



# Corporate Tax

## Taxation of Corporations and Businesses – Implementation – Limited Topics

**Federal Decree-Law No. 47 of 2022 &  
related Decisions**



### **Disclaimer**

The information provided herein is intended to provide a general overview on certain specific aspects of the UAE's new Corporate Income Tax laws and regulations. This document is not an official interpretation or comprehensive analysis of the Federal Decree Law No. (47) of 2022 on the Taxation of Corporations and Businesses or associated Cabinet and Ministerial Decisions. Please note that only the Ministry of Finance and the Federal Tax Authority have the authority to issue official interpretations of the CIT laws and regulations. Readers are strongly advised to only rely on official publications from these bodies for authoritative information on this subject. While we have made every effort to ensure that the information provided in this document is accurate and up-to-date at the time of publishing, the laws and regulations governing corporate income tax in the UAE are subject to change. We accept no liability for any loss or damage arising directly or indirectly from reliance on the information contained within this document. This document does not constitute legal or tax advice and should not be used as a substitute for consultation with professional legal or tax advisors.



**LET US  
DISCUSS  
ABOUT....**

Background & scope of UAE Corporate Tax (UAE CT)

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Persons & Tax Base

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Tax Group, Qualifying Group & Tax Loss

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Exempt Income, Allowed, Disallowed Expenses

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Qualifying Free Zone

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Related parties & connected persons

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UAE CT Administration

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Transition Rules



Country by country reporting (CBCR)



Economic substance regulations (ESR)



Value added tax (vat) & excise tax



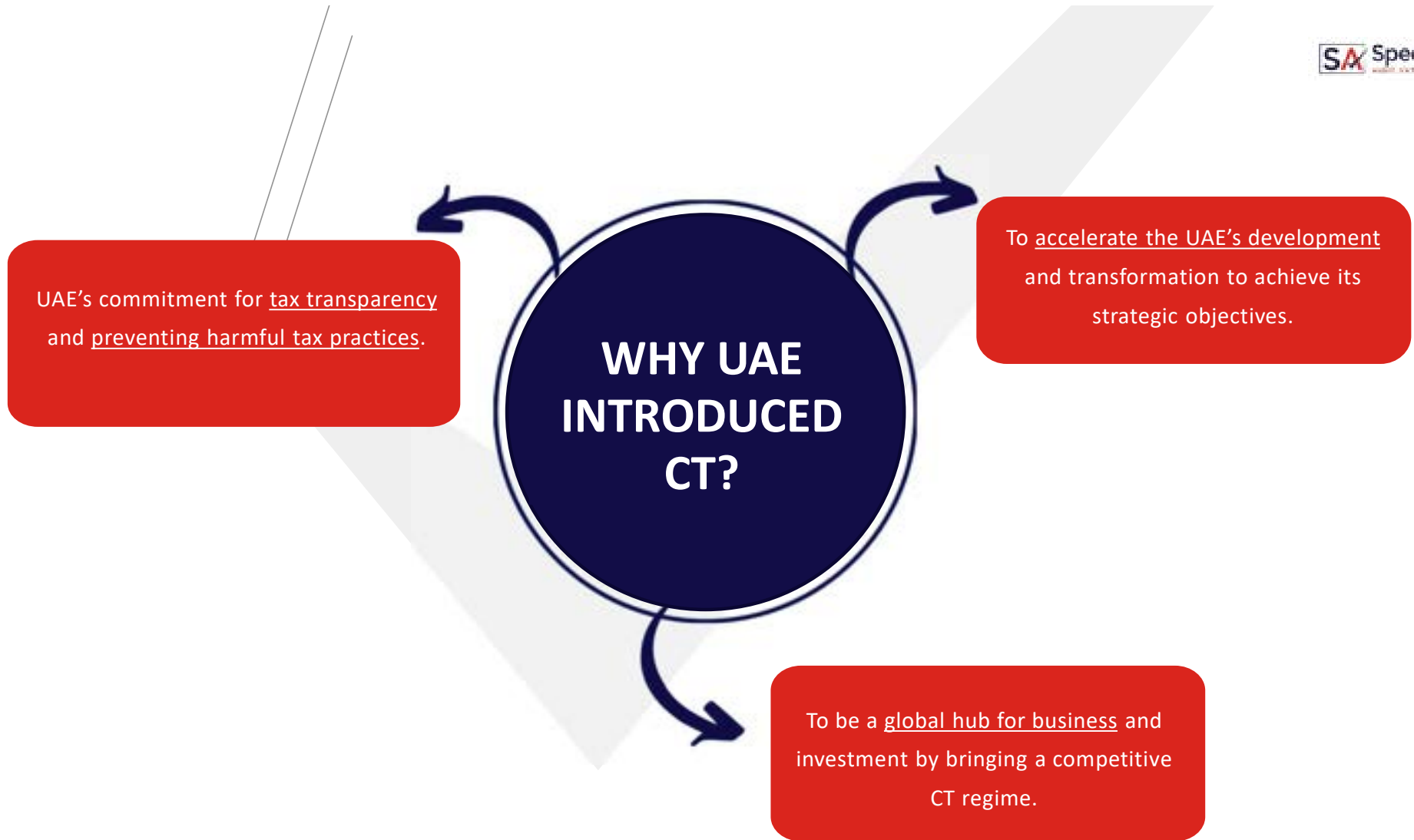
Anti-money laundering (AML)



UAE corporate tax (ct)

# THE BACKGROUND FOR UAE CT





# IMPLEMENTATION DATE OF CT

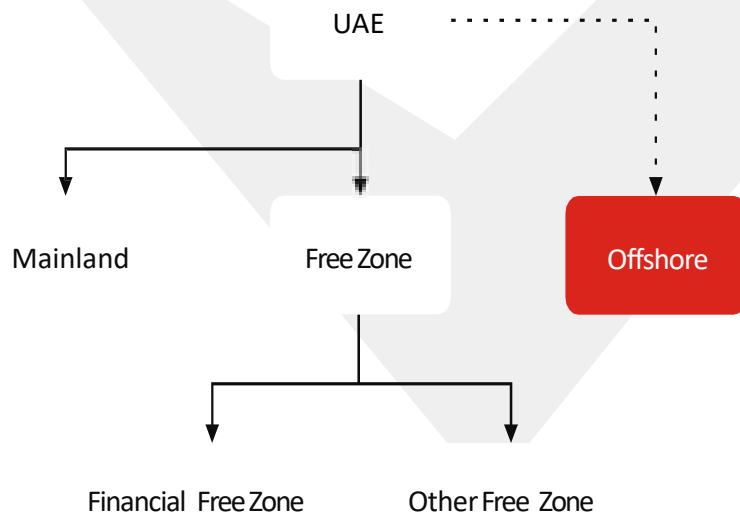
The UAE CT regime will become effective for financial years starting on or after 1 June 2023.

Entity	Financial Year	First year of CT	First return filing & payment due date
A	1 Jul to 30 Jun	1 Jul 23 to 30 Jun 24	31 Mar 25
B	1 Oct to 30 Sep	1 Oct 23 to 30 Sep 24	30 Jun 25
C	1 Jan to 31 Dec	1 Jan 24 to 31 Dec 24	30 Sept 25
D	1 Apr to 31 Mar	1 Apr 24 to 31 Mar 25	31 Dec 25

