

UAE MAP GUIDANCE



Released on 25 June 2025

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Background of MAP in UAE

On 25 June 2025, the United Arab Emirates officially issued the mutual agreement procedure (MAP) guidance through the Ministry of Finance

Mutual Agreement Procedure

- The mutual agreement procedure (MAP) is intended to relieve double taxation arising from transfer pricing cases and to resolve double tax treaty disputes and issues surrounding the interpretation/application of a double tax treaty (DTA), as well as to allow for a bilateral mechanism for the Ministry of Finance to engage with other tax authorities

Double Taxation Treaty

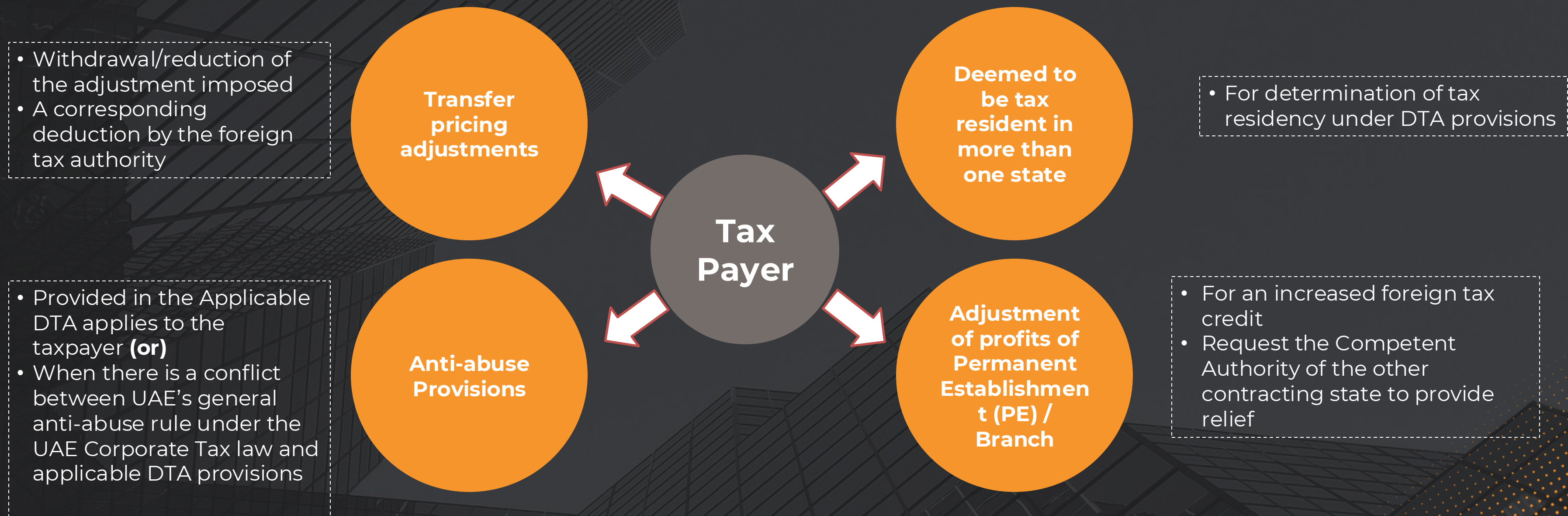
- A DTA is an international agreement signed by two countries for the avoidance of double taxation and the prevention of fiscal evasion of taxes on income and capital. DTA will also seek to prevent economic double taxation whereby, for example, the same income is taxed in two different states in the hands of two different taxpayers
- The relevant MAP clause in a DTA is typically based on Article 25 of the OECD Model Tax Convention ('MTC') on Income and Capital

UAE Competent Authority and Federal Tax Authority

- In the UAE, the Competent Authority is often defined as "the Minister of Finance or his authorised representative". The UAE Competent Authority ('UAE CA') is independent from the Federal Tax Authority ('FTA'). The role of the UAE CA, under the MAP provisions of the DTA, is to endeavor to eliminate double taxation and not to re-audit the taxpayer
- Dedicated members of the FTA (independent of the tax audit function) will work together with the UAE CA on MAP cases and will be part of the MAP process. The FTA will also be responsible for implementing any MAP agreement reached or assisting the UAE CA to obtain any relevant documents in respect of a MAP claim



Eligibility for MAP



The application of the general anti-abuse measure, under UAE Corporate Tax Law, is outside the scope of MAP as it relates to the interpretation of domestic law.



