

UAE Ministerial Decision 88: OECD Pillar Two Commentary Adoption

UAE • April 2025

To (inside your company): CFO • Head of Tax • Global Tax • MNE Coordination • Legal & Compliance

Executive takeaways

- Formally adopts comprehensive OECD Commentary and Administrative Guidance for UAE's Domestic Minimum Top-up Tax (DMTT).
- Incorporates the latest OECD guidance from 2024-2025, including the Consolidated Commentary and Central Record requirements.
- Ensures the UAE DMTT interpretation aligns with global Pillar Two implementation for consistent treatment of multinational enterprises.
- The decision is effective retrospectively from 1 January 2025.

What changed & why it matters

- Comprehensive OECD Alignment** — The UAE has adopted six key OECD publications as official administrative guidance for interpreting the UAE DMTT. *Why it matters:* This ensures the consistent global application of Pillar Two rules, which reduces the compliance burden for multinational enterprises operating in multiple jurisdictions.
- Latest Guidance Integration** — The decision incorporates the most recent OECD administrative guidance, including 2025 publications. *Why it matters:* This provides an up-to-date interpretive framework that addresses practical implementation challenges identified during the early rollout of Pillar Two.
- Interpretive Certainty** — A binding framework is now established for UAE tax authorities to interpret DMTT provisions consistently with international standards. *Why it matters:* This reduces audit risk and potential disputes over interpretation by providing clear guidance on complex Pillar Two calculations.

Action checklist

- Download and review all six adopted OECD publications to understand the comprehensive guidance framework.
- Assess the current Pillar Two compliance approach against the adopted OECD administrative guidance.
- Update internal procedures and calculations to align with the official UAE interpretation of OECD guidance.
- Train tax teams on specific OECD guidance provisions, particularly the Central Record and Information Return requirements.
- Review safe harbor elections and transitional provisions under the newly clarified framework.
- Coordinate with global tax teams to ensure consistent interpretation across all Pillar Two jurisdictions.

Impact matrix

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

Timeline

- Now — comprehensive OECD guidance review & implementation
- 30 days — update procedures & training completion
- Ongoing — monitor future OECD guidance updates

Take Away

MD 88 represents the UAE's commitment to seamless integration with global Pillar Two implementation through the comprehensive adoption of OECD guidance. This provides multinational enterprises with interpretive certainty and reduces compliance complexity by ensuring consistent rule application across jurisdictions. The adoption of the latest 2025 OECD guidance demonstrates the UAE's proactive approach to maintaining current best practices in international tax coordination.

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