



Photo Courtesy: Emirates News Agency - WAM

His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, during his visit to the Expo 2025 Osaka.

Guest Article



**H.E. IMANISHI Jun**  
Consul-General of Japan to Dubai

**Strengthening the  
Japan-UAE Partnership:  
A Vision for Economic and  
Business Collaboration**

Guest Article



**Marek Lehocky**  
CEO, Kreston ProWorks (Japan)

**Strengthening the UAE-Japan  
Corridor for Sustainable Growth,  
Innovation, and Opportunity**



**Pushpakaran Parambath**

Senior Partner  
Kreston Menon Corporate Services



**Overhaul of the UAE Commercial  
Companies Law:  
Key Implications for Businesses**

**Ravishanker V**

Director - Tax  
Kreston Menon Chartered Accountants



**Delivering Transfer  
Pricing Certainty:  
The UAE APA Programme**



## EDITOR'S NOTE



RAJU MENON

My recent visit to Japan for the Kreston World Conference proved to be both professionally enriching and personally inspiring. While engaging with delegates from Kreston member firms worldwide is always a matter of joy, the interactions with the leadership teams of Kreston Japan, offered a unique window into one of the world's most distinctive business cultures. I was amazed by the country's deep-rooted emphasis on discipline, precision and futuristic thinking. Equally impressive was Japan's extraordinary economic progress — reflected in its robust industrial base and truly world-class infrastructure and transport networks — which together stand as a testament to a nation that seamlessly blends tradition with innovation.

H. E. IMANISHI Jun, Consul-General of Japan to Dubai in this edition's Guest Article emphasizes that the bilateral economic partnership between Japan and the UAE are founded on shared goals of economic diversification, innovation, and sustainable development — leveraging on the UAE's strategic geographic position and Japan's technological and economic

strengths. A major milestone is the ongoing negotiation of the Japan–UAE Economic Partnership Agreement, which is expected to strengthen trade, investment and job creation in both countries. Supporting this momentum, recent UAE legal reforms enhance transactional efficiency, enable more flexible capital structuring, facilitate corporate re-domiciliation, and strengthen governance and investor certainty. Together, these developments create a more agile, internationally aligned framework for cross-border business, investment, and long-term economic growth.

Marek Lehocky, CEO, Kreston ProWorks (Japan) sheds light into investment opportunities in Japan and how Kreston firms in Japan and the UAE can support businesses in the expansion and growth plans. He believes that the next decade will be defined by stronger Asia–Middle East connectivity. Japan's focus on technological resilience, industrial independence and sustainability aligns closely with the UAE's ambitions to become a global nexus for capital, innovation, and logistics.

The recent Federal Decree marks a pivotal evolution in the UAE's corporate law landscape, introducing targeted yet far-reaching amendments to the Commercial Companies Law (Federal Decree-Law No. 32 of 2021). The reforms reflect the UAE's continued commitment to modernize the corporate legal framework and strengthen global competitiveness by aligning key aspects of company regulation with internationally recognized standards.

My colleague Pushpakaran K Parambath, Senior Partner at Kreston Menon Corporate Services underlines in his article that the changes reinforce the country's position as a sophisticated, business-friendly jurisdiction and a preferred hub for regional and global enterprises.

The UAE Federal Tax Authority's recent update to the Advance Pricing Agreement (APA) programme reinforces its role as a proactive and taxpayer-friendly mechanism for managing Transfer Pricing risk. Ravishanker V, Director - Taxation at Kreston Menon in his article details on how the enhanced APA programme, by providing greater procedural clarity and certainty over an agreed period will significantly reduce the likelihood of Transfer Pricing disputes and litigation, while strengthening compliance, predictability, and confidence for businesses operating in the UAE.

Let me conclude with one promise: Kreston Menon will remain firmly committed to standing alongside our clients at every stage of their journey. More than advisors, we see ourselves as long-term partners — offering clarity in times of uncertainty, support in moments of challenge and trusted guidance as organizations pursue growth and transformation.

Wishing all of you a great 2026!

## Kreston Global World & APAC Conference in Tokyo

Kreston Global World & APAC Conference 2025 in Tokyo, Japan. The conference brought together members from across the global Kreston network for knowledge sharing, collaboration, and engagement.



