

R K C O M P A N Y

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presents

CLAUDE AI + SAP FICO

Intelligent Finance. Smarter Decisions.

A Complete Professional Guide to AI-Powered Financial Management

Using Claude AI with SAP S/4HANA FICO for IFRS Reporting, UAE VAT
& Corporate Tax Compliance, and Intelligent Financial Decision-Making

Modern Finance & Enterprise Software Series | Premium Professional Guide | 2026 Edition

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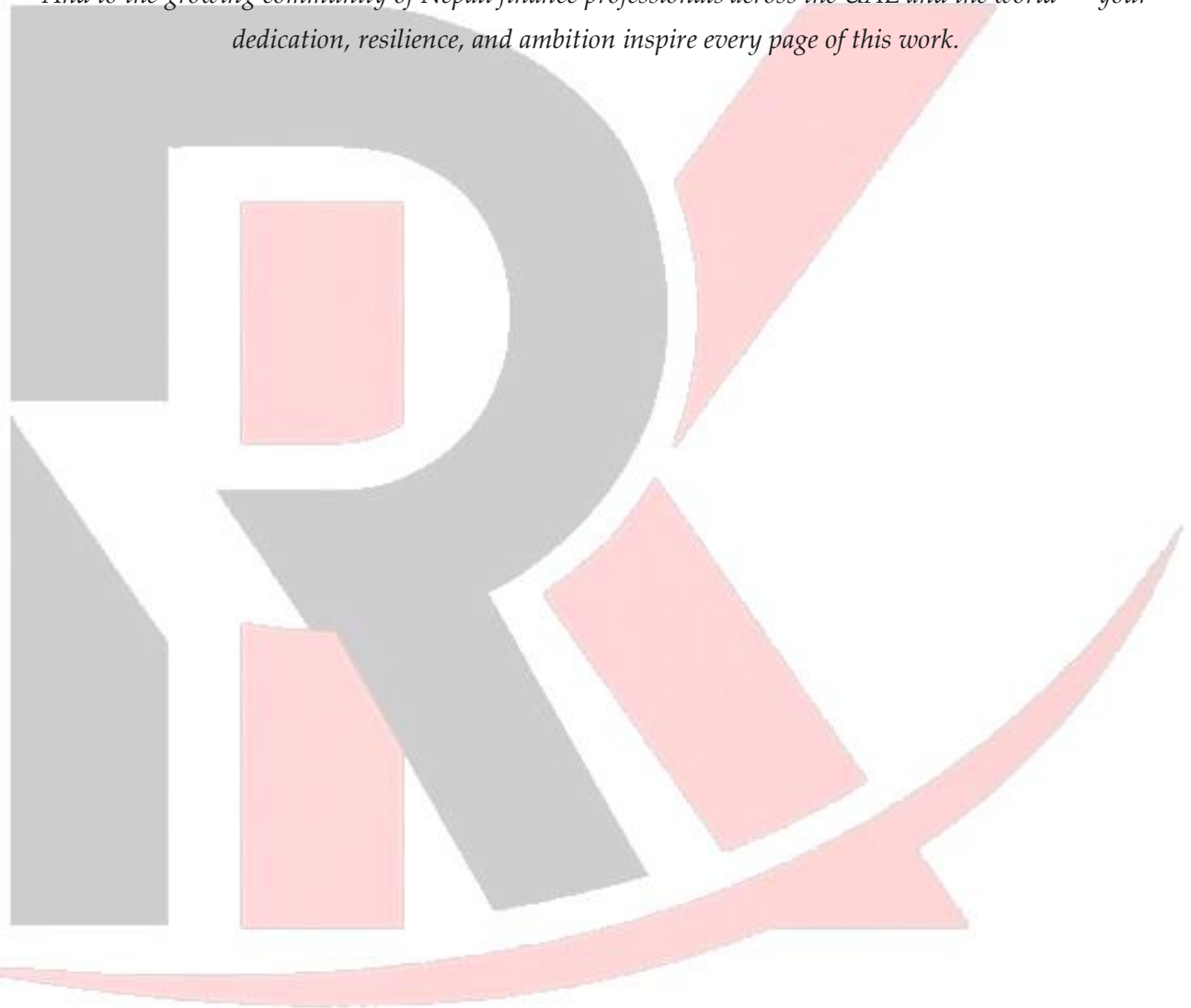
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Dedication

"To every finance professional who believes that technology exists to serve humanity — not replace it. May this guide empower you to work with greater precision, report with confidence, and lead boldly in the age of Artificial Intelligence."

And to the growing community of Nepali finance professionals across the UAE and the world — your dedication, resilience, and ambition inspire every page of this work.



Preface

When I first asked an AI system to help me reconcile a UAE VAT return, I was skeptical. The tools I had used previously were rigid and frustrating — they either required you to follow rigid rules that bore no resemblance to the actual accounting problem, or they produced plausible-sounding but factually incorrect regulatory guidance that could not be relied upon professionally.

Claude AI was different. Not because it was infallible — it was not. But because it reasoned through problems. It acknowledged uncertainty clearly. It structured its responses the way a knowledgeable senior colleague would — explaining not only the answer, but the professional logic behind it.

I began experimenting systematically. I fed it SAP FICO scenarios: intercompany clearing entries, IFRS 16 right-of-use asset calculations, cost center variances that could not be explained without describing the underlying commercial context. Each time, the quality of the AI's reasoning elevated my own thinking. The AI did not displace my judgment — it sharpened it.

"AI does not replace professional judgment. It sharpens it. The value lies in the combination, not in the substitution."

— Author's Practice Insight

This book systematizes that experimentation into a comprehensive professional guide. Every prompt template, every workflow, and every case study has been developed and tested against real-world UAE accounting practice and international IFRS reporting requirements. A critical note: this book has been written with publication accuracy as the primary standard. All SAP transaction codes have been verified against SAP S/4HANA 2024/2026 documentation. All IFRS references have been checked against the current IASB standards. All UAE tax references have been verified against current FTA publications. Where areas of genuine regulatory uncertainty exist, the book says so explicitly.

Rely on this book as an educational foundation. Always verify regulatory positions against current FTA guidance, current IFRS standards, and where necessary, qualified professional advice.

C H A P T E R 1

Introduction to AI in Modern Finance

How Claude AI and SAP S/4HANA are reshaping the finance profession

1.1 Five Eras of Financial Technology

The finance profession has been transformed repeatedly by technology. Understanding this history contextualizes the significance of the current AI era and helps finance professionals calibrate what truly changes — versus what merely evolves.

- **Manual Era (pre-1970s):** Double-entry bookkeeping by hand, physical ledger books maintained by clerks, paper-based trial balances and financial statements. Error rates were high; year-end close could take months.
- **Mainframe Era (1970s–1980s):** Large enterprises began automating batch transaction processing on mainframe computers. Inaccessible to most finance users without specialist technical support.
- **Personal Computing Era (1980s–1990s):** Lotus 1-2-3, VisiCalc, and early accounting software democratized financial analysis. ERP systems emerged: SAP R/3 (1992) established integrated, real-time financial management as the enterprise standard.
- **Cloud and Mobile Era (2000s–2010s):** SaaS accounting platforms (Xero 2006, Zoho Books, QuickBooks Online) delivered professional accounting via browser. Open banking, OCR, and early machine learning brought automated bank feeds and invoice processing.
- **AI Era (2020s–present):** Large language model systems capable of nuanced financial reasoning, regulatory interpretation, and intelligent workflow automation are transforming what finance professionals can accomplish — qualitatively, not merely quantitatively.

AI Claude AI Insight

AI does not replace ERP systems. It sits above them as an intelligent reasoning layer — interpreting, explaining, and augmenting the data that SAP and other ERPs produce. Claude AI and SAP S/4HANA are complementary, not competitive.

1.2 Claude AI — What It Is and Why It Matters

Claude AI is a large language model (LLM) developed by Anthropic, a safety-focused AI research company. First released publicly in March 2023, Claude has been progressively upgraded and is recognized among finance and legal professionals for its combination of technical depth and intellectual honesty.

KEY CONCEPT Large Language Model (LLM)

An AI system trained on vast amounts of human-generated text that can understand, reason about, and generate natural language. Unlike traditional software that follows fixed rules, LLMs learn patterns from billions of examples, enabling flexible, context-aware responses to complex open-ended questions — including nuanced financial and regulatory queries.

The screenshot shows a chat interface for 'Claude AI by Anthropic | Professional Finance & SAP FICO Assistant'. The user asks: 'You are an IFRS 16 specialist. Our company signed a 3-year lease. Monthly rent: AED 15,000. IBR: 6% p.a. Please calculate.' The assistant provides a detailed response with calculations for lease liability, ROU asset, depreciation, and journal entries. The user then asks: 'Now draft the IAS 12 deferred tax note for UAE Corporate Tax at 9% on this lease.' The assistant provides a detailed response with calculations for temporary differences, deferred tax, and IAS 12 notes. The user then asks: 'What SAP T-code do I use to post the IFRS 16 commencement journal entry?' The assistant provides guidance on using T-code AB01 or AB50.

C Claude AI
by Anthropic | Professional Finance & SAP FICO Assistant

RK You are an IFRS 16 specialist. Our company signed a 3-year lease. Monthly rent: AED 15,000. IBR: 6% p.a. Please calculate.

C IFRS 16 — Lease Accounting Schedule (Fully Calculated)
Lease Liability at commencement AED 480,762.95 (PV of 36 payments discounted at 0.5% per month)
Right-of-Use Asset AED 480,762.95 (equal to lease liability; no initial direct costs or incentives)
Year 1 Depreciation (SL over 3 yrs): AED 160,254.32 | Year 1 Finance Cost: AED 28,845.78
Journal — Commencement: Dr ROU Asset 480,762.95 / Cr Lease Liability 480,762.95
Year-end: Dr Finance Cost 28,846 / Cr Lease Liability 28,846 (interest)
Year-end: Dr Depreciation 160,254 / Cr Accumulated Depreciation 160,254

RK Now draft the IAS 12 deferred tax note for UAE Corporate Tax at 9% on this lease.

C IAS 12 Deferred Tax — IFRS 16 Lease (UAE CT Rate: 9%)
Temporary Difference — ROU Asset: Carrying amt AED 320,509 vs Tax base AED 0 = DTL AED 28,846
Temporary Difference — Lease Liability: Carrying amt AED 320,508 vs Tax base AED 0 = DTA AED 28,845
Net deferred tax impact on lease: Approximately neutral in Year 1 (DTA and DTL largely offset)
IAS 12 Note: 'Deferred tax is recognized on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases at 9% (UAE CT).'
Reference: UAE CT Law Art. 20; IAS 12.15; FTA Ministerial Decision No. 114 of 2023.

RK What SAP T-code do I use to post the IFRS 16 commencement journal entry?

C SAP FICO — IFRS 16 Posting Guidance
Use T-Code AB01 (Asset Posting) or AB50 (Miscellaneous Asset Transactions) to capitalize the ROU asset.
The lease liability is typically posted via FB60 (if vendor-linked) or FB50 (manual O/L entry, Doc Type AB).
In SAP S/4HANA, IFRS 16 can be handled via the RE-FX (Flexible Real Estate) module for property leases, or via manual asset capitalization (AS01 to create ROU asset master, then AB50 to post).
Depreciation area 01 should carry IFRS values; area 02 may carry local GAAP if different treatment applies.

Figure: Claude AI Finance Assistant — IFRS 16 lease accounting, UAE CT deferred tax, and SAP T-code guidance in a single professional conversation | RK Company © 2026

Four characteristics make Claude particularly valuable for professional finance work:

Intellectual Honesty

Claude is explicitly designed to acknowledge uncertainty rather than confidently assert incorrect information. In regulatory and financial reporting contexts, this matters profoundly. An AI that says 'I am not certain about the UAE CT treatment of this item. I recommend verifying against FTA Ministerial Decision No. 114 of 2023' is far more professionally useful than one that fabricates confident-sounding but incorrect guidance.

Long-Context Document Reasoning

Current Claude models can process and reason over very long documents complete sets of financial statements, detailed contracts, audit reports, or full FTA Public Clarifications enabling questions about specific documents rather than relying solely on general training knowledge.

Structured Professional Output

Claude produces well-organized outputs including calculation tables, numbered frameworks, formal disclosure notes, variance commentaries, and formatted professional reports — formats that integrate directly with the documentation requirements of a finance function.

Calibrated Communication

Claude can adjust its communication from highly technical (for a CFO or external auditor) to plain language (for operational management or board reporting), making it useful across the complete communication spectrum of a modern finance department.

1.3 SAP FICO — Architecture and Significance

SAP FICO (Financial Accounting and Controlling) is the financial management core of SAP's enterprise resource planning ecosystem. It combines two closely integrated modules — FI (Financial Accounting) and CO (Controlling) — to provide the complete infrastructure for enterprise financial management, from individual journal entry to consolidated group reporting.

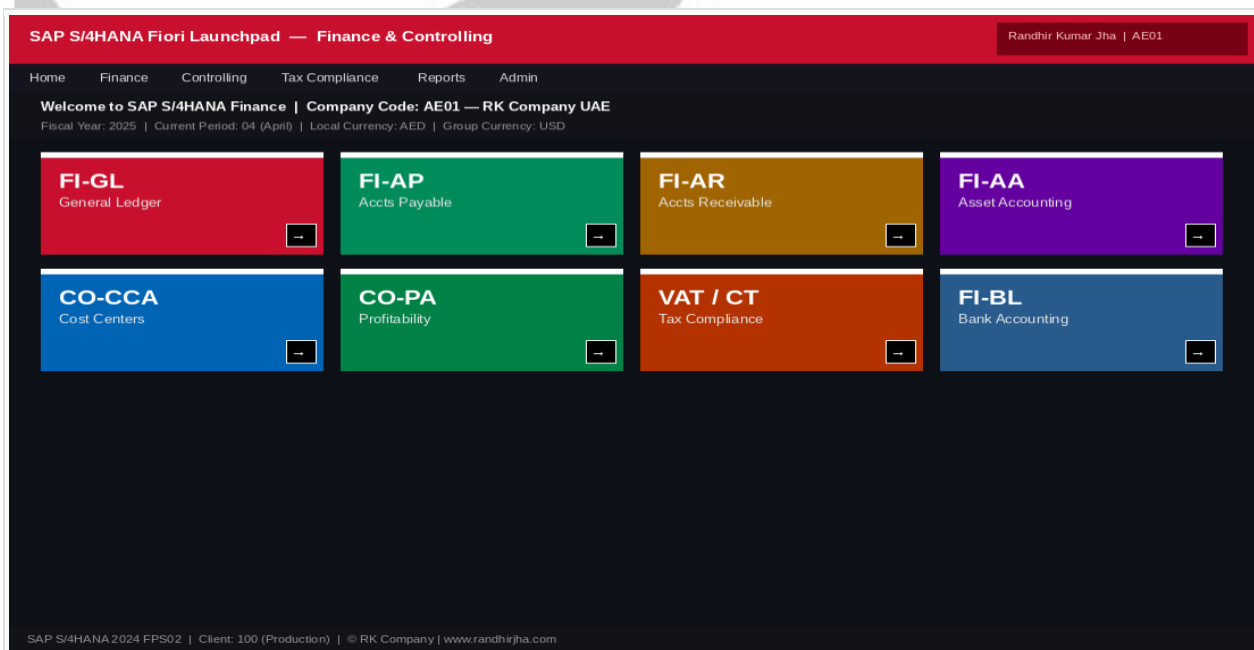


Figure: SAP S/4HANA Fiori Launchpad — Finance module overview. The tile-based interface provides role-specific access to FI, CO, Tax, and Reporting functions within the unified S/4HANA platform | RK Company © 2026

KEY CONCEPT Universal Journal – ACDOCA

SAP S/4HANA's most significant financial architecture innovation: a single database table (ACDOCA) that stores every financial posting with complete FI and CO dimensional detail simultaneously. In SAP ECC, FI and CO data were stored in separate tables requiring complex reconciliation. The Universal Journal eliminates that overhead, enabling real-time multidimensional financial analysis across the entire organization.

