

# UAE Ministerial Decision 229: Free Zone Qualifying Activities Expansion

UAE • September 2025

To (inside your company): CFO • Head of Tax • Operations • Legal & Compliance • Free Zone Management

## Executive takeaways

- Replaces Ministerial Decision 265 of 2023 with expanded qualifying activities for Free Zone 0% Corporate Tax eligibility.
- Removes "in raw form" restriction on commodity trading, allowing trading of processed metals, minerals, and agricultural commodities.
- Introduces environmental commodities (carbon credits, renewable energy certificates) as qualifying commodities.
- Clarifies treasury and financing services now include self-investment activities for own account.

## What changed & why it matters

- **Commodity Trading Expansion** — Removes the "raw form" limitation, allowing processed commodities and associated by-products trading. *Why it matters:* Significantly expands eligible commodity trading operations, particularly for integrated energy and chemical companies engaged in value-added processing.
- **Environmental Commodities Recognition** — Formally includes carbon credits and renewable energy certificates as qualifying commodities. *Why it matters:* Positions UAE Free Zones as attractive hubs for ESG-focused trading operations and climate finance activities.

## Action checklist

- Immediately assess current activities against expanded qualifying activities definitions to identify new opportunities.
- Review commodity trading operations to determine if processed commodities and by-products now qualify.
- Evaluate environmental commodity trading opportunities (carbon credits, renewable energy certificates).
- Document IP development expenditures and calculate qualifying income ratios under new nexus requirements.
- Update audited financial statement preparation procedures per Ministerial Decision 84 of 2025 requirements.

## Impact matrix

Compliance	H
Systems/ERP	M
Finance/Cash	H
Operations	H
Documentation	H
Training/Change	H

## Timeline

Now — activity review & opportunity assessment

30 days — implement expanded activities

90 days — documentation upgrade

## Take Away

MD 229 represents the most significant expansion of Free Zone qualifying activities since Corporate Tax implementation. Companies must immediately reassess their activity classifications to capture newly qualifying operations while ensuring robust documentation to support their 0% tax positions. The enhanced IP framework requires careful expenditure tracking but offers substantial opportunities for IP holding structures.

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