

APA – Corporate Tax guide

United Arab Emirates

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Background

The Federal Tax Authority (FTA) has released the much-awaited UAE APA guide in December 2025. The guide provides comprehensive insights into the APA programme including procedures, monitoring and review mechanisms and will support taxpayers in making an informed decision on opting for the APA scheme. While the APA guidelines are not legally binding, it has been published to assist taxpayers in understanding the APA programme under the Corporate Tax regime in the UAE.



Key Features of the APA programme

Particulars	Provisions
1. Eligibility	a) Cross border or b) Domestic Controlled transactions (where subject to different tax rates or eligible for tax incentives). Controlled transactions falling under safe harbour provisions cannot be covered
2. Threshold	Controlled Transactions of AED 100 mn per year (At FTA's discretion, applications not meeting the threshold can also be accepted)
3. Covered period	Prospective period of 3-5 years , rollback not yet prescribed
4. Phased rollout	UAPA initially, BAPA & MAPA to be announced subsequently
5. Acceptance of applications	UAPAs for domestic transactions from December 2025 , for cross border transactions to be announced
6. Application timelines	Earlier of 2 months (mentioned as 40 days in another section) from the date of pre-filing approval, or 12 months prior to commencement of the first Tax Period to be covered
7. APA filing fees	AED 30,000 for fresh applications (inclusive of amendments), AED 15,000 for renewals

1. Overview

The APA programme offers a voluntary mechanism for a Person to enter into an agreement with the FTA for determining the Arm's Length Price of Controlled Transactions over a period of time in advance and prevent the risk of TP disputes and litigation. An APA shall be binding on the person who has entered into the agreement and the FTA.

For domestic APAs, counterparty to the transaction should also comply with the terms of the APA, though for the purpose of legal effect, there is a reference that it is binding only on the signatories to the APA.

2. Types of APAs

APAs can be categorized into three types:

- **Unilateral APA:** Agreement between a person and the FTA for domestic and cross border Controlled Transactions
- **Bilateral APA:** Agreement between competent authorities of two jurisdictions reached through a Mutual Agreement Procedure ('MAP').
- **Multilateral APA:** Set of agreements between competent authorities of more than two jurisdictions reached through a MAP.

Currently, a phased rollout has been adopted with only unilateral APAs introduced initially, with subsequent expansion to bilateral and multilateral agreements.

3. Eligibility Criteria

A Person may apply for an APA if there are significant uncertainties in determining the appropriate criteria for establishing the Arm's Length Price of proposed or existing Controlled Transactions such as cases involving:

- Complex Business operations or Controlled Transactions
- Where such Controlled Transactions have been historically subject to audit.

Transactions that fall under Safe Harbour provisions, including low value adding intra-group services are excluded from the purview of APA. Cross border transactions as well as Domestic Controlled Transactions may be covered under an UAPA if the Person and its domestic Related Party are subject to different tax rates or are eligible for any tax incentives under the Corporate Tax Law.

APA applications can be rejected under various circumstances – including limited scope of transactions and where ALP can be reliably applied; shifting the focus to applications for complex business arrangements for which tax certainty is required.

4. Threshold

A person can apply for an APA if it meets the materiality threshold of Controlled Transactions of AED 100 million per tax period. Only the value of transactions that are proposed to be included in the APA should be included. A person not meeting the threshold criteria may still apply for an APA, if they could provide robust justification on why an APA would help ensure compliance and certainty in such cases.

An application can be accepted even where the threshold is not met and can be rejected even if the threshold is met, emphasizing that the focus is on the nature and complexity of transactions and not merely the quantum.

5. Who can apply

A pre-filing consultation and APA application must be filed by a **Person, its Tax Agent (registered for CT purposes with FTA) or Legal Representative** on behalf of the Person. In case of a Tax group, only the Parent company of that tax group is permitted to submit the APA.

Applications and any other information required during the APA process can be submitted from 30 December 2025 by email to APA@tax.gov.ae or via EmaraTax (from the date to be announced).

6. APA Revision, Cancellation & Renewal

- **Revision/ cancellation**

APA may be revised if there is any change in the law, business or economic conditions or exceptional circumstances. A Person must self-assess the need to revise an APA and intimate the FTA within 20 Business Days from such event. The FTA can also initiate revision at its discretion.