1.4 The Synergy: Claude AI + SAP FICO

The power of combining Claude AI with SAP FICO lies in their precise complementarity – each covers the other's limitations perfectly:

Capability	SAP FICO	Claude AI	Combined
Transaction processing & audit trail	Excellent	Not applicable	SAP executes; AI validates logic before posting
Real-time data & compliance controls	Excellent	Not applicable	SAP enforces; AI explains to stakeholders
IFRS technical reasoning	Good with config	Strong	AI interprets standard; SAP applies the rule
Natural language financial Q&A	None	Excellent	AI answers questions about SAP report outputs
Variance narrative & commentary	Data only	Excellent drafting	AI writes; SAP provides the numbers
Process documentation	Limited	Excellent	AI documents every SAP process professionally
Regulatory interpretation (VAT/CT)	Rule-based	Contextual reasoning	AI interprets FTA rules; SAP implements them
Disclosure note drafting	None	Excellent	AI drafts IFRS notes from SAP financial data

C H A P T E R 2

SAP FICO Fundamentals for the AI Era

Architecture, organizational structure, master data, and key financial processes

2.1 SAP S/4HANA Architecture

SAP S/4HANA (SAP Business Suite 4 SAP HANA) is the current-generation ERP platform from SAP SE, introduced commercially in 2015. The platform runs exclusively on the SAP HANA in-memory database, which stores data in columnar format in server RAM rather than on disk — enabling analytical queries that would have required overnight batch processing in SAP ECC to complete in seconds.

For finance professionals, the most significant change is the Universal Journal (table ACDOCA). In SAP ECC, FI financial accounting postings were stored in BKPF/BSEG tables, CO management accounting data in COEP, and Profitability Analysis in CE4xxxx tables — all separate, all requiring reconciliation. In S/4HANA, a single posting in FB50 or MIRO simultaneously updates every dimension: GL, cost center, profit center, functional area, and CO-PA — with zero reconciliation overhead.

! Important Note

When describing SAP scenarios to Claude AI, always specify whether you are working in SAP ECC (older) or SAP S/4HANA (current). Transaction code availability, table structures, and some process flows differ between versions. All T-codes in this book have been verified for SAP S/4HANA 2023/2024.

2.2 Organizational Structure

Mastering SAP's organizational hierarchy is fundamental to effective AI-assisted financial analysis. When providing SAP scenarios to Claude, clear organizational context prevents ambiguity and produces more targeted, accurate responses.

Org. Unit	Module	Primary Purpose	Typical UAE Config
Client	All	Independent SAP system instance	100=Dev, 200=QA, 300=Prod
Company Code	FI	Legal entity; standalone financial statements	One per UAE legal entity (e.g., AE01)
Controlling Area	CO	Management accounting scope	AE00 — encompasses all UAE company codes

Org. Unit	Module	Primary Purpose	Typical UAE Config
Business Area	FI	Cross-company segment reporting (legacy)	Replaced by Profit Centers in S/4HANA
Plant	MM/PP	Logistics and production location	Linked to company code; drives COGS
Sales Organization	SD	Commercial structure for revenue	Maps to company code; drives billing
Cost Center	CO-CCA	Departmental cost collection	Hierarchy: Controlling Area → CCGrp → CC
Profit Center	CO-PCA	Segment profitability view	Hierarchy: Standard Hierarchy → PCGrp → PC
Functional Area	FI-SL	P&L by function (IFRS presentation)	Required for IAS 1 function-of-expense P&L

2.3 SAP FI – Financial Accounting Modules

FI-GL: General Ledger Accounting

The General Ledger is the central repository of all financial postings in SAP. In S/4HANA, the GL is implemented through the Universal Journal (ACDOCA), capturing every posting with full dimensional detail. Key GL activities include manual journal entry posting (FB50), automatic clearing (F.13), foreign currency revaluation (FAGL_FC_VAL), and period-end balance carry forward (FAGLGVTR).

FI-AP: Accounts Payable

FI-AP manages the complete lifecycle of vendor transactions. Non-PO vendor invoices are entered via FB60; PO-linked invoices via MIRO (three-way match: PO, GR, Invoice). The automatic payment program (F110) selects open items for payment based on due dates and configured payment terms. Blocked invoices can be reviewed and released via MRBR.

FI-AR: Accounts Receivable

FI-AR manages customer billing and cash collection. Customer invoices are created via SD billing (VF01) or manually via FB70. Incoming payments are posted via F-28 (manual) or automatically via EBS (electronic bank statement). Dunning (overdue notices) is managed via F150.

FI-AA: Asset Accounting

Fixed asset lifecycle management from capitalization through depreciation to disposal. Asset master records are created via AS01. The Asset Explorer (AW01N) provides a comprehensive view of each asset's depreciation schedule across all depreciation areas. The monthly depreciation posting run is executed via AFAB.

FI-BL: Bank Accounting

Bank statement processing, reconciliation, and cash management. Electronic bank statements are imported and processed automatically; manual bank entries are posted via FF67. Bank reconciliation is supported by automatic clearing (F.13) and manual clearing (FB05).

2.4 SAP CO – Controlling Modules

CO-CCA: Cost Center Accounting

Cost centers collect and analyze costs by organizational unit. All expense postings in FI are simultaneously posted to a cost center in CO. Assessment cycles (KSU5) allocate service department costs to operational cost centers. Distribution cycles (KSV5) distribute actual costs to receivers. Actual line items are viewed via KSB1.

CO-PCA: Profit Center Accounting

Profit centers provide a management accounting view of profitability by segment. In S/4HANA, profit center data flows directly from every financial posting through the Universal Journal – eliminating the need for the separate EC-PCA reconciliation required in ECC.

CO-IO: Internal Orders

Internal orders are temporary cost objects used to track costs for specific projects, events, or campaigns. They collect costs during their active phase and are settled to a receiver (cost center, asset, or G/L account) upon completion. Settlement is executed via KO88.

CO-PC: Product Costing

Product costing calculates the standard cost of manufactured goods and compares it to actual production costs. Variance analysis identifies price variances (actual price vs standard price) and quantity variances (actual consumption vs standard consumption). Material price analysis is available via CKM3N.

CO-PA: Profitability Analysis

CO-PA provides multidimensional margin analysis by customer, product, sales region, and distribution channel. Profitability reports are executed via KE30 (run existing report) or KE31 (define new report). In S/4HANA with the Universal Journal, account-based CO-PA is the preferred approach as it is fully reconciled with FI at all times.

Execute Profitability Report (T-Code: KE30) — CO-PA Operating Concern: COPA | Q1 2025

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Operating Concern: COPA | Plan Version: 0 (Actuals) | Period: 001-003 / 2025 | Currency: AED

Customer Segment: All Segments Product Line: All Sales Region: UAE Channel: Direct Comparison: Plan vs Actual

Segment	Revenue	Variable Costs	Contribution I	Fixed Costs	Contribution II	Net Profit	Margin%
ENTERPRISE CLIENTS	5,234,000	2,891,200	2,342,800	892,000	1,450,800	1,234,560	23.6%
Gulf Trading LLC	1,890,000	989,000	901,000	320,000	581,000	489,000	25.9%
Emirates Corp Group	1,456,000	789,000	667,000	245,000	422,000	356,000	24.5%
Al Futtaim Holdings	1,888,000	1,113,200	774,800	327,000	447,800	389,560	20.6%
SME CLIENTS	2,145,000	1,421,000	724,000	456,000	268,000	189,500	8.8%
Retail Segment	890,000	612,000	278,000	189,000	89,000	67,500	7.6%
Services Sector	1,255,000	809,000	446,000	267,000	179,000	122,000	9.7%
GOVERNMENT / PUBLIC	1,234,000	712,000	522,000	213,000	309,000	265,000	21.5%
EXPORT & INTL	456,000	280,000	167,000	89,000	78,000	61,200	13.4%
TOTAL ALL SEGMENTS	9,069,000	5,313,200	3,755,800	1,650,000	2,105,800	1,750,260	19.3%

NOTE: T-Code KE30 (Execute Profitability Report). For report definition use KE31. CO-PA requires Operating Concern COPA activated in SPRO.

Figure: SAP KE30 — CO-PA Profitability Report: Q1 2026 margin analysis by customer segment showing contribution margins and net profit percentages with variance highlighting | RK Company © 2026

2.5 Verified SAP FICO Transaction Code Reference

The following table lists the most important SAP S/4HANA FICO transaction codes verified for the current platform release. Codes marked with * are Fiori applications with equivalent GUI transactions.

T-Code	Function	Module	Notes
FB50	Enter G/L Account Document	FI-GL	For manual accruals, corrections, reclassifications
FB03	Display Accounting Document	FI-GL	Read-only; used for audit review
FB08	Reverse Document (Single)	FI-GL	Reverses a specific document in same or different period
FBRA	Reset Cleared Items	FI-GL	Resets clearing before reversal
F.13	Automatic Clearing	FI-GL	Matches open items with same assignment field
FAGLB03	Display G/L Account Balances	FI-GL	Balance overview with drill-down
FAGLL03	G/L Account Line Items	FI-GL	Universal Journal line items in S/4HANA
FS10N	Balance Display with Selection	FI-GL	Year-over-year comparison
FAGL_FC_VAL	Foreign Currency Valuation	FI-GL	Period-end FX revaluation; creates FX G/L docs

T-Code	Function	Module	Notes
FAGLVTR	Balance Carryforward	FI-GL	Year-end close; carries P&L to retained earnings
S_ALR_87013611	G/L: Trial Balance	FI-GL	Classic trial balance report
FB60	Enter Incoming Invoice	FI-AP	Direct (non-PO) vendor invoices
MIRO	Enter Invoice Verification	FI-AP	PO-linked three-way match invoices
FB65	Enter Incoming Credit Memo	FI-AP	Vendor credit notes
F110	Automatic Payment Program	FI-AP	Vendor payment run; creates payment documents
FBL1N	Vendor Line Items	FI-AP	AP reconciliation and aging
FK10N	Vendor Balance Display	FI-AP	Vendor account balance summary
MRBR	Release Blocked Invoices	FI-AP	Review and release invoices blocked for payment
MR11	Maintain GR/IR Clearing Account	FI-AP	Clears GR/IR differences
FB70	Enter Customer Invoice	FI-AR	Manual customer invoices
F-28	Post Incoming Payments	FI-AR	Manual cash receipt posting
F-32	Clear Customer Account	FI-AR	Clear open customer items
FBL5N	Customer Line Items	FI-AR	AR reconciliation and aging
F150	Dunning Run	FI-AR	Generates overdue notices
VF01	Create Billing Document	SD/FI-AR	Revenue recognition from SD
AS01	Create Asset Master Record	FI-AA	New fixed asset capitalization
AS02	Change Asset Master Record	FI-AA	Modify asset parameters
ABSO	Miscellaneous Asset Postings	FI-AA	Manual asset transactions
ABUMN	Asset Transfer	FI-AA	Reclassification/transfer between asset classes
ABAVN	Asset Retirement by Scrapping	FI-AA	Full disposal with zero proceeds
ABAON	Asset Sale with Revenue	FI-AA	Disposal with sale proceeds
AFAB	Post Depreciation Run	FI-AA	Monthly depreciation posting run
AW01N	Asset Explorer	FI-AA	Asset values and depreciation schedule
S_ALR_87011964	Asset Balances	FI-AA	Fixed asset register / balance report
FF67	Bank Statement Manual Entry	FI-BL	Manual bank statement entry
KSB1	Cost Center Actual Line Items	CO-CCA	Detailed cost analysis
KS13	List of Cost Centers	CO-CCA	Cost center master data listing
KSU5	Execute Assessment Cycle	CO-CCA	Allocate service CC costs to receivers
KSV5	Execute Distribution Cycle	CO-CCA	Distribute primary costs to receivers
KSS1	Actual Overhead Calculation	CO-CCA	Calculate overhead rates
KPF6	Enter Cost Center Planning	CO-CCA	Budget entry for cost centers
KO01	Create Internal Order	CO-IO	New project/campaign cost object

T-Code	Function	Module	Notes
KO88	Settle Internal Order	CO-IO	Transfer costs to final receiver
KE30	Execute Profitability Report	CO-PA	Run CO-PA margin analysis report
KE31	Create Profitability Report	CO-PA	Define new CO-PA report layout
CKM3N	Material Price Analysis	CO-PC	Actual costing cockpit (S/4HANA)
KA23	Cost Element Master Data List	CO-OM	List cost elements in controlling area



C H A P T E R 3

Getting Started with Claude AI

Prompt engineering, effective techniques, and managing AI output quality

3.1 The Architecture of a High-Quality Financial Prompt

The single most important determinant of Claude AI output quality is the quality of the input prompt. A vague, context-free query produces a generic, low-value response. A precisely crafted, context-rich prompt produces a highly specific, directly actionable response that saves hours of work. The investment in prompt quality is asymmetric: 30 seconds spent writing a better prompt can save 30 minutes editing a poor response.

Prompt Component	Purpose	Example
1. Role Assignment	Anchors Claude in the correct professional frame of reference	"You are an experienced SAP FICO consultant and IFRS technical accountant..."
2. Context Provision	Eliminates ambiguity; provides organization-specific facts	"Our company is a UAE-registered LLC, Company Code AE01, AED functional currency..."
3. Task Specification	Defines precisely what output is needed	"Please calculate the IFRS 16 lease liability and draft the year 1 journal entries..."
4. Output Format	Specifies structure, length, and presentation style	"Present calculations in a table. Provide journal entries with T-code references..."

"A 30-second investment in writing a better prompt saves 30 minutes editing a mediocre response. Master prompt design and you master AI-augmented finance."

— RK Company Prompt Engineering Principle

3.2 Example Prompt Templates

► PROMPT TEMPLATE | Financial Statement Analysis — Comprehensive

You are a senior IFRS financial analyst with expertise in **[INDUSTRY]** sector reporting.

Analyze the financial statement data for **[COMPANY NAME]** for **[PERIOD]** provided below.

Please deliver:

- (1) Revenue quality and growth trend analysis (sustainable vs one-time items)
- (2) Gross margin, EBITDA margin, and net margin analysis with prior-period comparison
- (3) Liquidity analysis: current ratio, quick ratio, cash conversion cycle
- (4) Leverage analysis: net debt / EBITDA, interest coverage
- (5) Working capital efficiency: inventory days, receivable days, payable days
- (6) Three specific areas of financial strength and three areas requiring attention
- (7) A 200-word executive summary suitable for board reporting

Financial data: **[PASTE DATA]** | Reporting standards: **[IFRS / US GAAP]**

► PROMPT TEMPLATE | SAP Journal Entry Validation

You are an experienced SAP FICO accountant and IFRS reporting specialist.

