

Gourmet Gulf Co LLC

UAE Corporate Tax Analysis

For the year ended 31 December 2023

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1. Table of Contents

[2. Executive Summary](#)

[3. Introduction](#)

[4. Detailed Data Analysis](#)

[4.1 Financial Performance Highlights](#)

[4.2 Statement of Financial Position Insights](#)

[4.3 Statement of Cash Flows Observations](#)

[4.4 Key Notes to the Financial Statements](#)

[5. UAE Corporate Tax Analysis](#)

[5.1 Taxable Person Status](#)

[5.2 Taxable Income and Rate](#)

[5.3 Potential Corporate Tax Adjustments & Considerations](#)

[5.3.1 Related Party Transactions](#)

[5.3.2 Depreciation & Amortization](#)

[5.3.3 Finance Charges](#)

[5.3.4 Accrued Expenses](#)

[5.3.5 Loss Carry Forward](#)

[6. Compliance and Documentation Recommendations](#)

[7. Conclusion](#)

[8. Disclaimer](#)

This report provides a UAE Corporate Tax analysis of the financial statements of Gourmet Gulf Co LLC for the year ended 31 December 2023. Our detailed data analysis reveals key financial performance indicators and potential areas for UAE Corporate Tax adjustments. Based on our analysis, Gourmet Gulf Co LLC is likely a Resident Juridical Person and subject to the standard 9% Corporate Tax rate. Estimated Taxable Income is calculated, and potential tax adjustments related to related party transactions, depreciation, finance charges, and accrued expenses are identified. The report concludes with actionable compliance and documentation recommendations to ensure adherence to UAE Corporate Tax Law and optimize the company's tax position.

---END SUMMARY---

3. Introduction

This report presents a comprehensive analysis of the financial statements of Gourmet Gulf Co LLC for the year ended 31 December 2023. The analysis is conducted from both a detailed data perspective and a UAE Corporate Tax compliance viewpoint, aiming to provide insights and recommendations for tax optimization and adherence to UAE tax regulations.

4. Detailed Data Analysis

4.1 Financial Performance Highlights

Financial Metric	2023 (AED)	2022 (AED)	Trend Analysis
Revenue	15,683,005	20,387,980	Decrease
Gross Profit	12,287,061	5,679,672	Increase
Net Loss	(4,685,195)	(12,847,044)	Loss Reduction

4.2 Statement of Financial Position Insights

Total Assets	26,703,481	29,506,038	Decrease
Total Equity	(1,745,445)	(135,157,758)	Improvement in Equity Position
Total Liabilities	28,448,926	164,663,796	Decrease

4.3 Statement of Cash Flows Observations

Cash Flow Category	31 December 2023 (AED)	31 December 2022 (AED)	Trend Analysis
Net Cash from Operating Activities	(138,605,408)	32,799,440	Shift to Net Cash Outflow
Net Cash from Investing Activities	1,281,832	(28,343)	Shift to Net Cash Inflow
Net Cash from Financing Activities	138,097,508	(32,938,628)	Shift to Net Cash Inflow
Net (Decrease) / Increase in Cash	773,932	(167,531)	Shift to Net Cash Inflow

4.4 Key Notes to the Financial Statements

- **Note 14: Related Parties' Balances and Transactions:** Significant balances and transactions with related parties exist, particularly with Emarati Modern Rest. Co - KSA, Gourmet Gulf Investment - UAE, Azkadenya - Qatar, Appetite FoodStuff Trading - Qatar, and King Fu Investments - UAE. These require scrutiny under UAE Corporate Tax Law, specifically Article 34, to ensure transactions are at arm's length.
- **Note 18: Administrative and General Expenses:** Includes substantial salaries and benefits (AED 4,470,278), rent (AED 4,126,070), and office overheads (AED 2,276,547). Detailed review is needed to confirm deductibility and identify any non-deductible expenses under UAE Corporate Tax Law.
- **Note 20: Finance Charges:** Finance charges of AED 430,266 include bank charges and interest on lease liability. The deductibility of finance charges needs to be assessed in line with the General Interest Deduction Limitation Rule under Article 31 of the UAE Corporate Tax Law.

