PKF UAE

UPDATE | VOL. 29 ISSUE 3, JULY 2026

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A quarterly newsletter
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Our Vision

We will be the first choice for companies in their selection of professional advisors.

Our Mission

We will provide quality service to our clients by focusing on client-specific needs and providing solutions to business problems, thereby adding value through expertise whilst maintaining integrity, pr ofessionalism, and independence.

From the Managing Partner – UAE

"The future depends on what you do today."
Mahatma Gandhi

As we reflect on these timeless words, we are reminded that the choices made by governments, businesses and individuals today will shape the economic and social landscape of tomorrow. Across the world, policymakers continue to navigate a complex environment marked by geopolitical uncertainty, technological disruption, climate-related challenges and evolving trade dynamics. Yet amidst these challenges, there remains a strong sense of optimism driven by innovation, resilience and an unwavering commitment to progress.

Closer to home, the UAE and the wider Middle East have witnessed a period of uncertainty resulting from the geopolitical tensions involving Iran, Israel and the United States. Such developments inevitably create concerns for businesses, investors and families across the region, affecting confidence, supply chains and global markets. Yet history has repeatedly shown that periods of uncertainty also reveal the strength and resilience of nations and communities. The UAE has continued to demonstrate its ability to adapt, maintain stability and preserve its position as a trusted global business hub. As diplomatic channels remain active and hopes for a lasting de-escalation persist, there is cautious optimism that the region will emerge stronger, with renewed focus on cooperation, economic development and shared prosperity.

The broader GCC region is also witnessing significant transformation. Economic diversification programmes, strategic infrastructure investments, and increasing private sector participation continue to create new opportunities for businesses and investors alike.

This edition begins with an insightful article examining the unprecedented inter-generational wealth transfer currently underway and the pivotal role family offices will play in preserving and managing wealth across generations. We also feature a timely discussion on cybersecurity preparedness and why organisations must move beyond reactive responses to proactive resilience. Our interview section presents valuable perspectives from Mr. Deepak K. Pagarani, Chairman of Al Maya Group, who shares his thoughts on leadership, innovation and navigating change in a rapidly evolving retail landscape. In addition, our tax specialists provide an important update on the UAE's evolving transfer pricing framework, while our Oman section reviews the key highlights of the Sultanate's Budget 2026 and its continued focus on sustainable development.

I wish all our readers continued success, good health and prosperity in the months ahead.

Stany Pereira

Generational Greatest Wealth Transfer: Pivotal Role of Family Offices

The Scale of the Coming Transfer

The next two decades will witness the largest inter-generational transfer of wealth ever recorded. According to Knight Frank's Wealth Report 2025, approximately US$100–120 trillion will change hands globally by 2045 as the Silent Generation and Baby Boomers pass assets to Millennials and Gen Z. In the United States alone, Cerulli Associates estimates US$84 trillion will be transferred by 2045, of which US$53 trillion will go to heirs and US$31 trillion to philanthropy.

In the Middle East, the numbers are equally staggering. Estimates states that US$1–1.5 trillion of private wealth will be transferred across GCC families between 2023 and 2033, with Saudi Arabia and the UAE accounting for the lion's share. Unlike Western wealth, which is often diversified across public equities and bonds, GCC family wealth is still heavily concentrated in operating businesses, commercial real estate, and sovereign-linked investments. This concentration magnifies both the opportunity and the risk during succession.

History is unforgiving: 70% of wealthy families lose their fortune by the second generation, and 90% by the third. The reasons are well documented: lack of trust and communication (60%), unprepared heirs (25%), poor governance, and inadequate structures.

This is where the modern family office becomes indispensable.

What a Family Office Actually Does in Wealth Transfer

A family office is no longer a luxury concierge. It is the institutional nerve centre that professionalises the preservation and transfer of wealth. Its core functions in generational transfer are:

1. **Governance & Family Constitution**
   - Drafting legally enforceable family charters that define decision-making, dividend policies, employment of family members, and conflict-resolution mechanisms.
   - Establishing family councils and assemblies to align generations on values and vision.
2. **Legal & Tax Structuring**
   - Selecting optimal jurisdictions and vehicles: revocable/irrevocable trusts, private trust companies (PTCs), foundations (e.g., Liechtenstein, Panama, Singapore), holding companies (Cayman, BVI, Jersey), and UAE mainland/free-zone companies.
   - Ring-fencing assets from forced heirship (Sharia or civil law), creditor claims, divorce, or political risk.
   - Pre-empting estate, inheritance, gift, and capital gains taxes (especially U.S. estate tax exposure for families with American assets).
3. **Succession Planning for Operating Businesses**
   - Gradual transfer of voting control via dual-class shares, usufruct structures (common in the Gulf), or golden-share mechanisms.
   - Professionalising boards with independent directors long before the founder steps aside.
4. **Next-Generation Education & Leadership Development**
   - Structured rising-generation programmes (financial literacy, philanthropy, entrepreneurship).
   - Mentorship, external board placements, and "shadowing" roles in the family office itself.
5. **Risk Management & Asset Protection**
   - Diversification away from concentrated single-business risk.
   - Insurance wrappers (private placement life insurance), dynasty trusts, and perpetual-purpose trusts to lock assets for 300–1,000 years in jurisdictions like Singapore or South Dakota.
6. **Philanthropic Legacy**
   - Establishing private foundations or donor-advised funds that bind generations around a common cause (increasingly important for Millennial and Gen-Z heirs who prioritise impact).