Sudhir Kumar, Senior Partner & Head Corporate Communications - Kreston Menon, Director - Kreston Global Board, Chair - Kreston Middle East, delivered various presentations highlighting regional initiatives, the power of trust in brand positioning, and the growth of advisory services across the Kreston network.

Saju Augustine, Senior Partner - Kreston Menon and Regional Director (Middle East) of the Kreston Global Audit Group, shared updates of the Middle East Audit Group.



## Strengthening the Japan-UAE Partnership: A Vision for Economic and Business Collaboration



**H.E. IMANISHI Jun**  
Consul-General of Japan to Dubai

Over the last decade, the relationship between Japan and the United Arab Emirates (UAE) has witnessed remarkable growth over the years, evolving into a robust partnership characterized by mutual respect and collaboration.

Through the World Expos, the UAE and Japan have shared a historically deep relationship. Fifty-five years ago, Abu Dhabi participated in its first Expo in Osaka in 1970. Expo 2020 Dubai was a defining moment in the UAE's global engagement. Having taken the baton from Dubai, the Osaka-Kansai Expo under the theme "Designing the Future Society for Our Lives" was successfully concluded. Expo 2025 became a proving ground for shared human progress for both countries.

While the Japan Pavilion at Expo 2020 Dubai achieved great success, winning a gold award for design, the UAE Pavilion at Expo 2025 Osaka, which featured many palm trees, attracted over 5 million visitors, won the BIE Bronze Award and showcased innovation and culture, thereby reinforcing the UAE's vision of global collaboration. The Expos in both the UAE and Japan enabled the two nations to rediscover themselves, providing a unique opportunity to showcase technological, cultural and sustainable advances in addressing global challenges.

As the Consul-General of Japan in Dubai, I have had the privilege of providing an overview of the current state of our partnership. I have also highlighted concrete examples of business and economic collaboration and shared my perspectives on future opportunities for cooperation.

Japan-UAE relations are anchored in shared interests and common goals, including economic diversification, innovation, and sustainable development. The UAE's strategic location at a global crossroads of the Middle

East and Africa is of great importance, and Japan's technological expertise and economic strength provide a solid foundation for collaboration.

One of the most significant recent developments in our bilateral relations is the ongoing negotiation of the Japan-UAE Economic Partnership Agreement (EPA). Once concluded, the agreement is expected to enhance trade and investment, thereby fostering economic growth and job creation in both countries.

Over 300 Japanese companies have already established a presence in Dubai, with many using it as their regional headquarters for the Middle East and Africa. These companies have contributed to iconic projects such as the Dubai Metro, the Jumeirah Monorail, and Terminal 3 at Dubai International Airport, showcasing the depth of our commitment to the development of Dubai.



His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister of the UAE and Ruler of Dubai, during his visit to the UAE Pavilion at Expo 2025 Osaka.

Photo Courtesy: Dubai Media Office

Japanese companies have played a significant role in shaping Dubai's urban landscape. Their cooperation extends beyond infrastructure to encompass crucial environmental projects. For instance, they are actively developing decarbonization initiatives and sustainable infrastructure, such as the Warsan Waste Management Centre. This facility generates electricity from waste heat and has the world's largest processing capacity of 5,660 tons per day.

Another example of a successful Japanese company's contributions is the UAE's vital water infrastructure, which relies heavily on advanced Japanese desalination pumps. Representing the cutting edge of innovative and environmentally conscious technology, these pumps ensure a consistent supply of water to homes, businesses, and critical facilities throughout Dubai and the wider UAE.

The UAE has long been a crucial energy partner for Japan, supplying nearly 40% of our crude oil. However, our collaboration is now expanding beyond traditional hydrocarbons to encompass exciting opportunities in renewable energy and decarbonization. Japan's expertise in these fields aligns with the UAE's commitment to renewable energy and complements the UAE's ambitions for a sustainable energy future. In Sharjah, a joint project with SNOC to capture and store CO2 underground (CCS) is progressing well. These projects demonstrate Japan's commitment to supporting the UAE's Vision 2031 and beyond.



