FTA DECISION NO. 6 OF 2026 · UAE CORPORATE TAX

Distribution from Designated Zones

New Agreed-Upon Procedures Report — Filed with the FTA

Qualifying Free Zone Persons distributing goods or materials in or from a Designated Zone must now obtain an independent auditor's report under ISRS 4400 — and file it with the FTA every year.

On **2 June 2026** the FTA prescribed additional compliance procedures for Free Zone distributors relying on the Qualifying Activity of **distribution of goods or materials in or from a Designated Zone**. The agreed-upon procedures (AUP) report — prepared by the entity's financial statements auditor or any other UAE-licensed independent auditor — becomes an annual filing in its own right. Without it, the qualifying-activity and audited financial statements conditions are both treated as **not met**.

APPLIES FROM
Tax Periods commencing on or after **1 January 2026** — so the first affected year is already running.

FILING WINDOW
Due to the FTA within **30 days after the Corporate Tax return deadline** — e.g. **30 October 2027** for a December 2026 year end.

IF NOT FILED
Both conditions are deemed unmet — the **0% Free Zone rate is at risk for five Tax Periods**.

WHAT THE REPORT MUST DEMONSTRATE

PILLAR A

Customers are resellers

The Free Zone Person supplies goods or materials to customers that **resell** them (or parts of them), or **process or alter** them for the purposes of sale or resale.

PILLAR B

Imports enter via a Designated Zone

Where the goods or materials entering the UAE are imported by the Free Zone Person, they are imported **through a Designated Zone**.

EVIDENCE THE AUDITOR WILL TEST

- **Customer trade licences** listing trading, wholesaling, retailing, distributing or manufacturing activities
- **Import declarations & customs clearance** evidencing lawful entry through a Designated Zone
- **Signed customer declarations** — dated, per Tax Period, confirming resale or donation to a public benefit entity
- **Bills of lading / airway bills** and internal records — inventory logs, warehousing and goods movement
- **Sales agreements, invoices & purchase orders** evidencing bulk quantities, resale terms or pricing structures
- **Free Zone Authority confirmation** that the import location is formally a Designated Zone

Sampling is prescribed, not discretionary — samples must take the highest-value customers, agreements and imports first, sized by the FTA's formula

Start collecting now — for Tax Periods commencing on or after 1 January 2026. The report covers the full Tax Period, so licenses, declarations, agreements and import documents must be captured through the year — not reconstructed at filing.
Our recommendation: maintain the same evidence file for past Tax Periods as well — it supports the Free Zone positions already taken in filed returns should the FTA examine them.

Be ready before the first filing

WHAT YOU NEED TO DO

- Confirm reliance on the distribution Qualifying Activity
- Scope the ISRS 4400 AUP with your auditor, alongside the audit
- Capture trade licences, customer declarations, sales agreements, customs and shipping documents
- Diarise the 30-day filing window after the return deadline

HOW GBS & KAA SUPPORT

- Scope and coordinate the AUP engagement with the auditor
- Build and review the reseller and import evidence packs
- Health-check what you hold today and close the gaps
- Manage the FTA submission end to end

One message is all it takes.

Legal basis: FTA Decision No. 6 of 2026 (issued 2 June 2026, effective for Tax Periods starting on or after 1 January 2026) · Ministerial Decision No. 229 of 2025, Art. 2(1)(l) · Ministerial Decision No. 84 of 2025, Art. 2(3) · Cabinet Decision No. 100 of 2023 · ISRS 4400 (IAASB)

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