



UAE Federal Tax Authority issues Advance Pricing Agreement Guidance

January 2026

With the introduction of Corporate Tax and formal Transfer Pricing ('TP') rules¹ in the UAE, business groups are increasingly focused on managing TP risk, ensuring certainty and avoiding disputes. One of the most effective mechanisms available to achieve this objective is an Advance Pricing Agreement ('APA') which is an advance agreement with Federal Tax Authority ('FTA') on TP methodology of covered transactions.

The legislative framework to enter into APAs with the UAE FTA is provided in Article 59 of the UAE CT law.

With much anticipation, the FTA has issued detailed procedural guidance on APAs,² marking a significant milestone in the evolution of the UAE's tax framework. APAs provide eligible taxpayers with upfront certainty on transfer pricing outcomes for controlled transactions, thereby reducing controversy and improving compliance outcomes.

Understanding the APA Framework

An APA is a voluntary agreement between a taxpayer and the FTA that establishes the criteria for determining the arm's length price of controlled transactions over a fixed period (minimum of three tax periods and a maximum of five tax periods). By proactively agreeing on TP methodologies, businesses can enhance predictability and reduce risk of litigation, disallowances and penalties.

Figure 1 – Types of APA FTA is rolling out the programme in a phased manner

1. Unilateral APA ("UAPA")	<ul style="list-style-type: none">– An agreement between a Person and the FTA, binding only in the UAE– UAPAs application timeline:<ul style="list-style-type: none">▪ Domestic Controlled Transactions open in December 2025▪ Cross - Border Controlled Transactions expected in 2026 (UAPA shall be exchanged with foreign tax administrations of the jurisdiction of ultimate parent entity, immediate parent entity and counterparty of Controlled Transactions)– Risk of double taxation if the foreign tax administration disagrees with the UAPA concluded with the FTA and makes adjustments to the transfer prices.
2. Bilateral APA ("BAPA")	<ul style="list-style-type: none">– An agreement between the competent authorities of two jurisdictions, providing certainty in both the jurisdictions.
3. Multilateral APA ("MAPA")	<ul style="list-style-type: none">– An agreement between the competent authorities of more than two jurisdictions, providing certainty in more than two jurisdictions.

The date of receiving BAPA and MAPA applications shall be announced in the future.

The APA Journey: Stages and Timelines

A taxpayer can apply for an APA with respect to domestic or cross-border Controlled Transactions, where the total/expected value of all the Controlled Transactions proposed to be covered under the APA is at least AED 100 million³ per tax period (only an indicator and not an absolute requirement).

The APA process is structured into four distinct stages to ensure thorough evaluation and mutual agreement.



Stage	Key Activities	Indicative Timeline	Prescribed Form
Stage 1: Pre-Filing Consultation (Non-binding discussions with the FTA)	Scope definition, suitability assessment, and identification of TP issues	6-9 months	Yes*
Stage 2: Application Filing**	Submission of formal application and documentation ⁴	<ol style="list-style-type: none"> within 2 months from the date of notification by the FTA; or at least 12 months prior to the commencement of the first tax period to be covered under the UAPA, whichever is earlier <p>(Refer below illustration to understand the first year that may be covered by UAPA)</p>	Yes
Stage 3: Evaluation & Negotiation	Site visits, interviews, and detailed TP analysis by the FTA	Variable based on complexity	NA
Stage 4: Conclusion & Signing	Discussion of implementation and signing of the final APA	Variable	NA

* The prescribed forms set out in the Guide provide an exhaustive list of information requirements, requiring taxpayers to submit detailed and comprehensive disclosures as part of the APA application process.

**UAPA is required to provide details around certain assumptions crucial for its validity, including aspects related to the Person applying for the APA, its Related Party, industry conditions, general economic factors, etc. These critical factors need to be properly considered at the time of filing UAPA application.

Overall timeline of APA is in line with the best practice timelines prescribed by the OECD. Once signed, an APA is binding on signatories to the APA with respect to the Controlled Transactions for the tax periods covered under an APA.

