



# **UAE Corporate Tax**

## **Requirements for Special Purpose Financial Statements for a Tax Group**

**Ministerial Decision No. 7 of 2025**

**August 2025**

# In brief

In August 2025, the Federal Tax Authority (FTA) issued Federal Tax Authority Decision No. 7 of 2025, setting out the requirements for preparing and maintaining audited special purpose financial statements for tax groups under Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, specifically requiring Aggregated Financial Statements.

The Decision is effective for tax periods commencing on or after 1 January 2025.

## In detail

### Applicability

The Decision applies to all tax groups, for tax periods beginning on or after 1 January 2025, formed under the UAE Corporate Tax Law. It mandates that tax groups must prepare and maintain audited aggregated financial statements for each tax period, in accordance with a special purpose framework.

### Definition of Aggregated Financial Statements

Aggregated Financial Statements are defined as, *“Financial Statements prepared on the basis of the aggregation of the standalone Financial Statements of the Parent Company and each Subsidiary that is a member of the Tax Group in accordance with the framework specified in Article 3 of this Decision.”*

As highlighted in the framework for preparation below, tax group special purpose financial statements will be prepared based on the aggregation of the standalone Financial Statements of the Parent Company and each Subsidiary that is a member of the Tax Group and eliminating the transactions between the members.

### Framework for Preparation

For the purposes of preparing the aggregated financial statements, the standalone financial statements of Tax Group members must be aggregated, eliminating intra-Tax Group transactions. These aggregated financial statements must be prepared annually based on such standalone statements for the relevant financial year.

The aggregated financial statements must comply with International Financial Reporting Standards (IFRS) or IFRS for Small and Medium Enterprises (SMEs), subject to the following considerations:

- The aggregation should not reflect the accounting implications of business combinations under IFRS 3 or consolidated financial statements under IFRS 10.
- Adjustments relating to goodwill, gain on bargain purchase, or fair value adjustments recorded in consolidated financial statements should not be included in the aggregated financial statements.
- As an exception, if a business combination occurs without the acquisition of a separate legal entity, i.e. acquisition of assets, the resultant assets, liabilities, and goodwill, being part of the separate financial statements of the acquirer, are to be fully aggregated.
- Line-by-line aggregation is required, including investments and equity, without eliminations between these captions.
- Impairments recorded by the parent or subsidiaries over investments in the Tax group, where the parent directly holds the subsidiary or the subsidiary directly holds another subsidiary, should not be eliminated.

## Key Adjustments

The following principles must be applied when preparing Aggregated Financial Statements for a Tax Group:

- **Elimination of Intra-Tax Group Transactions:** Subject to certain exceptions, any income, expenses, unrealized gains and losses, and other transactions between members of the Tax Group shall be eliminated from the Aggregated Financial Statements.
- **Exclusion of Non-Tax Group Entities:** The standalone financial statements of entities that are not part of the Tax Group must not be aggregated as part of the Tax Group's Aggregated Financial Statements likewise the transactions with such non-tax group entities must also not be eliminated.
- **Uniform Accounting Standards:** The standalone financial statements of all members of the Tax Group must be prepared in accordance with International Financial Reporting Standards (IFRS) or IFRS for Small and Medium-sized Entities (SMEs).
- **Consistent Accounting Policies:** All members of the Tax Group must apply consistent accounting policies when preparing their standalone financial statements.
- **Aggregation of Pre-Tax Profit or Loss:** The accounting profit or loss to be aggregated must be the pre-tax profit or loss of each member of the Tax Group.
- **Measurement of Investments in Non-Tax Group Entities:** Investments in subsidiaries, joint ventures, and associates that are not members of the Tax Group must be carried at cost less impairment. *(This means that investments in subsidiaries, joint ventures and associates measured using equity accounting method or at fair value, must be remeasured at cost by reversing such impacts)*
- **Presentation Currency:** The Aggregated Financial Statements of the Tax Group must be presented in United Arab Emirates Dirham (AED).

## Presentation and disclosures

In terms of presentation of the aggregated financial statements, a complete set of such financial statements must include:

- Aggregated statement of financial position
- Aggregated statement of profit or loss
- Aggregated statement of other comprehensive income
- Aggregated statement of changes in equity

**It is important to note here that a statement of cashflow generally required under IAS-1 and IAS-7 is not listed alongside the other primary statements. This creates uncertainty on the need for inclusion of the statement, given it is not specifically mentioned as an exclusion in the above article.**

Disclosures must cover the following:

- The framework and basis of aggregation
- Material accounting policies, estimates, and judgements
- Explanatory notes supporting the figures presented.

## **Special Provisions for Members Leaving the Tax Group**

If a member leaves the tax group or the group ceases to exist, it must adopt the asset and liability values as recorded in the aggregated financial statements as opening values in its standalone financial statements, unless accounting standards prohibit.

Where the accounting standards do not permit, the standalone financial statements can be prepared as per the applicable requirements of the accounting standards, however, the taxable income must be calculated as if such values were permitted.

**Given IFRS will typically not allow remeasurement based on the tax group carrying values, the member leaving the tax group may have to maintain a separate set of financial information for the purposes of computing taxable income.**

# **Key takeaways**

- Tax Groups must prepare and maintain audited aggregated financial statements for each tax period starting on or after 1 January 2025.
- These statements must aggregate the standalone financial statements, prepared under IFRS, of all group members, based on a line-by-line aggregation of captions, eliminating intra-group transactions.
- Investments in subsidiaries joint ventures and associates which are not members of the tax group, must be carried at cost less impairment.
- The statement of cashflows is not listed as a primary statement and it remains unclear if this needs to be aggregated in the absence of a specific exclusion.
- Uniform accounting policies are required across all group members, and the aggregated financial statements must be presented in AED.
- The accounting disclosures in the aggregated financial statements must include the aggregation framework, accounting policies, and supporting notes.
- If a member leaves the tax group, it must use the carrying values of asset and liability from the aggregated tax group's financial statements as opening values for the purposes of computation of taxable income thereof.
- Although the decision applies to tax periods beginning 1 January 2025, companies forming a tax group in earlier periods must consider the appropriate approach for those earlier periods in light of this latest guidance. This is particularly important for 31 December 2024 tax periods given the upcoming September filing deadline.

# Contact us

For further assistance, you can reach us at [CT.UAE@pwc.com](mailto:CT.UAE@pwc.com) or your dedicated PwC tax contact.



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