



**CORPORATE TAX**  
**IN THE UAE**  
**FEDERAL DECREE**  
**LAW NO. 47 OF 2022**  
**HIGHLIGHTS**  
**VERSION 3.0**

# Preface

During the past few years, we have witnessed significant tax reforms which reaffirms the UAE's commitment to meeting international standards for tax transparency and preventing harmful tax practices. We, Emirates Chartered Accountants Group [ECAG], are committed in supporting the Business Communities in the UAE on their pursuit to understand the proposed Corporate Tax and Transfer Pricing compliance, in a simplified manner.

UAE Corporate Tax is the most awaited regulatory enactment among the tax professionals and business communities at large. Immediately upon release of the Corporate Tax Regulation [Federal Decree Law Number No. 47 of 2022, hereafter known as the CT Law], the tax experts in ECAG have comprehensively analyzed and summarized the provisions of CT Law in lucid terms, considering the interest of our readers.

The contents herein are only highlights of the CT Law which has been developed within a couple of hours from release of the CT Law and does not include any analysis on application of the provisions of the Law. A detailed analysis of the Law will be done by our team in the coming days and will be shared with you at the earliest.

I would like to take this opportunity to ponder my appreciation to the masterminds of ECAG for their relentless support in publishing these highlights on Corporate Tax in the UAE. I sincerely admire the efforts that has been put to share the salient points of the Law and hope that our readers find this document purposeful.

This handbook is prepared by the ECAG team in its own capacity by summarizing the Law and does not interpret or represent the views of the Ministry of Finance or the Federal Tax Authority.



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# 1. Definitions

Chapter as per Law	Article as per Law	Subject
Chapter 1	Article 1	General Provisions

## Significant Definitions

- **Corporate Tax:** The tax imposed by this Decree-Law on juridical persons and Business income.
- **Business:** Any activity conducted regularly, on an ongoing and independent basis by any Person and in any location, such as industrial, commercial, agricultural, vocational, professional, service or excavation activities or any other activity related to the use of tangible or intangible properties.
- **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.
- **Person:** Any natural person or juridical person.
- **Business Activity:** Any transaction or activity, or series of transactions or series of activities conducted by a Person in the course of its Business.
- **State's Territory:** The State's lands, territorial sea and airspace above it.
- **Natural Resources:** Water, oil, gas, coal, naturally formed minerals, and other non-renewable, non-living natural resources that may be extracted from the State's Territory.
- **Qualifying Public Benefit Entity:** Any entity that meets the conditions set out in Article 9 of this Decree-Law and that is listed in a decision issued by the Cabinet at the suggestion of the Minister.
- **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.
- **Taxable Person:** A Person subject to Corporate Tax in the State under this Decree-Law.
- **Taxable Income:** The income that is subject to Corporate Tax under this Decree-Law.
- **Tax Return:** Information filed with the Authority for Corporate Tax purposes in the form and manner as prescribed by the Authority, including any schedule or attachment thereto, and any amendment thereof.
- **Tax Period:** The period for which a Tax Return is required to be filed.
- **Free Zone:** A designated and defined geographic area within the State that is specified in a decision issued by the Cabinet at the suggestion of the Minister.
- **Free Zone Person:** A juridical person incorporated, established or otherwise registered in a Free Zone, including a branch of a Non-Resident Person registered in a Free Zone.
- **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.
- **Corporate Tax Payable:** Corporate Tax that has or will become due for payment to the Authority in respect of one or more Tax Periods.
- **Foreign 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 laws of a foreign jurisdiction.
- **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.
- **Tax Registration:** A procedure under which a Person registers for Corporate Tax purposes with the Authority.
- **Tax Registration Number:** A unique number issued by the Authority to each Person who is registered for Corporate Tax purposes in the State.
- **Tax Deregistration:** A procedure under which a Person is deregistered for Corporate Tax purposes with the Authority.
- **Tax Procedures Law:** The federal law that governs tax procedures in the State.
- **Administrative Penalties:** Amounts imposed and collected under this Decree-Law or the Tax Procedures Law.