Key Highlights

Self-initiated adjustments are allowed for MAP Claim

Done in good faith and are supported by thorough transfer pricing documentation and economic analysis

Parallel domestic legal remedies application is allowed for MAP Claim

But cannot pursue simultaneously and to be kept in abeyance

Multiyear resolution under MAP for recurring issues

Facts should be same for all the years

Targeted Resolution within 24 months from the acceptance of MAP claim

Taxpayer needs to submit the required information within the stipulated time and extend cooperation

Withdrawal option to the taxpayer at any time during MAP proceedings

Needs to communicate the same through email

Option to access the arbitration for unresolved issues under MAP

If provided under relevant DTA

Adjustment of penalties (levied by FTA) under MAP agreement

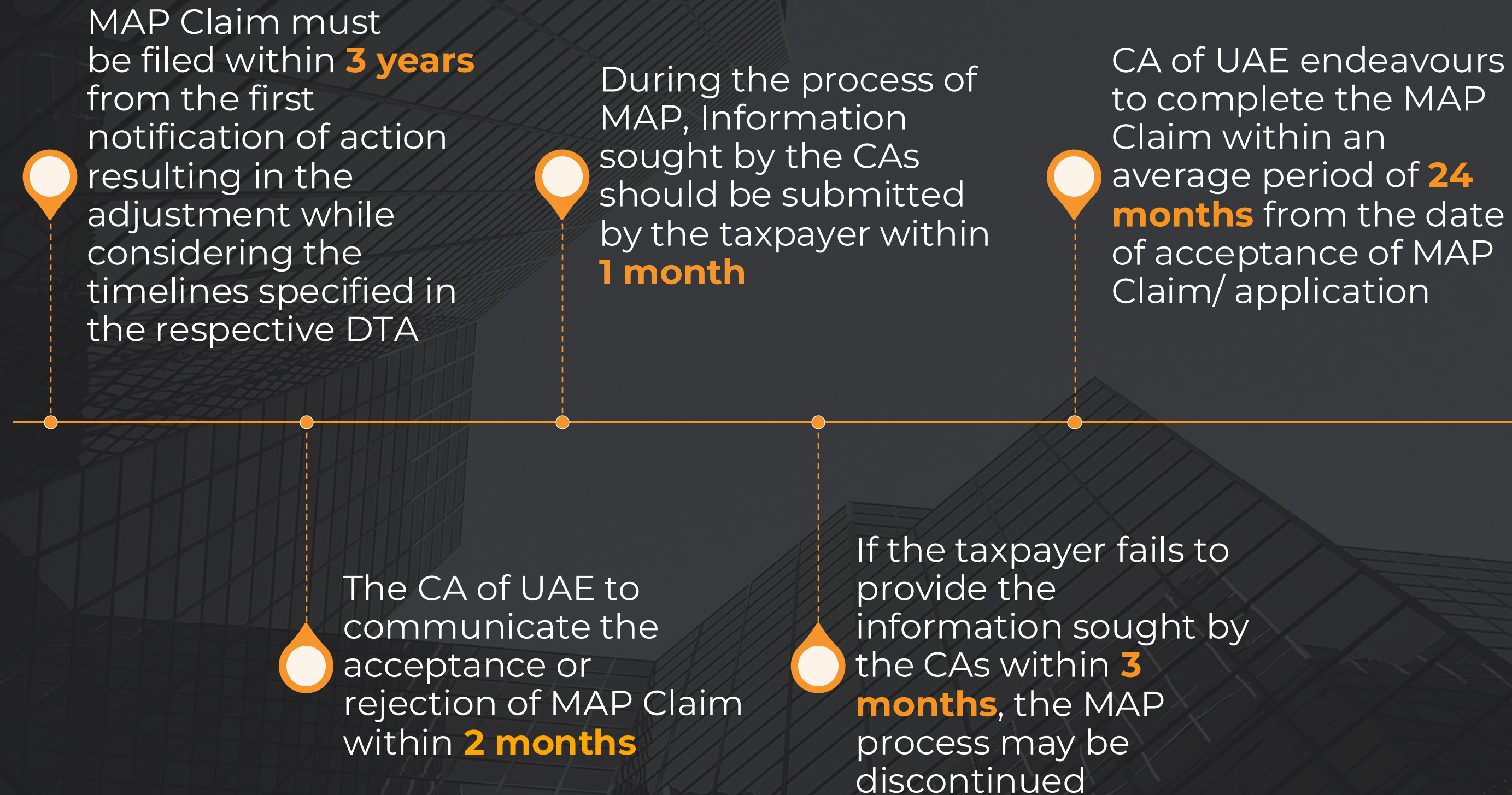
MAP to be accepted by the taxpayer and should be in line with DTA provisions

It is important to note that certain above highlights are aligned to the OECD best practices and UAE MAP guidance has taken practical approach in MAP procedures. However, the taxpayers, while evaluating the MAP option and while the MAP proceedings are on going needs to give special attention to the following:

1. Evaluate the outcome of MAP on pillar 2 computations
2. The nuances of practical implications for certain approaches like self initiated adjustments



