UAE Tax Alert – New Pillar Two Guidance on Scope, Registration, Excluded Entities and Information Return Filing

Scope & Registration (TTGREG1)
Excluded Entities & Investment Entities (TTGEIE1)
Ministerial Decision No. 133 of 2026 – Pillar Two Information Return

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EXECUTIVE SUMMARY

In August 2026, the UAE Federal Tax Authority (FTA) issued two Top-up Tax Guides – Scope and Registration (TTGREG1) and Excluded Entities and Investment Entities (TTGEIE1). In addition, Ministerial Decision No. 133 of 2026 sets out the entities required to file the Pillar Two Information Return and the available filing arrangements. Together, these releases provide important practical guidance on UAE QDMTT scope, registration, entity classification and Pillar Two Information Return compliance.

Registration deadlines confirmed

Fiscal Year ending before 30 April 2026: register by 30 November 2026. In all other cases: register within 7 months from the end of the first Fiscal Year in which the Entity is in scope.

Registration can apply even where tax is zero

De-minimis exclusion, Transitional CbCR Safe Harbour, Simplified Calculations Safe Harbour and the initial phase of international activities do not remove the Top-up Tax registration requirement.

Excluded and Investment Entity treatment clarified

Excluded Entities and Investment Entities located in the UAE are outside the QDMTT charging provision and are not required to register for Top-up Tax, file a Top-up Tax Return or file their own Pillar Two Information Return. Their revenue can nevertheless be included in the EUR 750 million threshold where consolidated in the MNE Group’s Consolidated Financial Statements.

Key message

In-scope groups should align the UAE entity perimeter, Excluded / Investment Entity analysis and DDFE / Designated Local Entity appointments before the applicable registration deadline.

UAE QDMTT applies to Fiscal Years beginning on or after 1 January 2025.

SCOPE OF THE UAE QDMTT & WHO IS AFFECTED

TTGREG1 explains how the MNE Group condition, consolidated revenue threshold and UAE entity-location rules are applied for Top-up Tax purposes.

MNE Group

Cross-border presence required

A Group must include at least one Entity or Permanent Establishment outside the Jurisdiction of the UPE. Purely domestic UAE groups are outside QDMTT scope regardless of revenue.

Revenue test

EUR 750 million – two of four years

Annual consolidated revenue of the UPE must be EUR 750 million or more in at least two of the four Fiscal Years immediately preceding the tested Fiscal Year. Revenue for the tested Fiscal Year is not considered.

Entity perimeter

Detailed UAE population mapping

The Guide addresses Constituent Entities including Permanent Establishments, Minority-Owned Constituent Entities, Joint Ventures / JV Subsidiaries, flow-through and hybrid entities, and entity-location rules.

The FTA Guides are explanatory: they clarify the application of the QDMTT rules and do not modify the legislation.

Important distinction

Revenue of Excluded Entities and Investment Entities is still taken into account when testing the EUR 750 million consolidated revenue threshold, to the extent such revenue is consolidated in the MNE Group's Consolidated Financial Statements.

The Guide also explains special threshold rules for mergers and demergers, shorter or longer Fiscal Years and currency conversion.

TOP-UP TAX REGISTRATION – TIMELINES & ZERO-TAX CASES

Any Entity covered by the UAE QDMTT charging provision – including a Domestic Designated Filing Entity (DDFE), if appointed – is required to register with the FTA.

EARLY FISCAL YEARS **30 Nov 2026**	For a Fiscal Year ending before 30 April 2026.
OTHER FIRST IN-SCOPE YEARS **7 months**	From the end of the first Fiscal Year in which the Entity is in scope of the QDMTT Legislation.
TOP-UP TAX DEEMED ZERO **Register**	The listed simplifications / safe harbours can deem Top-up Tax to be zero, but the Entity remains subject to the charging provision and must register.

Late registration

AED 10,000 per Entity. If a DDFE misses registration for multiple represented Entities, the AED 10,000 penalty applies for each Entity. The FTA may also register an Entity based on information available to it, effective from the original required date.

