

JURISDICTIONAL PROFILE: **United Arab Emirates**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in United Arab Emirates. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	UAE Accountants and Auditors Association (UAE-AAA)
Role of the organisation	The UAE-AAA is the national professional body for accountants and auditors. It does not currently set accounting standards, though it can recommend them to the legislative authorities. There are no national accounting standards in the UAE.
Website	www.aaa4uae.com
Email contact	aaauae@emirates.net.ae

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes. The UAE Commercial Companies Law No 2 of 2015, which came into force on 1 July 2015, requires all companies to apply international accounting standards and practices when preparing their accounts. The previous Companies Law had required compliance with internationally accepted accounting practices, which had been interpreted to mean IFRS Standards. There has never been a local GAAP in the UAE.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	<p>Yes.</p> <p>The UAE Commercial Companies Law No 2 of 2015, which came into force on 1 July 2015, requires all companies to apply international accounting standards and practices when preparing their accounts.</p> <p>The four main public securities markets in the UAE and their accounting requirements are as follows:</p> <p>NASDAQ Dubai. The listing rules of NASDAQ Dubai require listed companies to prepare IFRS Standards financial statements: www.nasdaqdubai.com/</p> <p>Dubai Financial Market PJSC. The listing rules of the Dubai Financial Market PJSC do not specify a specific accounting framework to be used in the financial statements of listed companies. IFRS are permitted and are used by most listed companies: www.dfm.ae . Some financial institutions use Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).</p> <p>Dubai Financial Services Authority (DFSA). The listing rules of the Dubai Financial Services Authority (DFSA) require all listed companies to prepare financial statements in accordance with IFRS Standards or other standards acceptable to the DFSA. The DFSA had permitted financial institutions to use the AAOIFI standards (see above). However in December 2012, the Dubai Financial Services authority (DFSA) prohibited Islamic financial institutions from using AAOFI. Companies that had applied AAOFI standards had a two year period to comply with IFRS Standards: www.dfsa.ae/Pages/DFSAlistingauthority/Checklists.aspx</p> <p>Abu Dhabi Securities Exchange. The listing rules of the Abu Dhabi Securities Exchange require IFRS Standards.</p> <p>Some government entities apply IPSAS.</p>
What is the jurisdiction's status of adoption?	The UAE has adopted IFRS Standards and the IFRS for SMEs Standard.
Additional comments provided on the adoption status?	<p>The UAE Commercial Companies Law No 2 of 2015, which came into force on 1 July 2015, requires all companies to apply international accounting standards and practices when preparing their accounts.</p> <p>IFRS Standards are required by the listing rules of NASDAQ Dubai. IFRS are permitted, and most commonly used, by companies listed on the Dubai Financial Market PJSC, though some financial institutions use AAOIFI (see above). The listing rules of the Dubai Financial Services Authority (DFSA) require all listed companies to use IFRS Standards "or other standards acceptable to the DFSA". The DFSA had permitted financial institutions to use AAOIFI; however in December 2012, the DFSA prohibited AAOFI and, instead, required companies that had applied AAOFI standards to change to</p>

IFRS Standards within two years. The listing rules of the Abu Dhabi Securities Exchange require IFRS Standards.

All other regulatory bodies require adoption of IFRS Standards except for certain government bodies where International Public Sector Accounting Standards (IPSAS) is applied.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

IFRS Standards are required both by the UAE Commercial Companies Law No 2 of 2015 and by the listing rules of NASDAQ Dubai, Dubai Financial Services Authority, Dubai Financial Market PJSC, and the Abu Dhabi Securities Exchange. For details see above.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

There is no requirement to prepare separate financial statements.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

IFRS Standards are required by the UAE Commercial Companies Law No 2 of 2015.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?	IFRS Standards are required both by the UAE Commercial Companies Law No 2 of 2015 and by the listing rules of NASDAQ Dubai, Dubai Financial Services Authority, Dubai Financial Market PJSC, and the Abu Dhabi Securities Exchange. For details see above.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?	IFRS Standards as issued by the IASB Board.
The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:	IFRS Standards in nearly all cases. In some rare cases where the central bank imposes additional loan loss provision requirements, then there would be modifications to the reference to IFRS Standards in the auditor's opinion.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?	No.
Are IFRS Accounting Standards incorporated into law or regulations?	Yes. IFRS Standards are required by the UAE Commercial Companies Law No 2 of 2015.
If yes, how does that process work?	Not applicable.
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	No.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	When new or amended standards are issued by the IASB Board, they become effective with the effective date specified in the IFRS Standards.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No, but see comments below.
If yes, what are the changes?	Not applicable.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?

In practice, IAS 19 *Employee Benefits* is not applied to certain end-of-service benefits because of the costs and lack of actuarial data and resources. While this practice is not consistent with IAS 19, the treatment is accepted in practice because the effect is not material.

The law requires directors' fees to be recognised directly in equity. While this practice is not consistent with IAS 19, the treatment is accepted in practice because the effect is not material.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?

The IFRS Foundation coordinates the publication of an annual bound volume of IFRS Standards in Arabic.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?

The translation follows the official IFRS Foundation translation process.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs?

All entities that meet the definition of an SME in the IFRS for SMEs Standard are permitted to use the IFRS for SMEs Standard.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration?

No.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard?

No.

If the jurisdiction has made any modifications, what are those modifications?

Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so?

All SMEs are permitted to use the IFRS for SMEs Standard.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

SMEs that do not use the IFRS for SMEs Standard must use full IFRS Standards. There is no national GAAP in the UAE.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

A significant portion of the economy is made up of family owned businesses. While smaller family businesses use the IFRS for SMEs Standard, the larger family businesses have generally not opted for the IFRS for SMEs Standard.