# Cabinet Resolution No. (215) of 2025
# Regarding the Research and Development Tax Credit for the Purposes of Federal Decree by Law No. (47) of 2022 Regarding Taxation of Corporations and Businesses

**The Cabinet:**

- Having reviewed the Constitution;
- Federal Decree by Law No. (28) of 2022 Regarding Tax Procedures, as amended;
- Federal Decree by Law No. (47) of 2022 Regarding Taxation of Corporations and Businesses, as amended;
- Imposing a Top-up Tax on Multinational Enterprises; and
- Upon the proposal of the Minister of Finance and the approval of the Cabinet,

**Hereby resolves as follows:**

## Article (1)
## Definitions

The definitions set forth in the aforementioned Federal Decree by Law No. (47) of 2022 and Cabinet Resolution No. (142) of 2024 shall apply to this Resolution. In all other respects, the following terms and expressions shall have the meanings assigned to each of them, unless the context requires otherwise:

| | | |
|---|---|---|
| **Corporate Tax Law** | : | Federal Decree by Law No. (47) of 2022 Regarding Taxation of Corporations and Businesses, as amended. |
| **The Council** | : | The Emirates Research and Development Council. |
| **Deductible Expenditure** | : | Expenditure that may be deducted when determining the Taxable Income, or the Pillar Two Income or Loss, as the case may be, of the Qualifying Entity for the relevant Tax Period or Fiscal Year, in accordance with the Corporate Tax Law or the aforementioned Cabinet Resolution No. (142) of 2024. |

| | | |
|---|---|---|
| **Fiscal Year** | : | This term shall bear the meaning assigned thereto in the aforementioned Cabinet Resolution No. (142) of 2024. |
| **The Grant** | : | Assistance provided by the Federal Government or Local Government to a Qualifying Entity in the form of resource transfers, in consideration of past or future compliance with specific conditions relating to the operational activities of the Qualifying Entity. A Grant shall not include forms of assistance that cannot be reasonably quantified, or transactions with the Federal Government or Local Government that cannot be distinguished from the Qualifying Entity's ordinary commercial transactions. |
| **Qualifying Entity** | : | Means any of the following:<br>1. Legal Person that is incorporated, established, or otherwise recognized under the applicable legislation in the State, including a Free Zone Person that is subject to Corporate Tax and/or Top-up Tax and conducts Qualifying Research and Development Activities; or<br>2. Legal Person that is incorporated, established, or otherwise recognized under the legislation of another country or foreign territory; that conducts Qualifying Research and Development Activities through a Permanent Establishment; and is subject to Corporate Tax and/or Top-up Tax in respect of the income attributable to such Permanent Establishment. |
| **Qualifying Research and Development Activity** | : | Any activity carried out in the State as part of a Research and Development Project that satisfies the requirements set out in a resolution issued by the Minister. |
| **Qualifying Research and Development Expenditure** | : | Expenditure that satisfies the requirements specified in Article (5) of this Resolution. |

| | | |
|---|---|---|
| **Research and Development Project** | : | A set of Qualifying Research and Development Activities that are organized and managed to achieve a specific purpose and have clearly defined objectives and expected outcomes. |
| **Research and Development Tax Credit** | : | Tax credit available to a Qualifying Entity in respect of Qualifying Research and Development Expenditure, in accordance with the provisions of Article (2) of this Resolution. |
| **Research and Development** | : | Creative and systematic work undertaken with the aim of increasing the stock of knowledge, including human, cultural, and social knowledge, and developing new applications of available knowledge. |

## Article (2)

## Research and Development Tax Credit Rate and its Application

1. The Research and Development Tax Credit shall be calculated as a percentage of the Qualifying Research and Development Expenditure incurred by a Qualifying Entity during the relevant Tax Period or Fiscal Year.
2. The Research and Development Tax Credit shall be used to offset the Corporate Tax and/or Top-up Tax payable by the Qualifying Entity or any other Person, in accordance with the provisions of Article (7) of this Resolution. Such Tax Credit may be refunded pursuant to a resolution issued by the Minister in accordance with Clause (3) of this Article.
3. The Minister shall issue a resolution specifying the following:
    a. The applicable rates of Research and Development Tax Credit and the conditions for the application of each rate, taking into consideration the amount of Qualifying Research and Development Expenditure incurred by the Qualifying Entity, the number of employees participating in Qualifying Research and Development Activities, and any other criteria specified in such resolution.
    b. Whether the Research and Development Tax Credit is refundable or non-refundable.
    c. Any requirements, restrictions, or procedures relating to the treatment and calculation of the Research and Development Tax Credit.