DDFE, EMARATAX & PILLAR TWO INFORMATION RETURN

TTGREG1 confirms two registration routes – Entity-by-Entity or through a DDFE – and explains how the DDFE and Designated Local Entity roles interact.

Entity-by-Entity

Each Entity of an in-scope MNE Group that is subject to Top-up Tax can submit its own registration application. A Pillar Two Top-up Tax TRN is issued to each valid applicant.

DDFE approach

A member of the relevant Domestic Group can register represented members, file the Top-up Tax Return and pay Top-up Tax on their behalf. Each Entity receives a TRN and the DDFE also receives a group-level TRN.

Appointment authorisation

Each represented Entity must authorise the DDFE – either by acknowledging the appointment directly in EmaraTax or through a signed letter of authorisation uploaded with the registration.

DDFE vs Designated Local Entity: The DDFE manages Top-up Tax registration, return and payment obligations for the Entities it represents, while the Designated Local Entity files the Pillar Two Information Return. The same UAE Entity may perform both roles.

Pillar Two Information Return filing

TTGREG1 confirms four filing routes: (1) filing by the relevant UAE Entities; (2) a single filing by a UAE Designated Local Entity; (3) filing by the UPE in a jurisdiction with a Qualifying Competent Authority Agreement with the UAE; or (4) filing by a Designated Filing Entity in such a jurisdiction. Where options (2), (3) or (4) apply, the relevant UAE Entities are discharged from filing their own Pillar Two Information Return.

Registration process and supporting documents

Use the same EmaraTax “Taxable Person” where the Entity is already registered with the FTA; otherwise create a TIN first. The registration pack includes UPE name / TIN evidence where the UPE is outside the UAE, DFE name / TIN evidence where applicable and outside the UAE, and an overview of the MNE Group structure. The Pillar Two Information Return filer is identified at registration.

EXCLUDED ENTITIES – CLASSIFICATION UNDER TTGEIE1

TTGEIE1 distinguishes primary and secondary Excluded Entities. An Exempt Person under the UAE Corporate Tax Law does not automatically qualify – the QDMTT criteria must be assessed independently.

1

Primary Excluded Entities

Governmental Entity; International Organisation; Non-profit Organisation; Pension Fund; Investment Fund that is the UPE; and Real Estate Investment Vehicle that is the UPE.

2

Secondary – Type 1 (95%)

At least 95% of value is owned directly or through a chain of Excluded Entities by one or more primary Excluded Entities (other than a Pension Services Entity), and the Entity holds / invests assets for their benefit and/or carries only ancillary activities.

3

Secondary – Type 2 (85%)

At least 85% of value is owned directly or through a chain of Excluded Entities by one or more primary Excluded Entities (other than a Pension Services Entity), and substantially all income is Excluded Dividends or Excluded Equity Gain or Loss.

4

Permanent Establishments

Where a Main Entity is an Excluded Entity, its Permanent Establishment is also treated as an Excluded Entity. For a secondary Excluded Entity, activities of its Permanent Establishments are considered when applying the relevant tests.

SPECIAL EXCLUSIONS, ELECTIONS & INVESTMENT ENTITIES

TTGEIE1 also sets out a special rule for entities held by Non-profit Organizations, a Five-Year election and the separate Investment Entity categories.

OUTSIDE THE CHARGING PROVISION

Excluded Entity or UAE Investment Entity

NPO-owned special rule
100% direct / indirect ownership by one or more Non-profit Organizations; revenue excluding Non-profit Organizations and secondary Excluded Entities must be below EUR 750m, and other non-Excluded revenue must be below 25% of MNE Group revenue. No activity test.

Five-Year election
A secondary Excluded Entity or qualifying NPO-owned Entity may elect out of Excluded Entity status for five years. It then becomes a Constituent Entity and must register. The election applies Entity-by-Entity.

Primary Investment Entities
Investment Fund, Real Estate Investment Vehicle or Insurance Investment Entity. An Investment Fund / REIV that is the UPE is instead a primary Excluded Entity.