Important Timelines During MAP Process



MAP Procedure

Application

- In cases of transfer pricing adjustment, the taxpayer needs to submit a MAP claim from the point it believes an adjustment is probable without even waiting for the formal notification of tax adjustment. The MAP claim is to be submitted to one of the competent authorities. It is better to submit the claim to both the competent authorities for the benefit of the taxpayer

Information to be submitted

- the name, address and the taxpayer identification number of any related foreign taxpayer involved, details of foreign and local tax administration office and officers proposing/ making adjustment, fiscal years involved, transaction details and related party details, A summary of facts and analysis of the issue, transfer pricing documentation prepared in line with domestic transfer pricing regulations, details of any prior requests with CAs of the contracting state, copies of any relevant rulings or APA concluded etc. Documents submitted should be in English or Arabic with bilingual translation option on request from CAs. UAE CAs may request additional information from the taxpayer which is to be submitted within stipulated timeframe

Acceptance of claim

- MAP claim will be assessed by the UAE CA to verify that it is complete, submitted within the time limit of the relevant DTA and whether the objection raised by the taxpayer is justified. The UAE CA will respond to the taxpayer on its decision as to whether or not MAP claim is accepted

Negotiation process

- UAE CA will first assess whether unilateral relief can be granted. If not, they will initiate the bilateral negotiation process after informing the corresponding competent authority. This would involve preparation and exchange of position papers based on the information and facts provided by the taxpayer. Taxpayers will not be privy to communication and negotiations between the CAs of the countries involved except for making a presentation on facts of the case to the CAs at the direction of CAs. As such, the UAE CA will seek to provide updates via telephone/video conference after each significant milestone. In case of failure of negotiations/ lack of agreement between the CAs, the MAP claim will be considered closed

Outcome

- If an agreement has been reached between the CAs, the UAE CA will notify the taxpayer via e-mail within two months from the conclusion of such agreement, where such MAP claim has been filed with the UAE CA. The taxpayer should then seek to reply to the UAE CA confirming its acceptance or rejection of the outcome within one month. In case of acceptance, the taxpayer should confirm in writing the withdrawal of domestic legal remedies filed. Both the UAE CA and taxpayer should share the written acceptance of the taxpayer to the FTA for the implementation of the agreement under MAP. In case of rejection of the agreement by the taxpayer, the MAP claim will be considered closed, and the taxpayer is free to pursue the available domestic legal remedies in the UAE or the other jurisdictions where relevant

MAP claims to the UAE CA should be submitted to: uaemap@mof.gov.ae



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Key Takeaways For The Taxpayer

Timely application in accordance with the double tax treaty

Maintenance of robust documentation with strong functional/value chain analysis and appropriate economic analysis to support the value chain analysis

Timely interaction with domestic legal remedies while considering the MAP

Cooperation and timely submission of accurate and complete information to the CAs as and when required



How VSTN Can Help



Assessment and advise of double taxation incidents including timelines in light of the applicable double tax treaty



Conduct a cost benefit analysis between MAP and domestic legal remedies and advice on the option that is beneficial to them



Review available transfer pricing documentation and highlight the additional information to be submitted to the CAs to strengthen the case



Preparation and submission of various information as per the UAE MAP guidance while coordinating with the CAs in other countries wherever application is being filed



Thorough evaluation of value chain of the group and the UAE entity including updating of economic analysis wherever applicable



Documenting all the above relevant information that supports the case. Presentation of the same before the authorities as and when called for



Provide timely updates on each milestone of the MAP claim to the client while maintaining constant communication with the CAs



Assist the client in timely interaction/application of domestic legal remedies while providing assistance in MAP claim



Coordinate with the client and CAs for timely submission of accurate and complete information submission to the CAs within the stipulated timeframe



ABOUT US

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- » VSTN Consultancy is a boutique Global Transfer pricing firm with extensive expertise in the field of international taxation and transfer pricing. VSTN Consultancy has been awarded by **International Tax Review (ITR)** as **Best Newcomer in Asia Pacific – 2024** and is recognized as **one of the finest performing transfer pricing firms**.
- » Our offering spans the end-to-end Transfer Pricing value chain, including design of intercompany policy, drafting of Interco agreement, ensuring effective implementation of the Transfer Pricing policy, year-end documentation and certification, Global Transfer Pricing Documentation, BEPS related compliances (including advisory, Masterfile, Country by Country report), safe harbor filing, audit defense before all forums and dispute prevention mechanisms such as Advance Pricing agreement.
- » We are structured as an inverse pyramid where leadership get involved in all client matters, enabling clients to receive the highest quality of service.
- » Being a specialized firm, we offer advice that is independent of an audit practice and deliver it with an uncompromising integrity.
- » Our expert team brings in cumulative experience of over several decades in the transfer pricing space having worked with multiple Multinational Companies across sectors/industries in the Big 4 and have cutting edge knowledge and capabilities in handling complex TP engagements.



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