

KCM CONSULTANTS LLC | UAE TAX & RESTRUCTURING | NOVEMBER 2026 EDITION

UAE tax updates and year-end checklist

A plain-English summary of what changed in UAE tax in September and October 2026, who it affects, and what to do before the year ends. E-invoicing penalties, top-up tax registration and the 31 December deadlines.

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Executive summary

- **E-invoicing starts on 1 January 2027** for businesses with revenue of AED 50 million or more. Their service provider had to be appointed by 30 October 2026. Under the new penalty table (Cabinet Decision 173 of 2026) not having one costs AED 5,000 and then AED 5,000 a month, up to AED 50,000 in any 12 months. Businesses below AED 50 million appoint by 31 March 2027 and go live on 1 July 2027.
- **Your customers' VAT recovery will rest on your e-invoice.** Once e-invoicing applies, input VAT can only be recovered on a tax invoice held as an e-invoice.
- **Top-up tax registration closes on 30 November 2026** for UAE entities of groups with revenue of EUR 750 million or more whose first year in scope ended before 30 April 2026. A corporate tax registration does not cover it.
- **31 December 2026 is crowded:** corporate tax returns for March year-ends, tax group applications for 2026, family foundation transparency applications for 2026, and the last day to reclaim old tax credit balances under the transitional window.
- **Foundations:** DMCC has issued the UAE's fourth foundation regime. It is not open yet, and the FTA has not said how it will treat a DMCC foundation for corporate tax.

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Dates to put in the diary

Date	What is due	Who it affects
30 October 2026 (passed)	Appoint an e-invoicing Accredited Service Provider (Phase 1)	Businesses with revenue of AED 50 million or more
Monday 30 November 2026	Register for top-up tax, where the first year in scope ended before 30 April 2026	UAE entities of groups with revenue of EUR 750 million or more
Monday 30 November 2026	Corporate tax return and payment, year ended 28 February 2026	Companies with a February year-end
Thursday 31 December 2026	Corporate tax return and payment, year ended 31 March 2026	March year-end companies, common in Indian-owned groups
Thursday 31 December 2026	Apply to form or join a tax group for 2026	Calendar-year groups with 95% common ownership
Thursday 31 December 2026	Apply for tax transparency for 2026	Family foundations, and companies they wholly own and control
Thursday 31 December 2026	Annual confirmation of the transparency conditions, year ended 31 March 2026	Approved family foundations with a March year-end
Thursday 31 December 2026	Reclaim old credit balances under the transitional refund window	Anyone holding corporate tax, VAT or excise credits from older periods
Thursday 31 December 2026	Top-up tax: deregister entities that ceased before 30 June 2026; register where the first year in scope ended 31 May 2026	Groups with revenue of EUR 750 million or more
Friday 1 January 2027	E-invoicing goes live (Phase 1). Transactions inside a VAT group are excluded until 31 December 2028	Businesses with revenue of AED 50 million or more
Wednesday 31 March 2027	Appoint an e-invoicing provider (Phase 2 and government entities). Corporate tax returns for June 2026 year-ends	Businesses with revenue below AED 50 million; government entities
Thursday 1 July 2027	E-invoicing goes live (Phase 2)	Businesses with revenue below AED 50 million

Which of these apply to you?

Tick what applies, then read the section shown.

If this is you	What it means
☐ **Your revenue is AED 50 million or more**	E-invoicing from 1 January 2027. If you have no service provider yet, you are already late. See section 1
☐ **Your revenue is below AED 50 million**	Appoint a provider by 31 March 2027 and go live on 1 July 2027. See section 1
☐ **Your group's revenue is EUR 750 million or more**	Register each UAE entity for top-up tax by 30 November 2026. See section 2
☐ **Your financial year ends on 31 March**	Corporate tax return and payment by 31 December 2026. See section 3

If this is you	What it means
☐ **You want UAE companies taxed as one group for 2026**	Tax group application by 31 December 2026. See section 3
☐ **You have, or are setting up, a family foundation**	Transparency application by 31 December 2026, and the annual confirmation. See section 4
☐ **You carry old VAT, corporate tax or excise credits**	If their five-year period has run out, or runs out in 2026, claim them by 31 December 2026. See section 3
☐ **You are in a VAT group, a free zone or a designated zone**	Check the e-invoicing exclusions and the FTA's October clarification. See section 5

1. E-invoicing: 1 January 2027, and what it now costs to be late



If you read one section, read this one. Businesses with revenue of AED 50 million or more had to appoint an Accredited Service Provider (ASP), the company that connects you to the national e-invoicing network, by 30 October 2026. That date has passed. On 25 October the Federal Tax Authority (FTA) reminded businesses that the deadlines are binding, and at the end of October the Ministry of Finance published a new penalty table. We have seen no extension.