APA Application Timeline: Illustration

The FTA requires that a UAPA application be submitted within two months from the date of notification by the FTA or at least 12 months prior to the commencement of the first tax period to be covered, whichever is earlier. As domestic UAPAs only opened up in December 2025, calendar year taxpayers cannot meet the 12-month requirement for the 2027 tax year.



Entity Type	First Possible Covered tax period	Application Deadline (12-Month Rule)	2 month timeline from FTA notification*	Earliest Possible Filing Date for pre-consultation	Status for Coverage
Calendar Year (Jan-Dec)	1 Jan 2027 – 31 Dec 2027	1 Jan 2026	31 Aug 2026	January 2026	Ineligible (Insufficient time to meet 12-month rule)
Calendar Year (Jan-Dec)**	1 Jan 2028 – 31 Dec 2028	1 Jan 2027	31 Aug 2026	January 2026	Eligible
Fiscal Year (July- June)***	1 July 2027 – 30 June 2028	1 July 2026	31 Aug 2026	January 2026	Eligible

*For illustration we have presumed that FTA will conclude pre-filing consultation and notify taxpayer within six months to file UAPA

**UAPA application should be filed by 31 August 2026

***UAPA application should be filed by 1 July 2026

Ongoing Compliance: Annual Requirements

Securing an APA is not a "set and forget" exercise. To maintain the agreement's validity, businesses must:

- **File an Annual Declaration:** This must be submitted in the prescribed format within **90 Business Days** of the signed APA or **by the Tax Return due date**, whichever is later.
- **Monitor Critical Assumptions:** Businesses must notify the FTA within **20 Business Days** if any underlying assumptions (e.g., industry conditions or business structure) are breached or modified.

Revision, Cancellation and Revocation of APA

The FTA maintains the right to terminate an APA under specific circumstances:

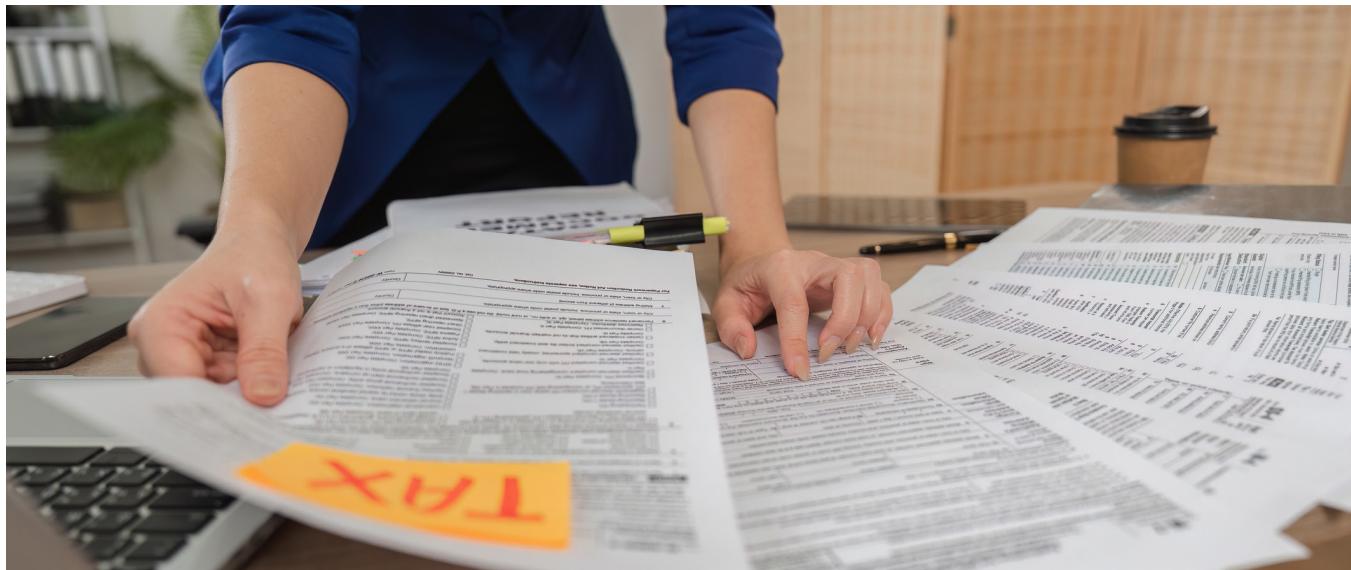
- **Revision or Cancellation:** Typically occurs **prospectively** due to changes in law, business conditions, or a failure to reach an agreement on revisions.
- **Revocation:** This is more severe and takes effect **retrospectively** from the first tax period covered.

