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# UNDERSTANDING NEXUS RULES

## KEY SUMMARY FOR NON-RESIDENT PERSONS

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## NEXUS IN THE UAE

Non-resident persons (incorporated outside the UAE) will be considered to have a nexus in the UAE if they derive **income from any immovable property in the UAE**



## INCOME FROM IMMOVABLE PROPERTY

Includes income derived from the sale, disposal, assignment, direct use, leasing, or any other form of exploitation of immovable property





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## QUALIFYING FREE ZONE PERSONS

For non-resident persons that are qualifying as Free Zone Persons, the provisions of the Free Zone Corporate Tax regime will apply to income from immovable property



# CORPORATE TAX RATES

Taxable income from immovable property for others will be subject to corporate tax at:

- 0% on the first AED 375,000 of taxable income
- 9% on taxable income above AED 375,000

## Few Examples of Taxable Income for Companies Outside the UAE

- Operating ATM machines in the UAE
- Income from wind turbines located in the territorial waters of the UAE
- Renting land in the UAE for events



# REGISTRATION DEADLINE

- If the juridical person has a nexus in the UAE before 1 March 2024, it must submit a tax registration application by **31 May 2024**
- Entities that establish a nexus in the UAE after 1 March 2024 must submit a corporate tax registration application within three **(3) months from** the date of establishing the nexus



## KEY POINTS

- Nexus is created only when the Juridical person starts earning income from the property purchased. This date would be the criteria to calculate 3 months for the deadline
  
- If a Non-Resident Person has both a Permanent Establishment and a nexus in the UAE, the deadline for submitting a Tax Registration application for Corporate Tax to the FTA shall be the earlier of the two deadlines



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**STAY COMPLIANT WITH UAE TAX LAWS AND  
SAVE INTEREST AND PENALTIES!**

**CONTACT DASHPUTRE AND ASSOCIATES  
TODAY!**



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