

Managing International Tax Disputes in 2026: Ten Critical Considerations (UAE–UK–KSA–US Focus)

Abstract

International tax disputes are now a routine feature of cross-border business. This article expands a practical webinar into a structured analysis of ten issues that consistently determine outcomes—before, during and after disputes. We emphasise the United Arab Emirates (UAE), United Kingdom (UK), Kingdom of Saudi Arabia (KSA) and United States (US), linking each point to black-letter law, administrative practice and OECD standards. The piece closes with a concise playbook for audits, Mutual Agreement Procedure (MAP), arbitration and litigation, and an endnote list of official sources.

Executive Summary

Tax controversies have scaled in volume and complexity, often spanning multiple jurisdictions. Early risk triage, documentary integrity, and a coordinated global narrative are decisive. The OECD’s BEPS Action 14 minimum standard has improved MAP access and timeliness, but domestic audit and appeals tracks still control day-to-day leverage. In the UAE, the Tax Procedures Law (2022) modernised audits, penalties and the dispute ladder (review, reconsideration, Tax Dispute Resolution Committees and courts) while the Ministry of Finance (MoF) has published MAP guidance. The UK couples a mature tribunal system with MAP and HMRC’s Alternative Dispute Resolution (ADR). KSA has formalised appeals through independent tax committees under the GSTC and issued MAP guidance. In the US, APMA runs the MAP/APA programmes under Rev. Proc. 2015-40/41, supplemented by interim screening guidance for APAs. Across all four jurisdictions, dispute-ready governance—policy, evidence, and escalation protocols—determines both speed and durability of outcomes.

1) Accept that disputes are inevitable—design governance accordingly

Disputes are now a predictable cost of operating internationally. The Action 14 peer review cycle shows jurisdictions improving MAP access and timelines, but inventories remain significant in many countries. Treat audit and MAP readiness as a standing control set, not a project. Practical steps: embed dispute KPIs in tax team objectives (cycle times, successful closures), rehearse audit simulations annually, and maintain a privilege-aware document map for core issues (TP, PE, WHT).

2) Know the dispute landscape: where cases originate and how they travel

The recurring flashpoints are transfer pricing (pricing and attribution), permanent establishment (existence/attribution), withholding tax re-characterisations, and treaty entitlement. In the UAE, audits and assessments follow the 2022 Tax Procedures Law ladder with administrative review and TDRCs; MAP is available via MoF guidance for treaty cases. In the UK, enquiries progress to statutory review and the First-tier Tribunal (Tax), with MAP or ADR available in parallel where appropriate. KSA cases move from ZATCA objections into GSTC committees, with a further appellate tier and in-house settlement options; MAP is also accessible. In the US, LB&I runs data-driven examinations, Appeals provides administrative settlement, and APMA handles MAP—while litigation remains available in the Tax Court, District Courts or the Court of Federal Claims.

3) Early risk identification during audits: build trigger points and escalation rules

Most international disputes germinate during routine audits through IDRs, site interviews, or draft PE assertions. Establish clear triggers for internal escalation (e.g., repeated requests on contracting authority or DEMPE control; proposed single-sided TP adjustments; indications of treaty misinterpretation). Appoint a matter manager; coordinate external counsel where privilege is necessary; and consider protective MAP filings to preserve time limits while domestic remedies proceed.

4) Evidence wins cases: contemporaneous, consistent and accessible

Documentary quality is often more determinative than elegant legal theory. Map each contested issue to contemporaneous evidence—board minutes (decision rights), contracts and actual conduct (TP delineation), travel and communications logs (PE), and cash/ERP trails (WHT). Build bilingual sets where needed and reconcile facts across jurisdictions and filings (returns, CbCR, TP files). Maintain an indexed, privilege-aware repository that can be shared efficiently with competent authorities during MAP.

5) One global narrative: consistency across jurisdictions and forums

Inconsistency erodes credibility, especially with spontaneous exchange of information, CbCR and joint audits. Align characterisation, method selection and factual assertions across audit responses, appeals pleadings, MAP position papers and public disclosures. Where local counsel proposes tactical differences, memorialise the reasons and ensure they do not undermine positions elsewhere.

