



Comprehensive Financial Services

# CORPORATE TAX

## IN UAE

Simplified for you

# OUR TEAM



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Tax Consultant



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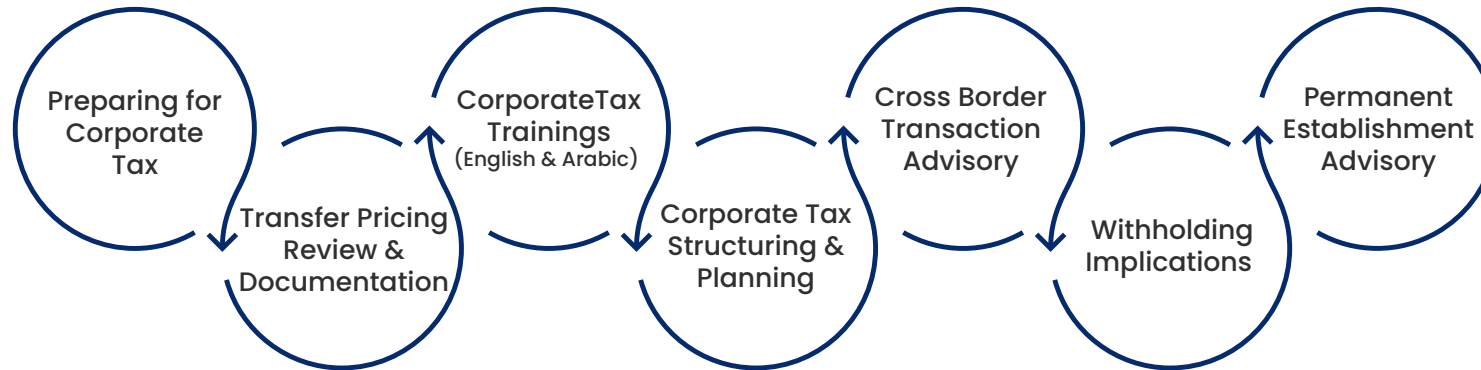


**Saurav Kalkal, ACCA**  
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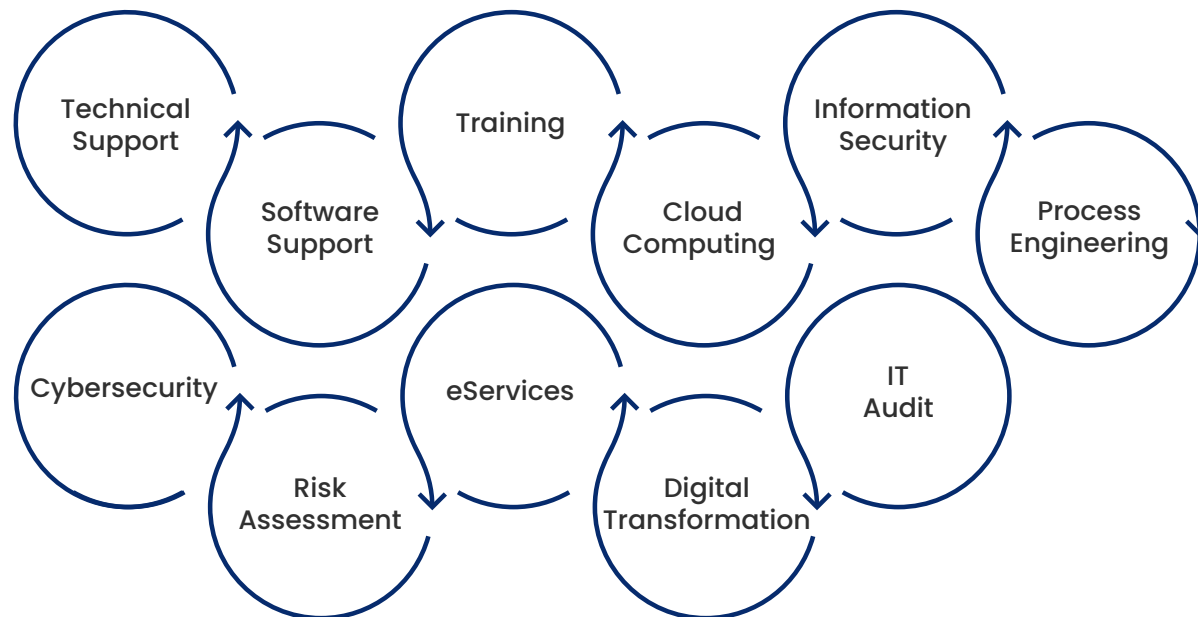
# OUR SERVICES

## TAX SERVICES

Led by Senior Tax Director



## TECHNOLOGY SERVICES (IT/ERP/CYBER SECURITY)



# CELEBRATING LAST TAX FREE DAY IN THE UAE



31<sup>st</sup> May 2023

# MEDIA PRESENCE / EVENTS / RECOGNITIONS



**ICAI Abu Dhabi Chapter in collaboration with Khaleej Times – presentation on Revaluation of Assets / Liabilities with over 300 members attendance**


# SALIENT FEATURES

0% Tax Rate up-to Net Taxable  
Income of **AED 375,000 p.a.** 

9% on Net Taxable Income 

Global Income taxable for UAE  
Resident Persons 

No Personal Taxation 

Special Concession to Qualifying Free-zones\*  
(subject to satisfaction of certain conditions) 



No taxation on Personal "Investment Income"  
(Rental Income, Dividends, Income from Debt/Equity Securities)



Small business relief upto  
AED 3 Million revenue\*



0% Withholding Tax



Provisions for Tax Group, C/F of losses



To be effective from 1st June 2023 & applicable  
for Financial Years starting from 1st June , 2023

# GLOBAL CORPORATE TAX RATE

Country	Corporate Tax Rate (%)	Country	Corporate Tax Rate (%)	Country	Corporate Tax Rate (%)	Country	Corporate Tax Rate (%)	Country	Corporate Tax Rate (%)
Afghanistan	20	Congo	28	Ireland	12.5	Myanmar	25	Slovenia	19
Albania	15	Congo (Democratic Republic)	30	Israel	23	Namibia	32	Solomon Islands	30
Algeria	26	Costa Rica	30	Italy	24	Netherlands	25	South Africa	28
Andorra	10	Croatia	18	Ivory Coast	25	New Zealand	28	Spain	25
Angola	25	Curacao	22	Jamaica	25	Nicaragua	30	Sri Lanka	24
Antigua and Barbuda	25	Cyprus	12.5	Japan	30.62	Nigeria	30	St Maarten	35
Argentina	25	Czech Republic	19	Jordan	20	Norway	22	Sudan	35
Armenia	18	Denmark	22	Kazakhstan	20	Oman	15	Suriname	36
Aruba	25	Djibouti	25	Kenya	30	Pakistan	29	Swaziland	27.5
Australia	30	Dominica	25	Korea	25	Palestinian Territory	15	Sweden	20.6
Austria	25	Dominican Republic	27	Kuwait	15	Panama	25	Switzerland	14.93
Bangladesh	32.5	Ecuador	25	Kyrgyzstan	10	Papua New Guinea	30	Syria	28
<b>Barbados</b>	<b>5.5</b>	Egypt	22.5	Latvia	20	Paraguay	10	Taiwan	20
Belarus	18	El Salvador	30	Lebanon	17	Peru	29.5	Tanzania	30
Belgium	25	Estonia	20	Libya	20	Philippines	30	Thailand	20
Benin	30	Ethiopia	30	Liechtenstein	12.5	Poland	19	Trinidad and Tobago	30
Bolivia	25	Fiji	20	Luxembourg	24.94	Portugal	21	Tunisia	15
Bonaire, Saint Eustatius and Saba	25	France	26.5	Macau	12	<b>Qatar</b>	<b>10</b>	Turkey	20
<b>Bosnia and Herzegovina</b>	<b>10</b>	Gabon	30	Macedonia	10	Romania	16	Turkmenistan	20
Botswana	22	Gambia	27	Madagascar	20	Russia	20	Uganda	30
Brunei Darussalam	18.5	Georgia	15	Malawi	30	Rwanda	30	Ukraine	18
<b>Bulgaria</b>	<b>10</b>	Germany	30	Malaysia	24	Saint Kitts and Nevis	33	<b>United Arab Emirates</b>	<b>9</b>
Burkina Faso	28	Ghana	25	Malta	35	Saint Lucia	30	United Kingdom	19
Burundi	30	Gibraltar	10	Mauritania	25	Saint Vincent and the Grenadines	30	United States	27
Cambodia	20	Greece	24	Mauritius	15	Samoa	27	Uruguay	25
Cameroon	33	Grenada	28	Mexico	30	Saudi Arabia	20	Uzbekistan	7.5
Canada	26.5	Honduras	25	Moldova	12	Senegal	30	Venezuela	34
Chile	27	<b>Hungary</b>	<b>9</b>	Monaco	33	Serbia	15	Vietnam	20
China	25	Iceland	20	Mongolia	25	Sierra Leone	30	Yemen	20
		India	30	Montenegro	9	Singapore	17	Zambia	35
		Indonesia	22	Morocco	31	Sint Maarten (Dutch part)	35	Zimbabwe	24
		Iraq	35	Mozambique	32	Slovakia	21		