- **Revocation/ cancellation**

FTA may revoke or cancel an APA in the following cases:

- Material misrepresentation or wilful defaults
- Failure to comply with material terms and conditions of APA
- Breach of one or more critical assumptions

Revocation shall take effect from the first tax period covered under APA. In case of cancellation, it will be prospective. For the years when the APA is not valid, the taxpayer will be subject to routine audit.

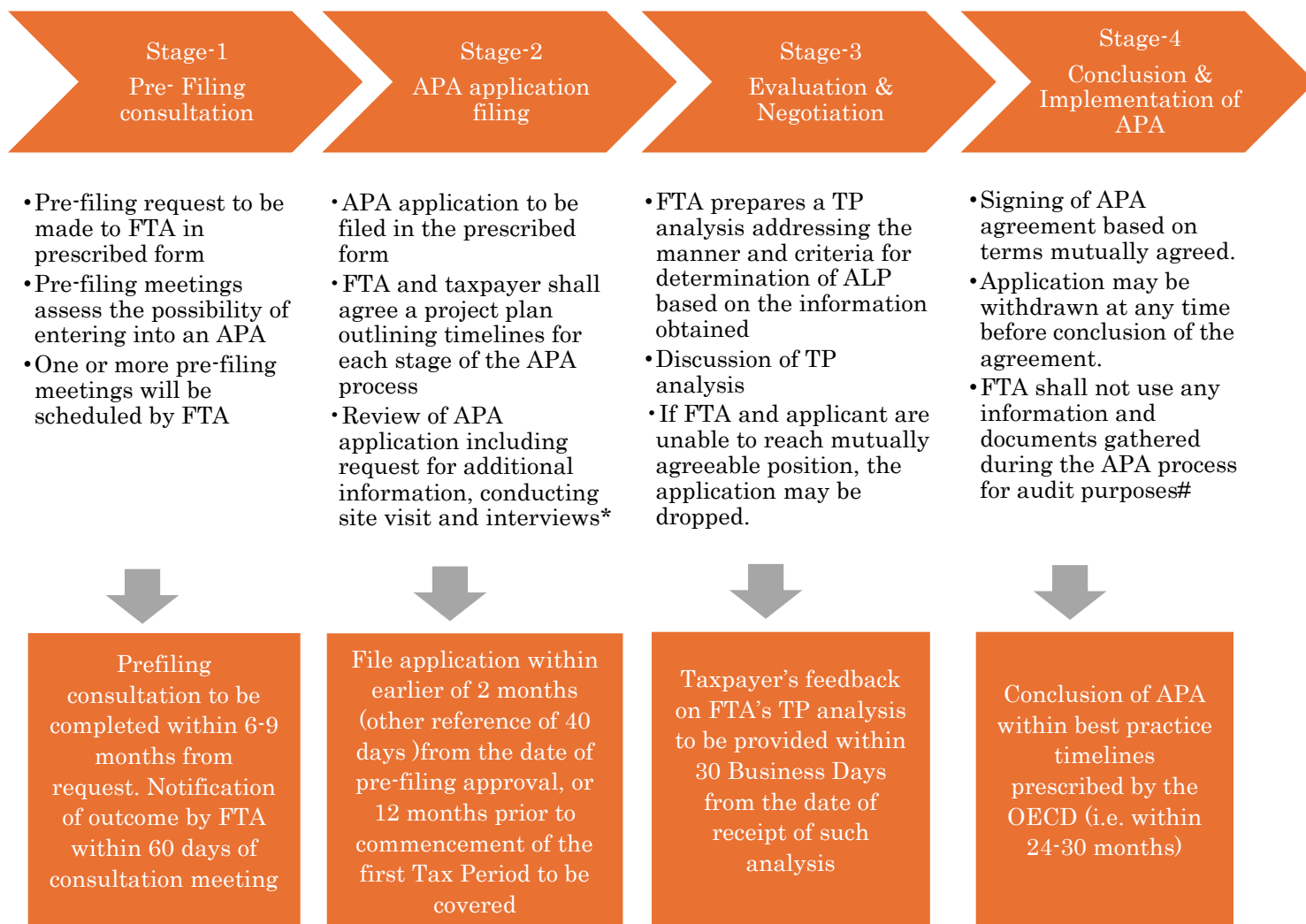
- **Renewal**

A Person may opt for a renewal of an APA if there are no material changes in the Business operations and facts relating to the Controlled Transactions and the critical assumptions remain valid.

