



# UAE Corporate Tax Highlights

Federal Decree-  
Law No. 47 of 2022 –  
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UAE CORPORATE TAX  
Federal Decree-Law No. 47 of 2022

# Introduction

On the 03rd day of October 2022, His Highness Sheikh Mohamed Bin Zayed Al Nahyan, President of the United Arab Emirates, issued the Federal Decree-Law No. 47 of 2022 on Taxation of Corporations and Businesses which state that corporate tax will be effective for financial years starting on or after 1 June 2023.

The UAE Corporate Tax regime has been designed to incorporate best practices globally and minimize the compliance burden on businesses. Corporate Tax will be payable on the profits of UAE businesses as reported in their financial statements prepared in accordance with international accounting standards, with minimal exceptions and adjustments.

We at MAATS Accountants and Consultant Group (MACG) take utmost care of our clients in designing their accounting system in the most efficient and effective ways, to deal with the compliance with the CT law. Our teams of Expertise are highly qualified, experienced, and equipped with latest information to deal with CT and other UAE Federal Laws related to business.

Maats Accountants & Consultants Group (MACG) has summarized and prepared this highlight based on some key aspects of the law. This document is written for public benefit. Maats Accountants & Consultants Group does not accept any responsibility for any action taken by any party based on this document. Please use your own discretion.

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## Definitions

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### Important definitions

Ministry : *Ministry of finance*

Minister : *Minister of finance*

**Qualifying income:** *Any income derived by a Qualifying Free Zone Person that is subject to Corporate Tax at the rate specified in paragraph (a) of Clause 2 of Article 3 of this Decree-Law. i.e. 0%*

**Person:** *Any natural person or juridical person.*

**Qualifying Investment Fund:** *Any entity whose principal activity is the issuing of investment interests to raise funds or pool investor funds or establish a joint investment fund with the aim of enabling the holder of such an investment interest to benefit from the profits or gains from the entity's acquisition, holding, management or disposal of investments, in accordance with the applicable legislation and when it meets the conditions set out in Article 10 of this Decree-Law.*

**Exempt Person:** *A Person exempt from Corporate Tax under Article 4 of this Decree-Law.*

**Taxable Person:** *A Person subject to Corporate Tax in the State under this Decree-Law.*

**Financial Year:** *Article 57*

**Resident Person:** *Clause 3 of Article 11*

**Non-Resident Person:** *Clause 4 of Article 11 of this Decree-Law*

**Unincorporated Partnership:** *A relationship established by contract between two Persons or more, such as a partnership or trust or any other similar association of Persons, in accordance with the applicable legislation of the State.*

**Permanent Establishment:** *A place of Business or other form of presence in the State of a Non-Resident Person in accordance with Article 14 of this Decree-Law.*

**State Sourced Income:** *Income accruing in, or derived from, the State as specified in Article 13 of this Decree-Law.*

**Qualifying Free Zone Person:** *A Free Zone Person that meets the conditions of Article 18 of this Decree-Law and is subject to Corporate Tax under Clause 2 of Article 3 of this Decree-Law.*

**Foreign Tax Credit:** *Tax paid under the laws of a foreign jurisdiction on income or profits that may be deducted from the Corporate Tax due, in accordance with the conditions of Clause 2 of Article 47 of this Decree-Law.*

**Accounting Income:** *The accounting net profit or loss for the relevant Tax Period as per the financial statements prepared in accordance with the provisions of Article 20 of this Decree-Law.*

**Exempt Income:** *Any income exempts from Corporate Tax under this Decree-Law.*

**Connected Person:** *Any Person affiliated with a Taxable Person as determined in Clause 2 of Article 36 of this Decree-Law.*

**Tax Loss:** • *Any negative Taxable Income as calculated under this Decree-Law for a given Tax Period.*

*Qualifying Business Activity:*

- *Any activity that is specified in a decision issued by the Cabinet at the suggestion of the Minister.*

**Foreign Permanent Establishment:** *A place of Business or other form of presence outside the State of a Resident Person that is determined in accordance with the criteria prescribed in Article 14 of this Decree-Law.*

**Market Value:** *The price which could be agreed in an arm's-length free market transaction between Persons who are not Related Parties or Connected Persons in similar circumstances.*

**Qualifying Group:** *Two or more Taxable Persons that meet the conditions of Clause 2 of Article 26 of this Decree-Law.*

**Net Interest Expenditure:** *The Interest expenditure amount that is in excess of the Interest income amount as determined in accordance with the provisions of this Decree-Law.*

**Control:** *The direction and influence over one Person by another Person in accordance with the conditions of Clause 2 of Article 35 of this Decree-Law.*

**Tax Group:** *Two or more Taxable Persons treated as a single taxable Person according to the conditions of Article 40 of this Decree-Law.*

**Withholding Tax Credit:** *The Corporate Tax amount that can be deducted from the Corporate Tax due in accordance with the conditions of Clause 2 of Article 46 of this Decree-Law.*

**Withholding Tax:** *Corporate Tax to be withheld from State Sourced Income in accordance with Article 45 of this Decree- Law.*

## Article 2

# Imposition of Corporate Tax

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Corporate Tax shall be imposed on Taxable Income, at the rates determined under this Decree-Law, and payable to the Authority under this Decree-Law and the Tax Procedures Law.



## Corporate Tax Rate

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### Corporate Tax rate - General

0% - upto threshold limit ( AED 375,000).

9% -Exceeding threshold ( more than AED 375,000).

## Exempt Person

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### Exempt Person

A Government Entity.

A Government Controlled Entity.

A Person engaged in an Extractive Business- Article 7.

A Person engaged in a Non-Extractive Natural Resource Business, Article 8

A Qualifying Public Benefit Entity under Article 9

A Qualifying Investment Fund under Article 10

A public pension or social security fund, or a private pension or social security fund that is subject to regulatory oversight of the competent authority in the State

## Extractive Business

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1. A Person shall be exempt from corporate tax and the provisions of this Decree-Law shall not apply to its Extractive Business where all the following conditions are met:

- a. The Person directly or indirectly holds or has an interest in a right, concession or License issued by a Local Government to undertake its Extractive Business.
- b. The Person is effectively subject to tax under the applicable legislation of an Emirate in accordance with the provisions of Clause 6 of this Article.
- c. The Person has made a notification to the Ministry in the form and manner agreed with the Local Government.

2. If a Person that meets the conditions of Clause 1 of this Article derives income from both an Extractive Business and any other business that is within the scope of this Decree-Law, the following shall apply:

- a. The income derived from the Extractive Business shall be calculated and taxed according to the applicable legislation of the Emirate.
- b. The income derived from the other business shall be subject to the provisions of this Decree-Law, unless that other business meets the conditions to be exempt from Corporate Tax under Article 8 of this Decree-Law.

3. For the purposes of Clause 2 of this Article, a Person shall not be considered to derive income from any other business where such other business is ancillary or incidental to that Person's Extractive Business and the Revenue of such other Business in a Tax Period does not exceed 5% (five percent) of the total Revenue of that Person in the same Tax Period.

4. For the purposes of calculating the Taxable Income of the Person's other Business, the following shall apply:

- a. The other Business shall be treated as an independent business, and financial statements shall be kept for this Business separately from the Extractive Business.
- b. Any common expenditure shared between the Extractive Business and the other Business of the Person shall be apportioned in proportion to their Revenue in the Tax Period, unless such expenditure is taken into account in different proportions for the purposes of calculating the tax payable by the Person under the applicable legislation of the relevant Emirate in respect of its Extractive Business, in which case the expenditure will be apportioned in the latter proportion.
- c. The Person shall calculate the Taxable Income for its other business independently for each Tax Period in accordance with the provisions of this Decree-Law.