## Article (3)

## Conditions for Claiming the Research and Development Tax Credit

1. Any Qualifying Entity may claim the Research and Development Tax Credit in respect of Qualifying Research and Development Expenditure, provided that all of the following conditions are satisfied:
   a. The Qualifying Entity shall satisfy the minimum number of employees engaged in Qualifying Research and Development Activities, as specified in a resolution issued by the Minister;
   b. The Qualifying Entity shall obtain the necessary prior approvals from the Council, and shall comply with the ongoing compliance requirements as specified in a resolution issued by the Minister, as well as any additional requirements specified by the Council;
   c. The Qualifying Entity shall bear the financial burden of implementing the Qualifying Research and Development Activities;
   d. The Qualifying Entity shall have a share in the revenues derived from the exploitation of intangible assets or other results of Qualifying Research and Development Activities. Such exploitation shall include the transfer of such intangible assets, other results of Qualifying Research and Development Activities, or any rights therein, or their use in commercial operations;
   e. The relevant Research and Development Project shall aim to increase the stock of knowledge or to develop new applications for available knowledge. The Qualifying Research and Development Activities shall be carried out directly to achieve that objective; and
   f. The Qualifying Entity shall comply with all requirements set forth in this Resolution and any other resolution issued by the Minister, the Council, or the Authority in implementation thereof.
2. In addition to the conditions set forth in Clause (1) of this Article, where the Qualifying Entity is a Qualifying Free Zone Person, only one of the following conditions shall be met:
   a. It shall be subject to Corporate Tax at a rate of nine percent (9%) on Taxable Income for the Tax Period during which the Qualifying Research and Development Expenditure was incurred. Such Taxable Income shall be derived from Qualifying

Research and Development Activities; or

b. It shall be subject to Top-up Tax for the Fiscal Year during which the Qualifying Research and Development Expenditure was incurred.

3. The Qualifying Research and Development Activities shall be deemed completed on the date on which the Qualifying Entity ceases to conduct such activities, becomes unable to continue carrying on its activities, or enters into liquidation proceedings, whichever is earlier.

## Article (4)
## Excluded Entities

The following entities shall not be considered Qualifying Entities for the purpose of this Resolution:

1. Any entity that is neither subject to Corporate Tax nor to Top-up Tax.
2. Any entity that elects to apply Article (21) of the Corporate Tax Law.
3. Any other entity as may be specified in a resolution issued by the Minister.

## Article (5)
## Qualifying Research and Development Expenditure

1. The following categories of expenditure shall be deemed Qualifying Research and Development Expenditure, where incurred by a Qualifying Entity during the relevant Tax Period or the Fiscal Year in relation to the Qualifying Research and Development Activities:
   a. Employee costs.
   b. Costs of consumable materials.
   c. Subcontracting fees.
   d. Contribution shares under cost contribution arrangements in accordance with Arm's Length Principle.
   e. Any other categories of expenditure as may be specified in a resolution issued by the Minister.

f. Any other costs set forth in paragraphs (a) to (e) of this Clause that are capitalized in accordance with applicable accounting standards, and relate to internally developed intangible assets derived from Qualifying Research and Development Activities.

2. The Minister shall issue a resolution specifying the definitions of the terms referred to in Clause (1) of this Article, as well as any other relevant rules and conditions, including any increase in employee costs.
3. Qualifying Research and Development Expenditure shall be eligible for claiming the Research and Development Tax Credit only if all of the following conditions are satisfied:
   a. The expenditure is incurred wholly and exclusively by a Qualifying Entity for the purpose of carrying out Qualifying Research and Development Activities. Where the expenditure is incurred for multiple purposes, only the identifiable portion or percentage that is incurred wholly and exclusively for carrying out Qualifying Research and Development Activities shall be taken into account.
   b. Its value is not less than five hundred thousand dirhams (500,000) per Research and Development Project during the relevant Tax Period or Fiscal Year, excluding any increase in employee costs as may be specified in a resolution issued by the Minister.
   c. It constitutes Deductible Expenditure, except as provided in paragraph (F) of Clause (1) of this Article.
   d. It does not include any portion or percentage directly or indirectly funded by a Grant, to the extent that such expenditure is recorded in the financial statements of the Qualifying Entity.
   e. It is not subject to any incentive, credit, exemption, or other relief under Corporate Tax Law or any other legislation in the State.

## Article (6)

## Utilization and Carryforward of Research and Development Tax Credit

1. The Research and Development Tax Credit shall be utilized to satisfy Corporate Tax and/or Top-up Tax due from the Qualifying Entity for the concerned Tax Period or Fiscal Year in respect of which a duly completed application meeting the prescribed conditions has been submitted to the Authority, before any portion of such credit is carried forward

to a subsequent Tax Period or Fiscal year or transferred in accordance with the provision of Article (7) of this Resolution.