# UAE-CORPORATE STRUCTURE



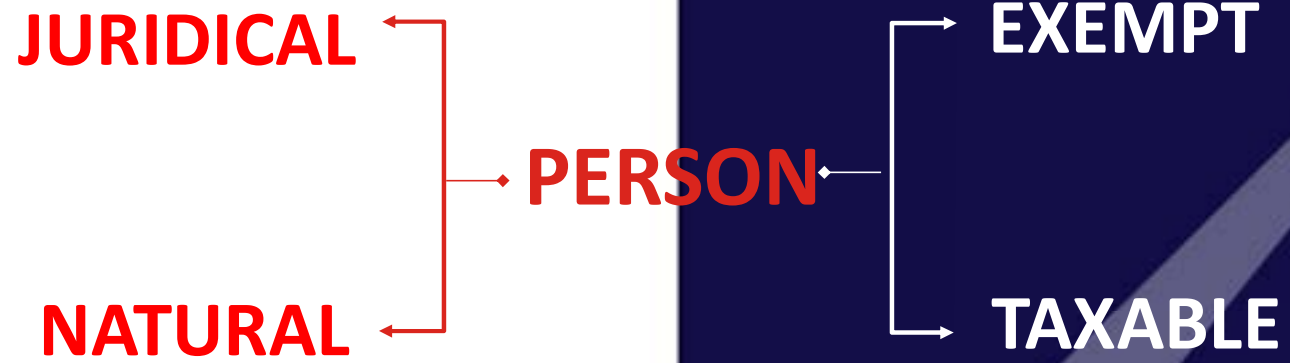
## Geographic Form



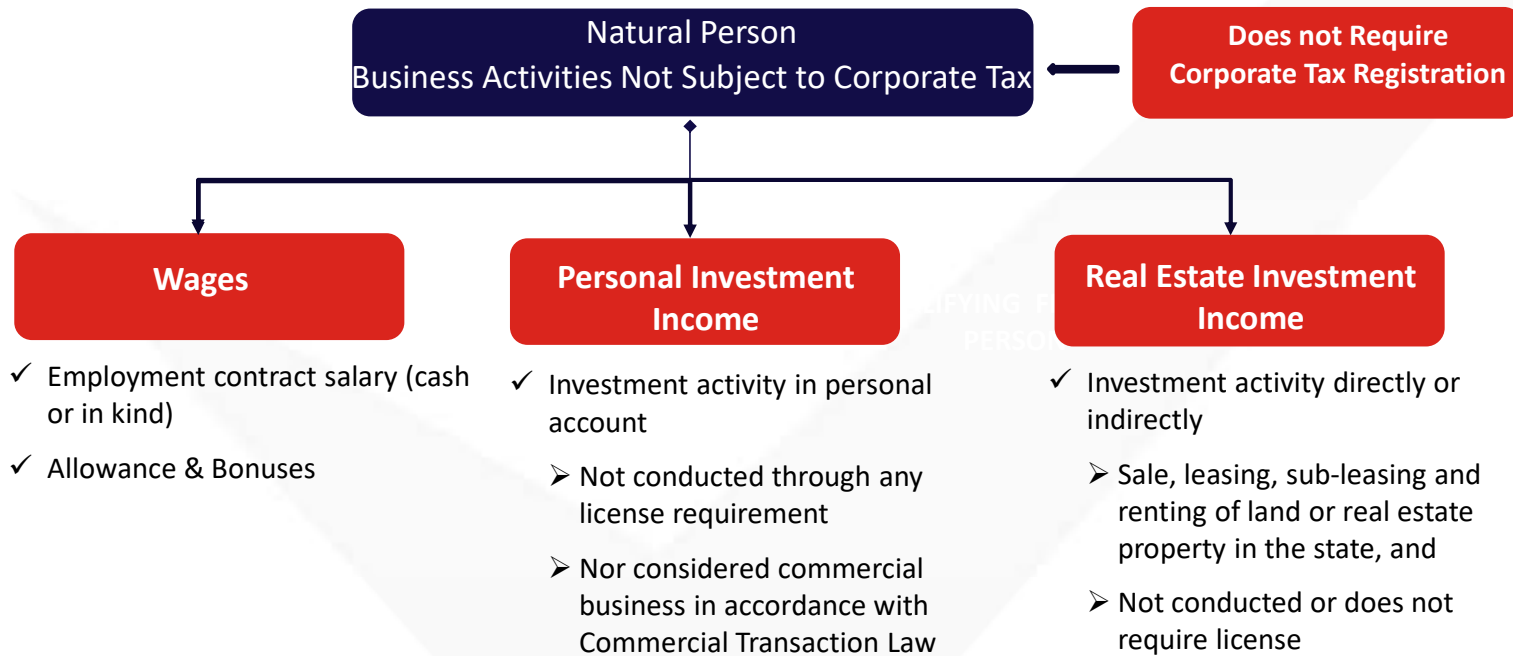
## Legal Form

Sole Proprietorship	Limited Liability Company
Civil Company	Public Shareholding Company
Partnership	Private Shareholding Company
Foundation/Trust	Freezone Company
Representative Office	Branch of Foreign Company
Freelancer	Branch of UAE Based Company

# PERSON



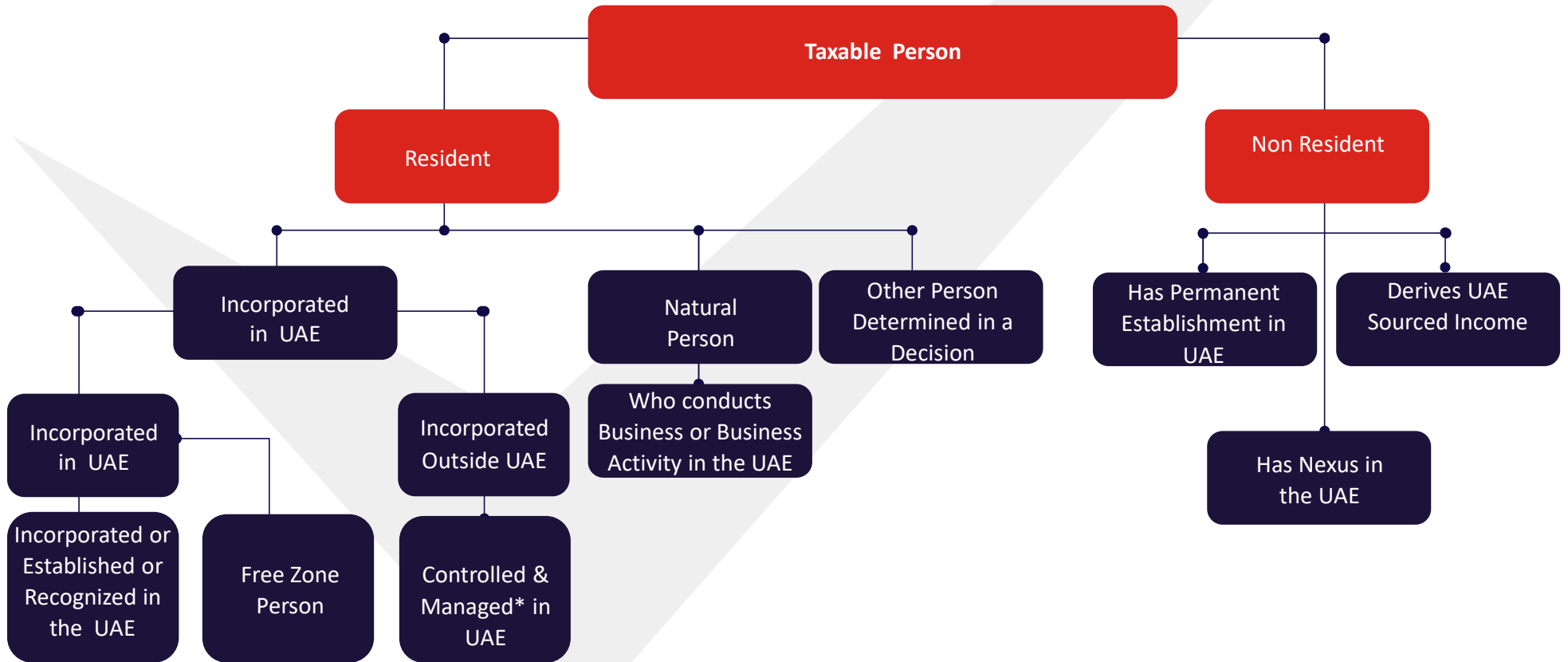
# Ministerial Decision no. 49- Business Activities by Natural Person- Resident & Non- Resident subject to Corporate Tax



Natural Person Business Activities other than above which are subject to Corporate Tax, and annual turnover exceeds AED 1 million, then Corporate Tax shall be chargeable, and Registration is required.



# TAXABLE PERSON (WHO?)



**A Branch will be treated as one and the same Taxable Person**

\*Determined based on Key management and Commercial decisions are in substance made and other specific factors

## TAX BASE-NON RESIDENT (WHAT?)



NON RESIDENT  
(NR)

UAE **sourced income**  
not attributable to PE  
of NR

Taxed in UAE

Income attributable  
to PE of NR in UAE

Taxed in UAE

Income attributable  
to **nexus** of NR in  
UAE

Any of the below

Derived from  
Resident person

Derived From another NR &  
Income (Paid/Accrued) is  
attributable to PE of that another  
NR in UAE

Income from

- Activity performed in UAE
- Asset located in UAE
- Capital invested in UAE
- Rights used in UAE
- Service performed in UAE

## KEY TAKEAWAYS - BASICS & TAX BASED

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Review the legal structure, location, how and where the business is done to see the CT impact

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Check if the Financial Year (FY) followed is as per the legal documents of the company

If any additional documentation like resolution is required to fix a FY



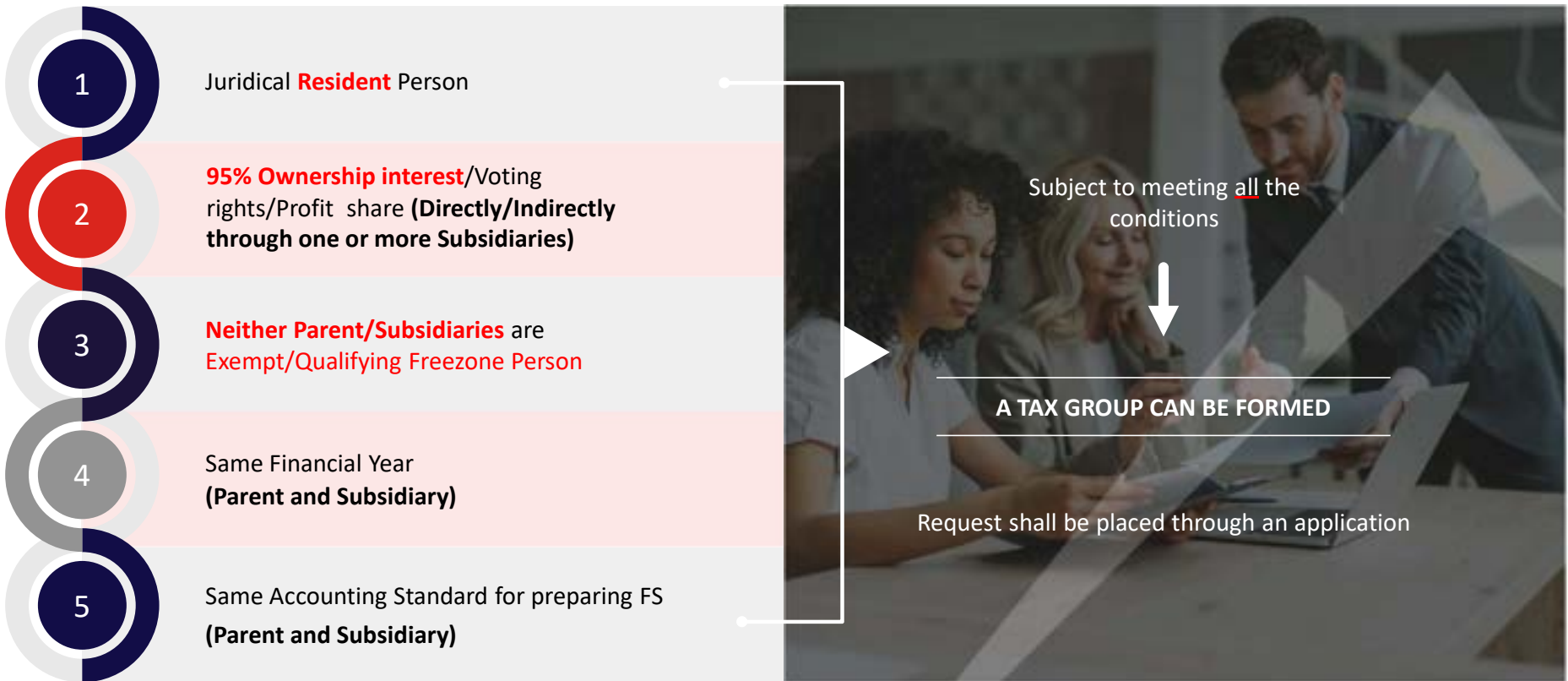
Check if any of your O/S UAE entities/ business could fall in Taxable persons