GEMS Al Barsha National School students with the students from Yuwa Junior High School in Arida City during their visit to Japan.

Looking to the future, technology and innovation are promising fields in which to deepen our partnership. The UAE's commitment to establishing itself as a hub for technology and innovation aligns with Japan's expertise in artificial intelligence, robotics, and digital transformation. Collaborative initiatives in these areas can drive economic growth and enhance competitiveness. For example, Professor Hiroshi Ishiguro's groundbreaking work in robotics as demonstrated through a remote avatar-based sales pilot with customers in Dubai, is a prime example of this.

Japan and the UAE have also made significant strides in the field of space cooperation. As part of the Emirates Mission to the Asteroid Belt (EMA), the UAE Space Agency plans to launch the "Mohammed Bin Rashid Explorer" spacecraft aboard a Japanese MHI H3 rocket in early 2028. This collaboration underscores the potential for joint exploration and innovation in space technology and will further strengthen the bilateral ties.

Last but not least, cultural exchange plays a vital role in fostering closer ties between Japan and the UAE. Promoting inbound tourism, alongside cultural exchange programmes, can strengthen people-to-people bonds and enhance mutual understanding.

In 2025, high school students from Tokyo and junior high school students from Arida City in Wakayama Prefecture visited Dubai for exchange programmes. Furthermore, the MBR Leadership Programme saw future leaders from Dubai visit Japan.

Such exchanges will cultivate the new generation of leaders who are ready to address global challenges. In 2025, the UAE and Japan eased visa restrictions for each other's citizens, allowing visa-free short stays of up to 90 days. We hope that exchanges between citizens will continue to be further promoted.

The partnership between Japan and the UAE is a testament to the power of collaboration and shared vision. By leveraging our respective strengths and exploring new avenues for cooperation, we can build a prosperous, innovative and sustainable future. As the Consul-General of Japan in Dubai, I am committed to supporting and advancing this partnership to ensure that it continues to thrive for the benefit of our two nations and their peoples. Addressing today's shared global challenges requires us to deepen our collaborative efforts. Together, we can achieve remarkable milestones and set new standards for international cooperation in the 21st century.

# Strengthening the UAE–Japan Corridor for Sustainable Growth, Innovation, and Opportunity



**Marek Lehocky**  
CEO, Kreston ProWorks (Japan)  
mlehocky@krestonproworks.com

Japan and the United Arab Emirates stand today at a pivotal moment in their economic relationship. On one side, Japan is entering a new phase of confident economic renewal, industrial reinvestment, and global engagement. On the other, the UAE has rapidly developed into one of the world's most dynamic hubs for capital formation, holding structures, and cross-border corporate expansion.

These two economies, one built on technological depth and institutional stability, the other on visionary diversification and global connectivity, are increasingly converging into a powerful investment corridor. For investors in Dubai as well as multinational groups across the GCC, Japan has re-emerged as one of the most compelling destinations for long-term growth.

This article explores the forces behind Japan's investment momentum, the strategic advantages of the popular Dubai–Singapore–Japan structure, and a practical case from the Osaka World Expo 2025 demonstrating how UAE businesses can thrive in Japan with the right partners.

## Japan 2025: A Stable, High-Value Market Entering a New Cycle

Japan's economic renewal is driven by several foundational strengths that matter deeply to international investors:

### A Growing, Balanced Economy

Japan's GDP in 2025 is forecast to grow around 1.1%, supported by moderate inflation consistently above 2%, a sign of healthy demand and policy stability. Corporate earnings have strengthened, and capital markets have seen broad-based optimism over the past three years.

### Tokyo: One of the World's Most Powerful Economic Cities

According to figures presented at our recent Kreston World Conference in Tokyo, the capital city alone represents:

- USD 1.01 trillion GDP,
- USD 6.5 trillion in market capitalization, and
- USD 15.2 trillion in household financial assets.

### The Tokyo Metropolitan Government also highlighted its position as:

- #1 globally in the City Resilience Index,
- #2 worldwide in foreign company headquarters,
- #3 worldwide in the Global Power City Index.

These indicators reflect a stable, highly globalized ecosystem where international businesses can expand with confidence.

