الهيئة الاتحادية للضرائب
FEDERAL TAX AUTHORITY

United Arab Emirates

Corporate Tax – Summary of FTA Private Clarifications issued up to May 2026

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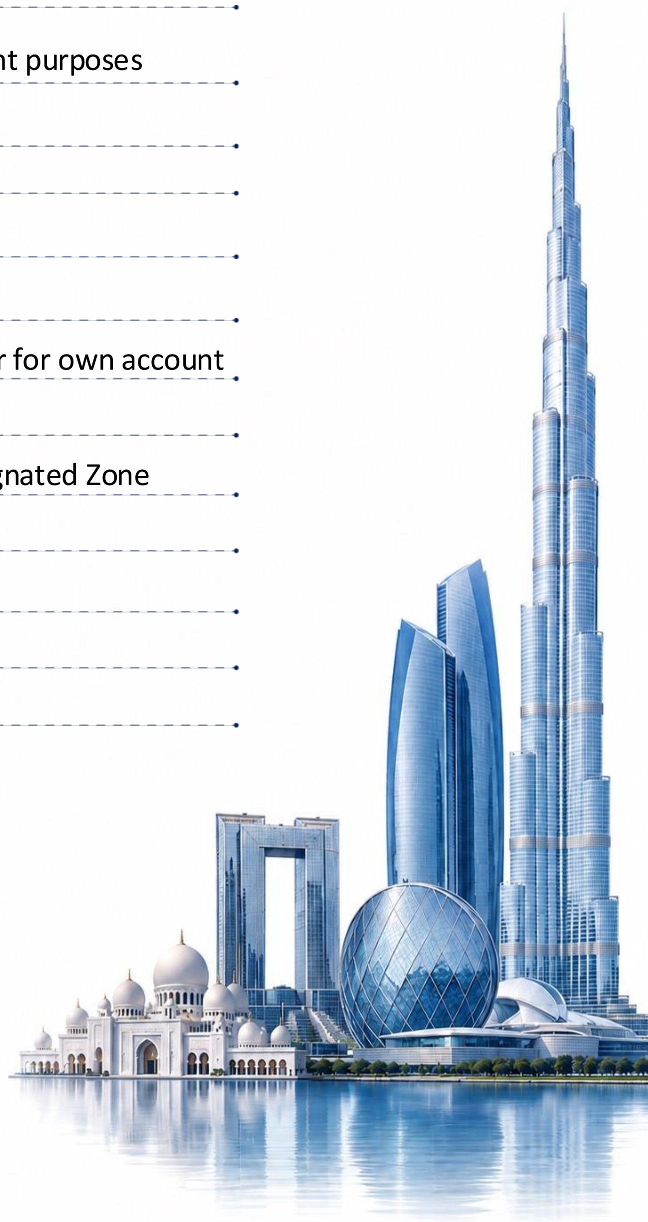

Exempt Persons – Qualifying Investment Funds, Qualifying Limited Partnerships and REITs

Q Does the Taxable Income of an investor in a Real Estate Investment Trust (REIT) that is a Qualifying Investment Fund include unrealised gains of the REIT?

A No, the Taxable Income of an investor in a REIT that is a Qualifying Investment Fund is the investor's share of the net income available for distribution in the financial statements of the Qualifying Investment Fund[1]. This does not include unrealised gains of the fund as unrealised gains cannot be distributed to investors.

Q For a REIT to qualify as a tax-exempt Qualifying Investment Fund[2], at least 20% of its shares must be floated on a Recognised Stock Exchange and the REIT and its Related Parties or Connected Persons must not subscribe to or purchase any of the floated shares[3]. Does the requirement for the REIT, Related Parties or Connected Persons not to subscribe to or purchase any of the floated shares refer to just the 20% shares that are required to be floated or all the floated shares?

A The requirement only applies to the 20% of shares that must be floated on a Recognised Stock Exchange.

Q Do non-resident investors in a UAE Qualifying Limited Partnership[4] need to register for UAE Corporate Tax and file Tax Returns?

