

A FINANSHEL'S FIELD GUIDE

# Behind the Books

## What UAE business owners struggle with most

A comprehensive field guide to the recurring bookkeeping, documentation, VAT, accounting, owner-transaction, cash-flow, payment-platform and compliance problems seen across Finanshels client engagements, supported by selected external UAE research and real-world business-owner voices.

COMPILED FROM

### Client Patterns

Across 7,000+ Finanshels engagements

PUBLISHED BY

### Finanshels

Accounting & Tax Advisory

7 problem areas · 38 recurring issues

Think Finance. Think Finanshels.

## WHY THIS GUIDE

# The trouble is rarely one big mistake

Founders rarely get into trouble through one major accounting error. More often, problems build through a series of small habits: a personal payment made from the business account, an invoice that cannot be found, a bank transaction without a clear description, a document submitted weeks after the transaction, or a question left unanswered until a deadline is approaching.

This guide draws on the accounting team's work with Finanshels micro and small-business clients at different stages, including onboarding, prior-book clean-up, segregated bookkeeping responsibilities between the client and Finanshels, and complete bookkeeping. The purpose is to document the recurring issues that appear in this work and explain what they mean for a business owner.

The original field work identified 38 recurring issues across seven broad areas. External research is used only where it adds evidence or context to a specific challenge. External statistics and quotations are not presented as measurements or testimonials from Finanshels clients.

**7**

Problem areas mapped

**38**

Recurring issues documented

**7,000+**

Founders behind the patterns

## WHAT WE FOUND

## The same themes, again and again

Across these client engagements, the same seven themes appeared repeatedly.

| Area                                         | What usually goes wrong                               |
|----------------------------------------------|-------------------------------------------------------|
| <b>Bookkeeping &amp; Communication</b>       | Missing records, late documents, unanswered queries   |
| <b>VAT</b>                                   | Invoices and VAT treatment misunderstood              |
| <b>Accounting Records</b>                    | Wrong categories, no schedules, old balances          |
| <b>Owner Transactions &amp; Tax Planning</b> | Personal and business money blended together          |
| <b>Financial Management</b>                  | Reports received but not used                         |
| <b>Additional Issues</b>                     | Foreign currency, platforms, overseas vendors, crypto |
| <b>Compliance</b>                            | Corporate Tax, gratuity, free zone status             |

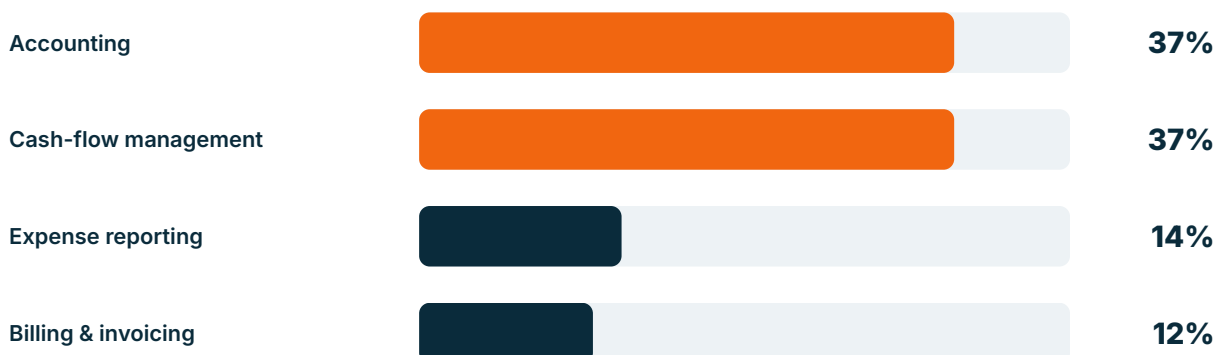
## THE WIDER PICTURE

## What the wider UAE evidence shows

A Sage survey of more than 50 UAE entrepreneurs, reported by The National in 2018, found that **37% of respondents struggled with accounting** and **37% with cash-flow management**. The survey also reported challenges with expense reporting and billing or invoicing, while more than half of respondents were concerned about understanding VAT procedures and regulations.

GRAPH 1

### Financial challenges reported by UAE startups and SMEs



Source: Sage survey of 50+ UAE entrepreneurs, reported by The National (2018).