### Strategic Sector Expansion

Japan's industrial strategy emphasizes long-term investment in:

- Semiconductors (major TSMC and Rapidus projects),
- Green transformation & hydrogen,

- AI, automation, and robotics,
- Advanced mobility and defense manufacturing,
- Digital infrastructure and data centers.

For UAE investors accustomed to deploying capital into scalable, future-ready sectors, Japan provides not only a large market but also an innovation platform with government-backed stability and predictable tax policy.



His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, during his visit to the Japan Pavilion at Expo 2025 Osaka.  
Photo Courtesy: Abu Dhabi Media Office

## Why UAE Investors Are Increasingly Looking Toward Japan

The UAE and Japan share a long history of economic cooperation, but 2024–2025 brought a noticeable increase in two-way investment. Several trends explain this momentum:

### 1. Complementary Strengths

- The UAE provides capital mobility, a pro-business regulatory environment, and strategic location.
- Japan offers advanced manufacturing, technological depth, and institutional reliability.

Together, they form a natural fit for multinational companies looking to scale globally.

### 2. Growing Cultural and Business Connectivity

In November 2025, the Governor of Tokyo delivered a keynote address at the Kreston World Conference, an important symbol of Japan's commitment to deeper engagement with global investors and particularly with Middle Eastern partners.

### 3. Demand for High-Quality Project Delivery

Japan continues to attract large-scale events and international projects, increasingly relying on specialized operators from the UAE and beyond. This strengthens the flow of expertise, goods, services, and capital.

### A Popular Investment Route: The Dubai–Singapore–Japan Structure

For investors entering Japan, one of the most efficient, tax-optimized and widely accepted approaches is a three-tier holding model, often structured as follows:

#### 1. Dubai Holding Company

Dubai serves as an excellent anchor for global wealth and investment platforms because of:

- 0% tax on dividends and capital gains for qualifying entities,
- Free repatriation of profits,

- Strong banking and substance infrastructure,
- Excellent global mobility for capital and management.

### 2. Singapore Regional Subsidiary

Singapore provides the operational and treaty benefits needed to manage the Asia-Pacific region:

- 17% corporate tax with incentives reducing effective rates for many groups,
- Tax treaty with Japan reducing withholding tax on dividends to 5% and on royalties/interest to 10%,
- Strong recognition by Japan's NTA in terms of substance and transfer pricing transparency.

### 3. Japanese Operating Entity (KK or GK)

This entity conducts the commercial activity in Japan - sales, hiring, contracts with access to:

- Local subsidies for high-value industries,
- Startup and foreign entrepreneur programs,
- Preferential zones offering regulatory and administrative support.

Why this structure works: It balances tax efficiency, regulatory predictability, and commercial credibility, making it ideal for holding, financing, IP management, and regional command-center functions while keeping Japan operations compliant and locally respected.

### Case Study: A Dubai-Based Global Events Leader at the Osaka World Expo 2025

In 2025, Kreston ProWorks Japan had the privilege of supporting a prominent Dubai-headquartered company specializing in the management of global mega-events including Olympic Games, World Cups, and World Expos.

#### The Challenge

For the Osaka World Expo (April–October 2025), the company was responsible for operating national pavilions for more than 10 countries, requiring the hiring and management of over 400 staff in Japan. The project required:

- Rapid, compliant onboarding of multilingual teams,
- Complex payroll and HR operations,
- Direct coordination with government, pavilion commissioners, and international sponsors,
- Full employment and tax compliance under Japanese law.

#### Our Role

As their local partner, Kreston ProWorks provided:

- Full operation of the Project holding Co.
- Employer-of-Record (EOR) services,
- Payroll, HR, treasury and tax compliance,
- Corporate governance support,
- Hands-on operational guidance during the full duration of the event.

The successful delivery demonstrated that UAE expertise + Japanese execution capability create a highly competitive combination for large-scale, international projects in Japan.

Continued in Page 12

# Overhaul of the UAE Commercial Companies Law: Key Implications for Businesses

Below is a structured overview of the core changes and their practical impact for companies operating in or entering the UAE market.

## 1. Clarified Jurisdictional Scope and Free Zone Integration

The amendments provide long-awaited clarity on the application of federal law to free zone entities conducting activities in the mainland. While free zone companies remain governed by their respective zone regulations within their geographic boundaries, any branch or representative office operating outside the free zone must comply with the Commercial Companies Law and other applicable federal legislation.