Without these structures, wealth fragments through taxes, family disputes, or mismanagement. With them, families can achieve multi-century continuity (e.g., the Wendel family in France, 17 generations since 1704).

The Explosive Growth of Family Offices in the UAE (2015–2025)

The UAE, and Dubai in particular, has become one of the world's fastest-growing family office hubs. Key data points:

- 2020: ~80 single-family offices (SFOs) in the UAE
- 2025: >1,200 registered SFOs and multi-family offices (MFOs) (Dubai International Financial Centre (DIFC) & Abu Dhabi Global Market (ADGM) data, plus mainland estimates).
- Assets under management/advisory by UAE-based family offices: estimated US$400–500 billion.
- Projected AUM by 2030: US$1–1.2 trillion.

How UAE Wins the Race

1. **Zero Income, Capital Gains, Inheritance, or Gift Tax**

   The UAE remains one of the few jurisdictions with genuine 0% personal taxation (even after the 9% corporate tax in 2023, which does not apply to personal investment income).

2. **Golden Visa & Long-Term Residency**

   Investment of AED 2 million in property or AED 10–50 million in a family office setup grants 10-year renewable residency for the entire family and key employees.

3. **Dedicated Family Office Regulations**

   - DIFC Family Wealth Centre Regime (2020): minimum US$1 million paid-up capital, substance requirements, but perpetual licences and 100% foreign ownership.
   - ADGM Private Family Office Registration (2022): even lighter touch.
   - Dubai Mainland Category – "Family Office – Single Family" licence (2023).

4. **Forced Heirship Opt-Out**

   DIFC and ADGM apply English common law. Families can register wills or trusts that completely bypass Sharia forced heirship (2/3 to children, 1/3 discretionary), a game-changer for Muslim families wanting flexibility.

5. **Geographic & Political Neutrality**

   Midway between Europe, Africa, and Asia; safe-haven reputation strengthened after 2022.

6. **Crypto & Digital Asset Acceptance**

   Dubai's VARA regulator and ADGM's progressive digital-asset framework have attracted next-generation wealth that is heavily allocated to Bitcoin, Ethereum, and tokenised real assets.

Challenges Remaining for UAE Family Offices

- Talent shortage: the UAE still imports most senior family office executives.
- Regulatory arbitrage risk: OECD and EU continue to pressure "tax haven" jurisdictions; UAE's substance rules are tightening.
- Currency peg vulnerability: the AED–USD peg is stable but not immortal.
- Geopolitical perception: some families remain hesitant despite on-the-ground reality.

The Bottom Line

Generational wealth transfer is no longer a private family matter; it is a sophisticated institutional process requiring decades of advance planning. The families that succeed will be those that treat wealth preservation like a listed company treats corporate governance: with independent oversight, transparent rules, and professional management.

The UAE has positioned itself as the most compelling jurisdiction in the world for families who want control, privacy, tax efficiency, and common-law flexibility while remaining inside the Islamic world. The explosive growth from <100 family offices in 2020 to >1,200 in 2025 is not hype — it is the physical manifestation of trillions of dollars voting with their feet.

For the rising generation of heirs, the question is no longer whether to establish a family office, but where, how soon, and under which legal framework. In 2025 and beyond, an increasing number are answering: Dubai or Abu Dhabi, today, and for centuries to come.

This article is contributed by Shajan Abraham, Partner, Consulting and Back Office Support Service Division

From Breach to Blue Print: Why Cyber Security Demands Proactive Preparedness

The Wake-Up Call

It was a typical Monday morning in Dubai. Metro platforms were crowded with office-goers, cafés were buzzing, and traffic inched along Sheikh Zayed Road as the city eased into a new week. In the middle of this familiar rhythm, a frantic call shattered the calm. An anxious organization reported that its systems had been compromised, email accounts cloned, confidential data accessed without authorisation, and funds siphoned off within minutes.