## 2. General Provisions

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 2	Article 2 & 3	Imposition of Corporate Tax and Applicable Rates	<ul style="list-style-type: none"> <li>• <b>Corporate tax rate on taxable income of all entities</b> <ul style="list-style-type: none"> <li>○ 0% - when taxable income does not exceed AED 375,000/-*</li> <li>○ 9% - on taxable income that exceeds AED 375,000/-*</li> </ul> </li> <li>• <b>Corporate tax rate for Free Zone Person</b> <ul style="list-style-type: none"> <li>○ 0% - on Qualifying income</li> <li>○ 9% - for not Qualifying income</li> </ul> </li> <li>• Corporate tax shall be payable to the Federal Tax Authority of UAE.</li> </ul> <p><i>*subject to confirmation in Cabinet Decision</i></p>
Chapter 3	Article 4, 5 & 6	Exempt person	<p><b>Government entities and Government controlled entities</b></p> <ul style="list-style-type: none"> <li>• Government entities / government-controlled entities exempt from Corporate Tax.</li> <li>• Government entities subject to provision of Decree Law if it conducts business under a license issued by a licensing authority.</li> <li>• Transactions between mandated activities and other business conducted under a license shall be considered as Related Party Transactions.</li> </ul>
Chapter 3	Article 4, 7 & 8	Exempt person	<p><b>Extractive / Non – Extractive Natural Resource Business</b></p> <ul style="list-style-type: none"> <li>• Income derived from extractive businesses is exempt from corporate tax subject to certain conditions.</li> <li>• Ancillary business, the revenue from which does not exceed 5% would form part of the extractive business.</li> <li>• Other businesses shall be considered as separate business and transactions between the two considered as related party transactions.</li> </ul>



## 2. General Provisions

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 3	Article 4 & 9	Exempt Person	<p><b>Qualifying Public Benefit Entity</b></p> <ul style="list-style-type: none"> <li>Qualifying Public Benefit Entity shall be treated as an exempt person if required conditions (specified activities/purpose, not for profit, make due application) are fulfilled.</li> </ul>
Chapter 3	Article 4 & 10	Exempt Person	<p><b>Qualifying Investment Fund</b></p> <ul style="list-style-type: none"> <li>The exemption applies provided:           <ul style="list-style-type: none"> <li>Investment funds or their managers are subject to regulatory oversight by UAE competent authorities or prescribed foreign competent authorities.</li> <li>Fund interests are traded on a Recognized Stock Exchange, or the fund is widely marketed and available to investors.</li> <li>Investment funds are not intended to avoid corporate taxes.</li> </ul> </li> </ul>
Chapter 3	Article 4	Exempt Person	<p><b>Pension or social security fund</b></p> <ul style="list-style-type: none"> <li>A pension or social security fund, either public or private, that is subject to regulatory oversight by the competent authority in the UAE shall be exempt, subject to fulfillment of the requirements as prescribed by the Minister of Finance.</li> </ul>
Chapter 3	Article 4	Exempt Person	<ul style="list-style-type: none"> <li>Juridical person incorporated in the UAE that is wholly owned and controlled by an Exempt Person is also exempt subject to fulfillment of certain conditions.</li> </ul>

# 3. Taxable Person

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 4	Article 11	Taxable Person	<ul style="list-style-type: none"> <li>A taxable person shall be either a Resident Person or a Non-Resident Person including a natural person.</li> <li>Resident and Non-resident specifically defined.</li> <li>Branch of a taxable person considered same as Taxable Person.</li> </ul>
Chapter 4	Article 16	Unincorporated Partnership	<ul style="list-style-type: none"> <li>Unincorporated Partnerships shall not be considered as taxable person.</li> <li>Partners shall be treated as individual taxable persons here.</li> <li>The partners can make an application to the Authority to treat Unincorporated Partnership as a Taxable Person.</li> </ul>
Chapter 4	Article 17	Family Foundation	<p>A Family Foundation can be treated as an Unincorporated Partnership where:</p> <ul style="list-style-type: none"> <li>It was established for the benefit of identifiable natural persons; and</li> <li>the principal activity of the foundation is to manage assets or funds associated with savings or investment; and</li> <li>It was not formed for the avoidance of corporate tax.</li> </ul>
Chapter 4	Article 25	Non-Resident Person Operating Aircraft or Ships in International Transportation	<ul style="list-style-type: none"> <li>Income derived by a Non-Resident Person from the operation of aircraft or ships in international transportation shall <b>not be subject to Corporate Tax</b> where the non-resident person is in the business of international transport (passengers, mails, livestock), leasing aircrafts or ships.</li> </ul>