Additionally, free zone companies are now formally recognized as holding UAE nationality. This reduces legal ambiguity for multi-jurisdictional structures and simplifies operational planning for businesses operating across both mainland and free zone environments.

## 2. Introduction of a Non-Profit Company Structure

For the first time, UAE company law formally provides for the establishment of non-profit companies. These entities must reinvest all net profits toward their stated objectives, with distributions to owners expressly prohibited. Detailed implementing regulations are expected from the Cabinet. This creates a dedicated legal vehicle for philanthropic, social, and cultural organizations, formalizing their operational framework within the UAE.

## 3. Adoption of Common-Law Corporate Mechanisms

The reforms integrate familiar common-law tools directly into the statutory framework for Limited Liability Companies (LLCs) and Private Joint Stock Companies (PJSCs):



**Pushpakaran Parambath**

Senior Partner

Kreston Menon Corporate Services

Federal Decree-Law No. 20 of 2025 introduces significant amendments to the UAE's Commercial Companies Law (Federal Decree-Law No. 32 of 2021), marking a major step in modernizing the nation's corporate legal framework. These reforms align domestic regulations more closely with international—particularly common law—standards, enhancing flexibility, governance, and cross-border operational clarity.

- Drag-Along & Tag-Along Rights: These may now be embedded directly in a company's Memorandum of Association, enhancing enforceability in M&A and exit scenarios.
- Shareholder Succession Planning: Companies can pre-define mechanisms for handling a deceased shareholder's stake, including purchase priority for remaining shareholders at an agreed or court-determined valuation.

These changes reduce reliance on complex side agreements, lower transactional friction, and provide clearer pathways for ownership transition.

#### 4. Enhanced Capital Structure Flexibility for LLCs

Mainland LLCs are now permitted to issue multiple classes of shares (e.g., common, preferred) with differentiated rights concerning voting, dividends, liquidation preferences, and redemption. This is a transformative development for venture capital, private equity, and family businesses, enabling sophisticated capital and governance structures within the UAE's most common corporate vehicle.

#### 5. Formalized Re-Domiciliation (Corporate Migration) Framework

A landmark introduction is the statutory process for re-domiciliation. Companies can now transfer their legal seat into, within, or between UAE jurisdictions (including from overseas, between free zones, and between mainland and free zones) while maintaining their legal identity, corporate history, and contracts.

This "regulatory portability" is a strategic enabler, allowing businesses to optimize their structure for licensing, taxation, or commercial reasons without the need for liquidation and re-incorporation.

#### 6. Streamlined Fundraising and Governance

- Private Placements: Private Joint Stock Companies may now offer securities via private placement in UAE financial markets, subject to Securities and Commodities Authority (SCA) rules, creating a new domestic fundraising avenue.
- Governance Continuity: Clearer rules govern managerial resignations, board succession, and interim management,

reducing operational deadlocks. For instance, boards can continue to function for up to six months post-term expiry, after which authorities may appoint an interim board to ensure continuity.

- In-Kind Contributions: The amendments reinforce the validity of in-kind capital contributions, provided they are assessed by accredited valuers to ensure transparency and fairness.

#### Practical Takeaways for Businesses and Investors

The 2025 amendments collectively signal the UAE's commitment to a dynamic, predictable, and internationally competitive corporate ecosystem. Key benefits include:

- Reduced Transactional Complexity: Standard M&A and succession tools are now codified, aligning UAE practice with global markets.
- Sophisticated Capital Structuring: The ability to create share classes within LLCs meets the needs of modern institutional investors and growth companies.
- Operational Agility: The re-domiciliation regime and clarified free zone interface offer unprecedented flexibility for corporate restructuring and regional expansion.
- Enhanced Governance and Certainty: New continuity provisions and formalized mechanisms strengthen investor protections and reduce legal uncertainty.
- Raising capital with more flexible instruments.
- Optimizing companies' legal relocation via re-domiciliation. These reforms position the UAE to better accommodate cross-border investment, complex corporate life cycles, and innovative business models, solidifying its status as a leading global business hub. They are further designed to attract and retain regional and international investment by offering a more predictable, agile, and business-friendly legal environment.