Company Code: **[CODE]** | Fiscal Year: **[YEAR]** | Period: **[PERIOD]**

Transaction description: **[DESCRIBE THE UNDERLYING BUSINESS TRANSACTION IN DETAIL]**

Proposed journal entry:

Dr	[Account No. — Account Name]	AED	[AMOUNT]
Cr	[Account No. — Account Name]	AED	[AMOUNT]

Please confirm:

- (1) Whether the debit and credit accounts are technically correct for this transaction type
- (2) Whether additional posting lines are required (VAT output/input, cost center, profit center)
- (3) The correct SAP document type for this posting (SA, KR, DR, AA, etc.)
- (4) The correct SAP T-code to use for manual posting
- (5) Any supporting documentation requirements under IFRS or UAE FTA rules
- (6) If the entry is incorrect, provide the corrected version with full explanation

3.3 Providing SAP Data to Claude AI

Since Claude AI has no direct access to any SAP system, all financial data must be extracted and provided within the prompt. The following methods work effectively:

- Direct copy-paste: Select data from a SAP GUI report (e.g., KSB1, FBL1N, trial balance) and paste directly into the prompt. Claude processes tab-delimited and space-formatted SAP output effectively.
- CSV/Excel export: Most SAP reports can be exported via the List → Export function. Paste the key rows directly into the prompt for analysis.
- Structured description: 'The trial balance for AE01, Period 3, FY2026 shows the following closing balances: [accounts and amounts]' – highly effective for summarized scenarios.
- Incremental sharing: For multi-step analyses, provide data progressively across a conversation. Claude maintains context across multiple messages in a single session.

⚠ Critical Warning

Never paste employee PII (names, salaries, personal IDs), customer personal data, bank account numbers, or commercially sensitive information that violates your organization's data classification policy into any external AI service. Summarize or anonymize sensitive data. Always review your company's AI usage policy before sharing financial information with Claude.

3.4 Validating and Quality-Checking AI Output

Professional responsibility for all financial outputs remains with the qualified accountant, not with the AI tool. A disciplined validation framework should be applied to every AI-generated financial output before it is used:

1. Verify all calculations independently – use Excel or SAP to confirm figures that will be reported or posted.
2. Cross-check regulatory references – confirm T-codes, IFRS paragraph references, and FTA regulatory citations against primary sources.
3. Apply professional judgment – AI output is a first draft, not a final answer. Apply your knowledge of the specific organization, transaction, and context.
4. Document the validation – note in your working papers that AI assistance was used and that outputs were independently verified.
5. Escalate genuine uncertainty – where Claude explicitly flags uncertainty, treat that as a trigger for additional research or professional consultation.

C H A P T E R 4

Claude AI for SAP FI – Financial Accounting

G/L, Accounts Payable, Accounts Receivable, Fixed Assets, and Bank Reconciliation

4.1 General Ledger Accounting

The General Ledger is the definitive record of every financial event affecting a legal entity's accounts. In SAP S/4HANA, all GL postings flow through the Universal Journal (ACDOCA), which captures FI and CO dimensions simultaneously in a single posting. This architectural change enables real-time management reporting without the period-end reconciliation overhead that characterized SAP ECC.

4.1.1 Manual Journal Entry Posting – T-Code FB50

FB50 is used for manual G/L account document entries – including period-end accruals, prepayments, corrections, and reclassifications. The transaction uses Document Type SA (G/L Account Document) by default, with Posting Keys 40 (debit) and 50 (credit) for G/L accounts.

Enter G/L Account Document (FB50) — Company Code: AE01 | Posting Period: 03/2025

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Transaction: FB50 | G/L Account Document Entry | Document Type: SA (G/L Account Document)

Document Header Information

Document Date: 31.03.2025 | Posting Date: 31.03.2025 | Document Type: SA | Company Code: AE01 | Period: 3 / 2025 | Fiscal Year: 2025

Currency: AED | Reference: ACCRL-Q1-2025-003 | Header Text: Q1 2025 Month-End Accruals - March Close

Item	PK	G/L Account / Description	D/C	Amount AED	Tax Cd	Cost Ctr	Profit Ctr	Assignment	
001	40	420100 Accrued Expenses	Debit	36,000.00		5010	PC-OPS	ACR-0331-001	
002	50	200300 Accruals Payable	Credit	36,000.00				ACR-0331-001	
003	40	423200 Consultancy Fees	Debit	15,000.00	T1	5020	PC-SALE	ACR-0331-002	
004	50	200300 Accruals Payable	Credit	15,000.00	T1			ACR-0331-002	
005	40	610200 Subscription Costs	Debit	8,500.00		5030	PC-IT	ACR-0331-003	
006	50	200300 Accruals Payable	Credit	8,500.00				ACR-0331-003	
				Total Debits: AED 59,500.00					Total Credits: AED 59,500.00

Document balanced | Balance: 0.00 AED | Reversal Reason: 01 (next period) | Ready to Post

SAP KNOWLEDGE NOTE:
 Document Type SA = G/L Account Document (standard for manual journal entries, accruals, corrections).
 Posting Key 40 = Debit to G/L Account | Posting Key 50 = Credit to G/L Account.
 Tax Code T1 = Standard Rate 5% UAE VAT | Use FBRA to reset cleared items if reversal needed.

Figure: SAP FB50 — Manual G/L Document Entry: Q1 2026 month-end accruals with three balanced debit/credit line pairs, cost center assignments, and posting validation status | RK Company © 2026

SAP SAP Knowledge Note

Document Types in SAP FI control the account types that can be posted to and number range assignment. Common types: SA = G/L Account Document (manual journals), KR = Vendor Invoice, KZ = Vendor Payment, DR = Customer Invoice, DZ = Customer Payment, AA = Asset Posting, AB = Accounting Document (generic). Always use the correct document type — it affects number ranges, reversal behavior, and reporting filters.

► PROMPT TEMPLATE | Accrual Journal Entry with Automatic Reversal

You are an SAP FICO accountant specializing in period-end close. Prepare the accrual and reversal journal entries for the following:

Company Code: **[CODE]** | Currency: AED | Close Period: **[PERIOD/YEAR]**
Transaction: **[DESCRIBE EXPENSE/SERVICE BEING ACCRUED]**
Invoice amount: AED **[X]** (net) + AED **[Y]** VAT (5%) = AED **[Z]** gross
Services relate to period: **[MONTH/QUARTER]** | Invoice not yet received at close date
Please provide:

- (1) The accrual journal entry (Document Type SA, with automatic reversal – Reversal Reason: 01)
- (2) The reversal entry in period **[N+1]** – this happens automatically if reversal reason is set
- (3) The invoice posting entry (T-code FB60 or MIRO) when actual invoice is received
- (4) GL account names and numbers for each line
- (5) Required cost center or profit center assignments
- (6) Tax code to use for the VAT portion (if applicable to your accrual type)

Present as a formatted debit/credit table with T-codes and document types noted.

4.2 Accounts Payable – AI-Assisted Workflows

The AP process in SAP encompasses invoice receipt, three-way matching (PO, GR, Invoice), approval workflows, and the automated payment program. Claude AI adds value at multiple points: validating invoice postings before they are approved, analyzing aging data for cash flow risk, and resolving discrepancies between purchase orders and supplier invoices.

Automatic Payment Transactions (F110) — Vendor Payment Run | Run Date: 07.05.2025

System Edit Favorites Extras Environment Settings Help

T-Code: F110 | Automatic Payment Program | Identification: PAY-MAY2025-001 | Company Code: AE01

Parameters Free Selection Additional Log Printout/DME Status

Payment Run Parameters

Run Date: 07.05.2025 Identification: PAY-MAY2025-001 Company Codes: AE01 Payment Methods: T (Wire Transfer)

Next P/Date: 14.05.2025 Vendors: 10000 / 99999 Docs Posted To: 07.05.2025 Min. Amount: AED 500.00

Payment Proposal — Open Items Selected for Payment

Doc No.	Vendor Name	Vendor Acct	Net Due	Gross Amt	Discount	Pay Amt	Method
1900051234	Gulf Trading LLC	V-300145	01.05.2025	47,250.00	945.00	46,305.00	T
1900051235	Al Noor Supplies FZE	V-300221	03.05.2025	18,900.00	0.00	18,900.00	T
1900051236	Emirates Freight Co	V-300089	04.05.2025	12,600.00	252.00	12,348.00	T
1900051237	Tech Solutions MENA	V-300312	05.05.2025	63,000.00	0.00	63,000.00	T
1900051238	Aramco Trading UAE	V-300078	05.05.2025	189,000.00	3,780.00	185,220.00	T
1900051239	DHL Express UAE	V-300456	06.05.2025	9,450.00	0.00	9,450.00	T

Total Documents: 6 | Total Payment Amount: AED 335,523.00 | Bank: ENBD-AED-001

Payment proposal created | Proposal run completed without errors | Next: Verify proposal then Execute (F8)

SAP KNOWLEDGE NOTE:
F110 selects open AP items based on payment terms configured in vendor master (XK02). Payment method T = Wire Transfer. Always review payment proposal before executing. Use FBRA to reset cleared items post-payment if correction needed.

Figure: SAP F110 — Automatic Payment Program: Payment proposal for 6 vendors totalling AED 335,523. The proposal screen shows due dates, discount capture, and selected payment method before execution | RK Company © 2026

4.2.1 Three-Way Match and Invoice Discrepancy Resolution

► PROMPT TEMPLATE | AP Invoice Discrepancy — Three-Way Match

You are an SAP FICO AP specialist.

Vendor: [NAME] | TRN: [VENDOR TRN] | Invoice No: [INV NO] | Date: [DATE]

Invoice amount: AED [X] (excl. VAT) + AED [Y] VAT = AED [Z] total

Purchase Order (MIGO): PO [NUMBER] | PO value: AED [X2] (excl. VAT)

Goods Receipt: Qty [Q] units received on [DATE], all items accepted

Discrepancy: Invoice is AED [DIFFERENCE] higher than PO value

Please:

- (1) Identify the most probable causes of this three-way match discrepancy
- (2) Explain the SAP options for resolving the discrepancy
 - Price variance within tolerance: post via MIRO, system auto-clears
 - Price variance exceeding tolerance: invoice blocked (MRBR to review/release)
 - Quantity discrepancy: use MR11 to clear GR/IR account
- (3) Advise on UAE VAT input tax recovery: can full VAT be reclaimed on the higher invoice?
- (4) Draft a vendor query email requesting credit note or price justification
- (5) List the internal approval steps required before the discrepancy can be cleared

4.3 Accounts Receivable — ECL and Collections

Accounts receivable management has two dimensions in SAP FICO: the operational cycle of billing, collection, and cash application; and the IFRS 9 financial reporting obligation to maintain an Expected Credit Loss (ECL) provision on all trade receivables. Both can be significantly enhanced with AI assistance.

► PROMPT TEMPLATE | IFRS 9 ECL — Provision Matrix Calculation

You are an IFRS 9 impairment specialist.

Company: **[NAME]** | Reporting Date: **[DATE]** | Currency: AED

Trade receivables aging (simplified approach – IFRS 9.B5.5.35):

Not yet due:	AED [X]
1-30 days past due:	AED [X]
31-60 days past due:	AED [X]
61-90 days past due:	AED [X]
Over 90 days past due:	AED [X]

Historical loss rates (adjusted for current/forecast economic conditions per IFRS 9.5.5.17):

Not yet due: **[X]**% | 1-30 days: **[X]**% | 31-60 days: **[X]**% | 61-90 days: **[X]**% | >90 days: **[X]**%

Prior period provision: AED **[X]**

Please provide:

- (1) ECL provision matrix with calculation for each aging bucket
- (2) Total provision required and movement vs prior period
- (3) Journal entry to record provision movement (Dr Bad Debt Expense / Cr Loss Allowance)
- (4) SAP T-code for posting the provision adjustment (FB50, Document Type SA)
- (5) IFRS 9 disclosure note draft for the financial statements
- (6) Sensitivity: impact if default rates increase uniformly by 25%

4.4 Fixed Asset Accounting – IAS 16 and IFRS 16

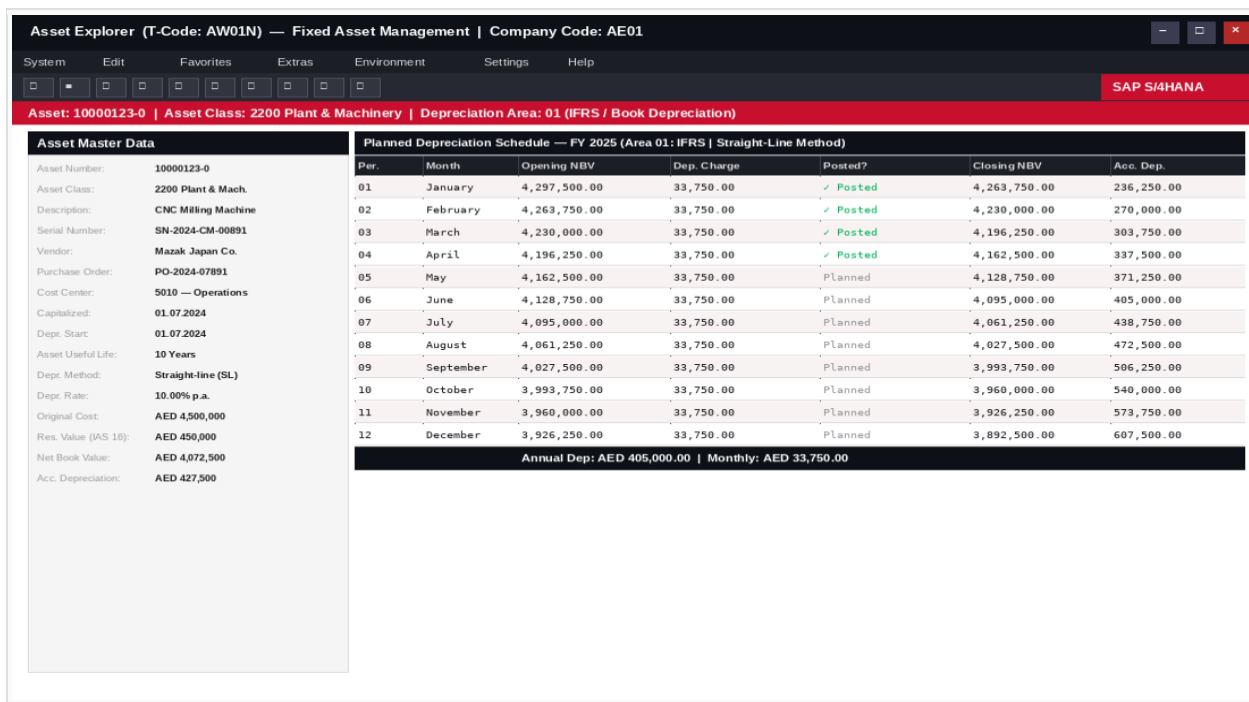


Figure: SAP AW01N Asset Explorer — CNC Milling Machine X200 (AED 4.5M): Complete FY2026 depreciation schedule showing planned vs posted monthly charges, accumulated depreciation, and closing net book values | RK Company © 2026

4.4.1 IFRS 16 Right-of-Use Asset Accounting

IFRS 16 (effective 1 January 2019) requires lessees to recognize a right-of-use (ROU) asset and corresponding lease liability for virtually all lease arrangements, with exemptions only for short-term leases (12 months or less) and leases of low-value assets. The initial measurement is the present value of the remaining lease payments discounted at the lessee's incremental borrowing rate.