# 4. Base of Taxation

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 4	Article 12	Corporate Tax Base	<ul style="list-style-type: none"> <li>• A resident juridical person is subject to Corporate Tax on its taxable income derived from the UAE or from outside UAE.</li> <li>• A resident natural person is subject to tax on his income derived from business activity in the UAE or outside the UAE.</li> <li>• A Non-Resident Person is subject to Corporate Tax on the following:               <ul style="list-style-type: none"> <li>○ Taxable Income attributable to the Permanent Establishment</li> <li>○ Any other income sourced in the UAE</li> <li>○ Taxable income attributable to the nexus of the Non-resident in UAE</li> </ul> </li> </ul>
Chapter 4	Article 13	State Sourced Income	<p>Income shall be considered Sourced in the UAE, if:</p> <ul style="list-style-type: none"> <li>• It is derived from a Resident Person</li> <li>• Derived from a Non-resident in connection with its PE in the UAE</li> <li>• Derived from activities performed, assets located, capital invested, rights used, or services performed or benefitted from in the UAE.</li> </ul>



# 5. Permanent Establishment

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 4	Article 14	Permanent Establishment [PE]	<ul style="list-style-type: none"> <li>The Definition of Permanent Establishment as specified in the Regulation is broadly similar to the Permanent Establishment as explained in OECD Model Tax Convention , Article 5.</li> </ul>
Chapter 7	Article 24	Foreign Permanent Establishment Exemption	<ul style="list-style-type: none"> <li>Option available for resident taxable person to make an election to not consider income and expenditure of its Foreign Permanent Establishments in determining its Taxable Income if such foreign PE is subject to CT at a rate higher than UAE CT rate.</li> </ul>

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# 6. Freezone

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 5	Article 18	Qualifying Freezone Person	<p><b>Corporate Tax Applicability for Freezone Persons:</b></p> <ul style="list-style-type: none"> <li>• Free Zone Persons eligible for <b>zero %</b> of Corporate Tax are known as <b>Qualifying Free Zone Person</b>.</li> <li>• Some of the Free Zones stipulates specific period of Tax incentives for the entities registered under them. The eligibility of 0% of tax will be only for the remaining period of Tax incentive stipulated in the respective Free Zone Legislation.</li> <li>• Qualifying Free Zone Person is a Free Zone Person that meets the following conditions:               <ol style="list-style-type: none"> <li>1. Maintains adequate substance in the State.</li> <li>2. Comply with the provisions of Arm's Length Principle and Transfer Pricing Documentation</li> <li>3. Derives Qualifying Income (The Cabinet will issue a decision, what kind of income will be considered as Qualifying Income).</li> </ol> </li> <li>• If such Qualifying Free Zone Person fails to meet any of the above conditions during any particular Tax Period, he will be taxed at 9% rate from the beginning of the Tax Period</li> </ul>
Chapter 5	Article 19	Election to be Subject to Corporate Tax	<ul style="list-style-type: none"> <li>• A Qualifying Free Zone Person has right to elect to be subject to Corporate Tax at the rates of 9%</li> </ul>

# 7. Calculation of CT Payable

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 6	Article 20	Taxable Income	<ul style="list-style-type: none"> <li>Financial statements to be prepared in accordance with the accounting standards</li> <li>Option for preparation of accounts on cash basis</li> <li>Specified adjustment to the taxable Income prescribed</li> <li>When accounts are prepared on accrual basis, assets and liabilities to be considered at fair value on impairment basis and unrealised gain and loss.</li> </ul>
Chapter 6	Article 21	Small Business Relief	<ul style="list-style-type: none"> <li>Small business can elect to be out of having taxable income if it meets;               <ul style="list-style-type: none"> <li>Threshold that shall be conveyed by Minister</li> <li>Other conditions for eligibility</li> </ul> </li> <li>Once the business is under the small business category, other provisions of exemption, relief, deductions, tax loss relief, etc shall not be applicable</li> </ul>
Chapter 13	Article 43	Currency	<ul style="list-style-type: none"> <li>All amounts to be quantified in United Arab Emirates dirham (AED)</li> <li>Amounts quantified in any other currency to be converted at applicable Exchange Rate set by Central Bank of the UAE.</li> </ul>
Chapter 13	Article 44	Calculation and Settlement	<p>As per the article, the due Corporate Tax will be settled as per Article 48 after setting off the following available credits in the below order:</p> <ol style="list-style-type: none"> <li>Available Withholding Tax Credit</li> <li>Available Foreign Tax Credit</li> <li>Any credits or other forms of relief specified in Decisions</li> </ol> <p>Balance amount must be paid and settled</p>