# COUNTRIES WITH 0% TAX RATE



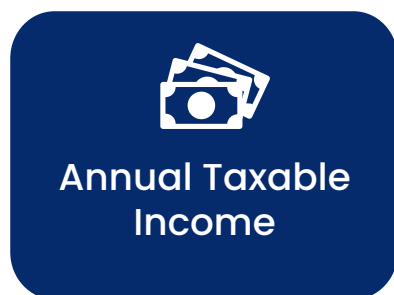


# ISSUANCE & EFFECTIVE DATE OF THE CORPORATE TAX LAW

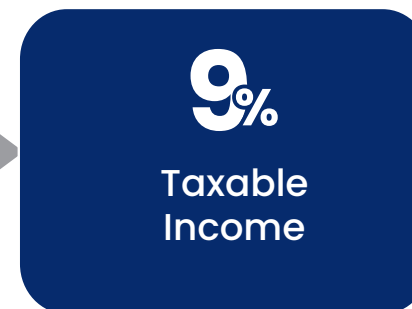
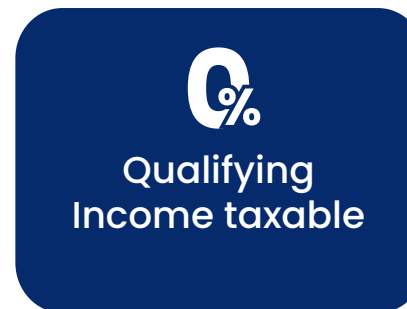
<b>Financial Year End</b>	<b>30 June</b>	<b>31 December</b>	<b>31 March</b>
<b>First Tax Period</b>	<b>1 July 2023 - 30 June 2024</b>	<b>1 Jan 2024 - 31 Dec 2024</b>	<b>1 April 2024 - 31 March 2025</b>
<b>CT return must be filed, and CT payment made, within nine (9) months of the tax period</b>			
<b>Filing &amp; payment due date</b>	<b>31 March 2025</b>	<b>30 Sept 2025</b>	<b>31 Dec 2025</b>

# THE CORPORATE TAX RATE

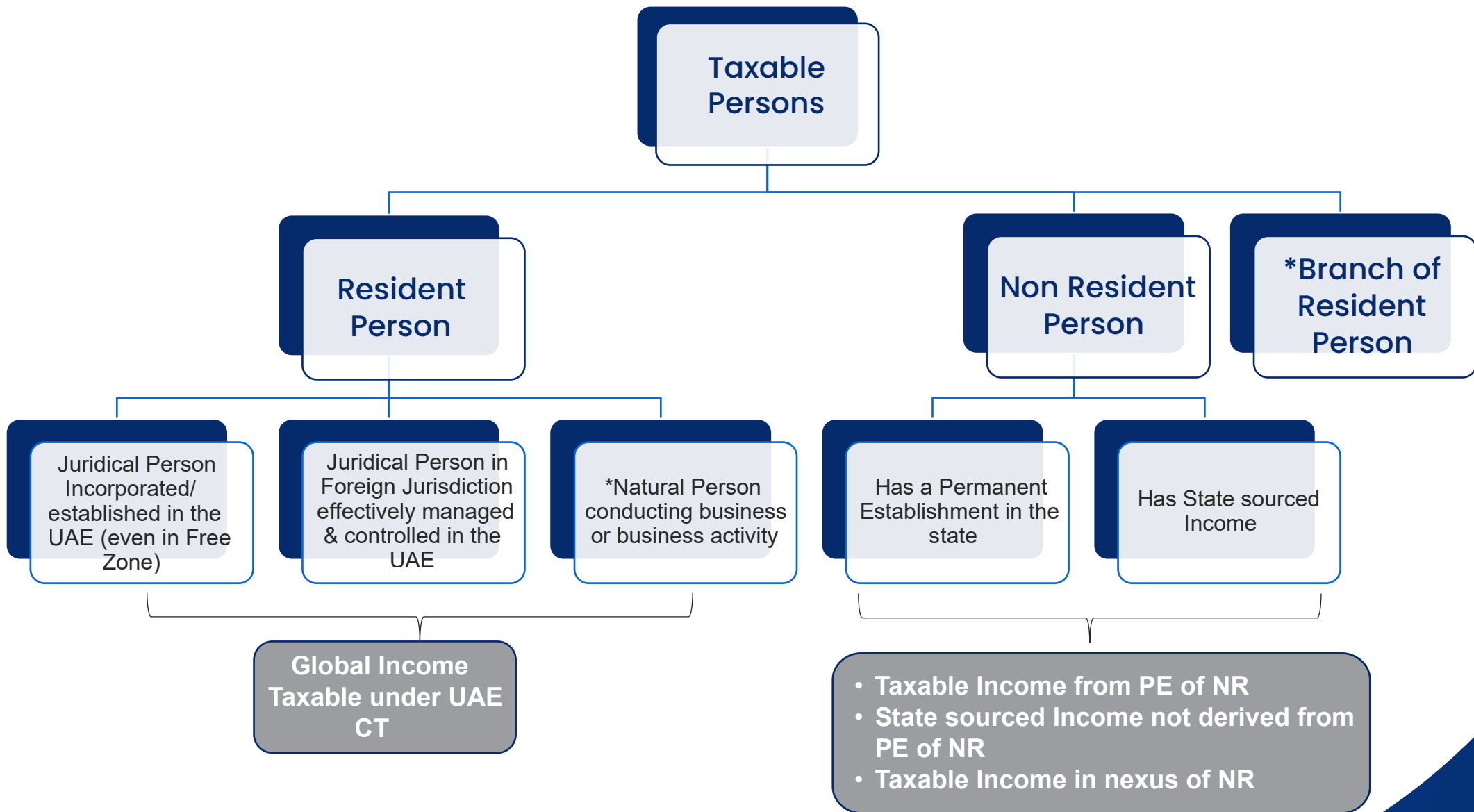
## Taxable Persons



## Qualifying Free Zone Persons



# TAXABLE PERSONS



# EXEMPT PERSONS

- a. A Government Entity.
- b. A Government Controlled Entity.
- c. A Person engaged in an Extractive/Non extractive Business, that meets the conditions\*
- d. A Qualifying Public Benefit Entity