5. Transactions between the Extractive Business and the other business of the same Person shall be considered Related Party transactions subject to the provisions of Article 34 of this Decree-Law, unless such other business is exempt from Corporate Tax under Article 8 of this Decree-Law.

6. A Person shall be considered effectively subject to tax under the applicable legislation of the Emirate for the purposes of this Article if the Local Government imposes a tax on income or profits, a royalty or revenue tax, or any other form of tax, charge, or levy in respect of such Person's Extractive Business.

7. The exemption under this Article shall not apply to contractors, subcontractors, suppliers, or any other Person used or contemplated to be used in any part of the performance of the Extractive Business that does not in its own right meet the conditions to be exempt from Corporate Tax under this Article

## Non-Extractive Natural Resource Business

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**1. A Person shall be exempt from corporate tax and the provisions of this Decree-Law shall not apply to its Non-Extractive Natural Resource Business where all the following conditions are met:**

- a. The Person directly or indirectly holds or has an interest in a right, concession or License issued by a Local Government to undertake its Non-Extractive Natural Resource Business in the State.
- b. The Person's income from its Non-Extractive Natural Resource Business is derived solely from Persons that undertake a Business or Business Activity.
- c. The Person is effectively subject to tax under the applicable legislation of an Emirate in accordance with the provisions of Clause 6 of this Article.
- d. The Person has made a notification to the Ministry in the form and manner agreed with the Local Government.

**2. If a Person that meets the conditions of Clause 1 of this Article derives income from both a Non-Extractive Natural Resource Business and any other business that is within the scope of this Decree-Law, the following shall apply:**

- a. The income derived from the Non-Extractive Natural Resource Business shall be calculated and taxed according to the applicable legislation of the Emirate.
- b. The income derived from the other business shall be subject to this Decree-Law, unless that other business meets the conditions to be exempt from Corporate Tax under Article 7 of this Decree-Law.

**3. For the purposes of Clause 2 of this Article, a Person shall not be considered to derive income from any other business where such other business is ancillary or incidental to that Person's Non-Extractive Natural Resource Business and the Revenue of such other Business in a Tax Period does not exceed 5% (five percent) of the total Revenue of that Person in the same Tax Period.**

**4. A Person shall be considered effectively subject to tax under the applicable legislation of the Emirate, for the purposes of this Article if the Local Government imposes a tax on income or profits, a royalty or revenue tax, or any other form of tax, charge, or levy in respect of such Person's**

**5. The exemption under this Article shall not apply to contractors, subcontractors, suppliers, or any other Person used or contemplated to be used in any part of the performance of the Non-Extractive Natural Resource Business that does not in its own right meet the conditions to be exempt from Corporate Tax under this Article or Article 7 of this Decree-Law.**

## Qualifying Public Benefit Entity

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A Qualifying Public Benefit Entity shall be exempt from Corporate Tax where all of the following conditions are met:

**a It is established and operated for any of the following**

1. Exclusively for religious, charitable, scientific, artistic, cultural, athletic, educational, healthcare, environmental, humanitarian, animal protection or other similar
2. As a professional entity, chamber of commerce, or a similar entity operated exclusively for the promotion of social welfare or public benefit.

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**b** It does not conduct a Business or Business Activity, except for such activities that directly relate to or are aimed at fulfilling the purpose for which the entity was established.

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**c** Its income or assets are used exclusively in the furtherance of the purpose for which it was established, or for the payment of any associated necessary and reasonable expenditure incurred.

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**d** No part of its income or assets is payable to, or otherwise available, for the personal benefit of any shareholder, member, trustee, founder, or settlor that is not itself a Qualifying Public Benefit Entity, Government Entity or Government Controlled Entity.

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**e** Any other conditions as may be prescribed in a decision issued by the Cabinet at the suggestion of the Minister.

## Qualifying Public Benefit Entity

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1. An investment fund may apply to the Authority to be exempt from Corporate Tax as a Qualifying Investment Fund where all the following conditions are met:

- a** The investment fund or the investment fund's manager is subject to the regulatory oversight of a competent authority in the State, or a foreign competent authority recognized for the purposes of this Article. Interests in the investment fund are traded on a Recognized Stock Exchange or are marketed and made available sufficiently widely to investors.
- b** The main or principal purpose of the investment fund is not to avoid Corporate Tax.
- c** The main or principal purpose of the investment fund is not to avoid Corporate Tax.
- d** Any other conditions as may be prescribed in a decision issued by Cabinet at the suggestion of the Minister.

2. For the purposes of monitoring the continued compliance by a Qualifying Investment Fund with the conditions of Clause 1 of this Article, the Authority may request any relevant information or records within the timeline prescribed by the Authority.

Article 11

## Taxable Person

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### A Resident Person

- a** A juridical person incorporated in the UAE including a Free Zone Person.
- b** A juridical person incorporated under the foreign jurisdiction that is effectively managed and controlled in the State.
- c** A natural person conducts Business or Business Activity in State. ( eg. sole proprietor)
- d** Any other Person may determined decision by Cabinet of Minister.

### A Non-Resident Person

- a** Has a PE in the State.
- b** Companies Derives State Sourced income
- c** Nexus in the State specified by Cabinet of Minister.

*Notes:- A branch in the State of a Person referred to in Clause 3 of this Article, shall be treated as one and the same Taxable Person.determined decision by Cabinet of Minister.*

Article 12

## Corporate Tax Base

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- 1. A Resident Person, which is a juridical person, is subject to Corporate Tax on its Taxable Income derived in the state and outside the state.**
- 2. The Taxable Income of a Resident Person, a natural person, is the income derived from the State or from outside the State insofar as it relates to the Business and Activity conducted by natural person in State as set out in Clause 6 of Article 11 of this Decree-Law.**
- 3. A Non-Resident Person is subject to Corporate Tax on the following:**
  - a** The Taxable Income that is attributable to the Permanent Establishment of the Non Resident Person in the State.
  - b** State Sourced Income that is not attributable to a Permanent Establishment of the Non-Resident Person in the State.
  - c** The Taxable Income that is attributable to the nexus of the Non-Resident Person in the State as determined in a decision issued by the Cabinet pursuant to paragraph (c) of Clause 4 of Article 11 of this Decree-Law.

## State Sourced Income

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### 1. State Sourced income

- a** Where it is derived from a Resident Person.
- b** Where it is derived from a Non-Resident Person and the income received has been paid or accrued in connection with, and attributable to, a Permanent Establishment of that Non-Resident Person in the State.
- c** Where it is otherwise accrued in or derived from activities performed, assets located, capital invested, rights used, or services performed or benefitted from in the State.

### 2. Inclusion

- a** Income from the sale of goods in the State.
- b** Income from the provision of services that are rendered or utilized or benefitted from in the State.
- c** Income from a contract as far as it has been wholly or partly performed or benefitted from in the State.
- d** Income from movable or immovable property in the State.
- e** Income from the disposal of shares or capital of a Resident Person.
- f** Income from the use or right to use in the State, or the grant of permission to use in the State, any intellectual or intangible property.
- g** Interest that meets any of the following conditions:
  - The loan is secured by movable or immovable property located in the State.
  - The borrower is a Resident Person.
  - The borrower is a Government Entity.
- h** Insurance or reinsurance premiums in any of the following instances:
  - The insured asset is located in the State.
  - The insured Person is a Resident Person.
  - The insured activity is conducted in the State.