► PROMPT TEMPLATE | IFRS 16 — Complete Lease Accounting Schedule

You are an IFRS 16 specialist accountant.

Lease details:

Asset type: **[TYPE – Office / Vehicle / Equipment / Warehouse]**

Commencement date: **[DATE]** | Lease term: **[X]** years / months

Lease payments: AED **[X]** per **[month/year]**, payable at **[start/end]** of each period

Incremental borrowing rate (IBR): **[X]**% per annum

Initial direct costs: AED **[X]** (if none, state nil)

Lease incentives received: AED **[X]** (if none, state nil)

Extension option: **[YES/NO – if yes, is extension reasonably certain?]**

Please provide:

- (1) Lease liability at commencement (present value calculation with working – show discount factors)
 - (2) ROU asset carrying amount at commencement
 - (3) Full amortization schedule: Period | Opening LL | Finance Cost | Payment | Closing LL
 - (4) Annual ROU asset depreciation (straight-line over **[lease term / economic life]**)
 - (5) Journal entries: (a) Commencement date (b) Each year-end: finance cost accrual, payment, depreciation
 - (6) Balance sheet presentation each year: ROU Asset (net), Lease Liability (current / non-current split)
 - (7) Income statement impact each year: depreciation charge + finance cost
- Show all calculations in clearly labelled tables. Reference IFRS 16 paragraph numbers.

4.5 Bank Reconciliation

Bank reconciliation is a fundamental financial control – verifying that the SAP GL bank account balance agrees to the bank statement balance, and identifying, explaining, and resolving all differences. In SAP, electronic bank statement (EBS) processing via the SWIFT MT940 or BAI2 format automates the bulk of matching, but manual intervention is always required for unmatched items.

► PROMPT TEMPLATE | Month-End Bank Reconciliation Analysis

You are a treasury accountant performing month-end bank reconciliation.
Bank: **[BANK NAME]** | Account: **[AED/USD Current Account]** | Date: **[DATE]**
SAP GL balance (T-code FS10N, account **[IBAN/GL NO]**): AED **[X]**
Bank statement closing balance: AED **[X]** | Reconciling difference: AED **[X]**

Outstanding items – In SAP but not on bank statement:
[Date] [Amount] [Description] – e.g., Cheque issued to vendor, not yet presented

Items on bank statement not yet in SAP:
[Date] [Amount] [Description] – e.g., Bank charges, direct debits, interest

Please:

- (1) Classify each item by type (outstanding cheque, deposit in transit, bank error, unposted item, etc.)
- (2) Recommend the specific SAP action to clear each item (FF67, FB50, F-03, FB05)
- (3) Prepare the reconciliation statement showing GL balance reconciling to bank balance
- (4) Identify any items representing financial risk or potential fraud indicators
- (5) Draft a reconciliation sign-off memo for the Financial Controller

C H A P T E R 5

Claude AI for SAP CO — Controlling

Cost Centers, Profit Centers, Internal Orders, Product Costing, and CO-PA Analysis

5.1 Cost Center Accounting — Variance Analysis

Cost center accounting is the operational foundation of management accounting in SAP CO. Every expense posted in FI is assigned to a cost center (or another CO object), enabling granular analysis of where costs are incurred across the organization. The monthly cost center variance report — comparing actual costs to plan — is one of the most critical management accounting deliverables, and one where Claude AI can transform both the speed and quality of the analysis.

BUDGET	ACTUAL	VARIANCE					
AED 450,000	AED 489,250	AED 39,250 Over					
Document	Period	Cost Element Description	D/C	Amount AED	Currency	Profit Ctr	Reference / Text
100023412	001	430100 Salaries & Wages	Cr	215,000.00	AED	PC001	Jan-Mar Payroll Run
100023413	001	430200 End of Service Benefit	Cr	25,800.00	AED	PC001	IAS 19 Provision Q1
100023501	002	460100 Electricity – DEWA	Cr	18,450.00	AED	PC001	DEWA Inv Feb 2025
100023502	002	460200 Water – DEWA	Cr	4,200.00	AED	PC001	DEWA Water Feb 2025
100023610	003	470100 Maintenance & Repairs	Cr	34,500.00	AED	PC001	AC System Q1 Maint.
100023689	003	480100 Office Supplies	Cr	8,700.00	AED	PC001	Stationery Q1 2025
100023700	003	490100 Travel & Entertainment	Cr	12,600.00	AED	PC001	Client Meetings Q1
100023755	001	430300 Overtime Pay	Cr	14,000.00	AED	PC001	January Overtime
100023812	002	631000 Depreciation Expense	Cr	28,000.00	AED	PC001	Monthly Depreciation
100023889	003	495100 Miscellaneous Exp.	Cr	6,200.00	AED	PC001	Sundry Items Q1
100023910	002	460400 IT & Communications	Cr	4,800.00	AED	PC001	IT Services Q1
100023950	003	430400 Housing Allowance	Cr	27,000.00	AED	PC001	Transport Allowance
ASSE55-001	001	612900 IT Cost Allocation	Cr	70,000.00	AED	PC001	Assessment Cycle Q1
TOTAL ACTUAL COSTS (Period 001-003)				489,250.00			

OVER BUDGET by AED 39,250 (+8.7%) | Variance report required | Recommended action: KSS1 Overhead Review

Figure: SAP KSB1 — Cost Center Actual Line Items: Operations Department (CC 5010), Q1 2026. Actual costs of AED 489,250 against budget of AED 450,000 — over budget by AED 39,250 (+8.7%). All cost elements visible with period, amount, and assignment details

| RK Company © 2026

► PROMPT TEMPLATE | Cost Center Variance Commentary — Management Report

You are a management accountant preparing monthly cost center variance reports.

Cost Center: **[NUMBER]** – **[NAME]** | Responsible Manager: **[NAME]**

Period: **[MONTH YEAR]** | Company Code: **[CODE]** | Controlling Area: **[CODE]**

Budget vs Actual:

Total Budget: AED **[X]** | Total Actual: AED **[X]** | Total Variance: AED **[X]** (**[X]**%)

Significant line variances (cost element level):

[430100 Salaries]: Budget AED **[X]**, Actual AED **[X]**, Variance AED **[X]**

[460100 Electricity]: Budget AED **[X]**, Actual AED **[X]**, Variance AED **[X]**

[List remaining significant lines]

Known explanations: **[ANY KNOWN REASONS – e.g., new hire, emergency repair, price increase]**

Please draft:

- (1) A 250-word variance commentary for the Cost Center Manager (operational tone)
- (2) A 100-word executive summary for the CFO (strategic, outcome-focused)
- (3) A prioritized action list with recommended owner and timeline for each item
- (4) A rolling 12-month forecast of year-end variance if current trends continue

5.2 Assessment and Distribution Cycles

Period-end cost allocations are fundamental to accurate segment profitability reporting. SAP CO supports two types of cycle-based allocation:

- **Assessment (T-code KSU5)**: The entire cost center balance is allocated to receivers using a statistical key figure (e.g., headcount, square meters) or percentage split. The allocation uses secondary cost elements, so receivers see 'IT Cost Allocation' rather than individual cost line items. Used when the detailed cost breakdown of the sender is not relevant to the receiver.
- **Distribution (T-code KSV5)**: Individual primary cost elements are distributed to receivers, preserving full cost element transparency. Receivers see the individual expense types allocated from the service center. Used when cost element visibility at the receiver level is required for management reporting.

SAP SAP Knowledge Note

T-Code KSS1 (Actual Overhead Calculation) must be run before KSU5/KSV5 in organizations using overhead rate-based allocations. The sequence is: KSS1 → KSU5/KSV5 → CO-PA allocation. This sequence must be completed before the final CO period close (T-code KKA0 in some configurations).

5.3 CO-PA Profitability Analysis

CO-PA provides the most granular view of business profitability in SAP – analyzing revenue and contribution margin across multiple dimensions simultaneously: customer, product, sales region, distribution channel, and industry sector. In SAP S/4HANA with account-based CO-PA (the recommended approach), all values are stored in the Universal Journal and are fully reconciled with FI at all times.

PROMPT TEMPLATE | CO-PA Segment Profitability Analysis

You are a senior management accountant analyzing CO-PA profitability data.

T-Code KE30 Report: **[REPORT NAME]** | Period: **[PERIOD]** | Operating Concern: **[CODE]**

Segment data (from KE30 output):

[Segment]: Revenue AED **[X]** | Variable COGS AED **[X]** | Contribution I AED **[X]** |

Fixed Costs AED **[X]** | Contribution II AED **[X]** | Net Margin **[X]**%

[Repeat for each segment]

Industry benchmark margins: **[PROVIDE IF AVAILABLE]**

Please provide:

- (1) Segment ranking by net contribution (absolute and percentage)
- (2) Waterfall analysis from Revenue to Net Profit for the top 2 segments
- (3) Identification of segments with structural profitability concerns
- (4) Three specific pricing, cost reduction, or portfolio mix recommendations
- (5) A one-page profitability performance summary suitable for the Strategy Committee

C H A P T E R 6

IFRS Reporting with Claude AI and SAP

Technical standards, financial statement preparation, and professional disclosure drafting

6.1 IFRS Standards Quick Reference

Standard	Subject	Critical Recognition/Measurement Point	Primary AI Use Case
IFRS 15	Revenue – Contracts	5-step model; recognize as/when performance obligations satisfied	POB identification; revenue schedule; disclosure notes
IFRS 16	Leases	Lessee: ROU asset + lease liability at PV; SL depreciation; EIR interest	Full amortization schedule; journal entries; notes
IFRS 9	Financial Instruments	ECL impairment; classification (AC / FVPL / FVOCI); hedge accounting	ECL provision matrix; classification analysis; notes
IFRS 3	Business Combinations	Acquisition method; FV at acquisition date; goodwill computation	PPA schedule; goodwill note; contingent consideration
IAS 36	Impairment	Recoverable amount = higher of VIU and FV less costs to sell	CGU analysis; discount rate justification; sensitivity
IAS 16	PP&E	Cost or revaluation model; systematic depreciation over useful life	Depreciation schedule; revaluation; disposal accounting
IAS 2	Inventories	Lower of cost and NRV; FIFO or weighted average cost formula	NRV analysis; write-down provisions; disclosure
IAS 37	Provisions	Probable outflow; reliable estimate; best estimate measurement	Recognition criteria; measurement; sensitivity notes
IAS 19	Employee Benefits	Defined benefit: projected unit credit method; actuarial assumptions	EOSB calculation for UAE; IAS 19 note drafting
IAS 12	Income Taxes	Temporary differences (liability method); UAE CT rate 9%	DTA/DTL identification; first-time CT recognition
IAS 1	Presentation	Statement of comprehensive income; comparative period; going concern	MD&A drafting; IAS 1 compliance review
IAS 7	Cash Flows	Direct or indirect operating method; net debt reconciliation	CF statement review; net debt schedule

Standard	Subject	Critical Recognition/Measurement Point	Primary AI Use Case
IAS 21	Foreign Currency	Functional currency; closing rate (BS) / average rate (P&L)	FX translation notes; functional currency assessment
IAS 38	Intangible Assets	R&D cost capitalization criteria; finite/indefinite useful life	Intangible asset schedule; impairment trigger analysis

6.2 Financial Statement Preparation Support

► PROMPT TEMPLATE | Balance Sheet — IAS 1 Technical Review

You are an IFRS reporting specialist performing a detailed technical review.

Please review the following draft Statement of Financial Position for **[COMPANY NAME]** as at **[DATE]**.

Apply IAS 1 Presentation of Financial Statements requirements systematically:

- (1) CLASSIFICATION: Review current vs non-current classification of each asset and liability
 (IAS 1.60-76: apply operating cycle test and 12-month settlement criteria)
- (2) COMPLETENESS: Verify all required minimum line items per IAS 1.54 and IAS 1.69 are present
- (3) DISAGGREGATION: Identify any items that IAS 1 or other standards require to be shown separately
 (e.g., IFRS 16 ROU assets, IFRS 9 financial assets by category, deferred tax separate from current tax)
- (4) OFFSETTING: Check for any inappropriate offsetting (IAS 1.32: offset only if specifically permitted)
- (5) EQUITY: Confirm all equity components presented per IAS 1.78 and IAS 1.79
- (6) DISCLOSURE TRIGGERS: Flag any balances likely requiring note disclosure

For each finding, classify as: **[MUST CORRECT / CONSIDER REVISING / DISCLOSE IN NOTES]**

Draft financial position: **[PASTE STATEMENT]**

► PROMPT TEMPLATE | Annual Report — Management Discussion and Analysis

You are the Head of Financial Reporting preparing the MD&A section.

Company: **[NAME]** | Industry: **[SECTOR]** | Financial Year Ended: **[DATE]**

| Currency: AED

Key metrics:

Revenue: AED **[X]** (prior year: AED **[X]**) | Change: **[+/-X]**%

Gross Profit: **[X]**% margin (prior year: **[X]**%)

EBITDA: AED **[X]** (**[X]**% margin)

Net Profit: AED **[X]** (**[X]**% margin)

Key business developments during the year: **[LIST 4-6 SIGNIFICANT EVENTS]**

Market and economic context: **[UAE / REGIONAL CONDITIONS]**

Key risks and uncertainties: **[LIST KEY RISKS]**

Significant accounting judgments: **[LIST ANY MATERIAL ESTIMATES]**

Please draft a 600-word MD&A covering (with approximate word allocations):

(1) Business environment and strategic context **[100 words]**

(2) Revenue performance and growth drivers **[150 words]**

(3) Cost structure and margin analysis **[150 words]**

(4) Significant items, non-recurring events, and key judgments **[100 words]**

(5) Liquidity position and capital structure **[50 words]**

(6) Outlook for the coming year **[50 words]**

Tone: formal, precise, confident. Avoid corporate boilerplate language.

6.3 Key IFRS 16 Disclosure Note

► PROMPT TEMPLATE | IFRS 16 — Complete Financial Statement Disclosure

You are an IFRS 16 disclosure specialist.

Company: **[NAME]** | Reporting Date: **[DATE]** | Currency: AED

Lease portfolio data:

ROU Assets: Opening AED **[X]**, Additions AED **[X]**, Depreciation AED **[X]**, Closing AED **[X]**

Lease Liabilities: Current AED **[X]**, Non-current AED **[X]**, Total AED **[X]**

P&L charges: Depreciation AED **[X]** | Finance cost (EIR) AED **[X]**

Short-term lease expense AED **[X]** | Low-value lease expense AED **[X]**

Cash paid for leases: AED **[X]** (principal) + AED **[X]** (interest)

Maturity analysis: Less than 1 year AED **[X]** | 1-5 years AED **[X]** | Over 5 years AED **[X]**

Asset types in lease portfolio: **[Office Space, Vehicles, Warehouse, Equipment, etc.]**

Key judgments: **[Lease term assumptions, IBR determination method, extension options]**

Please draft:

(1) Accounting policy note for leases (per IFRS 16.51-60 disclosure requirements)

(2) ROU asset movement table (per IFRS 16.53a)

(3) Lease liability maturity analysis (per IFRS 16.58)

(4) Quantitative and qualitative disclosures (per IFRS 16.53-60)

Use formal IFRS disclosure language throughout. Reference relevant IFRS 16 paragraph numbers.