If you have any foreign branch check which option becomes beneficial

Check for any potential entities to fall under exempted category

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## TAX GROUP - FORMING CONDITIONS



## TAX GROUP AFTER-EFFECT

Treated as **Single Taxable Person**

**Parent Company** shall **comply** with all obligations (**CT registration / return filing / CT Payment**)

**Consolidate of Financial Statements of Parent and Subsidiaries** after eliminating Inter Group transactions



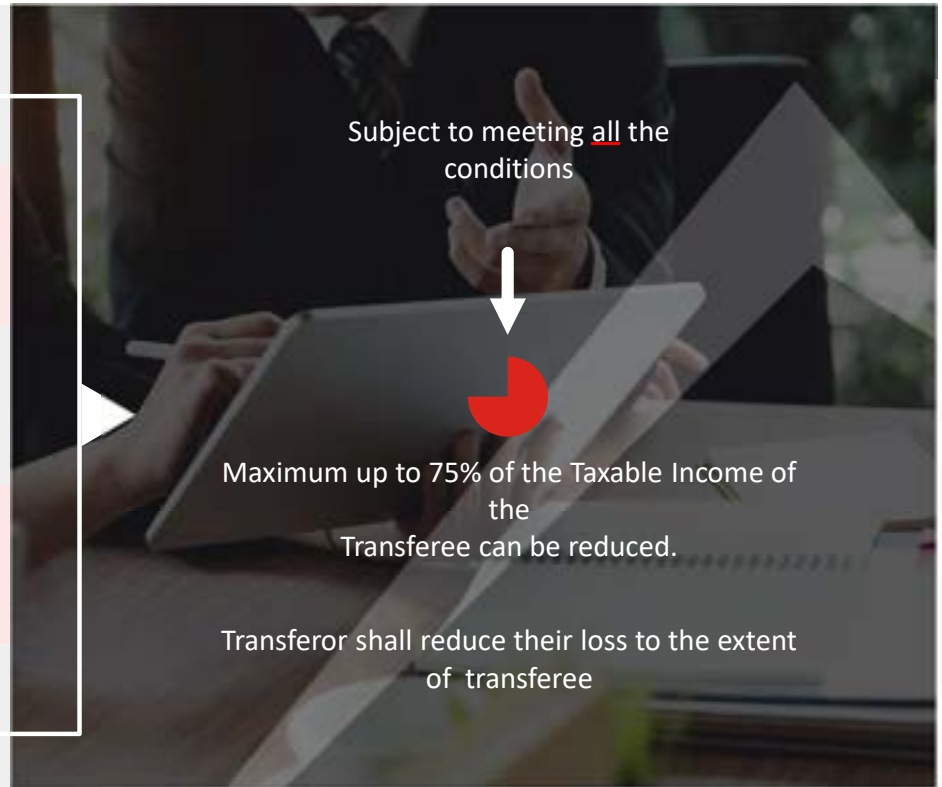
**Parent and Subsidiary shall be jointly and severally liable** for Corporate Tax Payable (Can be limited to One or More members of the Tax Group subject to approval by the Authority)

Tax Group/Member of the tax **group shall cease to exist** with the approval of the Authority/**Failure to meet the conditions**

**Parent Company can be replaced** through an application

## QUALIFYING GROUP

- 1 Juridical **Resident** Person
- 2 **75% Ownership interest**  
(Start to End of tax period)  
- Direct/Indirect
- 3 Not an **Exempt/Qualifying Free Zone Person**
- 4 **Same Financial Year**
- 5 **Same Accounting Standard** for preparing FS



# TAX LOSS RELIEF



What can be deducted?

**Tax Loss** can be offset against the Taxable Income of subsequent Tax Periods



Extent?

**Maximum setoff limit is 75%** of the Taxable Income of the Subsequent period before any Tax Loss relief



No relief

No relief for Loss incurred:

- **Before** the date of **commencement of Corporate Tax**
- **Before** becoming **Taxable Person**
- **From an asset or activity the income of which is exempt,** or not taken into account under CT Law

Tax losses can be c/f without limitation provided **same person(s) continue to own at least 50%** of the entity with losses. **If more than 50% ownership changes,** taxable person continued to conduct **same or similar business or business activity. Not applicable to companies listed on recognized stock exchange**

**Example**

## TAX LOSSES (TAXABLE PERSON)

Particulars	2024	2025	2026	2027
Profit/ (Loss) before tax	(275,000)	100,000	1,000,000	250,000
Losses adjusted against PY <b>(75% of Taxable income)</b>	-	(75,000)	(200,000)	Nil
Losses carried forward	(275,000)	-	-	-
Cumulative Losses carried forward	(275,000)	(200,000)	Nil	Nil
Taxable Income (Profit)	Nil	25,000	800,000	250,000

### Cumulative Losses (workings)

Years	2024	2025	2026	2027
2023	(275,000)	(200,000)		
2024				
2025				
2026				
2027				

Losses can be carried forward for indefinite Period



## EXAMPLE - TRANSFER OF TAX LOSSES (QUALIFYING GROUP)

Particulars	Company A	Company B
Revenue	2,000,000	3,000,000
Less: Total deductible expenses	(2,550,000)	(2,400,000)
Taxable income / (loss) before set-off	(550,000)	600,000
Adjust: Carried Forwarded loss (75% of 600,000)		(450,000)
Taxable income after adjusting the loss		150,000
Tax Payable (0% of 150,000)*		Nil
Carry Forward of Losses	(100,000)	Nil

# EXEMPT INCOME

**Dividends and other profit distributions** received from a **juridical person** that is a **Resident Person**

Dividends and other profit distributions received from a **Participating Interest** in a **foreign juridical person**

Income of a Foreign Permanent Establishment **(Optional)**

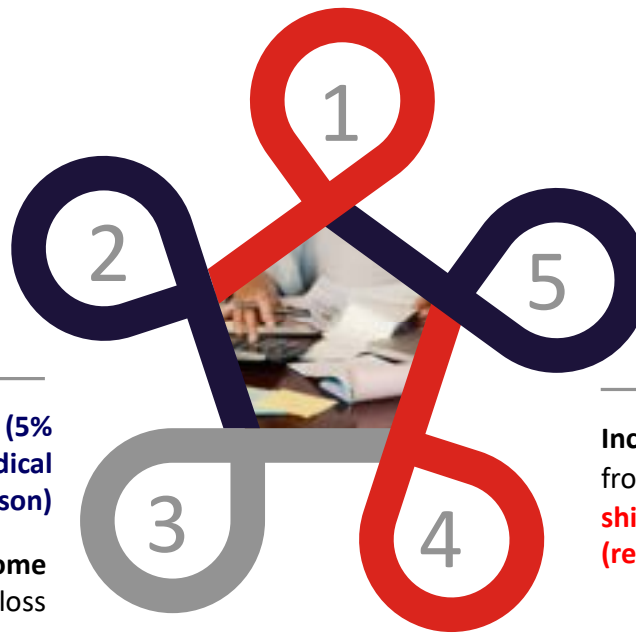
Any **Other income\*** from a **Participating Interest (5% rule)** (both from **Resident and Foreign Juridical person**)

- Impairment gains/loss

\* **Other Income**  
- Capital gain/loss

- Forex gain/loss

**Income derived by a Non-Resident Person** from operating **aircraft or ships** in international transportation **(reciprocal rule)**



## DEDUCTIONS- GENERAL RULE

DEDUCTIBLE EXPENDITURE

Deductible in the Tax Period in which it is **incurred**



**NOTE:**

If expenditure is incurred for more than one purpose, the deduction shall be allowed only for identifiable part or proportion of the expenditure relates to the business

# NON DEDUCTIBLE EXPENSES

**Donations**, grants or gifts (other than to a Qualifying Public Benefit Entity)

**Input** Value Added Tax - **Claimed ITC**

**Bribes** or other **illicit payments**

**50% Entertainment Expenses**

Interest on **Related Party Loan** (without Substance)

Tax on income imposed on the Taxable Person outside the State  
**Foreign Income Tax & UAE Corporate Tax**

