

## UAE CORPORATE TAX LAW

CT Alert - 22 MAY 2023

### **Ministerial Decision No. 49 of 2023 | Specifying the Categories of Businesses or Business Activities Conducted by a Resident or Non-Resident Natural Person that are Subject to Corporate Tax**

The Ministry of Finance (MOF) has issued Decision No. 49 of 2023 on Specifying the Categories of Businesses or Business Activities Conducted by a Resident or Non-Resident Natural Person that are Subject to Corporate Tax (CT) for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses.

#### **Summary of Decision**

- In accordance with the said Decision, Business or Business Activities carried out by a natural person (resident or non-resident) shall be subject to Corporate Tax only where the total Turnover derived from such activities exceeds AED 1 million within a Gregorian calendar year.
- Further, income from the following sources shall not be considered for the purpose of computing total Turnover, as above:
  - Wage – includes contractual wages and allowances given in consideration of their employment services.
  - Personal Investment income – income from personal investments not warranting a License from a Licensing Authority and not considered as a commercial business as per Commercial Transactions Law.
  - Real Estate Investment income – transactions related to Real Estate not warranting a License from a Licensing Authority.
- Such Persons who do not meet the threshold are not required to register for CT.

#### **Key Takeaways**

- Natural persons liable for tax would further be required to maintain books of account and prepare the financial statements in accordance with International Financial Reporting Standards (IFRS).
- Considerations received by natural persons, if not within the scope of specified exclusions, are to be closely examined and could potentially be construed to be in the nature of business activity.

#### **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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 [corporatetax@krestonmenon.com](mailto:corporatetax@krestonmenon.com)  +971 4276 2233

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