FINACT
CONSULTANCY LLC

FREE RESOURCE

Corporate Tax & Transfer Pricing Risk Checklist

For UAE businesses with a 31 December 2025 financial year-end. Work through it before you file — every line is a question the FTA can ask, and the answer is cheaper to find now than in a review.

A FILING READINESS

Applies to every taxable person.

- [ ] **Do you know your filing deadline?**
  The return and the payment are both due nine months after the end of the tax period. For a 31 December 2025 year-end, that is 30 September 2026.
- [ ] **Are the financial statements final?**
  Any subsequent changes affecting the tax computation may require the Company to file an amended Corporate Tax return.
- [ ] **Accounting Income is not Taxable Income.**
  Have you identified adjustments between accounting profit and taxable income?
- [ ] **Are you eligible for small business relief?**
  It has a revenue threshold and a closing date, and it is claimed in the return rather than granted automatically. Electing it also parks your losses.
- [ ] **Have you made the applicable tax elections before filing?**
  Realisation basis, the transitional rules for assets held before Corporate Tax began, and tax group formation. Some of these cannot be undone.
- [ ] **Can you support every figure in the return from your records?**
  Records must be kept and produced on request for the statutory retention period, including the workings behind each adjustment, not only the ledger.

B FREE ZONE POSITION

Only if you hold a free zone licence — but then all of it applies.

- [ ] **Have you tested every condition for QFZP status separately?**
  Just failing one loses the 0% rate for 5 years.
- [ ] **Is the income actually qualifying income, activity by activity?**
  Qualifying activities, excluded activities and applicable conditions are to be kept in mind.
- [ ] **Have you measured non-qualifying revenue against the de minimis?**
  It has to stay below both limits i.e., a percentage of total revenue and an absolute ceiling. Breaching either ends the status.
- [ ] **Is there adequate substance in the free zone itself?**
  Core income-generating activities, assets, qualified employees and operating expenditure, located in the zone rather than at a group company elsewhere.
- [ ] **Do you have audited financial statements?**
  A Qualifying Free Zone Person needs them mandatorily. This is the condition most often discovered late.
- [ ] **Are related-party transactions priced at arm's length and documented?**
  Transfer pricing compliance is itself one of the conditions for the 0% rate.

The related-party section is where UAE filings are most often thin. These are the questions to answer before the return is submitted, not after a request arrives.

C RELATED PARTIES AND TRANSFER PRICING

The area where UAE filings are most exposed, and the least often prepared.

- ☐ **Have you listed every related party and connected person?**
  Specifically: owners and their relatives, directors and officers, and the other entities those people control.
- ☐ **Are the transactions priced at arm's length, and can you show the reasoning?**
  The arm's length principle applies to every related-party transaction, whether or not you breach the threshold.
- ☐ **Do you have to file the transfer pricing disclosure form with the return?**
  It is filed alongside the return when the thresholds are met, and it is where the FTA first sees the shape of your related-party dealings.
- ☐ **Do you need a Master File and a Local File?**
  Required once your own revenue for the tax period, or your multinational group's consolidated revenue, reaches the stated thresholds.
- ☐ **Could you actually produce them within 30 days?**
  That is the window once the FTA asks. A file that has to be written from scratch after the request does not arrive in time.
- ☐ **Have payments to connected persons been tested against market value?**
  Salaries, benefits and other payments to owners, directors and their relatives are deductible only to the extent they are at market value.
- ☐ **Do the intercompany agreements exist in writing, and do they describe what actually happens?**
  An agreement that contradicts the conduct is worse than no agreement, because it is the document you will be held to.
- ☐ **Is there a benchmarking study supporting the prices you have used?**
  Where external comparables are relevant, do you have the benchmarking study.

COST OF NON-COMPLIANCE

Filing late	AED 500 per month for the first twelve months, then AED 1,000 per month
Tax left unpaid	14% a year on the unsettled amount, applied monthly

Where this leaves you

A line you could not answer with confidence is not a failure — it is the part of the filing worth a second pair of eyes before 30 September. The costly positions are rarely the obvious ones: a free zone condition assumed rather than tested, a related-party balance nobody priced, an election made in the return that cannot be reversed.

NEXT STEP

Have a senior reviewer check your position before you file.

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