DECEMBER 2025

Evolving UAE Tax Procedures: What’s New, What’s Changed & What to Prepare For

UAE Tax Procedures Law:
2026 Amendments Overview

Introduction

In October 2025, the United Arab Emirates issued Federal Decree-Law No. 17 of 2025, introducing targeted amendments to the UAE's Tax Procedures Law. Effective 1 January 2026, these amendments modernize the tax administration framework, introduce clearer timelines, streamline processes, and improve procedural certainty for taxpayers. This report provides a structured and business-friendly analysis of the new law, including:

- Simplified comparisons ("Before vs. After")
- Industry-level practical implications
- Procedural, planning, and compliance impacts
- Comprehensive insights tailored to real-world UAE corporate environments

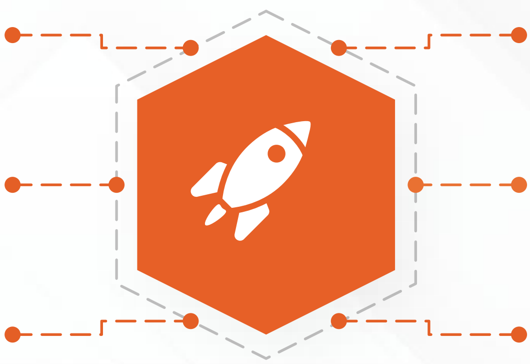
Executive Summary

Strategic Area	What Changed	Business Significance	Recommended Action
Credits & Refunds	5-year expiry & refund deadline	Cash-flow sensitivity increases	Shift to rolling refunds & credit-ageing control
Error Management	Simplified nil-impact corrections	Lower compliance overhead	Build error-classification matrix
Audit Timelines	Structured limitation periods	Predictable risk horizon	Annual internal tax audits
FTA Authority	Binding directives	One-view interpretation	Policy updates & monitoring
Excise Alignment	Unified rules	Simpler multi-tax compliance	Harmonize internal SOPs

Key Changes at a Glance

The amendments introduced under Federal Decree-Law No. 17 of 2025 significantly reshape the UAE's tax procedures landscape. The most critical changes include:

- **Clearer audit** and **assessment rules,** including refund-triggered extensions
- New **authority** for the **FTA to issue binding directives**
- **Alignment** of all taxes (VAT, Corporate Tax, Excise) under a **unified limitation regime**



- **A strict 5-year limitation period** for utilizing or refunding tax credits
- Simplified correction of errors that **do not impact tax payable**
- A **completely redesigned refund** framework under **Article 38**

Detailed Article-by-Article Amendments

Article 9(3) – Treatment of Tax Overpayments

Before

No statutory time limit existed. Tax overpayments or credit balances remained indefinitely available for offset or refund; the FTA had broad discretion on timing.

After

A strict 5-year limitation now applies. Credits must be utilized or refunded within five years from the end of the relevant tax period, or they expire.

Strategic impact: introduces time-bound cash flow pressure as credits must be utilized or refunded, eliminates evergreen credits to enhance FTA control and transparency, and increases urgency for industries with long project cycles.

Who is most affected: Real estate, exporters, capital-intensive sectors, logistics, tech R&D entities.

Article 10(5) – Correction of Errors with No Tax Impact

Before

Any error—even with no impact on tax payable—required a Voluntary Disclosure filing. This created administrative burden for trivial issues.

After

Voluntary Disclosures are required only for FTA-specified categories of zero-impact errors. All other nil-effect errors may be corrected in the next tax return.

Strategic impact: It reduces administrative load by 40–60% for high-volume taxpayers while minimizing incidental penalties and compliance bottlenecks.

Who is most affected: Retail, FMCG, telecom, airlines, e-commerce.

Article 38 – Refund of Tax Credits

Before

No statutory deadline for filing refund claims. Taxpayers could hold credits indefinitely and submit refund applications at any time.

After

Refund applications must be filed within 5 years of the relevant tax period. Exceptions include: 1-year extension for FTA-driven credits, 90-day window for late-arising credits.

Strategic impact: It strengthens the UAE's move toward time-bound tax certainty and forces businesses to convert credits into cash sooner.

Who is most affected: Free zones, exporters, construction, logistics, large taxpayers with long credit build-ups.

Detailed Article-by-Article Amendments

Article 46 – Statute of Limitations for Tax Audits and Assessments

Before

5-year audit limit with extensions for notifications, voluntary disclosures, and fraud. Rules were fragmented across laws and less predictable.

After

5-year limit remains, with structured extensions: • 4-year extension after audit notice

- 1-year extension for late voluntary disclosures
- 2-year extension for refund-claim audits
- 15-year period for fraud or non-registration.