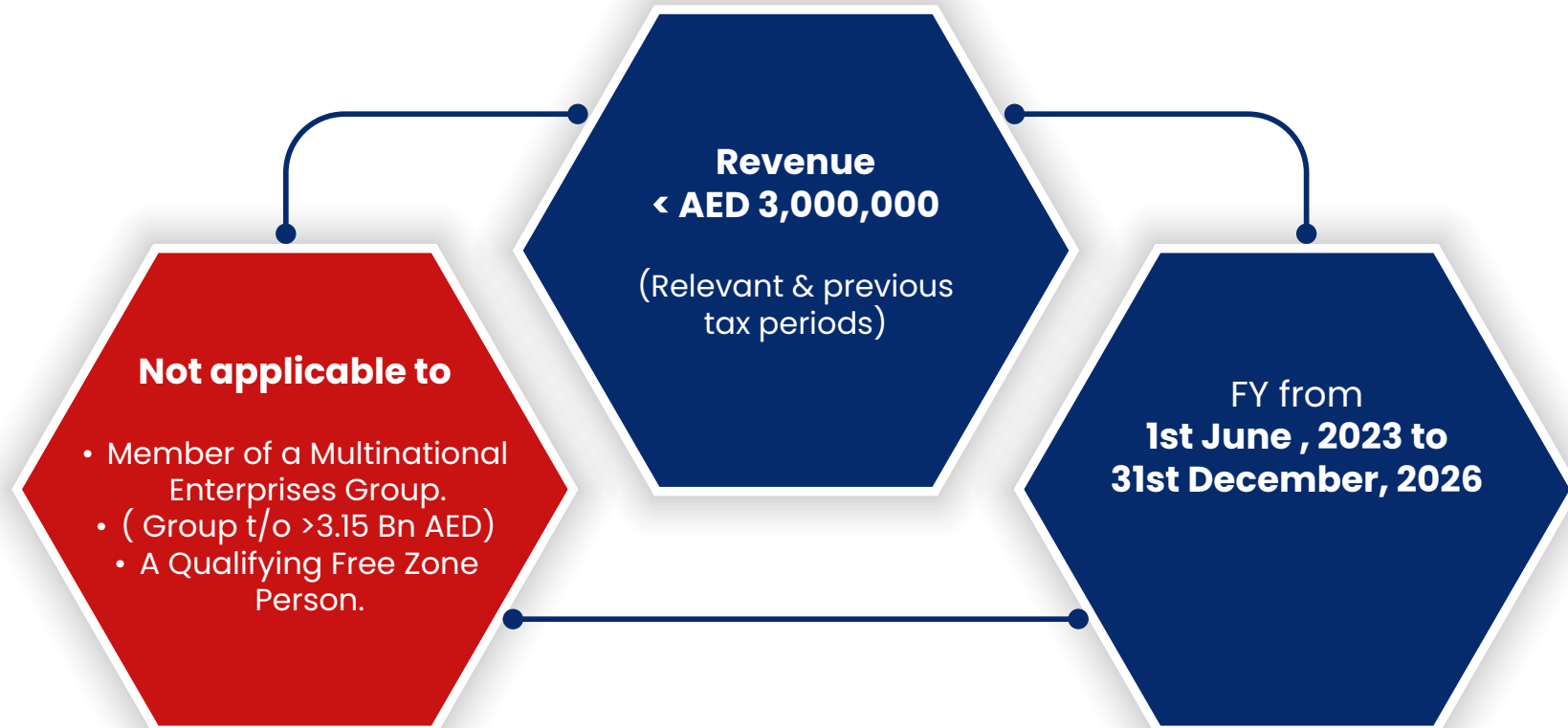
Auto Exempt  
from the CT

- e. A Qualifying Investment Fund
- f. A public pension or social security fund, or a private pension or social security fund & meets the conditions
- g. A juridical person incorporated in the State wholly owned & controlled by any exempt person and conducts following
  - Undertakes whole/part activities of exempt persons
  - Engaged exclusively in holding assets/investing funds for benefit of exempt person
  - Carries out activities only that are ancillary to exempt person's activities
- a. Any other person as may be determined

Apply to the relevant  
authority to be exempt  
in form, manner &  
timeline prescribed

# SMALL BUSINESS RELIEF

(Ministerial Decision 73/2023)



# TAXABLE INCOME

**Taxable Income** = Accounting net profit (or loss) as stated in FS as per IFRS

Financial Statements prepared on accrual basis, unless opt for cash basis  
(small businesses and individual entrepreneurs may opt for cash basis as per the cabinet decision)



## Adjustments to Taxable Income

1. Unrealised gains/losses (subject to the election made regarding the application of the realisation principle);
2. Exempt income such as dividends, Capital Gains,
3. Intra-group transfers;
4. Deductions which are not allowable for tax purposes;
5. Adjustments for transactions with Related Parties and Connected Persons;
6. Any incentives or special reliefs reliefs; and
7. Tax Losses (subject to 75% of taxable income)
8. Any other adjustment specified by the Minister.

Treatment for unrealized gains/ losses arising from accounting fair value or impairment adjustments:

Any and all unrealized gains - not be taxable and unrealized losses - not be deductible until they are realized on all assets & liabilities.

**Option 1**

Option 1

All unrealized gains - not be taxable and losses - not be deductible in respect of assets & liabilities held on capital account until they are realized (unrealized gains/losses on assets/liabilities held on revenue account continue to include in taxable income.

**Option 2**

Option 2

# EXEMPT INCOME

## Exempt Income

Dividend & other  
Profit Distributions

From UAE Company  
(Mainland/Free Zone)

