



UAE TRANSFER PRICING DISCLOSURE FORM

Important Tax Alerts

- ▶ The UAE Federal Tax Authority (FTA) has recently published the Transfer Pricing Disclosure Form, a key compliance document that UAE business entities are required to submit alongside their UAE Corporate Tax Return.
- ▶ As prescribed in Article 55 of the Corporate Tax Law, all taxable persons who undertake transactions and arrangements with Related Parties and Connected Persons should file the Transfer Pricing Disclosure Form to ensure compliance with Transfer Pricing Rules.
- ▶ The Transfer Pricing Disclosure Form now plays a vital role in ensuring transparency for related party transactions undertaken by businesses.
- ▶ Therefore, businesses are required to assess all related party and connected person transactions, ensuring that all transactions are conducted at Arm's Length and benchmarked against the prevailing market price.

New Tax Updates:

- According to the recent Corporate Tax Guide on Tax Returns (CTGTXR1) issued by the FTA, all taxable persons are required to disclose transactions with the Related Parties and Connected Persons in the EmaraTax Portal, **subject to specified materiality thresholds.**

Special Notes:

- **The TP Disclosure Form is now available in the EmaraTax Portal** and is integrated into the UAE Corporate Tax Return, so it is not a separate form. This form can only be accessed when the due dates for the Corporate Tax return approach. Currently, it is only available to taxpayers with a CT return due on 31st December 2024.
- The form must be submitted alongside the CT return **within 9 months** from the end of the first tax period and for each subsequent year.

KEY SECTIONS OF THE TP DISCLOSURE FORM

1. Related Party Schedule

- ▶ Name of the Related Party
- ▶ Country of Tax Residence
- ▶ Corporate Tax TRN/TIN (If available)
- ▶ Transaction Type
(Goods, Services, Intellectual Property, Interest, Assets, Liabilities, Others)
- ▶ Transfer Pricing Methods applied (CUP, RPM, CPM, TNMM, PSM)
- ▶ Gross Income/Expenditure
- ▶ Arm's Length Value
- ▶ Tax adjustment (If any)

New Tax Updates:

This schedule should be completed by all taxable persons whose aggregate value of related party transactions during the tax period **exceeds AED 40 million** in the Financial Statements/at market value.

Only the aggregate related party transactions **per category exceeding AED 4 million** need to be disclosed.



How BAM Tax Advisors can assist you:

- To recognize and analyse all applicable domestic and foreign related party transactions undertaken by the company within the Group.
- Performing TP Functional Analysis (FAR Analysis) to understand the functions performed, risks managed and controlled, and assets utilized in connection with the intercompany transactions.
- To assess and identify the most appropriate transfer pricing (TP) method for each type of intercompany transaction to substantiate the arm's length nature and pricing of respective transactions.
- Performing formal benchmark analysis and assisting in necessary tax adjustments to the books of accounts prior to finalizing financial statements for the first tax period.
- Providing professional advisory for any further TP adjustments where it is necessary for the finalization of financial statements.

KEY SECTIONS OF THE TP DISCLOSURE FORM

Extracts of the Related Party Schedule in the EmaraTax Portal

Corporate Tax Return

Filing Period

Corporate Tax Return Period
01/06/2023 - 31/12/2023

Corporate Tax Return Due Date
31/12/2024

Corporate Tax Year End
31/12/2023

Related Party Transaction Schedule

Gross Income Received from Related Parties

Expenditure Paid to Related Parties

Summary Table

Gross Income Received from Related Parties

Customize Columns

+ Add New Item

Name of the Related Party	Transaction type	Tax Residence	Gross Income (AED)	Transfer Pricing method applied	Arm's Length Value (AED)	Tax adjustment (AED)	Action
Mr. A	Goods	India	1,000	The resale price method.	800	-200	***
Total (AED)						-200	

Corporate Tax Return

Filing Period

Corporate Tax Return Period
01/06/2023 - 31/12/2023

Corporate Tax Return Due Date
31/12/2024

Corporate Tax Year End
31/12/2023

Related Party Transaction Schedule

Gross Income Received from Related Parties

Expenditure Paid to Related Parties

Summary Table

Expenditure Paid to Related Parties

Customize Columns

+ Add New Item

Name of the Related Party	Transaction type	Tax Residence	Expenses (AED)	Transfer Pricing method applied	Arm's Length Value (AED)	Tax adjustment (AED)	Action
No data							
Total (AED)							

Gross Income Received from Related Parties

Name of the Related Party

Transaction type

Tax Residence

Gross Income (AED)

Arm's Length Value (AED)

Goods

Services

Intellectual Property

Interest

Assets

Liabilities

Others

Add

Gross Income Received from Related Parties

Name of the Related Party

Transaction type

Tax Residence

Gross Income (AED)

Arm's Length Value (AED)

Corporate Tax TRN/TIN (where available)

Transfer Pricing method applied

The comparable uncontrolled price method.

