

# Transfer Pricing- Managerial Remuneration

Simplified for you

**MICS**

Comprehensive Financial Services



Strictly Private & Confidential

# Our Tax Team



**Sheetal Soni, CA, CFA**  
**Partner**



**Prateek Tosniwal, FCA**  
**Partner**



**Karishma B Suwarnakar, CA**  
**Head of Direct Taxes**



**Kushal Kumar, CA**  
**Tax Consultant**



**Ashish Kapadia, CA**  
**Tax Consultant**



**Saurav Kalkal, ACCA**  
**Tax Associate**

# Our Management Team



**Shweta Soni**  
Partner

She is a strategic thinker with a deep understanding of corporate services, banking products, and industry trends. She is playing a crucial role in driving the growth and success of the company by providing excellent service to clients and developing strong and deep relationships with stakeholders. Shweta possesses extensive expertise in addressing business setup needs for clients from diverse nationalities and activities



**CA Shubangi Tosniwal**  
Head of Audit

Shubangi is a subject matter expert in the fields of Auditing and Finance. During her career, she has actively contributed to various projects, including conducting statutory audit, tax Audit and limited reviews for publicly-listed companies from sectors like Banking, textile, real estate, marketing and service enterprises. Her diligent approach to internal auditing has contributed to the streamlining of organizational processes, the identification of control deficiencies.



**CA Karishma Suwarnakar**  
Head of Direct Taxes

Karishma is a Chartered Accountant with 5+ years experience in Accounting, Taxation Audits. She is heading Corporate Taxation department along with assistance to clients on Transfer Pricing and International Tax Advisory and Structuring. She has been delivering strategic tax solutions and optimizing financial outcomes for businesses of all sizes. Karishma has an extensive experience of dealing with clients from various freezones like DIFC, ADGM, JAFZA etc.



**Natasha Gupta**  
Head of Human Resources

Natasha is heading Human Resource department and assist senior management in managing HR policies, programs and in meeting the company's strategic requirements. She is a commerce graduate and has experience in developing recruitment strategies, overseeing staff benefits, and more.

# Our Management Team



**CA Tarun Agarwal**  
Head of Accounts & Taxation

Tarun is a highly skilled professional who specializes in conducting independent and objective assessments of an organization's financial records, internal controls, and compliance with applicable laws and regulations. Tarun has led various tax and compliance related projects for entities from industries like Oil and gas, Environmental Consultancy Services, IT services etc.



**CA Rajvi Jariwala**  
Financial Analyst

Rajvi is a highly skilled and accomplished Chartered Accountant with more than 4 years of experience in various domains of accounting, auditing and finance. Her expertise lies in Valuation, Financial modeling and strategic advisory. She brings rich experience of IT, Steel Industry, General Trading, Real Estate, Textiles, Manufacturing industries.



**CA Siddharth Singhvi**  
Manager- Audit

Chartered accountant with 5 years of expertise in statutory audits, internal audits & corporate financing. Currently working as a professional consultant advising clients on the global structuring, international taxation advisory & Conducting statutory & internal audits for clients across the Middle East & India in different sectors such as precious metals, Oil & Gas, Service industries, Real estate



**Dr. Dimple Bhojwani**  
Head of M&A Advisory

As a highly accomplished financial analyst with a doctorate degree, she bring a wealth of expertise and academic rigor to the world of finance. With a strong foundation in economic theory and a commitment to data-driven decision-making, she have consistently delivered outstanding results in her role. Her analytical skills, honed through years of experience, have allowed her to navigate the complexities of financial markets with precision and insight.

# Our Executive Team



Comprehensive Financial Services



Linomon K L



CMA Shamil V K



CMA Jassim Karim



CMA Arshad VM



Umer Farooq



CMA Sabik Mon MT



Muhammed Yasir Minhaj M



Muhammed Shamlan



Nibin Benny



Haifa Haris



Pushpa Naik



Remya Sahadeven



Aquila Noel



Vivek Kumar Dubey

# What we do



Licensing & PRO



Banking Services



HR and Recruitment



Accounting, Tax And  
Compliance



Audit And Assurance



Corporate Tax &  
International Tax Advisory



Corporate Financial  
Services



Technology Services



Startup Investing  
& Advisory

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The following webinar is presented by a tax professional and is based on our understanding of tax laws and regulations as of the knowledge as on current date. While we strive to provide accurate and reliable information, we cannot guarantee the completeness or accuracy of the content presented during this webinar. Tax laws can be complex and may vary depending on the specific circumstances and jurisdiction. Therefore, it is essential to conduct independent research and consult the relevant tax authorities to ensure that you have the most current and accurate information. By participating in this webinar, you acknowledge and agree that we shall not be held responsible for any errors, omissions, or damages arising from the use of the information provided. We disclaim any liability for any actions taken or decisions made based on the content of this webinar. Thank you for your understanding.

# Our Webinars/Seminars/Staff Training



19 MAY, 2022

Understanding Public Consultation Document



23 JUNE, 2022

Understanding UAE CT with SME souk



19 DEC, 2022

UAE CT Law Simplified (Federal Decree Law)



25 MAY, 2023

Unravelling UAE CT



14 JUNE, 2023

UAE CT: Taxability of Free Zone entities



10 AUG, 2023

UAE CT: Simplifying freezone taxation



11 AUG, 2023

UAE CT: "Revaluation of Assets/Liabilities"



17 AUG, 2023

Seminar at Abu Dhabi with ICAI Dubai Chapter/Khaleej Times



# Our Webinars/Seminars/Staff Training



31 AUG 2023

UAE CT Fund and Fund  
Manager Taxation



07 SEPT 2023

Staff Training for  
Shipping industry



14 SEP, 2023

Decoding UAE CT In  
partnership with  
**Tally Solutions**



15 SEP, 2023

Staff Training for  
real estate  
industry



27 SEPT, 2023

Simplify UAE CT In  
association with *Dubai  
eye & EY*



21 DEC, 2023

Natural Person  
Taxation



21 JAN, 2024

Taxation on Tax  
Groups under UAE  
CT



22 FEB, 2024

Family Foundations in  
UAE



07 MAR, 2024

CT Registration  
Deadlines explained

# Our Videos/Webinars on Corporate Tax

## UAE CT Simplified

<https://www.youtube.com/@mics2024/playlists>

## UAE CT Explained as per Public Consultation Document

<https://youtu.be/O5KdVbETdo4>

## SMEsouk presents Webinar on Corporate Tax

<https://youtu.be/8C9Ta0hp0kQ>

## UAE CT Law Simplified (Federal Decree Law)

<https://youtu.be/1GABzmHg64c>

## UAE CT Law : Revaluation of Assets & Liabilities

<https://youtu.be/zQL2dsK-Ifc>

## Taxation on Natural Person

<https://www.youtube.com/watch?v=Q24x0fw6VJ8>

## Family Foundations in UAE

<https://www.youtube.com/watch?v=GSQvBuv5MaE>

## CT Registration

<https://www.youtube.com/watch?v=7DUPie8-CyY>



# UAE CT Opinion Articles in Newspapers

**11 Sep 2023** Impact of corporate tax on real estate investors in the UAE

[www.khaleejtimes.com/business/impact-of-corporate-tax-on-real-estate-investors-in-the-uae](http://www.khaleejtimes.com/business/impact-of-corporate-tax-on-real-estate-investors-in-the-uae)

**18 Sep 2023** Impact of corporate tax on Investment funds investment managers and investors

[www.khaleejtimes.com/business/impact-of-corporate-tax-on-investment-funds-investment-managers-and-investors](http://www.khaleejtimes.com/business/impact-of-corporate-tax-on-investment-funds-investment-managers-and-investors)

