الهيئة الاتحادية للضرائب
FEDERAL TAX AUTHORITY

United Arab Emirates

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# Determining the Additional Procedures for the Compliance of Qualifying Free Zone Persons Engaged in the Activity of Distribution of Goods or Materials in or from a Designated Zone for the Purposes of the Taxation of Corporations and Businesses

**Federal Tax Authority Decision No. 6 of 2026 – Issued 2 Jun 2026 (Effective for Tax Periods starting on or after 1 Jan 2026)**

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## The Chairman of the Board of Directors of the Federal Tax Authority has decided:

- Having reviewed the Constitution,
- Federal Decree-Law No. 13 of 2016 on the Establishment of the Federal Tax Authority, and its amendments,
- Federal Decree-Law No. 28 of 2022 on Tax Procedures, and its amendments,
- Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, and its amendments,
- Cabinet Decision No. 100 of 2023 on Determining Qualifying Income for the Qualifying Free Zone Person for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses,
- Ministerial Decision No. 84 of 2025 on Audited Financial Statements for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, and its amendments,
- Ministerial Decision No. 229 of 2025 on Qualifying Activities and Excluded Activities for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, and its amendments,

- Decision of the Chairman of the Board of Directors of the Federal Tax Authority No. 9 of 2021 on the Delegation to the Vice Chairman of the Board of the Federal Tax Authority, and
- Pursuant to the approval of the Federal Tax Authority Board of Directors on the policy for Determining the Additional Procedures for the compliance of Qualifying Free Zone Persons Engaged in the Activity of Distribution of Goods or Materials in or from a Designated Zone for the purposes of the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, and its amendments, in its 44th meeting held on 30/4/2026.

## Article 1 – Definitions

Words and expressions in this Decision shall have the same meanings specified in the Federal-Decree Law No. 47 of 2022 ("Corporate Tax Law"), Cabinet Decision No. 100 of 2023 and Ministerial Decision No. 229 of 2025 referred to above, unless the context otherwise requires.

## Article 2 – Additional procedures for Qualifying Free Zone Persons engaged in the activity of distribution of goods or materials in or from a Designated Zone

1. For the purposes of Clause 3 of Article 2 of Ministerial Decision No. 84 of 2025 referred to above, where a Qualifying Free Zone Person is engaged in the Qualifying Activity of distribution of goods or materials in or from a Designated Zone in accordance with paragraph (l) of Clause 1 of Article 2 of Ministerial Decision No. 229 of 2025 referred to above, the Qualifying Free Zone Person shall obtain an agreed-upon procedures report from the independent external auditor, who is also responsible for the annual audit of the financial statements or any other independent auditor licensed in the State.
2. The agreed-upon procedures report shall be prepared by the independent external auditor in accordance with the International Standard on Related Services (ISRS) 4400, Agreed-Upon Procedures Engagements, as issued by the International Auditing and Assurance Standards Board (IAASB), and applicable legislation governing auditing practices in the State.

3. The agreed-upon procedures report shall document the procedures performed and the related findings that shall demonstrate the following:

   a. The Qualifying Free Zone Person supplies goods or materials to customers that resell such goods or materials, or parts thereof, or processes or alters such goods or materials, or parts thereof, for the purposes of sale or resale, and

   b. Goods or materials entering the State, if imported by the Qualifying Free Zone Person, are imported through a Designated Zone.

4. For the purposes of obtaining the agreed-upon procedures report under paragraph (a) of Clause 3 of this Article, the Qualifying Free Zone Person shall collect, maintain, and retain adequate documentation that demonstrates that its customers qualify for each relevant transaction as resellers as per paragraph (l) of Clause 3 of Article 2 of Ministerial Decision No. 229 of 2025. Such documentation may include, but is not limited to:

   a. Valid business, trade, or commercial licences or any equivalent document held by the customer that are indicative of reselling.

   b. Signed declarations or written confirmations from customers confirming that the goods or materials are acquired for the purpose of sale or resale, or donation to a public benefit entity.

   c. Sales agreements, invoices, purchase orders, or other transactional records documents that collectively demonstrate resale or onward supply activity.