~~Note 14: End of Service Benefits: Provision for end of service benefits~~

Gourmet Gulf Co LLC, being a Limited Liability Company established in Dubai, UAE, is considered a **Resident Juridical Person** as per Article 11(3)(a) of the UAE Corporate Tax Law. As a Resident Juridical Person, Gourmet Gulf Co LLC is subject to UAE Corporate Tax on its worldwide income.

5.2 Taxable Income and Rate

The applicable Corporate Tax rate for Gourmet Gulf Co LLC is **9%** on Taxable Income exceeding AED 375,000, as per Article 3(1) of the UAE Corporate Tax Law. For Taxable Income up to AED 375,000, the rate is 0%.

Estimated Taxable Income Calculation:

Accounting Income (Net Loss)	(4,685,195)	As per Statement of Comprehensive Income
Step 1: Add back Non-Deductible Expenses (Illustrative Adjustments):		
- Disallowable portion of Entertainment Expenses	0	Assuming fully deductible for accounting, review for CT disallowance
- Fines and Penalties	0	No fines or penalties identified in financial statements
- Donations not to Qualifying Public Benefit Entities	0	No disallowable donations identified
Step 2: Subtract Exempt Income (Illustrative):		
- Qualifying Dividends	0	No dividend income reported
Estimated Taxable Income / (Loss)	(4,685,195)	Illustrative, based on limited adjustments. Further review required.
Corporate Tax Rate	9%	Applicable rate on Taxable Income exceeding AED 375,000
Estimated Corporate Tax Payable	0	As Estimated Taxable Income is a loss.

Small Business Relief Eligibility: Based on the provided financial statements and assuming Gourmet Gulf Co LLC meets other eligibility criteria as per Ministerial Decision No. 73 of 2023, it **may be eligible** for Small Business Relief for the Tax Period ending 31 December 2023 due to Revenue being below AED 3 million for 2022. However, eligibility should be confirmed, and election for Small Business Relief needs to be made in the Tax Return to be treated as having no Taxable Income for this period.

5.3 Potential Corporate Tax Adjustments & Considerations

transactions are not conducted at Market Value. Specific attention should be paid to:

- **Due from Related Parties:** Balances from Emarati Modern Rest. Co - KSA, Gourmet Gulf Investment - UAE, Al Tamuz International KSA, Royal Avenue Investments LLC, High Concept-Related Party, Daud Arabian Trading Company_ Related Party. Review the nature of these balances and supporting documentation to ensure arm's length.
- **Due to Related Party:** Balances to Azkadenya - Qatar, Appetite FoodStuff Trading - Qatar, King Fu Investments - UAE, Middle East Retail Arabia, Mr. Sami Kamal Daud. Review the nature of these payables and supporting documentation to ensure arm's length.
- **Related Parties' Transactions:** Sales and Direct expenses with related parties. Obtain details of these transactions and assess against arm's length pricing.

Action Required:

- Conduct a detailed review of all related party transactions to ensure compliance with the Arm's Length Principle as per Article 34 of the UAE Corporate Tax Law and Ministerial Decision No. 134 of 2023.
- Prepare Transfer Pricing documentation to justify the arm's length nature of material related party transactions, especially for transactions exceeding the documentation threshold if applicable in the future.
- Maintain robust documentation, including intercompany agreements, benchmarking analysis, and evidence supporting the Market Value of related party transactions.

5.3.2 Depreciation & Amortization

Analysis: Note 4 indicates significant Property, Plant, and Equipment (PPE) and depreciation. Review depreciation rates and methods for compliance with acceptable accounting standards. Amortization of Intangible Assets (Note 6) should also be reviewed for appropriateness and tax deductibility under UAE CT Law.

Action Required:

- Review the depreciation and amortization policies to ensure they are reasonable and consistently applied.
- Confirm that depreciation rates and methods used for accounting purposes are acceptable under UAE Corporate Tax Law.
- Document the useful lives and residual values of assets and ensure they are

Corporate Tax Law and Ministerial Decision No. 126 of 2023 outline the General Interest Deduction Limitation Rule. The deductibility of finance charges, especially interest on lease liability (AED 152,625), needs to be assessed against these rules.

