



ADGM & DIFC NON-REGULATED ENTITIES

Accounting, Tax and Audit Requirements

SPRING 2025



Accounting, Tax and Audit - FAQ



Q1

What is the filing deadline for Annual Accounts for Financial Year Ended 31st December 2024?

ADGM: the deadline is 30th September 2025

DIFC: annual account details required to be submitted at the time of license renewal. For entities required to get financials audited (see Q3), 31st July 2025 deadline.



Q3

Am I required to have my accounts audited?

All companies need to have their accounts audited, UNLESS they fit into one of the following categories:

- Small standalone company:
 - **ADGM:** non-regulated companies with sales ≤ USD 13.5m and ≤ 35 employees
 - **DIFC:** non-regulated entities with sales ≤ USD 5m and ≤ 20 shareholders
- Small member of small group worldwide - same requirements as above, but entire group incl. all subsidiaries will need to be considered before deemed eligible. It is crucial to consider all companies within the structure
- Dormant company - Dormant since incorporation or since previous financial year. No transactions should have been made to be able to exclude entire group



Q2

Who will submit my accounts?

ADGM Special Purpose Vehicle - your Registered Corporate Service Provider (CSP) [Mandatory requirement]

ADGM Holding/Operating Company - client or CSP. We are happy to support with filing upon request

DIFC Prescribed Company - your Registered CSP [Mandatory requirement]

DIFC Holding/Operating Company - client or CSP. We are happy to support with filing upon request

Regardless of ADGM and DIFC regulatory requirements, an audit is required by the Federal Tax Authority for 2024 annual accounts and thereafter for applicants wishing to avail free zone 0% corporate tax-free status.



Accounting, Tax and Audit - FAQ



Q4

What are the ramifications of failure to file Annual Accounts by the required date, or submission of incorrect/inaccurate accounts?

ADGM: Failure to meet requirements can lead to accounts being returned for correction and/or attract penalties from Registrar [up to USD 15,000]

DIFC: Failure to meet requirements relating to maintenance of accounting records attracts penalties from the Registrar [up to USD 25,000]. Companies failing to submit audited financials within time frame will attract penalty of USD 1,000



Q5

Do I need to consider UAE Corporate Tax?

Yes. UAE Corporate Tax impacts practically all UAE businesses, including those registered in free zones such as ADGM & DIFC. As such, **you must register for Corporate Tax and submit a Corporate Tax Return (CTR) annually**, commencing financial year ending 31st December 2024.



Q6

Will I have to pay any Corporate Tax?

Whether the tax-free regime will apply depends on a number of factors, incl:

- having accounts audited annually
- having adequate economic substance
- generating income from **Qualifying Activities** under the CT law.

Companies qualifying for the tax-free regime are known as Qualifying Free Zone Persons (QFZPs). **If a company meets all requirements of a QFZP, no corporate tax will apply to profits**, but if requirements are not met in any future financial year, **the QFZP status will be lost for that year and the following four years**, and the company would be subject to tax at 9% on taxable profits.

It is therefore vital that close attention is paid to meeting all QFZP requirements at all times.



Accounting, Tax and Audit - FAQ

Q7



Is my entity eligible for Tax Transparency?

Eligibility of Tax Transparency will depend on the entity's structure, whether it is owned directly or indirectly by a Foundation and whether the Foundation is eligible for Tax Transparency.

Q8



What are the tax implications if Tax Transparency is available to the entity?

If Tax Transparency conditions are satisfied, the entity - upon successful application to the FTA - would **not** be **subject to Corporate Tax**. The entity may also have reduced administrative requirements on Audit and Tax Compliance.

Q9



Which accounting standards apply to UAE companies?

For UAE Corporate Tax purposes, financial statements of UAE entities with sales > AED 3m must be prepared in accordance with International Reporting Standard (IFRS). If the entity's revenue is not > AED 50m, it is acceptable to use simplified **IFRS**. If sales are < AED 3m, the accruals method is not required, and accounts may be prepared on a cash basis.



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Accounting, Tax and Audit - FAQ



Q10

Are there any Corporate Tax implications for my 2023 accounts?

Yes. Although full Corporate Tax provisions only apply to financial years 2024 and thereafter, Transfer Pricing and Transitional Rules also apply to 2023.



