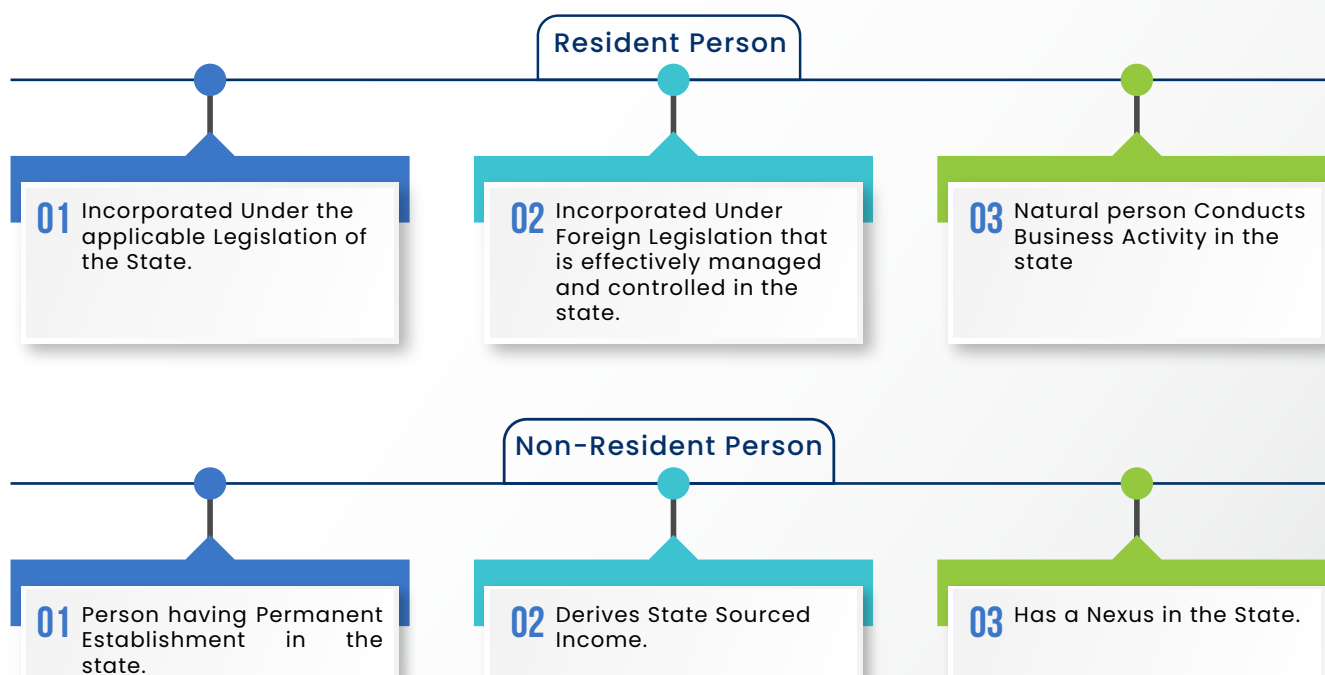


Flash News

09 December 2022

Taxation of Corporations and Businesses Federal Decree-Law No. 47 of 2022

1. Corporate Tax shall be imposed on the **Taxable Income** at the following rates (other than Free Zone)
 - 0% on the Portion of Taxable Income not Exceeding **AED 375,000**.
 - 9% on the Portion of Taxable Income Exceeding **AED 375,000**.
2. Corporate Tax shall be imposed on a **Qualifying Free Zone Person** at the following rates:
 - 0% on the Qualifying Income.
 - 9% on Taxable Income that is not Qualifying Income
3. Corporate Tax is applicable both on Resident and Non-Resident Person



4. The following Persons shall be Exempt from Corporate Tax:

- a. Government Entity.
- b. Government Controlled Entity.
- c. Person engaged in an Extractive Business
- d. Person engaged in a Non-Extractive Natural Resource Business
- e. Qualifying Public Benefit Entity
- f. Qualifying Investment Fund
- g. Public Pension or Social Security Fund, or a Private Pension or Social Security Fund
- h. Juridical person incorporated in the State that is wholly owned and controlled by an Exempt Person
- i. Any other Person as may be determined in a decision issued by the Cabinet at the suggestion of the Minister.

5. The Following Incomes are Exempt from the Corporate Tax.

- a. Dividends or Profit Distribution from Juridical Resident Person.
- b. Dividends or Profit Distribution from Participating Interest in a Foreign Juridical Person
- c. Any Other Income from a Participating Interest as Specified
- d. Income of Foreign PE that meets certain Conditions.
- e. Income Derived by Non-Resident Person from operating Aircraft or Ships in International Transportation that meets certain conditions.

