THE TAX POINT.

Transfer Pricing Country Profile The United Arab Emirates

A decision-oriented overview of UAE Transfer Pricing - implications, risks, and strategic considerations

1 United Arab Emirates (UAE) Transfer Pricing Framework

The UAE Corporate Tax Law (Federal Decree-Law No. 47) establishes a formal Transfer Pricing (TP) regime.
The Arm's Length Principle (ALP) applies to all related parties and connected persons' transactions.
The Federal Tax Authority (FTA) follows the OECD Transfer Pricing Guidelines (2022) as interpretative reference.

Definition of Related Parties

- Article 35 defines "related parties" based on ownership (≥50%), control, or close family relationship (up to the 4th degree).
- "Control" includes rights to influence business decisions, profits, or board composition.

Definition of Connected Persons

- Article 36 defines "connected persons" as owners, directors, officers, or parties related up to the 4th degree.
- Also includes anyone who can influence the business through ownership, control, or economic ties.

In short: connected persons are those who may affect the taxable person's decisions or transactions.

2 Transfer Pricing Methods

All the five recognized OECD methods are accepted:

- Comparable Uncontrolled Price (CUP)
- Resale Price Method (RPM)
- Cost Plus Method (CPM)
- Transactional Net Margin (TNMM)
- Profit Split Method (PSM)

- Other method is permitted if the OECD ones can't be reliably applied.
- The UAE applies the "most appropriate method" principle (no hierarchy).
- Preference for domestic comparables, but regional/global ones allowed (Approach to be documented).

In practice, the FTA focuses less on formality and more on the consistency between functional substance, value creation, and outcome stability.

The UAE has deliberately adopted an OECD-aligned TP regime with broad control and substance tests, giving the FTA wide discretion to challenge structures that lack economic substance.

3 Transfer Pricing Documentation

The UAE TP Documentation requirements are as follows:

Master File and Local File

Required if revenue ≥ AED 200 million, or
Member of an MNE Group with ≥ AED 3.15 billion consolidated revenue.

TP Disclosure Forms

Related party transactions > AED 40M and connected person payments > AED 500K must be disclosed in the Corporate Tax Return.

Country by Country Reporting

Required for UAE-headquartered MNEs ≥ AED 3.15 billion.
To be filed within 12 months after the reporting year.

TP Documentation must be available within 30 days upon FTA request. Documentation can be in English or Arabic.

4 Key Areas of Focus

- Intra-group Services
- Financial Transactions
- Intangibles
- Cost Contribution Arrangements (CCA)

5 Compliance, Disputes & Outlook

- Tax Rulings available for TP positions.
- Mutual Agreement Procedure (MAP). available for cross-border disputes.
- APA Program expected to launch in 2026.
- Year-end adjustments allowed under the self-assessment system. Downward adjustments require preliminary consultation with the FTA.
- No specific TP penalties yet - general Corporate Tax penalties apply.

As the UAE tax framework matures, TP is shifting from a documentation exercise to a governance and control function, requiring early positioning, not reactive defense.

HOW CAN WE HELP?

TP Governance and Strategy

Designing robust frameworks and strategic advisory

·Economic Substance & TP Policy Design
·TP Policy, Restructuring & Planning
·Value Chain Analysis
 and TP / Tax Optimization
·Intangible Property Structuring

TP Reporting and Compliance

Ensuring compliance with evolving regulations

·TP Documentation (Local File, Master File, TP Disclosure Form)
·Benchmarking Analyses
·Country by Country Reporting
·Permanent Establishment (and profit attribution)

TP litigation and Controversy

Protecting your position across the audit lifecycle

·Mock Tax Audits & Pre-audit Strategy
·Defense File Preparation
·Tax Rulings & Advance Pricing Agreements (APA)
·Mutual Agreement Procedure (MAP)
·Post-audit Assessment & Implementation Support

GET IN TOUCH

THE TAX POINT.

contactus@thetaxpoint.com

www.thetaxpoint.com

+971 585 854 811

Dubai: The Meydan Grandstand, Level 6th, Dubai, The United Arab Emirates
Abu Dhabi (Meeting Office): Hub71, Al Khatem Tower, 15th floor, Al Maryah Island, Abu Dhabi

At The Tax Point, we support groups operating in the UAE where transfer pricing is not a compliance checkbox, but a strategic control tool.