As cybersecurity specialists delved into the incident, a picture of the breach began to emerge. It wasn't the result of a single mistake, but of weaknesses that had quietly built up over time, small gaps that together, created an opportunity for attackers. Step by step, the team traced how the intrusion had unfolded, uncovering the paths through which systems were compromised and sensitive data exposed.

Hidden Threats

To turn the situation around, they followed a structured Assess-Test-Remediate approach. Vulnerabilities were identified and tested, risks were carefully prioritised, and targeted remediation efforts were implemented. Systems were re-tested, and employees received focused cybersecurity awareness training to strengthen the human layer of defense. Slowly but surely, the organisation regained control over its digital environment, closing the gaps that had allowed the attack to take hold.

As the organisation began regaining control of its systems, a sobering realisation set in: **cybersecurity today is no longer about responding better, it is about preparing earlier.** The cost of waiting until a breach occurs can be far greater than most anticipate. A single cyber incident doesn't just cause temporary downtime; it can grind operations to a halt, erode client confidence, expose sensitive personal and corporate information, attract regulatory scrutiny, and damage leadership credibility.

The Hidden Costs of Delayed Action

Industry surveys indicate that a large number of small and mid-sized businesses are unprepared for major cyberattacks. For example, a recent survey found that 75% of respondents estimated they would be unable to continue operations for more than a few days following a ransomware incident, and many lack baseline security measures such as multi-factor authentication. In the most severe cases, ransomware can freeze entire databases, forcing organisations into painful choices: negotiate with attackers demanding cryptocurrency payments or rebuild systems from scratch. The latter often means months of reconstructing enterprise structures, charts of accounts, general ledgers, sub-ledgers, master data, and other critical records, while employees focus fully on restoring operations.

Building Strong Foundations for Lasting Resilience

These realities highlight a simple truth: **resilience is built on strong foundations.** Advanced tools and AI-driven security solutions deliver little value without robust governance, effective controls, and a workforce trained to recognise and respond to threats. A practical, layered approach to cybersecurity emphasizes:

- Governance & Policy Frameworks - Establishing clear, actionable policies aligned with business objectives.
- Vulnerability Assessment & Penetration Testing (VAPT) - Identifying, validating, and prioritising weaknesses across systems, applications, and networks.
- Targeted Remediation & Re-Testing - Supporting internal teams in addressing vulnerabilities and verifying the effectiveness of corrective actions.
- Awareness & Training - Empowering employees to act as the first line of defense against evolving cyber threats.

Taken together, these steps do more than reduce exposure, they enable organisations to mature their cybersecurity posture in a structured, sustainable way, transforming reactive measures into proactive preparedness.

Cybersecurity as a Business Enabler

Cybersecurity is no longer a purely technical function; it has become a strategic business enabler. Organisations that embed strong governance, regular testing, and workforce awareness into their operations consistently demonstrate greater operational resilience, smoother digital transformation, and stronger long-term trust with clients and stakeholders.

As digitalisation accelerates across the region, the question is no longer whether cyber threats will emerge, but whether organisations are ready before they do. By shifting focus from reaction to preparation, businesses can transform cybersecurity from a source of risk into a driver of resilience, performance, and enduring confidence.

Page 5 – This article is contributed by Sangeet.P.Pillai – Manager IT, Technology Division.

Interview with **Mr. Deepak K. Pagarani,** Chairman, Al Maya Group

Background

Deepak Pagarani serves as the Chairman of Al Maya Group, a diversified UAE-based retail and FMCG distribution company founded in 1982. Under Mr. Pagarani's leadership, Al Maya has reinforced its footprint in the UAE and across the GCC, including Oman, Qatar, Kuwait and Bahrain, with a wholesome focus on both supermarket retail operations and the distribution of international brands.

At the heart of his leadership agenda is operational excellence and strategic infrastructure investment: the group's warehousing and logistics capabilities have been enhanced (notably at the National Industries Park in Dubai) and digital tools such as mobile sales force automation and business intelligence systems have been deployed to boost efficiency and responsiveness. Mr. Pagarani is also steering the company into evolving consumer-trends such as healthier food options and expanded regional distribution, while retaining the heritage of Al Maya's supermarket chain that has served the UAE community for decades.

With his role, Deepak Pagarani represents a new generation of family-business leadership in the UAE, combining global brand distribution, regional retail scale, and digital innovation. We had the chance to have a heart-to-heart conversation with this reclusive gentleman to showcase his insightful personality.

Interview Q&A

You have had a fascinating journey from your earlier roles to leading Al Maya. What were the pivotal moments that shaped your leadership philosophy?