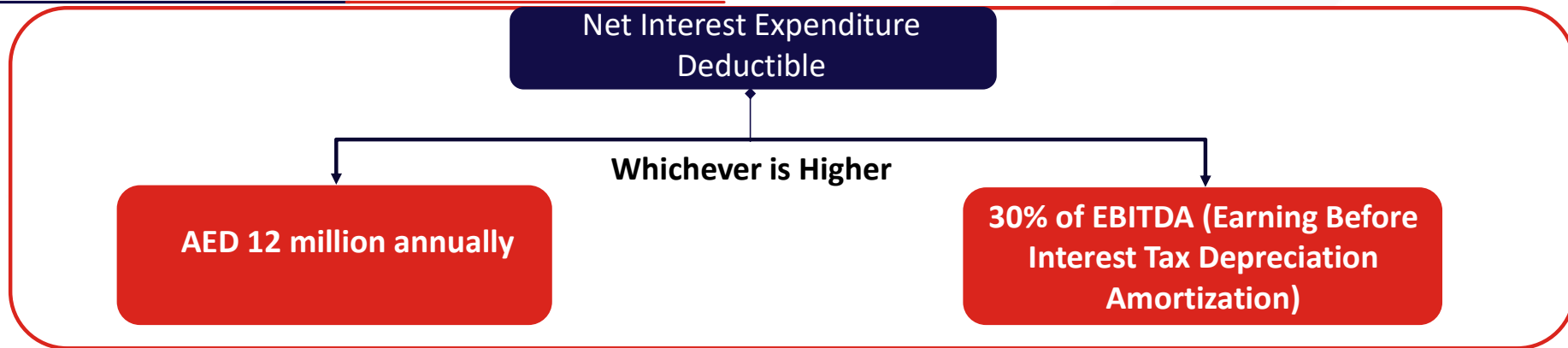
**Interest beyond 30% of EBITDA** (General deduction cap)

**Dividends & profit** distributions

Non deductible (**Penalty, Fine etc**)



## Ministerial Decision no. 126- General Interest Deduction Limitation Rule for the Purposes of Corporate Tax Law



### Interest component considered for deduction

- Interest Component on Financial Assets and Liabilities
- Amounts incurred in connection with raising finance, including fees for guarantee, arrangement, commitment
- Islamic Financial Instruments
- Finance & Non-Finance lease
- Foreign exchange gains and losses accruing from Interest
- Capitalized Interest

# ENTERTAINMENT EXPENDITURE - DEDUCTION

NON DEDUCTIBLE



Of any **entertainment, amusement, or recreation expenditure** incurred during a Tax Period related to



Customer



Shareholders



Supplier



Business Partners

Employee related expenses are not covered.  
Can it be claimed?



## KEY TAKEAWAYS - TAXABLE INCOME, DEDUCTIBLES & NON- DEDUCTIBLES

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Review Other income & see if anything is exempted (dividends, capital gain, interest, etc.,)

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Identify the expense relating to exempted category as it is non-deductible

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Identify personal expense (fully/partly) and create a separate account to separate them

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Have a policy for assets capitalization & account non-current transactions in the right account

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Interest expense to be classified between third party lenders and related parties

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Entertainment expenses to be classified to the right account

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Record the penalties & donations into the right account

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Unclaimed Input VAT to be accounted along with expense to claim as expense for CT

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Business expense paid by the owner to be accounted properly

## QUALIFYING FREEZONE PERSON – CONDITIONS

Maintains **adequate substance** in the State.

- Undertake its core income-generating activities in a Free Zone
- Have adequate assets, employees, operating expenditure in free zone

Maintains **Audited Financial statements**

Complies with **Arm's Length Principals** and **TP** requirements

**Derives Qualifying Income** as specified in the Cabinet Decision

Has **not elected** to be subject to Corporate Tax

Satisfied **De Minimis** requirement



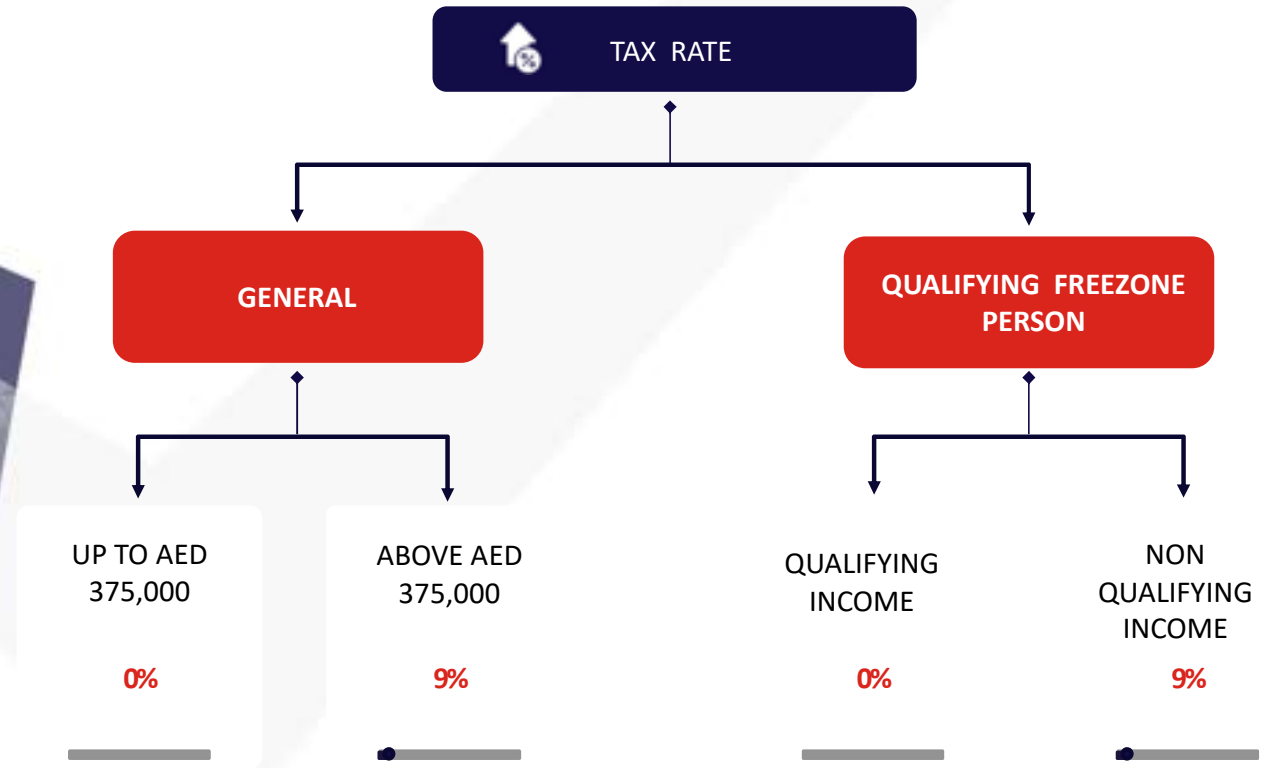
QFZP **fails to meet any of the conditions** at any particular time shall **cease the status** for that year and for next 4 years.

Activities can be even **outsourced** to **Related Party** or **third party** in a free zone. (With adequate supervision)

Qualifying Freezone entities that are part of **Large MN Group** will be **subject to GMT** once Pillar 2 is implemented in the UAE.



# IMPOSITION OF TAX AND TAX RATE



Tax is levied on Taxable Income at the tax rates determined

# Corporate Tax on Free zone Business- Qualifying & Non qualifying, (Cabinet Decision no. 55 & Ministerial Decision no. 139)

## Qualifying Free Zone Person

**Qualifying Income**  
0% Corporate Tax Income

- ✓ Income from **another free zone person** (ultimate beneficial recipient) except excluded activities
- ✓ Income from **Qualifying activities** from mainland/ outside of UAE except excluded activities
- ✓ **Other Income** subject to **De Minimis** (non qualifying revenue does not exceed 5% of total revenue or AED 5 million, whichever is lower)

**Non-Qualifying Income**  
9% Corporate Tax Income

- ✓ Revenue from **immovable property in Free zone**
  - **Commercial property** transaction with **non free zone person**
  - Transaction with **any person** for **non-commercial property**
- ✓ Revenue from **Domestic Permanent Establishment** and Foreign **Permanent Establishment** of QFZ

## Corporate Tax on Free zone- Qualifying & Non qualifying, (Cabinet Decision no. 55 & Ministerial Decision no. 139)

### Qualifying Activities

#### Goods:

- ✓ Manufacturing of Goods or materials
- ✓ Processing of Goods or materials
- ✓ Distribution of imported goods or materials in or from a Designated Zone to reseller

#### Services & Others:

- ✓ Holding of shares and other securities
- ✓ Ownership, management and operation of Ships
- ✓ Reinsurance services (subject to regulatory oversight)
- ✓ Fund management services (subject to regulatory oversight)
- ✓ Wealth and investment management services (subject to regulatory oversight)
- ✓ Headquarter services to Related Parties
- ✓ Treasury and financing services to Related Parties
- ✓ Financing and leasing of Aircraft, including engines and rotatable components
- ✓ Logistics services
- ✓ Ancillary activities to above

### Excluded Activities (Non-qualifying revenue)

- ✓ Transaction with Natural Person  
(except to Ownership or management of ship/  
Fund management services/ Wealth &  
investment management/ Financing & leasing of  
aircraft)
- ✓ Banking activities
- ✓ Insurance activities (other than reinsurance)
- ✓ Financing and leasing activities, except
  - Financing to related parties
  - Related to aircraft
- ✓ Transaction with another free zone person  
related to immovable commercial property  
other than located in free zone
- ✓ Intellectual property assets income
- ✓ Ancillary activities to above

## Corporate Tax on Free zone- Qualifying & Non qualifying, (CD 55, MD 139 & PCD on FZs)

### Qualifying Activities

#### Goods:

- ✓ Manufacturing of Goods or materials  
(includes the **creation, production, improvement or assembly** of products and materials from raw materials or components)
- ✓ Processing of Goods or materials  
(**preparation, treatment, transformation or conversion** of goods/ materials into another form for further commercial or industrial use or sale)
- ✓ Distribution of imported goods or materials in or from a Designated Zone to reseller  
(The distribution of goods or materials includes the **buying and selling of products**, materials, component parts or any other items that are tangible or movable, but not including financial assets and instruments, in or from a Designated Zone\*.)