***Companies operating in the UAE should review their existing governance documents and corporate structures to leverage these new provisions.***

#### Kreston Menon Seminar on 'Decoding UAE e-Invoice Mandate'





## Delivering Transfer Pricing Certainty: The UAE APA Programme



**Ravishanker V**

Director - Tax

Kreston Menon Chartered Accountants

ravishanker@krestonmenon.com

Arm's Length Price (may include application of one or combination of the TP methods) of Controlled Transactions over a specified period. By establishing agreed Transfer Pricing arrangements in advance, APAs help mitigate the risk of Transfer Pricing disputes and litigation.

The FTA is implementing the APA programme in a phased manner. Initially, the programme focuses on Domestic Unilateral APAs (UAPAs), with applications accepted from December 2025. Cross-border UAPAs will be introduced subsequently, with the commencement date to be announced in 2026 and details of Bilateral and Multilateral APAs will be introduced at a later stage.

### Eligibility and Materiality Threshold

A Natural Person or Juridical Person may apply for an Advance Pricing Agreement (APA) if the total or expected value of the domestic and/or cross-border Controlled Transactions is equal to or exceeds AED 100 million in a specific tax period. Controlled Transactions that fall under safe-harbour provisions, including low value-adding intra-group services, are not eligible for coverage under an APA and will be excluded from the threshold calculation.

A non-refundable fee of AED 30,000 per application of a Unilateral APA, and AED 15,000 for amendment or renewal of an existing Unilateral APA applies. The APA may be applied for a minimum of three prospective Tax Periods and a maximum of five prospective Tax Periods.

### Benefits of the APA programme

The UAE Advance Pricing Agreement Guide identifies five core benefits that justify programme participation for qualifying taxpayers.

- Enhanced predictability provides multi-year certainty on transfer pricing methodologies, enabling accurate tax forecasting and eliminating retrospective assessment risk across the 3–5 year APA term.

### Overview of the APA Programme

The Advance Pricing Agreement (APA) programme provides a voluntary mechanism for a Person, whether a natural person or a juridical person, to enter into an agreement with the Federal Tax Authority (FTA) to determine the

| Stages   | Brief description   |
|--|---|
| <b>Stage 1</b><br>Pre filing consultation              | <ul style="list-style-type: none"> <li>The mandatory pre-filing consultation requires preliminary information, including : proposed APA scope and term, excluded related-party transactions, Transfer Pricing complexities, methodology rationale, disclosure of foreign APAs or litigation history, and other relevant business context to enable FTA feasibility assessment before formal application.</li> <li>The same sets the context for the application and can be rejected if not deemed appropriate.</li> </ul> |
| <b>Stage 2</b><br>Filing of APA application            | <ul style="list-style-type: none"> <li>Formal applications must be submitted within two months of pre-filing approval or twelve months before the first covered tax period.</li> <li>Required documentation includes: controlled transactions and covered periods; comprehensive Transfer Pricing methodology (industry, functional, and economic analysis); and critical assumptions.</li> <li>The FTA reviews submissions, requests supplemental information, and may conduct site visits or interviews.</li> </ul>     |
| <b>Stage 3</b><br>Evaluation and negotiation of APA    | <ul style="list-style-type: none"> <li>Based on facts collected during the earlier processes and meetings or interviews, the FTA conducts a TP analysis.</li> <li>Feedback may be provided by the applicant within 30 days of receipt of the analysis.</li> </ul>   |
| <b>Stage 4</b><br>Concluding an APA and implementation | <ul style="list-style-type: none"> <li>Discussion and implementation of the APA</li> <li>Signature by both parties.</li> </ul>  |

- Facilitated collaboration between the Federal Tax Authority and taxpayers replaces adversarial audit dynamics with cooperative methodology development through structured pre-filing consultation and negotiation processes.
- Prevention of transfer pricing disputes addresses primary multinational concerns: advance FTA acceptance of methodologies reduces audit adjustment risk compared to traditional documentation approaches, simultaneously eliminating controversy management costs.
- Prevention of double taxation becomes achievable through bilateral APAs (yet to be announced), wherein coordinated competent authority agreements ensure consistent treatment across jurisdictions.
- Streamlined compliance delivers quantifiable efficiency: ongoing obligations reduce to critical assumption monitoring rather than annual benchmarking studies, decreasing compliance costs over typical five-year terms while maintaining comprehensive tax certainty and reducing management time devoted to transfer pricing matters.