# 8. Withholding Tax

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 13	Article 45	Withholding Tax	<p>The following income shall be subject to <b>WHT at 0%</b> or any other rate as specified by the Minister:</p> <ul style="list-style-type: none"> <li>a. UAE sourced income derived by non-resident person as prescribed in the decision issued (not attributable to a PE)</li> <li>b. Any other income specified by the Minister</li> </ul>
Chapter 13	Article 46	Withholding Tax Credit	<ul style="list-style-type: none"> <li>• The CT payable due can be reduced by the amount of Withholding tax credit for the respective tax period.</li> <li>• Maximum credit available shall not exceed the corporate tax due</li> </ul>

# 9. Exempt Income

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 7	Article 22	Exempt Income	<ul style="list-style-type: none"> <li>• Dividends and other profit distributions received from:               <ul style="list-style-type: none"> <li>○ UAE incorporated or resident legal person</li> <li>○ Participating Interest in a foreign juridical person</li> <li>○ Other Income from participating interest</li> </ul> </li> <li>• Income of a Foreign Permanent Establishment when elected to claim exemption</li> <li>• Income derived by a Non-Resident Person from operating aircraft or ships in international transportation</li> </ul>
Chapter 7	Article 23	Participation Exemption	<ul style="list-style-type: none"> <li>• Income from participating Interest is exempt, subject the certain conditions of holding (minimum 12 months), tax rate in foreign jurisdiction (atleast rate applicable in the UAE), ownership (atleast 5%), etc.</li> <li>• Participation in Qualifying Free Zone Person also similar to the conditions for foreign participation</li> </ul>

# 10. Intra Group Transfers – Reliefs

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 8	Article 26	Transfers within a Qualifying Group	<ul style="list-style-type: none"> <li>The transfer of assets or liabilities between the members of the Qualifying Group - Tax Neutral</li> <li>Tax group can be formed by residents or non-residents having a PE in the UAE having atleast 75% ownership</li> <li>Other conditions to form Tax Group remains (as in the Public Consultation Document)</li> </ul> <p><b>Value of transfer</b></p> <ul style="list-style-type: none"> <li>Value of assets or liabilities : net book value at the time of transfer</li> <li>Value of consideration paid or received: net book value of assets or liabilities</li> </ul> <p><b>Exception:</b></p> <p>The benefit shall be reversed if any of the following occurs within 2 years from the date of transfer:</p> <ol style="list-style-type: none"> <li>Subsequent transfer of these assets or liabilities outside the Qualifying Group</li> <li>Taxable persons cease to be a member of the Qualifying Group</li> </ol> <p><b>Value of transfer when exception applies:</b></p> <p>The market value of the assets or liabilities at the date of the transfer.</p>
Chapter 8	Article 27	Business Restructuring Relief (within the Group)	<p>Provision for Tax Neutral Business Restructuring , provided certain conditions are satisfied However, the benefit shall be reversed if the following occurs within 2 years:</p> <ul style="list-style-type: none"> <li>The shares or other ownership interests received are sold, transferred, or disposed of to a non-member of the qualifying group.</li> <li>Subsequent transfer of acquired business or independent part.</li> </ul>



# 11. Deductions

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 9	Article 28	Deductible Expenditure	<p><b>Deductible Expenditure</b></p> <ul style="list-style-type: none"> <li>• Expenditure incurred for the Taxable Person's Business other than capital expenditure .</li> <li>• Deductible in the Tax Period in which it is incurred</li> <li>• When expenditure is incurred for more than one purpose, proportionate deduction shall be allowed.</li> </ul> <p><b>Specific Disallowance:</b></p> <ul style="list-style-type: none"> <li>• Expenditure incurred for the purposes other than business of the Taxable Person.</li> <li>• Expenditure incurred in deriving Exempt Income.</li> <li>• Losses not connected with taxable business.</li> <li>• Other expenditure specified by the Cabinet decision issued.</li> </ul>
Chapter 9	Article 29	Interest Expenditure	<ul style="list-style-type: none"> <li>• Interest expenditure shall be deductible in the Tax Period in which it is incurred subject to the limitation rule.</li> </ul>
Chapter 9	Article 30	General Interest Deduction Limitation Rule	<p>Net Interest Expenditure allowable is highest of</p> <ol style="list-style-type: none"> <li>1. up to 30% EBITDA excluding exempt income</li> <li>2. amount specified by the Minister.</li> <li>3. The disallowed net interest expenditure can be carried forward and deducted up to the subsequent ten Tax Periods.</li> </ol> <p><b>Not applicable to Bank, Insurance provider, natural person undertaking a business activity and any other specified person.</b></p>