## Permanent Establishment

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- 1. A Non-Resident Person has a Permanent Establishment in the State in any of the following instances: includes:**
  - a** Where it has a fixed or permanent place in the State through which the Business of the Non-Resident Person, or any part thereof, is conducted.
  - b** Where a Person has and habitually exercises an authority to conduct a Business or Business Activity in the State on behalf of the Non-Resident Person.
  - c** Where it has any other form of nexus in the State as specified in a decision
- 2. For the purposes of paragraph (a) of Clause 1 of this Article, a fixed or permanent place in the State**

- a** A place of management where management and commercial decisions that are necessary for the conduct of the Business are, in substance, made.
- b** A branch.
- c** An office.
- d** A factory.
- e** A workshop.
- f** Land, buildings, and other real property.
- g** An installation or structure for the exploration of renewable or non-renewable natural
- h** A mine, an oil or gas well, a quarry or any other place of extraction of natural resources, including vessels and structures used for the extraction of such resources.
- i** A building site, a construction project, or place of assembly or installation, or supervisory activities in connection therewith, but only if such site, project, or activities, whether separately or together with other sites, projects or activities, last more than (6) six months, including connected activities that are conducted at the site or project by one or more Related Parties of the Non-Resident Person

**3. Notwithstanding Clauses 1 and 2 of this Article, a fixed or permanent place in the State shall not be considered a Permanent Establishment of a Non-Resident Person if it is used solely for any of the following purposes:**

- a** Storing, displaying, or delivering of goods or merchandise belonging to that Person.
- b** Keeping a stock of goods or merchandise belonging to that Person for the sole purpose of processing by another Person.
- c** Purchasing goods or merchandise or collecting information for the Non-Resident Person.
- d** Conducting any other activity of a preparatory or auxiliary nature for the Non-Resident Person.
- e** Conducting any combination of activities mentioned in paragraphs (a), (b), (c) and (d) of Clause 3 of this Article, provided that the overall activity is of a preparatory or auxiliary nature.

**5. For the purposes of paragraph (b) of Clause 1 of this Article, a Person shall be considered as having and habitually exercising an authority to conduct a Business or Business Activity in the State on behalf of a Non-Resident Person if any of the following conditions are met:**

- a** The Person habitually concludes contracts on behalf of the Non-Resident Person.
- b** The Person habitually negotiates contracts that are concluded by the Non-Resident Person without the need for material modification by the Non-Resident Person.

**6. The provisions of Paragraph (b) of Clause 1 of this Article shall not apply where the Person conducts a Business or Business Activity in the State as an independent agent and acts for the Non-Resident Person in the ordinary course of that Business or Business Activity, unless the Person acts exclusively or almost exclusively on behalf of the Non-Resident Person, or where that person cannot be considered legally or economically independent from the Non-Resident Person.**

- 7. For the purposes of Clause 3 of this Article, the Minister may prescribe the conditions under which the mere presence of a natural person in the State does not create a Permanent Establishment for a Non-Resident Person in any of the following instances:**
- a** Where such presence is a consequence of a temporary and exceptional situation.
  - b** Where the natural person is employed by the Non-Resident Person, and all of the following conditions are met:
    - The activities being conducted in the State by the natural person are not part of the core income-generating activities of the Non-Resident Person or its Related Parties.
    - The Non-Resident Person does not derive State Sourced Income. more Related Parties of the Non-Resident Person

## Chapter 5 : Free Zone Person

### Article 18

## Qualifying Free Zone Person

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- 1. A Qualifying Free Zone Person is a Free Zone Person that meets all of the following conditions:**
- a** Maintains adequate substance in the State
  - b** Derives Qualifying Income as specified in a decision issued by the Cabinet at the of the Minister.  
Has not elected to be subject to Corporate Tax under Article 19 of this Decree-Law
  - c** Complies with Articles 34 and 55 of this Decree-Law.
  - d** Meets any other conditions as may be prescribed by the Minister
- 2. A Qualifying Free Zone Person that fails to meet any of the conditions under Clause 1 of this Article at any particular time during a Tax Period shall cease to be a Qualifying Free Zone Person from the beginning of that Tax Period**

### Article 19

## Election to be Subject to Corporate Tax

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- 1. A Qualifying Free Zone Person can make an election to be subject to Corporate Tax at the rates specified under Clause 1 of Article 3 of this Decree-Law.**
- 2. The election under Clause 1 of this Article shall be effective from either of:**
- a** The commencement of the Tax Period in which the election is made.
  - b** The commencement of the Tax Period following the Tax Period in which the election was made.



Article 20

## General Rules for Determining Taxable Income

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The Taxable Income of each Taxable Person shall be determined separately, on the basis of adequate, standalone financial statements prepared for financial reporting purposes in accordance with accounting standards accepted in the state.

The Taxable Income for a Tax Period shall be the Accounting Income for that period adjusted for the following:

1. Any unrealized gain or loss as per clause 3 of this article if he decided to elect on realization basis.
2. Exempt Income
3. Reliefs
4. Deductions  
Transactions with Related Parties and
5. Tax Loss relief
6. Any incentives or special reliefs
7. Any income or expenditure that has not otherwise been taken into account
8. Any other adjustments

Article 21

## Small Business Relief

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A Resident Taxable Person may elect to be treated as not having derived any Taxable Income for a Tax Period

1. If the Revenue of the Taxable Person for the relevant and previous Tax Periods does not exceed a limit set by the Minister,
2. Taxable Person meets all other prescribed conditions.
3. In this case provisions of this Law related to Exempt Income, Reliefs, Deductions, Tax Loss relief, Transfer Pricing related documentation and reporting shall not apply.
4. FTA may ask relevant records and information from the party concerned

Article 22

## Exempt Income

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The following income and related expenditure shall not be considered in determining the Taxable Income

- Dividends and other profit distributions received from a Resident juridical person/ Participating Interest in a foreign juridic Any other income from a Participating
- Income from Foreign Permanent Establishment
- Income from operating aircraft or ships in international transportation by a Non-Resident Person

Article 23

## Participation Exemption

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Income from a Participating Interest shall be exempt from Corporate Tax, if –

- The Participating Interest is 5% (five percent) or greater ownership interest in the shares or capital of a juridical person (referred to as a "Participation" under this law).
- The Taxable Person has held, or has the intention to hold, the Participating Interest for an uninterrupted period of at least 12 twelve months.
- The Participation is subject to tax imposed by the country in which the juridical person is resident, which is of a similar character to Corporate Tax at a rate not less than the Tax Rate imposed under this Law.
- The ownership interest in the Participation entitles the Taxable Person to receive not less than 5% (five percent) of - the profits available for distribution by the Participation, and - the liquidation proceeds on cessation of the Participation.
- Not more than 50% of the direct and indirect assets of the Participation consist of ownership interests that would not have qualified for an exemption from Corporate Tax under this law if held directly by the Taxable Person.

## Article 24

# Foreign Permanent Establishment Exemption

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A Resident Person can make an election to not consider the income, and associated expenditure, of its Foreign Permanent Establishments in determining its Taxable Income.

Where Clause 1 of this Article applies, a Resident Person shall not consider the following in determining its Taxable Income or Corporate Tax Payable for a Tax Period:

a. losses/positive income and associated expenditures in any of its Foreign Permanent Establishments, calculated as if the relevant Foreign Permanent Establishments were a Resident Person under this Decree-Law.

b. any Foreign Tax Credit that would have been available under Article 47 of this Decree-Law had the election under Clause 1 of this Article not been made.