Action Required:

- Calculate the Net Interest Expenditure and adjusted EBITDA to determine if the General Interest Deduction Limitation Rule applies.
- Ensure proper documentation for all finance charges, including loan agreements and lease contracts.
- If applicable, track and document any disallowed interest expense for carry forward in future tax periods.

5.3.4 Accrued Expenses

Analysis: Note 15 shows accrued expenses and other payables of AED 857,786. Review the nature of significant accrued expenses to ensure they meet the conditions for deductibility under Article 28 of the UAE Corporate Tax Law, specifically that they are incurred wholly and exclusively for business purposes.

Action Required:

- Review significant accrued expenses to ensure they are deductible under UAE Corporate Tax Law.
- Obtain sufficient documentation to support the deductibility of accrued expenses, ensuring they are for legitimate business purposes and not capital in nature or otherwise disallowable.

5.3.5 Loss Carry Forward

Analysis: Gourmet Gulf Co LLC has incurred net losses for both 2023 and 2022. Article 37 of the UAE Corporate Tax Law allows for the carry forward of Tax Losses to offset future Taxable Income, subject to conditions including the 75% limitation and continuity of ownership.

Action Required:

- Track and document the Tax Losses incurred in 2022 and 2023 to ensure accurate carry forward and utilization in future tax periods.
- Maintain documentation to support the continuity of ownership condition for Tax Loss carry forward as per Article 39 of the UAE Corporate Tax Law.

1. **UAE Corporate Tax Registration:** Ensure Gourmet Gulf Co LLC is registered for UAE Corporate Tax and obtains a Tax Registration Number (TRN).
2. **Maintain Detailed Financial Records:** Maintain comprehensive and accurate financial records, including general ledgers, invoices, contracts, and documentation supporting all transactions, in compliance with Article 56 of the UAE Corporate Tax Law and Ministerial Decision No. 114 of 2023.
3. **Arm's Length Principle Compliance:** Implement a robust Transfer Pricing policy and ensure all related party transactions are conducted at arm's length, with thorough documentation as per Article 34 of the UAE Corporate Tax Law and Ministerial Decision No. 97 of 2023.
4. **Review and Optimize Deductions:** Conduct a detailed review of all expenses to maximize allowable deductions under the UAE Corporate Tax Law, ensuring compliance with Articles 28 to 33.
5. **Tax Loss Management:** Implement processes to track, document, and manage Tax Losses to ensure optimal utilization of carry forward provisions under Article 37 and 39 of the UAE Corporate Tax Law.
6. **Monitor Revenue and Relief Eligibility:** Continuously monitor revenue levels to assess eligibility for Small Business Relief and other applicable reliefs, ensuring proactive compliance and potential tax optimization.
7. **Seek Expert Tax Advice:** Engage with qualified tax advisors to ensure ongoing compliance and to address complex areas such as Transfer Pricing, General Interest Deduction Limitation Rule, and optimization of tax reliefs.
8. **Implement a Corporate Tax Compliance Calendar:** Establish a calendar to track deadlines for Tax Registration, Tax Return filing, and tax payments to ensure timely compliance and avoid penalties.
9. **Employee Training:** Provide Corporate Tax training to relevant finance and accounting staff to enhance awareness and ensure accurate tax reporting and compliance.

7. Conclusion

This analysis indicates that Gourmet Gulf Co LLC is subject to UAE Corporate Tax as a Resident Juridical Person. While the company reported a net loss for the year ended 31 December 2023, a proactive approach to Corporate Tax compliance is essential. Key areas requiring attention include related party transactions, deductibility of expenses, and optimization of Tax Loss carry forward. Implementing the recommended compliance and documentation measures will ensure Gourmet Gulf Co LLC adheres to UAE Corporate Tax Law and positions itself for potential tax efficiencies in the future. Continuous monitoring of financial performance and tax law

8. Disclaimer

This report is prepared by MusTax AI powered by LetsTalkTax for informational purposes only and does not constitute professional tax advice. It is based on our analysis of the provided financial statements and our understanding of the UAE Corporate Tax Law as of the date of this report. Gourmet Gulf Co LLC should consult with qualified tax professionals for advice tailored to their specific circumstances.