**25 Sep 2023** Impact of corporate tax on freezone entity

[www.khaleejtimes.com/business/uae-impact-of-corporate-tax-on-free-zone-entities](http://www.khaleejtimes.com/business/uae-impact-of-corporate-tax-on-free-zone-entities)

**2 Oct 2023** Impact of corporate tax on manufacturing companies

[www.khaleejtimes.com/business/impact-of-corporate-tax-on-manufacturing-companies](http://www.khaleejtimes.com/business/impact-of-corporate-tax-on-manufacturing-companies)

**23 Oct 2023** Exempt Income

<https://www.khaleejtimes.com/business/exempt-income-provisions-under-uae-corporate-tax>

**26 Oct 2023** Tax Groups

[www.khaleejtimes.com/business/impact-of-corporate-tax-on-real-estate-investors-in-the-uae](http://www.khaleejtimes.com/business/impact-of-corporate-tax-on-real-estate-investors-in-the-uae)

**31 Oct 2023** Transfer Pricing and arms Length Principle, Documentation

[www.khaleejtimes.com/business/navigating-global-business-the-art-of-transfer-pricing-and-the-arms-length-principle](http://www.khaleejtimes.com/business/navigating-global-business-the-art-of-transfer-pricing-and-the-arms-length-principle)



# UAE CT Opinion Articles in Newspapers

**5 Nov 2023** **Commodity traders in UAE**

[www.khaleejtimes.com/business/exciting-news-for-commodity-traders-in-the-uae-on-corporate-taxation](http://www.khaleejtimes.com/business/exciting-news-for-commodity-traders-in-the-uae-on-corporate-taxation)

**11 Nov 2023** **UAE's single-digit corporate tax regime: Redefining global standards for fiscal efficiency**

[www.khaleejtimes.com/business/uaes-single-digit-corporate-tax-regime-redefining-global-standards-for-fiscal-efficiency](http://www.khaleejtimes.com/business/uaes-single-digit-corporate-tax-regime-redefining-global-standards-for-fiscal-efficiency)

**10 Dec 2023** **MNE Taxation**

[www.khaleejtimes.com/business/beyond-borders-unpacking-the-impact-of-corporate-tax-on-multinationals-in-the-uae](http://www.khaleejtimes.com/business/beyond-borders-unpacking-the-impact-of-corporate-tax-on-multinationals-in-the-uae)

**19 Dec 2023** **Accounting standards**

[www.khaleejtimes.com/business/decoding-accounting-standards-insights-for-modern-businesses](http://www.khaleejtimes.com/business/decoding-accounting-standards-insights-for-modern-businesses)

**28 Dec 2023** **Taxation on Foreign Entities**

<https://www.khaleejtimes.com/business/global-presence-local-impact-understanding-the-impact-of-uae-corporate-tax-on-foreign-entities>

**03 Jan 2024** **Taxation on Natural Persons**

<https://www.khaleejtimes.com/business/global-presence-local-impact-understanding-the-impact-of-uae-corporate-tax-on-foreign-entities>

**09 Jan 2024** **Understanding BEPS 2.0 pillar two rules and implementation strategies**

<https://www.khaleejtimes.com/business/understanding-beps-2-0-pillar-two-rules-and-implementation-strategies>



# UAE CT Opinion Articles in Newspapers

**24 Jan 2024** UAE family foundations

<https://www.khaleejtimes.com/business/uae-family-foundations-efficient-structure-to-navigate-new-tax-horizons-along-with-succession-plann>

**31 Jan 2024** A guide to foreign tax credits in UAE corporate tax law

<https://www.khaleejtimes.com/business/unlocking-global-opportunities-a-guide-to-foreign-tax-credits-in-uae-corporate-tax-law>

**07 Feb 2024** UAE tax exemption dynamics

[UAE tax exemption dynamics: Empowering exempt persons for economic progress - News | Khaleej Times](#)

**16 Feb 2024** Key Management compensation & transfer pricing dynamics

[PressReader.com - Digital Newspaper & Magazine Subscriptions](#)

**26 Feb 2024** Tax groups and qualifying groups

<https://www.khaleejtimes.com/business/global-presence-local-impact-understanding-the-impact-of-uae-corporate-tax-on-foreign-entities>

**13 Mar 2024** CT Registration Deadline

<https://www.khaleejtimes.com/business/times-ticking-register-for-corporate-tax-before-its-too-late>



# Topics Covered

- Transfer Pricing and its Emergence
- Related parties & Connected Persons
- Arm's Length Principle
- Transfer Pricing methods
- TP documentation and Consequences of Non-Compliance
- Transfer Pricing Applicability
- KMP Remuneration
- Documentation for KMP
- Importance & Challenges of Benchmarking

