

UAE CTP007: Tax Group Financial Statements & Audit Requirements

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To (inside your company): CFO • Head of Tax • Financial Reporting • External Auditors • Controllers

Executive takeaways

- Introduces specific requirements for aggregated financial statements prepared by Tax Groups for Corporate Tax purposes.
- Tax Groups must prepare special-purpose aggregated financial statements that differ from consolidated statements under IFRS.
- All Tax Groups require audited special-purpose financial statements regardless of any revenue threshold.
- Aggregation follows a line-by-line methodology with specific elimination rules and deviations from IFRS consolidation principles.

What changed & why it matters

- **Special-Purpose Framework** — Tax Groups must prepare aggregated financial statements that deviate from IFRS consolidation principles. *Why it matters:* This creates separate reporting requirements specifically for Corporate Tax compliance, distinct from standard financial reporting.
- **Mandatory Audit Requirement** — All Tax Groups, regardless of size, must maintain audited special-purpose financial statements under ISA standards. *Why it matters:* This provides assurance over tax group reporting and ensures compliance with Corporate Tax obligations.
- **IFRS Deviations** — The framework requires specific exclusions from IFRS treatment, including business combination effects, goodwill, and fair value adjustments. *Why it matters:* This focuses tax calculations on underlying operational results rather than acquisition accounting impacts.

Action checklist

- Assess the current Tax Group structure to identify all entities requiring inclusion in the aggregated financial statements.
- Engage auditors familiar with ISA standards for special-purpose audits and UAE Corporate Tax requirements.
- Implement systems to prepare the line-by-line aggregation from the standalone financial statements of group members.
- Establish processes to ensure uniform accounting policies are applied across all Tax Group members.
- Create elimination procedures for inter-company transactions while preserving pre-group formation losses as required.
- Train finance teams on the specific IFRS deviations required for Tax Group aggregated financial statements.

Impact matrix

| | |
|-----------------|---|
| Compliance | H |
| Systems/ERP | H |
| Finance/Cash | H |
| Operations | M |
| Documentation | H |
| Training/Change | H |

Timeline

Now — assess Tax Group structure & audit requirements

30 days — engage auditors & implement aggregation framework

Financial year-end — complete first special-purpose audit

Take Away

CTP007 establishes a comprehensive framework for Tax Group financial reporting that deliberately deviates from IFRS to focus on underlying business operations for Corporate Tax purposes. The requirement for special-purpose audited financial statements applies to all Tax Groups regardless of size, emphasizing the importance of robust documentation and compliance. Companies should implement systems to support line-by-line aggregation while ensuring proper elimination of inter-company transactions.