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FTA Updates 2025: What You Need to Know About Private Clarifications

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Private Clarifications Guide - 2025

The Federal Tax Authority (FTA) has released an updated and comprehensive guide on Private Clarifications in July 2025 replacing the previous version issued in November 2024. The latest update refines the procedural aspects, and eligibility criteria for submitting a Clarification request. This guidance incorporates updates from FTA Decision No. 2 of 2025 and replaces the earlier versions of the guide. FTA Decision No. 2 of 2025 (effective from March 1, 2025) outlines the FTA's formal updated policy on issuance of clarifications and directives. With respect to Private Clarifications, the policy addresses the FTA's mechanism of issuing decisions, framework of implementing the Clarification and the procedures of issuing clarifications.

This update particularly covers the gist / highlights of the guide, with specific mention about the recent changes.

1. Eligible Person and Matters

The latest guide reiterates that a Private Clarification request may be submitted only by the Taxpayer, representative member of the Tax group (through Emaratax and TRN of the Tax group), a registered Tax Agent for specific tax type, or their Legal Representative. For Corporate Tax, only registered or exempt persons may apply (except for registration-related queries), while for VAT and Excise Tax, both registered and unregistered persons are eligible. Further, the guide states that Clarifications will only address the Tax matters of uncertainty.

2. Grounds for Rejection

The guide has been updated with the list of grounds for rejecting Clarification requests to distinguish between instances where Clarification requests will be rejected from instances where Clarification requests may be rejected.

A. Clarification Requests That Will Be Rejected

- **Ineligible Applicant:** The FTA will not accept a Clarification request if submitted by an ineligible applicant, such as an authorised signatory without proof of authorisation; an unregistered tax agent an individual seeking clarification pertaining to juridical person etc.
- **Out of scope cases:** The FTA will reject certain out of scope Clarification requests such as Administrative exceptions, Administrative Penalties, Input tax apportionment method or recovery percentage, Pillar Two (GloBE Rules), Reconsideration, Tax assessment review etc. Applicant did not respond to additional information: The FTA will reject the Clarification request if Applicant failed to submit all the requested information or documents within 40 Business Days from the date the additional information is asked from the Applicant.



B. Clarifications Requests That May Be Rejected

- ***Incomplete or incorrect Clarification requests:*** The FTA may either request further information or reject a Clarification request if the request is incomplete or incorrect such as when all relevant information on the specific tax matter is not provided, sufficient tax technical analysis and/or alternative tax technical analysis is not provided, supporting documents are not submitted, fields in the Clarification request form are incomplete, there is a discrepancy between the EmaraTax submission and attached documents, or if the request does not relate to the correct tax type(s).
- ***Cases that do not represent a Tax matter of uncertainty:*** The FTA may reject a Clarification request if the specific Tax matter was already previously clarified (by way of a Guide or Public Clarification), or if clarification was provided previously on the same matter to the same Applicant, or if there is no genuine tax uncertainty and the request merely seeks confirmation of tax position.
It is pertinent to note that the updated Guide has added another scenario where FTA may reject the Clarification request i.e. where the applicant is seeking confirmation to check their eligibility to form/amend/leave a Tax group, change their Tax Period, or amend their Tax Registration details.
- ***Tax Audits and Tax Assessments:*** The FTA may reject Clarification requests if Taxpayer is undergoing audit or assessment on the same matter presently or was under tax assessment on the same matter in the past.
- ***Other cases:*** The FTA may also reject Clarification requests in cases such as request based on hypothetical scenarios, seeking tax advice, requesting confirmation of facts that can only be established during tax audit, seeking advice on related party transactions, request relates to more than one Tax but not in respect of the same specific Tax matter, request related to administrative process, or where the FTA suspects tax planning, tax avoidance, or tax evasion.

3. Clarification Process

The FTA has mentioned a detailed process for seeking clarification in the Guide. It states that the clarification requests must be submitted via EmaraTax in either English or Arabic and the responses will be issued in the same language. The request must include a completed form with a detailed cover letter outlining the background, technical query, relevant legislation, alternative treatments, tax advice received from third parties, as well as other supporting documentary evidence.

A major change that has come in the updated guide is that while the requests would continue to be submitted within 40 business days of initiation, however the FTA will now have 60 business



days (earlier it was 50 business days for Excise and VAT matters) to issue the Clarification, from the date of receipt (or of receiving additional information, if requested), with possible extensions for complex matters. With this change, now the said timelines of 60 business days would be applicable across Excise, VAT and Corporate Tax matters.

4. Clarification Fees and Refund Policy

Clarification request fees continue to be AED 1,500 for a single tax type and AED 2,250 for multiple tax types related to the same transaction and parties, payable via EmaraTax using a valid bank card. The refund mechanism, in specified cases also remain unchanged.

Further, it may be noted that a Clarification is not a decision and cannot be subject to the dispute resolution process (reconsideration or review). However, a fresh request may be submitted if facts change materially or new information becomes available.

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These updates underscore the FTA's commitment to providing clarity while ensuring that private clarification requests are legitimate and focused on genuine tax matters of uncertainty. Taxpayers must meticulously review their clarification requests to ensure they align with the updated eligibility criteria and avoid common errors, particularly concerning the level of detail, technical analysis, and the rejection scenarios.

For further information or assistance with private clarification requests, please do not hesitate to contact our team.

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