C H A P T E R 7

UAE VAT Compliance with Claude AI

FTA regulations, VAT 201 return preparation, invoice compliance, and audit defense

7.1 UAE VAT Legal Framework

The UAE introduced Value Added Tax (VAT) at a standard rate of 5% on 1 January 2018, implemented under Federal Decree-Law No. 8 of 2017 on VAT, with the Executive Regulations issued as Cabinet Decision No. 52 of 2017. The Federal Tax Authority (FTA) administers and enforces the UAE tax system through the Emaratax digital platform (emaratax.gov.ae).

VAT Category	Rate	Principle Examples	SAP Tax Code (Typical)
Standard Rated	5%	Most goods and services; commercial property rent; hotel accommodation	T1 or TX
Zero Rated	0%	Direct exports outside GCC; international transport; first supply of residential buildings; crude oil and natural gas; educational and healthcare services meeting prescribed criteria	Z0 or T0
Exempt	N/A (no VAT)	Certain financial services (per Cabinet Decision 59/2017); bare land; residential property after first supply	EX or VE
Out of Scope	N/A	Outside UAE territorial scope; employment income; dividends and investment returns	OS or NS
Reverse Charge	5% self-assess	Designated zone to mainland imports; specified services received from overseas suppliers (Art. 48 UAE VAT Law)	RC or R1

! Important Note

The distinction between zero-rated and exempt is critically important for input tax recovery. Zero-rated supplies count as taxable supplies in the VAT recovery fraction — allowing full input tax recovery on related costs. Exempt supplies do not count as taxable, reducing the proportion of input tax that can be recovered under the partial exemption rules.

Federal Tax Authority — UAE		TRN: 100234567890003 RK Company LLC Tax Period: Q1 2025 (Jan-Mar)	
EmaraTax Portal VAT Return — Form VAT 201 Online Submission			
PART 1 — VAT on Sales and All Other Outputs			
		Taxable Amt (AED)	VAT Amount (AED)
1a	Standard Rated Supplies — Abu Dhabi	2,450,000.00	122,500.00
1b	Standard Rated Supplies — Other Emirates	3,890,000.00	194,500.00
2	Supplies Subject to the Reverse Charge (RC)	185,000.00	9,250.00
3	Zero Rated Supplies	890,000.00	0.00
4	Exempt Supplies	120,000.00	
5	Goods Imported into UAE	456,000.00	22,800.00
6	Total Output Tax Due (Sum of VAT above)		349,050.00
PART 2 — VAT on Expenses and All Other Inputs			
9	Standard Rated Expenses — Input VAT	4,234,000.00	211,700.00
10	Supplies Subject to RC — Input Tax Credit	185,000.00	9,250.00
11	Goods Imported — Input Tax Credit	456,000.00	22,800.00
12	Total Input Tax for Which Credit is Claimed		243,750.00
PART 3 — Net VAT Due / Refundable			
13	NET VAT DUE (Box 6 minus Box 12)		105,300.00
PAYMENT DUE: AED 105,300.00			
Due Date: 28 April 2025 Pay via EmaraTax Portal Ref: VAT201-Q1-2025-100234567890003			
<input type="button" value="Submit Return"/> <input type="button" value="Save Draft"/> <input type="button" value="Print / Export"/> <input type="button" value="Amend"/>			
FTA EmaraTax emaratatx.gov.ae For assistance: 600 599 994 © Federal Tax Authority UAE Disclaimer: VAT returns must be filed within 28 days of the end of each tax period. Late filing attracts administrative penalties under UAE VAT Law.			

Figure: UAE FTA EmaraTax — VAT 201 Return Q1 2026: Complete return showing standard-rated output tax (AED 349,050), input tax credit (AED 243,750), and net VAT payable (AED 105,300) with payment reference | RK Company © 2026

7.2 VAT Return — Box-by-Box Reference

Box	Description	What to Include	Common Errors
1a	Standard rated supplies — Abu Dhabi	Net value of 5% taxable supplies in Abu Dhabi emirate	Including gross (VAT-inclusive) amounts instead of net
1b	Standard rated supplies — other Emirates	Net value of 5% taxable supplies in other UAE Emirates	Forgetting to split by emirate; using wrong emirate classification
2	Reverse charge supplies received	Value of services/goods received subject to reverse charge	Omitting imported services from non-UAE suppliers
3	Zero rated supplies	Exports and other zero-rated supplies	Classifying exempt as zero-rated (different implications)
4	Exempt supplies	Sales that are exempt from VAT	Confusing with zero-rated; see note above
5	Goods imported into UAE	CIF value of goods imported subject to UAE VAT	Using invoice value only; should include freight and insurance
6	Total output tax due	Calculated field: sum of VAT on boxes 1a, 1b, 2, 5	Auto-calculated; verify against VAT account in SAP
9	Recoverable input tax — standard rated	VAT on standard-rated purchases incurred in period	Including blocked input tax (entertainment, private-use items)
10	Recoverable input tax — reverse charge	VAT self-assessed on RC purchases	Must match box 2 if full recovery applies

Box	Description	What to Include	Common Errors
11	Recoverable input tax – imports	VAT paid on imports (box 5 VAT)	Must match box 5 VAT amount
12	Total input tax credit claimed	Net recoverable input tax	Must apply partial exemption apportionment if applicable
13	NET VAT DUE	Box 6 minus Box 12	If negative, refund position; must be supported by reconciliation

► **PROMPT TEMPLATE** | VAT Return Preparation — Complete

You are a UAE VAT compliance specialist with expert knowledge of Federal Decree-Law No. 8 of 2017, Cabinet Decision No. 52 of 2017 (Executive Regulations), and all current FTA Public Clarifications.

Company: **[NAME]** | TRN: **[TRN]** | Tax Period: **[Q1/Q2/Q3/Q4]** **[YEAR]**

Data from SAP (T-code S_ALR_87013611 or VAT-specific GL report):

Standard-rated sales (net, excl. VAT): AED **[X]**

Zero-rated sales: AED **[X]**

Exempt sales: AED **[X]**

Reverse charge supplies received: AED **[X]**

Standard-rated purchases (net, excl. VAT): AED **[X]**

Import VAT paid: AED **[X]**

Unusual items for classification:

Item 1: **[DESCRIBE TRANSACTION]** – Amount: AED **[X]**

Item 2: **[DESCRIBE TRANSACTION]** – Amount: AED **[X]**

Please:

- (1) Map each figure to the correct VAT 201 box with explanation
- (2) Classify each unusual item citing the relevant FTA legislative provision
- (3) Calculate Box 13 (Net VAT Due) and confirm payment amount
- (4) Identify any compliance risks or positions requiring FTA Public Clarification support
- (5) Confirm the filing deadline and note any relevant FTA late payment penalty rates
- (6) List any items where a voluntary disclosure (VD) may be appropriate

7.3 Input Tax Apportionment – Partial Exemption

► PROMPT TEMPLATE | Input Tax Recovery – Partial Exemption Calculation

You are a UAE VAT specialist. Compute the input tax apportionment for a partially exempt business.

Tax Year: [YEAR] | Company: [NAME] | TRN: [TRN]

Annual supplies for recovery fraction:

Standard-rated supplies: AED [X]

Zero-rated supplies: AED [X]

Exempt supplies: AED [X] (Note: excluded from taxable supplies in numerator AND denominator for Art. 54 standard method)

Input VAT by category:

Exclusively attributable to taxable (standard + zero-rated) supplies:
AED [X]

Exclusively attributable to exempt supplies: AED [X]

Residual (attributable to both taxable and exempt activities): AED [X]

Total input VAT incurred: AED [X]

Please:

- (1) Apply the standard recovery method per Article 54 UAE VAT Executive Regulations
- (2) Calculate recoverable fraction (round up to nearest whole number per Art. 54(7))
- (3) Calculate recoverable residual input tax
- (4) Calculate total recoverable input tax (exclusive + residual portion)
- (5) Identify the annual adjustment required at year-end vs interim returns
- (6) Assess whether an alternative method under Art. 55 might produce a higher recovery

C H A P T E R 8

UAE Corporate Tax with Claude AI

CT framework, taxable income computation, IAS 12 deferred tax, and compliance planning

8.1 UAE Corporate Tax – Legislative Framework

The UAE introduced a federal Corporate Tax (CT) under Federal Decree-Law No. 47 of 2022. The first taxable periods commenced on 1 June 2023 (for companies with June year-ends) or 1 January 2024 (for calendar-year companies). The FTA has issued a series of Ministerial Decisions and Public Clarifications amplifying the CT Law, including Ministerial Decision No. 114 of 2023 (Business Restructuring Relief) and Ministerial Decision No. 126 of 2023 (Interest Limitation).

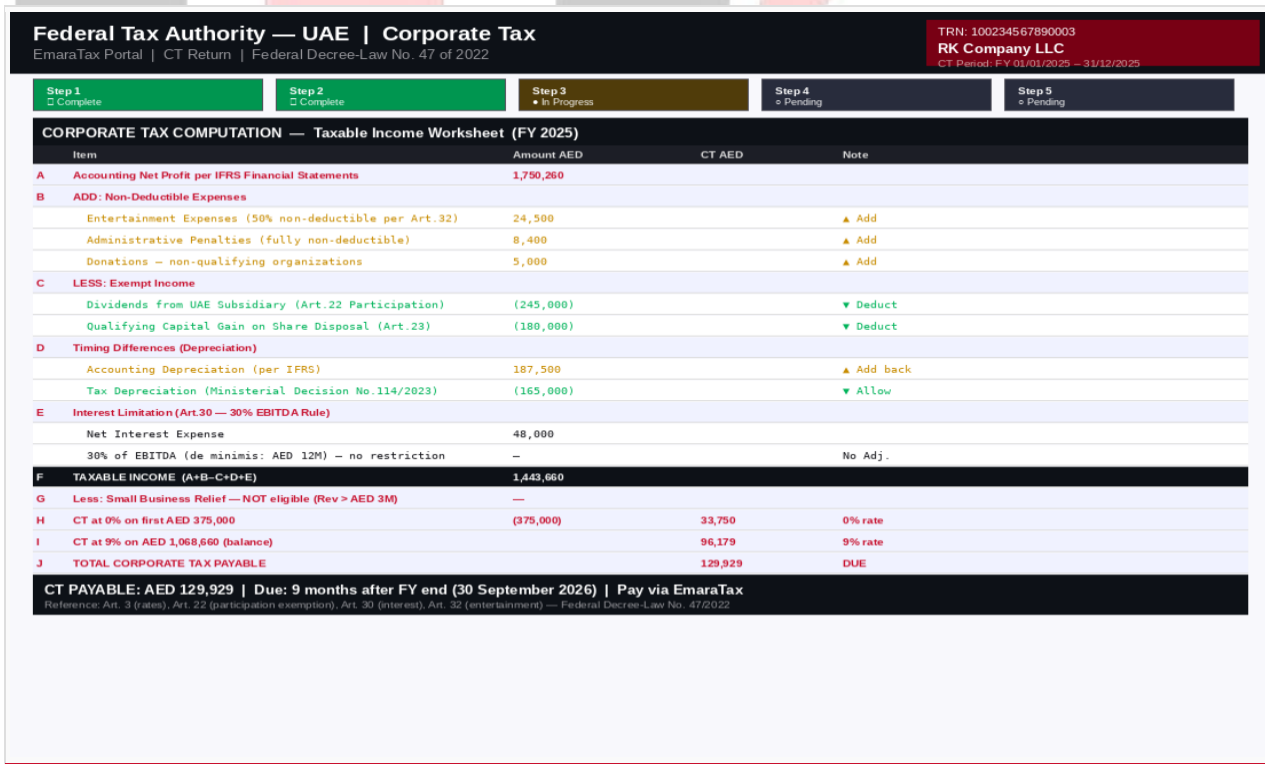


Figure: UAE Emaratax – Corporate Tax Computation: FY2026 taxable income worksheet showing accounting profit adjustments, participation exemption, interest limitation check, and CT liability of AED 129,929 | RK Company © 2026

CT Provision	Legislative Reference	Key Detail
Standard CT rate – 9%	Art. 3(1)(b) – CT Law	Applies to taxable income exceeding AED 375,000
Zero rate – 0%	Art. 3(1)(a) – CT Law	Applies to taxable income up to AED 375,000

CT Provision	Legislative Reference	Key Detail
Small Business Relief	Art. 21 + Ministerial Decision No. 73/2023	0% for businesses with revenue ≤ AED 3M; election required annually
Qualifying Free Zone Person	Art. 18 + Ministerial Decision No. 55/2023	0% on qualifying income; 9% on non-qualifying; substance requirements apply
Participation Exemption	Art. 22 – CT Law	Dividends/gains from 5%+ shareholding held ≥ 12 months; conditions apply
Non-deductible Entertainment	Art. 32 – CT Law	50% of qualifying entertainment, amusement, recreation expenditure is non-deductible
Interest Limitation	Art. 30 + Ministerial Decision No. 126/2023	Net interest deduction capped at 30% of EBITDA; AED 12M de minimis threshold
Transfer Pricing	Art. 34-36 + Min. Decision No. 97/2023	Arm's length; master file, local file; country-by-country if revenue > AED 3.15B
CT Return Filing	Art. 53 – CT Law	Due 9 months after end of taxable period (e.g., Sep 30 for Dec year-end)
Pillar Two (DMTT)	Federal Decree-Law No. 60/2023	15% top-up tax for MNE groups with consolidated revenue > EUR 750M

► PROMPT TEMPLATE | Taxable Income Computation — Full Worksheet

You are a UAE Corporate Tax advisor specializing in Federal Decree-Law No. 47 of 2022.

Prepare a taxable income computation for **[COMPANY NAME]** for tax period **[DATE to DATE]**.

