

UAE PILLAR TWO:

EmaraTax registration for top-up tax now available

The UAE Federal Tax Authority has enabled registration for Pillar Two Top-up Tax on EmaraTax. This marks the next practical step in the UAE's implementation of Domestic Minimum Top-up Tax under Cabinet Decision No. 142 of 2024.

UAE Constituent Entities that are part of an MNE Group with consolidated annual revenue of at least EUR 750 million in at least two of the four fiscal years immediately preceding the tested fiscal year are required to assess their registration obligations and complete the registration process through EmaraTax.

In this alert, we summarise the available registration routes, key registration steps, documents to be prepared, applicable deadlines and potential consequences of non-compliance.

REGISTRATION STEPS AND PROCESS

Common Step 1

Registration Questionnaire

The first stage of the registration process is the Pillar Two Top-up Tax Registration Questionnaire.

Choice of Registration Route

The first query in the registration questionnaire is whether the registrant will be acting as Domestic Designated Filing Entity ("DDFE") or an Individual Entity. The chosen route is determinative of the subsequent steps of registration.

<p>DDFE registration</p>	<p>Relevant where:</p> <ul style="list-style-type: none"> • The group has more than one UAE Constituent Entity, and • One UAE entity is authorised to act as the DDFE, responsible for filing the UAE Top-up Tax Return, paying any Top-up Tax and carrying out all administrative actions on behalf of the relevant UAE domestic group.
<p>Individual entity registration</p>	<p>Relevant where:</p> <ul style="list-style-type: none"> • There is only one UAE constituent entity, or • No DDFE is appointed.

Groups should carefully determine the correct route before starting the application, as the choice affects who will interact with the FTA, who will file, and how the UAE group's Pillar Two obligations will be administered.

Confirmation of meeting the threshold

The second query is whether the entity is member of an MNE Group with annual revenue of EUR 750 million or more for at least 2 of 4 fiscal years immediately preceding the tested fiscal year.

Confirmation of group type

The third query requires confirmation if the entity is part of a Domestic Main Group/ Domestic Minority Owned Sub group/ Reverse Hybrid entity, or a Domestic JV Group.

Steps of Registration as a DDFE

After the common step-1 mentioned above, where the DDFE route is chosen, following steps will have to be followed:

Step-02: MNE group information	In this step, group-level information needs to be provided, including the name of the MNE group, the first reporting fiscal year, and details of the Ultimate Parent Entity, including its jurisdiction and tax identification number or equivalent identifier.
Step-03: Domestic Designated Filing Entity details	The filing entity's tax registration details and legal name are provided. The entity must also confirm its status for Pillar Two purposes, including whether it is a permanent establishment, excluded entity or investment entity.
Step-04: Domestic group entity details	The applicant identifies the UAE entities forming part of the relevant domestic group. This may be done manually or through the portal template. For each entity, information including TIN, Establishment name and relevant classification details, including permanent establishment, excluded entity, investment entity and UAE Corporate Tax group status, must be provided. In this step, information about Designated Local Entity (DLE) for submitting Pillar Two information return (GIR) or filing the notification is also sought.
Step-05: Acknowledgement and authorisation	The DDFE and DLE Authorization by other domestic group entities is required in this stage. Either the authorization letter can be attached, or request for authorization/ acknowledgment can be sent through the portal, giving the entities 14 business days to respond.
Step-06: Authorised signatory	The applicant provides the authorised signatory's details, including name, identification details and email address.
Step-07: Review and declaration	In this step, all actions of previous steps are reviewed, and the application is submitted.

Steps

of registration as individual entity

Where the individual entity route is selected, the process is shorter. The registrant will generally complete the registration questionnaire, provide MNE Group information, confirm the relevant Constituent Entity, JV or Reverse Hybrid details, provide authorised signatory information, and complete the review and declaration step.

DOCUMENTS TO PREPARE

According to the portal requirements, groups should prepare the following documents and information before starting the registration process:

- Supporting document(s) that verifies the name and TIN / Unique Identifier of the Ultimate Parent Entity, where the Ultimate Parent Entity is located outside UAE.
- Supporting document(s) that verifies the name and TIN / Unique Identifier of the Designated Filing Entity/ Individual Entity, where the Entity is located outside UAE.
- Supporting document(s) providing an overview of the entire corporate structure of the MNE group, including Entities located both inside and outside the UAE.
- Letter of Authorization confirming the appointment of the DDFE for all administrative functions related to Pillar Two Top-up Tax, if not acknowledged in the EmaraTax.
- Letter of Authorization confirming the appointment of the DLE for filing the Pillar Two Information Return or submit its notifications if applicable and not acknowledged in the EmaraTax
- Additional documentary evidence to support this Pillar Two Top-up Tax registration application (Optional).

DEADLINE, PENALTY & GUIDE

A specific registration deadline has not yet been announced.

Administrative penalties under the UAE Corporate Tax regime are to apply to DMTT compliance failures. This framework includes a fixed AED 10,000 penalty for failure to submit a tax registration application within the timeframe determined by the FTA.

A transitional penalty relief is available in respect of the filing of the DMTT return and Pillar Two Information Return for fiscal years beginning on or before 31 December 2026, provided that the MNE Group has taken

reasonable measures to ensure the correct application of the rules. However, this transitional relief appears to be directed at return filing obligations and does not clearly extend to registration. Accordingly, in-scope groups should consider completing the registration promptly once their registration route, entity mapping and supporting documents are ready.

As of now, no administrative guide has been published for the Pillar Two Top-up Tax registration service.

HOW WE CAN ASSIST

Willow Tax & Legal can assist multinational groups with:

- UAE DMTT applicability assessments;
- Mapping UAE Constituent Entities, permanent establishments and joint ventures;
- Determining the appropriate registration route;
- Preparing supporting documents and authorisation letters;
- Reviewing safe harbour and transitional relief positions;
- Performing preliminary UAE ETR and Top-up Tax assessments; and
- Supporting ongoing Pillar Two compliance and controversy readiness.



The Offices 2, Level 3,
One Central,
Dubai World Trade Center



+971 50 258 9570
+971 54 417 3060



www.willow.law



info@willow.law