The Resident Person and each of its Foreign Permanent Establishments shall be treated as separate and independent Persons.

Any transfer of assets or liabilities between a Resident Person and its Foreign Permanent Establishment shall be treated as having taken place at Market Value.

This exemption shall only apply to a Foreign Permanent Establishment that is subject to Corporate Tax at a rate higher than the CT rate in the UAE

## Article 25

# Non-Resident Person Operating Aircraft or Ships in International Transportation

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Income derived by a Non-Resident Person from the operation of aircraft or ships in international transportation shall not be subject to Corporate Tax where all the following conditions are met:

1. The Non-Resident Person is in the Business of any of the following

- a** International transport of passengers, livestock, mail, parcels, merchandise or goods by air or by sea.
- b** Leasing or chartering aircrafts or ships used in international transportation.
- c** Leasing of equipment which are integral to the seaworthiness of ships or the airworthiness of aircrafts used in international transportation.

2. A Resident Person that performs any of the activities under Clause 1 of this Article would be exempt, or not be subject to tax that is of a similar character to Corporate Tax, under the applicable legislation of the country or territory in which the Non-Resident Person is resident

## Chapter 8 : Reliefs

### Article 26

## Transfers Within a Qualifying Group

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No gain or loss needs to be taken while calculating the Taxable Income in relation to the transfer of

### Conditions of members of the QP

- Two Taxable Persons shall be treated as members of the same Qualifying Group, if they are,
  1. Resident juridical persons,
  2. Non-Resident Persons that have a Permanent Establishment
- The Taxable Person has a direct or indirect ownership interest of at least 75% in the other Taxable Person, or a third Person has a direct or indirect ownership interest of at least 75% (seventy-five percent) in each of the Taxable Persons. None of the Persons are an Exempt Person.
- None of the Persons are a Qualifying Free Zone Person.
- The Financial Year of each of the Taxable Persons ends on the same date
- Both Taxable Persons prepare their financial statements using the same accounting standards.

### Article 27

## Business Restructuring Relief

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No Taxable gain or loss arises in the following situations –

- A Taxable Person ("Transferor ") transfers its entire business or an independent part of its Business to another Taxable Person or
- a Person, who will become a Taxable Person because of the transfer in exchange for shares or other ownership interests of the Transferor.

One or more Taxable Persons ("Transferors") transfer their entire Business to another Taxable Person or a Person, who will become a Taxable Person because of the transfer in exchange for shares or other ownership interests of the Transferors, and the Transferors cease to exist because of the transfer.

The above relief is granted only if:

- The transfer complies with all the conditions imposed by the applicable legislation of the UAE.
- The Taxable Persons are o Resident Persons, or
- Non-Resident Persons that have a Permanent Establishment in the UAE.
- None of the Persons is an Exempt Person.
- None of the Persons are a Qualifying Free Zone Person.
- The Financial Year of each of the Taxable Persons ends on the same date.

- The Taxable Persons prepare their financial statements using the same accounting standards.
- The transfer under Clause 1 of this Article is undertaken for valid commercial or other non-fiscal reasons which reflect economic reality.

For such a no-gain-no-loss transfer to be valid, all the following must be observed:

The assets and liabilities transferred shall be treated as transferred at their NBV

The value of the shares or ownership interests received shall not exceed o the NBV of the assets transferred and liabilities assumed (i.e., Net Assets), less

- The value of any other form of consideration received.
- The value of the shares or ownership interests received shall not exceed o the book value of the shares or ownership interests surrendered, less
- The value of any other form of consideration received.
- The no-gain-no-loss transfer of assets and liabilities relief becomes void if, within 02 years from the date of the transfer, any of the following occurs:
- The shares or other ownership interests in the Transferor or the Transferee are sold, transferred, or otherwise disposed of to a Person that is not a member of the Qualifying Group, to which the Transferor and Transferee belong.
- There is a subsequent transfer or disposal of the Business, or the independent part of the Businesses transferred.
- In this case, the transfer of the Business or the independent part of the Business shall be treated as having taken place at Market Value at the date of the transfer.

## Chapter 9 : Deductions

### Article 28

## Deductible Expenditure

Expenditure incurred wholly and exclusively for the purposes of the Taxable Person's Business that is not capital in nature shall be deductible.

Non-deductible expenditures

- a** Expenditure not incurred for the purposes of the Taxable Person's Business.
- b** Expenditure incurred in deriving Exempt Income.
- c** Losses not connected with or arising out of the Taxable Person's Business.
- d** Such other expenditure as may be specified in a decision issued by the Cabinet at the suggestion of the Minister.

If expenditure is incurred for more than one purpose, a deduction shall be allowed for:

- a** Any identifiable part or proportion of the expenditure incurred wholly and exclusively for the purposes of deriving Taxable Income and this identifiable part shall be determined on a fair and reasonable basis.

### Article 29

## Interest Expenditure

Interest expenditure shall be deductible in the Tax Period in which it is incurred subject to limitation rules Net interest expenditure shall be deductible up to 30% of Earnings before the deduction of interest, tax, depreciation, and amortization (EBITDA) excluding exempt income. This should not be exceeded the amount specified by the minister

A Taxable Person's Net Interest Expenditure for a Tax Period is Interest Expense less Interest Income)

- The amount of Net Interest Expenditure disallowed may be carried forward and deducted in the subsequent 10 Tax Periods in the order in which the amount was incurred.
- Interest expenditure disallowed under any other provision of this Decree-Law shall be excluded from the calculation of Net Interest Expenditure.

This provision of interest shall not be applicable to the below persons

- a** A Bank.
- b** An Insurance Provider.
- c** A natural person undertaking a Business or Business Activity in the State.
- d** Any other Person as may be determined by the Minister.

## Article 31

# Specific Interest Deduction Limitation Rule

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Interest on related party loan for the following purpose shall not be allowed

- a** A dividend or profit distribution to a Related Party.
- b** A redemption, repurchase, reduction or return of share capital to a Related Party.
- c** A capital contribution to a Related Party.
- d** The acquisition of an ownership interest in a Person who is or becomes a Related Party following the acquisition.

The above shall not be applicable

- Where the Taxable Person can demonstrate that the main purpose of obtaining the loan and carrying out the transaction referred to under Clause 1 of this Article is not to gain a Corporate Tax advantage
- No Corporate Tax advantage shall be deemed to arise where the Related Party is subject to Tax under the applicable legislation of a foreign jurisdiction on the Interest at a rate not less than the Tax Rate imposed under this Decree-Law.

## Article 32

# Entertainment Expenditure

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A Taxable Person is allowed to deduct 50% of any entertainment, amusement, or recreation expenditure incurred during a Tax Period.

Entertainment expenditure refers to the expenditures incurred for the purposes of receiving and entertaining the Taxable Person's customers, shareholders, suppliers or other business partners, including, but not limited to, expenditure in connection with any of the following:

- Meals.
- Accommodation.
- Transportation.
- Admission fees.
- Facilities and equipment used in connection with such entertainment, amusement, or recreation.
- Such other expenditure as specified by the Minister.