Strategic impact: It provides a predictable risk-exposure window for taxpayers, while refund claims may extend the audit horizon and therefore require proactive planning.

Who is most affected: Businesses with cross-border transactions, TP exposure, or large refund cycles.

Article 54 (bis) – Binding FTA Directives

Before

FTA public clarifications existed but had no explicit statutory authority or binding effect. Interpretation inconsistencies were common.

After

FTA may now issue binding directives that both taxpayers and the FTA must follow. Creates uniform interpretation and reduces disputes.

Strategic impact: It dramatically reduces interpretational ambiguity, ensures consistent treatment across industries, and strengthens reliance on guidance when taking tax positions

Who is most affected: Banks, insurance, digital platform operators, conglomerates

Repeal of Excise Tax Law Article 25 (Bis)

Before

Excise tax had a separate limitation rule under Article 25(Bis), different from VAT and Corporate Tax.

After

Excise now follows the unified Article 46 limitation: 5 years general, 15 years in fraud cases. Greater consistency across all taxes.

Strategic impact: It simplifies compliance for Excise taxpayers and harmonizes audit timelines across VAT, Corporate Tax, and Excise.

Who is most affected: Relevant sectors include FMCG, hospitality, aviation, and cross-border distributors.

Industry-Specific Implications

Real Estate

- High-volume VAT credits on construction must now be utilized or refunded within 5 years.
- Transitional relief allows recovery of older credits until the end of 2026.
- Zero-rated supplies and first supply documentation must be retained systematically for audit readiness.
- Large projects should integrate refund-timeline monitoring into project finance workflows.

Financial Services

- Nil-impact corrections reduce administrative burden for exempt-heavy service portfolios.
- Transfer pricing files must be robust due to compressed audit window.
- Binding FTA directives may clarify Sharia-compliant product taxation.
- Refund claims for cross-border transactions must meet strict procedural deadlines.

Technology Sector

- R&D incentives and tax credits must be strategically used within statutory timelines.
- Automated tax engines should incorporate expiry alerts for credits and disclosures.
- FTA directives may clarify digital service taxation, platform rules, and cross-border CT positions.
- Transfer pricing for IP-sharing and cost-pooling arrangements faces a focused 5-year audit horizon.

Retail

- Major benefit from simplified correction of clerical VAT errors in high-volume POS environments.
- Refund opportunities from store expansions or new distribution centers must be monitored.
- Promotional scheme tax treatments may be standardized via FTA directives.
- POS and ERP systems must embed procedural timeliness for VAT reconciliations.

Logistics & Supply Chain

- Import VAT credits and export zero-ratings must be reconciled promptly to avoid expiry.
- Excise movement documentation aligns with VAT/CT under unified limitation periods.
- Refund-triggered audits may occur, requiring well-structured customs and VAT record archives.
- FTA directives may clarify drop-shipment and disbursement treatments.

Impact on Compliance and Administration

The introduction of a strict 5-year limitation period requires taxpayers to maintain timely reconciliations and accurate tax positions for all VAT, CT, and Excise filings.

Compliance functions must proactively monitor all credit balances and tax adjustments to ensure that refund applications are filed well before statutory deadlines.

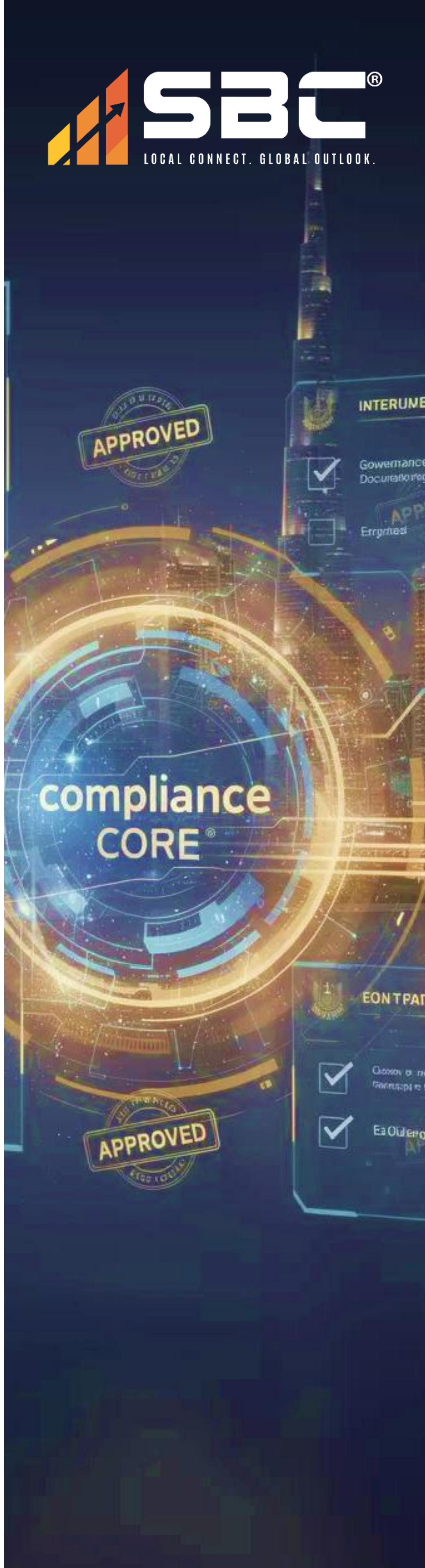
Nil-impact error correction reduces the administrative burden but demands proper internal tracking of which errors qualify for in-return adjustments vs. mandated Voluntary Disclosures.