The Qualifying Activity of distributing goods or materials may include functions such as the **importation, storage, inventory management, handling, transportation and exportation** of those goods or materials.

- A designated zone as defined in Federal Decree-Law No. 8 of 2017 referred to above, and which has been specified as a Free Zone for the purposes of the Corporate Tax Law.

## EXAMPLE – Manufacturing/Processing Free zone or Designated Zone

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## EXAMPLE – Manufacturing/Processing Free zone or Designated Zone

### Free Zone to Mainland / Foreign customer



### Free Zone to Free Zone customer

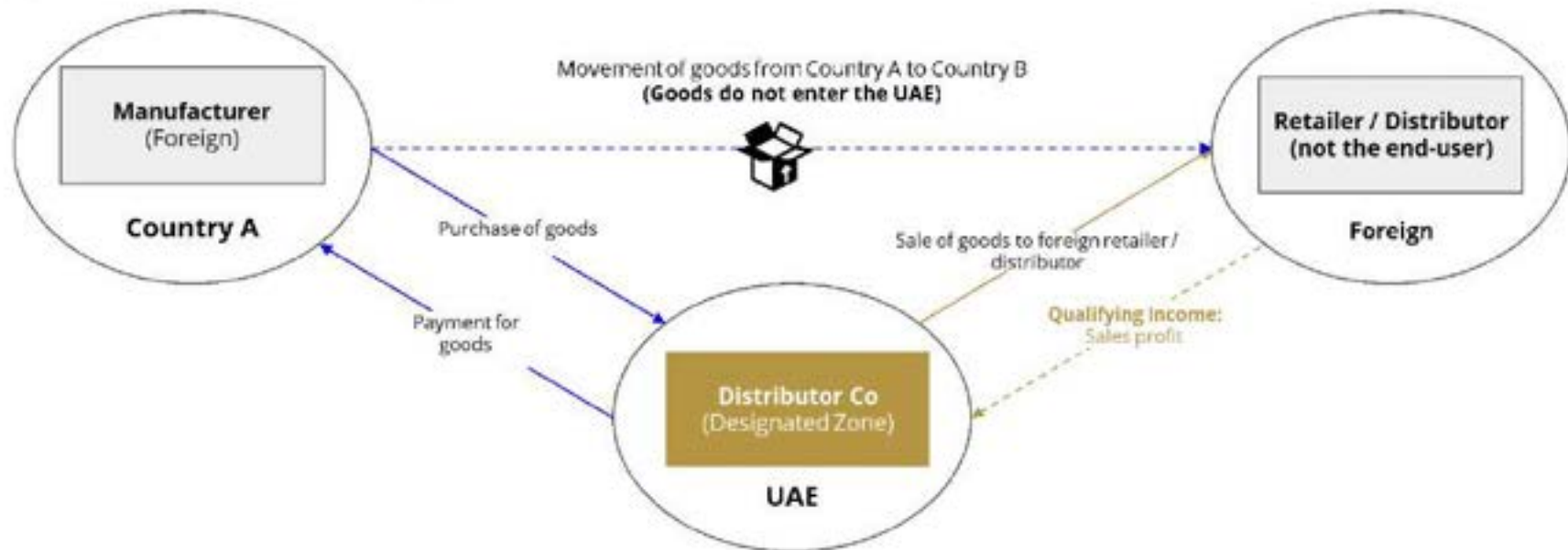


✗ Where the revenues attributable to the non-qualifying distribution activity exceed the de-minimis requirement, Manufacturing Co would lose its Qualifying Free Zone Person status and not be able to benefit from the Free Zone CT regime for a period of 5 years.

✓ Qualifying Income

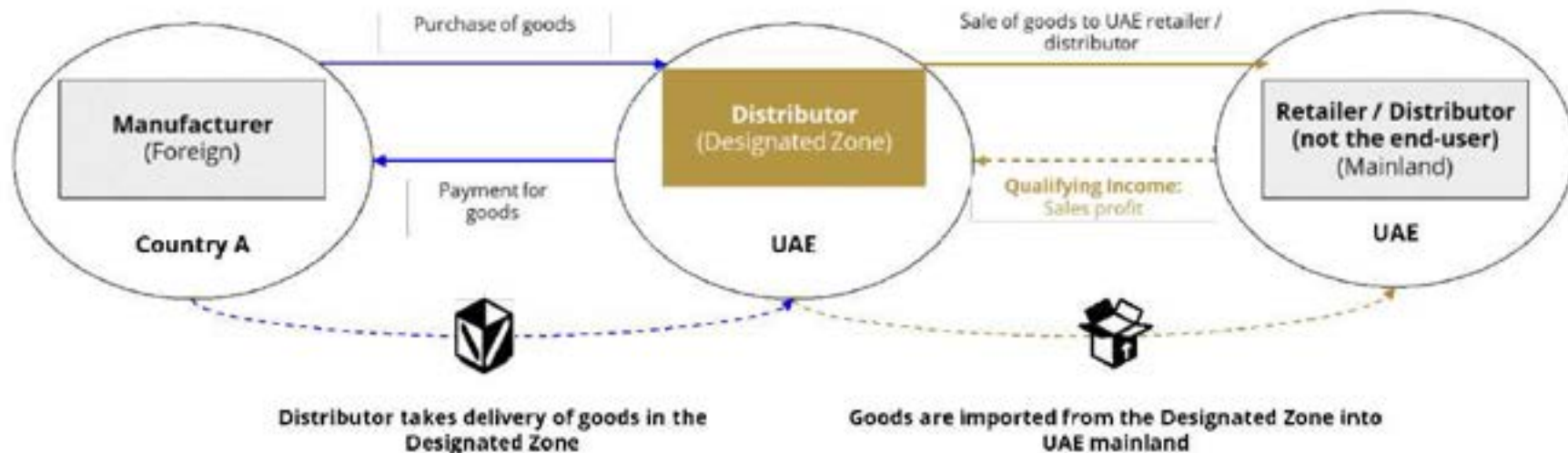
## EXAMPLE – Distribution of Goods in/from Designated Zone

**(1) Distribution of goods or materials outside of the UAE – Designated Free Zone Person (Distributor Co) buys goods from a manufacturer in Country A, and sells these goods to a retailer in Country B. Distributor Co earns a profit / margin on the goods sold to the retailer in Country B. The goods are shipped directly from the Manufacturer in Country A to the Retailer in Country B.**



## EXAMPLE – Distribution of Goods in/from Designated Zone

(2) **Distribution of goods or materials in the UAE** – The Designated Free Zone Person (Distributor Co) buys goods from Country A, and sells these goods to a retailer in the UAE. Distributor Co earns a profit / margin on the goods sold to the retailer. The goods are shipped by the Manufacturer in Country A to Distributor Co in the Designated Zone from where they are imported into the UAE.





## Corporate Tax on Free zone- Qualifying Activities (CD 55, MD 139 & PCD on FZs)

### Qualifying Activities

#### Services & Others:

- ✓ Holding of shares and other securities  
(holding by way of investment or as **security, shares, stocks, debentures**, and other securities, or other assets or rights for the sole purpose of issuing securities or other financial instruments that directly or indirectly represent an interest in the economic risks and benefits associated with these assets or rights.)
- ✓ Ownership, management and operation of Ships  
(includes the **ownership, management and operation of Ships** used in the international transportation of goods or persons, including the management of the crew of a Ship and the leasing and chartering of Ships on a bareboat basis.)
- ✓ Reinsurance services (subject to regulatory oversight)
- ✓ Fund management services (subject to regulatory oversight)
- ✓ Wealth and investment management services (subject to regulatory oversight)

## Corporate Tax on Free zone- Qualifying Activities (CD 55, MD 139 & PCD on FZs)

### Qualifying Activities

#### **Services & Others (continued):**

✓ **Headquarter services to Related Parties**

(Headquarter services includes the administering, overseeing and managing of business activities of Related Parties, including the provision of senior and general management, captive insurance services, administrative services, business planning and development, risk management, coordination of group activities, procurement and in general incurring expenditures on behalf of Related Parties and providing other support services to Related Parties.)

✓ **Treasury and financing services to Related Parties**

(Intra-group financing and treasury services includes the provision of cash and liquidity management, financing, debt management, and financial risk management and related advisory services to Related Parties, including centralised payment and collection activities for or on behalf of Related Parties.)

✓ **Financing and leasing of Aircraft, including engines and rotatable components**

✓ **Logistics services**

(Logistics services includes the storage and transportation of goods or materials on behalf of another Person without taking title to the good or material of that other Person, including cargo handling, warehousing, container storage, transport agency services, customs brokerage services, order and inventory management, freight forwarding and brokerage services, document preparation, packing and unpacking and other related services.)

