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FTA DECISION No. 6 OF 2026

THE 0% RATE NOW NEEDS AN AUDITOR'S AUP REPORT.

Qualifying Free Zone Persons distributing goods or materials in or from a Designated Zone must now file an independent Agreed-Upon Procedures (AUP) report with the FTA — self-certification is no longer enough.

BACKGROUND

From self-certified to independently verified

Distribution of goods or materials in or from a Designated Zone is a **Qualifying Activity** — one of the routes to QFZP status and the **0% Corporate Tax** rate. Decision No. 6 of 2026 now sets out exactly how that claim must be evidenced.

BEFORE

Company's own position

The QFZP could take the position that its Designated Zone distribution activity qualified, supported by its own records — effectively **self-certification.**

NOW · ART. 2

Formal audit requirement

A **licensed auditor must independently test the records** and report factual findings to the FTA. The claim stands or falls on the AUP report.

THE LEGISLATIVE CHAIN IT PLUGS INTO

CABINET DEC. 100 / 2023	*Defines* **Qualifying Income** for the QFZP regime.
MIN. DEC. 84 / 2025 — ART. 2(3)	Audited financial statements are required to claim QFZP benefit.
MIN. DEC. 229 / 2025 — ART. 2(1)(L)	*Lists* **Designated Zone distribution** as a Qualifying Activity
FTA DEC. 6 / 2026	**Prescribes the additional compliance procedures** — the AUP report

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One report.
Three non-negotiables.

Every QFZP undertaking Designated Zone distribution activity must **obtain an Agreed-Upon Procedures report** and submit it to the FTA.

01

Independent external auditor

Prepared by the auditor responsible for the annual audit of the financial statements — or any other independent auditor licensed in the UAE.

02

ISRS 4400 engagement

Prepared under the International Standard on Related Services (ISRS) 4400, Agreed-Upon Procedures Engagements, issued by the IAASB — plus UAE legislation governing auditing practices.

03

Factual findings — not an opinion

The report documents the procedures performed and the factual results. The auditor does not express assurance or an opinion — the facts speak for themselves.

In plain terms: the FTA is asking a licensed auditor to independently check the company's records and confirm two facts — covered next.

WHAT MUST BE DEMONSTRATED · ART. 2(3)

The report must prove two facts

The procedures performed — and the related findings — must demonstrate both of the following:

A

RESELLERS

Customers buy to sell on — not to consume

The QFZP supplies goods or materials to customers that resell them, or parts thereof — or process or alter them, or parts thereof, for the purposes of sale or resale.

AND

B

IMPORT ROUTE

Imports enter through a Designated Zone

Goods or materials entering the UAE, if imported by the QFZP itself, are imported through a Designated Zone.

DOCUMENTATION · FACT A · ART. 2(4)

Evidence file 1: Proving reseller status

The QFZP must collect, maintain and retain documentation showing its customers qualify — for each relevant transaction — as resellers. Including, but not limited to:

01

Trade licences

Valid business, trade or commercial licences — or any equivalent document held by the customer — indicative of reselling.

02

Signed customer declarations

Written confirmations that goods are acquired for sale or resale — or for donation to a public benefit entity.

03

Transactional records

Sales agreements, invoices, purchase orders or other records that collectively demonstrate resale or onward supply activity.

Why it matters: if this paperwork isn't maintained through the year, the auditor has nothing to test — and the AUP report cannot confirm the activity.

Evidence file 2: Proving the import route

Where the QFZP itself imports goods into the UAE, it must retain documentation showing entry through a Designated Zone. Including, but not limited to:

Customs & import declarations

Import declarations and customs clearance documents evidencing lawful entry through a Designated Zone.

Shipping documents

Bill of lading, airway bill or equivalent transport documents clearly indicating entry through a Designated Zone.

AUDITOR ALSO CHECKS · ART. 3(2)(B)

Zone status confirmation

Confirmation from the relevant Free Zone Authority that the Free Zone, port, or area identified in the import documentation is formally a "Designated Zone" under Cabinet Decisions or other UAE legislation.

AUDITOR ALSO CHECKS · ART. 3(2)(C)

Internal records

Inventory logs, warehousing reports, goods movement and logistics records showing goods were received, handled or stored in the Designated Zone before distribution.

Verifying reseller status: Three prescribed procedures

Each procedure follows the same discipline: what the auditor does → how the sample is drawn → the factual finding stated.

a.

Inspect customer trade licences

Obtain and inspect a sample of valid trade, business or commercial licences (or equivalents) held by customers — do listed activities include trading, wholesaling, retailing, distributing, manufacturing or other activities indicative of reselling?

SAMPLE Population = total customers supplied in the Tax Period; sample includes customers with the highest distribution transaction values.

FINDING State whether licences are consistent with reseller activities for the goods, or parts thereof.

b.

Verify customer declarations

Obtain signed written declarations or confirmations from a sample of customers affirming reseller status — and verify each is signed, dated and relates to the relevant Tax Period.