A Not necessarily, investing in a Qualifying Limited Partnership does not create a tax filing obligation for a non-resident investor where the non-resident investor earns only UAE State Sourced Income[5] (and is not otherwise considered to be a Non-Resident Person).

Q One of the conditions for a Qualifying Limited Partnership[6] to be exempt from Corporate Tax is that it must not have income from UAE immovable property[7]. However, can it retain its exemption if it invests in other companies that have income from immovable property?

A Yes, in this situation, the Qualifying Limited Partnership is considered to be investing in shares rather than in Immovable Property.

Permanent Establishment

Q Does an office of a Non-Resident Person constitute a Permanent Establishment[8] in the UAE, if the services are provided through a third party and not under a separate trade licence, or if the only activities are marketing activities for a Related Party?

A It depends on the facts and circumstances of each case. A Non-Resident Person has a Permanent Establishment in the UAE if it has a fixed or permanent place in the UAE through which the business of the Non-Resident Person, in whole or in part, is conducted. The absence of a trade licence does not necessarily mean there is no Permanent Establishment. Generally, an aggregate presence of more than six months

[1] Article 4(3) of Cabinet Decision No. 34 of 2025
[2] Article 10 of the Corporate Tax Law
[3] Article 4(1)(b)(1) of Cabinet Decision No. 34 of 2025
[4] Article 1 of Cabinet Decision No. 34 of 2025
[5] Article 2(1)(e) of Ministerial Decision No. 43 of 2023
[6] Article 1 of Cabinet Decision No. 34 of 2025
[7] Article 5(1)(b) of Cabinet Decision No. 34 of 2025
[8] Article 14 of the Corporate Tax Law

(even if not continuous) within a relevant 12-month period indicates permanence in time. The place of Business must be at the disposal of the Non-Resident Person and the activities performed by the Non-Resident Person at that place of Business must be core income-generating activities and not of a preparatory or auxiliary nature.

An important factor to distinguish whether activities have a preparatory or auxiliary character is whether the activity of the fixed place of business in itself forms an essential and significant part of the activity of the enterprise as a whole. A fixed place of business whose general purpose is identical to the general purpose of the whole enterprise does not exercise a preparatory or auxiliary activity.

Unincorporated Partnerships

Q Does an Unincorporated Partnership[9] exist where a landowner enters into an agreement with a real estate developer to develop a property and share the profits when the property is sold?

A This will depend on the situation. An Unincorporated Partnership will exist where there is a relationship established by contract between two Persons or more, such as a partnership or trust or any other similar association of Persons, in accordance with the applicable legislation of the UAE[10]. The contract can be a written or oral agreement. If the partnership is carrying out a business, for example, of property development, then the normal rules apply for registering for Corporate Tax and filing Tax Returns.

Q Can the UAE branch of a foreign Limited Liability Partnership (LLP) be treated as an Unincorporated Partnership even if the foreign LLP is legally, but not beneficially owned by a nominee company?

A Yes, as long as the conditions in the Corporate Tax Law are met for the Foreign Partnership[11] - it must be treated as tax-transparent in its home country and each partner must be taxable on their share of the partnership income.

Q Does a Foreign Partnership lose its tax-transparency if it fails to submit an annual declaration to the FTA to confirm it meets the conditions to be treated as a Foreign Partnership[12]?

A Yes, a UAE taxable partner in a Foreign Partnership must submit an annual declaration on behalf of the partnership when filing their Tax Return, and failure to submit the annual declaration means that the Foreign Partnership loses its tax-transparent nature since it is no longer treated as an Unincorporated Partnership.

Q Can a UAE branch of an unincorporated foreign partnership be treated as a Foreign Partnership under Article 16(7) of the UAE Corporate Tax Law?

A No, Article 16(7) only applies to foreign partnerships that are juridical persons, and deems them to be tax-transparent if certain conditions are met. An unincorporated foreign partnership that is not a juridical person is already treated as tax transparent by definition, and there is no requirement for an application to be made to the FTA for this treatment.