Step 1 – Accounting net profit per IFRS financial statements: AED **[X]**

Step 2 – ADD non-deductible items (Art. 28-33):

Entertainment expenses (Art. 32 – 50% non-deductible): AED **[X]**

Administrative penalties (fully non-deductible per Art. 33): AED **[X]**

Bribes/illegal payments (fully non-deductible per Art. 33): AED **[X]**

Other non-deductible: **[DESCRIBE]**: AED **[X]**

Step 3 – LESS exempt income (Art. 22-23):

Qualifying dividends (Art. 22 – participation exemption): AED **[X]**

Qualifying capital gains (Art. 23): AED **[X]**

Step 4 – Depreciation timing differences:

Accounting depreciation (IFRS): AED **[X]**

Tax depreciation (Min. Decision No. 114/2023 rates): AED **[X]**

Step 5 – Interest limitation check (Art. 30):

Net interest expense: AED **[X]** | EBITDA for CT purposes: AED **[X]**

Is net interest > AED 12M? **[YES/NO]** | Does 30% EBITDA limit apply? **[YES/NO]**

Please:

- (1) Compute taxable income with full workings for each step
- (2) Apply the CT rate structure (0% on first AED 375,000; 9% on balance)
- (3) Calculate CT liability
- (4) Compute deferred tax under IAS 12 at 9% rate
- (5) Calculate effective tax rate vs nominal 9% and explain any difference

8.2 IAS 12 Deferred Tax – UAE CT First-Time Application

► PROMPT TEMPLATE | Deferred Tax – IFRS 16 and Other Temporary Differences

You are an IAS 12 and UAE Corporate Tax specialist.
This is [COMPANY NAME]'s first year of CT deferred tax recognition.
Applicable CT rate: 9% | Reporting Date: [DATE] | Currency: AED
Temporary differences (carrying amount vs tax base):
Asset: PP&E net – Carrying: AED [X] | Tax base: AED [X] | Difference:
AED [X] | Type: [Taxable DTL]
Asset: IFRS 16 ROU – Carrying: AED [X] | Tax base: AED [X] | Difference:
AED [X] | Type: [Taxable DTL]
Liability: IFRS 16 LL – Carrying: AED [X] | Tax base: AED [X] |
Difference: AED [X] | Type: [Deductible DTA]
Liability: ECL Provision – Carrying: AED [X] | Tax base: AED [X] |
Difference: AED [X] | Type: [Deductible DTA]
Liability: EOSB Provision – Carrying: AED [X] | Tax base: AED [X] |
Difference: AED [X] | Type: [Deductible DTA]
Please:
(1) Calculate DTA and DTL for each temporary difference at 9%
(2) Identify any DTAs where recoverability is uncertain (IAS 12.27-29)
(3) Calculate net deferred tax position
(4) Draft the opening balance SAP journal entry (Document Type AB or SA,
T-code FB50)
(5) Draft the IAS 12 disclosure note (movement table, unrecognized DTAs,
rate reconciliation)

C H A P T E R 9

Advanced Prompting Techniques

Chain-of-thought, role-stacking, iterative refinement, and error detection workflows

9.1 Chain-of-Thought Prompting

Chain-of-thought prompting directs Claude to articulate its reasoning step by step rather than jumping directly to a conclusion. For complex financial analyses — multi-standard accounting problems, complex tax computations, or regulatory interpretations where intermediate conclusions matter — CoT prompting produces more transparent, auditable, and verifiable outputs.

Pro Tip

Add the phrase 'Work through this step by step, showing your reasoning and referencing the applicable standard at each stage' to any complex financial prompt to activate chain-of-thought mode. The intermediate reasoning steps often surface assumptions and calculations that warrant professional verification.

► PROMPT TEMPLATE | Chain-of-Thought — IFRS 15 Revenue Recognition

You are an IFRS 15 specialist. Work through the following scenario applying the IFRS 15 five-step model systematically. Do not combine steps. Show your reasoning for each step.

Scenario: **[COMPANY NAME]** has entered a contract to provide:

Deliverable 1: **[DESCRIBE — e.g., custom software implementation]**

Deliverable 2: **[DESCRIBE — e.g., 12-month post-implementation support]**

Deliverable 3: **[DESCRIBE — e.g., end-user training — 3 days]**

Total contract value: AED **[X]**

Standalone selling prices: D1: AED **[X]** | D2: AED **[X]** | D3: AED **[X]**

Delivery timeline: D1 completed **[DATE]** | D2: **[DATE]** to **[DATE]** | D3: **[DATE]**

STEP 1 (IFRS 15.9-16): Is there a contract with a customer? Apply all 5 criteria.

STEP 2 (IFRS 15.22-30): Identify all performance obligations.

Are any deliverables distinct (separately identifiable + capable of being distinct)?

STEP 3 (IFRS 15.47-72): Determine the transaction price.

Are there variable consideration, significant financing components, or non-cash elements?

STEP 4 (IFRS 15.73-90): Allocate transaction price to each POB using relative SSP method.

STEP 5 (IFRS 15.31-38): Determine satisfaction timing for each POB.

Point in time vs over time? Which criterion applies to each deliverable?

Provide a revenue recognition schedule by reporting period. Show all calculations.

9.2 Role-Stacking – Preparer vs Auditor

► PROMPT TEMPLATE | Dual Perspective — Financial Controller and External Auditor

Analyze the following scenario from two professional perspectives simultaneously:

PERSPECTIVE A: You are the Financial Controller who prepared the financial statements.

PERSPECTIVE B: You are the External Auditor performing the year-end audit.

For each perspective, comment on:

- (a) Whether the accounting treatment is technically correct under IFRS
- (b) What documentation is required and what evidence supports the position
- (c) The key risks, judgments, and uncertainties involved
- (d) Whether the disclosure in the notes is adequate

Scenario: **[COMPANY NAME]** recognized AED **[X]** revenue for a long-term contract in **[PERIOD]**.

The contract is **[X]**% complete based on **[INPUT METHOD / OUTPUT METHOD]**.

Total contract value: AED **[X]** | Total expected costs: AED **[X]** | Costs to date: AED **[X]**

Key judgment: **[DESCRIBE THE SPECIFIC AREA OF JUDGMENT BEING APPLIED]**

Conclude with: (1) The 3 most likely audit queries and management's recommended response

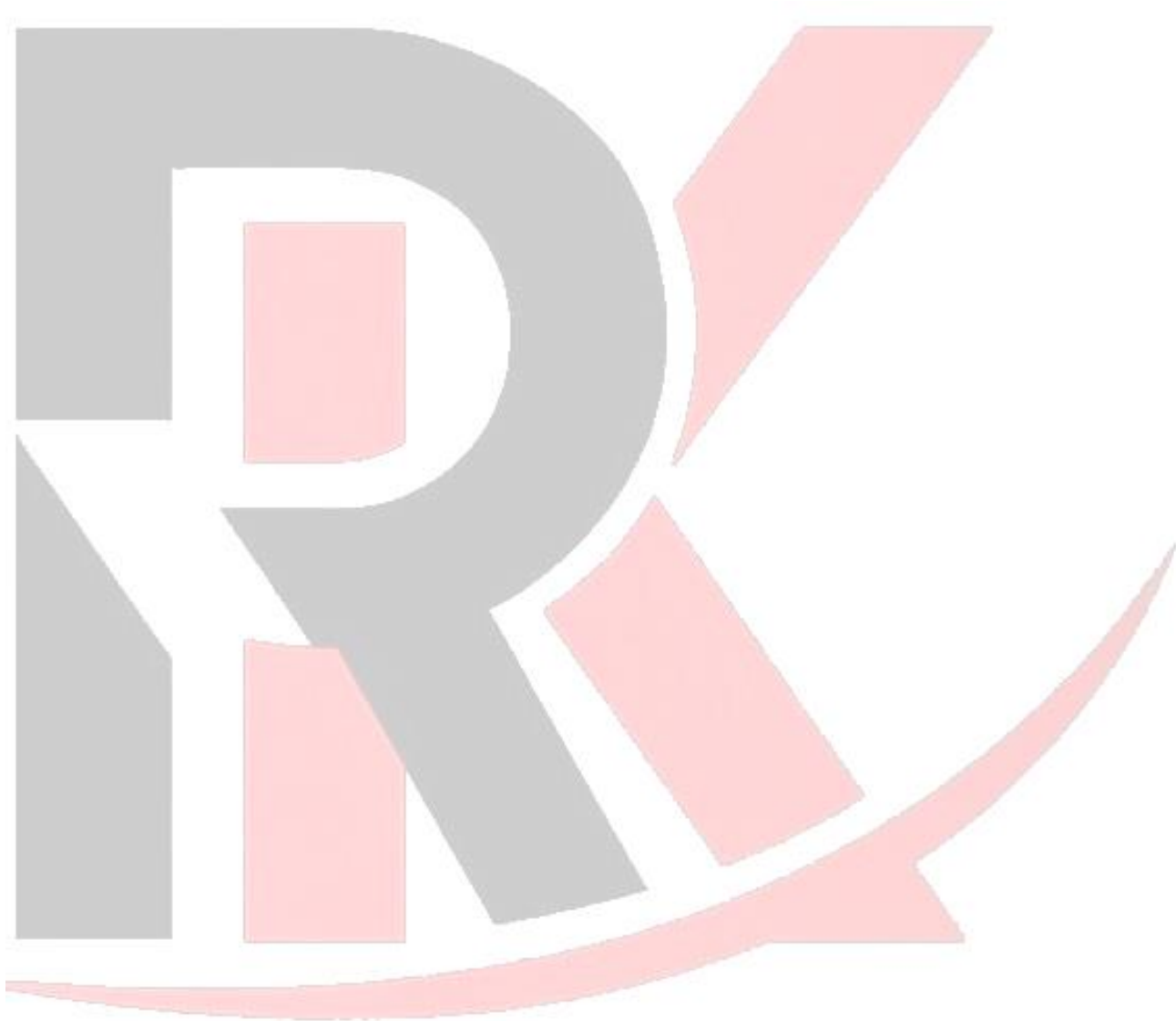
(2) Whether any IFRS 15 disclosure enhancements are needed

9.3 Building a Professional Prompt Library

The most productive AI-augmented finance professionals treat prompt development as an ongoing professional investment. A structured prompt library, organized by function and regularly refined, becomes a significant competitive asset.

Category	Number of Core Prompts Recommended	Review Frequency
Period-End Close (accruals, reversals, allocations)	8–12 prompts	Monthly — refine based on each close experience
Financial Statement Preparation (IFRS)	10–15 prompts	Annually — update for new IFRS amendments
UAE VAT Compliance	6–10 prompts	Quarterly — review against FTA Public Clarifications
UAE Corporate Tax	6–8 prompts	Annually — update for new Ministerial Decisions
Management Reporting (variance, forecasting)	8–12 prompts	Quarterly — adjust for business model changes
Audit Support	4–6 prompts	Annually — update based on audit findings

Category	Number of Core Prompts Recommended	Review Frequency
SAP Technical (T-codes, configuration issues)	6-10 prompts	Ad hoc — add new prompts as issues arise



C H A P T E R 1 0

AI-Powered Financial Analytics

Ratio analysis, cash flow forecasting, working capital, and strategic reporting

10.1 Comprehensive Ratio Analysis

► PROMPT TEMPLATE | Financial Health Check — Full Ratio Suite

You are a senior financial analyst specializing in **[INDUSTRY]** companies.

Company: **[NAME]** | Period: **[DATE]** | Currency: AED | Reporting Standard: IFRS

Financial data: **[PASTE P&L AND BALANCE SHEET DATA]**

Calculate and interpret the following ratios, showing the formula, calculated value,

industry benchmark (use typical ranges for **[INDUSTRY]**), RAG status (R/A/G), and a one-line insight:

PROFITABILITY: Gross Margin% | EBITDA Margin% | Operating Margin% | Net Profit Margin%

ROCE% | ROE% | ROIC%

LIQUIDITY: Current Ratio | Quick Ratio (Acid Test) | Cash Ratio

EFFICIENCY: Asset Turnover | Inventory Days (DIO) | Receivable Days (DSO) | Payable Days (DPO)

Cash Conversion Cycle (CCC = DIO + DSO - DPO)

LEVERAGE: Total Debt / Equity | Net Debt / EBITDA | Interest Coverage | DSCR

QUALITY: Cash Conversion (Operating CF / Net Profit) | Accruals Ratio

Present in a table: Ratio | Formula | Value | Benchmark | RAG | Insight

Conclude: Top 3 strengths, Top 3 concerns, Overall financial health score /10 with rationale.

10.2 Cash Flow Forecasting

► PROMPT TEMPLATE | 13-Week Rolling Cash Flow Forecast

You are a treasury analyst. Build a 13-week rolling cash flow forecast.

Company: **[NAME]** | Forecast start date: **[DATE]** | Currency: AED

Opening cash balance: AED **[X]**

Minimum operating cash threshold: AED **[X]** (below this, short-term facilities are triggered)

INFLOWS (by week):

AR collections from aging report: **[PROVIDE WEEKLY EXPECTED COLLECTIONS]**

Other receipts: **[VAT refunds, asset sales, etc.]**

OUTFLOWS (by week):

Payroll: AED **[X]** paid on **[DATE(S)]**

AP payments per aging: **[WEEK-BY-WEEK AMOUNTS]**

Rent: AED **[X]** on **[DATE]**

UAE VAT payment: AED **[X]** due **[DATE]**

UAE CT payment / installment: AED **[X]** due **[DATE]**

Other: **[AMOUNTS AND DATES]**

Please:

(1) Build the 13-week forecast table: Week | Opening | Inflows | Outflows | Net | Closing

(2) Highlight weeks where closing balance is projected below minimum threshold (RED)

(3) Identify the peak funding requirement and timing

(4) Recommend 3 specific cash management actions to address projected shortfalls

(5) Sensitivity: recalculate if AR collections are delayed by 1 week across the period

10.3 Working Capital Optimization

► PROMPT TEMPLATE | Working Capital Diagnostic and Improvement Plan

You are a working capital management specialist.

Company: **[NAME]** | Analysis Date: **[DATE]** | Revenue: AED **[X]** | COGS: AED **[X]**

Current working capital position (from SAP FBL5N, FBL1N, MB52):

Inventory: AED **[X]** = **[X]** days (DIO)

Trade receivables: AED **[X]** = **[X]** days (DSO)

Trade payables: AED **[X]** = **[X]** days (DPO)

Cash conversion cycle: **[X]** days

Industry benchmarks: DIO **[X]** days | DSO **[X]** days | DPO **[X]** days | CCC **[X]** days

Please:

- (1) Quantify the working capital gap vs benchmarks in days and AED equivalent
- (2) Calculate the cash release potential if all three metrics reach benchmark
- (3) Identify the top 5 specific, actionable initiatives to improve each metric
(e.g., early payment discounts, dynamic discounting, AR factoring, vendor term renegotiation)
- (4) Model the P&L impact (interest cost saving / finance charge) of a 10-day CCC improvement
- (5) Identify any working capital risk concentrations (single large customer/supplier dependency)
- (6) Draft a one-page working capital improvement proposal for the CFO

C H A P T E R 1 1

Practical Case Studies

Four complete UAE-based case studies demonstrating real-world AI-assisted workflows

Case Study 1: Month-End Close Acceleration — AI Goods Manufacturing LLC

Background and Challenge

AI Goods Manufacturing LLC is a Dubai-based industrial equipment manufacturer operating on SAP S/4HANA with IFRS reporting. The finance team had historically required 8 working days to complete the monthly close — significantly above the Group's 5-day target. Three specific bottlenecks drove most of the delay: accrual schedule preparation (averaging 3 days), variance commentary drafting (2 days), and intercompany reconciliation (1–2 days).

AI Integration Approach

6. **Accrual Automation:** Standardized Claude prompts were developed for each major accrual category (legal fees, maintenance contracts, utility estimates, EOSB provisions). At close, the accountant extracts the prior-month KSB1 cost report and current-month invoice activity from SAP, pastes into the prompt, and receives draft accrual amounts and SAP-ready journal entries within minutes rather than hours.
7. **Variance Commentary:** S_ALR_87013611 trial balance data and KSB1 cost reports are exported, structured, and pasted into a formatted variance commentary prompt. The resulting draft — specific to each cost center and P&L line — requires only 15–20 minutes of review and editing rather than 3–4 hours of writing.
8. **Intercompany Reconciliation:** Intercompany balance confirmations are described to Claude in structured prompts. The AI identifies specific offsetting items and drafts the reconciliation communication for the counterparty entity — significantly reducing the back-and-forth email cycle across time zones.

