EASY TAX BITE
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The Tax Advisory



The VAT & Corporate Tax Edition

January 2026

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News Letter Overview

Easy Tax Bites is a tax education and awareness initiative focused on simplifying UAE tax regulations for business owners and entrepreneurs. The objective is to educate founders, startups, and SMEs through clear, practical, and easy-to-understand tax insights, while maintaining accuracy and compliance through professional knowledge support from Apeiron Accounting & Tax Consultants. This January 2026 edition covers the latest updates and key developments in VAT and Corporate Tax.

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What is e-invoicing and why it matters

E-invoicing is the process of creating, issuing, and storing invoices in a structured electronic format that can be automatically read and processed by accounting systems and tax authorities. Unlike PDF or paper invoices, e-invoices allow invoice data to be validated and recorded digitally, often in real or near real time.



What Is E-Invoicing?

E-invoicing refers to the electronic generation, transmission, and storage of invoices in a structured digital format, such as XML. Unlike PDFs or scanned invoices, e-invoices are machine-readable and can be automatically validated and processed.

Under the UAE's proposed framework, invoice data is expected to flow directly from a business's accounting or ERP system to the tax authority platform in real or near real time. This transforms invoices into live data points, rather than static documents stored only for audits.

Why the UAE Is Adopting E-Invoicing

The UAE's move aligns with global best practices already adopted in countries such as Saudi Arabia, India, and Italy. The objectives include:

- Enhanced VAT compliance and reduced revenue leakage
- Automation and operational efficiency
- Faster audits and regulatory reviews
- Stronger ease of doing business and global alignment

Business impact & benefits

E-invoicing has a direct impact on how businesses manage their invoicing, accounting, and tax compliance processes. By automating invoice generation and validation, it reduces manual work, minimises errors, and ensures accurate VAT reporting.

The key benefits include faster invoice processing, improved cash flow, easier reconciliation between records and tax returns, stronger audit readiness, and better transparency. Overall, e-invoicing helps businesses operate more efficiently while staying compliant with regulatory requirements.

What's New!

Corporate Tax Key compliance developments in 2026



Implementation of Domestic Minimum Top-Up Tax

Effective date:

applicable for financial years beginning on or after 01st January 2025

Rate:

A 15% minimum effective tax rate is introduced for large Multinational Enterprises (MNEs) with consolidated global revenue exceeding or equals to €750 million (approximately AED 3 billion) in at least two of the previous four financial years.

Impact:

MNEs, including those operating in Free Zones, must calculate their effective tax rate in the UAE and, if it falls below 15%, pay a top-up tax.

Alignment:

This move is to align the UAE with the OECD's Pillar Two global tax framework and prevent base erosion and profit shifting.

Audited special purpose financial statements for tax groups

The Change:

FTA Decision No. 7 of 2025 now mandates that all Tax Groups must prepare and maintain audited aggregated financial statements for tax periods starting on or after January 1, 2025.

Details:

This requires a full suite of statements (Balance Sheet, P&L, etc.) prepared under a specific "special purpose framework" that aggregates all group members into one entity.

Implication:

This significantly increases the audit and documentation burden for groups that previously only prepared standalone entity accounts.

What's New!

UAE VAT amendments announced in 2026



Removal of Self-Invoicing under the Reverse Charge Mechanism

- Taxable person no longer needs to issue self-invoices for imported goods/services under RCM.
- Business must retain adequate documentation for audit purposes to support VAT treatment.

Implications:

This amendment simplifies compliance, reduces administrative burden, and aligns UAE VAT practices more closely with international standards, but auditors will focus on alternative documentation and system controls to validate correct RCM application.

Enhanced Conditions for Input VAT Deductibility and Due Diligence

The amendments introduce strengthened anti-evasion provisions, allowing the FTA to deny input VAT recovery where:

- Input VAT may be denied where a transaction is linked to tax evasion, and the taxpayer knew or should have known of the non-compliance
- Emphasis on supplier verification, procurement governance, and internal controls.

Implication:

Auditors will review VAT control frameworks, supplier onboarding procedures and documentation supporting input tax recovery.

Do you Know?



Real Estate Developers – VAT & Compliance Chart

Category	VAT Treatment / Rule	Key Impact on Developers
Residential	0% VAT (Zero-rated) on sale or lease of new residential buildings within 3 years of project completion.	Developers can recover VAT on construction costs while keeping the selling price tax-free for buyers.
Commercial Supply	5% VAT (Standard Rated) on all commercial property supplies.	VAT must be charged, reported, and paid on all commercial transactions.
VAT Registration Threshold	Mandatory VAT registration if taxable turnover exceeds AED 375,000 annually	Non-registration can lead to penalties and loss of compliance status.
2026 Compliance Requirement	Mandatory supplier due diligence to ensure contractors are tax-compliant.	Non-compliant suppliers may result in denial of input VAT recovery.

VAT Rules for Individual Property Buyers (UAE)

Category	VAT Treatment
Residential Property	No VAT on the purchase of new or secondary homes.
Commercial Property	5% VAT on the purchase price. If the buyer is a business and VAT registered, VAT can often be recovered through the tax return.

UAE Real Estate Tax Matrix (2026)

Category	VAT Treatment / Rule	Corporate Tax
New Residential	0% (Zero-rated) for the first supply within 3 years of completion.	Exempt for natural persons (individuals) as personal investment.
Existing Residential	Exempt for subsequent sales or leases.	Exempt for natural persons (individuals).
Commercial Property	5% (Standard-rated) on all sales and leases.	Taxable at 9% if income is part of a licensed business and exceeds AED 375,000 profit.
Bare Land	Exempt.	Generally Exempt if held as a personal investment.
Serviced Apartments	5% (Standard-rated) (treated as commercial).	Taxable at 9% as business income.

Real Estate Brokers & Agents – VAT & Compliance Chart

Category	VAT / Corporate Tax Treatment	Key Compliance Rules
VAT Treatment	All commissions, property management fees, consultation charges are subject to Standard Rate 5%.	Brokers must hold valid licenses, follow RERA guidelines, and adhere to AML and KYC regulations.
Corporate Tax	If broker is a "Natural Person" (individual), they are subject to 9% Corporate Tax, but only if their business turnover exceeds AED 1 Million annually.	Must issue formal tax Invoices.
Compliance Rules		From July 2026, many will transition to the national E-Invoicing system.

Role of AATC as Knowledge Partner

Apeiron Accounting & Tax Consultant LLC (AATC) serves as the Knowledge Partner for Easy Tax Bites, providing expert technical guidance, regulatory interpretation, and professional oversight. With deep expertise in VAT, Corporate Tax, and compliance advisory, AATC ensures that all content is accurate, reliable, and aligned with current UAE regulations.

+971 50 651 7456

easytaxbite@gmail.com

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