Secondary Investment Entities
Type 1: at least 95% owned by one primary Investment Entity, directly or through a chain of primary Investment Entities, and operates exclusively or almost exclusively to hold assets or invest funds for the benefit of the primary Investment Entity.
. Type 2: at least 85% directly held by one primary Investment Entity plus substantially all income from Excluded Dividends / Excluded Equity Gain or Loss.

Practical effect: neither an Excluded Entity nor a UAE Investment Entity is subject to the charging provision. Excluded Entity attributes are removed from QDMTT computations, while revenue of both categories can still be relevant to the consolidated revenue threshold.

REGISTRATION & ENTITY STATUS AT A GLANCE

Entity / status	Registration / filing position	Key practical effect
In-scope Constituent Entity	Registration required – either Entity-by-Entity or through a DDFE. The Pillar Two Information Return filer is identified at registration.	30 Nov 2026 for FY ending before 30 Apr 2026; otherwise within 7 months. AED 10,000 late-registration penalty.
Top-up Tax deemed zero	Registration is still required where the relevant de-minimis / safe harbour / initial phase provision applies.	Zero Top-up Tax does not remove the Entity from the charging provision.
Excluded Entity	No Top-up Tax registration, Top-up Tax Return or own Pillar Two Information Return required.	Profits, losses, accrued taxes, tangible assets and payroll are removed from QDMTT computations; revenue still counts to the threshold where consolidated.
UAE Investment Entity	No Top-up Tax registration, Top-up Tax Return or own Pillar Two Information Return required.	Not subject to the charging provision; revenue still counts to the threshold where consolidated. Owner-level elections may affect related calculations.

Ministerial Decision No. 133 of 2026 separately governs the Pillar Two Information Return filing arrangements. Where the return is filed by an eligible foreign UPE or Designated Filing Entity, the relevant UAE Entities are relieved from local filing but remain subject to the prescribed FTA notification requirement.

Note 1: The Group's Pillar Two Information Return must still include Excluded Entities and Investment Entities as part of the overall MNE Group structure. For Excluded Entities, income, taxes, assets and similar attributes are not reported in the Pillar Two Information Return.

Note 2: where the Five-Year election is made not to treat a qualifying Entity as an Excluded Entity, that Entity is treated as a Constituent Entity and is required to register for Top-up Tax.

WHAT BUSINESSES SHOULD DO NOW

1	**Determine QDMTT scope**	Validate the MNE Group condition and EUR 750m two-of-four-year test, including Excluded / Investment Entity revenue and any merger or demerger implications.
2	**Map the UAE entity perimeter**	Identify UAE Constituent Entities, Permanent Establishments, JVs / JV Subsidiaries, Minority-Owned subgroups and potential Excluded / Investment Entities.
3	**Choose the filing structure**	Decide Entity-by-Entity vs DDFE registration, and confirm the Designated Local Entity / other Pillar Two Information Return filing arrangement.
4	**Prepare the EmaraTax pack**	Confirm existing Taxable Person / TIN details or create them where required; compile UPE / DFE supporting evidence, MNE Group structure and DDFE / Designated Local Entity authorisations.
5	**Lock deadlines and controls**	Track the 30 November 2026 transitional deadline or 7-month rule, and document the basis for Excluded / Investment Entity status and zero-tax registration cases.

ACQUISORY COMMENT

The two FTA Guides move the UAE Pillar Two framework into a more operational phase by bringing together the practical scope, registration and entity-classification steps. Groups should ensure that their UAE entity perimeter, Excluded / Investment Entity analysis and filing responsibilities are internally consistent before the applicable registration deadline.

Our Offices

UAE

Dubai
Office 604, Bay Square 11, Business Bay, P.O. Box: 118767,
Dubai, UAE
+971 4576 5098
GCC@acquisory.com

INDIA

Delhi-NCR
1116, 11th Floor, WTT, C-1, Sector 16, DND Flyway, Noida - 201301
T: +91 120 614 300

MUMBAI

Mumbai
102, 1st Floor, Naman Centre, BKC, Bandra East, Mumbai City,
Maharashtra, 400051

BENGALURU

Bengaluru
Unit 1003-1004, 10th Floor, Prestige Meridian - II, Mahatma Gandhi
Rd, Bengaluru, Karnataka, 560025