

Cabinet Resolution No. (116) of 2022

Determining the Amount of Annual Income Subject to the Corporate Tax

The Cabinet,

- After reviewing the constitution; and
- Federal Law No. (1) of 1972 concerning the Competencies of Ministries and the Powers of Ministers, as amended; and
- Federal Decree-Law No. (13) of 2016 concerning the Establishment of the Federal Tax Authority, as amended; and
- Federal Decree-Law No. (7) of 2017 Concerning Tax Procedures, as amended; and
- Federal Decree-Law No. (47) of 2022 Concerning the Corporate Tax; and
- Cabinet Resolution No. (36) of 2017 Concerning the Executive Regulations of Federal Law No. (7) of 2017 concerning Tax Procedures, as amended; and
- Pursuant to the Minister of Finance and approved by the Cabinet,

Has decided:

Article (1)

Definitions

In applying the provisions of this Resolution, the following words and phrases shall have the meanings indicated opposite each of them, unless otherwise stated:

State	: The United Arab Emirates.
Ministry	: Ministry of Finance.
Minister	: Minister of Finance.
Authority	: Federal Tax Authority.
Person	: Any natural or legal person.
Taxpayer	: A person who is subject to Corporate Tax in a country under the Corporate Tax law.
Corporate Tax Law	: Federal Decree-Law No. (47) of 2022 Concerning the Corporate Tax.
Corporate Tax	: The tax imposed under the Corporate Tax Law on legal persons and business income.
Taxable Income	: Income subject to the Corporate Tax under the Corporate Tax Law.

- Tax Period** : The period for which the tax return must be submitted.
- Tax Return** : Information provided to the Authority for Corporate Tax purposes in accordance with the forms and procedures specified by the Authority, including any schedules or attachments thereof, including any amendment thereto.
- Business** : Any activity practiced regularly, continuously and independently by any person and in any place, such as industrial, commercial, agricultural, vocational, professional, service, excavation activities, or any other activity related to the use of tangible or intangible property.
- Business Activity** : Any transaction, activity, series of transactions, or series of activities carried out by a person in the course of his business.

Article (2)

Taxable Income Subject to the Corporate Tax at the Rate of (0%) Zero per Cent

1. For the purposes of Paragraph (a) of Clause (1) of Article (3) of the Corporate Tax Law, the part of the Taxable Income of the Taxpayer that does not exceed the amount of (AED 375,000) three hundred and seventy-five thousand Emirati dirhams is subject to Corporate Tax at a zero rate (0%) per cent in the tax period. This is regardless of whether the Taxpayer carries on several businesses or business activities in that tax period.
2. If the Authority is acknowledged that one or more persons have separated their business or business activity in a fictitious manner, the Taxable Income of all their business or business activity is subject to Corporate Tax at the rate of (0%) zero per cent in the tax period with an amount exceeding (AED 375,000) three hundred and seventy-five thousand Emirati dirhams, this shall be deemed as an arrangement to obtain a Corporate Tax-related advantage in accordance with Clause (1) of Article (50) of the Corporate Tax Law.
3. For the purpose of the Authority verifying whether two or more persons have spuriously separated their business or business activity, it shall consider whether the arrangement is entered into for a legitimate commercial purpose. Also, whether the persons substantially carry on the same business or business activity with considering all relevant facts and circumstances, including but not limited to their financial, economic and organisational ties.

Article (3)

Income Subject to the Corporate Tax at the Rate of (9%) Nine per Cent

For the purposes of paragraph (b) of Clause (1) of Article (3) of the Corporate Tax Law, the Taxable Income of the Taxpayer that exceeds the amount of (AED 375,000) three hundred and seventy-five thousand Emirati dirham s is subject to Corporate Tax at the rate of (9) nine per cent in the tax period of relevance.

Article (4)

Executive Resolutions

The Minister of Finance shall issue the necessary decisions to implement the provisions of this decision.

Article (5)

Publication and Enforcement

This Resolution shall be published in the Official Gazette, and shall come into force after (15) fifteen days from the date of its publication.

Mohammed bin Rashed Al-Maktoom
The Prime Minister

Issued by us:

On: 06, Jumada II, 1444 A.H.

Corresponding to: 30 December 2022 AD