

UAE CORPORATE TAX LAW

CT Alert - 9 MAY 2023

Provisions of Exemption from Corporate Tax

The Federal Tax Authority (FTA) has issued Decision No. 7 of 2023 on Provisions of Exemption from Corporate Tax for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses

Summary of Decision

- A Qualifying Public Benefit Entity (QPBE) shall apply for Tax registration and obtain a Tax Registration Number as of 1 October 2023.
- Other Exempt Persons (a Qualifying Investment Fund, Pension or Social Security Fund or a juridical person owned and controlled by an Exempt Person), as indicated in Article 4 of the Decree Law, shall apply for Tax registration, and obtain a Tax Registration Number as of 1 June 2024. Further to this, such Persons may be entitled to apply for exemption from Corporate Tax with the Authority.
- Such Exempt Persons may be required to file an annual declaration stating that the exemption conditions are being duly met.
- The application for exemption shall be made within 60 business days from the end of the Tax Period in which the exemption conditions are met.
- If approved by the Authority, the exemption shall be effective from the beginning of the indicated Tax Period.
- An alternative date may be decided by the Authority if the date indicated in the application form is incorrect, or if the exemption conditions arise on account of an acquisition by specified Exempt Persons, or any other instances that may be prescribed.

Key Takeaways

- It may be noted that the benefit of exemption is not by default. The exemption is granted only on making an application which needs to be approved. Further, annual declarations may be required to be made by such Persons.
- It is interesting to note that audited financial statements have not been prescribed by the Authority in the case of these Exempt Persons.

Disclaimer

The above seeks to summarise the update from the relevant authority. The same may not be construed to be a written opinion on matters that may require specific examination of the Decree on a case-to-case basis.

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