The new penalties (Cabinet Decision 173 of 2026)

The decision replaces Cabinet Decision 106 of 2025 and takes effect the day after it is published in the Official Gazette.

Failure	Penalty
Not implementing e-invoicing, including not appointing an ASP	AED 5,000, then AED 5,000 for each month or part of a month it continues, capped at AED 50,000 in any 12 consecutive months

Failure	Penalty
Not issuing an e-invoice through the system	AED 100 per invoice, up to AED 5,000 a month
Not issuing an e-credit note through the system	AED 100 per credit note, up to AED 5,000 a month
Not telling your ASP about changes to your data registered with the FTA	AED 250 a day, up to AED 5,000 a month

Businesses that adopt e-invoicing voluntarily before their phase are outside these penalties. Where the same business is both issuer and recipient for one failure, only one penalty applies.

Why the fine is the smaller problem

Take a distributor with AED 80 million of revenue and no ASP yet. The fine for that alone stops at AED 50,000 a year. The real cost sits with its customers. Since the 2024 amendment to Article 55(1)(c) of the VAT law, input VAT can only be recovered on a tax invoice held in the form of an e-invoice wherever the system requires one. A customer who cannot recover the VAT on your invoices will notice long before the FTA does, and it will ask you, not the FTA, to fix it.

Other changes in the last two months

- **Exclusions widened** (Ministerial Decision 197 of 2026, in force from 1 October 2026): transactions between members of the same VAT group are excluded for 24 months from 1 January 2027, international cargo carried by airlines for 24 months from go-live, and financial services that are VAT-exempt or zero-rated.
- **A 14-business-day clock:** an e-invoice or e-credit note must be issued and transmitted within 14 business days of the transaction.
- **Storage:** the decision now only requires you to keep e-invoices and their data for the Tax Procedures Law period and to produce them to the FTA on request. The system-failure provisions were removed.
- **Providers:** from 1 October 2026 ASPs are accredited directly, without a separate pre-approval stage (Ministerial Decision 168 of 2026). The Ministry's list showed 86 accredited providers on 5 November 2026. Check that yours is on it.
- **Updated guidelines** (Ministry of Finance, version 2.0, 26 October 2026): each VAT group member onboards under its own tax identification; a new business must onboard before its first invoice; holding companies that recharge costs to subsidiaries are in scope; and an e-invoice is a structured XML file, so a PDF on its own will not do.

Who is in, and when

E-invoicing covers business-to-business and business-to-government transactions, whether or not the business is registered for VAT. Sales to individuals who are not in business (B2C) are outside it. The data standard is Peppol PINT-AE, and e-credit notes follow the same rules as e-invoices.

Group	Appoint an ASP by	Go live
Revenue AED 50 million or more (Phase 1)	30 October 2026	1 January 2027
Revenue below AED 50 million (Phase 2)	31 March 2027	1 July 2027
Government entities	31 March 2027	1 October 2027
Voluntary adopters and the pilot	Any time	Open since 1 July 2026

Ministerial Decision 244 of 2025 as amended by Ministerial Decision 66 of 2026, and the Ministry of Finance e-invoicing guidelines, version 2.0.

What to do now

- **Phase 1 without an ASP:** appoint one this month, keep evidence of the date, and start test invoices with your main customers and suppliers before the holidays.
- **Phase 1 with an ASP:** list the transactions that are excluded (VAT group, financial services), set the 14-business-day rule in your billing process, and name someone to tell the ASP whenever your FTA data changes.
- **Phase 2:** 31 March 2027 is closer than it looks once you allow for ERP changes. You can adopt voluntarily earlier without penalty exposure until your own date.
- **Restructuring this year:** a new company has to onboard before it issues its first invoice. Check which phase each new entity falls into before it starts trading.

2. Top-up tax: register by 30 November if your group is large



The UAE's 15% Domestic Minimum Top-up Tax (DMTT, Cabinet Decision 142 of 2024) applies from financial years starting on or after 1 January 2025 to UAE entities of multinational groups with consolidated revenue of EUR 750 million or more (the Pillar Two test looks at two of the four preceding years). FTA Decision 12 of 2026 sets the registration clock: seven months after the end of the group's first year in scope. Where that year ended before 30 April 2026, which covers every calendar-2025 group, the deadline is **30 November 2026**.