[9] Article 1 of the Corporate Tax Law
[10] Article 1 of the Corporate Tax Law
[11] Article 16(7) of the Corporate Tax Law
[12] Article 4(3) of Ministerial Decision No. 261 of 2024, Article 8 of FTA Decision No. 5 of 2025

Family Foundations

Q Can a family company or a private company that invests in shares for the benefit of a natural person be a Family Foundation for the purposes of the Corporate Tax Law?

A No, a Family Foundation is any foundation, trust or similar entity that meets the conditions of Article 17 of the Corporate Tax Law[13]. A "similar entity" means an entity that has a similar legal structure or character to a foundation or trust, and would, therefore, exclude a limited liability company or a private company, but can include an incorporated trust.

Q Can a Family Foundation, whose beneficiaries are natural persons, qualify for tax-transparent status if it carries on an activity of real estate investment[14]?

A Yes, but only if the real estate investment is not carried on through a licence (and is not required to be conducted through a licence), as such real estate investment would not be a taxable business activity if carried on by a beneficiary of the Family Foundation who is a natural person.

Q A juridical person that is wholly owned and controlled by a Family Foundation that is treated as an Unincorporated Partnership can itself make an application to the FTA to be treated as an Unincorporated Partnership[15]. Is this application possible if the juridical person is wholly owned by more than one such Family Foundation?

A Yes, a juridical person can be "wholly owned" by more than one Family Foundation. The ownership condition would be met if the juridical person is only owned by Family Foundations, and all these Family Foundations are treated as Unincorporated Partnerships.

Free Zones – Qualifying Free Zone Persons

Q Can a discretionary trust, Unincorporated Partnership or other such body that is not a juridical person be a Qualifying Free Zone Person?

A No, a Qualifying Free Zone Person must be a juridical person[16], which means, broadly, an entity with a separate legal identity, and includes branches. It does not include a natural person or an agreement between persons.

Q If a Taxable Person is based in a Free Zone and has a branch in another Free Zone, should the conditions for a Qualifying Free Zone Person be assessed for each location separately?

A No, a branch of a Taxable Person does not have a separate legal identity, so if a Taxable Person has branches in one or more Free Zones, then the conditions for a Qualifying Free Zone Person are applied to the Free Zone branches collectively as one Taxable Person[17]. Each activity conducted by the Taxable Person should be assessed independently to determine whether it is a Qualifying Activity and the adequate substance test[18] should be assessed separately for each activity for the Free Zone Person

[13] Article 1 of the Corporate Tax Law
[14] Article 17(1)(c) of the Corporate Tax Law
[15] Article 17 of the Corporate Tax Law and
Article 5(2) of Ministerial Decision No 261 of 2024
[16] Article 1 of the Corporate Tax Law
[17] Article 3(1) of Cabinet Decision No. 100 of 2023
[18] Article 8(1) of Cabinet Decision No. 100 of 2023

and its branches collectively as a single Qualifying Free Zone Person. However, if a Taxable Person based in a Free Zone has a branch that is not in a Free Zone, then that branch is treated as a Domestic or Foreign Permanent Establishment. The income attributable to that Permanent Establishment is calculated as if the establishment was a separate and independent Taxable Person that is a Related Party of the Qualifying Free Zone Person. Its income is not Qualifying Income and its activities are not taken into account in assessing the conditions for a Qualifying Free Zone Person[19].

Q If a Taxable Person does not record certain transactions at arm's length prices in its financial statements, but makes an appropriate transfer pricing adjustment in its Corporate Tax Return, can it still be a Qualifying Free Zone Person?

A Yes, where a transfer pricing adjustment is made to the Corporate Tax Return to meet the arm's length principle for Related Parties[20], a Free Zone Person will not be disqualified from being a Qualifying Free Zone Person for that Tax Period for not recording arm's length transactions in its financial statements.