# 11. Deductions

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 9	Article 31	Specific Interest Deduction Limitation Rule	<p>Interest on <b>Related Party Loan</b> for following purpose shall not be deducted</p> <ul style="list-style-type: none"> <li>• for distribution of dividend or profit to a Related Party.</li> <li>• for redemption, repurchase, reduction or return of share capital to a Related Party.</li> <li>• for capital contribution to a Related Party.</li> </ul> <p>for the acquisition of an ownership interest in a Person, who will become a Related Party following the acquisition</p>
Chapter 9	Article 32	Entertainment Expenditure	<ul style="list-style-type: none"> <li>• Entertainment expenditure includes – meals, accommodation, transportation, admission fees</li> <li>• Can deduct 50% of entertainment expenditure incurred during a Tax Period.</li> </ul>
Chapter 9	Article 33	Non-deductible Expenditure	<ul style="list-style-type: none"> <li>• Donations, grants or gifts made to an entity that is not a Qualifying Public Benefit Entity.</li> <li>• Fines and penalties other than compensation for damages</li> <li>• Bribes or similar payments.</li> <li>• Dividends or profit distributed to the owner</li> <li>• Drawings by the share holder</li> <li>• Corporate Tax</li> <li>• Recoverable Input Value Added Tax</li> <li>• Tax imposed outside the State.</li> <li>• Expenditure as specified by the Cabinet.</li> </ul>

# 12. Transfer Pricing

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 10	Article 34	Transfer Pricing	<ul style="list-style-type: none"> <li>• Transactions and arrangements between related parties to meet the arm's length standard.</li> <li>• Five methods (as prescribed by OECD) to determine the arm's length price. Option to choose any other method also available, provided due justification rendered.</li> <li>• The Revenue Authority shall adjust the taxable income when the transactions or arrangements are not at arm's length range.</li> <li>• The Authority shall make a corresponding adjustment to the taxable income of the related party that is party to the relevant transaction or arrangement.</li> <li>• If a foreign competent authority adjusts a taxable person's income, that person may apply to the authority to make a corresponding adjustment.</li> </ul>
Chapter 10	Article 35	Related Parties and Control	<ul style="list-style-type: none"> <li>• This Article defines "Related parties" and "control"</li> </ul>
Chapter 10	Article 36	Connected Persons	<ul style="list-style-type: none"> <li>• This Article defines "Connected Person" and payments to connected person.</li> <li>• A payment or benefit provided by a taxable person to its connected person shall be deductible only if payment is as per market value and is incurred only for taxable person's business.</li> </ul>

# 12. Transfer Pricing

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 10	Article 36	Connected Persons	<ul style="list-style-type: none"> <li>• Exception for:               <ul style="list-style-type: none"> <li>○ Listed Entity</li> <li>○ Taxable person subject to the regulatory oversight of a competent authority</li> <li>○ Any other person determined by a decision of the cabinet</li> </ul> </li> </ul>
Chapter 17	Article 55	Transfer Pricing Documentation	<ul style="list-style-type: none"> <li>• Taxable person to file a disclosure on transactions or arrangements with its related parties and connected person along with their tax return</li> <li>• If the disclosure filed meet the conditions prescribed by the Minister, the taxable person must maintain both master and a local file</li> <li>• Documentation (Master file and a local file) to be submitted within 30 days from the request.</li> </ul>

# 13. Tax Loss Provisions

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 11	Article 37 and Article 39	Tax Loss Relief and Limitation	<ul style="list-style-type: none"> <li>• Tax loss can be offset against taxable income of the subsequent tax periods.</li> <li>• Only up to 75% of the taxable income can be set off using the carry forward Tax Loss.</li> <li>• Following losses cannot be used for Tax Loss relief:               <ul style="list-style-type: none"> <li>a. Losses before Corporate Tax commencement date.</li> <li>b. Losses before a person becomes taxable person</li> <li>c. Losses against exempt activity</li> </ul> </li> <li>• Conditions to be satisfied for claiming tax loss relief:               <ul style="list-style-type: none"> <li>a. At least 50% ownership interest should be continued by same person or persons</li> <li>OR</li> <li>b. Same or similar business is continued if ownership changes more than 50%.</li> </ul> </li> </ul>
Chapter 11	Article 38	Transfer of Tax Loss	<ul style="list-style-type: none"> <li>• Up to 75% of the taxable income can be set off against taxable income of another taxable person if:               <ul style="list-style-type: none"> <li>a. Both taxable persons are juridical and resident persons.</li> <li>b. Taxable person has at least 75% direct or indirect ownership interest in other person OR has 75% common ownership</li> <li>c. The common ownership must exist for the entire tax period from the tax loss till setoff.</li> <li>d. Both taxable persons should not be exempt person or Freezone Qualifying person.</li> <li>e. Both taxable persons follow the same financial year and the same accounting standards.</li> </ul> </li> </ul>

