable limitations
- Primary documents confirming the amount of accumulated losses

**Tax Treaty Benefits**

- Tax residency certificate of the counterparty, and in case of claiming a foreign tax credit – a certificate of withholding tax deducted in the source country

### What additional documents might be requested from a QFZP (for the 0% rate)?

**Free Zone Status**

- Written confirmation of Free Zone / Designated Zone status from the Free Zone Authority for CT purposes (official letter / email, potentially a link to the official Free Zone website)
- Documents confirming registration in the Free Zone (Licence and Certificate of Incorporation)

**Substance and Core Income Generating Activity (CIGA)**

**Substance**

- Staffing schedule, CVs, employment contracts, timesheets, and job descriptions of employees
- Office lease agreement or proof of ownership of office real estate (title deed)
- Title documents for other assets used in CIGA
- Invoices, acts, and bank statements for major operating expenses within the Free Zone
- Benchmark study for the purpose of confirming adequate substance

**CIGA**

- Entry & Exit reports and access control system data confirming the physical presence of key employees in the UAE and within the Free Zone territory during the period CIGA was performed
- Outsourcing of CIGA:
  - Documents confirming the registration of the provider and their conduct of activity within a Free Zone / Designated Zone
  - Key correspondence and agreements with the provider confirming the exercise of supervision and control over their activities by the taxpayer

**Qualifying Income**

- Detailed calculation of the proportion of Qualifying and Non-Qualifying Income, including verification of the de minimis criteria (no more than 5% or AED 5 million) for Non-Qualifying Income
- Contracts, invoices, acts, and specifications (primary documentation) regarding Qualifying Income
- Additionally, depending on the activity:
  - Reports and pricing information from rating / pricing agencies (S&P, Argus, ICIS, Spark, Expana, etc.)
  - Confirmation of the counterparty's status as a Free Zone Resident and the Beneficial Recipient of the goods / services
  - Confirmation of the Free Zone's status as a Designated Zone
  - Calculations regarding income from Qualifying Intellectual Property (Qualifying IP)
  - Ownership structure and share registers; expert opinion for complex situations – specifically for operations with Related Parties

### Global Aim – we accompany you from Tax Return to Audit

**Defence File for 0% Rate (QFZP)**

- Compiling and organising documentation supporting substance, CIGA, Qualifying Income and transactions with Related Parties and Connected Persons, so it is readily available to substantiate eligibility for the 0% Corporate Tax rate

**Support during Requests and Audits**


- Developing technical positions, preparing responses to FTA requests, compiling supporting documentation, and managing communications with the FTA inspectors
- Supporting amendments to previously filed returns, including submitting a Voluntary Disclosure where appropriate

**Corporate Tax Returns, Relief Claims, and TP**

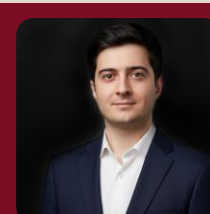
- Preparing or reviewing CT returns and transfer pricing documentation
- Assessing eligibility for reliefs and special tax regimes (Participation Exemption, Small Business Relief, and QFZP status)

**Tax Advisory**

- Advising on complex UAE tax matters, including written opinions and targeted consultations
- Assessing tax risks and recommending practical mitigation measures based on current practice

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