Being born into a business-oriented family, I was fortunate to interact with many successful entrepreneurs, including my father. From an early stage, I received hands-on training across multiple functions—from store and warehouse operations to accounting and legal.

This exposure gave me a practical understanding of decision-making, crisis management, and value creation. These experiences played a significant role in shaping my leadership philosophy.

I believe in authenticity and a values-based approach to leadership. I prioritise clear, direct communication and empower my teams with the autonomy they need to execute effectively.

I often tell my team that I do not need to be the smartest person in the room. Instead, I strive to build teams of domain experts who collaborate to create meaningful value together.

When you took on the Chairman role at Al Maya Group, what was your vision for the organisation, and has it evolved in unexpected ways?

My vision for the organisation was centred on being both value-driven and data-driven. When there is clarity around value creation, decision-making becomes more decisive and effective. Once decisions are implemented, performance is closely monitored against defined benchmarks using data-driven tools.

Like any organisation, our evolution has been shaped by the business environments and challenges encountered along the way. These experiences have required us to stay agile and continuously refine our approach.

In a fast-moving retail & FMCG environment like the UAE and GCC, how do you stay grounded in the company's core purpose while pursuing growth?

Every business leader must recognise the impact their decisions have on both internal and external stakeholders. This sense of responsibility makes one more accountable for those decisions.

However, accountability should not lead to indecision or delays. I strongly believe in making timely decisions, moving forward with clarity, and being prepared to navigate unforeseen challenges along the way.

This approach empowers teams to innovate, take initiative, and experiment with new ideas.

The retail and FMCG landscape is undergoing a major disruption (digital commerce, supply-chain volatility, changing consumer behaviour). How is Al Maya Group positioning itself to thrive in this environment?

Al Maya has always embraced technology and used it as an enabler for growth and operational excellence. Our distribution division leverages digital tools to monitor productivity and develop dashboards for more effective business management.

We have also onboarded a data scientist, supported by a dedicated team, to drive dashboarding and the broader digitisation of processes.

We have implemented workflows and robotic process automation (RPA) to reduce manual dependency, and we are actively exploring the use of AI to further enhance efficiency and decision-making.

Our philosophy is to be part of the disruption rather than be disrupted—an approach that has guided several of our strategic investment decisions.

If you look 3-5 years ahead, what do you see as the biggest opportunity for your business and one of the biggest threats?

Over the next 3–5 years, we see significant opportunity in consolidating our position across the verticals in which we operate and strengthening our presence across existing geographies.

Our strategic focus will include consolidation, expansion into complementary ancillary businesses, and selective geographic growth.

At the same time, key challenges include increasing competition, evolving consumer expectations, and ongoing supply chain volatility, which require us to remain agile and forward-thinking.

Private labels, sustainability, and circular economy thinking are gaining traction. How is Al Maya navigating these trends?

We are currently in the process of renewing and strengthening our private label portfolio to better align with evolving consumer preferences.

We view sustainability not as an initiative, but as an integral part of how we operate and create long-term value. For instance, the design of our distribution centre incorporates natural lighting, we have installed solar panels to reduce our carbon footprint, and we recycle wastewater to support landscape irrigation.

We are also in the process of introducing EV charging stations at our premises to support cleaner mobility solutions.

With data, AI and analytics reshaping retail, how do you balance "data-driven decision making" with the human instincts and frontline retail wisdom?

As mentioned earlier, we strongly believe in data-driven decision-making. However, this does not mean we overlook the importance of human instincts or frontline retail experience.

We ensure that data is appropriately normalised and contextualised, while also integrating practical insights and human judgement into our decision-making process.

How do you personally stay energised and resilient given the demands of modern executive leadership (especially in a dynamic market like the UAE)?

I maintain a healthy and disciplined lifestyle, which helps me stay focused and resilient amid demanding schedules.

I am also fortunate to have four wonderful "stress busters" at home—my children—who keep me grounded, motivated, and energised.

Reflecting on the UAE and international workforce mix: how do you foster inclusivity, diversity and cross-cultural collaboration in your group?

Our HR policies are designed to promote inclusivity and diversity across all levels of the organisation.

We also have structured staff engagement initiatives that encourage collaboration, strengthen team cohesion, and foster cross-cultural understanding.

For mid-career professionals in the UAE/region who aspire to senior leadership, what are the three attributes or experiences you believe matter most?

Emotional intelligence, adaptability, and digital fluency are the three attributes I believe matter most. Together, these enable professionals to navigate complexity, lead diverse teams effectively, and stay relevant in an increasingly technology-driven business environment.