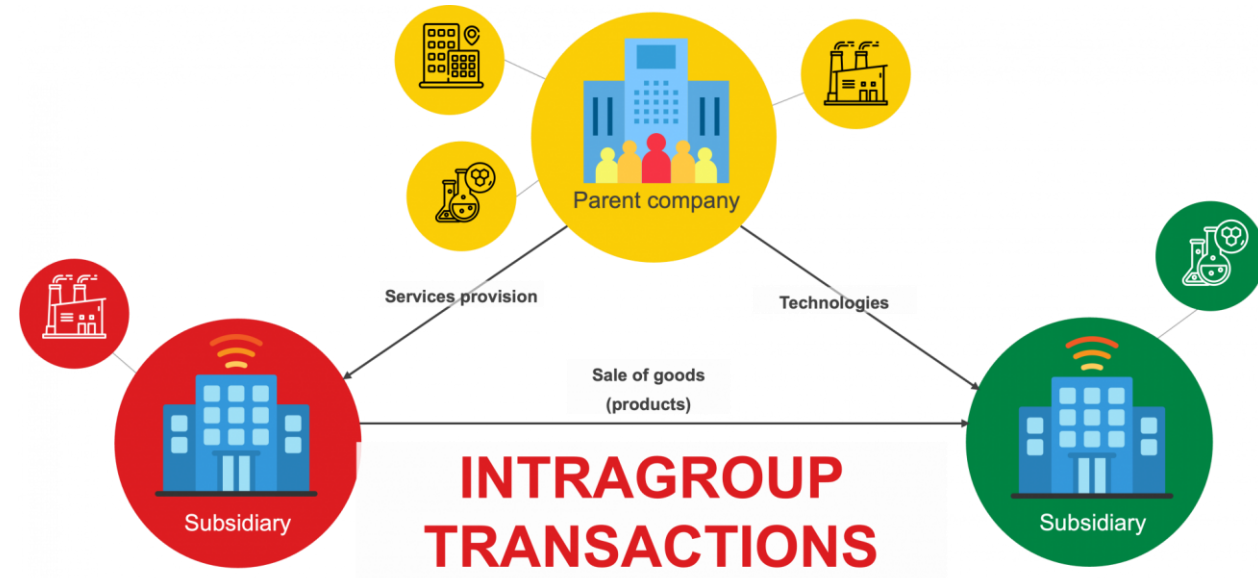


# What is Transfer Pricing?

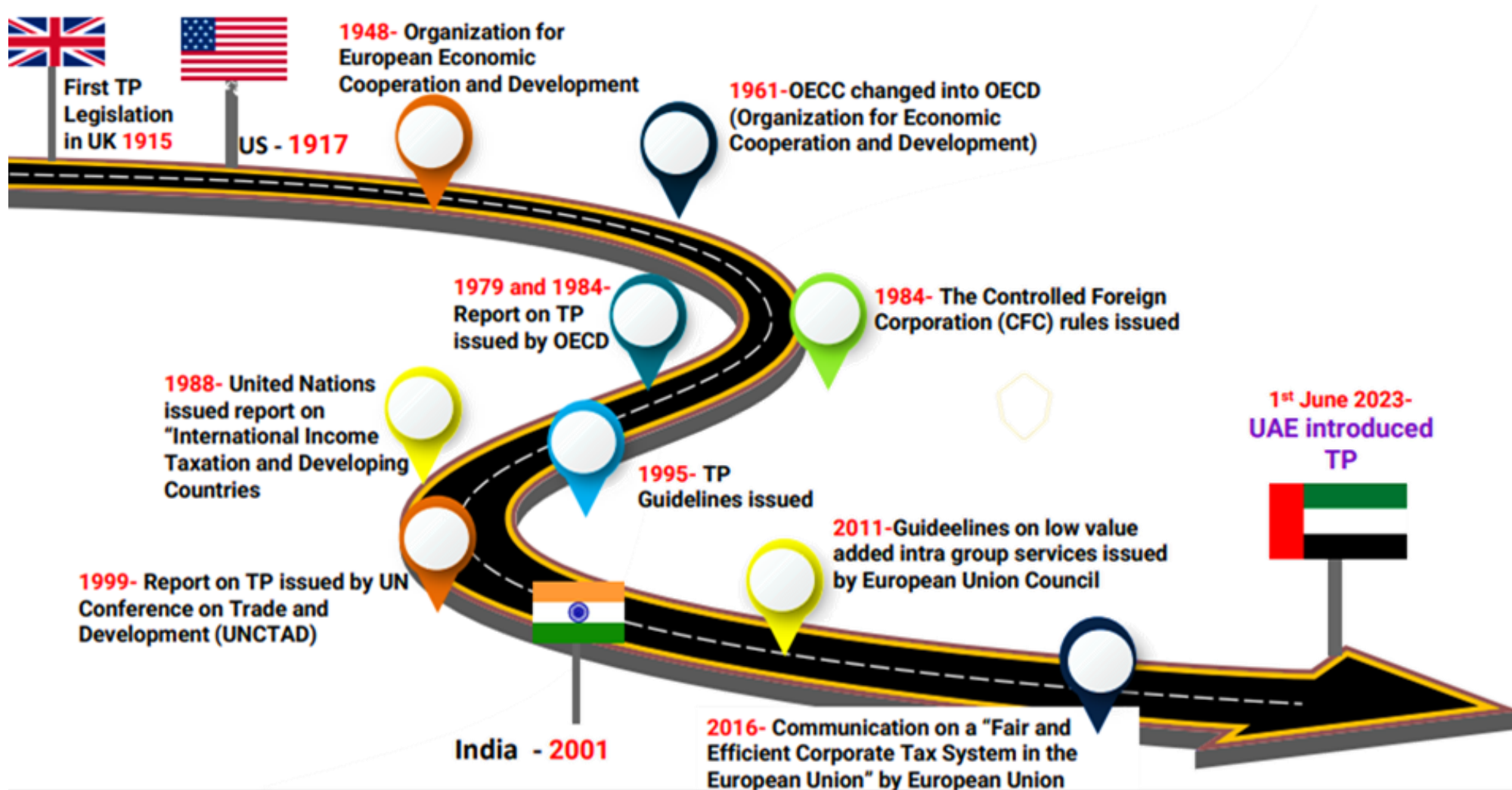
“Transfer Pricing”, refers to the price at which two related parties transact. In a tax environment, such a transaction is undertaken between two associated enterprises and is often referred to as a “transaction” Transactions may include (generally)

- Trade of Services
- Trade of Tangible Goods/ Intangibles
- Financial Transactions