- Dispute resolution mechanism: The procedures laid down emphasises on qualitative filtering of applications ensuring effective use of time and resources by way of pre-filing consultation. This envisages situations wherein an application can be rejected at the pre-filing stage or at the application stage. The programme does not lay down procedure for any recourse available to the applicant in the case of any dispute that arises pertaining to such rejection faced.
- Bilateral Capability: The phased rollout means bilateral APAs, essential for complete double taxation protection, would not be available initially. This could lead to potential transitional double taxation losses for Multi National Enterprises, who would be keen to minimise the gap at the earliest.

## Conclusion

Through these comprehensive guidelines, the UAE establishes itself as a sophisticated Transfer Pricing jurisdiction. The UAE's combination of inaugural APA capability, 0% free zone regimes, and 140+ double taxation treaties creates compelling positioning for regional headquarters operations. The programme delivers quantifiable benefits: enhanced predictability for complex Transfer Pricing positions, collaborative authority engagement replacing traditional audit approach, and proactive dispute prevention. For multinationals managing UAE-specific complexities—mainland-free zone structures, regional service arrangements, IP migrations—APAs provide essential certainty transforming compliance obligations into strategic advantages. As the programme matures with bilateral capability development and enhanced transparency, the UAE's position will strengthen further, cementing its role as the region's premier destination for Transfer Pricing-supported investment.

## Way Forward

Considering the presence of Multi National Enterprises in UAE, and the expected beneficiaries of the programme seeking tax certainty, the programme would be expected to undergo a few updates in the due course of time, following other global jurisdictions.

- Rollback Provisions: The UAE initially offers no rollback to cover prior years. Considering the utilisation rate of rollback provisions introduced in other jurisdictions like India and the USA, the said provision represents clear taxpayer demand for historical coverage. This creates a "gap period" where 2024-2025 positions could potentially remain unprotected during the processing period.

## Kreston ProWorks Japan: Your Gateway to the Japanese Market

For over 18 years, Kreston ProWorks has served as a full-service in-bound advisory firm for foreign-owned companies in Japan. From Tokyo and Honolulu, our team supports clients through:

- Market-entry and corporate establishment
- Accounting, tax, and compliance
- HR, payroll, and Employer-of-Record solutions
- Transfer pricing and permanent establishment advisory
- Banking, governance, and regulatory support
- Other Advisory Services

As members of Kreston Global, we work seamlessly with our colleagues in Dubai and Singapore to establish necessary relationships and build international structures that are strategically and fiscally optimized while remaining fully compliant in Japan.

Our approach is simple: Local knowledge. Global coordination. Seamless execution.

## Looking Ahead: The UAE–Japan Corridor in 2026 and Beyond

The next decade will be defined by stronger Asia–Middle East connectivity. Japan's focus on technological resilience, industrial independence, and sustainability aligns closely with the UAE's ambitions to become a global nexus for capital, innovation, and logistics.

For private investors, family offices, and corporates in Dubai, Japan represents:

- A safe jurisdiction for large, long-term investments
- A sophisticated market with rising demand for foreign expertise
- A global hub for manufacturing, technology, and green innovation

With the right structure, advisory team, and local partner, Japan becomes not just a market to enter—but a strategic base for global expansion.

At Kreston ProWorks Japan, we stand ready to support investors on this journey and to strengthen the bridge between Dubai and Tokyo for years to come.

## Kreston Central Asia Meet 2025 - Bangalore, India



The Kreston Central Asia Meet, held in Bengaluru and hosted by Kreston India member firms, brought together member firms from the region for discussions on leadership, digital transformation and collaboration.

Sudhir Kumar delivered the inaugural keynote address, while Raju Menon joined the fireside chat on "How to grow into a mega firm". Saju Augustine was actively engaged in discussions and interactions at the event.