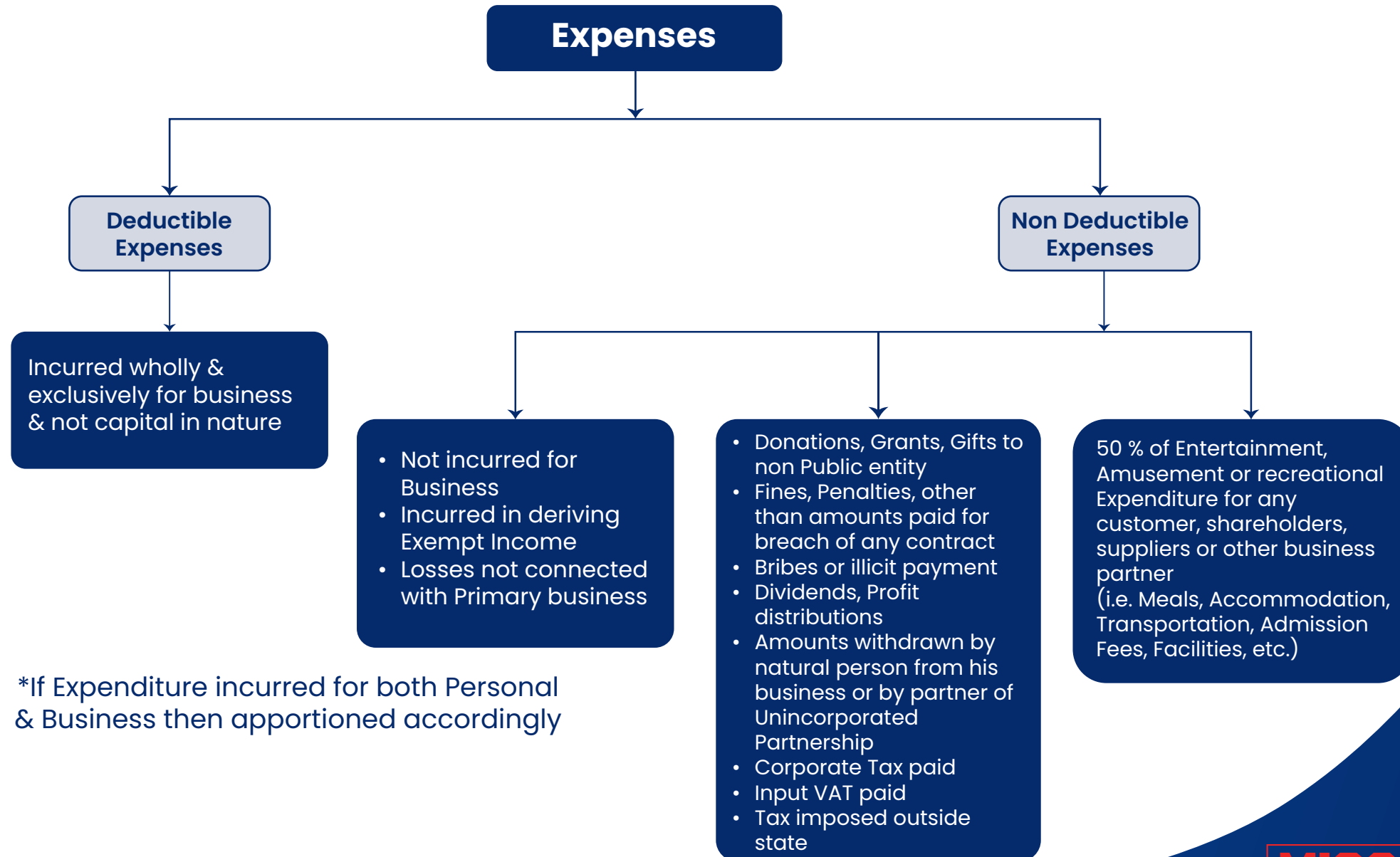
\*From Foreign  
Companies

Capital Gains

- On Sale of Capital Assets / Non-Capital Assets – treated as Taxable Income
- On Sale of Shares – Exempt (\*subject to certain conditions)
- From Intra group transfers of reorganization/ restructuring

\*Subject to participating interest of  $\geq 5\%$  ownership in capital/ equity of foreign person for at least 12 months

# DEDUCTIBLE & NON DEDUCTIBLE EXPENSES



\*If Expenditure incurred for both Personal & Business then apportioned accordingly



# DEDUCTIBLE & NON DEDUCTIBLE EXPENSES

## Interest Expenditure

### General Deduction

- Upto 30 % EBITDA
- NA for Interest expense less than AED 12 million
- Remainder Carried Forward upto 10 tax periods

\* NA to Banks, Insurance Business, other Regulated Financial Entities and Natural Person conducting Business/Business Activity

### Specific Deduction

- No deduction on Interest on loan obtained directly, or indirectly for –
- a. Dividend/Profit Distribution
  - b. Redemption, Repurchase, Reduction, or return of Share capital to a Related Party
  - c. Capital contribution to Related Party
  - d. Acquisition of Related Party (or future Related Party)

***RP subject to CT (in UAE/ Foreign), then no CT advantage***

# TAX GROUPS

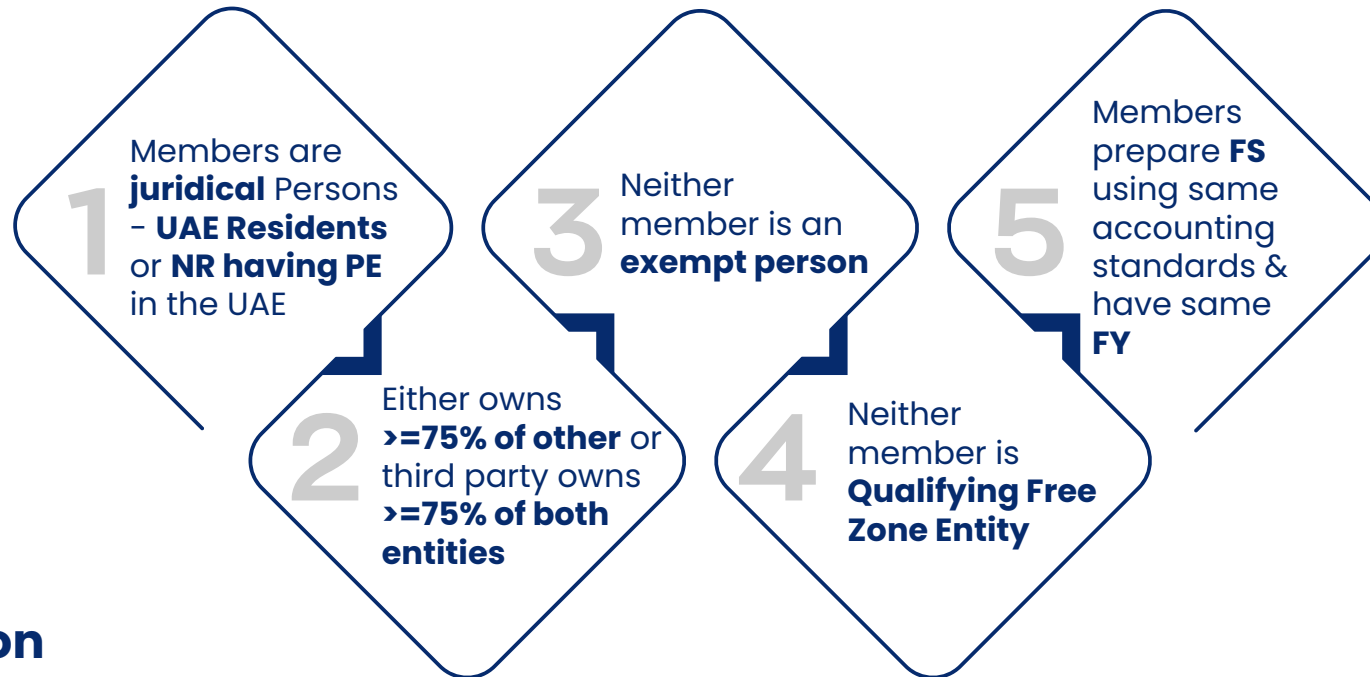
## Conditions for forming Tax Group

- Only resident persons can form part of CT Group. **Permanent Establishments (PE) or branches of foreign companies in the UAE cannot join a CT Group;**
- Only juridical resident persons can join a CT Group. **Natural persons and unincorporated JVs are ineligible.**
- CT grouping for parent–subsidiary relationships, if :
  1. Parent owns at least 95% shareholding/ voting right of the subsidiary;
  2. Parent is entitled to at least 95% of the subsidiary’s profits and net assets.
- Neither the parent nor the subsidiary is a Qualifying Free Zone Person;
- Both have the same financial year and use accounting standards for FS.



# QUALIFYING GROUP

No Gain/Loss on transfer of Assets/Liabilities calculated for taxable income **if following conditions met :**



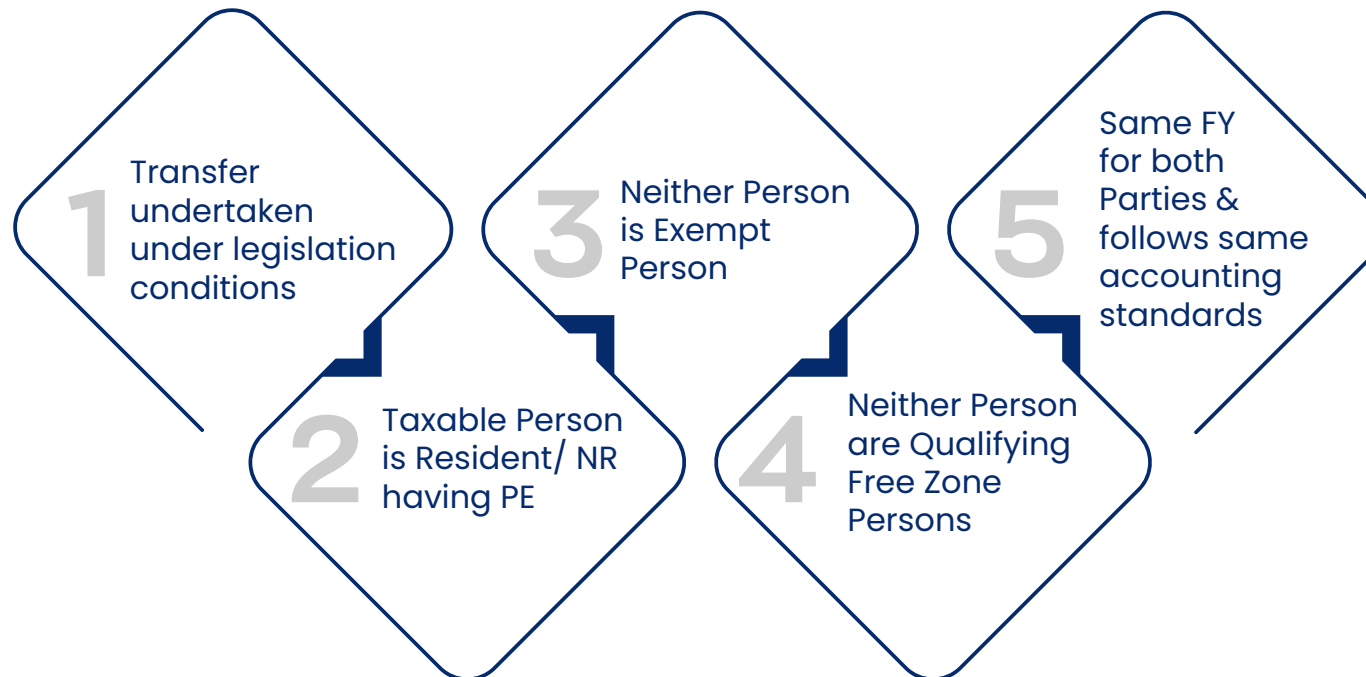
## Impact on Taxable Income :