This is a separate registration. Being registered for corporate tax does not cover it. Where a Domestic Designated Filing Entity is appointed, it submits the registrations for all UAE members of the group. If the group later drops out of scope, an out-of-scope notification is due within six months of the end of that year, and it covers that year and the next four. Entities that ceased to exist before 30 June 2026 must deregister by 31 December 2026, once all returns are filed and tax paid.

Who should check first: Indian and European groups with a small UAE subsidiary. The test is the group's revenue, not the UAE company's. A group with revenue above EUR 750 million in 2023 and 2024 can bring a UAE trading company with AED 2 million of revenue into scope for 2025.

3. Five things that fall due on 31 December



1. **Corporate tax returns and payment for years ended 31 March 2026.** Nine months after the year-end (Article 53 of the corporate tax law). Companies with a 28 February year-end are due a month earlier, on 30 November.
2. **Tax groups for 2026.** An application to form or join a tax group has to be made before the end of the tax period it is meant to cover (Ministerial Decision 301 of 2024, Article 5(1)). For a calendar-year group, that means by 31 December 2026. Apply in January and the earliest year is 2027.
3. **Family foundation transparency for 2026.** A family foundation, or a company it wholly owns and controls, applies before the end of the tax period (FTA Decision 5 of 2025, Article 9(1), read with Article 17 of the corporate tax law). The FTA can approve from the next period instead, so earlier is better. Approved foundations with a March year-end also owe their annual confirmation of the conditions by 31 December (Article 10(1)).
4. **Old tax credits.** The 2025 amendments to the Tax Procedures Law (Federal Decree-Law 17 of 2025, in force from 1 January 2026) gave a one-time window: a credit balance whose five-year period ran out before 1 January 2026, or runs out during 2026, can still be reclaimed if the application is made by 31 December 2026. It covers corporate tax, VAT and excise. Going forward, VAT credits have to be used or reclaimed within five years of the end of the period they arose in: a credit from the January 2026 period lapses after 31 January 2031.
5. **Top-up tax housekeeping.** Deregistration for entities that ceased before 30 June 2026, and registration where the first year in scope ended on 31 May 2026.

None of these is hard. All of them are easy to leave until the last week of December, which is usually when they go wrong.

4. Foundations and family structures

DMCC has issued the UAE's fourth foundation regime, after ADGM, DIFC and RAK ICC. The DMCC Foundations Regulations 2026 are dated 11 September 2026 and were announced on 23 September. A DMCC foundation is a separate legal entity with minimum assets of USD 100, a council of at least two members (companies can serve), and a guardian that is optional while a founder is alive and required once none survives. The regulations protect

foundation assets from foreign forced-heirship rules, allow a foundation to move into or out of DMCC, and use the DIFC Courts. The name must end "Foundation FZCO".

Two cautions before anyone picks it. The regulations come into force on a date DMCC has yet to notify, and no guidance, onboarding process or fee schedule had been published by 6 November. And the FTA has said nothing about DMCC foundations. Nothing we have read limits Article 17 tax transparency to particular foundation laws, but until the FTA comments, a family that needs transparency from day one should either wait for its position or use one of the established regimes.

Housekeeping for existing foundations: the annual confirmation for calendar-2025 foundations was due on 30 September 2026. If yours was not filed, deal with it now. The transparency application for 2026 is due by 31 December (section 3). For the full picture, read our four-part series starting with Same property, two tax bills.

5. VAT: smaller changes that still change your return

- **From 1 January 2026** (Federal Decree-Law 16 of 2025, explained in the FTA's public clarification VATP046 of 4 September 2026): no self-invoice is needed for reverse charge on imports, though the VAT is still accounted for; VAT credits now lapse after five years; and under the new Article 54 bis input VAT is denied where you knew, or should have known, that the supply was linked to tax evasion. Not checking a supplier counts as "should have known". FTA Decision 13 of 2026 sets out the supplier checks.
- **VAT Executive Regulation amended** (Cabinet Decision 149 of 2026, announced 8 September): medical products, employee accommodation, the capital assets scheme, composite supplies and a new apportionment method. Check the start date of each change against your own tax periods. Input VAT will also be restricted on cash payments above thresholds that the Minister has yet to set.
- **Staff costs:** from 1 October 2026, FTA Decision 17 of 2026 sets the conditions for recovering input VAT on transport, parking, food, accommodation and phones provided free to employees. A clause in the contract or an HR policy is now only the starting point; each condition has to be met.
- **Free zones and designated zones** (public clarification TAXP010, 2 October 2026): to be a designated zone for VAT, an area must be on the Cabinet's list and also meet the physical and customs conditions in the Executive Regulation. A VAT designated zone is not automatically a designated zone for corporate tax. Check your own area with your free zone authority.
- **Metal scrap:** the FTA issued public clarification VATP047 on reverse charge for metal scrap on 2 October 2026.

