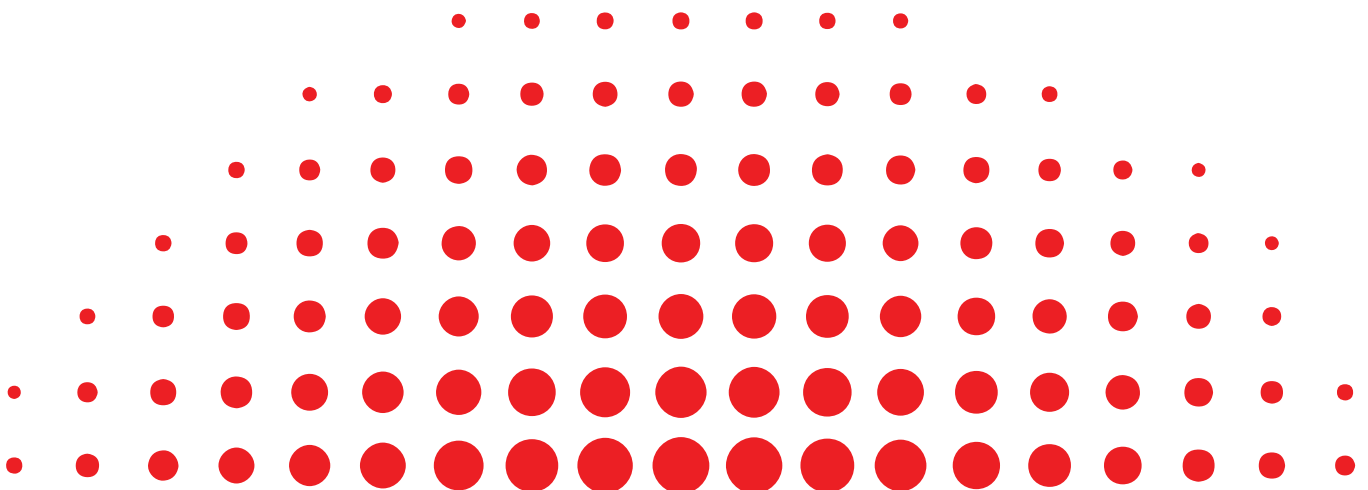
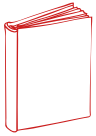


UAE CORPORATE TAX

TRANSFER PRICING DOCUMENTATION THRESHOLD





The Ministry of Finance has released **Ministerial Decision No. 97 of 2023 ('the Decision')** about the **Requirements for Maintaining Transfer Pricing Documentation**. The provisions of this Decision shall be effective from tax periods starting on or after 01 June 2023.

The Transfer Pricing documentation requirements aim to ensure taxpayers can prove the arm's length basis for pricing their transactions with Related Parties and Connected Persons using standardized files.

According to the Decision, a Taxable Person that meets ANY of the following criteria, shall maintain both Master File and Local File:

- 1** Entity is a constituent company of a Multinational Group that has total consolidated group Revenue of AED 3.15 billion or more in the relevant Tax Period
- 2** Revenue is AED 200 million or more in the relevant Tax Period



Specific transactions / arrangements to be **INCLUDED** in the Local File

The transactions of taxable person with the following Related Parties or Connected Persons should be included in the Local File:

- Non Resident Person
- Exempt Person
- Resident Person who has made election for Small Business Relief
- Resident Person with income subject to a different Corporate Tax Rate other than that of the Taxable Person



Specific transactions / arrangements to be **EXCLUDED** from the Local File

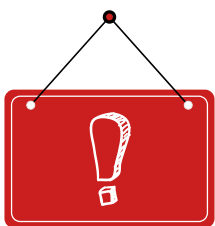
Taxable Person shall not include the transactions with the following Related Parties or Connected Persons while compiling the Local File:

- Any Resident Person other than Exempt person, Small Business Relief claimant and person taxable at a different Corporate Tax Rate
- Natural Person (provided parties are independent*)
- A juridical person being a partner of an unincorporated partnership (provided parties are independent*)
- Permanent Establishment of a Non- Resident taxed at same rate as Taxable Person

** Transaction is conducted in ordinary course and parties are not exclusively transacting with each other*



It is to be noted that as per Article 34 of the Federal Decree Law No 47 of 2022, **ALL Taxable Persons are required to maintain basic documentation** to prove that transactions with their Related Parties and Connected Persons are at arm's length. Further, as per Article 55 (1) of the Decree Law, the Taxable Person may be **required to file disclosures containing information about the transactions / arrangements with its Related Parties and Connected Persons, along with their Tax Return.**



Further guidelines on application of the provision and Transfer Pricing documentation is awaited.

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