



UAE corporate tax: key questions answered

How do you determine the taxable income that will be subject to UAE corporate tax?

The taxable income subject to UAE corporate tax will be the accounting net profit of a business, as reported in financial statements prepared in accordance with internationally accepted accounting standards, after adjustments for certain items specified under the UAE Corporate Tax Law (unrealised gains/losses, entertainment, interest, donations and other items specified in the Law).

Dividends and capital gains earned by a UAE business from its qualifying shareholdings will be exempt from UAE corporate tax, as will qualifying intra-group transactions and reorganisations that meet certain conditions.



Will any income be exempt from UAE corporate tax?

Dividends and capital gains earned by a UAE business from its qualifying shareholdings will be exempt from UAE corporate tax.

Qualifying intra-group transfers will not be subject to UAE corporate tax provided the necessary conditions are met.



Will foreign corporate tax paid on UAE taxable income be recognised under the UAE corporate tax regime?

Foreign corporate tax paid on UAE taxable income will be allowed as a tax credit against the UAE corporate tax liability. The UAE corporate tax regime will allow a business to use losses incurred from the effective date of the regime to offset taxable income in subsequent financial periods.



Will transfer pricing rules be applicable to UAE businesses?

UAE will also have transfer pricing rules to ensure that the price of a transaction is not influenced by the relationship between the parties involved. Businesses will be required to apply the internationally recognised 'arm's length' principle to transactions and arrangements between related parties and connected persons.

If relevant, businesses will also need to submit a disclosure containing information regarding their transactions with related parties and connected persons and maintain a master and local file (with format and content consistent with the requirements prescribed under OECD BEPS Action 13) where the arm's length value of their related party transactions exceeds a certain threshold in the relevant tax period.

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**