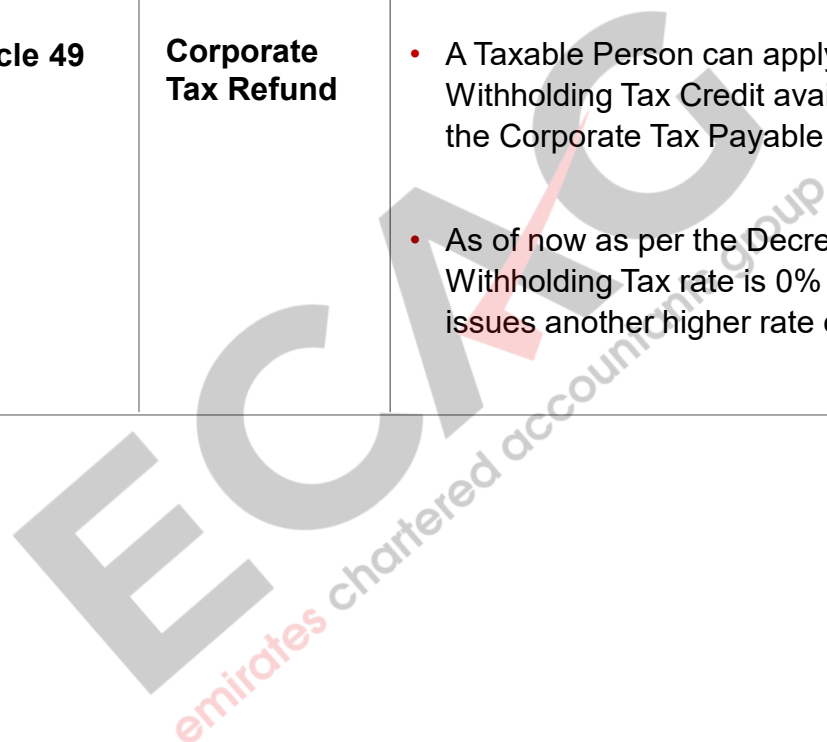
# 14. Tax Group Provisions

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 12	Article 40	Tax Group	<ul style="list-style-type: none"> <li>• Tax Group considered as single taxable person</li> <li>• It shall be represented by the parent company.</li> <li>• Parent company must hold minimum of 95% of the share capital and voting rights and profits and net assets of the Subsidiaries.</li> <li>• Companies should not be an exempt person or qualified freezone person.</li> <li>• The Parent and its' subsidiaries have the same financial year and follow same accounting standards.</li> </ul>
Chapter 12	Article 41	Date of Formation & cessation of a Tax Group	<ul style="list-style-type: none"> <li>• Member company may join or leave the tax group from the tax period specified in the application or as determined by the authority.</li> </ul>
Chapter 12	Article 42	Taxable Income of a Tax Group	<ul style="list-style-type: none"> <li>• Parent company shall consolidate the financial results, assets, and liabilities of all member companies, eliminating the inter group transactions.</li> <li>• Unutilised Tax Losses of a new Subsidiary can be utilised by the Tax Group to off-set the Taxable Income of the Tax Group, relevant to that subsidiary.</li> <li>• Unutilised taxable loss of the tax group cannot be used to offset the taxable income of the new subsidiary.</li> <li>• If a member company leaves the tax group with in 2 years of an asset/liability transfer, then such income should be taken in account on the date when the member company leaves the tax group.</li> <li>• Any unutilised Tax Losses shall remain with the Parent Company in case of cessation of the Tax Group.</li> </ul>