#### Read this as context, not a current statistic

Because the survey was conducted during the early VAT period, these figures are historical context rather than a current prevalence estimate. They show that accounting and cash flow have long been pressure points for UAE founders — the same pressure points the Finanshels field observations keep returning to.

External research is used in this guide only where it adds evidence or context to a specific challenge. It does not replace the Finanshels field observations, and it is never presented as a measurement of Finanshels clients.

## AREA 01

# Bookkeeping, documentation & communication

**Most problems here start with information that arrives late, incomplete, or not at all.**

The first problem area is not usually a complicated accounting rule. It is getting the right information into the books in a complete, timely and usable form. When transaction details, invoices or answers are missing, even routine bookkeeping becomes investigative work.

## 01

**When personal and business money get mixed**

Owners often use the business account for personal spending or pay business expenses from their own account. The transaction then has to be identified and moved into the correct owner, loan or expense treatment. The issue becomes more difficult when there is no supporting explanation or when the same pattern happens repeatedly.

## 03

**When bank transactions cannot be identified**

Transfers to individuals or unfamiliar suppliers may appear in the bank statement without enough information to identify their purpose. The accountant then has to repeatedly ask what the transaction relates to before it can be reconciled.

## 05

**When documents arrive too late**

Documents shared weeks or months after a transaction can force the accountant to reconstruct earlier activity. If the transaction affects a previous VAT or tax period, the delay can also create additional work around an earlier filing.

## 02

**When invoices and supporting documents are missing**

A bank payment may be visible but the invoice, receipt or contract behind it cannot be found. Clients may know what a payment was for but cannot provide the document when the books are prepared. This can delay reconciliation and make it harder to support an expense or VAT treatment.

## 04

**When cash activity sits outside the books**

Cash collections and payments can happen outside the normal bank trail. If those transactions are not recorded at the time they occur, the accounting records can differ from the actual cash activity of the business.

## 06

**When accounting questions stay unanswered**

A simple unanswered question can leave a transaction unresolved for days. Several unresolved questions can prevent the books from being finalised or management reports from being shared.

## AREA 01 · CONTINUED

## Deadlines, change & access

Three more habits that keep information out of the books.

07

### When everything arrives just before a deadline

A large volume of documents arriving immediately before VAT, tax or reporting deadlines creates avoidable pressure. Work that could have been completed gradually becomes concentrated into a short period, increasing the chance that information will need to be clarified or revisited.

08

### When business changes are not communicated

New bank accounts, payment platforms, loans, employees, suppliers and changes in business activity can all affect the books. If the accounting team does not know about the change, the records may not reflect what is actually happening in the business.

09

### When portal access creates friction

Some owners hesitate to provide view-only access to banking or other business portals. Where secure, read-only access is appropriate, it can reduce manual information requests and speed up transaction retrieval and reconciliation.

## IN CONTEXT

The Central Bank of the UAE's **UAE MSME Business Survey Report 2020** provides useful wider context. Among 632 surveyed MSMEs, **40% did not have audited financial accounts**. The survey also found that **50% of small companies** and **65% of medium-sized companies** reported a positive impact of audited financial statements on access to credit.

## GRAPH 2

### Financial reporting and access to credit among UAE MSMEs



Source: Central Bank of the UAE, UAE MSME Business Survey Report 2020; 632 MSMEs.

### Tired of chasing invoices?

Finanshels keeps your bookkeeping organised, so nothing goes missing when a deadline arrives.

[Talk to our bookkeeping team →](#)

## AREA 02

## VAT & transaction compliance

### VAT rules look simple — until a real transaction doesn't fit the textbook.

VAT problems often begin at transaction level. A business may know it needs to file a return but still be uncertain about how an individual transaction should be invoiced, classified, timed or reconciled.

## 01

#### When tax invoices are not prepared correctly

Clients may struggle with the information that needs to appear on a tax invoice or issue invoices without all the required details. This becomes particularly important when the invoice is later used to support a VAT treatment.

## 03

#### When the VAT tax point is misunderstood

A client may expect VAT to become relevant only when a customer pays. Depending on the transaction, an advance, invoice or other event can affect when VAT becomes due. This can lead to requests to move an invoice into a later period because payment has not yet arrived.

