



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.



Financial year

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:

0%

for income up to
AED375,000

9%

for income above
AED375,000

A different rate will soon be implemented for 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).

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.

What are the penalties for failing 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.



Our **accounting and tax experts in the UAE** can support you with:

- auditing in preparation for the for start of the corporate tax regime
- 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

We make UAE corporate tax simple

If you need support, **talk to us**

