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Corporate Tax Audit Readiness

Bringing clarity and control to your tax position

The Shift Towards Enforcement

The UAE Corporate Tax regime is now entering a phase where the focus extends beyond filing obligations to reviewing how tax positions have been determined and supported.

As tax returns are submitted, businesses should expect increased interaction with the Federal Tax Authority ("FTA") aimed at validating the accuracy, consistency, and reliability of reported information. In this evolving environment, preparation is no longer optional. Organisations that take steps to organise and rationalise their tax position in advance are better placed to manage reviews efficiently and with minimal disruption.

A Changing Approach to Tax Reviews

Tax audits in the UAE are developing in both scope and depth.

01 Reviews are increasingly focused not only on numerical accuracy but also on the reasoning behind tax positions and adjustments.

02 Corporate Tax introduces additional layers of analysis, particularly around accounting alignment and interpretation of tax rules.

03 Transfer Pricing considerations are becoming more visible, especially where transactions between related parties form a significant part of the business model.

04 The FTA may assess information across different tax areas, meaning inconsistencies between filings or underlying records may give rise to further queries.

What a Corporate Tax Audit Typically Involves

Initial communication

The process generally begins with formal notification, following which the FTA provides an outline of the scope and the information required.

Information review

The FTA will seek to understand how reported figures have been derived, supported by requests for documentation, reconciliations, and explanations of key movements.

Follow-up queries

As the review progresses, further clarification may be requested, particularly in areas involving judgement, estimates, or non-routine items.

Outcome of the review

Where differences are identified, the FTA may formalise its position through a tax assessment reflecting the adjustments considered necessary.

Further engagement

Businesses may engage further with the FTA through formal review or reconsideration processes where there is a need to clarify or challenge the outcome.

Common Pressure Points During Audits

From practical experience, audits tend to highlight areas where internal processes are not fully aligned.

- Differences between financial accounting records and tax computations.
- Gaps in documentation supporting positions taken in the tax return.
- Complexity or lack of clarity in related-party arrangements.
- Challenges in gathering information quickly across multiple teams.
- Inconsistent explanations due to lack of centralised coordination.

A Practical View of Audit Readiness

Audit readiness is often less about creating new work and more about bringing structure and clarity to existing information.

01

Revisiting how tax positions were determined

A clear understanding of how key figures were derived — including adjustments and assumptions — is essential. This allows businesses to explain positions confidently without revisiting computations under time pressure.

02

Organising supporting materials

Strong positions are supported by clear documentation. This includes not only statutory records, but also working papers, reconciliations, and internal explanations that collectively provide context.

03

Aligning perspectives across teams

Differences between finance, tax, and operational understanding can lead to inconsistencies. Bringing these views together ensures that responses to queries remain consistent and coherent.

04

Recognising areas likely to be reviewed

Certain elements of a tax return naturally attract attention, including adjustments, significant variances, and related-party transactions. Preparing for these in advance reduces uncertainty during the review process.

05

Preparing for interaction, not just review

An audit involves ongoing dialogue with the authority. Organised responses, clear explanations, and timely communication often influence how smoothly the process progresses.

06

Moving away from reactive responses

When information is readily available and reviewed in advance, businesses are able to respond with greater confidence, rather than assembling explanations under time constraints.

How Baker Tilly Supports Your Organisation

Our approach focuses on areas that matter most during an audit, with practical and targeted support.

1. Reviewing Corporate Tax filings to confirm consistency with underlying records.
2. Assessing how tax figures reconcile with financial statements and supporting schedules.
3. Identifying areas where additional clarity or documentation may be required.
4. Evaluating positions involving judgement, including related-party transactions.
5. Preparing structured documentation packs to support audit discussions.
6. Assisting in managing information requests and coordinating responses.
7. Supporting further engagement with the FTA, including review or reconsideration processes where required.

What This Means for Your Business

A structured approach to audit readiness helps organisations maintain control during a review process.

It enables businesses to:

01 Respond to authority queries in a confident and organised manner.

02 Reduce pressure on internal teams during audit periods.

03 Present well-supported and consistent positions.

04 Identify potential issues before they become exposures.

05 Strengthen internal processes for future compliance cycles.

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