APA renewal request will need to be filed at least **3 months before the expiry of the existing APA.**



Stages and Timeline in APA



**All information requested by FTA should be submitted within 40 business days of request.*

In many jurisdictions, separate teams manage APA programmes and audit procedures. In this case, however, the FTA oversees both. A firewall provision has been established to ensure that APA-related information is not used for audit purposes.

UAPAs for cross border Controlled Transactions shall be exchanged with foreign tax administrations of the jurisdiction of ultimate parent entity, immediate parent entity and counterparty of Controlled Transactions in accordance with **BEPS Action 5**.

APA Monitoring & Review – Filing of Annual Declaration

Upon entering into an APA, a person is required to file an APA Annual Declaration for each tax period covered under the APA in the prescribed form. The declaration is to be filed within 90 business days

from the date of signing the APA or by the due date of filing each relevant tax return, whichever is later.



Reasons for Rejection of pre-filing request / APA application

A pre-filing request / APA application may be rejected for the following reasons:

Pre-filing request	APA application
<ul style="list-style-type: none"> • Indication of a tax avoidance strategy • Controlled transactions based on superficial scenarios • Limited scope • ALP can be reliably applied beyond significant doubt • Significant restructuring forecasted, whereby outcomes of APA would be irrelevant • Unpredictable or fluctuating business • Where insufficient historical records restrict reliable projections or there are discrepancies in selection of most appropriate method or benchmarking analysis. • Decision to include or exclude transaction without a satisfactory rationale 	<ul style="list-style-type: none"> • The conditions prescribed for pre-filing requests* • Materiality threshold not met, • APA application does not address concerns raised during pre-filing consultation, • Significant discrepancies between legal contracts and actual conduct of Business, • Significant changes in facts and circumstances since the outcome of pre-filing or during processing of APA application • Inadequate and unreliable economic analysis, • Requests for information not responded to in a timely manner • Incorrect, incomplete or misleading information in application • Sufficient records not maintained to demonstrate that assumptions made in forecasts are accurate.

*Even if a pre-filing request is approved, an APA application can be rejected on the same conditions prescribed



Prescribed forms/ details

Appendix 1 of the guide: List of Potential Critical Assumptions

- Operational & Economic critical assumptions
- Legal critical assumptions
- Financials & Tax related critical assumptions
- Other assumptions

Appendix 2 of the guide: APA Pre-filing Form

Details of the person and business along with industry overview, tax period, particulars of controlled transaction, proposed critical assumptions etc.

Appendix 3 of the guide: APA Application Form

Details of the Person's business, related parties, covered tax periods, controlled transactions, market and industry details, transfer pricing methodology for each controlled transaction, financial and operating information, historic transfer pricing background etc.