# 15. Payment & Refund of Corporate Tax

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 14	Article 48	Payment of Corporate Tax	<ul style="list-style-type: none"> <li>• Payment should be done within 9 months from the end of the relevant Tax Period.</li> </ul>
Chapter 14	Article 49	Corporate Tax Refund	<ul style="list-style-type: none"> <li>• A Taxable Person can apply for Tax Refund, if the Withholding Tax Credit available is in excess of the Corporate Tax Payable by him.</li> <li>• As of now as per the Decree Law, the Withholding Tax rate is 0% unless the Cabinet issues another higher rate of Withholding Tax.</li> </ul>



# 16. General Anti Abuse Rules

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 15	Article 50	General Anti Abuse Rule	<p><b>General Anti Abuse Rule</b></p> <ul style="list-style-type: none"> <li>• This provision is akin to the concept of General Anti-avoidance Rule (GAAR) adopted by many developed economies.</li> <li>• It empowers the Revenue Authority to deny tax benefit of transactions or arrangements which do not have any commercial substance and the only purpose of such a transaction is achieving the tax benefit.</li> <li>• The Article defines what is corporate tax advantage as under: <ul style="list-style-type: none"> <li>a. A refund or an increased refund of Corporate Tax.</li> <li>b. Avoidance or reduction of Corporate Tax Payable.</li> <li>c. Deferral of a payment of Corporate Tax or advancement of a refund of Corporate Tax.</li> <li>d. Avoidance of an obligation to deduct or account for Corporate Tax.</li> </ul> </li> <li>• It is indicated that the onus of proof is on the Tax Authority before proceeding any assessment in this regard.</li> <li>• This Article defines the criteria to review the authenticity of the transactions</li> </ul>

# Registration, 17. Deregistration & Returns

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 16	Article 51	Tax Registration	<ul style="list-style-type: none"> <li>• Taxable person shall register for Corporate Tax and obtain Tax registration number within prescribed period.</li> <li>• To obtain corporate tax exemption, exempt persons or unincorporated partnerships shall apply for registration.</li> <li>• Automatic registration by authority, if suo-moto not registered</li> </ul>
Chapter 16	Article 52	Tax De-Registration	<ul style="list-style-type: none"> <li>• At the time of cessation, dissolution, or liquidation, apply for deregistration within prescribed period</li> <li>• Taxable person shall be deregistered only post completion of return filing including return for the tax period mentioning the date of cessation and payment of taxes and penalties due.</li> <li>• If tax deregistration is approved, the effective date shall be date of cessation or any other date determined by the authority.</li> <li>• The Authority is empowered to deregister if the taxable person does not comply with the deregistration requirements.</li> </ul>

# Registration, 17. Deregistration & Returns

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 17	Article 53	Filings of Returns	<ul style="list-style-type: none"> <li>• Taxable person to file a return within 9 months from the end of the relevant tax period.</li> <li>• The information to be included in the tax return also prescribed.</li> <li>• The minister may prescribe the form and manner in which a tax return should be filed if disclosure of information impedes national security or is contrary to the public interest</li> <li>• Exempt persons under clause (e), (f), (g), (h) and (i) of Clause 1 of Article 4 to submit a declaration.</li> <li>• Authorised partner in an unincorporated partnership to be treated as taxable person to submit a declaration</li> <li>• The parent company to file a tax return on behalf of the group</li> </ul>
Chapter 17	Article 54	Financial Statements	<ul style="list-style-type: none"> <li>• The Minister may issue a decision requiring categories of Taxable Persons to prepare and maintain audited or certified financial statements.</li> </ul>
Chapter 17	Article 56	Record Keeping	<ul style="list-style-type: none"> <li>• All supporting and documentation records relating to Corporate Tax to be maintained for a period of 7 years for the end of the Tax Period.</li> </ul>

# 18. Penalties & Other Applicable Provisions

Chapter as per Law	Article as per Law	Subject	Highlights
Chapter 18	Article 60	Assessment of Corporate Tax and Penalties	<ul style="list-style-type: none"> <li>Corporate Tax Assessment and penalties will be in accordance with the Tax Procedures Law.</li> </ul>
Chapter 20	Article 62	Delegation of Power	<ul style="list-style-type: none"> <li>The Minister may delegate his powers to the Authority, where the Minister deems fit.</li> </ul>
Chapter 20	Article 65	Revenue Sharing	<ul style="list-style-type: none"> <li>Corporate Tax revenues and Administrative Penalties collected will be shared among the Federal Government and the Local Governments.</li> </ul>
Chapter 20	Article 66	International Agreements	<ul style="list-style-type: none"> <li>The terms of the International Agreements shall prevail, if provisions of the Decree Law are inconsistent with the terms of such Agreements.</li> </ul>
Chapter 20	Article 69	Application of Decree Law	<ul style="list-style-type: none"> <li>Applicable from the Tax Periods commencing on or after 1 June 2023.</li> </ul>
Chapter 19	Article 61	Transitional Rules	<ul style="list-style-type: none"> <li>The opening balance sheet shall be the closing balance sheet prepared for financial reporting purposes on the day immediately before the first tax period.</li> <li>The balance sheet shall be prepared considering arm's length principle</li> </ul>

