

## Ministerial Decision No. 229 of 2025

### Regarding Qualifying Activities and Excluded Activities for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses

#### 1. Introduction

The Federal Tax Authority (FTA) has issued Ministerial Decision No. 229 of 2025, introducing comprehensive updates to the framework governing Qualifying and Excluded Activities for Qualifying Free Zone Persons (QFZPs). This new decision repeals and replaces Ministerial Decision No. 265 of 2023, thereby refining the scope of activities eligible for preferential corporate tax treatment under the UAE Corporate Tax regime.

#### **Key Highlights of the Updates**

##### • **Expanded Scope of Qualifying Commodity Trading:**

The scope has been broadened beyond commodities **“in raw form”** and now expressly covers metals, minerals, industrial chemicals, energy and agricultural commodities, and associated by-products, provided such commodities have a quoted price on a Recognized Commodity Exchange.

In addition, **environmental commodities** have been introduced, defined as tradeable assets that represent a specific environmental benefit, such as **carbon credits** or **renewable energy certificates**.

##### • **Treasury and Financing Services:**

It is now expressly clarified that treasury and financing services qualify whether provided to Related Parties or undertaken for the QFZP's own account.

*This clarification was previously included in the Free Zone Guide, but with MD 229 of 2025 it now has binding legal effect.*

##### • **Distribution from Designated Zones (DZs):**

Distribution of goods or materials carried out **in or from a Designated Zone** is confirmed as a qualifying activity, provided the distribution is made either to:

- Customers who resell, process, or alter such goods for onward sale, or
- Public Benefit Entities (PBEs).**

##### • **This Decision shall be published and shall come into effect on 1 June 2023.**

## 2. Major Substantive Amendments

### 1. Definitions

#### Old (Decision 265/2023):

##### A. Qualifying Commodities:

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

##### B. Recognized Commodities Exchange Market

Any commodities exchange market established in the State that is licensed and regulated by the relevant Competent Authority, or any commodities exchange market established and recognized outside the State of equal standing.

#### New (Decision 229/2025):

##### A. Qualifying Commodities:

Means the following commodities provided a Quoted Price for such commodities exists:

- Metals, minerals, industrial chemicals, energy and agriculture commodities & Associated By-products, excluding products packaged for retail sale and any other products specified in a decision issued by the Minister.
- Environmental commodities, being tradeable assets that represent a specific environmental benefit, such as carbon credits or renewable energy certificates.

##### B. Recognized Commodities Exchange Market

Any commodities exchange market established in the State that is licensed and regulated by the relevant Competent Authority, or any commodities exchange market established and recognized outside the State that are **licensed and regulated by the relevant foreign authority in the jurisdiction of establishment, or any commodities exchange market as specified in a decision issued by the Minister.**

##### C. Newly inserted definitions in Decision 229/2025

###### • Quoted Price:

Price of the Qualifying Commodity or a Related Commodity specified by a Recognised Commodity Exchange Market or a **recognized price reporting agency\*** specified by a decision issued by the Minister. **Ministerial Decision No. 230 of 2025** provides the list of **recognized Price Reporting Agencies (PRAs)**:

S&P Global Commodity Insights  
(Platts & Fertecon)

Argus Media

ICIS (Independent Commodity  
Intelligence Services)

Expansia

OPIS  
(Oil Price Information Service)

RIM Intelligence

CRU Group

Quantum Commodity  
Intelligence

Fastmarkets

General Index

ICE  
(Intercontinental Exchange)

Montel

Spark  
Commodities

- **Associated By-product:**

An incidental or secondary product made during the production or extraction of the metal, mineral, industrial chemical, energy and agricultural commodity.

- **Related Commodity:**

Any commodity that is listed in the same chapter in the Common Schedule for Classification and Coding of Goods as a Qualifying Commodity that has a Quoted Price.

- **Common Schedule for Classification and Coding of Goods:**

Means the Common Schedule for the Classification and Coding of Goods for the Gulf Cooperation Council Countries adopted pursuant to Cabinet Decision No. 119 of 2024 referred to above or any legislation that amends or replaces it.

## 2. Qualifying and Excluded Activities:

### A. Treasury and Financing Services

- **Old (265/2023):**

Treasury and financing services to Related Parties.

- **New (229/2025):**

Treasury and financing services to Related Parties **or for its own account.**

### B. Finance and Leasing Activities

- **Old (265/2023):**

Finance and leasing activities without prejudice to the Qualifying Activities specified in paragraphs (e), (j) and (k) of Clause (1).

- **New (229/2025):**

Finance and leasing activities without prejudice to the Qualifying Activities specified in paragraphs (c), (e), (j) and (k) of Clause (1).