It is triggered by material misrepresentation, wilful default, or failure to comply with material terms.

What businesses should do now?

Businesses should view the APA regime not as a compliance exercise, but as a strategic risk-management and governance tool. To effectively position themselves, taxpayers should consider taking the following actions:

1. **Identify the Transactions suitable for APA which may include:**
 - High value or recurring in nature.
 - Involve complex functional or risk profiles.
 - Have historically been subject to audit queries or adjustments in other jurisdictions.
 - May be impacted by differing tax rates (e.g., Free Zone vs mainland).
 - Transactions that materially influence taxable income are typically better circumstances for an APA.
 - Feasibility including cost benefit analysis, as APA is a time consuming and costly process.



2. Assess Readiness of Data, Systems, and Documentation

An APA process is data intensive. Businesses should assess whether:

- Functional, asset and risk profiles are clearly articulated and aligned with actual conduct.
- Intercompany agreements accurately reflect operational reality.
- Financial systems can reliably produce segmented and transaction-level data.
- Transfer pricing policies and benchmarking analyses are robust and defensible.

Any gaps identified at this stage should be addressed **before** engaging with the FTA.

3. Stress-Test Existing Transfer Pricing Positions

Businesses should re-evaluate the appropriateness of TP methods as this step will help avoid re-work and protracted negotiations during the APA process.

4. Align Internal Stakeholders Early

Successful APA applications require coordination across multiple functions. Businesses should involve **tax, finance, legal and operational teams** early in the process. Early alignment reduces execution risk and improves consistency of messaging to the FTA.

Finally, businesses should use the pre-filing consultation strategically to test feasibility, refine scope, and set realistic expectations, while embedding APA outcomes into a broader transfer pricing governance framework to support ongoing compliance and future renewals.

Final Thoughts/How We Can Help

The UAE APA programme represents a significant opportunity for taxpayers to obtain upfront certainty and reduce transfer pricing risk in an increasingly sophisticated tax environment. With careful planning, robust documentation and expert support, APAs can serve as a powerful tool for sustainable tax compliance and governance.

Our Transfer Pricing specialists support clients across the full APA lifecycle, including:

- APA feasibility and readiness assessments
- Pre-filing consultation strategy and engagement support
- End-to-end preparation of APA applications
- Economic analyses and benchmarking
- Support during negotiations with the FTA
- APA implementation, annual declarations, and ongoing monitoring

— APA renewals, revisions, and controversy support

By combining deep technical expertise with practical experience and a collaborative approach, we help businesses achieve certainty, manage risk, and align transfer pricing outcomes with business reality.

¹ Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, read with Federal Decree-Law No. 60 of 2023 Amending Certain Provisions of the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses - [Federal-Decree-Law-No.-60-of-2023-Amending-Certain-Provisions-of-the-Federal-Decree-Law-No.-47-of-2022-on-the-Taxation-of-Corporations-and-Businesses.pdf](#)

² Federal Tax Authority "Corporate Tax Guide on Advance Pricing Agreements – CTGAPA1" (December 2025) - <https://tax.gov.ae/Datafolder/Files/Guides/CT/APA-Guide-EN-30-12-2025.pdf>

³ The materiality threshold is not the sole criterion for acceptance or rejection of an APA application. The FTA shall evaluate each request based on its specific facts and circumstances, including the complexity of the Controlled Transactions, the potential for tax risk and the overall benefit of entering into an APA. This means that an application may still be rejected even if the threshold is met, or accepted even if the threshold is not met. The threshold is intended as an indicator of materiality, not an absolute requirement.

⁴ Non-refundable fees of AED 30,000 and for renewal of an APA fee would be AED 15,000.

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