6. Also worth knowing

- **Corporate tax was quiet.** We found no new corporate tax law, Cabinet or Ministerial Decision in the last two weeks; the most recent FTA decision on corporate tax is Decision 15 of 2026, published on 15 September.
- **Small Business Relief** now runs to tax periods ending on or before 31 December 2029 (Ministerial Decision 131 of 2026). The AED 3 million revenue threshold is unchanged. See our note on the extension.
- **Company law:** since the start of 2026 the amended Commercial Companies Law (Federal Decree-Law 20 of 2025) allows several classes of shares in LLCs, lets a company move its registration between emirates and free zones without liquidating, and lets free zone companies work onshore through branches. For families restructuring, that changes what is possible before any tax relief is needed. Restructuring in the UAE walks through the tax side.

Please note that this isnt advice for any particular business. Law as checked on 6 November 2026; each deadline depends on your own facts, year-end and registrations.

Frequently asked questions

When does e-invoicing start in the UAE?

On 1 January 2027 for businesses with revenue of AED 50 million or more, which had to appoint an Accredited Service Provider by 30 October 2026. Businesses below AED 50 million appoint a provider by 31 March 2027 and go live on 1 July 2027, and government entities go live on 1 October 2027 (Ministerial Decision 244 of 2025 as amended by Ministerial Decision 66 of 2026).

What is the penalty for not appointing an e-invoicing service provider in the UAE?

Under Cabinet Decision 173 of 2026, failing to implement e-invoicing, including not appointing an Accredited Service Provider, costs AED 5,000 and then AED 5,000 for each month or part of a month it continues, capped at AED 50,000 in any 12 consecutive months. Each e-invoice or e-credit note not issued through the system costs AED 100, up to AED 5,000 a month.

Does UAE e-invoicing apply to transactions within a VAT group?

Not at first. Ministerial Decision 197 of 2026 excludes transactions between members of the same VAT group for 24 months from 1 January 2027, that is until 31 December 2028. Each member still onboards under its own tax identification, and transactions with outside customers are covered from the group's go-live date.

Who must register for UAE top-up tax, and by when?

UAE entities of multinational groups with consolidated revenue of EUR 750 million or more, for financial years from 1 January 2025. Under FTA Decision 12 of 2026 they register within seven months of the end of the first year in scope, so by 30 November 2026 where that year ended before 30 April 2026. A corporate tax registration does not cover top-up tax.

What is the deadline to form a UAE tax group for 2026?

The application must be made before the end of the tax period it is meant to cover (Ministerial Decision 301 of 2024, Article 5(1)). For calendar-year companies that is 31 December 2026. An application made in January 2027 can only take effect from 2027.

When must a family foundation apply for tax transparency for 2026?

Before the end of the tax period, so by 31 December 2026 for a calendar year (FTA Decision 5 of 2025, Article 9(1)). The FTA may approve from the following period instead. Approved foundations also confirm each year that they still meet the conditions, within nine months of the year-end.

Can I still claim a refund of an old UAE tax credit balance?

Possibly, if you act by 31 December 2026. Under the transitional rule in Federal Decree-Law 17 of 2025, a corporate tax, VAT or excise credit balance whose five-year period ran out before 1 January 2026, or runs out during 2026, can still be reclaimed if the application is made by 31 December 2026.

What is a DMCC foundation, and can I set one up now?

It is a foundation under the DMCC Foundations Regulations 2026, dated 11 September 2026, the UAE's fourth foundation regime after ADGM, DIFC and RAK ICC. The regulations come into force on a date DMCC has yet to notify, and as of 6 November 2026 no guidance or onboarding process had been published. The FTA has not yet said how DMCC foundations will be treated for corporate tax.

How KCM Consultants LLC can help

We help businesses and families in the UAE with e-invoicing provider selection and onboarding, top-up tax scoping and registration, year-end corporate tax returns and tax group applications, and family foundation set-up and transparency applications. We reply within one working day.

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Sources

All checked on 6 November 2026. FTA guides and public clarifications are guidance, not law.

E-invoicing

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This checklist is general information on UAE law as at 6 November 2026, not advice for any particular business. Deadlines depend on your own facts, year-end and registrations. KCM Consultants LLC is an associate of K C Mehta & Co LLP, India.