5. For the purposes of obtaining the agreed-upon procedures report under paragraph (b) of Clause 3 of this Article, the Qualifying Free Zone Person shall collect, maintain, and retain documentation that demonstrates that the goods or materials entering the State were imported through a Designated Zone, including but not limited to:

   a. Import declarations and customs clearance documents evidencing lawful entry through a Designated Zone;

   b. Shipping documents, such as a bill of lading, an airway bill, or equivalent transport documents clearly indicating entry through a Designated Zone.

6. For the purposes of Clause 1 of this Article, and in accordance with the requirements of ISRS 4400, the agreed-upon procedures report shall document

the procedures performed by the independent external auditor, and the factual results of the agreed-upon procedures performed.

7. The agreed-upon procedures report required in accordance with Clause 1 of this Article shall be submitted to the Authority, no later than thirty (30) days following the deadline to file the Corporate Tax return for the relevant Tax Period, or such other date as determined by the Authority.
8. If the Qualifying Free Zone Person fails to submit to the Authority the agreed-upon procedures report required in accordance with Clause 1 of this Article, the conditions specified in Clause 3 of Article 2 of Ministerial Decision No. 84 of 2025 and paragraph (l) of Clause 1 of Article 2 of Ministerial Decision No. 229 of 2025 referred to in Clause 1 of this Article, shall not be considered to be met.

## Article 3 – Agreed-Upon Procedures for Verifying Reseller Status and Designated Zone Importation

1. For the purposes of Clause 2 and paragraph (a) of Clause 3 of Article 2 of this Decision, the following agreed-upon procedures shall be performed:
    a. Inspection of customer trade Licences or any equivalent document
        1) Procedure: Obtain and inspect a Sample Size of valid trade, business, commercial licences or any equivalent document held by the customers of the Qualifying Free Zone Person to verify whether the listed business activities include trading, wholesaling, retailing, distributing, manufacturing, or other commercial activities indicative of reselling of the goods or materials, or parts thereof, supplied by the Qualifying Free Zone Person.
        2) Sample Size: For the purpose of sub-clause 1 of paragraph (a) of Clause 1 of this Article, the Sample Size shall be calculated in accordance with Clause 3 of this Article, where 'Sample Population' means the total number of customers to whom the Qualifying Free Zone Person supplied goods or materials in the relevant Tax Period and where 'Sample Size' shall include the customers with the highest distribution transaction values in the relevant Tax Period.
        3) Factual finding: State whether the business activities described in the

reviewed licences or any equivalent documents are consistent with the activities of a reseller of the goods or materials, or parts thereof.

b. Verification of Customer Declarations or Confirmations

1) Procedure: Obtain signed written declarations or confirmations from a Sample Size of customers, and state whether such declarations or confirmations affirm their status as resellers of the goods or materials, or parts thereof, supplied by the Qualifying Free Zone Person, and verify whether the declarations are signed, dated, and relate to the relevant Tax Period.

2) Sample Size: For the purpose of sub-clause 1 of paragraph (b) of Clause 1 of this Article, the Sample Size shall be calculated in accordance with Clause 3 of this Article, where 'Sample Population' means the total number of customers to whom the Qualifying Free Zone Person supplied goods or materials in the relevant Tax Period and where 'Sample Size' shall include the customers with the highest distribution transaction values in the relevant Tax Period.

3) Factual finding: Prepare a report on the presence of such declarations and whether they affirm the customer's status as a reseller of the goods or materials, or parts thereof.

c. Review of Sales Agreements and Other Transactional Records

1) Procedure: Select and inspect a Sample Size of executed sales agreements and invoices related to such agreements or other transaction-related records issued by the Qualifying Free Zone Person. Identify and document terms or features of onward sale or resale activity, such as bulk quantities, resale conditions, or applicable pricing structures for the relevant goods or materials.

2) Sample Size: For the purpose of sub-clause 1 of paragraph (c) of Clause 1 of this Article, the Sample Size shall be calculated in accordance with Clause 3 of this Article, where 'Sample Population' means the total number of sales agreements with customers to whom the Qualifying Free Zone Person supplied goods or materials in the relevant Tax Period and where 'Sample Size' shall include the sales agreements with the highest transaction values

within that Tax Period.

3) Factual finding: Document whether the reviewed records reflect one of the following characteristics of resale or onward supply of the goods or materials, or parts thereof, supplied by the Qualifying Free Zone Person:

(1) Customers further resell the goods or materials, or parts thereof;
(2) Customers process or alter the goods or materials purchased from the Qualifying Free Zone Person for the purpose of sale or resale.