✓ **Ancillary activities to above**

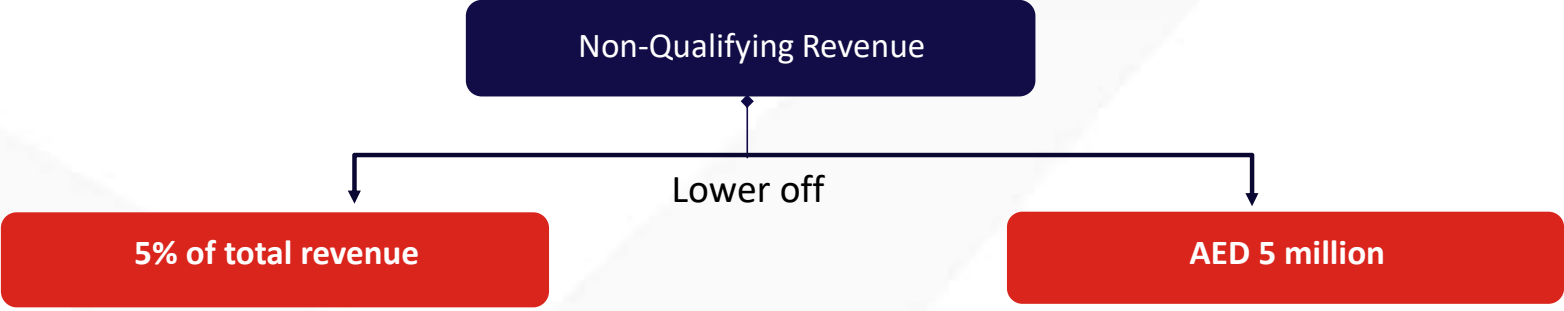
## Corporate Tax on Free zone- Excluded Activities (CD 55, MD 139 & PCD on FZs)

### Excluded Activities (Non-qualifying revenue)

- ✓ Transaction with Natural Person
  - (except to Ownership or management of ship/ Fund management services/ Wealth & investment management/ Financing & leasing of aircraft)
- ✓ Banking activities
- ✓ Insurance activities (other than reinsurance)
- ✓ Financing and leasing activities, except
  - Financing to related parties
  - Related to aircraft
- ✓ Transaction with another free zone person related to immovable commercial property other than located in free zone
- ✓ Intellectual property assets income
  - (The ownership or exploitation of intellectual property assets means activities that generate separately identifiable income from intellectual property assets that are owned and legally protected, for example, trademarks, patents, copyrights, brands and technical know-how.)
- ✓ Ancillary activities to above

# Corporate Tax on Free Zone Business- Qualifying & Non Qualifying – De Minimis Requirement

One of the condition for Qualifying Free Zone Persons (QFZP) is to satisfy De Minimis Requirement, for which Non-Qualifying Revenue should not exceed below limits.



**Note:** For the purpose of **total revenue**, below are **not included**:

- ✓ Revenue from immovable property in Free zone
  - Commercial property transaction with non free zone person
  - Transaction with any person for non- commercial property
- ✓ Revenue from Domestic Permanent Establishment and Foreign Permanent Establishment of QFZ

## Corporate Tax on Free Zone Business- Qualifying & Non Qualifying – De Minimis Requirement

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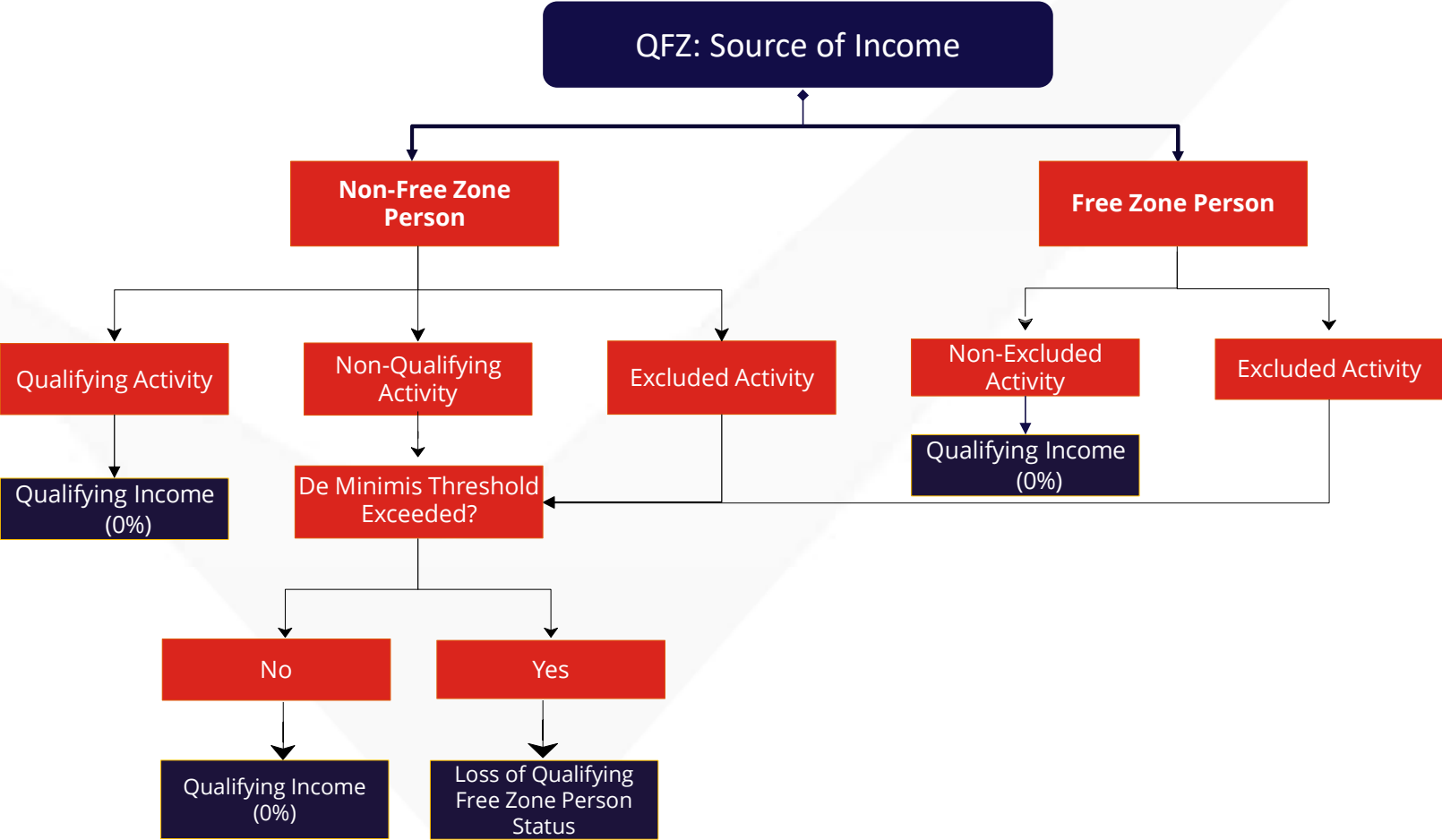


**Qualifying income**

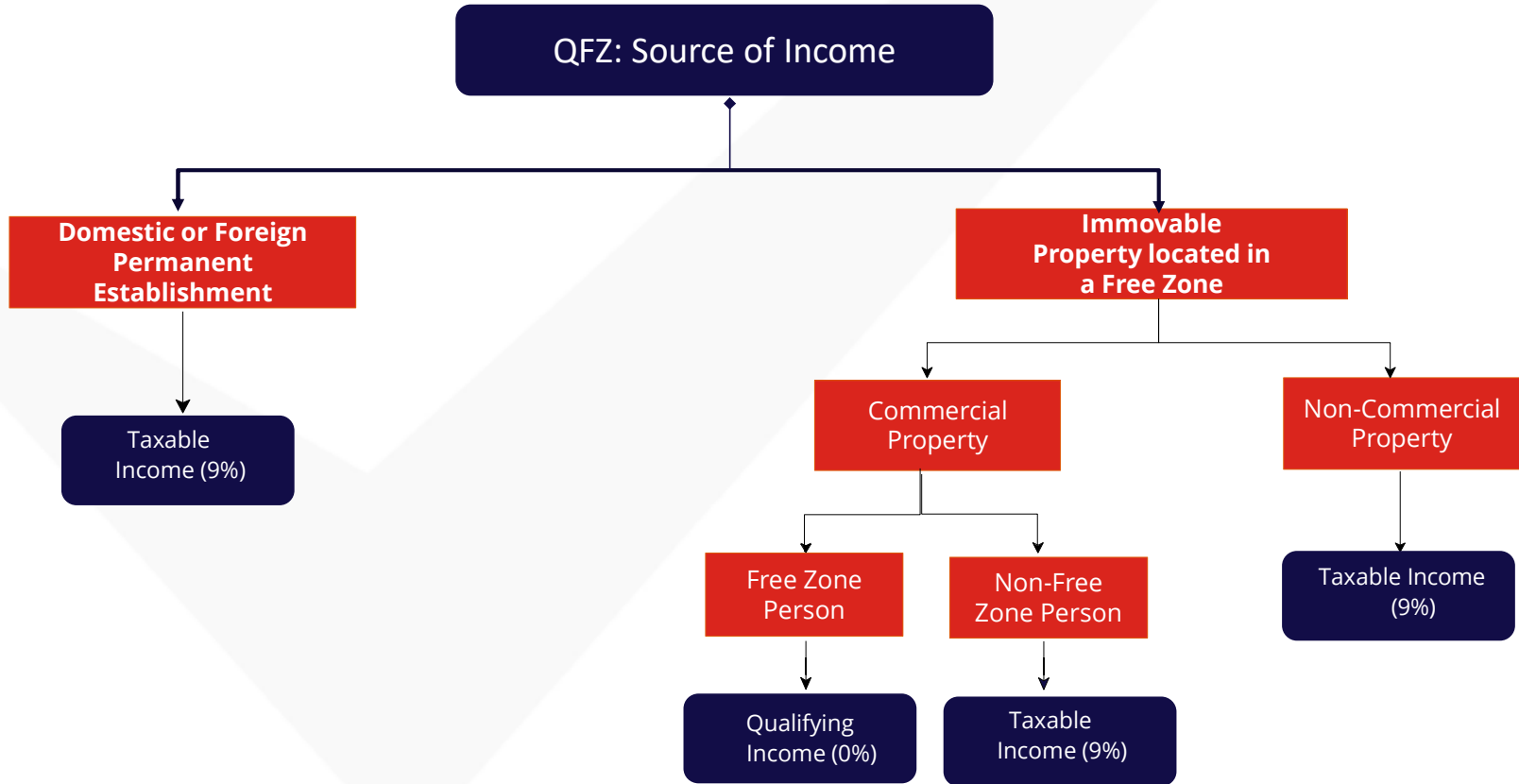


**Non-qualifying income  
(within De-minimis)**

# Qualifying Free Zone (QFZ) Taxability



# Qualifying Free Zone (QFZ) Taxability



# Steps for determination of Qualifying Free Zone Person Status





## EXAMPLE – Distribution (Goods) Activity from Designated Free Zone

Supplier	Customer	Activity	CT
DZFP	DZFP	Not Excluded Activity	0%
	FZP	Not Excluded Activity	0%
	Natural Person	Excluded Activity	9%
	NFZP (mainland)	Qualifying Activity	0%
	NFZP (Outside UAE)	Qualifying Activity	0%

