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UAE Tax Alert

Federal Tax Authority Updates Private Clarifications Guide

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Executive Summary

The Federal Tax Authority (FTA) has released an updated version of its Private Clarifications Guide (TPGPC1) in July 2026. This comprehensive update supersedes all previous versions and introduces critical procedural changes, specifically incorporating provisions for the newly implemented Pillar Two Top-up Tax (introduced under Cabinet Decision No. 142 of 2024 with effect from January 1, 2025). Furthermore, it codifies recent administrative clarifications based on FTA Decision No. 2 of 2026 and sets out rigorous guidelines for eligibility, grounds for rejection, fees, and cover letter formatting.

APPLICABILITY AND DISPUTE OF PRIVATE CLARIFICATIONS

Parameter	Rule & Operational Framework
Application Scope	Only applicable to the specific Applicant in respect of the specific questions asked based on the facts provided for the specific Tax type indicated. Clarifications should not be used by any Person other than the Applicant.
Validity & Ceasing	Clarification will cease to be effective if the provisions of the Tax legislation that are the subject thereof are repealed or amended, or a public clarification or guide, or other information, is later issued by the FTA on the same subject with an updated position. FTA will be under no obligation to notify the Applicant.
Dispute Status	Clarifications are not considered to be a decision that is issued by the FTA and, therefore, are not subject to the dispute resolution process; hence, Applicants cannot apply for a reconsideration or review. However, there is a possibility to apply for a new Clarification if the factual circumstances are materially different.

EXPANDED SCOPE OF COVERED TAXES

Corporate Tax (CT)	Value Added Tax (VAT)	Excise Tax	Pillar Two Top Up Tax

ELIGIBILITY AND REPRESENTATION GUIDELINES

PRIVATE CLARIFICATION ELIGIBILITY		
TAX GROUPS	**PILLAR TWO MNEs**	**REPRESENTATIVES**
• Filing Authority: Representative member or Parent Company only. • Portal Routing:Must use Tax Group's EmaraTax account & TRN. • Cross-Tax Restriction: VAT group member cannot request a CT ruling unless they are the identical CT group parent.	• Filing Authority: Only the appointed DDFE can file. • Portal Routing: Must go through group-level Pillar Two TRN.	• Mandatory Credentials: Must be a Tax Agent registered for the SPECIFIC tax type. • Unregistered Agents: External advisors/consultants face AUTOMATIC REJECTION.

ELIGIBILITY AND REPRESENTATION GUIDELINES

MANDATORY REGISTRATION STATUS	
CORPORATE TAX • Core Status Requirement: Must be REGISTERED for Corporate Tax. **Allowed Exceptions:** • Query is for Registration Eligibility. • Submitted by Exempt Persons	**PILLAR TWO TOP-UP** • Core Status Requirement: Must be REGISTERED for Top-up Tax. **Allowed Exceptions:** • Excluded Entities. • UAE-based Investment Entities. • Raising a specific Registration Query.

STRICT CLASSIFICATION OF REJECTION GROUNDS

The guide provides a clear bifurcation of rejection grounds to limit administrative backlogs. This prevents taxpayers from treating the FTA as a generic tax advisory service.

Mandatory Rejection (Will be Rejected)	Discretionary Rejection (May be Rejected)
• *Submitted by unauthorized representatives (e.g., consultants who are not registered Tax Agents)* • *Tax Agent not registered for the specific tax type (e.g., indirect tax agent applying for CT)* • *Unregistered CT or Top-up Tax applicants (excluding registration-only queries).* • *Out of scope cases: administrative exceptions, penalty waivers, payment installments, QDMTT matters (unless registration-related; general QDMTT open Q4 2026), tax assessment reviews, and APAs for non-domestic related transactions.* • *Failure to respond to an additional information request within 40 Business Days.*	• *Incomplete or incorrect applications on EmaraTax (e.g., repeating answers in multiple fields or merely referring to attachments).* • *Absence of robust tax technical analysis or lack of an alternative tax treatment analysis.* • *No genuine point of uncertainty (e.g., when the matter is already addressed in published public guides, clarifications, or previous private rulings).* • *Clarifications based on hypothetical scenarios or requesting general tax planning advice.* • *Questions regarding arm's length standards or market values (transfer pricing), which must be handled via APAs.*

SERVICE FEES, TIMELINES, AND REFUNDS

Applying for a Private Clarification is subject to a non-refundable service fee, which can only be paid via EmaraTax using a valid bank card:

- **Single Tax Type:** AED 1,500 per application.
- **Multiple Tax Types:** AED 2,250 per application (e.g., VAT and CT joint restructuring analysis).
- **Processing Timeline:** The FTA is bound to issue clarifications within 60 Business Days from receipt of a complete application, or 60 Business Days from receipt of any requested additional information.

While the fee is generally non-refundable, it will be refunded automatically (without a separate application) in the following instances:

- **Withdrawal:** Request withdrawn within 2 Business Days from submission.
- **Audit Conflict:** The applicant is already subject to an active Tax Audit at submission.
- **Duplicate Requests:** A duplicate request is submitted while another is already active.
- **Under-Review Legislation**: The query relates to tax legislation currently being coordinated with the Ministry of Finance for amendments.

WAY FORWARD AND BEST PRACTICES FOR BUSINESSES

To avoid **discretionary rejections, applicants** must structure their cover letters according to a standard template. Common errors include missing background facts, failure to cite UAE-specific tax laws, and lacking an alternative analysis. The cover letter should follow these specific sections:

- **Background Information:** Clearly define the transaction, the specific supplier and recipient, whether the transaction is historical, current, or future, and make clear references to clauses of uploaded contracts.
- **Precise Request:** Ask specific, numbered questions. Do not ask broad queries (such as asking if you meet all CT free zone conditions).
- **Legislation and Guidance:** List the specific Articles, Clauses, and Paragraphs of UAE laws and refer to relevant published guides or public clarifications.
- **Detailed Technical Analysis:** Provide a logical technical application of the law to the facts and state the taxpayer's proposed tax treatment.
- **Alternative Tax Treatment:** Since clarifications are only for matters of uncertainty, the taxpayer MUST outline an alternative tax interpretation and detail why it is less appropriate.

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