FINACT CONSULTANCY LLC

Filed Your First

CT Return?

A Transfer Pricing Risk Review

For companies that have filed but may have gaps in related party documentation

The FTA now has your data

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Why This Matters After Filing

If your company filed its first UAE Corporate Tax return — whether for a financial year ending in 2024 or 2025 — the Federal Tax Authority now has your data. This includes any related party transactions disclosed in the return, the Transfer Pricing Disclosure Form (if filed), and the overall structure of your taxable income computation.

The first filing cycle for most UAE companies was a learning exercise. Returns were prepared under time pressure, with limited precedent and evolving guidance. In our experience, the area where first-time filings are most commonly thin is related party disclosure and transfer pricing documentation.

This is not a criticism of the work that was done. It is a recognition that the FTA's enforcement and review capabilities are maturing, and what was accepted as a reasonable first attempt may not withstand a detailed review. The question is whether to address gaps now, on your own terms, or wait for the FTA to ask.

Common Gaps in First-Time Filings

Minimal related party disclosure

Many first-time filings contained a single-line description of related party transactions, or disclosed aggregate values without breaking them down by transaction type. The FTA expects to see the nature, value, and pricing basis for each material category of related party dealing.

Transfer Pricing Disclosure Form not filed or incomplete

Some companies that met the filing threshold did not submit the Disclosure Form at all. Others submitted it but with incomplete method descriptions or inconsistent values. The Disclosure Form is the FTA's primary lens into your related party structure.

No benchmarking study

The most common gap. Companies priced intercompany transactions based on internal logic or historical practice, but have no external benchmarking study or comparable analysis to support the prices used. Stating that a price is 'at arm's length' without supporting analysis is not compliance.

Intercompany agreements missing or inconsistent

Written agreements either do not exist, are outdated, or describe arrangements that differ from actual practice. These are the documents the FTA will hold you to.

Free Zone QFZP condition not tested

Free Zone entities claimed the 0% rate without separately testing the transfer pricing condition. Transfer pricing compliance is itself a requirement for maintaining . A gap here does not just create a TP risk, it creates a risk to the entire tax position.

What the FTA Can Request

Under Article 55 of the Corporate Tax Law, the FTA can request full transfer pricing documentation at any time, with 30 days to produce it. This includes:

Local File: a detailed analysis of the controlled transactions of the UAE entity, including functional analysis, method selection, comparability analysis, and financial data.

Master File: an overview of the multinational group's global business, transfer pricing policies, and allocation of income and economic activity.

Supporting documentation: intercompany agreements, benchmarking studies, financial statements of related parties, and any other records supporting the arm's length nature of transactions.

A documentation request from the FTA is not a penalty event in itself. But an inability to produce adequate documentation within the 30-day window can lead to the FTA adjusting your transfer prices, which can result in additional tax, penalties, and interest.

Self-Assessment: Post-Filing TP Review

If you have already filed, work through these questions against what was actually submitted.

- ☐ Did you file the Transfer Pricing Disclosure Form if you met the threshold?
- ☐ Are the values in the Disclosure Form consistent with your CT return?
- ☐ For each related party transaction type, was a transfer pricing method documented?
- ☐ Is there a benchmarking study that was prepared before or at the time of filing?
- ☐ Could you produce a complete Local File within 30 days if the FTA requested it today?
- ☐ Do your intercompany agreements reflect current arrangements accurately?
- ☐ Were payments to connected persons tested against market value?
- ☐ If you are a Free Zone entity, was the TP condition for QFZP status separately tested?
- ☐ Have there been any changes to your related party structure since filing?
- ☐ Is there anything in your filed return that you would describe differently with more time?
- ☐ Have you separately checked whether the Connected Persons schedule threshold (AED 500,000 with any single connected person) applies, distinct from your related party disclosure?
- ☐ For each transaction type, is the method used actually the most appropriate one, with your reasoning for choosing it documented, not just the method's name?
- ☐ Are the workings behind every transfer pricing position retained in a form you could produce within 30 days, for the full statutory retention period?
- ☐ If this review identifies a gap or error in what was filed, have you considered whether a Voluntary Disclosure to the FTA is needed to correct it before the FTA identifies it independently?

A 'no' on any of these is not a reason . It is a reason to act before the FTA does.

A Senior-Led Review

Every Finact engagement is personally led by a senior advisor with direct accountability for your deliverables. Your work is not handed to a rotating team . The same senior advisor oversees your engagement from first conversation to final delivery.

Our Managing Partner and Associate Director personally oversee corporate tax and transfer pricing engagements at Finact.

What a post-filing TP review covers

A post-filing review is specifically designed to identify and close gaps in what has already been submitted:

Return and Disclosure Form review : comparing what was filed against what the FTA expects to see.

Documentation gap analysis : identifying what documentation exists, what is missing, and what needs to be prepared.

Benchmarking study : preparing or updating the benchmarking analysis for each material transaction type.

Agreement remediation : reviewing and updating intercompany agreements to reflect actual arrangements.

Readiness assessment : confirming whether the company could respond to a 30-day documentation request from the FTA.

Rigorous methodology, fixed-scope pricing. The deliverables, timeline, and fees are set out in transparent engagement terms before work begins.

Request a Consultation

If your team would find it useful to have a senior advisor review your position before 30 September, we are available to discuss your structure directly.

We aim to send a proposal within 6 hours of a scoping call.

Reach our advisory team directly:

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