*(c) – **Trading of Qualifying Commodities** has been added to the list of **exceptions**, ensuring that such trading, where qualifying conditions are met, is not treated as an excluded financing or leasing activity.*

### C. Trading of Qualifying Commodities:

- **Old (265/2023):**

Trading of Qualifying Commodities means the physical trading activities of Qualifying Commodities and associated derivative trading used to hedge against risks involved in such activities.

- **New (229/2025):**

Trading of Qualifying Commodities means the physical trading of Qualifying Commodities, associated financial derivatives trading used to hedge against risks involved in such activities & **associated structured commodity financing activity, provided that this activity is not conducted by a Qualifying Free Zone Person whose Revenue from distribution, warehousing, logistics or inventory management functions constitutes 51% or more of their Revenue for the relevant Tax Period. For purposes of the preceding paragraph, structured commodity financing activity shall include prepayment, factoring, forfaiting, countertrade, warehouse receipt financing, export receivable financing, project finance, Islamic trade finance and streaming financing.**

### D. Reinsurance Services

- **Old (265/2023):**

Reinsurance services means reinsurance operations that are regulated under Federal Law No. 6 of 2007.

- **New (229/2025):**

Reinsurance services means reinsurance operations that are regulated under Federal Decree-Law No. 48 of 2023 and any law that amends or replaces it.

### E. Distribution of Goods in/from a Designated Zone

- **Old (265/2023):**

Distribution of goods or materials in or from a Designated Zone, includes the buying and selling of goods, materials, component parts or any other items that are tangible or movable and may include the importation, storage, inventory management, handling, transportation and exportation of those goods or materials to a customer that **resells such goods or materials, or parts thereof or processes or alters such goods or materials or parts thereof for the purposes of sale or resale**, provided such activities are conducted in or from a Designated Zone and the goods or materials entering the State are imported through the Designated Zone.

- **New (229/2025):**

Distribution of goods or materials in or from a Designated Zone, includes the buying and selling of goods, materials, component parts or any other items that are tangible or movable and may include the importation, storage, inventory management, handling, transportation and exportation of such goods or materials or parts thereof, provided that such activities are conducted in or from a Designated Zone, and the goods or materials entering the State are imported through the Designated Zone, and the goods or materials are supplied to any of the following:

- a. A customer who resells, processes or alters such goods or materials, or parts thereof for the purposes of sale or resale.**
- b. A public benefit entity.**

### F. Insurance Activities

- **Old (265/2023):**

Activities specified under Article (65) of Federal Decree-Law No. 14 of 2018.

- **New (229/2025):**

means the regulated financial activities specified **under Federal Decree-Law No. 14 of 2018 referred to above and any law that amends or replaces it.**

## 3. Other Conditions

### Audited Financial Statements

- **Old (265/2023):**

Prepared in accordance with any decision issued by the Minister on the requirements to prepare and maintain audited financial statements for the purposes of the Corporate Tax Law.

- **New (229/2025):**

Prepared in accordance with Ministerial Decision No. 84 of 2025 and any decision that amends or replaces it.

#### 4. Repeal and Effective Date

**Ministerial Decision No. 265 of 2023** referred to above shall be repealed.  
This Decision shall be published and shall come into effect on 1 June 2023.

##### Reference Documents

For the full text of the decisions, please refer to the following links:

- [Ministerial Decision No. 229 of 2025]
- [Ministerial Decision No. 230 of 2025]

#### MICS Analysis

##### 1. Retrospective Application and Compliance Concerns:

While the expansion of definitions around qualifying commodities and the explicit recognition of self-treasury activities is indeed a welcome move, the retrospective application of this Ministerial Decision effective from 1 June 2023 leaves entities that have already filed their returns questioning next steps. Should they revisit their filed positions, consider voluntary disclosures, or await further clarifications from the Federal Tax Authority? These uncertainties will need regulatory guidance to prevent compliance challenges.

##### 2. Impact on Commodity Businesses:

For commodity traders, the removal of the “raw form” restriction widens opportunities, as metals, minerals, chemicals, energy, agriculture, and even environmental commodities are now covered. However, the exclusion of products packaged for retail sale or otherwise specified by the Minister could mean previously assumed exemptions may no longer hold. This necessitates a careful review of contracts, supply chains, and trading structures.

##### 3. Strengthening of Self-Financing/Treasury Framework:

Although self-financing had already been referenced in the earlier FTA guidance, its inclusion in the ministerial decision provides a stronger legal footing. The explicit recognition of treasury and financing activities undertaken not only for Related Parties but also for the QFZP's own account signals regulatory acknowledgment of the importance of internal liquidity management. This change gives businesses the confidence to structure treasury operations within the free zone framework without fear of ambiguity.

# Tax Flash

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