

DIRECT TAX

UAE CORPORATE TAX

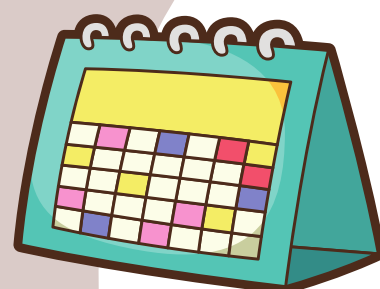
01 9% FEDERAL TAX



Corporate tax is a tax imposed on the net income of the company based in UAE. All activities undertaken by legal entity will be subject to tax. The tax will be charged at 9% on the corporate profits. First AED 375,000 of profits will be at 0%. Balance profits will be taxed at 9%.

02 EFFECTIVE DATE

Tax regime will become effective for financial years starting on or after 1st June 2023. So for eg a business that has a financial year starting 1st January 2023 and ending 31st December 2023 will be subject to tax from 1st January 2024



03 INDIVIDUAL



Individuals will not be subject to Corporate tax on their income. All salaried employees will not be subject to Income tax on their salaries, bonuses etc or income on their investments

04 INDIVIDUAL

However if individual is carrying any business or profession in his individual capacity which is licensed or requires business license will be liable for tax on income above AED 375,000/-



05 FREE ZONE COMPANIES

A business established in a Free Zone will be required to register and file Tax return.

06 FREE ZONE COMPANIES

However UAE will continue to honor the incentives currently being offered to Free Zone businesses that comply with ALL regulatory requirements and that do not conduct business with mainland. Further details on compliance obligations of free zone establishments are awaited



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BUSINESS PROFITS CALCULATION



The taxable income will be net profits after allowable expenses based on financial statements prepared in accordance with internationally accepted accounting standards

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CAPITAL GAIN AND DIVIDEND

Dividend and capital Gains earned by tax payer company by virtue of their ownership interest in UAE or foreign company that meets certain criteria will be exempt.



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TAX CREDITS

Taxes paid on UAE taxable income outside UAE will be allowed as tax credit.



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FOREIGN INVESTMENT

No corporate tax will be levied on foreign investors on their investments in UAE.

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NO WITHHOLDING TAX

No withholding tax will apply on domestic and cross border payments or on dividend declared by UAE based companies



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OTHER KEY FEATURES

- No Corporate tax will apply on qualifying intragroup transactions and restructuring
- Foreign tax will be allowed to be credited against UAE corporate tax payable
- General loss transfer and utilization rules will be available to UAE business