## Non-deductible Expenditure

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No deduction is allowed for:

1. Donations, grants or gifts made to an entity that is not a Qualifying Public Benefit Entity.
2. Fines and penalties, other than amounts awarded as compensation for damages or breach of contract.
3. Bribes or other illicit payments.
4. Dividends, profit distributions or benefits of a similar nature paid to an owner of the Taxable Person.
5. Amounts withdrawn from the Business by a natural person who is a Taxable Person under this Law or a partner in an Unincorporated Partnership.
6. Corporate Tax imposed on a Taxable Person under this Decree-Law.
7. Input Value Added Tax incurred by a Taxable Person that is recoverable under the UAE VAT Law.
8. Tax on income imposed on the Taxable Person outside the UAE.
9. Such other expenditure as specified in a decision issued by the Cabinet at the suggestion of the Minister.

### Chapter 10 : Transactions with Related Parties and Connected Persons

## Arm's Length Principle

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In determining Taxable Income, transactions and arrangements between Related Parties must meet the arm's length standard as specified in this Law.

The arm's length result of a transaction or arrangement between Related Parties must be determined by applying one or a combination of the following transfer pricing methods:

1. The comparable uncontrolled price method.
2. The resale price method.
3. The cost-plus method.
4. The transactional net margin method.
5. The transactional profit split method.

The Taxable Person may apply any transfer pricing method other than the methods listed above, where the taxable person can justify this and other methods are not suitable.

Where the result of the transaction or arrangement between Related Parties does not fall within the arm's length range, the Authority shall adjust the Taxable Income to achieve the arm's length result that best reflects the facts and circumstances of the transaction or arrangement.

Where the Authority or a Taxable Person adjusts the Taxable Income for a transaction or arrangement to meet the arm's length standard, the Authority shall make a corresponding adjustment to the Taxable Income of the Related Party that is party to the relevant transaction or arrangement.

Where a foreign competent authority makes an adjustment to a transaction or arrangement involving a Taxable Person to meet the arm's length standard, such Taxable Person can make an application to the Authority to make a corresponding adjustment to its Taxable Income.

## Article 35

# Related Parties and Control

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- Two or more natural persons who are related within the fourth degree of kinship or affiliation, including by way of adoption or guardianship.
- A natural person and a juridical person where:
  1. The natural person or one or more Related Parties of the natural person are shareholders in the juridical person, and the natural person, alone or together with its Related Parties, directly or indirectly owns a 50% (fifty percent) or greater ownership interest in the juridical person; or
  2. The natural person, alone or together with its Related Parties, directly or indirectly Controls the juridical person.
- Two or more juridical persons where:
  1. One juridical person, alone or together with its Related Parties, directly or indirectly owns a 50% or greater ownership interest in the other juridical person.
  2. One juridical person, alone or together with its Related Parties, directly or indirectly Controls the other juridical person: or
  3. any Person, alone or together with its Related Parties, directly or indirectly owns a 50% or greater ownership interest in or controls such two or more juridical persons.
- A Person and its Permanent Establishment or Foreign Permanent Establishment.
- Two or more Persons that are partners in the same Unincorporated Partnership.
- A Person who is the trustee, founder, settlor or beneficiary of a trust or foundation, and its Related Parties.

## Article 36

# Payments to Connected Persons

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A payment or benefit provided by a Taxable Person to its Connected Person shall be deductible only if and to the extent the payment or benefit corresponds with the Market Value of the service, benefit or otherwise provided by the Connected Person and is incurred wholly and exclusively for the purposes of the Taxable Person's Business.

Below are connected persons

- a** An owner of the Taxable Person.
- b** A director or officer of the Taxable Person.
- c** A Related Party of any of the Persons of the above persons
  1. An owner of the Taxable Person is any natural person who directly or indirectly owns an ownership interest in the Taxable Person or Controls such Taxable Person.
  2. Where the Taxable Person is a partner in an Unincorporated Partnership, a Connected Person is any other partner in that same Unincorporated Partnership, and any Person that is a Related Party of that partner.

Clause 1 of this Article shall not apply to any of the following:

- a** A Taxable Person whose shares are traded on a Recognized Stock Exchange.
- b** A Taxable Person that is subject to the regulatory oversight of a competent authority in the State.
- c** Any other Person as may be determined in a decision issued by the Cabinet at the suggestion of the Minister.

Article 37

## Tax Loss Relief

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A Tax Loss can be offset against the Taxable Income of subsequent Tax Periods to arrive at the Taxable Income

Only 75% of the taxable income can be set off through carry forward of loss

- Below tax loss can't be set off
- Losses incurred before the date of commencement of Corporate Tax.
- Losses incurred before a Person becomes a Taxable Person

Article 38

## Transfer of Tax Loss

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A Tax Loss or a portion there of may be offset against the Taxable Income of another Taxable Person, below are the conditions  
Both Taxable Persons are juridical persons

- Both Taxable Persons are Resident Persons.
- Either Taxable Person has a direct or indirect ownership interest of at least 75% in the other, or a third Person has a direct or indirect ownership interest of at

The common ownership referred above must exist from the start of the Tax Period in which the Tax Loss is incurred to the end of the Tax Period in which the other Taxable Person offsets the Tax Loss transferred against its Taxable Income.

- None of the Persons is an Exempt Person.
- None of the Persons is a Qualifying Free Zone Person.
- The Financial Year of each of the Taxable Persons ends on the same date.  
Both Taxable Persons prepare their financial

Where a Taxable Person transfers its Tax Loss to another Taxable Person –

- The Taxable Person which the Tax Loss is transferred to shall reduce its Taxable Income for the relevant Tax Period;
- The total Tax Loss offset shall not exceed the amount allowed under this-Law (75% limit or as may be prescribed); and
- The Taxable Person shall reduce its available Tax Losses by the amount of the Tax Loss transferred to the other Taxable Person for the relevant Tax Period.

Article 39

## Limitation on Tax Losses Carried Forward

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Tax Losses can only be carried forward if

1. At least 50% ownership interest should be continued by the same persons or
2. Same or similar business is continued if 50% ownership does not meet



## Tax Group

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### CONDITIONS FOR FORMATION OF A TAX GROUP

A Resident Person, referred to as a "Parent Company", can make an application to the Authority to form a Tax Group with one or more other Resident Persons, each referred to as a "Subsidiary" for the purposes of this Chapter, where all the following conditions are met:

- The Resident Persons are juridical persons.
- The Parent Company owns at least 95% of the share capital of the Subsidiary, either directly or indirectly through one or more Subsidiaries.
- The Parent Company holds at least 95% of the voting rights in the Subsidiary, either directly or indirectly through one or more Subsidiaries.
- The Parent Company is entitled to at least 95% of the Subsidiary's profits and net assets, either directly or indirectly through one or more Subsidiaries.
- Neither the Parent Company nor the Subsidiary is an Exempt Person.
- Neither the Parent Company nor the Subsidiary is a Qualifying Free Zone Person.
- The Parent Company and the Subsidiary have the same Financial Year.
- Both the Parent Company and the Subsidiary prepare their financial statements using the same accounting standards.
- One or more Subsidiaries in which a Government Entity directly or indirectly owns at least a 95% ownership interest can form a Tax Group, subject to the conditions to be prescribed by the Authority.
- An application shall be made to the Authority by the Parent Company and each Subsidiary seeking to become members of the Tax Group.

### CONSEQUENCE OF A TAX GROUP

- A Tax Group formed this way is treated as a single Taxable Person for the purposes of this Law, represented by the Parent Company.
- The Parent Company shall comply with all obligations set out in this Law on behalf of the Tax Group.
- The Parent Company and each Subsidiary shall be jointly and severally liable for Corporate Tax Payable by the Tax Group for those Tax Periods when they are members of the Tax Group.
- The joint and several liability for a Tax Period can be limited to one or more members of the Tax Group following approval by the Authority.
- The Parent and each Subsidiary shall remain responsible for complying with the provisions of this Law.