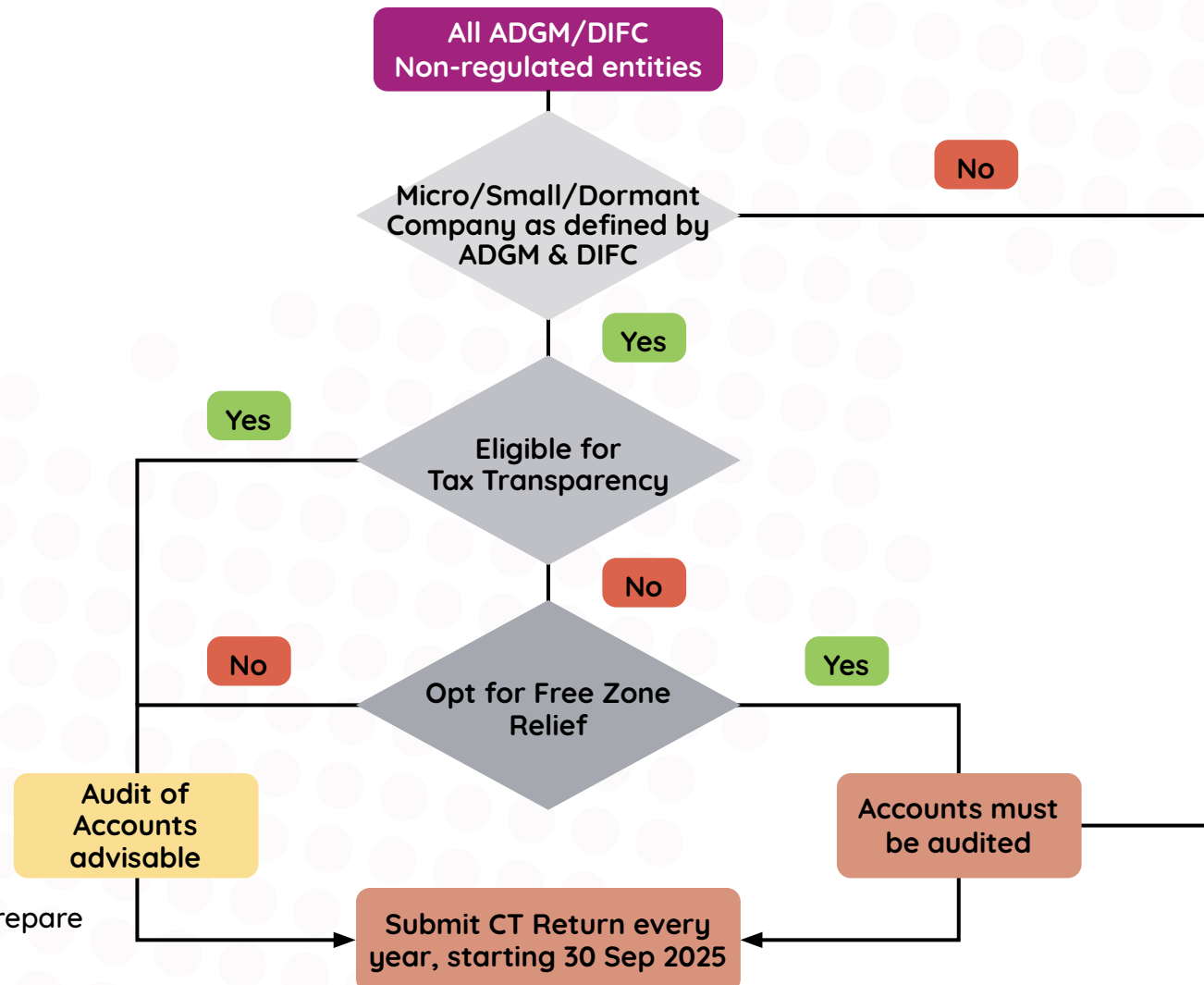
Q11

Will I need to submit my Financial Statements to the FTA?

The FTA may request for the Financial Statements to be submitted in the form, manner and timeline prescribed by the Authority.