# Way Forward



## Organization

- Conduct Impact assessment of the legal structure of the entity and the group at large
- Conduct impact analysis of the bottom-line and profits after tax
- Review whether the financial year followed by the Company requires any modification / adopt uniform financial year
- Review whether adequate resources are available to undertake compliance function



## Data Collection & Maintenance

- Review the bottlenecks, if any, in the process to collect relevant information and review the risks associated
- Review whether any change in the process is required
- Review whether the systems allow to leave audit trail
- Ensure to maintain Financial Statements – even for prior to the effective date



## Accounting

- Books of Accounts as per Internationally Accepted Accounting Standards
- Whether expenses of personal nature accounted in the company books
- Complete records of assets and its value to ensure accurate claim of depreciation



# How can ECAG help?



## Corporate Tax

- Conduct High Impact Assessment
- Corporate Tax Advisory
- Corporate Tax Compliance
- Documentation and Reporting
- Representative Services



## Transfer Pricing

- Preliminary Assessment on Applicability
- Review/Drafting of Agreements
- Performing Benchmarking Study
- Tax Efficient Restructuring of Supply Chain/IP
- Documentation and Reporting
- Country by Country Reporting



## International Tax

- Analysis of benefits arising due to the DTAA
- Analysis of Withholding tax implications
- Analysis of PE implications
- Global Corporate Structure Planning
- Profit Repatriation Strategies
- Evaluation of Compliance requirements in the foreign country
- Tax Residency Certificate
- Ultimate Beneficial Owner (UBO) Regulations
- Economic Substance Regulations in the UAE

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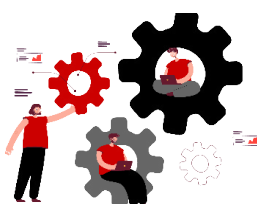


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# Our Services



## Audit & Assurance

- External Audit
- Internal Audit
- Due Diligence Review
- Investigation
- IFRS Advisory Services
- Business Valuation
- Project Cost Audit
- Forensic Audit & Fraud Investigation
- Anti-Money Laundering (AML) Compliance

## Business Advisory & Consulting

- CFO Services
- Trade Finance
- Working Capital Finance
- Project Finance
- Financial Feasibility Study
- Business Feasibility Study
- Market Research & Business Plan
- Mergers & Acquisition

## Accounting & MIS Reporting

- Accounting & Financial Reporting
- Accounting Outsourcing
- Updating of Backlog Accounts
- Fixed Asset Management
- Standard Operating Procedures.
- Inventory Verification

## TAX

### Direct Tax

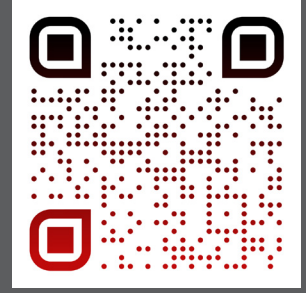
- UAE Corporate Tax
  - First Time Adoption
  - Tax Compliance
  - Tax Advisory
  - Tax Training
- Transfer Pricing [TP]
  - Country by Country Reporting [CbCR]
  - TP Local File and Master File
  - TP Advisory
- International Tax
  - Review of International Transaction
  - Economic Substance Regulation
  - Tax Residency Certificate
  - Ultimate Beneficial Owner Regulation [UBO]

### Indirect Tax

- Value Added Tax [VAT] Advisory
- Tax Agency Service
- Pre- Tax Audit
- VAT Return Filing & Refund
- Registration/De-registration
- Representation to FTA
- Excise Tax
- Customs Duty

### Company Incorporation

- Company Formation
  - » Mainland
  - » Free Zone
  - » Offshore
- Local | Corporate Sponsorship
- Company Liquidation
- Offshore Registered Agent –JAFZA
- PRO Service



# ECAG

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## united auditing

Audit Division



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