



UAE Corporate Tax Law

On 9 December 2022, the UAE Ministry of Finance ("MoF") issued the Federal Decree-Law No. 47 of 2022 on the **Taxation of Corporations and Businesses** ("the Decree"). Executive Regulations of the Decree Law containing interpretations and implementation guidelines of the Articles are awaited.

Businesses in the United Arab Emirates will become subject to Corporate Tax from the beginning of their first financial year that starts on or after 1 June 2023.

Illustrative dates of applicability are as follows:

		APPLICABLE CORPORATE TAX RATE
 Financial Year Ending 31 MAY First Tax Period: 1 JUN 2023 to 31 MAY 2024 Due date of filing first returns: 28 FEBRUARY 2025	 Financial Year Ending 31 DECEMBER First Tax Period: 1 JAN 2024 to 31 DEC 2024 Due date of filing first returns: 30 SEPTEMBER 2025	Tax Payer : Individuals and Juridical Persons <ul style="list-style-type: none">• 0% for taxable income upto and including AED 375,000• 9% for taxable income exceeding AED 375,000 Tax Payer : Qualifying Free Zone Persons (QFZPs) <ul style="list-style-type: none">• 0% on qualifying income• 9% on taxable income that does not meet the qualifying income definition Small Business Relief : Annual revenue < AED 3M in the relevant and previous tax periods

Key Matters For Consideration

Considering the direct impact that Corporate Tax has on the profits of the businesses in the UAE, businesses may need to consider and **evaluate the following key aspects**:

- Whether the Person is an Exempt Person
- Whether they are a Non-Resident Taxable Person
- Whether they are Qualified Free Zone Persons
- Identify Exempt Income
- Examine reliefs that the Person may be eligible for
- Examine the impact of inadmissible and/or non-deductible expenditure
- Ascertain if the transactions with Related Parties are within Arms' Length standards and maintain adequate documents supporting the assertion
- Evaluation of availing relief for Small Businesses
- Examine eligibility to constitute a Tax Group
- Impact of General Anti-Abuse Rules (GAAR)
- Equipping the finance team to ensure ongoing compliance with the Decree
- Necessary changes in the reporting software and/or internal reports if needed

Businesses may consider undertaking an impact assessment and a mock tax computation based on draft financial statements available. This would help in quantifying the tax expenses and to upfront any discussions and expert opinions that may be required for any complex transactions, thereby minimizing compliance hurdles in your first tax return.

CONTACT US

We have a dedicated team equipped to make your Corporate Tax compliance journey hassle free. Please get in touch with us via email indicating "Corporate Tax" in the subject line for any inquiries.

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