Results

After three months of AI-assisted close, the team achieved a consistent 5.5-day close against the 5-day target — a reduction of 2.5 working days. CFO feedback highlighted improved commentary consistency. Estimated time saving: 38–45 hours per close cycle, representing approximately AED 16,000 in annualized senior accountant time.

"The critical investment was not in the AI tool – it was in developing precise, organization-specific prompt templates. Generic prompts produce generic outputs. Configuration-specific prompts produce reports you can publish immediately."

— AI Goods Finance Controller

Case Study 2: UAE VAT Technical Review – Gulf Retail Group

Background and Challenge

Gulf Retail Group operates 12 outlets across Dubai, Abu Dhabi, and Sharjah with over AED 45 million in annual revenue. Following an internal audit, the Head of Tax identified uncertainty about the correct VAT treatment of six non-standard transaction types: loyalty point issuances and redemptions, promotional bundle pricing, cross-emirate supply classification, staff sales at a discount, imported digital services from overseas suppliers, and end-of-season markdown disposals.

AI Research Methodology

For each scenario, the Head of Tax drafted a fact-specific Claude prompt citing the actual transaction structure, then asked Claude to apply the UAE VAT Law and Executive Regulations and provide a recommended treatment with specific legislative provision references. The AI was also asked to identify any FTA Public Clarifications relevant to each scenario and to flag any areas of genuine legal uncertainty requiring either an FTA Ruling or external advisor input.

Outcomes and Lessons

Three of the six transactions were resolved with high confidence through AI-assisted research. Two required confirmations from an external tax advisor – who confirmed the AI-assisted analysis in both cases. One (involving cross-border digital services supplied by a non-UAE digital service platform) required an FTA ruling application, which the team prepared more efficiently using Claude-assisted drafting. Total tax advisory fees for the review were reduced by approximately 30% compared to a traditional fully-external approach.

Case Study 3: IFRS Financial Statement Preparation – RK Holdings FZCO

Background

RK Holdings FZCO is a DMCC free zone holding company preparing consolidated IFRS financial statements annually. The finance function consists of a single Group Financial Controller supported by an external accountant engaged for the annual reporting cycle. Previously, the external accountant prepared all financial statement notes from scratch — a process that consumed approximately three days and represented a significant portion of the annual advisory fee.

AI-Assisted Notes Workflow

The Group Financial Controller adopted a structured AI-assisted workflow for each required IFRS disclosure note:

9. Extract relevant financial data from SAP (FAGLL03, AW01N, FBL1N) and the consolidation workbook.
10. Draft a specific, data-rich prompt referencing the applicable IFRS standard requirements and the company's specific facts.
11. Review Claude's draft disclosure note for technical accuracy and company-specific precision — typically taking 15–20 minutes per note.
12. Refine with follow-up prompts addressing any technical gaps or company-specific nuances.
13. Pass the near-complete draft to the external accountant for final technical review and sign-off.

Results

The complete set of IFRS disclosure notes — previously requiring three days of external accountant preparation time — was produced in AI-assisted format in approximately four hours of the Group Financial Controller's time. The external accountant's review time also decreased significantly because the drafts were technically well-structured. Total external accountant fees for the annual reporting cycle decreased by approximately 28%.

Case Study 4: Strategic Cost Reduction – Desert Logistics Ltd

Background

Desert Logistics Ltd operates logistics and freight forwarding services across Abu Dhabi and Al Ain. The Board set a cost reduction target of 15% within 12 months without reducing service capacity or headcount. The Financial Controller was tasked with leading the analysis and developing a structured cost reduction proposal for the Board.

AI-Assisted Approach

14. **Cost Classification Framework:** Claude was used to develop a structured cost classification framework (fixed vs variable; committed vs discretionary; direct vs indirect) tailored to the logistics sector — producing a framework in 30 minutes that would have taken several hours of manual work.
15. **Cost Reduction Hypothesis Generation:** SAP cost center reports (KSB1) for the prior 12 months were extracted and summarized by category. Claude was prompted to generate cost reduction hypotheses for each major cost element, drawing on logistics industry knowledge. This produced 34 specific hypotheses across 8 cost categories.
16. **Financial Impact Modelling:** For each prioritized hypothesis, Claude modelled the financial impact using data provided by the Financial Controller — producing a ranked initiative list with estimated savings, implementation complexity, and time to impact.
17. **Board Proposal:** Claude assisted in drafting the structured Board proposal document, including executive summary, initiative details, risk assessment, and implementation roadmap.

Results

The analysis was completed in three weeks — against an estimated 6–8 weeks for a traditional approach. Twelve of the 34 hypotheses were assessed as immediately actionable. Implemented initiatives delivered an 11% cost reduction in the first six months, with the remaining gap addressed by initiatives with longer implementation timelines.

C H A P T E R 1 2

The Future of AI in Finance

Emerging capabilities, evolving professional skills, and building your competitive advantage

12.1 Near-Term Technology Developments

SAP Business AI and Joule

SAP has committed to embedding AI across the entire S/4HANA suite through its SAP Business AI initiative. Joule — SAP’s generative AI copilot — is being progressively deployed across Finance, HR, and Procurement workflows. Early capabilities include natural language queries against financial data ('Show me the top 10 cost overruns against budget this quarter'), AI-assisted payment matching in FI-AP, and anomaly detection in journal entry postings. As Joule matures, the manual data extraction step described throughout this book will be increasingly replaced by direct in-system AI queries.

Agentic AI in Finance

Agentic AI systems can execute sequences of autonomous actions to complete multi-step tasks. In finance, this trajectory points toward AI assistants that can receive a high-level instruction ('prepare the month-end management accounts for AE01'), independently sequence the required SAP extractions, perform all analyses, draft commentary, flag exceptions, and present a near-complete report for human review. The finance professional's role shifts progressively from execution to oversight, judgment, and communication.

Multi-Modal AI

Current LLM systems primarily process text. Multi-modal AI processes text, images, structured data, and audio simultaneously. For finance: photographing a paper invoice and having AI extract, validate, and prepare the SAP posting; submitting a PDF contract and receiving instant IFRS 15 performance obligation analysis; describing an SAP error screen and receiving step-by-step resolution guidance.

12.2 The Evolving Finance Professional

Skill Domain	Traditional Priority	AI Era Priority	Development Action
Technical knowledge	IFRS Essential — for execution	Essential — for AI validation and judgment	Maintain and deepen; this is your AI filter
SAP execution	transaction Important — daily task	Lower — AI suggests; professional validates	Focus on understanding, not memorization

Skill Domain	Traditional Priority	AI Era Priority	Development Action
Report drafting	Time-consuming manual	AI-assisted; human-refined	Develop editing and judgment skills
Prompt engineering	Not applicable	Core professional competency	Start immediately; build your library now
AI output validation	Not applicable	Critical internal control	Develop systematic validation habits
Regulatory interpretation	Largely advisor-dependent	AI first draft; professional confirms	Build your primary source research skills
Strategic financial analysis	Constrained by time	Greatly expanded capacity	Invest the time savings here
Stakeholder communication	Important	More important than ever	Prioritize business storytelling skills
Data literacy (Power BI, Python)	Moderate	Increasingly important	Invest in FP&A analytics tools
Ethics and AI governance	Not applicable	Emerging professional requirement	Engage with ACCA, ICAEW AI guidance

"The finance function that wins in the AI era is not the one that automates most – it is the one that most clearly understands which human judgment to retain, and why."

— RK Company, 2026

12.3 Your Personal AI-Augmented Finance Roadmap

Stage 1: Foundation (Months 1–3)

- Begin using Claude AI for low-stakes tasks: professional email drafting, accounting concept research, financial ratio explanations. Build familiarity with the tool before applying it to mission-critical work.
- Work through Chapters 3–5 of this book and apply each prompt template to your actual SAP scenarios.
- Start your personal prompt library in a spreadsheet. Even 10 well-crafted, organization-specific prompts will deliver immediate, measurable time savings.

Stage 2: Integration (Months 3–9)

- Integrate AI into your month-end close workflow for at least 3 specific tasks. Measure time savings and document prompt templates that work best.
- Apply Claude AI to your next IFRS disclosure drafting exercise and/or UAE VAT return preparation. Document the quality improvement.
- Share AI workflows with your team. Develop shared prompt templates that standardize and elevate team output quality.

Stage 3: Leadership (Months 9–18)

- Lead AI implementation initiatives within your finance function. Your early-mover expertise creates genuine career differentiation.

- Contribute to professional communities on AI in finance. ACCA, CIMA, and ICAEW are all developing AI-in-finance frameworks where practitioner input is valued.
- Position yourself as the bridge between technology and the finance function — the professional who can evaluate AI tools critically, implement them responsibly, and build AI-augmented workflows that deliver measurable business value.

"Go build something excellent. The tools are in your hands. The knowledge is in this book. The competitive advantage belongs to those who act."

— RK Company | www.randhirjha.com



C H A P T E R A

SAP FICO Transaction Code Reference

All transaction codes listed below have been verified for SAP S/4HANA 2023 and 2024 releases. Codes available as both SAP Fiori app and SAP GUI transaction are noted. Use T-code entry field (/nXXXX) in SAP GUI, or search by T-code in the Fiori Launchpad search bar.

FI – Financial Accounting

T-Code	Function	Key Notes
FB50	Enter G/L Account Document	Manual journals; use Document Type SA; Posting Key 40=Debit GL, 50=Credit GL
FB03	Display Accounting Document	Read-only document display; for audit review and verification
FB08	Reverse Document	Reverse specific document; set reversal reason and posting date
FBRA	Reset Cleared Items	Must run before reversing cleared items; removes clearing document link
FBV0	Post Parked Document	Complete posting of a parked (saved but not posted) document
F.13	Automatic Clearing	Clears open items with same reference/assignment field; run before period close
FAGLB03	G/L Account Balance Display	Balance overview by company code, account, period
FAGLL03	G/L Account Line Items (UJ)	Universal Journal line item display; S/4HANA specific
FS10N	Balance Display with Comp.	Year-on-year balance comparison with drill-down
FAGL_FC_VAL	Foreign Currency Valuation	Period-end FX revaluation; creates difference postings
FAGLGVTR	Balance Carry forward	Year-end close; carries retained earnings forward
S_ALR_87013611	G/L: Trial Balance	Standard trial balance report; most used for financial statement preparation
FB60	Enter Incoming Invoice	Non-PO vendor invoices; Document Type KR
MIRO	Invoice Verification	PO-linked three-way match; creates Document Type RE
FB65	Enter Incoming Credit Memo	Vendor credit notes; reduces AP balance
F110	Automatic Payment Program	Vendor payment run; requires parameters, proposal, then execute
FBL1N	Vendor Line Items	AP aging, reconciliation, individual invoice status
FK10N	Vendor Balance Display	Summary vendor account balance

T-Code	Function	Key Notes
MRBR	Release Blocked Invoices	Review and manually release price/quantity blocked invoices
MR11	Maintain GR/IR Account	Clear GR/IR differences; use after MR11SHOW for analysis
XK02	Change Vendor Master	Modify vendor payment terms, bank details, dunning data
FB70	Enter Customer Invoice	Manual customer invoices; Document Type DR
F-28	Post Incoming Payments	Manual cash receipt; clears customer open items
F-32	Clear Customer Open Items	Manual clearing of customer debit and credit items
FBL5N	Customer Line Items	AR aging, collections analysis, individual invoice status
FD10N	Customer Balance Display	Summary customer account balance
F150	Dunning Run	Generates overdue payment notices; configurable dunning levels
VF01	Create Billing Document	SD-triggered invoice; creates FI revenue/AR postings
AS01	Create Asset Master Record	New fixed asset with class, description, depreciation parameters
AS02	Change Asset Master Record	Modify asset master data (not values – use ABSO for corrections)
ABSO	Miscellaneous Asset Posting	Manual value corrections, write-ups, write-downs
ABUMN	Transfer Asset	Reclassify between asset classes or transfer between cost centers
ABAVN	Asset Retirement by Scrapping	Full disposal with zero proceeds
ABAON	Asset Sale with Revenue	Disposal with cash or non-cash proceeds
AFAB	Post Depreciation Run	Monthly depreciation posting; Planned run → then Post
AW01N	Asset Explorer	View planned vs posted depreciation; all depreciation areas
S_ALR_87011964	Asset Balances	Fixed asset register with acquisitions, depreciation, NBV
FF67	Bank Statement Manual Entry	Manual bank statement entry for paper statements
F-03	Clear G/L Account	Manual clearing of GL open items (bank, intercompany)
FB05	Post with Clearing	Post and clear in a single transaction

CO – Controlling

T-Code	Function	Key Notes
KSB1	Cost Center Actual Line Items	Primary CC variance analysis tool; shows all actual postings
KS13	List of Cost Centers	Master data listing; verify CC hierarchy and settings
KSU5	Execute Assessment Cycle	Allocate service CC costs using secondary cost elements
KSV5	Execute Distribution Cycle	Distribute primary costs preserving cost element transparency
KSS1	Actual Overhead Calculation	Calculate overhead rates; run before KSU5/KSV5
KPF6	Enter Cost Center Plan	Budget entry; set planning version, period, and cost element
KO01	Create Internal Order	New project/campaign cost object
KO02	Change Internal Order	Modify order settings; set settlement rule

T-Code	Function	Key Notes
KO88	Settle Internal Order	Transfer accumulated order costs to final receiver (CC/Asset/GL)
KE30	Execute Profitability Report	Run defined CO-PA margin analysis report
KE31	Create Profitability Report	Define new CO-PA report layout and characteristics
KE24	CO-PA Line Item Display	Detailed CO-PA posting display; equivalent of FBL1N for CO-PA
CKM3N	Material Price Analysis	Actual costing cockpit for standard cost vs actual (S/4HANA)
KA23	Cost Element Master Data List	List all cost elements; verify primary/secondary classification
KKAO	CO Period Close	Period close for Controlling area (locks period for CO postings)

C H A P T E R B

Prompt Library

50+ publication-ready templates for SAP FICO, IFRS, UAE VAT, and CT

B.1 General Finance and Reporting

► PROMPT TEMPLATE | Going Concern Assessment — IAS 1

You are an IFRS reporting specialist. Apply IAS 1.25 going concern assessment framework.

Company: **[NAME]** | Assessment Date: **[DATE]**

Quantitative indicators (financial): **[KEY METRICS – net losses, cash position, debt maturities]**

Qualitative indicators (operational): **[KEY BUSINESS FACTORS]**

Management's plans and mitigating factors: **[DESCRIBE IN DETAIL]**

Please:

- (1) Apply the IAS 1.25 criteria systematically – identify events or conditions that may cast doubt
- (2) Assess the severity of the concern: none / material uncertainty / unable to continue
- (3) Evaluate whether management's plans realistically address the concerns
- (4) Draft the appropriate going concern disclosure for each possible conclusion:
 - (a) No material uncertainty: brief confirmation note
 - (b) Material uncertainty: full IAS 1.25 disclosure with specific description
 - (c) Non-going concern: basis of preparation note (break-up basis)
- (5) List the conditions that triggered this assessment (per IAS 1.25)

► PROMPT TEMPLATE | Related Party Disclosures — IAS 24

You are an IFRS disclosure specialist preparing related party note under IAS 24.