## 05

#### When invoices do not clearly belong to the business

An invoice issued in an individual's name or an expense with no clear business purpose can make it difficult to support the expense and its VAT treatment.

## 02

#### When VAT treatment is unclear

Transactions can raise questions around standard-rated, zero-rated, exempt, out-of-scope or reverse-charge treatment. The problem is not simply knowing the VAT rate; it is identifying which treatment applies to the transaction and why.

## 04

#### When input VAT is assumed to be recoverable

Business owners may assume that VAT on every business expense can be reclaimed. The expense, business use, supporting documentation and other requirements need to be considered before a claim is made.

## 06

#### When payment gateways and POS do not reconcile to the bank

The bank may show the net amount received, while the sales system records gross sales. Gateway fees, refunds, chargebacks and settlement timing then need to be reconciled to understand the complete transaction.

### VAT questions? Get clear answers.

Let Finanshels handle your VAT returns, treatment and reverse-charge queries.

[Talk to our VAT team →](#)

## AREA 02 · OWNER VOICES

## VAT and payment timing, in owners' own words

Published UAE business coverage shows how VAT and customer-payment timing are felt on the ground. These are real-world examples from named business owners — they are not Finanshels client quotations.

***"We complete the job but we don't get payments on time. The delay goes on for months and sometimes we don't get anything at all."***

— Faisal Ashraf, owner of Al Shakline AC, quoted by The National (2017)

Ashraf's experience was discussed in the context of VAT, but it also illustrates a broader issue covered in this report: the timing of customer payments can affect both cash flow and how a business experiences its tax and compliance obligations.

***"Only for some of our services where we outsource elements like photography and freelance writers would we incur these charges, and in most cases we would pass it on to our clients."***

— Mita Srinivasan, founder of Market Buzz International, quoted by The National (2017)

Srinivasan's comment is useful because it shows that VAT treatment can vary materially by business model and transaction type; it should not be assumed that every business experiences VAT in the same way.

### Historical context

A historical Sage survey reported by The National found that more than half of surveyed UAE entrepreneurs were concerned about understanding VAT procedures and regulations, while most did not yet have a VAT-compliant accounting system. The same survey found that 37% struggled with accounting.

## AREA 03

## Accounting & financial records

**Good numbers depend on putting each item in the right place — and keeping the schedules behind it.**

The books can contain every bank transaction and still fail to provide a clear financial picture if the transactions are classified incorrectly or the supporting schedules are incomplete.

## 01

**When cash and accrual accounting are confused**

Owners often think about when money is received or paid, while financial reporting may require transactions to be recognised on an accrual basis. This difference can make reported performance look different from the movement in the bank account.

## 03

**When inventory records are incomplete**

Trading businesses may know approximately how much stock they hold but lack reliable quantity, valuation or costing records. This affects both the reported financial position and the usefulness of gross-margin analysis.

## 05

**When fixed assets and depreciation are not tracked**

Without a running asset register, additions, disposals and transfers can be missed. An asset that has been sold or scrapped can remain in the books, while depreciation may not reflect what the business actually owns.

## 02

**When receivables, payables and cash flow are not visible**

An owner may know that customers owe money and suppliers need to be paid but still lack a clear customer-wise or supplier-wise position. Without that visibility, it becomes harder to plan collections, payments and working capital.

## 04

**When revenue and capital expenditure are mixed**

A laptop, fit-out or renovation may be expensed immediately when it should be treated as a capital asset, while a routine repair may be capitalised when it should be expensed. These classifications affect both the profit and loss account and balance sheet.

## 06

**When expenses are put into generic buckets**

Unclear or infrequent expenses are sometimes pushed into 'Other Expenses' or 'Office Expenses' even when they are material and belong in a more specific category. A legal-case-related cost, for example, can disappear inside a generic expense line.

## AREA 03 · CONTINUED

## Records, schedules & classification

Four more recurring issues — and the classification table behind them.

07

### When loan instalments are recorded without the loan schedule

The monthly bank instalment alone does not show how much is principal and how much is finance cost. Without the loan schedule, the accounting treatment can remain incomplete.