- Assets & Liabilities transferred at net book value
- Value of any consideration received /paid treated as equal to net book value of the transferred asset/liability
- Any unutilized losses of the transferor, carried forward by transferee subject to conditions\*
- Relief withdrawn & taxable in hands of both taxable persons – if within 2 years of transfer :
- Subsequent transfer outside qualifying group
- Members cease to be part of Qualifying Group

**Transfer considered at Market Value at date of Transfer & taxable under CT**

# BUSINESS RESTRUCTURING RELIEF

Taxable Person(s) transfers entire/independent part of business to another taxable person – No Gain/Loss taken into account while calculating the taxable income, subject to following conditions :



## Impact

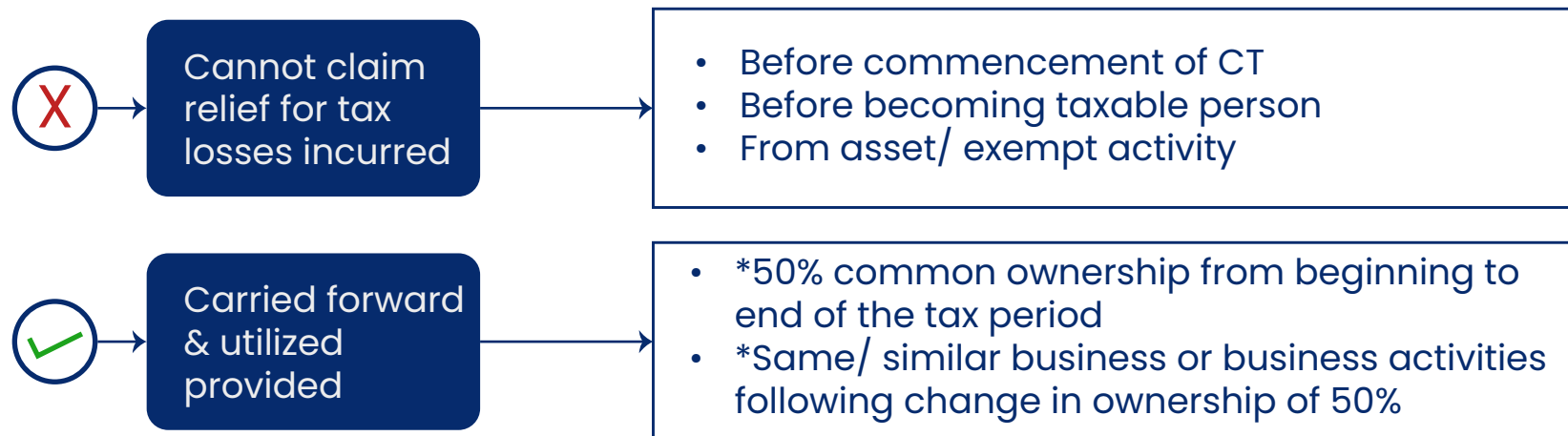
- Assets & Liabilities transferred at net book value
- Value of any consideration received /paid treated as equal to net book value of the transferred asset/liability
- Any unutilized losses of the transferor, carried forward by transferee subject to conditions
- Relief withdrawn – if within 2 years of restructuring :
  - Subsequent disposal
  - Shares/ownership interest sold/transferred or disposed

**Transfer considered at Market Value at date of Transfer & taxable under CT**

# TAX LOSSES

## Tax Loss Relief

- Offset against subsequent tax periods
- Maximum allowed – **\*75% of taxable income**



\*NA to taxable person listed on Recognized Stock Exchange

# FREEZONES IN UAE



# CONDITIONS TO BE A QUALIFYING FREE ZONE PERSON



Maintains Adequate Substance



Derives Qualifying Income



Not elected for Corporate Tax



\*De Minimis requirements satisfied  
(Ministerial Decision - ~~139/2023~~ 265/2023)



Maintains Audited Financial Statements  
(Ministerial decision - ~~139/2023~~ 265/2023)