2. For the purposes of Clause 2 and paragraph (b) of Clause 3 of Article 2 of this Decision, the agreed-upon procedures shall include the following:

a. Inspection of Import Documentation

1) Procedure: Inspect a Sample Size of import documentation maintained by the Qualifying Free Zone Person, including but not limited to customs declarations, import permits, sales contracts and the bill of lading, to verify that the goods or materials were imported into the State through a Designated Zone.

2) Sample Size: For the purpose of sub-clause 1 of paragraph (a) of Clause 2 of this Article, the Sample Size shall be calculated in accordance with Clause 3 of this Article, where ‘Sample Population’ means the total number of imports related to goods or materials supplied by the Qualifying Free Zone Person in the relevant Tax Period and where ‘Sample Size’ shall include the imports with the highest transaction values within that Tax Period.

3) Factual finding: Report whether the documentation for each sample confirms that importation occurred through a Designated Zone.

b. Confirmation of Designated Zone Status

1) Procedure: For a Sample Size of imports, verify that the Free Zone, port, or area identified in the import documentation is formally designated as a “Designated Zone” pursuant to relevant Cabinet Decisions, or other legislation in force in the State. This should be confirmed by the relevant Free Zone Authority to the Qualifying Free Zone Person.

2) Sample Size: For the purpose of sub-clause 1 of paragraph (b) of Clause 2 of this Article, the Sample Size shall be calculated in accordance with Clause 3

of this Article, where 'Sample Population' means the total number of imports related to goods or materials supplied by the Qualifying Free Zone Person in the relevant Tax Period and where 'Sample Size' shall include the imports with the highest transaction values in the relevant Tax Period.

3) Factual finding: Confirm whether the relevant Free Zone through which the importation is undertaken is officially recognised as a Designated Zone under the applicable legal instruments.

c. Inspection of Internal Records

1) Procedure: For a Sample Size of imports, obtain and inspect internal records maintained by the Qualifying Free Zone Person, including inventory logs, warehousing reports, goods movement records, and logistics documentation, to verify that the goods or materials were received, handled, or stored within a Designated Zone prior to distribution.

2) Sample Size: For the purpose of sub-clause 1 of paragraph (c) of Clause 2 of this Article, the Sample Size shall be calculated in accordance with Clause 3 of this Article, where 'Sample Population' means the total number of imports related to goods or materials supplied by the Qualifying Free Zone Person in the relevant Tax Period and where 'Sample Size' shall include the imports with the highest transaction values in the relevant Tax Period.

3) Factual finding: Report on the internal records evidencing importation through a Designated Zone.

3. For the purposes of Clause 1 and Clause 2 of this Article, a Sample Size shall be determined as follows:

$$\text{Sample Size} = \frac{\text{Sample Population}}{1 + (\text{Sample Population} \times (\text{Margin of Error})^2)}$$

4. For the purpose of Clause 3 of this Article, the following provisions shall apply:

a. ''Sample Size'' means the number of relevant documents selected from the Sample Population for review and inclusion in the agreed-upon procedures report, subject to requirements and conditions specified under Clause 1 and Clause 2 of this Article.

b. ''Sample Population'' means the total number of customers, sales agreements or imports, as applicable, subject to requirements and conditions specified under Clause 1 and Clause 2 of this Article.

c. ‘‘Margin of Error’’ means 10%.

5. For any other documents, the sampling process should be agreed between the Qualifying Free Zone Person and the auditor based on the requirements of this Decision and should be determined based on any of the procedures set out in Article 3 of this Decision.
6. Each procedure included in the agreed-upon procedures report shall be accompanied by a description of the nature of the evidence obtained, timing, and extent of work performed, along with the related factual findings. Details of the samples selected should be included in an appendix of the report.
7. For the purpose of Clause 1 and Clause 2 of this Article, where changes are made to the specific wording of the procedure, but without changing the substance of the requirement, the changes should be included as an appendix to the agreed-upon procedures report.

## Article 4 – Repeal of Contradictory Provisions

Every text or provision that contravenes or contradicts the provisions of this Decision shall be repealed.

## Article 5 – Implementation of the Decision

This Decision shall apply to Tax Periods commencing on or after 1 January 2026.

## Article 6 – Effective Date

This Decision shall be published in the Official Gazette and shall come into effect as of its date of issuance.