09

### When historical books need to be rebuilt

Some clients approach an accountant after months or years of incomplete bookkeeping and expect the books to be reconstructed from bank statements and whatever documents remain available. This clean-up can take considerably more work than maintaining the books consistently.

08

### When old balances are never explained

Old receivables, payables, owner balances, loans and other accounts can remain on the books because nobody can establish whether they are still outstanding. The longer they remain unexplained, the harder they can be to reconstruct.

10

### When opening balances are unsupported

Balances carried forward from an old spreadsheet or previous accountant can lack supporting schedules or reconciliations. That means the new accounting period may begin with figures that cannot easily be verified.

## COMMON CLASSIFICATION PROBLEMS

| Situation                            | Often booked as  | Should be                  | Effect                          |
|--------------------------------------|------------------|----------------------------|---------------------------------|
| Laptop or renovation cost            | Expense          | Capital asset              | P&L and balance sheet misstated |
| Routine repair                       | Capital asset    | Expense                    | Assets and profit overstated    |
| Legal-case cost                      | Office Expenses  | Legal & Professional       | Material cost hidden            |
| Supplier paid personally by director | Accounts Payable | Director's current account | Both balances unreliable        |

#### Why this matters

Misclassification rarely looks dramatic on its own. But it distorts both the profit and loss account and the balance sheet, and it makes Corporate Tax adjustments harder to support.

## AREA 04

# Owner transactions & tax planning

**The line between the owner and the company is where many businesses lose clarity — and tax savings.**

Owner transactions can make a company's accounts difficult to interpret because personal money, company money and shareholder balances can move between one another.

01

**When owner drawings and capital introductions are confused**

Money introduced into the company, shareholder loans, personal withdrawals and business income are different things. When they are not separated, the owner and company positions become difficult to understand.

02

**When the director's current account is mixed with trade balances**

Amounts owed to or from the owner can be recorded alongside genuine customer or supplier balances. For example, a supplier payment made personally by a director may be coded directly to Accounts Payable rather than the director's current account.

03

**When personal spending is recorded as a business expense**

A payment made from the company account can look like a company expense even when it is personal. The transaction needs to be identified and treated according to what it actually represents.

04

**When related-party transactions are not properly documented**

Transactions involving related parties can require additional documentation, disclosure and consideration of arm's-length pricing and tax implications. Owners may not always recognise when an ordinary-looking transaction has additional requirements.

05

**When salary and dividend decisions are not understood**

Salary is remuneration and generally an expense of the business, while dividends are distributions of profit. Owners who do not understand the distinction can make decisions without considering the accounting and tax consequences.

06

**When salary is not benchmarked**

Owners may be unsure what represents commercially reasonable remuneration for their role and may underpay themselves or make remuneration decisions without a clear basis. Maintaining a clear rationale can also form part of broader tax planning.

**Why this area matters**

Keeping the owner's money in its own lane isn't bookkeeping housekeeping — it's what makes the director's balance, the tax position and the eventual dividend-or-salary decision defensible.

**WHAT GOOD LOOKS LIKE**

- ✓ Owner money split into capital, loan and drawings
- ✓ A separate director's current account
- ✓ Salary set at a benchmarked, defensible level

## AREA 05

# Financial management

## Having accounts is not the same as using them.

The financial statements are useful only when the owner can understand them and use them. Several recurring issues arise after the bookkeeping itself has been completed.

## 01

### When financial statements are difficult to read

An owner may receive a profit and loss statement or balance sheet but still struggle to connect the figures to what is happening in the business. Revenue, gross margin, receivables, liabilities and cash need to be read together rather than as isolated numbers.

## 02

### When accounts are reviewed only at filing time

If the accounts are opened only for VAT, Corporate Tax or year-end work, errors and unusual balances can remain unresolved for months. Regular review creates an opportunity to identify problems while the underlying transactions are still easy to understand.

## 03

### When profit does not match the bank balance

A business can show a healthy profit while having limited cash because customers have not paid, owners have withdrawn money, loans have been repaid or assets have been purchased.