Complies with Transfer Pricing Rules

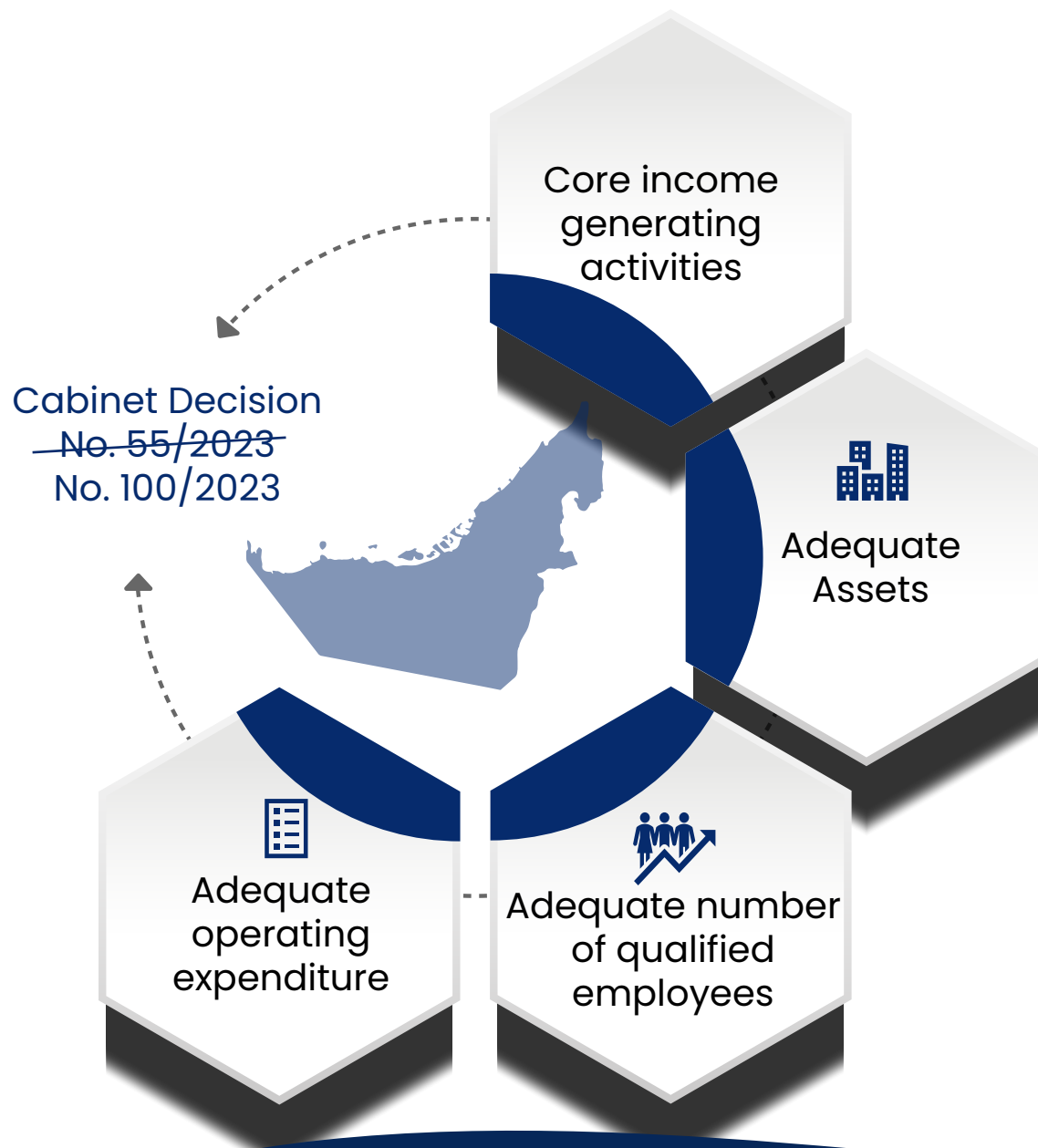


***Fails to meet any conditions***

Ceases to be QFZP for relevant tax period & 4 subsequent tax periods.

**Mandatory Registration &  
CT Return filing  
irrespective of the status**

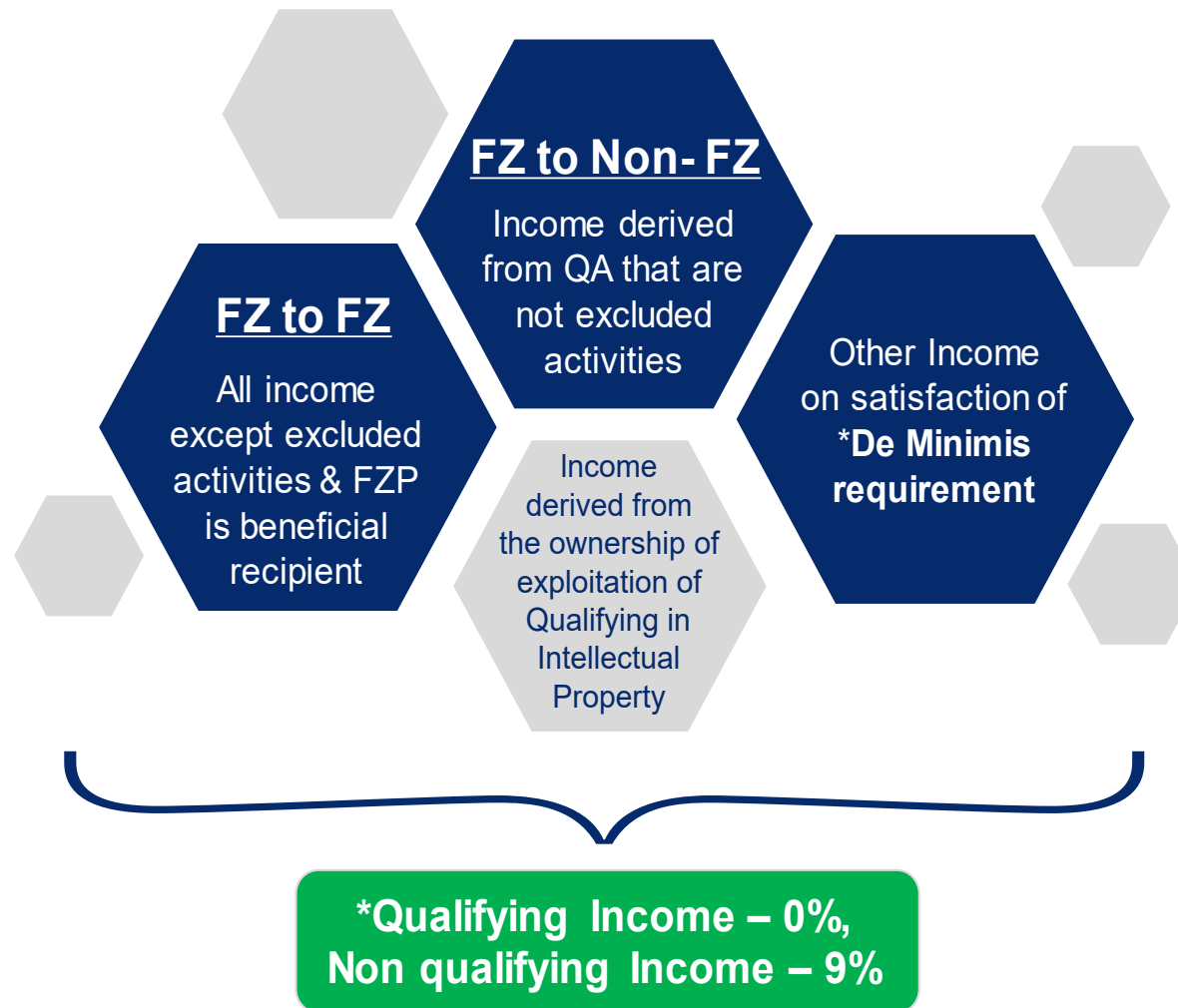
# MAINTAINING ADEQUATE SUBSTANCE



Activities can even be outsourced to Related Party in a Free Zone or a third party in a Free Zone (subject to adequate supervision of outsourced party by QFZP)

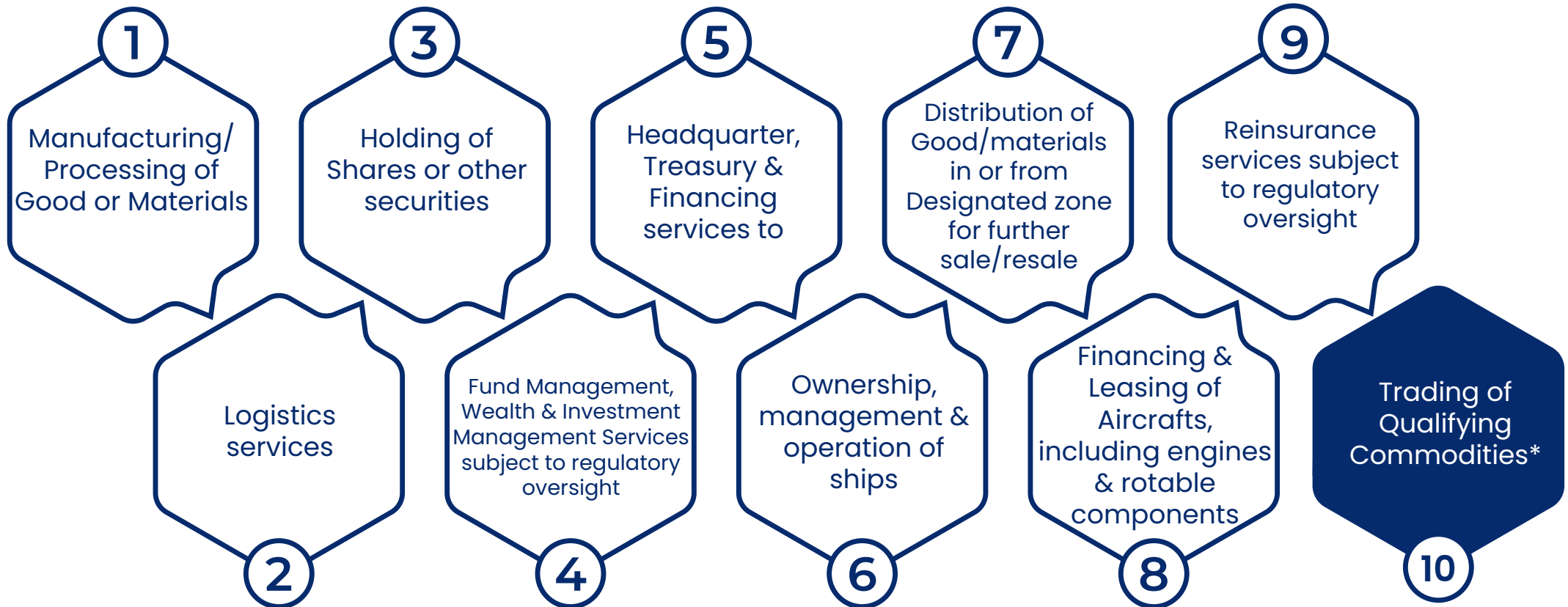


# QUALIFYING INCOME



FZ- Free Zone, FZP- Free Zone Person, QI- Qualifying Income, QA- Qualifying Activities