### DATE OF FORMATION AND CESSATION OF A TAX GROUP

- A Tax Group shall be formed, or a new Subsidiary shall join an existing Tax Group from the beginning of the Tax Period specified in the application submitted to the Authority, or from the beginning of any other Tax Period determined by the Authority.
- A member of a Tax Group shall be treated as leaving that Tax Group from the beginning of the Tax Period specified in the application submitted to the Authority, or from the beginning of any other Tax Period determined by the Authority.
- A member of a Tax Group shall be treated as leaving that Tax Group from the beginning of the Tax Period in which the conditions for formation of a Tax Group are no longer met.

## TAXABLE INCOME OF A TAX GROUP

- To ascertain the Taxable Income of a Tax Group, the Parent Company shall consolidate the financial results, assets, and liabilities of each Subsidiary for the relevant Tax Period, eliminating transactions between the Parent Company and each Subsidiary that is a member of the Tax Group.
- The relevant provisions of this Law shall apply as the context requires to the Tax Group.

## PRE/POST-GROUPING TAX LOSSES AND CHANGES IN TAX GROUP

- Unutilized Tax Losses of a Subsidiary that joins a Tax Group (referred to in this Article as “pre-Grouping Tax Losses”) shall become carried forward Tax Losses of the Tax Group and can be used to offset the Taxable Income of the Tax Group insofar this income is attributable to the relevant Subsidiary.
- Where a new Subsidiary joins an existing Tax Group, unutilized Tax Losses of the existing Tax Group cannot be used to offset the Taxable Income of the Tax Group insofar this income is attributable to the new Subsidiary.
- Unutilized Pre-Grouping Tax Losses of Subsidiary or Tax Group are subject to general provisions for Tax Losses of this Law.
- Where a Subsidiary leaves a Tax Group, Tax Losses of the Tax Group shall remain with the Tax Group, except for any unutilized pre-Grouping Tax Losses of the relevant Subsidiary.
- On cessation of a Tax Group, unutilized Tax Losses of the Tax Group shall be allocated as follows:
  - Where the Parent continues to be a Taxable Person, all Tax Losses shall remain with the Parent Company.
  - Where the Parent ceases to be a Taxable Person, Tax Losses of the Tax Group shall not be available for offset against future Taxable Income of individual Subsidiaries, apart from any unutilized pre-Grouping Tax Losses of such Subsidiaries.
- The above embargo shall not apply where there is a continuation of the Tax Group by replacement of the Parent under this Law.
- The requirement to consolidate shall not apply where an asset or liability has been transferred between members of the Tax Group and either the Transferor or Transferee leaves the Tax Group within 02 years from the date of the transfer, unless the associated income would have been exempt from Corporate Tax or not considered under any other provisions of this Law.
- Any income that was not considered with regards to a transfer described above shall be considered on the date the Transferor or Transferee leaves the Tax Group and shall result in a corresponding adjustment of the cost base for Corporate Tax purposes of the relevant asset or liability.
- The Tax Group must prepare consolidated financial statements in accordance with accounting standards applied in the UAE.

## Chapter 13 : Calculation of Corporate Tax Payable

### Article 43

## Currency

AED is the  
currency

Any other currency should be  
converted using central bank  
exchange rate

## Article 44

# Calculation and Settlement of Corporate Tax

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The Corporate Tax due under this Decree-Law is settled in the following order:

- First, by using the Taxable Person's available Withholding Tax (WHT) Credit, as specified under this Law.
- Next is taxable person's available Foreign Tax Credit as determined under this Law.
- Next is by using any credits or other forms of relief as specified in a decision issued by the - cabinet at the suggestion of the Minister.
- To the extent there is a residual amount after WHT Credit, FT Credit and other Credits and Reliefs, this amount of Corporate Tax Payable must be settled in the manner prescribed in the Law

## Article 45

# Withholding Tax

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- The following income shall be subject to Withholding Tax at the rate of 0% (zero percent) or any other rate as specified in a decision issued by the Cabinet at the suggestion of the Minister:
- The categories of UAE Sourced Income derived by a NR Person as prescribed in the Law, insofar such income is not attributable to a Permanent Establishment of the NR Person in the UAE.
- Any other income as specified in a decision issued by the Cabinet at the suggestion of the Minister.
- The Withholding Tax payable shall be deducted from the gross amount of the payment and remitted to the Authority in the form and manner and within the timeline prescribed by the Authority

## Article 46

# Withholding Tax Credit

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- If a Person becomes a Taxable Person in a Tax Period, the Person's Corporate Tax due can be reduced by the amount of Withholding Tax Credit for that Tax Period.
- The maximum Withholding Tax Credit under this Decree-Law is the lower of:
- The amount of Withholding Tax deducted under Clause 2 of Article 45 of this Decree-Law.
- The Corporate Tax due under this Decree-Law.
- Any excess Withholding Tax Credit for a Tax Period shall be refunded to the Taxable Person in accordance with this Law.

## Article 47

# Foreign Tax Credit

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- Corporate Tax due can be reduced by the amount of Foreign Tax Credit for the relevant Tax Period.
- The Foreign Tax Credit under this Law cannot exceed the amount of Corporate Tax due on the relevant income.
- Any unutilized Foreign Tax Credit cannot be carried forward or carried back.
- A Taxable Person shall maintain all necessary records for the purposes of claiming a Foreign Tax Credit.

Article 48

## Corporate Tax Payment

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A Taxable Person must settle the Corporate Tax Payable under this Decree-Law within (9) nine months from the end of the relevant Tax Period, or by such other date as determined by the Authority.

Article 49

## Corporate Tax Refund

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A Taxable Person may make an application to the Authority for a Corporate Tax refund in accordance with the provisions of the Tax Procedures Law in the following circumstances:

- The Withholding Tax Credit available to a Taxable Person exceeds the Taxable Person's Corporate Tax Payable.
- Where the Authority is otherwise satisfied that the Taxable Person has paid Corporate Tax more than the Taxable Person's Corporate Tax Payable.
- The Authority shall issue the Taxable Person a notice of the Authority's decision on an application under
- Clause 1 of this Article in accordance with the Tax Procedures Law.

Article 50

## General Anti-abuse Rule

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These Rules apply to a transaction or an arrangement if it can be reasonably concluded that:

- The entering into or carrying out of the transaction or arrangement, or any part of it, is not for a valid commercial or other non-fiscal reason, which reflects economic reality; and
- The main purpose or one of the main purposes of the transaction or arrangement, or any part of it, is to obtain a Corporate Tax advantage that is not consistent with the intention or purpose of this Law.

For the purposes of this Article, a Corporate Tax advantage includes, but is not limited to the following:

- A refund or an increased refund of Corporate Tax.
- Avoidance or reduction of Corporate Tax Payable.
- Deferral of a payment of Corporate Tax or advancement of a refund of Corporate Tax.
- Avoidance of an obligation to deduct or account for Corporate Tax.

### THE AUTHORITY'S PREROGATIVE FOR ANTI-ABUSE

Where these Rule apply to a transaction or arrangement, the Authority may decide that one or more specified Corporate Tax advantages obtained because of the transaction or arrangement are to be counteracted or adjusted.