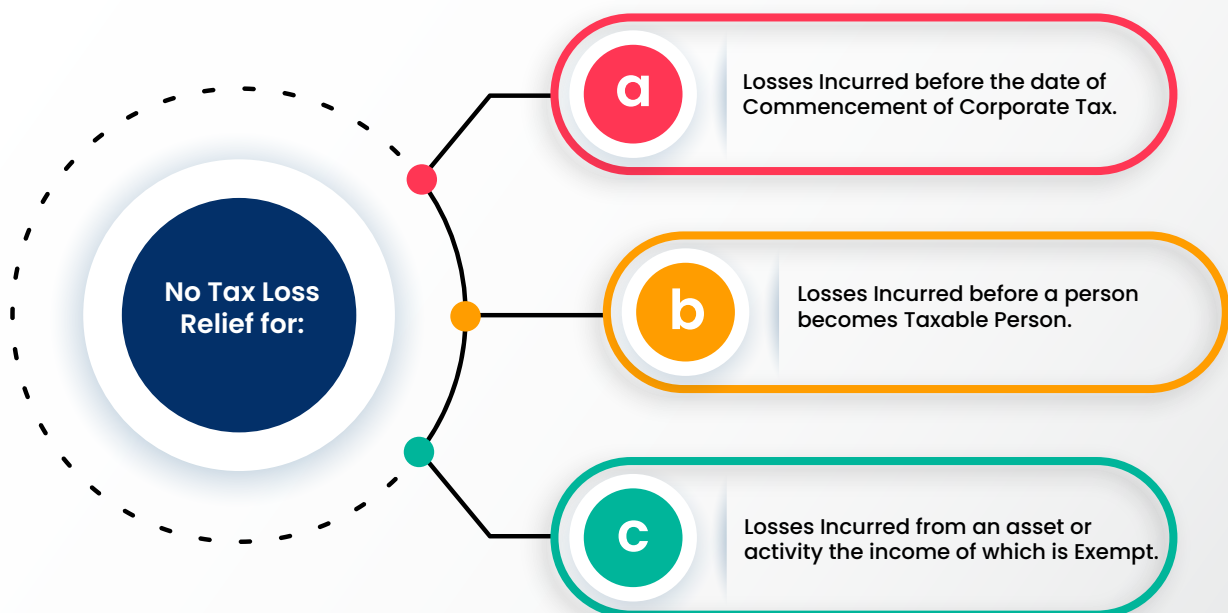
6. Deductible Expenditure

- a. Net Interest Expenditure up to 30% of EBITDA *subject to exceptions
- b. 50% of the Entertainment, Amusement or Recreational Expenditure incurred on Customers, Shareholders, Suppliers, or any other Business Partners

7. The Transaction Between Related Parties to be at Arm's Length Standards.

8. A Tax Loss can be Offset against the Taxable Income of the Subsequent Tax Period. Provided Tax Loss cannot exceed 75% of the Taxable Income of that Tax Period

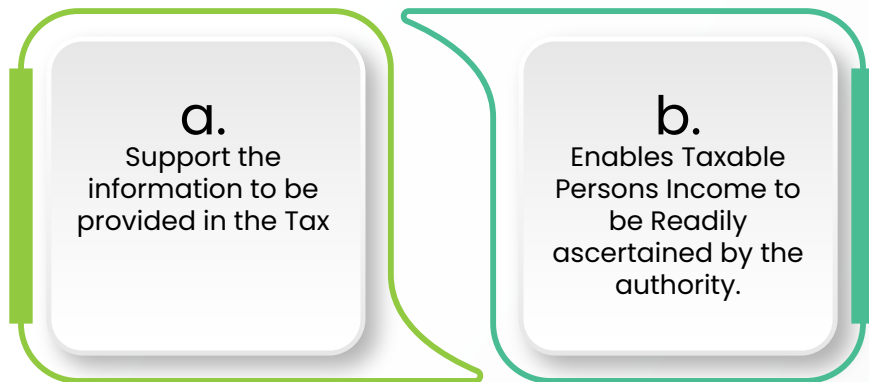
9.



10. The Corporate Tax Returns shall include the following as the Basic Mandatory Information, as a bare minimum:

- a. Tax Period to which the Tax Return relates.
- b. Name, address, and Tax Registration Number of the Taxable Person.
- c. Date of submission of the Tax Return.
- d. Accounting basis used in the financial statements.
- e. Taxable Income for the Tax Period.
- f. Amount of Tax Loss relief claimed.
- g. Amount of Tax Loss transferred.
- h. Available tax credits claimed.
- i. Corporate Tax Payable for the Tax Period.

11. Taxable Persons shall maintain all the records and Documents for a Period of Seven (7) Years following the end of Tax Period to which they relate that:



12. Financial Year to be Gregorian Calendar year or the Twelve-month (12) period for which the Taxable Person prepares Financial Statements.
13. Annual Corporate Tax Returns will be required to be filed by all Taxable Persons who obtain Corporate Tax Registration in UAE, no later than Nine (9) months from the end of the relevant Tax Period.
14. Corporate Tax under Article 3 can be Reduced by the amount of Foreign Tax Credit for the Relevant Period.

**Executive Regulations are still awaiting*

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