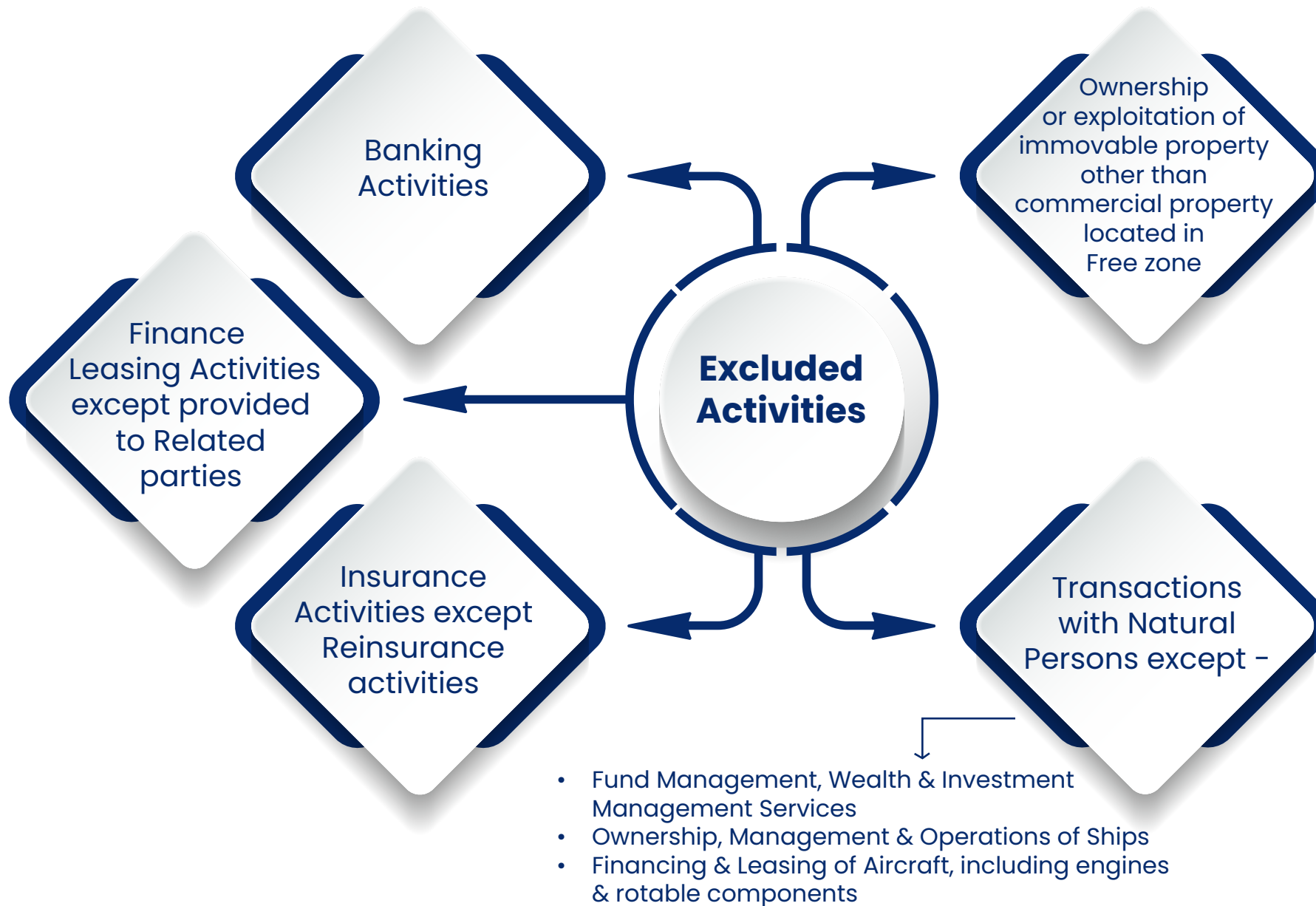
# QUALIFYING ACTIVITIES



## \*Qualifying Commodities

Metals, minerals, energy and agriculture commodities that are traded on a Recognised Commodities Exchange Market in raw form.