MEET OUR TEAM MEMBER

NAWAF MOHAMED

Manager, Audit Division

Nawaf is an Associate Chartered Accountant (ACA) from the Institute of Chartered Accountants of India, with extensive experience in IFRS implementation assignments and has been with PKF since May 2019. He is responsible for leading audit and assurance services to various clients, including multinational companies, engaged in manufacturing, trading, construction and contracting, real estate, shipping, travel, and service industries.

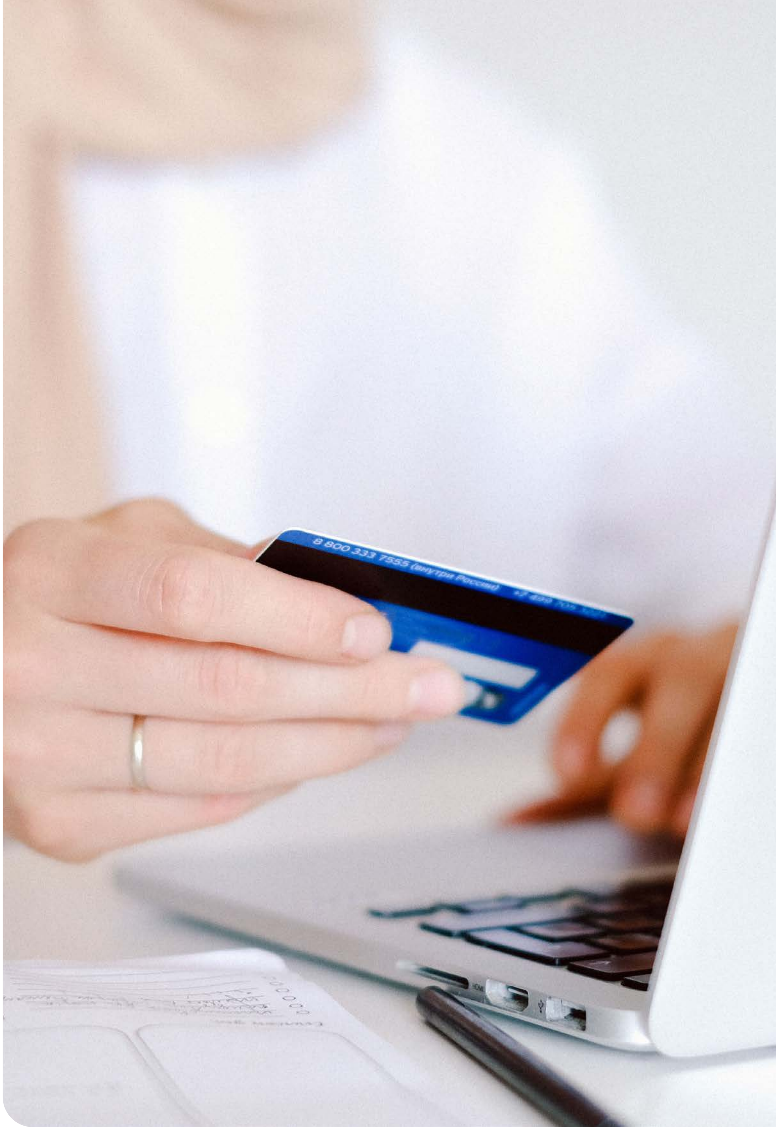
As a Manager, Nawaf oversees audit engagements and is responsible for the planning, coordination, and supervision of engagements. He is supported by a team of qualified professionals and serves as the dedicated point of contact for each engagement. He is readily available to address client queries and ensures that audits are completed in line with agreed reporting timelines.

Prior to joining PKF, Nawaf worked in Bahrain as a Finance Manager. His wife, Nooraa, is also a Chartered Accountant. He is a proud father of two young children, Nazwa and Nahyan, who bring joy and balance to his personal and professional life.

Outside his professional pursuits, Nawaf enjoys swimming, participating in social service activities, and has a strong passion for traveling and exploring new places.

TAX UPDATE

UAE Transfer Pricing Regulations: New Era of Visiting Transfer Pricing Regulations



Introduction of UAE Transfer Pricing Regulations

With the introduction of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ('the Corporate Tax Law'), effective for financial years beginning on or after 1 June 2023, the UAE formally introduced transfer pricing ('TP') through its corporate tax framework, ushering in a new era of transparency, governance, and international alignment.

The UAE's corporate tax framework aligns closely with the globally recognized standards of the Organization Transfer Pricing Guidelines, showcasing the country's commitment to transparency, consistency, and fair taxation practices.

Under the Corporate Tax Law, all transactions with Related Parties and Connected Persons must comply with the arm's length principle. In essence, prices charged between related entities must reflect what independent parties would agree under similar circumstances.