Record-keeping systems must be aligned to retain documentation for at least 5 years, with extensions up to 9 years when audit notices or refund-triggered assessments apply.

Businesses must adjust ERP systems to incorporate automated alerts for refund cut-offs, audit horizon risks, and disclosure deadlines.

Internal audits should be scheduled periodically within the 5-year horizon to mitigate risks of unrectified underpayments or outdated credits.

Compliance teams will need training on procedural updates, new FTA directive mechanisms, and enhanced audit-readiness expectations.



Impact on Tax Planning

01

Tax planning cycles must account for the new 5-year limitation on refunds and voluntary corrections, requiring accelerated decision-making.

02

Transfer pricing policies must be fully substantiated at the point of filing, as post-filing corrections are restricted after five years.

03

Businesses should integrate FTA directives into their planning processes—the directives are binding and carry significant weight in determining acceptable tax positions.

04

Tax models should incorporate expiry dates for credits, refund claim deadlines, and audit horizon scenarios for strategic forecasting.

05

Group structures and intercompany transactions should be evaluated early to avoid rushed disclosures at the end of the limitation period

06

Major investments (real estate, technology, capital assets) should include tax credit recovery strategies with strict calendar tracking.

Key takeaways

- The 5-year limitation fundamentally reshapes tax planning timelines.
- Credit utilization and refund strategies must be proactive, not reactive.
- FTA directives should guide tax positions to avoid disputes.
- Transfer pricing and cross-border planning must account for shorter audit windows.
- Early tax risk reviews are now essential to maintain compliance flexibility.

Impact on Risk Management

01

The definitive 5-year audit and correction window allows companies to contain historical tax risks more effectively.

02

Tax exposures must be monitored closely within the first five years after filing, as audits and assessments will be concentrated in this period.

03

Businesses must strengthen internal controls to detect issues early, since corrections after the five-year mark are no longer permitted (with limited exceptions).

04

Proper documentation and evidence management become critical to defend positions within the shortened audit horizon.

05

Companies must proactively manage refund claims, as late submissions can trigger extended audit periods.

06

The 15-year window for fraud or tax evasion highlights the need for strong governance and ethical tax practices.

07

FTA directives reduce interpretative risk by standardizing positions across industries and taxpayers.

Key takeaways

- Tax risks now have a predictable time horizon — 5 years for compliant taxpayers.
- Internal governance, documentation, and early detection of issues are more important than ever.
- Refund-triggered audits require careful planning and precise documentation.
- FTA directives provide greater clarity, reducing disputes from interpretation differences.
- Strong compliance frameworks significantly lower long-term litigation and penalty risks.

Impact on Dispute Resolution

01

Binding FTA directives reduce interpretative disputes by standardizing tax treatments across industries.

02

Clearer procedural timelines reduce disputes related to delayed refunds, late claims, or outdated assessments.

03

A time-barred assessment now gives taxpayers a strong procedural defense against invalid or late tax demands.

04

Disputes will increasingly focus on factual matters (documentation, transaction substance) rather than interpretation.

05

Refund-related assessments may become a focal point of disputes due to the new 2-year extended audit window.

06

Cases involving alleged tax evasion may increase in complexity given the extended 15-year limitation period.

07

The TDRC (Tax Disputes Resolution Committee) is expected to handle cases more efficiently as procedural clarity improves.

Key takeaways

- Binding directives significantly reduce disputes arising from ambiguous interpretations.
- Time-bar rules allow taxpayers to close older years with confidence.
- Disputes will be more evidence-driven, making documentation quality critical.
- Refund disputes must be managed proactively to avoid extended audits.
- Early dispute-resolution strategies now offer greater advantages due to clear procedural boundaries.

