

UAE Transfer Pricing

Key highlights of the guidance on maintaining Transfer Pricing Documentation (TPD):

Taxable persons are required to maintain both, Master file and Local file, if any of the below conditions are met:

- Revenue during the relevant tax period is \geq AED 200 million; Or,
- Person is constituent entity of the MNE group that has consolidated revenue \geq AED 3.15 billion.

The decision further clarifies the nature of related party transactions to be covered in the Local file and Master file. The regulator would be separately issuing further guidelines on the format of the Local file and Master file.

Our Comments

The materiality threshold limit (approx. USD 55 Mn in revenue) for the preparation of the Local file and Master File appears to be very high.

It is pertinent to note that while the businesses not meeting the above materiality threshold are spared from the preparation of the Local file and Master file. However, the said businesses would still have to comply with the arm's length principle with respect to the transactions with related parties and connected persons. In other words, the transfer pricing provisions contained in Article 34, 35 and 36 of the Ministerial Decision 47 of 2022 would continue to apply to such businesses.