TP Documentation Obligations – What, When, and How

Taxpayers undertaking intercompany transactions are required to maintain transfer pricing documentation in line with OECD standards. The table below summarizes the key documentation requirements.

Document Type	What it Covers	Who is Required	When / How to Comply
Transfer Pricing Policy	Group approach to intercompany pricing, methods, and governance.	Recommended for all groups having related party transactions.	Maintained on an ongoing basis.
Transfer Pricing Disclosure in Corporate Tax ('CT') Return	Summary disclosure of Related Party ('RP') and Connected Person ('CP') transactions.	• Aggregate RP transactions > AED 40 million and per category of RP transactions > AED 4 million; • CP payments > AED 0.5 million.	Filed annually with the CT return.
TP Benchmarking Study	Benchmark the intercompany transactions whether it is at Arm's length price.	Required for taxpayers undertaking the intercompany transactions	Prepared contemporaneously and updated periodically (typically every 3 years, with annual financial updates).
Master File (MF)	Group-level business, value chain, intangibles, and TP policies.	UAE taxable person with standalone revenue ≥AED 200 million or Multinational Entities ('MNE') group revenue ≥ AED3.15 billion **(only for entities forming part of MNE group having presence in more than 1 jurisdictions).**	Prepared & maintained contemporaneously and submitted to the Federal tax Authority ('FTA') within 30 days upon request.
Local File (LF)	UAE-specific analysis and pricing support for related party transactions.	UAE taxable person with standalone revenue ≥ AED 200 million or MNE group revenue ≥ AED3.15 billion	Prepared & maintained contemporaneously and submitted to the FTA within 30 days upon request.
Country-by-Country Reporting (CbCR)	Jurisdiction-wise snapshot of group revenues, profits, taxes, and key economic indicators.	MNE groups with consolidated revenue ≥ AED 3.15 billion.	Filed annually within 12 months from the end of the group's financial year.

Consequences of Non-Compliance

Failure to comply with UAE TP documentations can result in tax adjustments and administrative penalties tabulated below:

Aspect	Non Compliance	Key Consequence
Arm's length pricing	Related party transactions not priced in accordance with the arm's length principle.	• FTA may adjust taxable income upwards, increasing CT payable. • Qualifying Free Zone entities may lose the 0% Corporate Tax benefit, if not compliant with TP
TP documentation (Relevant documents/ MF/LF)	Failure to maintain or submit required documentation upon request.	Administrative penalties i.e. AED 10,000 per violation, rising to AED 20,000 for repeat breaches within 24 months from the date of the last violation.
CbCR	Late filing, non-filing, failure to maintain or provide information, or submission of inaccurate information.	Penalties may include: • Fine up to AED 1 million plus AED 10,000 per day (capped at AED 250,000) for late filing; • AED 100,000 for failure to maintain or provide information; and • Inaccurate or incomplete information can attract additional penalties from AED 50,000 to AED 5 million.

First Filing Cycle: Practical Observations from the Ground

The first UAE Corporate Tax filing cycle exposed common challenges for businesses, including group structures not aligned with tax requirements, insufficient transfer pricing benchmarks, and intercompany expense allocations without proper arm's length support. Many companies tackled transfer pricing only during year-end close, resulting in rushed adjustments and struggles to justify transfer pricing.

Companies with proactive transfer pricing strategies, backed by contemporaneous documentation and structured intercompany pricing policies, navigated the process far more efficiently than those treating it as a mere compliance formality.

Recent Developments and Amendments

The UAE's TP environment continues to evolve, particularly in dispute resolution mechanisms such as the Mutual Agreement Procedure and Advance Pricing Agreements:

Mutual Agreement Procedure ('MAP')

MAP is a treaty-based mechanism that allows the tax authorities of two jurisdictions to resolve cases of double taxation. Where a UAE entity faces an adjustment by a foreign tax authority, the UAE Competent Authority may engage under the relevant tax treaty to negotiate a resolution.

Advance Pricing Agreements ('APAs')

- Allow taxpayers to secure FTA pre-approval on transfer pricing methodologies for specific transactions over 3–5 years (application fee: AED 30,000; renewal fee: AED 15,000), targeting high-value or complex controlled transactions (typically ≥ AED 100 million arm's length value per tax period).
- Offers certainty, lower audit risk, and greater predictability for complex, high-value cross-border and domestic transactions (prospective only; unavailable during disputes or non-compliance).

Looking Ahead: Turning Compliance into strategic value

To strengthen TP resilience and transform compliance into strategic value, businesses should:

- Conduct regular reviews of documentation, pricing methodologies, and internal systems to spot and address potential gaps.
- Prepare and maintain contemporaneous transfer pricing documentation throughout the year, rather than waiting until filing or audit deadlines.
- Evaluate potential audit risk areas such as persistent losses, unusual profit margins, restructurings, or material related party transactions and support them with robust functional and economic analyses.
- Consider the UAE APA framework to gain certainty and align complex transactions with FTA expectations.