If the following are satisfied:

- ✓ Distribution of goods/ material is **in or from** a DZ
- ✓ Customer resells or process & sells
- ✓ The goods/ material entering must be imported through DZ

**DZFP:** Designated Free Zone Person

**FZP:** Free Zone Person

**NFZP:** Non-Free Zone Person

## EXAMPLE – Service Activity from Free Zone Person

Supplier	Customer	Activity	CT
FZP (including DZFP)	FZP	Excluded Activity	9%
	FZP	Not Excluded Activity	0%
	Natural Person	Excluded Activity (Other than exceptions*)	9%
	Natural Person	Activities from Exceptions*	0%
	NFZP (mainland)	Qualifying Activity (Logistic, headquarter Services etc)	0%
	NFZP (Outside UAE)		0%

\* Exceptions to Excluded Activities with natural persons:

- ✓ Ownership/management of ship
- ✓ Fund management services
- ✓ Wealth & investment management services
- ✓ Financing & leasing of aircraft

**DZFP:** Designated Free Zone Person

**FZP:** Free Zone Person

**NFZP:** Non-Free Zone Person

## SMALL BUSINESS RELIEF

Applicable only for **Resident Taxable Person**



**Revenue\*** of Relevant Tax Period and previous Tax Periods **do not exceed of AED 3 millions\***



Taxable Person meets all other conditions prescribed by the Minister.







If the above conditions are satisfied, Taxable Income is considered as **NIL**


- This continues to apply to subsequent Tax Periods that **end before or on 31 December 2026**.
- A Taxable Person shall not be able to elect to apply this Relief if their Revenue in any **relevant or previous Tax Period** has exceeded the threshold.
- The **gross amount of income** derived during a Tax Period as per **accounting standards**.



Note: **The Authority may** take the necessary measures to **verify the threshold**, and may request **any relevant information or records** from the Taxable Person to avail the relief.

## TYPES OF RELATED PARTY TRANSACTIONS

 <b>SERVICES</b> IT, ITeS, Sales & Marketing, Engineering, R&D, Finance, Accounting, Legal, Managerial, Procurement etc.	 <b>GOODS</b> Purchase/Sale of goods (raw materials, traded goods, finished goods)	 <b>TANGIBLE PROPERTY</b> Purchase/Sale/Transfer/Lease of Tangible Property
 <b>FINANCING ARRANGEMENTS</b> Intra-group loans, guarantees	 <b>INTANGIBLE PROPERTY (IP)</b> Royalty and License fee	 <b>CAPITAL TRANSACTIONS</b> Issue/Investment/Transfer of shares or any others
 Intra-group Services (IGS)/ Cost Contribution Arrangements (CCAs)	 <b>DOMESTIC TRANSACTIONS</b> Transactions between Mainland businesses and Free Zone Persons (which are not tax neutral)	 <b>CONNECTED PERSONS</b> Financing Arrangements Dividends, Directors remunerations or any payments to Directors, Partners relatives, Kinship



## CONNECTED PERSON (ARTICLE 36)

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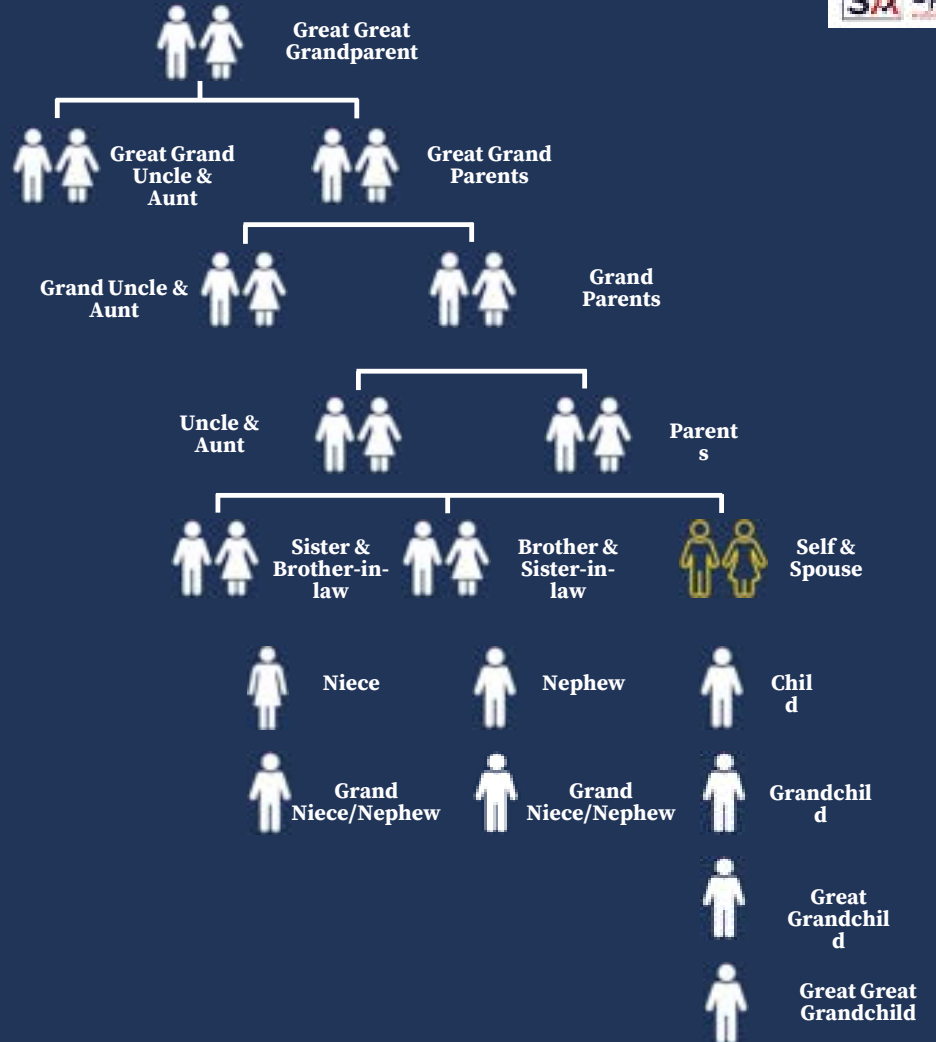


**An owner of the Taxable Person and his/her Related Parties**



**A director or officer of the Taxable Person and his/ her Related Parties**

# RELATED PARTY - 4TH DEGREE OF KINSHIP



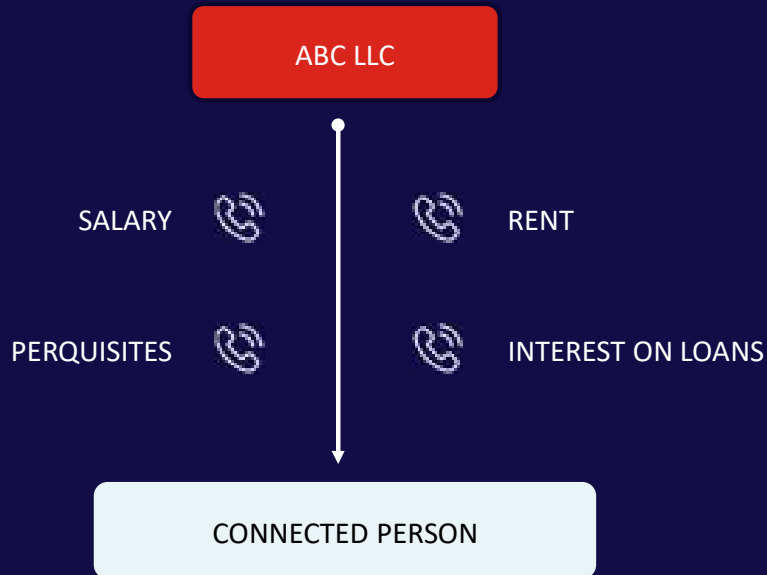
## ILLUSTRATIONS - PAYMENTS TO CONNECTED PERSONS



Salary and perquisites to be justified using business/commercial rationale (Any other method) / salary benchmarks available on websites like Glassdoor

Rent payments - independent websites (dubizzle, bayut)

Interest on loans - comparison with bank rates



UN-USUAL CHANGES IN THESE PAYMENTS JUST BEFORE TAX LAW – FTA MAY SCRUTINIZE

# CT Administration







# REGISTRATION

**All taxpayers will be required to register**

**To be registered before filing the first CT return**

**No registration threshold**

**Electronically register through the website of the FTA**

# CORPORATE TAX RETURNS

**One CT return for the Tax Period**

The CT return to be **filed within 9 months** following the end of the Tax Period

**No advance UAE CT filings**

**Electronically register through the website of the FTA**

## UAE Corporate Tax Computation Template

Particulars	Amount in AED	Amount in AED
Accounting profit/ loss as per financials		xxxx
Less: Exempt income		(xxx)
<b>Add: Expenses/ Deductions not allowed</b>		<b>xxx</b>
Donations, grants or gifts	xxx	
Fines and penalties	xxx	
Bribes or other illicit payments	xxx	
Dividends, profit distributions or benefits of a similar nature paid	xxx	
Corporate Tax for the tax period	xxx	
Input VAT incurred by a Taxable Person that is recoverable	xxx	
Tax on income imposed on the Taxable Person outside the State	xxx	
Other deductions	xxx	
<b>Add/(Less): Adjustments</b>		<b>xxx/ (xxx)</b>
Intra group transfers	xxx/ (xxx)	
Unrealised gains/ losses	xxx/ (xxx)	
Other adjustments	xxx/ (xxx)	
<b>Taxable Income</b>		<b>xxx</b>
Tax payable		xxx
Less: With Holding Tax		(xxx)
Less: Foreign Tax credit		(xxx)
Less: Relief		(xxx)
Business restructuring relief	(xxx)	
Tax loss relief	(xxx)	
<b>Balance Tax Payable/ (Refund receivable)</b>		<b>xxx</b>



### Notes:

The template is prepared purely based on the Decree Law provisions.