**Transfer pricing is the term used to refer to all pricing arrangements between related parties/ connected persons**

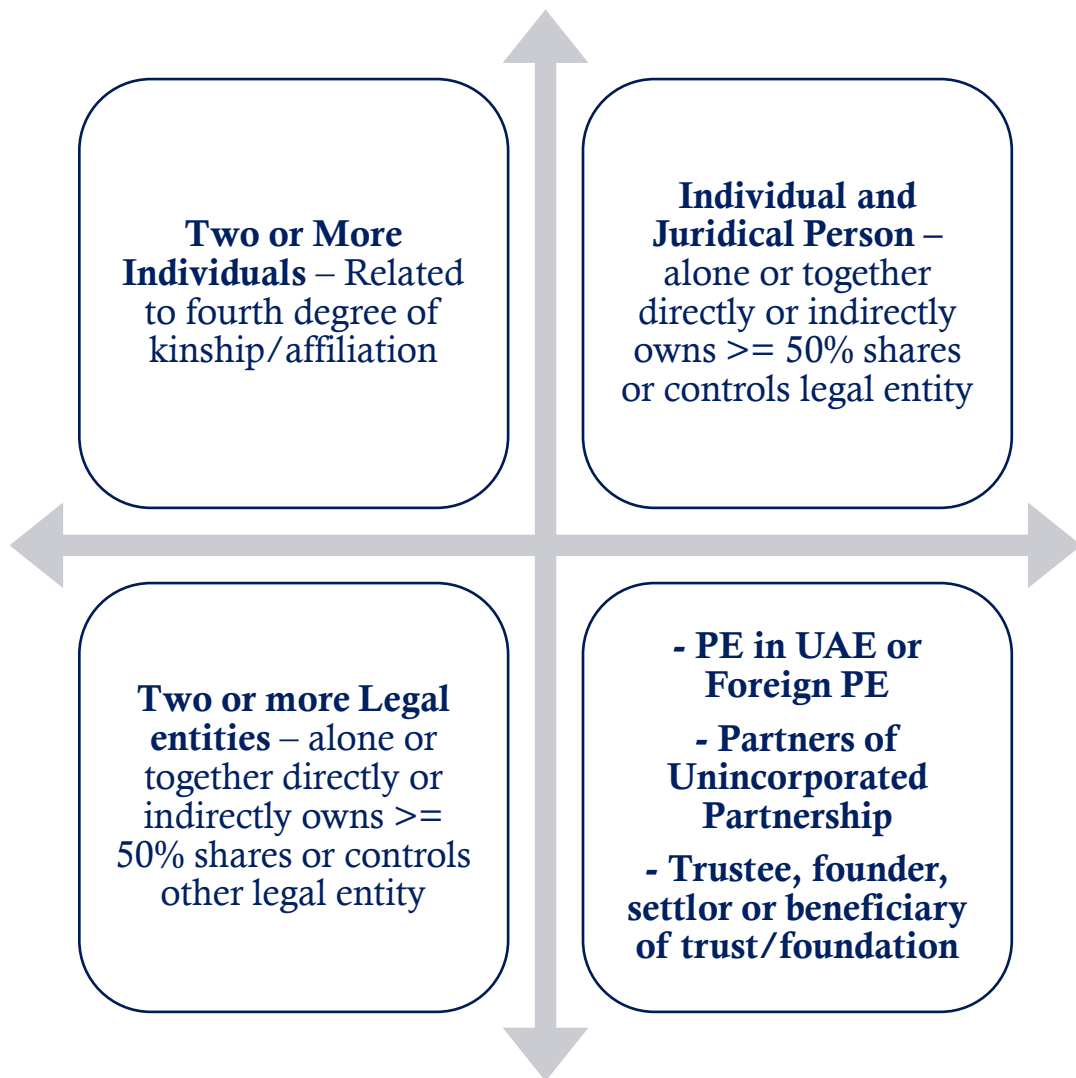


# Emergence of Transfer Pricing





# Related Parties



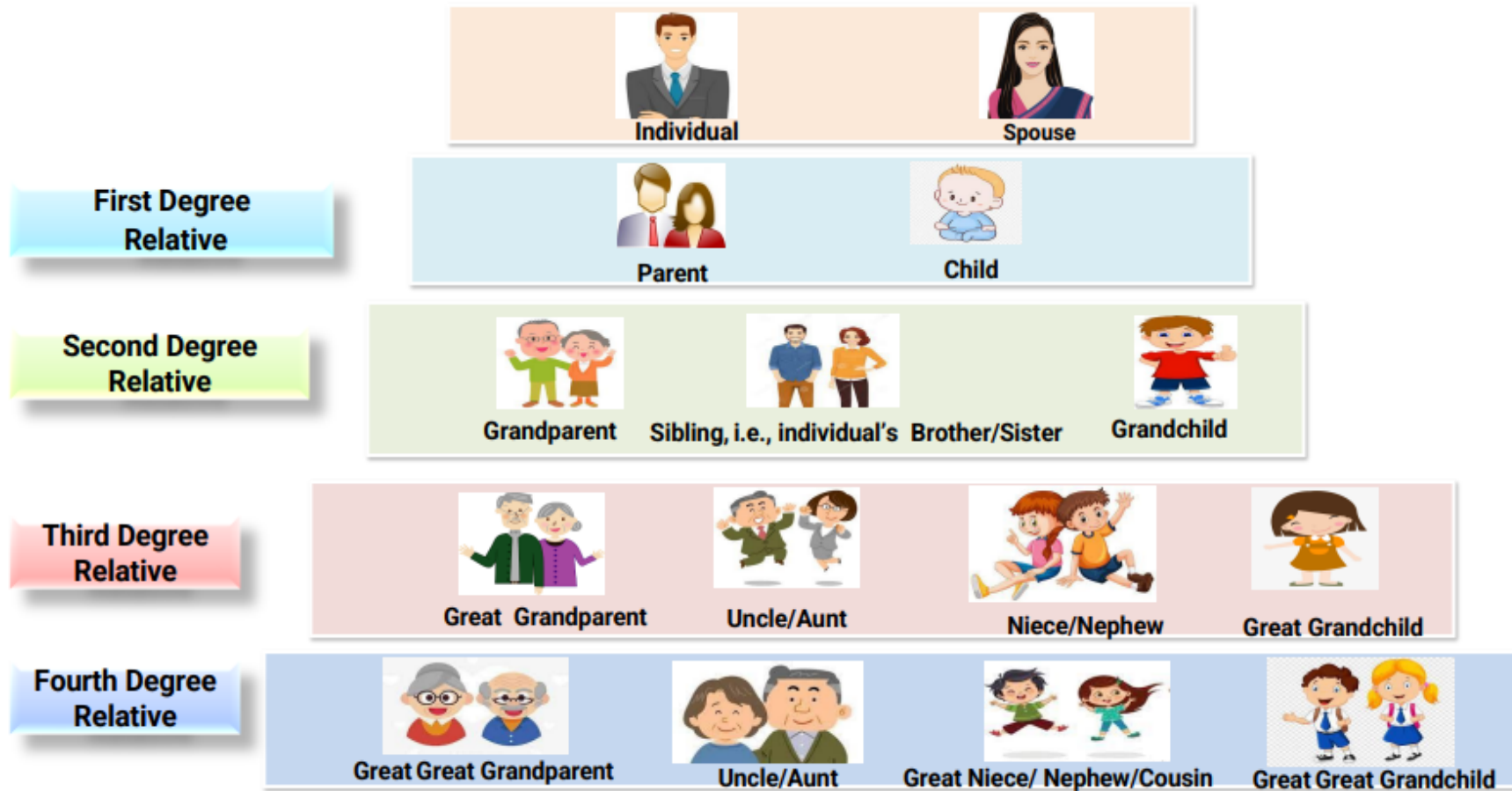
**Control means ability on influence –**

- **50% or more voting rights**
- **Appoint more than 50% of Board of directors**
- **Receive more than 50% of profits**
- **Determine or exercise significant influence over conduct of business**