6) Select the right resolution path: domestic tracks, MAP, APA and arbitration

Domestic appeals may deliver fast, local clarity but can strand double tax. MAP eliminates double taxation under the treaty's Article 25 framework and, in some treaties, arbitration may be available. In the UAE, taxpayers now have formal domestic steps (review request, reconsideration, TDRC, courts) and a published MAP process via the MoF. The UK offers MAP under HMRC's International Manual and, separately, ADR for facilitated settlements; statutory appeals go to the First-tier Tribunal (Tax). KSA provides an objection process, committee litigation via GSTC and a MAP route. In the US, APMA manages MAP and APAs; interim guidance strengthens front-end screening of APA requests, and taxpayers should weigh ICAP or joint audits where suggested.

7) Manage double taxation risk explicitly and early

Winning domestically is not success if corresponding relief is unavailable. For TP and PE cases, assess the likelihood of correlative relief at the outset and consider parallel MAP filings to both competent authorities where appropriate. Track limitation periods (commonly three years from first notification in treaties) and protect them. Where appropriate, request multi-year resolution or rollbacks to align with domestic settlements or APAs.

8) Governance, decision-making and documentation protocols

Robust outcomes reflect robust governance. Clarify authority levels to settle or escalate, define risk appetite, and document decision rationales. In the UAE, ensure TPL time limits are diarised and that TDRC prerequisites are met; coordinate with the MoF on MAP. In the UK, apply HMRC's Litigation and Settlement Strategy principles and consider ADR suitability. In KSA, track GSTC deadlines precisely and maintain Arabic translations. In the US, align Appeals posture with potential MAP strategy and APMA expectations.

9) Reputational and ESG dimensions

Tax is part of corporate responsibility narratives. Consider disclosure regimes (e.g., UK's published tax strategy requirement), voluntary transparency (GRI 207), and market impacts of prolonged disputes. Develop a communications plan that respects confidentiality (particularly MAP) but reassures stakeholders on governance, certainty, and compliance.

10) Learn from every dispute: build the feedback loop

Close each matter with a post-mortem: Which facts were hard to evidence? Which methods or value chains drove controversy? Update TP models, contracts, travel/authority policies, and record-keeping. Capture MAP learnings (what the other authority considered persuasive) for future cycles and APA design.

A concise dispute-readiness checklist

- Annual audit simulation covering TP, PE, WHT with privilege protocol and bilingual documentation.
- MAP clock monitoring: treaty time limits, eligibility assessment, parallel filings as needed.
- Domestic appeal ladders mapped and diarised (UAE TPL review/reconsideration/TDRC; UK review/FTT; KSA GSTC committees; US Appeals).
- Evidence repository: indexed, reconciled to returns/TP files/CbCR; travel and contract authority logs up-to-date.
- Decision rights: written settlement authority matrix; escalation to board/Audit Committee when thresholds met.
- APA strategy: use APAs for recurring TP issues; factor US APMA screening and alternative workstreams into the plan.
- ADR / mediation protocols (UK) and settlement committee options (KSA) considered in case triage.
- Stakeholder comms plan for material disputes with ESG alignment (no MAP confidentiality breaches).

Endnotes (selected official sources)

1. OECD — BEPS Action 14: Making Dispute Resolution Mechanisms More Effective; 2015 report and subsequent peer review materials (incl. 2024/2025 updates).
2. OECD — Manual on Effective Mutual Agreement Procedures (MEMAP).
3. UAE — Federal Decree-Law No. 28 of 2022 on Tax Procedures (dispute ladder; effective 1 March 2023).

4. UAE — Ministry of Finance Mutual Agreement Procedure Guidance (competent authority process and timelines).
5. UK — HMRC International Manual: MAP overview and procedures (INTM153270; INTM423010).
6. UK — HMRC Alternative Dispute Resolution Guidance (process and suitability) and HMCTS guidance on First-tier Tribunal (Tax).
7. KSA — General Secretariat of Zakat, Tax and Customs Committees (GSTC): committees' structure and procedures; ZATCA MAP portal and MAP taxpayer guidance.
8. US — IRS APMA homepage; Rev. Proc. 2015-40 (competent authority) and Rev. Proc. 2015-41 (APA); 2023/2025 interim guidance on APA screening.

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If you want to limit your tax risk then be advised by the best, contact Dr Peter or one of the team at PB First Global Tax.



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