SAMPLE Same basis as (a): total customers supplied; highest distribution transaction values.

FINDING Report on the presence of declarations and whether they affirm reseller status.

c.

Review sales agreements & records

Select and inspect executed sales agreements, related invoices and other transaction records — identify features of onward sale such as bulk quantities, resale conditions, pricing structures.

SAMPLE Population = total sales agreements with customers in the Tax Period; sample includes agreements with the highest transaction values.

FINDING Document whether records show customers (1) further resell or (2) process / alter goods for sale or resale.

Verifying Designated Zone imports: Three more procedures

For all three, the sample population is the total number of imports related to goods or materials supplied by the QFZP in the Tax Period — drawn by highest transaction values.

a.

Inspect import documentation

Inspect a sample of import documentation maintained by the QFZP — customs declarations, import permits, sales contracts, bills of lading — to verify goods were imported into the UAE through a Designated Zone.

SAMPLE Total imports in the Tax Period; highest transaction values.

FINDING Report whether documentation for each sample confirms importation through a Designated Zone.

b.

Confirm Designated Zone status

For sampled imports, verify the Free Zone, port or area named in the documentation is formally designated under relevant Cabinet Decisions or other UAE legislation — confirmed by the relevant Free Zone Authority to the QFZP.

SAMPLE Same basis: total imports; highest transaction values.

FINDING Confirm whether the zone is officially recognised as a Designated Zone under applicable legal instruments.

c.

Inspect internal records

Obtain and inspect internal records — inventory logs, warehousing reports, goods movement records, logistics documentation — to verify goods were received, handled or stored within a Designated Zone before distribution.

SAMPLE Same basis: total imports; highest transaction values.

FINDING Document whether records show customers import through a Designated Zone.

SAMPLING METHODOLOGY · ART. 3(3)–(5)

The FTA even fixed the sample size formula

PRESCRIBED FORMULA:

$$\text{Sample Size} = \frac{\text{Sample Population}}{1 + (\text{Sample Population} \times (\text{Margin of Error})^2)}$$

Margin of Error = 10% (fixed)
So the denominator is 1 + (Population × 0.01) — samples converge towards ~100 items even for very large populations.

Defined terms · Art. 3(4)
Sample Size — documents selected from the population for review and inclusion in the AUP report.

Sample Population — total customers, sales agreements or imports, as applicable.

Other documents · Art. 3(5)
Sampling is agreed between the QFZP and the auditor, based on this Decision and determined from the Article 3 procedures.

ILLUSTRATIVE (MOE 10%)

POPULATION	SAMPLE
50	≈ 33
100	≈ 50
250	≈ 71
500	≈ 83
1,000	≈ 91
5,000	≈ 98

MCA illustration — rounded. The Decision prescribes the formula, not this table.

What goes in — and when it must be filed

Every procedure documented
Each procedure must state the nature of evidence obtained, timing and extent of work, with related factual findings. Sample details go in an appendix.

Wording changes → appendix
If procedure wording is adapted without changing the substance of the requirement, the changes must be disclosed as an appendix to the AUP report.

SUBMISSION TIMELINE:

+ 30 DAYS

Tax Period ends

CT return deadline
9 months after period end

AUP report due at FTA
or such other date the FTA sets

Repeal · Art. 4
Any text or provision contradicting this Decision is repealed.

Application · Art. 5–6
Applies to Tax Periods from 1 Jan 2026; in effect from its date of issuance, published in the Official Gazette.

THE CONSEQUENCE · ART. 2(8)

Miss the filing, lose the position.

The Decision leaves no room for interpretation on what a missed AUP report means:

> If the AUP report is not submitted, the conditions in Clause 3, Article 2 of Ministerial Decision No. 84 of 2025 and paragraph (I), Clause 1, Article 2 of Ministerial Decision No. 229 of 2025 shall not be considered to be met.

A paperwork failure…

Late or missing filing alone triggers the consequence — regardless of whether the underlying business genuinely qualifies.

→

…with a tax-rate outcome

The Designated Zone distribution activity fails as a Qualifying Activity — putting the 0% rate on that income stream at risk.

WHAT TO DO NOW

Five moves before your first filing

01

Map your exposure

Confirm which income streams rely on Designated Zone distribution under MD 229/2025 — those are in scope from 1 Jan 2026.

02

Build the evidence trail now

Collect licences, resale declarations, sales records, customs and shipping documents, and internal logistics records as you go — not at year-end.

03

Engage your auditor early

An ISRS 4400 engagement is now mandatory — scope it alongside the statutory audit, with the same or another UAE-licensed auditor.

04

Pre-run the sampling

Know your populations — customers, agreements, imports — and identify the highest-value items the sample must include.

05

Diarise the +30-day deadline

The AUP report is due 30 days after your CT return deadline — build it into the compliance calendar from day one.

DISTRIBUTING FROM A DESIGNATED ZONE?

MCA Gulf can assess your QFZP position, design the documentation framework and coordinate the ISRS 4400 engagement.

FOR A WORKING SESSION
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