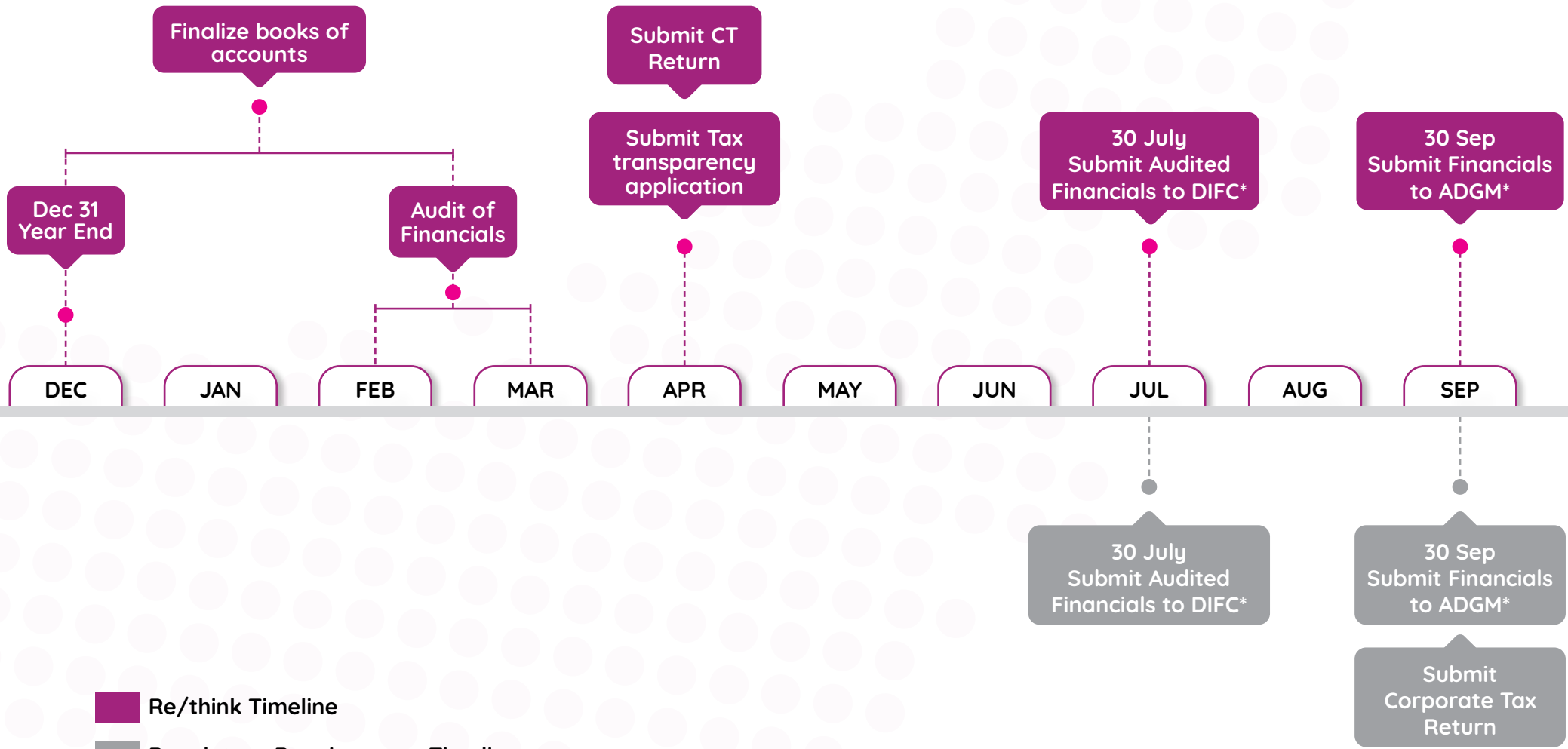
Determining your Accounts, Tax and Audit Obligations



*All companies must prepare accounts under IFRS



Regulatory Requirements vs. Our Plan for you: Finalizing of Accounts and Submission of CT Return Timeline



Re/think Timeline
Regulatory Requirements Timeline
*where applicable



Meet the Experts



Yann Mrazek
Managing Partner

✉ mrazek@m-hq.com
☎ +971 50 245 9503

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re/think

Keerthi Voodimudi
Senior Director - TAX

✉ keerthi.voodimudi@rethink-hq.com
☎ +971 52 455 1325

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Kath Zagatti
Lead Partner Legacy & Family Office

✉ zagatti@m-hq.com
☎ +971 56 771 0635

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