The resale price method.

The cost-plus method.

The transactional net margin method.

The transactional profit split method.

KEY SECTIONS OF THE TP DISCLOSURE FORM

2. Connected Person Schedule

- ▶ Name of the Connected Person
- ▶ Corporate Tax TRN/TIN (If available)
- ▶ Payment/Benefit
- ▶ Description of such payment or benefit
- ▶ Value of such payment/benefit
- ▶ Market Value of the service/benefit
- ▶ Tax adjustment (If any)

New Tax Updates:

This schedule should be completed for each Connected Person where **the aggregate Payment/benefit exceeds AED 500,000 per Connected Person** together with its Related Parties.



How BAM Tax Advisors can assist you:

- To recognize the connected persons attached to the company and identify all applicable monetary and non-monetary payments/benefits to such connected persons.
- Performing formal Arm's Length remuneration benchmark analysis to substantiate the arm's length price (Market Value) of payments/benefits to connected persons.
- Assisting in necessary tax adjustments (if deemed relevant) to the books of accounts as per the arm's length range of remunerations, prior to finalizing financial statements for the first tax period.

KEY SECTIONS OF THE TP DISCLOSURE FORM

Extracts of the Connected Persons Schedule in the EmaraTax Portal

Corporate Tax Return

Taxpayer Details

Elections

Accounting Schedules

Accounting Adjustments and Exempt Income

Reliefs

Other Adjustments

Tax Liability and Tax Credits

Review and Declaration

Filing Period

Corporate Tax Return Period
01/06/2023 - 31/12/2023

Corporate Tax Return Due Date
31/12/2024

Corporate Tax Year End
31/12/2023

Connected Persons Schedule

+ Add New Item

Customize Columns

Name of the Connected Person	Corporate Tax TRN/TIN (where available)	Payment or benefit	Description	Value of the payment or benefit provided to the Connected Person (AED)	Market Value of the service or benefit provided by the Connected Person (AED)	Adjustment for transactions with Connected Persons (AED)	Action
No data							
Total (AED)							

Connected Persons Schedule

Name of the Connected Person

Corporate Tax TRN/TIN (where available)

Payment or benefit

Description

Value of the payment or benefit provided to the Connected Person (AED)

Market Value of the service or benefit provided by the Connected Person (AED)

Adjustment for transactions with Connected Persons (AED)

Add

Connected Persons Schedule

Name of the Connected Person

Corporate Tax TRN/TIN (where available)

Payment or benefit

Description

Market Value of the service or benefit provided by the Connected Person (AED)

Adjustment for transactions with Connected Persons (AED)

Add

KEY SECTIONS OF THE TP DISCLOSURE FORM

3. Documents Requirement List

- ▶ Financial Statements
- ▶ Local File
- ▶ Master File
- ▶ Documentation to support the market value of Financial Assets/Liabilities at the start of the first tax period
- ▶ Tax residency certificate in the foreign country
- ▶ Evidence of tax paid in the foreign jurisdiction.

New Tax Updates:

Except for Financial Statements, taxpayer will be allowed to submit the Tax Return without attaching above listed documents by providing a valid reason for the same.

However, all required documents must be maintained **for a period of 7 years** following the end of the Tax Period in term of the record keeping requirements prescribed in the Corporate Tax Law.

In compliance with TP documentation requirements, **Local file, Master file and any other information** (i.e., Benchmark reports) to support the Arm's Length nature of Related Parties/Connected Persons transactions must be submitted **within 30 days upon request from the FTA.**








How BAM Tax Advisors can assist you:









- Preparation of necessary TP documentation to substantiate the market value in compliance with UAE TP rules and regulations:
 - ✓ Local File
 - ✓ Master File
 - ✓ Benchmark Reports
 - ✓ Intercompany Agreements
 - ✓ TP Memorandum
 - ✓ Any other supporting documents
- Review the existing intercompany agreements/internal policy from the UAE TP perspective and assist in revising them if necessary, as per the guidance provided by the UAE transfer pricing guide.



