

# **Cabinet Resolution No. (49) of 2023 Specifying the Categories of Businesses or Business Activities Conducted by a Resident or Non-Resident Natural Person and are Subject to Corporate Tax**

## **The Cabinet, having reviewed:**

- The Constitution;
- Federal Law No. (1) of 1972 on the Competencies of Ministries and Powers of the Ministers, as amended;
- Federal Decree-Law No. (13) of 2016 on the Establishment of the Federal Tax Authority, as amended;
- Federal Decree-Law No. (28) of 2022 on Tax Procedures;
- Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses;
- Federal Decree-Law No. (50) of 2022 promulgating the Commercial Transactions Law; and
- Based on the proposal submitted by the Minister of Finance and approved by the Cabinet,

## **Hereby resolves as follows:**

### **Article (1)**

#### **Definitions**

1. For applying the provisions of this Resolution, the following words and expressions shall bear the meanings assigned thereto respectively, unless the context otherwise requires:

**Revenue** : The gross income earned during a particular calendar year.

**Wage** : The wage payable the employee in consideration of their services under an employment contract, whether in cash or in kind, and is payable on an annual, monthly, weekly, daily or hourly basis or based on the productivity, including all allowances, bonuses and any other benefits that accrue to the employee under the employment contract or the applicable legislation in the State.

- Personal Investment** : Investment activity a natural person conducts for their personal benefit and which neither is conducted through a License nor requires a License from a Licensing Authority in the State, and is not classified as a commercial business in accordance with the above-referenced Federal Decree-Law No. 50 of 2022.
- Real Estate Investment** : Any investment activity conducted by a natural person and is directly or indirectly related to the sale, lease or sub-lease of lands or real estate property in the State and neither is conducted, nor requires to be conducted, through a License from a Licensing Authority.
- Corporate Tax Law** : Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses.

2. Other words and expressions mentioned in this Resolution shall bear the same meanings assigned thereto in the Corporate Tax Law, unless the context requires otherwise.

## **Article (2)**

### **Categories of Businesses or Business Activities Conducted by a Natural Person and are Subject to Corporate Tax**

1. For the purposes of Article (11.6) of the Corporate Tax Law, Businesses or Business Activities, conducted by a resident or non-resident natural person, shall be subject to Corporate Tax only where the gross revenue generated from such businesses or business activities exceeds AED 1,000,000 (one million United Arab Emirates dirhams) within one calendar year.
2. Notwithstanding Clause (1) of this Article, activities that generate revenue from the following sources shall not be classified as Businesses or Business Activities conducted by a resident or non-resident natural person that are subject to Corporate Tax, regardless of the amount of revenue generated from such activities:

- a. Wage.
  - b. Personal Investment income.
  - c. Real Estate Investment income.
3. The natural person that is not conducting a business or business activities that are subject to Corporate Tax in accordance with this Article shall not be required to get registered for Corporate Tax purposes.

### **Article (3)**

#### **The Implementing Resolutions**

The Minister of Finance may issue the necessary Resolutions to implement the provisions of this Resolution.

### **Article (4)**

#### **Publication and Entry into Force**

This Resolution shall be published in the Official Gazette and shall enter into force as of 1 June 2023.

**Mohammed bin Rashid Al Maktoum**

**Prime Minister**

Issued by us:

On: 18 Shawwal 1444 AH

Corresponding to: 8 May 2023 AD