There are certain conditions to be complied with for some of the elements included in the template.

# RECORD KEEPING & AUDITING

Decision no: 82, Required to Prepare and Maintain **Audited Financial Statements** for:

- Taxable Person deriving Revenue exceeding **AED 50,000,000** during the relevant Tax Period
- A **Qualifying Free Zone Person**

Other than in case of TAX group (Consolidated), UAE entities need to prepare and maintain stand-alone FS for CT purposes

TIME PERIOD

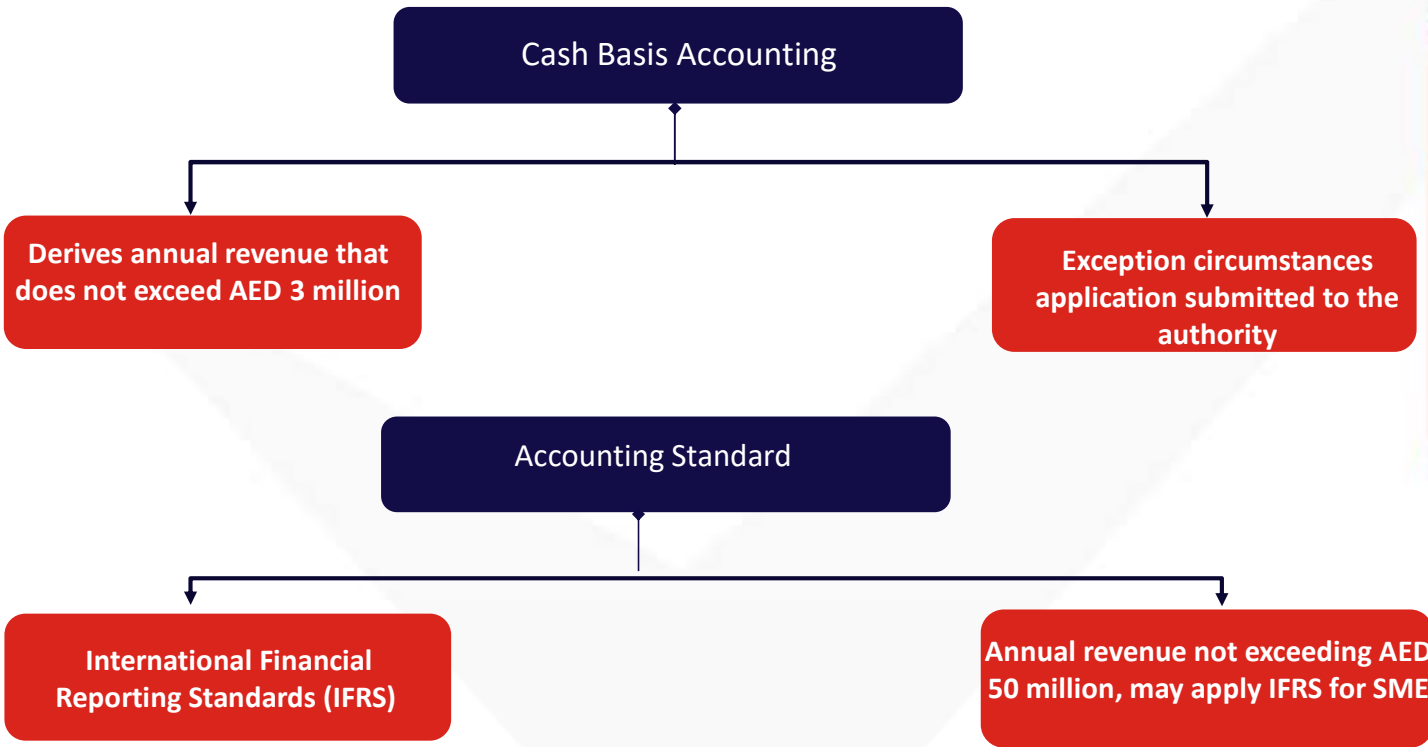
8 YEARS INCLUDING CURRENT FY (1+7)

WHO?

TAXABLE PERSON INCLUDING EXEMPT PERSON



# Ministerial Decision no. 114- Accounting Standards and Method of Accounting for Corporate Tax Law



**Financial Statement of Tax Group**

*Stages for Consolidation of Tax Group financials*

- Preparation of standalone financial statement for each subsidiary
- Consolidation of standalone financial statement of subsidiary with parent, eliminating the transaction between them

## TRANSITION RULES

1

Closing Balance sheet of 2023 will be Opening Balance sheet for CT & Adjustments



3

Anti Abuse rules applicable to any transaction entered on or after 18th Oct 2022

2

Opening Balance for CT Purpose shall be according to Arm's Length Principles

# GENERAL ANTI-ABUSIVE RULES (GAAR)

GAAR IS APPLICABLE TO A TRANSACTION OR ARRANGEMENT:



which is not for a valid commercial reason, or

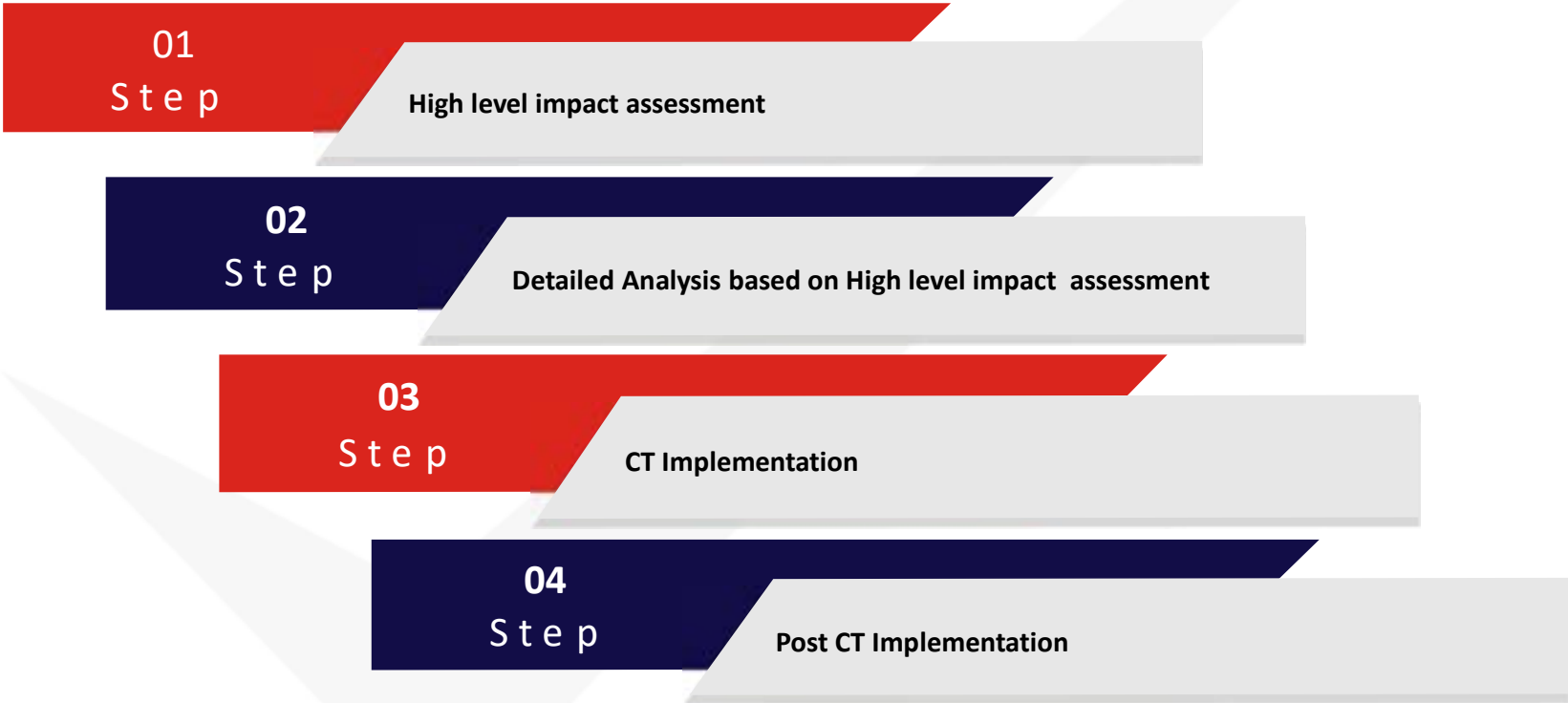


with one of the main purpose of obtaining a Corporate Tax advantage that is not consistent with the purpose of this Decree-Law

If the authority determines that GAAR is applicable for any arrangement, then that Corporate Tax advantage obtained shall be adjusted.



# WHAT ASSESSEE'S SHOULD DO NOW?







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