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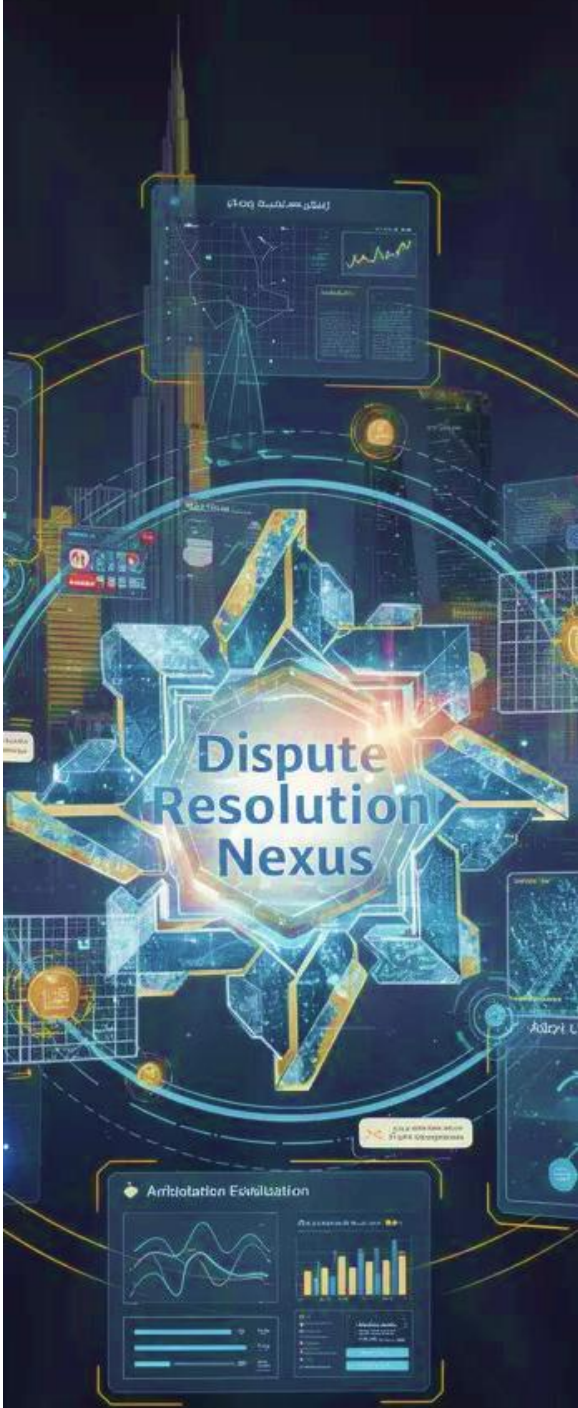

How SBC Can Help

- Corporate Tax Advisory – Comprehensive interpretation and implementation support for UAE CT Law and Procedural Law amendments.
- Transfer Pricing Services – TP documentation, benchmarking, policy design, planning and dispute management under the new audit timelines.
- Litigation & Controversy Management – Representation before FTA, TDRC, and Courts with strong procedural defenses based on limitation periods.
- Transaction Advisory – Structuring of domestic and cross-border transactions with proactive tax planning under the revised procedural framework.
- Refund Management – End-to-end support in evaluating, preparing, and filing refund claims before statutory deadlines.
- Compliance Automation – Integrating SBC's TaxMate and automation tools for efficient UAE CT, VAT, and Excise compliance.
- Internal Tax Audits – Health checks, audit readiness assessments, and internal reviews aligned with the five-year audit horizon.

Why SBC?

- Deep specialization in UAE Corporate Tax, Transfer Pricing, and GCC tax frameworks.
- Proven track record in handling complex tax disputes and achieving favorable outcomes.
- Strong advisory expertise across multinational groups, large UAE conglomerates, and high-growth sectors.
- Leadership in tax technology—SBC's TaxMate platform automates compliance, documentation, and filing.
- End-to-end service capability: Advisory, compliance, litigation, TP, automation, and transaction support.
- Team of experienced Chartered Accountants, Lawyers, Economists, and Technology Specialists.
- Commitment to practical, business-focused and legally sound tax solutions.

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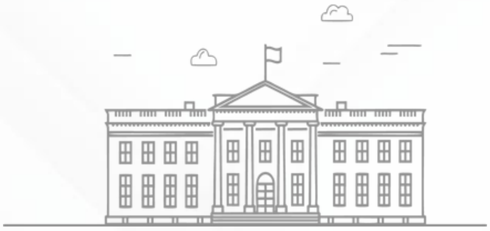

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