



Advance pricing agreements in the UAE: tax authorities release detailed guidance

February 2026

The UAE Federal Tax Authority (FTA) issued the Advance Pricing Agreement (APA) Procedure Guide in late December 2025, in a landmark move for the UAE's national tax system. The Guide details the process for concluding APAs under the current corporate tax regime, allowing businesses to utilise a legal tool to achieve tax certainty.

The APA programme in the UAE will be implemented in phases. The initial phase allows businesses to conclude Unilateral APAs – agreements solely between a taxpayer and the UAE FTA, without the involvement of foreign tax authorities. The next phase is expected to introduce a procedure for multilateral agreements with other jurisdictions.

The FTA announced that it will begin accepting APA applications from **30 December 2025**.

The key details of the APA procedure with the UAE FTA are outlined below:

I. Who can apply for an APA?

The right to enter into an APA is granted to taxpayers who have carried out or are planning to carry out domestic and/or cross-border controlled transactions.

At present, an APA can only be concluded for transactions between related parties within the UAE. APAs for cross-border transactions will be available later; details are to be published in 2026.

A taxpayer may apply for an APA if there is **significant uncertainty** over determining the appropriate criteria for establishing an arm's length price for planned controlled transactions. This may include cases involving complex commercial operations or controlled transactions that have

previously been the subject of a tax audit. Controlled transactions falling under safe harbour rules, including low-value-adding services, are not eligible for an APA.

Thus, the FTA currently offers the option to conclude an APA only for transactions between related parties that are UAE residents and that apply different corporate tax rates or are eligible for certain tax benefits.

II. Minimum threshold for controlled transactions for concluding an APA

The financial criterion for concluding an APA is reaching a minimum value of transactions. The total (or projected) value of all controlled transactions to be covered by the future APA must **exceed AED 100 million** for the relevant tax period. This assessment must be performed by the taxpayer independently at the time of submitting the request.

For a tax group, this threshold applies on a consolidated level. The value of all controlled transactions between the tax group members and related parties outside it is aggregated to determine whether the threshold is met. Transactions between members of the tax group are excluded from the threshold calculation.

It should be emphasised that meeting the AED 100 million threshold is not an automatic approval criterion. The FTA assesses each request on a case-by-case basis, taking into account all relevant facts and circumstances, including the complexity of the controlled transactions, potential tax risk, and the overall benefit of entering into an APA.

This means that an application can be rejected even if the threshold is exceeded, and, in exceptional cases, may be considered even if the threshold is not formally met. The threshold serves as a materiality indicator, not an absolute requirement.

III. Cost of an APA

Applying for an APA: The APA application must be accompanied by a non-refundable fee of **AED 30,000** to be paid at the time of completing the APA application. This fee includes the cost of any revisions/changes to the application.

Renewing an existing APA: To renew an APA, the taxpayer must pay a non-refundable fee of **AED 15,000**.



IV. APA procedure

The APA conclusion process is a sequential four-stage procedure designed to ensure transparency and legal certainty:

- **Stage 1. Pre-filing consultation:** at this stage, the applicant submits a request for consultations, during which the tax authorities assess the applicability of the APA to the applicant's situation. The tax authorities may request additional information and schedule meetings (in person or online). It is important to note that the authorities may decline to proceed with the APA at this stage, thus highlighting the importance of preparing thoroughly.
- This stage is expected to take **from six to nine months** from the date of submitting a request.
- **Stage 2: Submitting an APA application:** after receiving an approval of pre-filing consultations, a taxpayer submits a formal application to conclude an APA. The application must be submitted within **2 months** of the date of the tax authority's positive decision or **no later than 12 months before the beginning of the first tax period covered by the APA** (whichever comes first).
- The APA application should include the following information: a description of the controlled transactions proposed to be included in the scope of the agreement; the tax period to be

covered by the APA; transaction pricing and the proposed transfer pricing method; industry analysis, functional and economic analyses; critical assumptions underlying the transfer pricing methodology, etc.

It is important to note that the information and documents collected by the tax authorities at this stage **cannot be used for tax audit purposes**.

- **Stage 3. Evaluation and negotiation:** the tax authorities conduct a detailed evaluation and analysis of the controlled transactions and prepare a draft transfer pricing methodology. The taxpayer then has **30 working days** from receiving the draft to submit written comments. If the parties fail to reach an agreement, the application review is terminated.
- **Stage 4. Conclusion and implementation of the APA:** after successfully passing all previous stages, the parties sign the agreement. The APA is then binding on the signing parties for the covered controlled transactions during the tax periods covered by the agreement.



V. APA term

The agreement is valid for three to five tax periods and is initially intended for planned operations. If the conditions remain relevant, the APA may be extended upon request (**no later than three months before the expiry of its initial terms**).

To apply for an extension, the applicant must go through the same stages as when applying for the APA, but without conducting pre-filing consultations.

VI. APA compliance monitoring

Taxpayers who have entered into an APA must annually file an **APA Annual Declaration** for each covered tax period **within 90 working days** after the APA signing date or by the tax return filing deadline for that period (whichever is later). This

declaration must cover all aspects of the APA, including any specified terms and conditions.

VII. Revision cancellation or revocation of an APA

APA revision: this is possible in the event of any significant changes in legislation or in the economic conditions of the transaction. The taxpayer must notify the tax authorities within **20 days** after such an event occurring. The tax authority also has the right, at its discretion, to initiate a revision of an APA.

APA revocation or cancellation: this is carried out by the tax authority if the taxpayer has misrepresented facts in the APA application or APA Annual Declaration, or failed to comply with the APA terms or committed critical breaches. Revocation takes effect from the first tax period in which the breach occurred and covers all subsequent periods of the APA.



How we can help

Our team has extensive experience in assisting clients with unilateral and multilateral pricing agreements in various jurisdictions and wide-ranging practice in transfer pricing in the UAE. Tenet's specialists will be happy to answer your questions in detail and provide support in the following areas:

- calculating and assessing the tax effect of concluding an APA for specific controlled transactions
- conducting benchmarking studies for arm's length price/profitability ranges
- preparing documentation packages for submission to the tax authorities
- assistance and support in negotiations with tax authorities, at any stage
- support during in-person meetings and consultations with the tax authorities
- preparation of a documentation package for concluding an APA
- preparation of transfer pricing documentation and analysis of compliance with APA provisions
- preparation of the APA declaration
- full support for all types of mandatory transfer pricing reporting in the UAE

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