

UAE Corporate Income Tax Summary of Key Facts

UAE CT Rate	<ul style="list-style-type: none"> ✓ 0% for taxable income up to AED 375,000 ✓ 9% for taxable income above AED 375,000 ✓ A different tax rate for large multinationals that meet specific criteria set with reference to 'Pillar Two' of the OECD Base Erosion and Profit Shifting project
Effective Date	For financial years starting on or after 1 June 2023
Governing Authority	Federal Tax Authority
Competent Authority	Ministry of Finance, UAE
Applicability	All Businesses and Commercial Activities except for the extraction of natural resources, which will remain subject to Emirate level corporate taxation
Tax Base	Accounting Net Profit of a business (as reported in the financial statements prepared in accordance with IFRS) subject to certain adjustment (To be specified).
Exemption	Dividends and capital gains earned by a UAE business from its qualifying shareholdings (To be defined in UAE CT Law) will be exempted.
Loss Adjustment	Offset of losses incurred (as from the UAE CT effective date) allowed. Further details to be provided in UAE CT Law
Tax Registration	Required by all business including in Free Zones
Tax Returns	<ul style="list-style-type: none"> ✓ Only one CT Return to be submitted electronically per financial period. ✓ Tax Group to submit a single tax return for the group
Advance Payment of CT	Not required
Penel Provisions	Yes, Further information will be provided in due course
Tax Credit	Credit of foreign CT paid on UAE taxable income allowed against the UAE CT liability.
Business by Individuals	CT Applicable on individual having (or required to obtain) a business licence or permit to carry out the relevant commercial, industrial and/or professional activity in the UAE
Tax Group	<ul style="list-style-type: none"> ✓ Formation of a Tax Group allowed ✓ Tax losses from one group company may be used to offset taxable income of another group company, provided certain conditions are met. ✓ Intra-group Transactions - Exempted - Conditions to be defined in UAE CT Law
Tax on Foreign Company or Individual	Foreign Companies or Individuals will be subject to UAE CT if they conduct a trade or business in the UAE in an ongoing or regular manner
Income from other sources of foreign investors	Generally, Exempt - Income from dividends, capital gains, interest, royalties and other investment returns
Free Zone Entities	Free Zone Businesses are subject to CT. UAE CT will continue honour the CT incentives currently being offered to free zone that comply with all regulatory requirements and that do not conduct business with mainland UAE. Further details awaited.
Entities in Financial Free Zone	Same rules of CT applicable across all the free zones
Oil & Gas and Extractive Industries	Outside the Scope of UAE CT. These will remain subject to Emirate level Corporate Tax.
Transfer Pricing Rules	UAE businesses need to comply with TP rules and documentation requirements as set out in the OECD Transfer Pricing Guidelines
Freelance Professional	No Tax if the annual net income is below AED 375,000
Individual	<ul style="list-style-type: none"> ✓ No Tax on Salary and other employment Income ✓ No Tax on Interest/ other income earned from bank deposits or saving schemes ✓ Business income earned under a commercial license will be taxable ✓ Income from real estate in personal capacity should not be subject to UAE CT provided the individual is not required to obtain a commercial license/ permit to carry out such activity in the UAE.