KEY SECTIONS OF THE TP DISCLOSURE FORM

Extracts of the Documentation Requirement List in the EmaraTax Portal

Additional Attachments		
Attachment Description	Attachments	Add Reason
Financial Statements	 View/Add Attachment(0)	Add/View Reason
Local File	 View/Add Attachment(0)	Add/View Reason
Master File	 View/Add Attachment(0)	Add/View Reason
Confirmation of ownership and the right to exploit the Qualifying Intellectual Property - Patent	 View/Add Attachment(0)	Add/View Reason
Confirmation of ownership and the right to exploit the Qualifying Intellectual Property - Copyrighted software	 View/Add Attachment(0)	Add/View Reason
Confirmation of ownership and the right to exploit the Qualifying Intellectual Property - Another right functionality equivalent to a patent	 View/Add Attachment(0)	Add/View Reason
Record of Qualifying Expenditures and Overall Expenditures incurred	 View/Add Attachment(0)	Add/View Reason

Corporate Tax Return		
Confirmation of ownership and the right to exploit the Qualifying Intellectual Property - Copyrighted software	 View/Add Attachment(0)	Add/View Reason
Confirmation of ownership and the right to exploit the Qualifying Intellectual Property - Another right functionality equivalent to a patent	 View/Add Attachment(0)	Add/View Reason
Record of Qualifying Expenditures and Overall Expenditures incurred	 View/Add Attachment(0)	Add/View Reason
Record of Overall Income derived from the Qualifying Intellectual Property	 View/Add Attachment(0)	Add/View Reason
Document which sets out the link between Qualifying Expenditures and Overall Income derived from Qualifying Intellectual Property	 View/Add Attachment(0)	Add/View Reason
Documentation to support the market value of the Qualifying Immovable Property at the start of the first tax period	 View/Add Attachment(0)	Add/View Reason
Documentation to support the market value of the Financial Assets/Liabilities at the start of the first tax period	 View/Add Attachment(0)	Add/View Reason
Tax residency certificate in the foreign jurisdiction	 View/Add Attachment(0)	Add/View Reason

KEY TAKEAWAYS

- ▶ To streamline year-end Transfer Pricing compliances, taxpayers should ensure that related party and connected person transactions are in compliance with arm's length principles by implementing a formal TP policy, supported by benchmarking analysis.
- ▶ The UAE TP Disclosure form provides a snapshot of a company's TP positions, allowing the tax authorities to quickly identify the Arm's Length nature of related party/connected person transactions and areas for scrutiny. Failure to submit the TP Disclosure Form or provide accurate information can result in significant penalties, including fines, adjustments to taxable income and increased scrutiny from tax authorities.
- ▶ In the connected person schedule, there is no disclosure section for the transfer pricing method adopted for payments/benefits with connected persons. However, the taxpayer should substantiate the market value with a formal benchmark analysis.
- ▶ Transfer Pricing regulations do not apply for transactions between entities in the same tax group (parent and subsidiary) and there is no reference to such transactions in the TP Disclosure form. Hence, it may not be required to record transactions within the Tax Group.

HOW BAM TAX ADVISORS CAN ASSIST YOUR COMPANY

- BAM can assist you in identifying related party and connected person transactions that trigger TP compliances under the UAE Corporate Tax Law and the UAE Transfer Pricing Guide by performing TP impact assessments.
- BAM can guide to ensure that all related party transactions are at the Arm's Length Price by performing formal benchmark analysis and help manage any associated risks for future penalties and TP audits by the FTA.
- BAM is proficient in devising tax-efficient strategies tailored to meet your TP requirements, offering comprehensive assistance in discerning the optimal tax-efficient approaches for setting internal TP policy for intercompany transactions.
- BAM can assist in preparing the necessary TP documentation, such as intercompany agreements, benchmark analysis, TP memorandum, TP Disclosure Form, FAR analysis, Local file, Master file and other supporting documents to ensure compliance with UAE TP rules and regulations.

Contact Us

To discuss how we can support your business, please reach out to us

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