2. Research and Development Tax Credit arising from previous Tax Periods or Fiscal Years shall be utilized before any Research and Development Tax Credit arising from subsequent Tax Periods or Fiscal Years.
3. The Qualifying Entity may carry forward any Research and Development Tax Credit that is not utilized to subsequent Tax Period or Fiscal Year.
4. The Minister may issue a resolution specifying additional conditions for the carryforward and utilization of the Research and Development Tax Credit, as well as any other necessary conditions and procedures for the purpose of implementing the provisions of this Article.

## Article (7)

## Transfer of Research and Development Tax Credit, Business Restructuring, and Record-Keeping

The Minister shall issue a resolution specifying the following:

1. The conditions and procedures under which the Research and Development Tax Credit may be transferred.
2. The conditions under which the Research and Development Tax Credit may be transferred and retained in the event of business restructuring, including the consequences of the discontinuation of Qualifying Research and Development Activities.
3. The record-keeping requirements that shall be fulfilled by the Qualifying Entity to demonstrate that such activities are considered Qualifying Research and Development Activities for the purpose of claiming the Research and Development Tax Credit.

## Article (8)

## Repayment of Unduly Received Research and Development Tax Credit

1. Where it is established that the Qualifying Entity no longer satisfies the conditions required for full or partial entitlement to the Research and Development Tax Credit in

respect of a specific Research and Development Project, any amount of Tax Credit relating to such project that has been refunded or used to reduce Corporate Tax and/or Top-up Tax liabilities of the Qualifying Entity or any other Person in accordance with Article (7) of this Resolution, shall be repaid to the Authority within the timeframe and in the manner prescribed by the Authority.

2. Any unused portion of the Research and Development Tax Credit pertaining to the Research and Development Project itself shall be deemed forfeited from the date the situation referred to in Clause (1) of this Article is established, and it shall not be carried forward or refunded.
3. If the Research and Development Tax Credit becomes subject to repayment pursuant to the provisions of this Article, no other tax credits, special reliefs, tax losses, or Pillar Two Losses may be utilized, whether directly or indirectly, to satisfy tax liability arising from such repayment.

## Article (9)

## Submission of Applications to Obtain Research and Development Tax Credit

1. The Qualifying Entity shall submit an application to obtain the Research and Development Tax Credit in accordance with the provisions of this Resolution, accompanied by the following documents:
   a. Evidence of obtaining the prior approval of the Council.
   b. A declaration signed by the senior management affirming the accuracy of the information provided.
   c. A detailed statement of the Qualifying Research and Development Expenditure in accordance with the requirements set by the Authority.
   d. Audited Financial Statements of the Qualifying Entity.
   e. Any other information or documents as may be specified by the Minister in a resolution issued thereby.
2. The application to obtain Research and Development Tax Credit shall be submitted as part of the Tax Return or Top-up Tax Return, as the case may be, for the concerned Tax Period or Fiscal Year during which the Qualifying Research and Development Expenditure was

incurred.

3. Applications submitted after the due date for filing the Corporate Tax or Top-up Tax Return, as the case may be, shall not be recognized unless the Authority approves their acceptance in exceptional cases.

## Article (10)

## Application of the Research and Development Tax Credit in Special Cases

The Minister shall issue a resolution specifying the rules, conditions, and procedures for the application of the provisions of this Resolution to tax groups and entities subject to the aforementioned Cabinet Resolution No. (142) of 2024, where the Local Designated Filing Entity has submitted the Top-up Tax Return.

## Article (11)

## Administrative Fines

1. Where the repayment provisions set forth in Clause (1) of Article (8) of this Resolution are applied, the Qualifying Entity or any other Person, in accordance with Article (7) of this Resolution, shall be liable to pay any fines imposed under the aforementioned Federal Decree by Law No. (28) of 2022.
2. For the purposes of calculating such fines, the amount of the Research and Development Tax Credit subject to repayment shall be treated as if it were tax due or payable tax.

## Article (12)

## Executive Resolutions

1. The Minister shall issue the necessary resolutions for the implementation of any of the provisions of this Resolution.
2. The Council may issue the decisions necessary for the exercise of the powers vested therein under this Resolution in relation to prior approvals, including the establishment of the rules, time limits, and procedures for the submission, review, and determination of applications for prior approval, as well as grievance procedures in respect of any decision

issued thereby in this regard.

## Article (13)

## Applicability of the Resolution to Tax Periods or Fiscal Years

This Resolution shall apply to the Tax Periods or Fiscal Years commencing on or after 1 January 2026.

## Article (14)

## Publication and Entry into Force

This Resolution shall be published in the Official Gazette and shall enter into force on the day following the date of its publication.

**Mohammed bin Rashid Al Maktoum**

**Prime Minister**

**Issued by Us:**

**On: 11 Rajab 1447 A.H.**

**Corresponding to: 31 December 2025 A.D.**