



# **UAE** corporate tax: key questions answered

### When will the UAE corporate tax regime become effective?

The regime will become effective for financial years starting on or after 1 June 2023. By way of an example, a business with a financial starting on 1 July 2023 and ending on 30 June 2024 will be subject to the new regime from 1 July 2023, as its financial year commences after 1 June 2023.

In contrast, a business whose financial year aligns with the calendar year will become subject to the corporate tax regime on 1 January 2024.



Starting 1 June 2023



### First taxable year

1 June 2023 to 31 May 2024



Deadline for filing and payment (if payable position)

28 February 2025 (nine months after FYE)



Financial year

Starting 1 January 2024



First taxable year

1 January 2024 to 31 December 2024



Deadline for filing and payment (if payable position)

> 30 September 2025 (nine months after FYE)

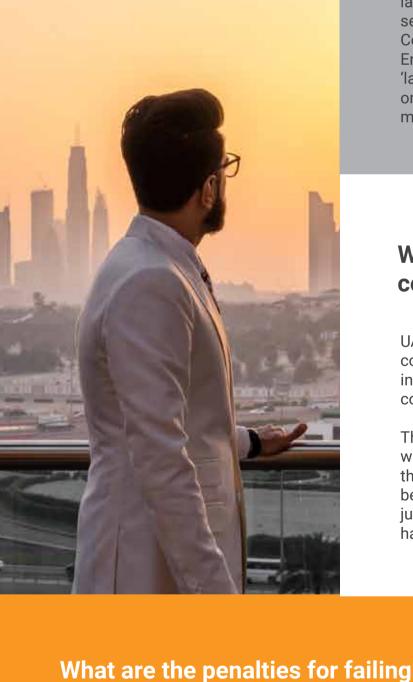
### What will the corporate tax rates be?

The corporate tax rates for taxable income will be as follows:



for income up to AED375,000

for income above AED375,000



large multinationals that meet specific criteria set by the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) project. A 'large' multinational corporation is defined as one that has consolidated global revenues of more than €750m (c. AED3.15bn).

A different rate will soon be implemented for

## Who will be subject to the UAE corporate tax?

UAE corporate tax will apply to UAE

companies and other juridical persons that are incorporated or effectively managed and controlled in the UAE. This includes natural persons (individuals)

who conduct business or business activities in the UAE, as specified in a cabinet decision to be issued in due course, and non-resident juridical persons (foreign legal entities) that have a permanent establishment in the UAE.

## to comply with the corporate tax regime? Fines range from AED (Emirati Dirhams) 500 - around 128

euros – each month for late tax return filing, to AED 20,000

(€5,120) for each repeated offence of failing to keep the required tax records. Some of the thirteen categories of penalties are levied as percentages monthly. Fines can quickly add up to tens of thousands of euros.

you with:

tax regime



We make UAE

corporate tax

simple

Our accounting and tax experts in the UAE can support

auditing in preparation for the for start of the corporate

- registering your company in the corporate tax portal supporting with provision of calculations
- coordinating the filing of returns
- building awareness and regular updates on new developments
  - If you need support, talk to us