If such a determination is made, the Authority must issue an assessment giving effect to the determination, which may include:

- allowing or disallowing any exemption, deduction, or relief in calculating the Taxable Income or the Corporate Tax Payable, or any part thereof.
- allocating any such exemption, deduction or relief, or any part thereof, to any other Persons.

- recharacterizing the nature of any payment or other amount, or any part thereof; or
- disregarding the effect that would otherwise result from the application of other provisions of this Law and can make compensating adjustments to the Corporate Tax liability of any other Person affected by the determination made by the Authority.

To determine whether these Rules apply to a transaction or arrangement, the following must be considered:

- The way the transaction or arrangement was entered into or carried out.
- The form and substance of the transaction or arrangement.
- The timing of the transaction or arrangement.
- The result of the transaction or arrangement in relation to the application of this Decree-Law.

Any change in the financial position of the Taxable Person that has resulted, will result, or may reasonably be expected to result, from the transaction or arrangement.

Any change in the financial position of another Person that has resulted, will result, or may reasonably be expected to result, from the transaction or arrangement.

Whether the transaction or arrangement has created rights or obligations which would not normally be created between Persons dealing with each other at arm's length in respect of the relevant transaction or arrangement.

Any other relevant information and circumstances.

In any proceeding concerning the application of these Rules, the Authority must demonstrate that the determination so made is just and reasonable.

## Article 51

# Tax Registration

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### A. TAX REGISTRATION

- Any Taxable Person shall register for Corporate Tax with the Authority in the form and manner and within the timeline prescribed by the Authority and obtain a Tax Registration Number, except in circumstances prescribed by the Minister.
- For an exemption from Corporate Tax under this Law or for provisions related to Tax Returns, the Authority may require the relevant Exempt Person as prescribed in this Law, or the Unincorporated Partnership to register for Corporate Tax and obtain a Tax Registration Number.
- The Authority shall, at its discretion and based on information available to the Authority, can register a Person for Corporate Tax effective from the date the Person became a Taxable Person.

### B. TAX DEREGISTRATION

A Person with a Tax Registration Number shall file a Tax Deregistration application with the Authority where there is a cessation of its Business or Business Activity, whether by dissolution, liquidation, or otherwise, in the form and manner and within the timeline prescribed by the Authority.

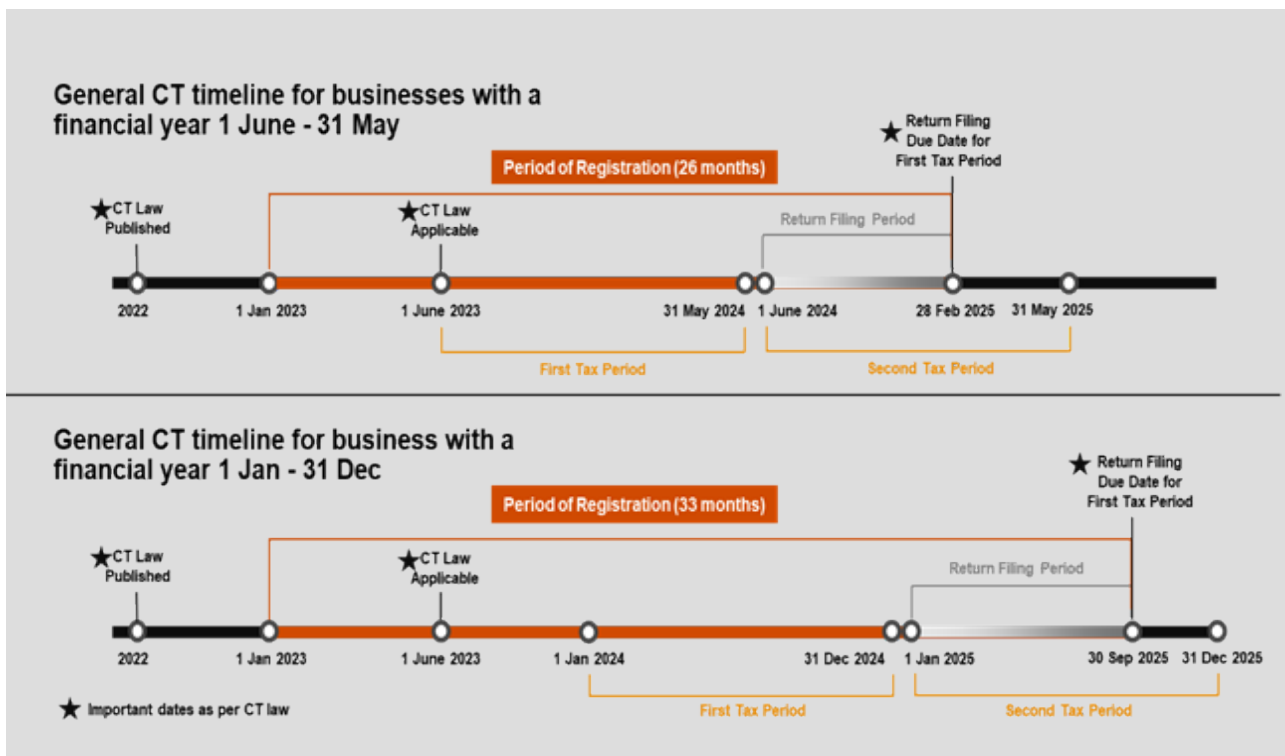
- A Taxable Person shall not be deregistered unless it has paid all Corporate Tax and Administrative Penalties due and filed all Tax Returns due under this Law, including its Tax Return for the Tax Period up to and including the date of cessation.
- If the Tax Deregistration application is approved, the Authority shall deregister the Person for Corporate Tax purposes with effect from the date of cessation or from such other date as may be determined by the Authority.
- Where a Person does not comply with the Tax Deregistration requirements under this Article, the Authority may, at its discretion and based on information available to the Authority, deregister the Taxable Person effective from the later of either:
  - The last day of the Tax Period in which it became apparent to the Authority that the conditions stopping the Person from being granted De-Registration have been removed; or
  - The date the Taxable Person ceases to exist.

# Tax Returns

Subject to Article 51 of this Decree-Law, a Taxable Person must file a Tax Return, as applicable, to the Authority in the form and manner prescribed by the Authority no later than (9) nine months from the end of the relevant Tax Period, or by such other date as directed by the Authority.

- The Tax Return shall include at least the following information, as applicable:
    - The Tax Period to which the Tax Return relates.
    - The name, address, and Tax Registration Number of the Taxable Person.
    - The date of submission of the Tax Return.
    - The accounting basis used in the financial statements.
    - The Taxable Income for the Tax Period.
  - The amount of Tax Loss relief claimed under this Law.
  - The amount of Tax Loss transferred under this Law.
  - The available tax credits claimed under this Law.
  - The Corporate Tax Payable for the Tax
- A Taxable Person shall provide the Authority with any such information, documents or records as shall be reasonably required by the Authority for the purposes of implementing the provisions of this Law.
  - The Minister may prescribe the form and the way a Tax Return and other information is to be filed with the Authority by a Taxable Person where the disclosure of information may impede national security or may be contrary to the public interest.
  - The Authority may request a Person to submit a declaration.
  - The Authority may, by notice or through a decision issued by the Authority, request the authorized partner in an Unincorporated Partnership that has not had an application approved to be treated as a Taxable Person to file a declaration on behalf of all the partners in the Unincorporated Partnership. The Parent Company must file a Tax Return to the Authority on behalf of the Tax Group.

Illustrated below are examples of the registration, filing and payment deadlines associated for Taxable Persons with a Tax Period (Financial Year) ending on 31 May or 31 December (respectively).