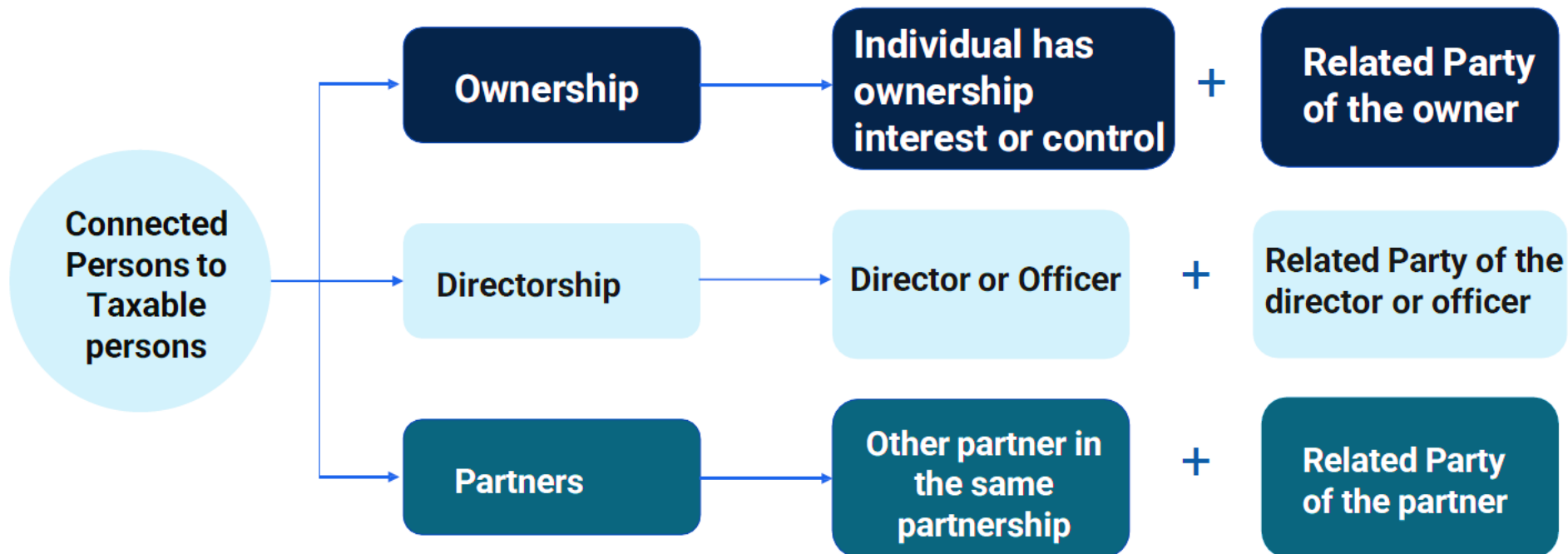


Article 35 of the CT Law

# Four Degrees of Kinship

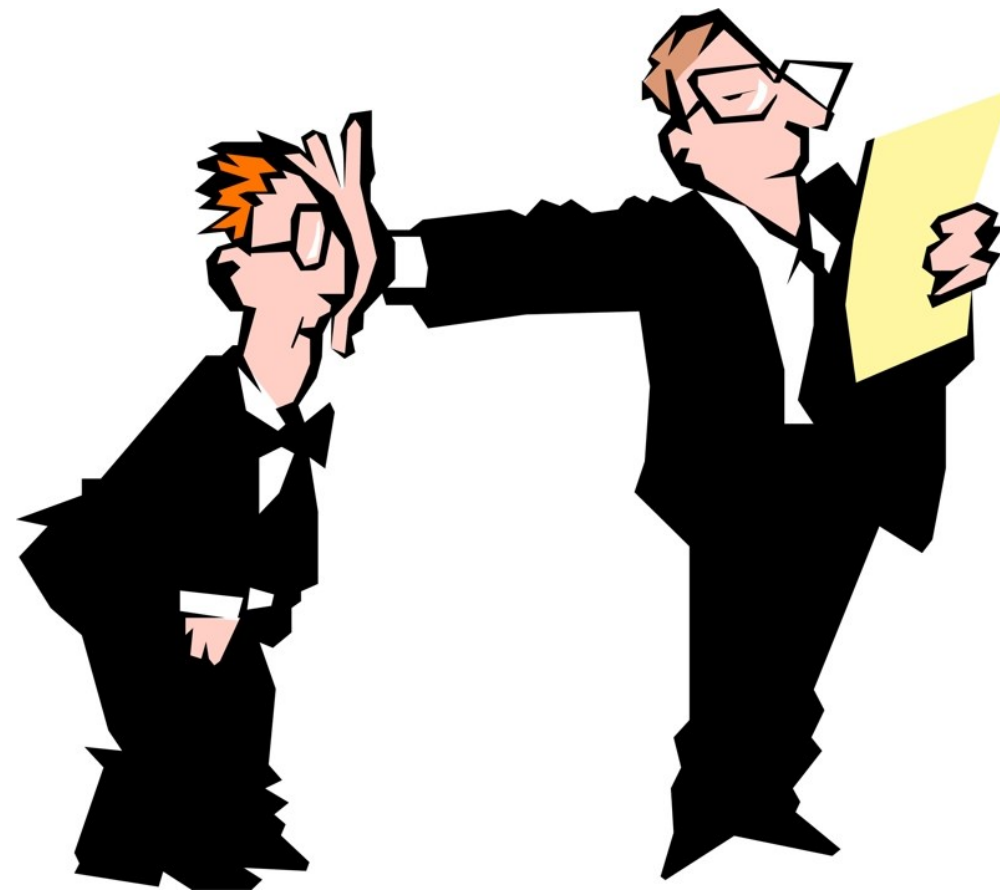


# Connected Persons



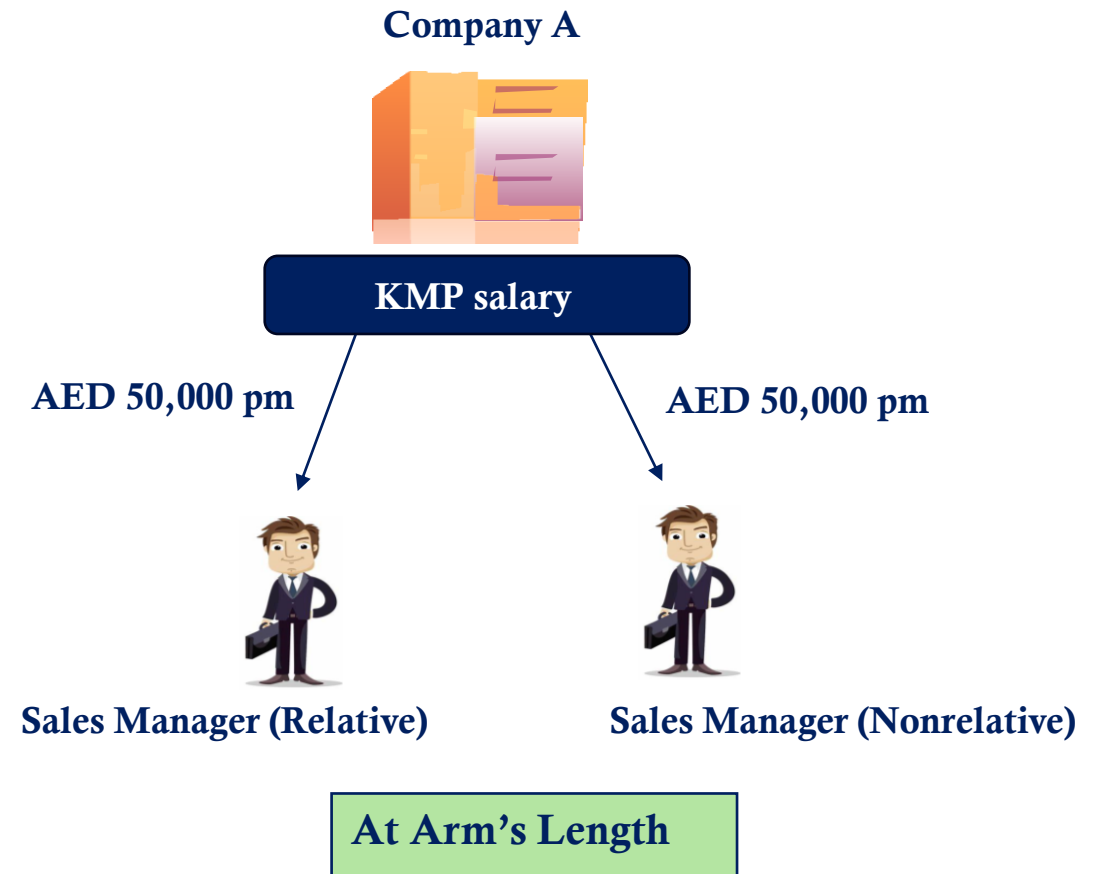
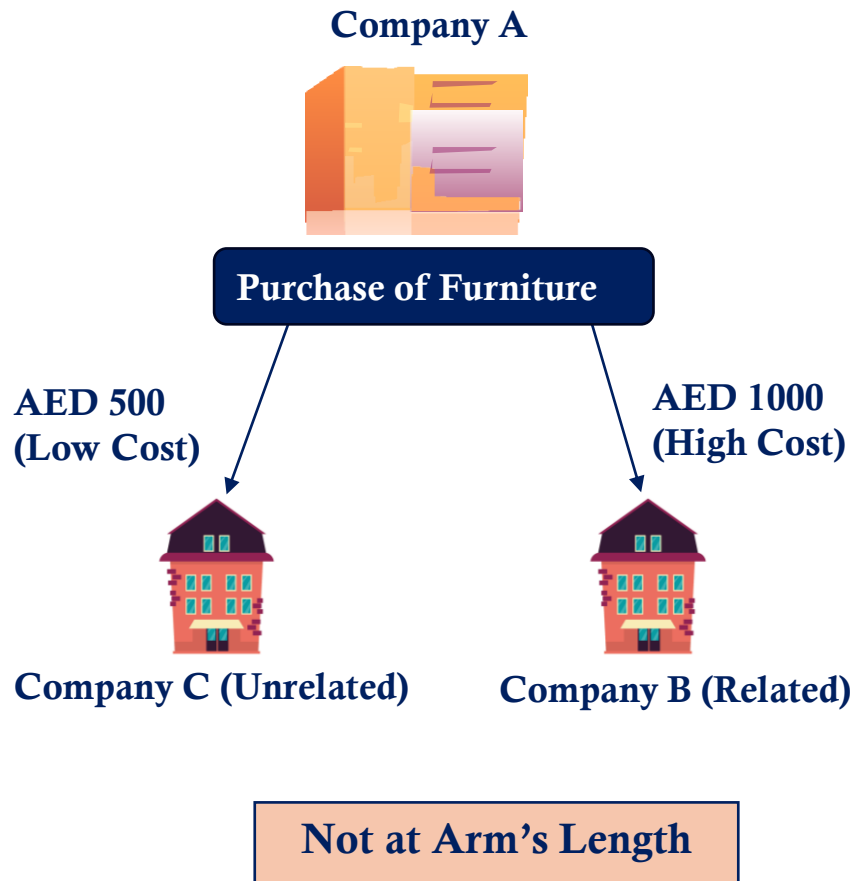
# Arm's Length Principle

A transaction or arrangement between Related Parties meets the arm's length standard if the results of the transaction or arrangement are consistent with the results that would have been realized if Persons who were not Related Parties had engaged in a similar transaction or arrangement under similar circumstances.