***"Profit is what the business earned. Cash is what it still has. They're rarely the same number."***

— Finanshels Accounting & Advisory team

## WHAT GOOD LOOKS LIKE

- ✓ A monthly review, not a year-end scramble
- ✓ Profit and cash understood as different numbers
- ✓ Receivables, payables and owner balances kept current

## AREA 05 · OWNER VOICES &amp; RESEARCH

## Cash-flow discipline, and how UAE SMEs are getting paid

Cash flow is where profit meets reality — and owners who plan for it describe it in very practical terms.

*“As a business owner, I always conduct a cash flow analysis before investing in new projects.”*

— Sara Chemmaa, founder of Citron, quoted by Gulf News (2024)

Chemmaa also described evaluating the cash requirements and time needed to recover an investment before committing to a new project. Her example shows why a profitable-looking opportunity still needs to be considered through the cash cycle.

More recent UAE SME research provides further context. Mastercard's 2026 SME Confidence Index found that **83% of surveyed UAE business decision-makers** said digital and online payments were important to helping their businesses grow faster and more efficiently.

## GRAPH 3

### Digital payment adoption and priorities among UAE SMEs



Source: Mastercard SME Confidence Index, UAE, August 2026.

## AREA 06

## Additional practical issues

**The modern business touches more currencies, platforms and borders than the books expect.**

As businesses grow, the number of currencies, payment channels and digital platforms involved in a transaction can increase. That creates additional reconciliation and tax-treatment questions.

## 01

### When foreign-currency transactions create exchange differences

Businesses may receive or pay amounts in different currencies without a clear policy for recording exchange differences or recovering short receipts from customers. These differences need to be understood rather than treated as unexplained bank variances.

## 02

### When multiple payment platforms do not reconcile

Businesses using bank transfers, POS systems, payment gateways and marketplaces may struggle to connect gross sales, fees, refunds and settlements to the amounts that eventually reach the bank.

## 03

### When overseas vendors create VAT questions

Software, advertising and professional services purchased from overseas providers can require specific VAT consideration, including the reverse-charge mechanism where applicable. The issue is often missed because the supplier invoice itself may not look like a UAE VAT invoice.

## 04

### When cryptocurrency transactions are not properly tracked

Businesses holding or receiving crypto assets may need to understand transfers between wallets and platforms, how assets are realised and how changes in value should be reflected in the accounts and relevant tax analysis.

#### The common thread here

Cross-border and multi-platform money needs **deliberate treatment** — the platform defaults and bank summaries rarely line up with UAE VAT and Corporate Tax rules on their own.

Mastercard's 2026 UAE SME research found that **83% of surveyed businesses accepted card payments** and **72% accepted mobile payments**, while **61%** identified accepting digital payments across multiple channels as an area with significant potential for future growth. The challenge is not digital payments themselves. The challenge is ensuring that every channel can be reconciled to the underlying sale, fees, refunds and settlement.

#### WHAT GOOD LOOKS LIKE

- ✓ A stated policy for foreign-currency gains and losses
- ✓ Every platform reconciled to its settlement
- ✓ Reverse charge applied on overseas software and services

## AREA 07

# Compliance

## The obligations don't scale down just because the business is small.

Small businesses can underestimate compliance because the business itself is small. Registration, filing, documentation and employee-related obligations can still apply even where taxable profit is limited.

01

### When Corporate Tax registration and filing requirements are unclear

Clients may not know when they need to register, when the return is due or what happens if they miss an obligation. Some assume that a small or low-profit business automatically has limited compliance requirements.

02

### When penalties are treated as a filing-only issue

Compliance is not only about submitting a return. The underlying books, supporting documents and transaction treatment need to be sufficiently complete to support the filing.

03

### When WPS, gratuity and employee costs are not properly provided for

Businesses may run payroll through WPS but fail to reconcile payments to salary records or provide consistently for end-of-service gratuity. These gaps can leave employee-related liabilities understated.

04

### When Free Zone and QFZP conditions are assumed rather than checked

A Free Zone licence does not by itself mean that all income qualifies for the 0% Corporate Tax rate. Qualifying Free Zone Person status depends on meeting relevant conditions, and those conditions need to be considered against the business's actual activities and income.

### Low profit is not low obligation

Registration and filing still apply even when little or no tax is due — and the penalties for missing them don't scale down with the business.

