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How Auditors Are Safeguarding UAE Businesses Under Corporate Tax.

When the UAE first introduced VAT in 2018, many in the business world quickly realized that compliance wasn't just a one-time exercise—it was a mindset shift. Fast forward to 2024, and we are now facing another historic transition: the rollout of Corporate Tax. As someone who has been on the ground during these changes, we have seen first-hand how businesses have responded—and how the role of auditors, has evolved in ways we didn't fully anticipate.

More Than Just Numbers Now

Traditionally, auditors were viewed as the “year-end people”—those who come in once a year, tick boxes, confirm balances, and issue reports. But those days are over. With the introduction of Corporate Tax in the UAE, our scope has expanded far beyond the closing balances and financial ratios.

We are now being asked tougher questions. Are the tax provisions reasonable? Is the business adequately disclosing related party transactions? Could any expense be disallowed under tax law? Suddenly, our work is under a new spotlight—not just from shareholders, but from regulators and tax authorities as well.

Bridging the Gap Between Finance and Tax

One of the most critical shifts I've seen is how the audit function has become a bridge between finance teams and corporate tax compliance. Clients aren't just looking for a clean audit opinion—they're looking for assurance that they won't face penalties, delays, or questions from the Federal Tax Authority (FTA) down the line.

A small example: During a recent audit, we noticed that a company had accrued a significant provision for doubtful debts but hadn't factored in how this would be treated under the new tax rules. If not treated properly in line with corporate tax regulations, this could have led to a permanent difference affecting their taxable income. That's where our role has become proactive—we're not waiting for errors; we're spotting them before they become risks.

Related Parties: The New Risk Area

Corporate Tax has also pushed related party transactions into sharper focus. Many businesses in the UAE operate under family-owned or group structures, and intra-group dealings—be it services, financing, or asset transfers—are common.

Now, with the introduction of **transfer pricing** regulations, those relationships need to be disclosed, documented, and priced at arm's length. As auditors, we find ourselves asking: Is there documentation to support this? Could this transaction raise a red flag? And in many cases, we are the first line of defence in highlighting issues that may have tax consequences.

Ethical Responsibilities and Independence

As auditors, we have to walk a fine line. Clients are looking to us for guidance—but we are not tax advisors. We cannot and should not make decisions for them. However, we can ask the right questions, raise concerns, and help ensure that management's decisions are backed by sound documentation and appropriate judgment.

It's important to maintain that independence while still being helpful. And truth be told, it's not always easy. But in this new era, ethics and professionalism are more important than ever.

Technology Is Changing the Game

The Corporate Tax regime is also accelerating the adoption of audit technology. Whether it's data analytics tools, ERP-integrated audit platforms, or AI-based anomaly detection, the goal is the same: find issues early, and make sure nothing slips through the cracks.

We're also seeing more businesses prepare for tax audits the same way they prepare for financial audits—keeping reconciliations ready, maintaining audit trails, and documenting assumptions behind every key tax position. This proactive culture is encouraging and much needed

A Word to finance Professionals

A word to finance professionals—this is the moment to show how valuable our work really is. We're not just checking boxes; we're helping businesses navigate a complex, evolving environment. Let's stay updated, stay ethical, and most importantly, stay curious. The questions we ask today could save our clients from major trouble tomorrow.

Final Thoughts

The introduction of Corporate Tax in the UAE isn't just a tax event—it's a transformation of how businesses operate and how auditors add value. As someone deeply engaged in this space, I see this as an opportunity for the audit profession to rise, evolve, and redefine itself in a country that continues to break new ground.

It's no longer about just the numbers. It's about insight, foresight, and trust. And if you ask me, that's a responsibility worth embracing.

By CA Joseph Philip

Managing Partner -Stuart & Hamlyn Chartered Accountants

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