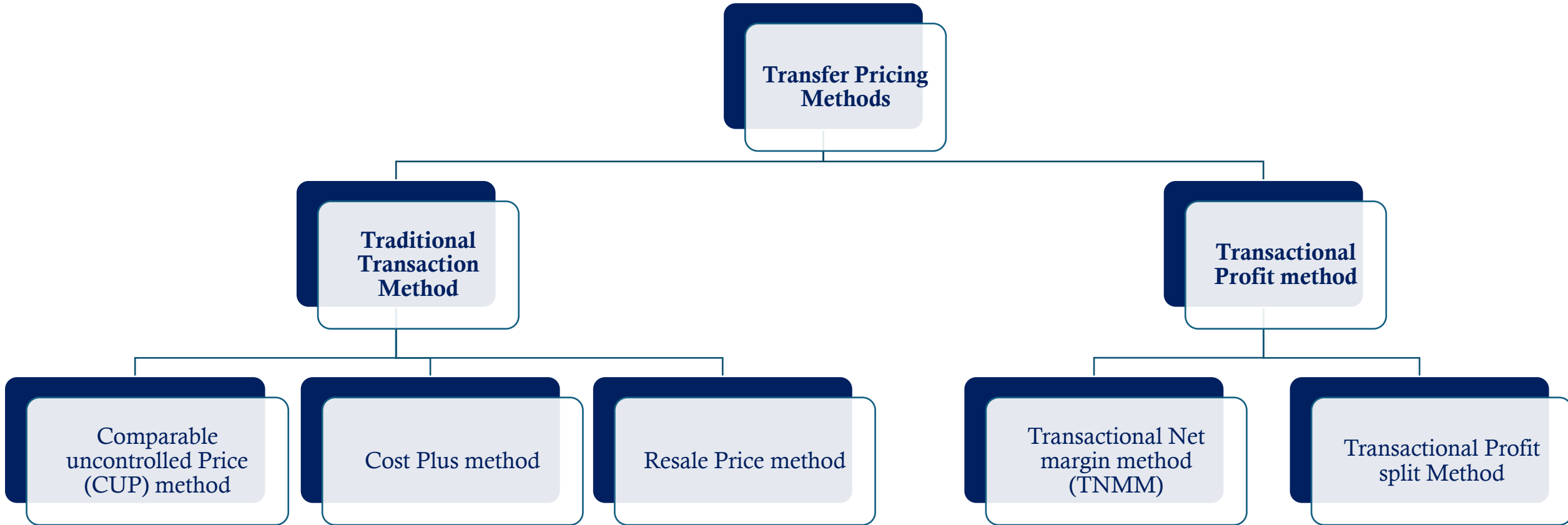


Article 34 of the CT Law

# Arm's Length Principle



# Transfer Pricing Methods





# Consequences of Non Compliance

UAE businesses failing to adhere to the TP requirements may face the risk of:



**Potential TP adjustments by the FTA which, in turn, may lead to an increase in the tax base of the UAE business**



**Potential loss of 0% CT rate applicable to QFZP businesses**

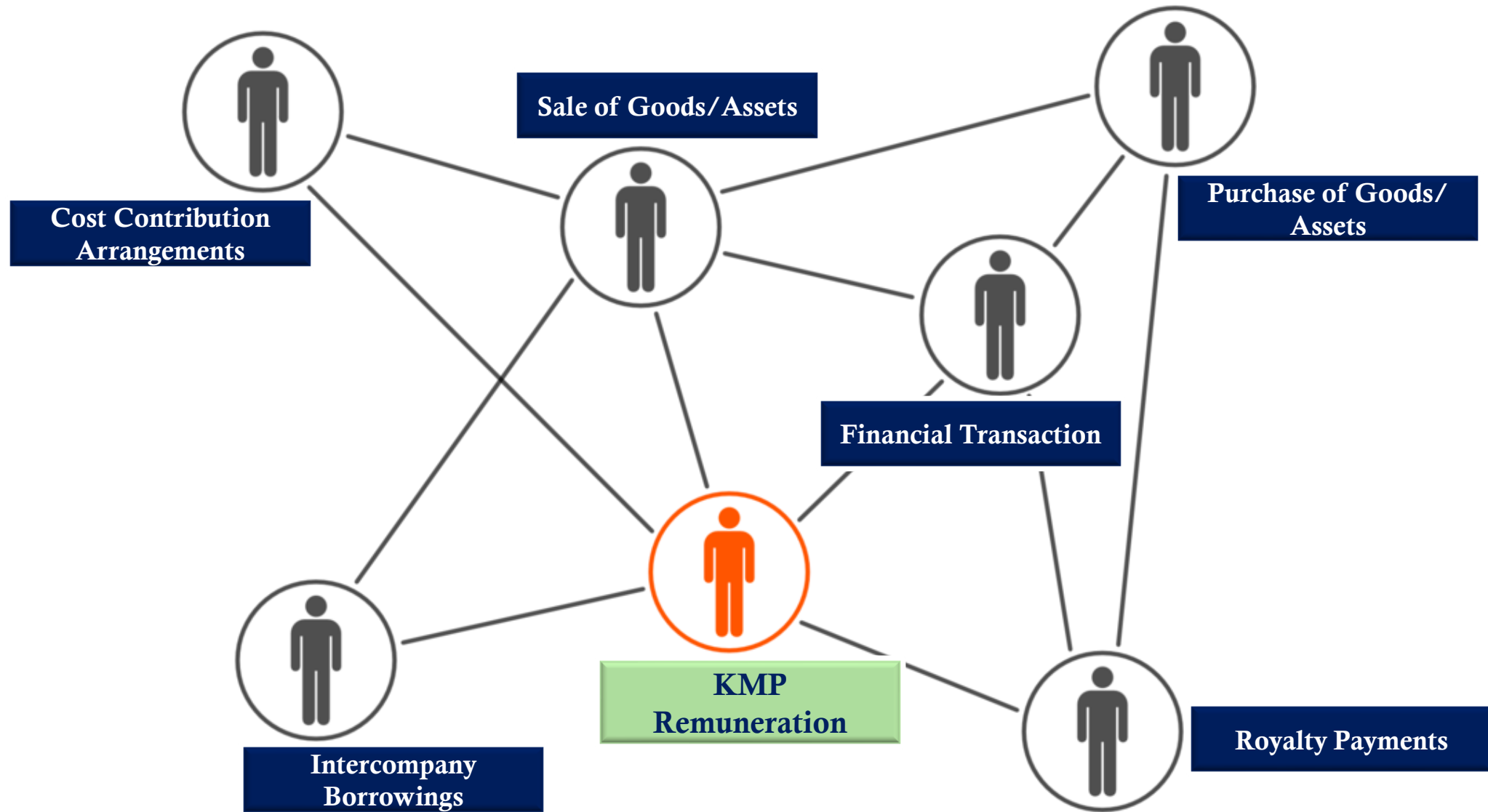


**Potential penalties for noncompliance or partial/inaccurate compliance (details on applicable penalties are expected to be announced in due course)**





# Applicability of TP - Scenarios





Chief Executive Officers



Deputy Chief Executive Officers



Managing Directors



Senior Counsel



Company Secretaries

# Managerial Remuneration



**Sole Establishment/Proprietorship :**  
**Remuneration – Not Deductible/Allowable**  
**(Article 33 of the Federal Decree Law)**

Deductible payments to connected persons limited to ALP; excess disallowed



**Company/ LLC/FZC :**  
**Remuneration to KMP – Allowable , if at ALP**  
**(Article 34 of the Federal Decree Law)**

Payments/benefits must be reasonable and business-related

Fair tax treatment by preventing overpayment to closely connected individuals, maintaining integrity in business taxation.