Adopting a proactive and transparent approach transforms transfer pricing from a compliance burden into a hallmark of a well-managed, resilient business.

"The best way to predict the future is to create it"
– Peter Drucker.

By building robust, principle-based transfer pricing frameworks today, UAE businesses can confidently shape a compliant, efficient, and sustainable future in the global marketplace.

This article is authored by Shailesh Kumar, Associate Partner, and Yogesh Kawar, Manager - Tax Division

Events and Happenings

PKF EMEI Gathering and Global Tax Pillar Meeting 2026

More than 230 delegates from 44 countries attended PKF's 2026 Lisbon events, strengthening global collaboration and connections. Keynote speaker Miguel Figueiredo, coach, mentor and partner at InsightOut, delivered a powerful and thought-provoking address, challenging leaders to reframe innovation not as a technology race, but as a deeply human capability. Drawing on nature, behavioural science and leadership practice, Miguel explored why following trends blindly creates noise and wasted investment. He identified the factors that truly enable organisations to endure and thrive: clarity of purpose, cognitive discernment, courageous leadership and psychological safety. The sessions at the gathering covered AI, cybersecurity, private equity, audit quality and the future of professional services. Tax experts explored Pillar II, transfer pricing, compliance and cross-border M&A trends. PKF's leadership programme developed coaching, communication and management skills for emerging leaders. The events also raised €5,250 to support education and empowerment projects in Zambia. Our Managing Partner, Stany Pereira attended the session.

PKF Africa Gathering 2026

PKF Global's Africa Gathering 2026 in Johannesburg brought together 115 delegates from across Africa and beyond to collaborate, share insights and explore growth opportunities. The programme featured inspiring keynote perspectives on leadership and innovation, alongside practical sessions on leveraging the PKF network to deliver client-focused solutions. Delegates experienced unique moments including a visit to the Johannesburg Stock Exchange, reinforcing shared values of transparency, trust and strong governance. The event also strengthened relationships with key organisations such as SAICA and PAFA, supporting the advancement of the accounting profession across Africa. Fundraising efforts contributed to community impact initiatives in Zambia, reflecting PKF's ongoing commitment to making a positive difference.

Did you know?

Honey Bee hive

A honey bee hive is a masterpiece of natural engineering, optimized for space, temperature control, and rapid communication. Every physical component is designed to maximize resource storage and ensure colony survival. Bees build cells as perfect hexagons to maximize structural efficiency. Hexagons fit together perfectly with no gaps or shared walls. The shape uses the absolute least amount of wax while holding the maximum weight of honey. The interconnected geometry distributes weight evenly, keeping the fragile comb from collapsing.

Baobab Tree

The baobab tree (Adansonia) is a legendary African and Madagascan icon. Also known as the "Tree of Life" and the "upside-down tree", its primary specialties include massive water storage, immense lifespans, and incredibly nutrient-dense superfruits. The bulbous, fibrous trunks act as massive water tanks. A single tree can hold up to 32,000 gallons of water to survive severe savanna droughts. Baobabs can live between 1,000 and 3,000 years. Their hollowed-out, ancient trunks have historically been used by humans as shelters, prisons, and even post offices.

Budget 2026: Focus on Attaining Sustainable Development

His Majesty Sultan Haitham Bin Tarik, for the year 2026 has approved the State General Budget marking the first year of the Eleventh Five-Year Development plan, focusing on strengthening fiscal sustainability, improving the efficiency of public financial management, and supporting the objectives of Oman Vision 2040. The budget is prepared by focusing on financial, economic, and social stability.

The preliminary results for 2025 indicate a 5% increase in the public revenue, registering RO 11.760 Billion compared to the 2025 budget estimates. Moreover, the public spending is, up by 4% when compared to 2025 budget estimates. The fiscal deficit declined by 23% to RO 480 million, compared to the budget deficit of RO 620 million.

The National Centre for Statistics and Information (NCSI) indicate that GDP grew by 2.2% during 2025. Meanwhile, the average inflation rate increased to 0.9% by the end of November 2025 as compared to 0.6% over the same period in 2024.

In 2025, key credit rating agencies upgraded Oman's credit rating and revised its outlook upwards due to the continued efforts focused on sustainability and strengthening the State's financial position.