## Article 54

# Financial Statements

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The Authority may, by notice or through a decision issued by the Authority, request a Taxable Person to submit the financial statements used to determine the Taxable Income for a Tax Period in the form and manner and within the timeline prescribed by the Authority.

The Minister may issue a decision requiring categories of Taxable Persons to prepare and maintain audited or certified financial statements.

The Authority may request a partner in an Unincorporated Partnership to provide financial statements showing all the following:

- The total assets, liabilities, income, and expenditure of the Unincorporated Partnership.
- The partner's distributive share in the Unincorporated Partnership's assets, liabilities, income, and expenditure.

## Article 55

# Transfer Pricing Documentation

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The Authority may, by notice or through a decision issued by the Authority, require a Taxable Person to file together with their Tax Return a disclosure containing information regarding the Taxable Person's transactions and arrangements with its Related Parties and Connected Persons in the form prescribed by the Authority.

If a Taxable Person's transactions with its Related Parties and Connected Persons for a Tax Period meet the conditions prescribed by the Minister, the Taxable Person must maintain both a master file and a local file in the form prescribed by the Authority.

The documentation must be submitted to the Authority within 30 days following a request by the Authority, or by any such other later date as directed by the Authority.

Upon request by the Authority, a Taxable Person shall provide the Authority with any information to support the arm's length nature of the Taxable Person's transactions or arrangements with its Related Parties and Connected Persons, within 30 days following the request by the Authority, or by any such other later date as directed by the Authority.

## Article 56

# Record Keeping

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A Taxable Person shall maintain all records and documents for a period of 07 seven years following the end of the Tax Period to which they relate that:

- Support the information to be provided in a Tax Return or in any other document to be filed with the Authority
- Enable the Taxable Person's Taxable Income to be readily ascertained by the Authority.

An Exempt Person shall maintain all records that enable the Exempt Person's status to be readily ascertained by the Authority for a period of 07 seven years following the end of the Tax Period to which they relate

## Article 57

# Tax Period

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A Taxable Person's Tax Period is the Financial Year or part thereof for which a Tax Return is required to be filed.

The Financial Year of a Taxable Person shall be the Gregorian calendar year, or the 12 twelve-month period for which the Taxable Person prepares financial statements.

## Article 58

# Change of Tax Period

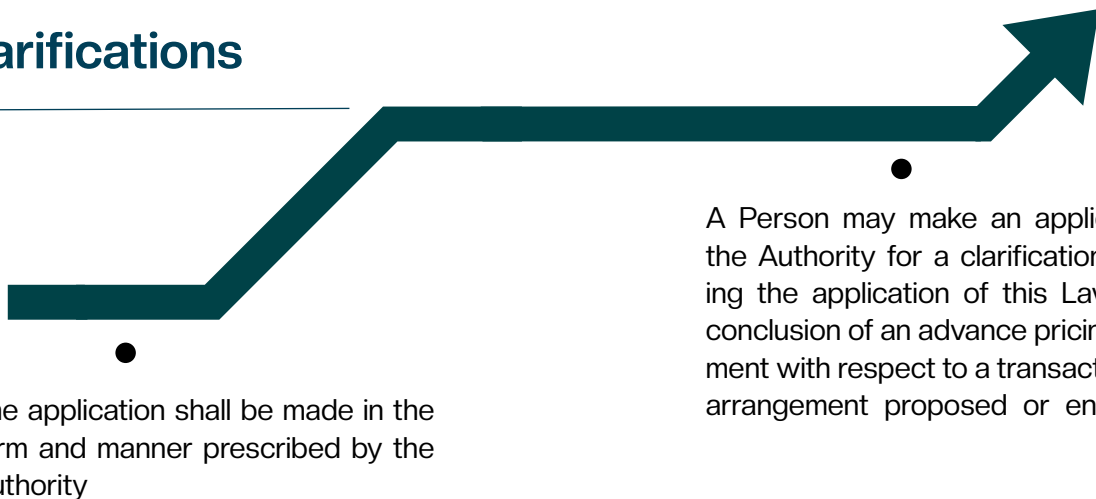
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A Taxable Person can make an application to the Authority to change the start and end date of its Tax Period, or use a different Tax Period, subject to conditions to be set by the Authority.

## Article 59

# Clarifications

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## Chapter 18 : Violations and Penalties

## Article 60

# Assessment of Corporate Tax and Penalties

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- A Person may be subject to a Corporate Tax assessment in accordance with the Tax Procedures Law and the decisions issued in the implementation of its provisions.
- Notwithstanding the provisions of the Tax Procedures Law and the decisions issued in the implementation of its provisions, the Authority may prescribe the circumstances and conditions under which a Corporate Tax assessment may be requested by a Taxable Person or issued by the Authority.
- The Tax Procedures Law and the decisions issued in the implementation of its provisions shall determine the relevant penalties and fines relevant to the implementation of this Law.



Article 61

## **Transitional Rules**

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A Taxable Person's opening balance sheet for Corporate Tax purposes shall be the closing balance sheet prepared for financial reporting purposes under accounting standards applied in the State on the last day of the Financial Year that ends immediately before their first Tax Period commences, subject to any conditions or adjustments that may be prescribed by the Minister

The opening balance sheet referred to in Clause 1 of this Article shall be prepared taking into consideration the arm's length principle in accordance with Article 34 of this Decree-Law.

For the purposes of Clauses 1 and 2 of this Article, and as an exception to the provisions of Article 70 of this Decree-Law, the provisions of Article 50 of this Decree-Law shall apply to transactions or arrangements entered on or after the date this Decree-Law is published in the Official Gazette.

The Cabinet may, at the suggestion of the Minister, issue a decision prescribing other transitional measures

Article 62

## **Delegation of Power**

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The Minister may delegate his powers under this Decree-Law, in full or in part, to the Authority, where the Minister deems appropriate.

Article 63

## **Administrative Policies and Procedures**

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The administrative policies, procedures and general instructions in relation to the requirements imposed on a Person under this Law shall be issued by the Authority in coordination with the Ministry.

Article 64

## **Cooperating with the Authority**

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All governmental authorities in the UAE shall fully cooperate with the Authority to carry out whatever is required to implement the provisions of this Law and provide the Authority with any data, information and documentation in respect of a Taxable Person, or an Exempt Person as may be requested by the Authority.

Article 65

## Revenue Sharing

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Corporate Tax revenues and Administrative Penalties collected under this Decree-Law shall be subject to sharing between the Federal Government and the Local Governments based on the provisions of a federal law issued in this regard.

Article 66

## International Agreements

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To the extent the terms of an international agreement that is in force in the UAE are inconsistent with the provisions of this Decree-Law, the terms of the international agreement shall prevail.

Article 67

## Implementing Decisions

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Subject to the powers conferred to the Cabinet under this Law, the Minister and the Authority shall issue the necessary decisions, within their respective powers, to implement the provisions of this Law

The Cabinet may, at the suggestion of the Minister, issue implementing decisions for this Decree-Law.

Article 68

## Cancellation of Conflicting Provisions

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Any text or provisions contrary to or inconsistent with the provisions of this Law shall be abrogated.

Article 69

## Application of this Decree-Law to Tax Periods

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This Decree-Law shall apply to Tax Periods commencing on or after 1 June 2023.

Article 70

## Publication and Application of this Decree-Law

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This Decree-Law shall be published in the Official Gazette and shall come into effect 15 days following the date of publication.



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