# Benchmarking under Transfer Pricing

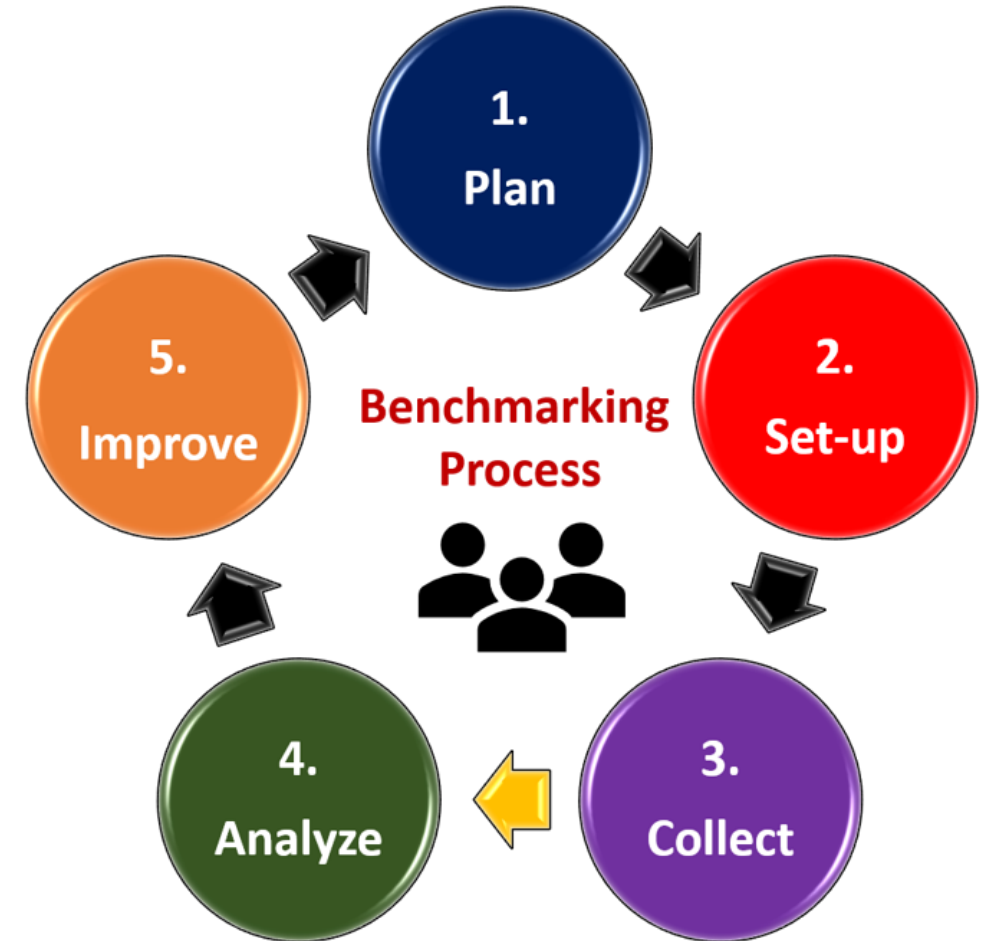
Any payment to owners (or relatives) will be subject to a transfer pricing analysis. Benchmarking of salaries paid to owners could take the following approaches to ensure the salaries are not in excess of:

**Objective Comparison**

**Market Rate Alignment**

**Need for Detailed Guidance**

**Subjectivity in Benchmarking**



# Importance of Benchmarking



**Compliance:** Benchmarking ensures remuneration aligns with unrelated party standards, meeting transfer pricing regulations and avoiding penalties.



**Decision Support:** Benchmarking offers market insights for informed employee compensation decisions, aiding competitiveness in talent retention.



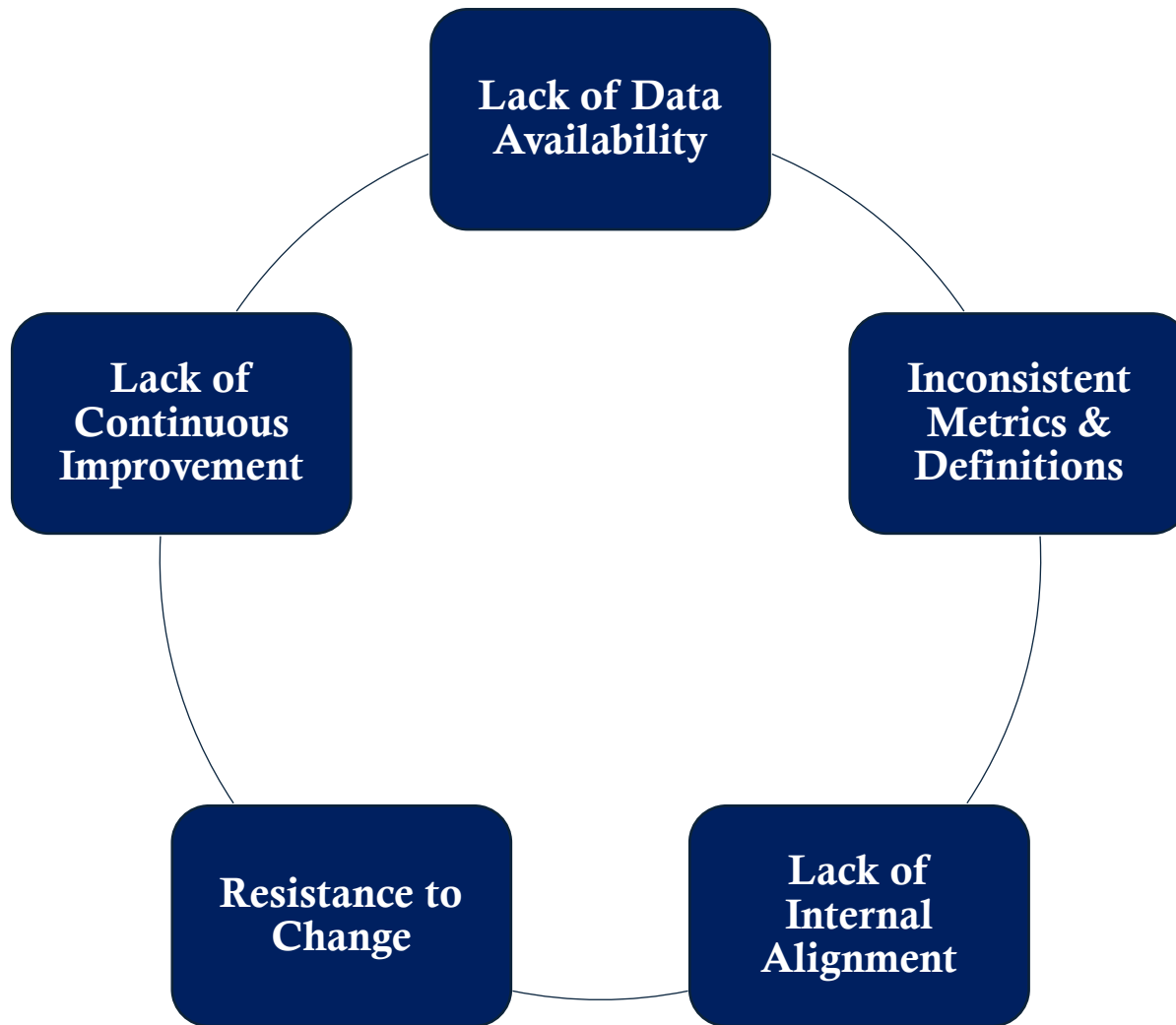
**Risk Mitigation:** Benchmarking salaries reduces tax audit risks, showing remuneration decisions were objective and not for tax avoidance.