Below is a snapshot of the key financial elements from the Oman's Budget 2026:

Sr. No.	Particulars	Amount (in OMR)
A	**Budgeted Revenue**	**11.447 Billion**
	i. Oil Revenue	5.752 Billion
	ii. Gas Revenue	1.961 Billion
	iii. Other Revenue	3.734 Billion
B	**Budgeted Expenditure**	**11.977 Billion**
	i. Defence & Security expenditure	3.160 Billion
	ii. Civil Ministries expenditure	4.700 Billion
	iii. Public Debt Service	0.911 Billion
	iv. Investment expenditure	1.300 Billion
	v. Contributions & Other expenditures	1.906 Billion
C	**Budgeted Deficit**	**(0.530 Billion)**

* Budgeted average oil price per barrel @ USD 60

The 10th Five Year Development Plan (2021-2025) faced several domestic and global challenges, including a sharp drop in oil prices, pandemic's repercussions and rising public debt and related service costs.

However, this situation has improved with the public debt-to-GDP ratio reducing from 67.9% in 2020 to 35.7% by the end of 2025.

The estimated deficit will be financed through RO 130 Million of net domestic & external borrowing and the balance of RO 400 Million shall be withdrawn from Reserves.

The budgeted non-hydrocarbon revenue forms 33% of the budgeted revenue and reflect the Government's dedication in reducing reliance on hydrocarbon earnings over the long term. Additionally, the optimistic estimation of non - hydrocarbon revenue in the 2026 budget relies on the expectation of the increased tax and fee income due to economic recovery.

The current year's budget has been prepared based on the following economic and social objectives:

1. Building a diverse and sustainable economy.
2. Improving government performance through the implementation of digital transformation programs.
3. Increasing housing loans from the Oman Housing Bank to enhance citizens' opportunities to own homes.
4. Achieving economic growth of at least 3%.
5. Maintaining the quality of basic social services.
6. Empowering Governorates to implement development programs.
7. Providing insurance coverage and social protection for community segments.
8. Advancing education and training while enhancing scientific research and innovation.
9. Continuing the government employment plan in the public and private sectors.
10. Sustaining essential government subsidy.

It is to be noted that the preliminary results for 2025 show a deficit of RO 480 million, due to higher development spending. Despite this, the deficit remains limited at 1.3% of GDP, alongside projected economic growth of 2.2% by end-2025. This indicates the economy's capacity to balance increased spending with fiscal stability, while supporting long-term growth through investment in infrastructure and key sectors.

This article is compiled by Mr. Bhartesh Poojari, Senior Director of PKF LLC, the PKF member firm in the Sultanate of Oman.

RANGE OF SERVICES

Audit, Assurance & Advisory
- Statutory audit
- Other assurance services including Agreed-upon Procedures
- Compilation of financial statements
- Agreed-Upon Procedure for RERA
- Unified In-Country Value certification (ICV) for ADNOC, ADDED, Aldar, Abu Dhabi Ports, ENEC and Mubadala
- Training, consulting, and implementation of IFRS
- Internal audit including compliance for DFSA and ADGM regulated entities
- Enterprise risk assessment
- Internal control review
- Risk management review
- Finance and Accounting Procedures Manual
- Business process review
- Due diligence reviews
- Forensic and other investigations
- Delegation of authority matrix
- Information technology / cybersecurity review

Corporate Finance
- Financial due diligence
- Market analysis and feasibility studies with financial forecasts
- Business & share valuations
- Identification & valuation of intangible assets on a business acquisition (purchase price allocation)
- Impairment reviews
- Preparation of Business Plans and Information Memoranda
- Fund raising
- Advice on partner/share holder entry/exit
- Review of financial models
- Sale of business

Business Process Outsourcing
- Book-keeping and accounting services
- Payroll and HR management and processing
- Confidential processing of payroll
- Short term placement of accounting staff
- Outsourced accounting & payroll services for DIFC companies
- Fixed asset management
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Structuring Services
- Entry strategy
- Free zone, mainland, and offshore company formation
- Company liquidation / de-registration services
- Registered agent and registered office services
- Company re-domiciliation / migration services
- Visa services (application and renewal)
- Conversion of mainland LLCs to 100% foreign ownership
- Identification of local agent for mainland professional licenses
- Succession planning
- Statutory compliance services for UAE based entities

Tax Advisory and Compliance
- Tax Advisory Services
- VAT and Excise Tax Implementation support
- VAT and Excise Tax registrations, amendments, and deregistration
- Assistance in preparing and filing of VAT and Excise Tax returns
- Diagnostic reviews and health checks for VAT and Excise
- Represent / liaison with relevant authorities on taxation matters
- Tax Agency Services
- Assistance in evaluation, preparation & filing of reports under UAE ESR & CbCr regulations
- Cross-Border tax advisory
- Tax due diligence
- Training on tax matters

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