## WHAT GOOD LOOKS LIKE

- ✓ Corporate Tax registered and filed on time, even at low profit
- ✓ Gratuity provided for and WPS reconciled to payroll
- ✓ QFZP conditions tracked transaction by transaction

## AREA 07 · IN CONTEXT

## Tax-awareness engagement across the UAE

The Federal Tax Authority reported **more than 33,900 participants** in its tax-awareness events during H1 2026, compared with 27,500 during H1 2025 — a **23.3% increase** in participation.

## GRAPH 4

### Participation in FTA tax-awareness events

**+23.3% year on year**

Source: Federal Tax Authority, August 2026.

### How to read these figures

These figures do not show that participants were non-compliant, and they are not a measure of tax errors. They do show continued engagement with tax education in the UAE.

## WHAT THESE BUSINESSES TELL US

## The common thread is visibility

The recurring problems documented in this report are different on the surface but connected underneath. Missing invoices, mixed personal and business spending, unexplained bank entries, incorrect VAT treatment, old account balances, unclear owner transactions, unreconciled payment platforms and missed compliance requirements all create the same underlying problem: **the business owner cannot see the complete financial picture clearly enough, early enough.**

The external research does not replace the Finanshels field observations. It provides wider context. CBUAE research shows the importance of financial reporting for MSMEs. Historical UAE startup research identifies accounting and cash flow as recurring challenges. Recent payment research shows how many businesses now operate across digital payment channels. FTA participation figures show continued engagement with tax education.

The owner voices tell the same story from the other side of the accounting process. Faisal Ashraf described the effect of delayed customer payments on his business. Sara Chemmaa described using cash-flow analysis before committing to new projects. Dany El Eid, founder of pixelbug, described healthy cash flow as a priority for his company and the need for breathing space while raising investment.

***"As a business owner, my priority is to make sure we have a healthy cash flow."***

— Dany El Eid, founder of pixelbug, quoted by Khaleej Times (2015)

***"When the books are clean, the founder can finally see what the business owes, what it's owed, what it earned, and what needs attention."***

— Finanshels Accounting & Advisory team

The earlier these gaps are addressed, the less time is spent reconstructing the past — and the more useful the numbers become for running the business.

## ABOUT FINANSHEL'S

## A finance function for founders

Finanshels gives founders access to a finance function covering bookkeeping, VAT, Corporate Tax, audit, compliance and CFO advisory. The objective is straightforward: keep the books clean, stay on top of compliance and give founders financial information they can use to run the business.

**7,000+**

Businesses served

**150+**

Qualified accountants

**4.9★**

Trustpilot rating

## SERVICES

Bookkeeping · VAT · Corporate Tax · Audit · AML compliance · E-invoicing readiness · Fractional CFO advisory

### Not sure your books would hold up to a review?

Finanshels handles bookkeeping, clean-up, VAT and Corporate Tax for UAE businesses — so you file once, correctly, on time.

[Book a free consultation →](#)

Compiled from patterns observed across Finanshels client engagements. General information for UAE business owners, not individual accounting or tax advice — confirm your specific situation with a Finanshels advisor. VAT = Value Added Tax. RCM = Reverse-Charge Mechanism. WPS = Wage Protection System. QFZP = Qualifying Free Zone Person.

## SOURCES &amp; METHODOLOGY

## How this guide was put together

Finanshels field observations are drawn from the source material provided for this report, covering recurring issues observed while working with micro and small UAE businesses across onboarding, prior-book clean-up, segregated bookkeeping and complete bookkeeping. These observations are qualitative and are not presented as prevalence statistics.

External evidence used in the report includes the Central Bank of the UAE's UAE MSME Business Survey Report 2020; a Sage survey of more than 50 UAE entrepreneurs reported by The National in 2018; Mastercard's UAE SME Confidence Index published in August 2026; and Federal Tax Authority tax-awareness participation data reported in August 2026.

Direct owner quotations are taken from published UAE business coverage and are attributed to the named business owner and publication. They are included as real-world examples and are not presented as Finanshels client quotations.

This report provides general information for UAE business owners and does not constitute individual accounting or tax advice.

## PRIMARY EXTERNAL SOURCES

- Central Bank of the UAE — UAE MSME Business Survey Report 2020
- The National — Accounting and cash flow key challenges to startups, survey finds (2018)
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