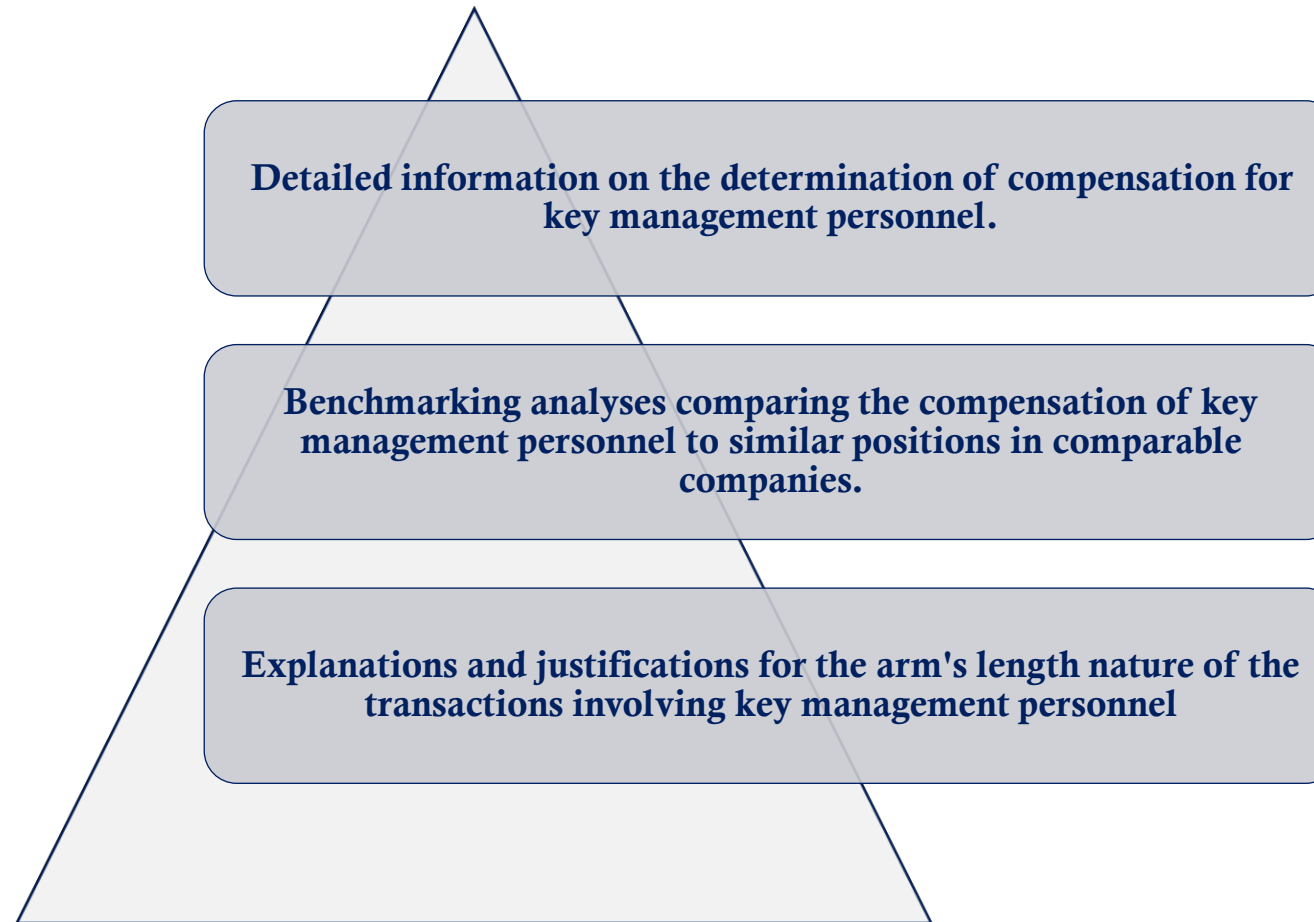
**Transparency:** Benchmarking provides clear rationale for remuneration, building trust with tax authorities and stakeholders.



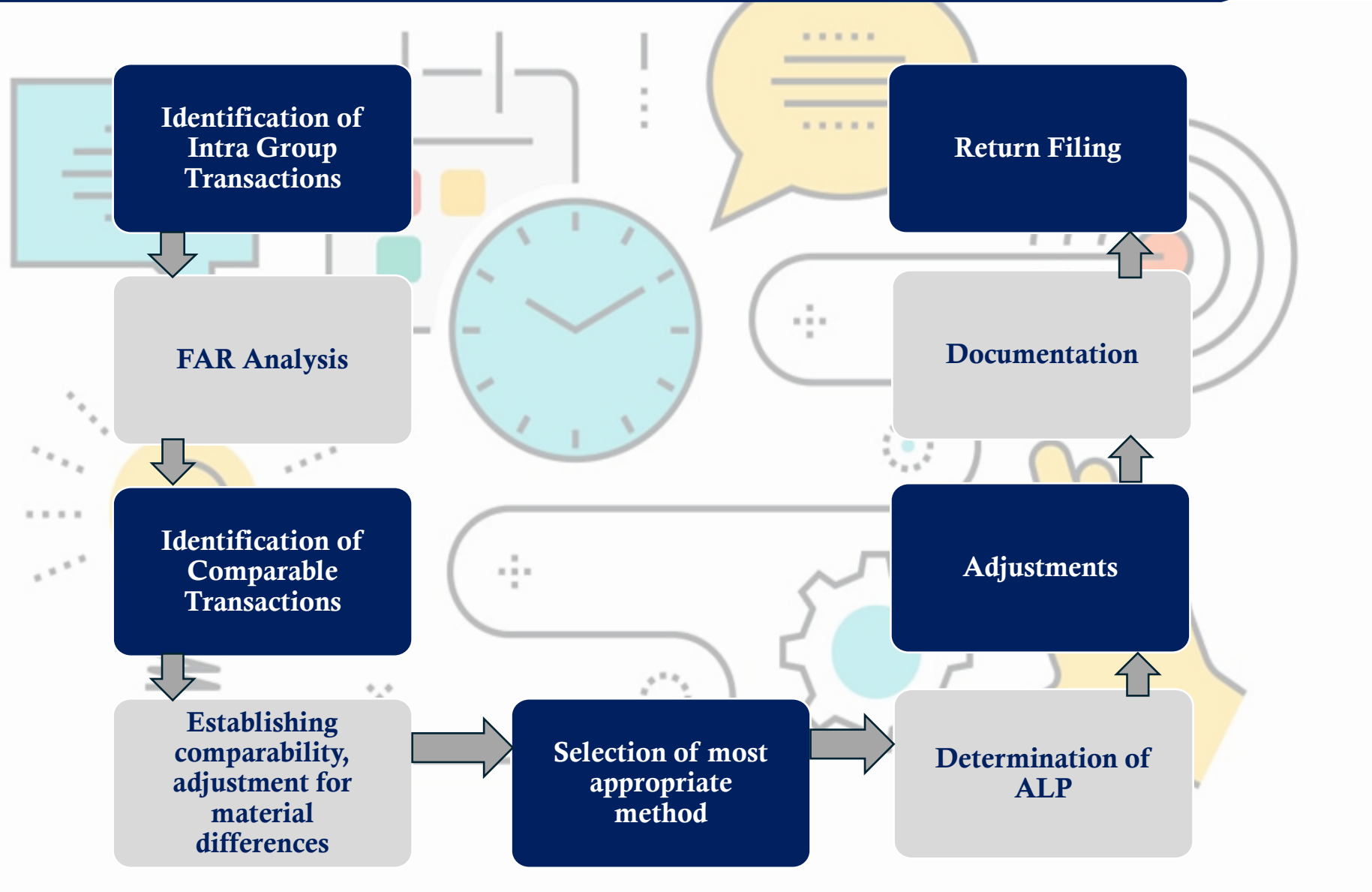
# Benchmarking Challenges



# Transfer Pricing documentation for KMP



# Transfer Pricing Process







# Contact Us



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# Thank you!



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