Company: **[NAME]** | Reporting Date: **[DATE]**

Related parties (list each and describe relationship per IAS 24.9):

[PARTY 1]: [Relationship — e.g., common shareholder >20%, subsidiary, key management]

Transaction: **[TYPE — loan, purchase, sale, management fee, guarantee]**

Amount in year: AED **[X]** | Outstanding balance: AED **[X]** | Terms:

[DESCRIBE]

[Repeat for all related parties]

Key management personnel: **[List positions and total compensation by category per IAS 24.17]**

Please draft:

- (1) Complete IAS 24 disclosure note with all required quantitative and qualitative information
- (2) Accounting policy note for related party transactions
- (3) Key management compensation table (per IAS 24.17: short-term, post-employment, other LT, termination, equity-settled)
- (4) Note whether transactions were conducted on arm's length terms and evidence supporting this

► PROMPT TEMPLATE | Management Representation Letter

You are an audit specialist. Draft a management representation letter for:

Company: **[NAME]** | Auditor: **[AUDIT FIRM]** | Period: Year ended **[DATE]**

Include standard representations:

- (1) Completeness and accuracy of information provided to auditors
- (2) Fraud: no fraud or suspected fraud by management or employees that could have material effect
- (3) Laws and regulations: no actual or possible non-compliance material to financial statements
- (4) Going concern: management assessment and basis
- (5) Events after reporting period: all subsequent events have been identified and disclosed
- (6) Related party transactions: all have been disclosed and conducted at arm's length
- (7) Provisions and contingencies: all known claims have been identified and appropriately provided
- (8) Specific matters raised by auditors: **[LIST ANY SPECIFIC ITEMS]**

Address to **[AUDIT FIRM]**, signed by **[ROLE – e.g., Managing Director and Finance Manager]**

Use formal letter format appropriate for an audited entity in the UAE.

B.2 SAP Technical Prompts

► PROMPT TEMPLATE | SAP Error Diagnosis and Resolution

You are an SAP S/4HANA FICO functional consultant.

System: SAP S/4HANA **[VERSION]** | Module: **[FI/CO/AA]** | Company Code: **[CODE]**

T-Code where error occurs: **[T-CODE]**

Exact SAP error message (copy from F1 help or screen): **[PASTE EXACT MESSAGE INCLUDING MESSAGE NUMBER]**

Steps performed before error:

1. **[First action]**
2. **[Second action]**
3. **[Action that triggered error]**

Expected system behavior: **[WHAT SHOULD HAPPEN]**

Actual system behavior: **[WHAT IS HAPPENING INSTEAD]**

Has this worked before? **[YES/NO]** | Any recent system changes? **[Y/N – describe if yes]**

Please:

- (1) Diagnose the most likely root cause(s) based on the error message and steps
- (2) Provide step-by-step resolution instructions
- (3) Identify the IMG configuration path(s) to check (Transaction SPRO → path)
- (4) List any authorization objects (T-code SU53) to verify if authorization error is suspected
- (5) Recommend preventive measures to avoid recurrence

► PROMPT TEMPLATE | Period-End Close Checklist — Customizable

You are an SAP FICO period-end close specialist.

Company Code: **[CODE]** | Period to Close: **[MONTH/YEAR]** | Target Close Day: Day **[X]** by **[TIME]**

Modules in scope: FI-GL / FI-AP / FI-AR / FI-AA / FI-BL / CO-CCA / CO-PA

Special items this period: **[ANY FIRST-TIME PROCESSES, UNUSUAL TRANSACTIONS, SYSTEM CHANGES]**

Please generate a day-by-day close schedule with:

For each task: Day, Task Description, T-Code(s), Responsible Role, Validation/Sign-off Step

Day -2 to 0 (Pre-close): Transaction cutoff, accrual identification, PO confirmation

Day 1: Sub-ledger close: AP (T-code F110, F.13), AR (F-32, F-28), Assets (AFAB)

Day 2: Bank reconciliation (FF67, F.13), intercompany (FB50, FBICRC)

Day 3: GL close: FX revaluation (FAGL_FC_VAL), accruals (FB50), prepayments

Day 4: CO allocations (KSS1, KSU5, KSV5), CO-PA allocation, period lock

Day 5: Financial statement extraction, variance analysis, management reporting

Include T-codes for each key step and highlight tasks that must be sequenced carefully.

C H A P T E R C

IFRS and UAE Tax Quick Reference

Standards summary and regulatory key facts

C.1 IFRS Standards Reference Table

Standard	Subject	Recognition/Measurement	Key Disclosures Required
IFRS 15	Revenue	5-step model; POB satisfied over time or at point in time	Disaggregated revenue; contract assets/liabilities; significant judgments
IFRS 16	Leases	ROU asset + LL at PV of lease payments; SL depreciation + EIR interest	ROU movements; LL maturity; short-term/low-value exemptions used
IFRS 9	Financial Instruments	AC / FVPL / FVOCI; ECL impairment model	ECL provision matrix; credit risk; hedge accounting (if applicable)
IFRS 3	Business Combinations	Acquisition method; FV at acquisition date	PPA allocation; goodwill; contingent consideration; deferred tax
IFRS 5	Assets Held for Sale	Lower of carrying amount and FV less costs to sell	Description; facts and circumstances; gain/loss recognized
IAS 1	Presentation	Going concern; accrual basis; comparative; materiality	Accounting policies; judgments; estimates; restatements
IAS 2	Inventories	Lower of cost and NRV; FIFO or WA; no LIFO	Cost formula; write-downs; amount reversed
IAS 7	Cash Flows	Operating (direct/indirect); investing; financing	Net debt reconciliation; significant non-cash transactions
IAS 8	Policies/Changes	Hierarchy per IFRS; consistency; prospective/retrospective	Nature and effect of any changes; correction of errors
IAS 10	Events After Reporting	Adjusting vs non-adjusting; going concern trigger	Non-adjusting events; nature and estimated financial effect
IAS 12	Income Taxes	Temporary difference (liability method); 9% for UAE CT	DTA/DTL movement; unrecognized DTAs; effective tax rate
IAS 16	PP&E	Cost or revaluation model; systematic depreciation	Asset class reconciliation; useful lives and methods
IAS 19	Employee Benefits	Defined benefit: projected unit credit; EOSB for UAE	Key actuarial assumptions; sensitivity; plan assets
IAS 21	Foreign Currency	Functional currency; closing rate BS / average rate P&L	Exchange differences; functional currency if non-obvious

Standard	Subject	Recognition/Measurement	Key Disclosures Required
IAS 36	Impairment	Recoverable = higher of VIU and FV less costs	CGU identification; assumptions used; sensitivity analysis
IAS 37	Provisions	Probable outflow; reliable estimate; best estimate	Nature; timing; expected refunds; uncertainties
IAS 38	Intangible Assets	R&D split; amortize finite; test infinite/not yet available	Useful lives; amortization methods; impairment losses
IAS 40	Investment Property	Cost model or FV model (no depreciation under FV)	FV hierarchy; rental income; direct operating expenses

C.2 UAE VAT – Key Facts Reference

Item	Detail
Primary Legislation	Federal Decree-Law No. 8 of 2017 on Value Added Tax
Executive Regulations	Cabinet Decision No. 52 of 2017 (as amended)
Administering Authority	Federal Tax Authority (FTA) – emaratax.gov.ae
Standard Rate	5% on most taxable supplies
Zero Rate – Key Categories	Direct exports; international transport; first supply of residential buildings; crude oil and natural gas; investment grade precious metals; educational services meeting conditions; qualifying healthcare services
Exempt – Key Categories	Certain financial services (Cabinet Decision No. 59 of 2017); bare land; residential property after first supply; local passenger transport
Mandatory Registration	AED 375,000 taxable supplies in 12 months (or next 30 days)
Voluntary Registration	AED 187,500 taxable supplies or taxable expenses in 12 months
Standard Filing Period	Quarterly (most businesses); monthly (FTA-designated businesses)
Return Filing Deadline	28th day after end of tax period
Payment Deadline	Same as filing deadline – 28th day after tax period end
Record Retention	5 years minimum; 15 years for real estate transactions
Tax Invoice Requirement	Required for all standard-rated and zero-rated B2B supplies
Simplified Tax Invoice	Permitted for B2C supplies not exceeding AED 10,000
Late Registration Penalty	AED 20,000
Late Filing Penalty	AED 1,000 (first offence); AED 2,000 (repeat within 24 months)
Late Payment Penalty	2% of unpaid tax immediately; additional 4% per month after 7 days
Voluntary Disclosure Penalties	5% if within 1 year; 10% 1-2 yrs; 20% 2-3 yrs; 30% 3-4 yrs; 40% after 4 yrs

C.3 UAE Corporate Tax – Key Facts Reference

Item	Detail
Primary Legislation	Federal Decree-Law No. 47 of 2022 on Corporate Tax
Effective Date	Financial years beginning on or after 1 June 2023
Standard CT Rate	9% on taxable income exceeding AED 375,000
Zero Rate Band	0% on taxable income of AED 375,000 or less

Item	Detail
Small Business Relief	0% effective rate for businesses with revenue ≤ AED 3 million (Ministerial Decision No. 73 of 2023 – election required)
Qualifying Free Zone Rate	0% on qualifying income; 9% on non-qualifying income (Art. 18; Ministerial Decision No. 55 of 2023)
Pillar Two – DMTT	15% on MNE groups with consolidated group revenue exceeding EUR 750 million (Federal Decree-Law No. 60 of 2023)
Participation Exemption	Qualifying dividends and capital gains exempt (Art. 22-23); conditions: 5%+ shareholding, held ≥ 12 months, not Designated Zone exemption subject
Interest Limitation	Net interest expense capped at 30% of EBITDA; AED 12 million de minimis (Art. 30; Ministerial Decision No. 126 of 2023)
Entertainment Expenses	50% of qualifying entertainment/amusement expenditure non-deductible (Art. 32)
Transfer Pricing	Arm's length principle; master file, local file; CbCR if group revenue > AED 3.15 billion
CT Return Deadline	9 months after end of financial year (e.g., 30 September for 31 December year-end)
CT Registration	Via EmaraTax – mandatory for all taxable persons within specified timelines
Deferred Tax	IAS 12 required for IFRS-reporting entities; temporary differences at 9% rate
Key Ministerial Decisions	No. 73/2023 (Small Business), 55/2023 (Free Zones), 97/2023 (Transfer Pricing), 114/2023 (Business Restructuring), 126/2023 (Interest), 82/2023 (Exempt Persons)

C H A P T E R E

Glossary of Terms

SAP FICO, IFRS, UAE Tax, and AI terminology

ACDOCA — Universal Journal table in SAP S/4HANA storing all financial postings (FI and CO) in a single database table — the foundational data store of S/4HANA Finance.

Agentic AI — AI systems capable of autonomously executing sequences of actions to complete multi-step tasks, as distinct from systems that only respond to individual prompts.

Assessment Cycle (SAP CO) — A CO allocation method (T-code KSU5) that transfers entire cost center balances to receivers using secondary cost elements, obscuring individual cost line items at the receiver.

Chain-of-Thought Prompting — A prompt engineering technique directing an AI to articulate its reasoning step by step, producing more transparent and auditable outputs for complex problems.

Chart of Accounts — The structured list of G/L accounts defined for a SAP client, used across one or more company codes. Three types: Operating, Group, and Country.

Company Code — The primary organizational unit in SAP FI representing a legal entity for which independent financial statements can be prepared. Uniquely identified by a 4-character code (e.g., AE01).

Controlling Area — The SAP CO organizational unit within which all management accounting activities are performed. May span multiple company codes for cross-entity cost allocations.

Corporate Tax (UAE) — Federal income tax on UAE business profits under Federal Decree-Law No. 47 of 2022; effective 1 June 2023; standard rate 9% on taxable income above AED 375,000.

DTA — Deferred Tax Asset — An IFRS balance sheet asset recognized under IAS 12 for deductible temporary differences, unused tax losses, or unused tax credits expected to reduce future tax payments.

DTL — Deferred Tax Liability — An IFRS balance sheet liability recognized under IAS 12 for taxable temporary differences that will result in higher future tax payments.

ECL – Expected Credit Loss – The IFRS 9 impairment model requiring recognition of probability-weighted lifetime or 12-month credit losses on financial assets based on forward-looking information.

EmaraTax – The UAE Federal Tax Authority's digital portal for VAT and Corporate Tax registration, return filing, payment, correspondence, and voluntary disclosure.

FTA – Federal Tax Authority – The UAE government body responsible for administering and enforcing federal taxes. Website: emaratax.gov.ae. Helpline: 600 599 994.

IAS 12 – The IFRS standard governing income tax accounting. Requires recognition of current tax (taxes payable/recoverable for current period) and deferred tax (arising from temporary differences).

IFRS – International Financial Reporting Standards – The globally applicable accounting standards issued by the IASB (International Accounting Standards Board), used in over 140 jurisdictions including the UAE.

IFRS 16 – The IFRS standard governing lease accounting (effective 1 January 2019). Requires lessees to recognize a right-of-use (ROU) asset and lease liability for substantially all leases.

Interest Limitation Rule – UAE CT provision (Art. 30, Federal Decree-Law No. 47/2022) capping the deduction of net interest expense at 30% of EBITDA, with an AED 12 million de minimis exemption.

LLM – Large Language Model – An AI system trained on large amounts of human-generated text, capable of understanding and generating language with high sophistication. Claude AI is an LLM.

Participation Exemption – UAE CT relief under Articles 22-23 of the CT Law exempting qualifying dividends and capital gains from subsidiaries where the parent holds $\geq 5\%$ for ≥ 12 months.

Posting Key – A two-digit SAP code controlling the debit/credit indicator and account type for a posting line. Key examples: 40=Debit GL, 50=Credit GL, 31=Credit Vendor, 25=Debit Vendor.

Prompt Engineering – The professional practice of designing input queries (prompts) to elicit high-quality, relevant responses from AI models. Core skills: role assignment, context provision, task specification, format definition.

Reconciliation Account — A SAP G/L account to which postings from subsidiary ledgers (AP, AR, AA) are automatically summarized. Cannot be posted to directly — postings only through subsidiary transactions.

Reverse Charge Mechanism — UAE VAT provision (Art. 48 UAE VAT Law) requiring the recipient of certain supplies (designated zone to mainland imports, specified imported services) to self-assess output VAT and simultaneously claim it as input VAT.

ROU Asset — Right-of-Use Asset — The IFRS 16 balance sheet asset representing a lessee's right to use a leased underlying asset for the lease term, measured initially at cost equal to the lease liability plus initial direct costs.

T-Code — Transaction Code — A 4-6 character SAP shortcut entered in the command field to navigate directly to a specific SAP function, bypassing menu navigation. Examples: FB50 (GL posting), F110 (payment run).

TRN — Tax Registration Number — The unique 15-digit identifier assigned by the UAE FTA to VAT-registered businesses. Required on all UAE tax invoices and VAT returns.

Universal Journal — See ACDOCA. The unified financial journal in SAP S/4HANA that stores all financial postings with complete FI and CO dimensional detail in a single database record.

VAT 201 — The standard UAE VAT return form filed quarterly (or monthly for designated businesses) via EmaraTax, reporting taxable supplies, exempt supplies, output tax, input tax credits, and net VAT due.

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