# EXCLUDED ACTIVITIES



# DE MINIMIS REQUIREMENT CALCULATION

**\*De Minimis Requirement**

**Non-Qualifying Revenue**

earned from

1. Excluded activities (to FZP & Non FZP)
2. Non Qualifying Activities to Non FZP

**Total Revenue = All Revenue**

Lower of

5% of Total Revenue

AED 5,000,000

satisfied

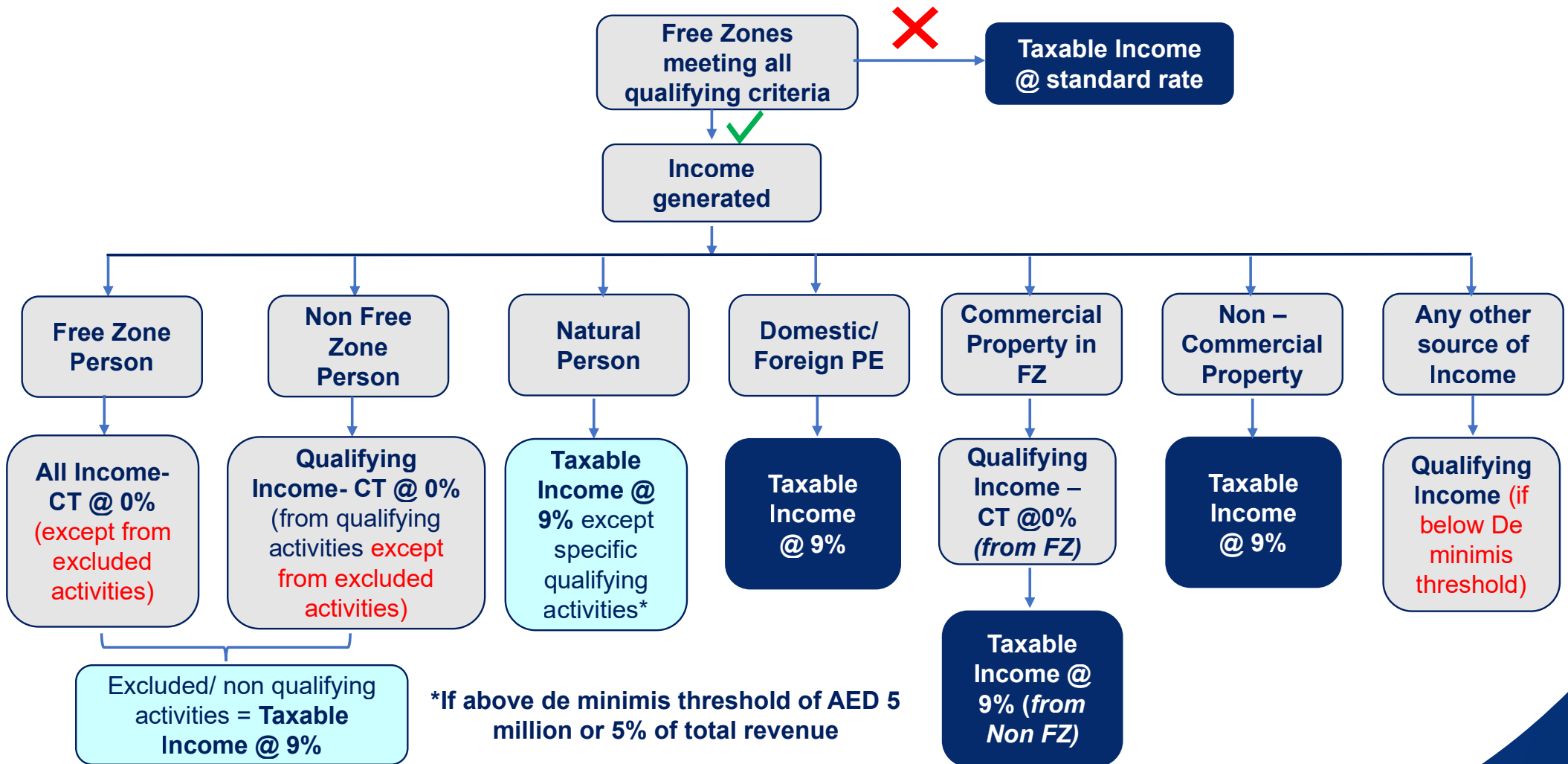


**Qualifying Income -0%,  
Non qualifying Income – 9%**

**All Revenue  
standard CT Rate**

- Revenue from immovable property located in FZ from transactions with:
  - ↳ Non FZP in respect to commercial property
  - ↳ Any person in respect of immovable property that is not commercial property
- Revenue attributable to Domestic PE or Foreign PE of the QFZP

# TAXABLE INCOME/ QUALIFYING INCOME



# TRANSFER PRICING

## Key Points

- Transactions between Related Parties at Arms Length Price (ALP)
- Applicable to UAE businesses having transactions with Related parties or connected persons, located in the UAE-Mainland/Free Zone or Foreign jurisdiction
- ALP derived by using Transfer Pricing methods as per OCED Regulations (5 methods defined)
- Maintain Master File and Local File
- Applicable on intra group loan arrangements as well
- Transactions in Tax Group need not comply with TP Rules unless a member of Tax Group needs to compute its stand alone taxable Income
- Submit documents if requested within 30 days of request



## Related Parties



### For an Individual

- Two or more individuals related (fourth degree of kinship/affiliation/adoption/guardianship)
- Controlling ownership interest (more than 50% shares of company) in the company- alone or together with related parties



### For Juridical Person

- Company alone or with others- controlling ownership interest (more than 50% share of company)
- Two or more partners in same unincorporated partnerships
- Person who is trustee, founder, settlor, beneficiary of trust, foundation, and its related parties



## Connected Persons

- Owner of the taxable person
- Director or officer of the business
- Related Party of any of the above

\* NA to taxable persons whose shares are listed on Recognized stock exchange

# TRANSFER PRICING

Ministerial decision no. 97/2023

## Transfer Pricing Documentation (Master File/Local File)

- Entity of Multinational Group whose Consolidated group revenue > **3.15 billion**
- Taxable Person Revenue > **AED 200 million**

Submit within  
**30 days** upon  
request

Included in the Local File	Excluded from the local file
Non - Resident Person	Nonresident person who has Permanent Establishment in the State whose income is subject to the same Corporate Tax rate
Exempt Person	Other resident persons, Natural persons and juridical persons in an unincorporated partnership that are acting as if they are independent
A Resident Person that has made an election (to claim for a small business relief)	
A Resident Person subject to a different Corporate Tax rate	

# ADMINISTRATION & AUDIT

## Ministerial Decision No.82 of 2023

- Taxable Persons with Revenue exceeding AED 50,000,000
- Qualifying Free Zone Person\*



### Tax Registration

- All Taxable Persons register in form, manner & timeline prescribed & obtain Tax Registration number
- **\*No Registration Threshold except Natural Person with Revenue upto AED 1 million**

### Tax De-Registration

- Apply to authority on cessation of business
- Not deregistered unless all CT liability paid & returns filed

### Financial Records

- To be maintained for 7 years
- Unincorporated Partnerships : may be required to show total assets, liabilities, income & Expenditure and partners distributive share

### Violations & Penalties

- Self Assessment
  - Non Filing / submission of CT Return/ Liability
- (no penalties/ fees yet declared by the Cabinet)**



# Our Webinars/Seminars/Staff Training



19 MAY, 2022

Understanding Public Consultation Document



23 JUNE, 2022

Understanding UAE CT with SMEsouk



19 DEC, 2022

UAE CT Law Simplified (Federal Decree Law)



25 MAY, 2023

Unravelling UAE CT



14 JUNE, 2023

UAE CT: Taxability of Free Zone Entities



21 JUNE, 2023

Seminar at Dubai with ICAI Dubai Chapter/ Khaleej Times



10 AUG, 2023

UAE CT: Simplifying freezone taxation



17 AUG, 2023

UAE CT: "Revaluation of Assets/Liabilities"

# Our Webinars/Seminars/Staff Training



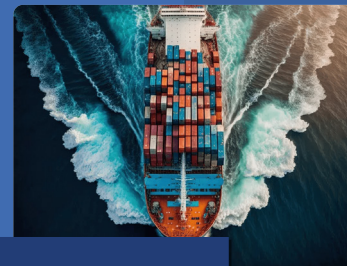
26 AUG, 2023

Seminar at Abu Dhabi with ICAI Dubai Chapter/Khaleej Times



31 AUG, 2023

UAE CT: Investment Fund & Fund Manager Taxation



12 SEPT, 2023

Staff Training for Shipping industry



14 SEPT, 2023

Decoding UAE CT In partnership with **Tally Solutions**



15 SEPT, 2023

Staff Training for real estate industry



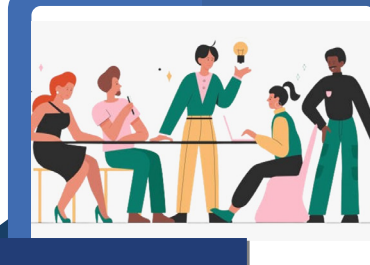
27 SEPT, 2023

Simplify UAE CT In association with **Dubai eye & EY**



21 DEC, 2024

UAE Corporate Tax: Taxation on Natural Person



21 JAN, 2024

Tax Groups Simplified

# OTHER USEFUL RESOURCES

- [www.mics.ae/mic-ct-freezones-taxability](http://www.mics.ae/mic-ct-freezones-taxability)
- [www.mics.ae/tax-and-compliance-handbook](http://www.mics.ae/tax-and-compliance-handbook)
- [www.mics.ae/understanding-freezones-mainland-of-uae](http://www.mics.ae/understanding-freezones-mainland-of-uae)
- [www.mics.ae/doing-business-in-uae-v4](http://www.mics.ae/doing-business-in-uae-v4)
- [www.mics.ae/mic-uae-ct](http://www.mics.ae/mic-uae-ct)
- [www.mics.ae/company-formation](http://www.mics.ae/company-formation)
- [www.mics.ae/startup-valuations-more-art-than-science/](http://www.mics.ae/startup-valuations-more-art-than-science/)
- [www.mics.ae/latest-vat-updates-and-opportunity-to-benefit-from-significant-penalty-waiver-from-fta](http://www.mics.ae/latest-vat-updates-and-opportunity-to-benefit-from-significant-penalty-waiver-from-fta)
- [www.mics.ae/understanding-of-economic-substance-regulation-esr/](http://www.mics.ae/understanding-of-economic-substance-regulation-esr/)
- **UAE Corporate Tax Simplified:**  
[www.youtube.com/watch?v=Tp9fKHQaTn8](http://www.youtube.com/watch?v=Tp9fKHQaTn8)
- **Understanding Corporate Tax in the UAE (webinar):**  
[www.youtube.com/watch?v=8C9Ta0hp0kQ](http://www.youtube.com/watch?v=8C9Ta0hp0kQ)
- **Proposed UAE Corporate Tax Regime Simplified (By MI Capital Services):**  
[www.youtube.com/watch?v=O5KdVbETdo4](http://www.youtube.com/watch?v=O5KdVbETdo4)

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**Q & A  
SESSION**

# Thank you!

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