Appendix 4 of the guide: APA Annual Declaration Form

Declaration on complying with the terms and conditions of the APA

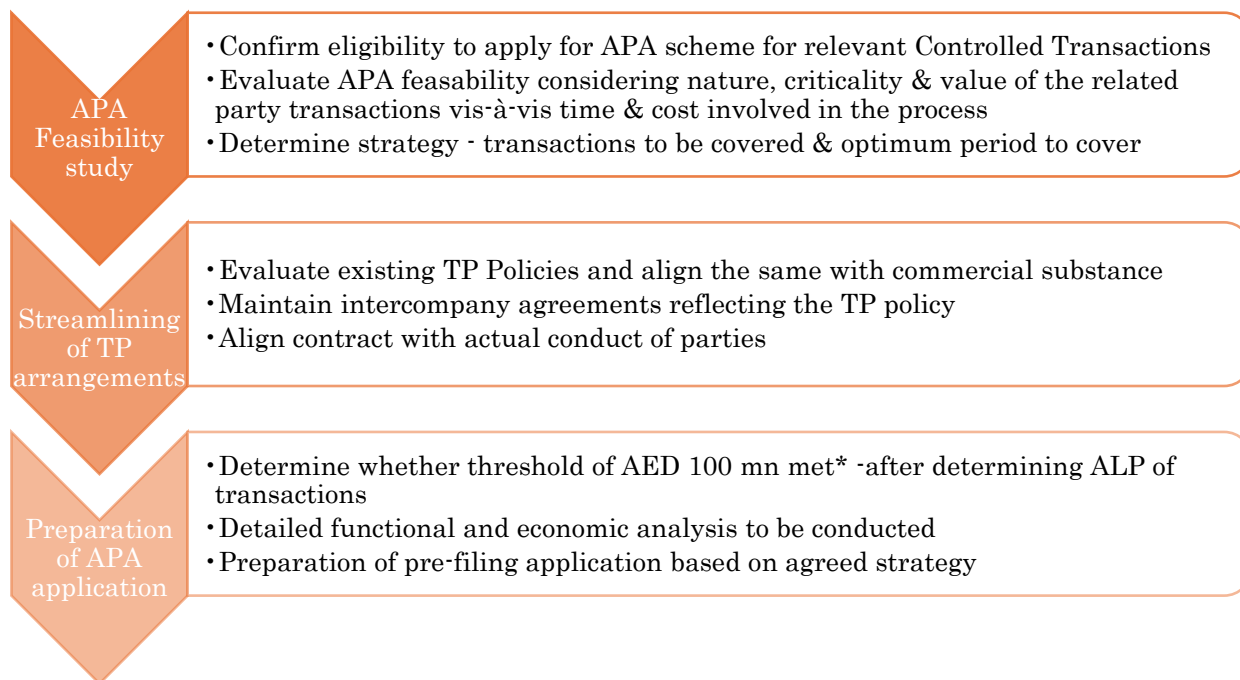


Way forward for taxpayers

Thorough planning and preparation are essential before submitting an APA application. Pre-filing consultations are mandatory, and APA applications can be filed only on approval of the pre-filing request, highlighting the importance of clear communication with the FTA from the outset. Pre-filing consultations take on particular importance, as they require taxpayers to address multiple aspects with the FTA and reduce the risk of rejection under the circumstances outlined in the guide.

Moreover, there is an emphasis on conduct and contract to be aligned as well as requirement for maintenance of comprehensive documentation supporting the APA applications including the assumptions made in forecasts.

Moving forward, taxpayers may consider the following steps:



*APA application can be accepted even where threshold < AED 100 mn, at FTA's discretion



How VSTN can support

The APA programme represents a robust mechanism for dispute resolution, promoting tax certainty and unanimity in the approach relating to the controlled transactions. Taxpayers should assess the suitability of the APA option by weighing the nature, significance, and value of their transactions against the time and cost required for the process. **Moreover, an APA requires a clear understanding of the underlying transaction economics, business context, and transfer pricing rationale to obtain a better outcome during negotiations with the FTA.**

VSTN's team brings extensive expertise in managing APA assignments, having successfully supported clients in concluding multiple APAs in other jurisdictions.

VSTN offers end-to-end support in APA process including:

- Feasibility Analysis considering the cost benefit analysis
- In-depth analysis of business and aligning the transfer pricing policy with the business model
- Providing strategic guidance in preparation and submission of pre-filing request
- Represent before FTA in pre-filing consultations
- Preparation and submission of APA applications and other information requested by FTA
- Negotiation with Tax Authorities and support during site interviews/meetings
- Post conclusion support - Filing of annual declaration and FTA review
- APA renewal support

About us



VSTN Consultancy is a Global Transfer Pricing firm with extensive expertise in the field of international taxation and transfer pricing. VSTN Consultancy has been awarded by International Tax Review (ITR) as Best Newcomer in Asia Pacific – 2024 and is ranked as one of the recommended transfer pricing firms. VSTN has also been nominated in 9 Categories under APAC, EMEA and Middle East Region ITR awards 2025. VSTN has its offices in India, UAE and Singapore.

Nithya Srinivasan, Founder of VSTN Consultancy, was named Middle East Transfer Pricing Practice Leader of the Year, recognizing her outstanding leadership and contribution to the profession. VSTN also received the Best Newcomer in the Middle East award from International Tax Review, showcasing its rapid growth and excellence in global transfer pricing advisory.

VSTN Consultancy has been honored with the Best Global Transfer Pricing Consultancy 2025 – India award at the prestigious Wealth & Finance Management Consulting Awards 2025.

Our offering spans the end-to-end Transfer Pricing value chain, including design of intercompany policy and drafting of Interco agreement, ensuring effective implementation of the Transfer Pricing policy, year-end documentation and certification, BEPS related compliances (including advisory, Masterfile, Country by Country report), safe harbour filing, audit defense before all forums and dispute prevention mechanisms such as Advance Pricing agreement. VSTNs senior partners have been ranked in ITR in the list of recognized Practitioners.





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