

Conditions for change in tax period



The Federal Tax Authority has issued Decision No. 5 of 2023 (effective 1 June 2023) laying down conditions for change in tax period of a taxable person.

- The change in a financial year can be made by way of making an application and could be for one of the following reasons:
 - a. Liquidation of the taxable person;
 - b. To align the financial year with other group companies for forming a Tax Group/joining an existing Tax Group or to align the financial year with its domestic/foreign head office/subsidiary/parent/ultimate parent company;
 - c. There is a valid commercial, economic, or legal reason.
- The tax return for the tax period for which such change is applied has not been filed yet.
- The application for change in tax period is to extend the current tax period to a maximum of 18 months or shorten the next tax period to be between 6-12 months.
- The application shall be made before the lapse of 6 months from the end of the original tax period.
- In case the application is filed to shorten a tax period, the same shall not be in respect of a prior or current tax period.