Free Zones – Adequate substance

Q A Free Zone Person rents out property located in a Free Zone to Related Parties in the Free Zone. Can it pass the adequate substance test[21] to be a Qualifying Free Zone Person even if it has no employees?

A The adequate substance test should be applied on a case-by-case basis having regard to the level of activities carried out, and whether there are adequate assets, an adequate number of qualified full-time employees and an adequate amount of expenditure in relation to each activity[22], and does not provide an exception where an activity is asset-based or passive in nature. For example, for a business that lets out property, the absence of any full-time employees may indicate that no personnel are dedicated to performing the core income-generating activities associated with leasing, such as contract administration, compliance monitoring, oversight of lease renewals, or enforcement of contractual rights and obligations, and the adequate substance test is not met.

Q Can employees working full-time in a Free Zone, under a Free Zone Person's control and supervision, but holding visas from other Related Parties, be qualified full-time employees of the Free Zone Person for the adequate substance requirement[23]?

A Yes, the fact that the employees hold work visas issued by other Related Parties does not prevent a Free Zone Person from meeting the adequate substance requirement of having an adequate number of qualified full-time employees in a Free Zone, if the Free Zone Person bears the economic expense of the employees and is responsible for the substance of the employment relationship.

Q Can the adequate substance test[24] be met if a Free Zone company has no separate physical office but uses a shared workspace in a Free Zone to carry out its activities?

A This depends on whether the shared workspace is sufficient for the company to carry out its core income-generating activities. The space where the Applicant conducts its operations should be commensurate with its level of Qualifying Activity. The Applicant must have adequate substance

[19] Article 5 of Cabinet Decision No. 100 of 2023
[20] Article 18(1)(d) and Article 34 of the Corporate Tax Law
[21] Article 8(1) of Cabinet Decision No. 100 of 2023
[22] Article 8(1) of Cabinet Decision No. 100 of 2023
[23] Article 8(1) of Cabinet Decision No. 100 of 2023
[24] Article 8(1) of Cabinet Decision No. 100 of 2023

(adequate assets, an adequate number of qualified full-time employees, and incur an adequate amount of operating expenditures) in a Free Zone that is commensurate to the level of its activities.

Q Can a Free Zone Person conducting high-seas sales or third-port trading using overseas warehouses be considered as performing core income-generating activities of the Qualifying Activity of distribution within the Free Zone for Qualifying Free Zone Person status?

A It depends on the facts and circumstances. Overseas warehousing and shipping would not automatically disqualify a Free Zone Person from Qualifying Free Zone Person status if the Free Zone Person undertakes its core income-generating activities in a Designated Zone, and having regard to the level of activities carried out, has adequate assets and an adequate number of qualified full-time employees in a Designated Zone, and if the Free Zone Person incurs adequate operating expenditure, in relation to such activity.

Q If a Free Zone Person (not located in a Designated Zone) is a distributor and sells goods to another Free Zone Person, how can it determine whether that customer is the Beneficial Recipient of the goods, and whether the income is therefore Qualifying Income of a Qualifying Free Zone Person[25]?

A Where a sale of goods results in the legal ownership passing to the customer and the goods are at the disposal and discretion of the customer, including the right to resell the products to its own customers without any contractual or legal obligation between the distributor and the customer requiring it to do so, the customer is considered to be the Beneficial Recipient of the goods as the customer has the free right to use and enjoy the goods.

Q If a Qualifying Free Zone Person carries on a Qualifying Activity of trading in Qualifying Commodities[26] and sells those Qualifying Commodities to another Free Zone Person, do they need to determine whether that customer was the Beneficial Recipient[27] of the goods?

A No, where a Qualifying Free Zone Person sells goods to another Free Zone Person as part of a Qualifying Activity of trading in Qualifying Commodities, it does not need to determine whether the customer is the Beneficial Recipient. The Beneficial Recipient test is only relevant when the Qualifying Free Zone Person does not conduct a Qualifying Activity or an Excluded Activity[28], and they have derived income from transactions with another Free Zone Person.

Q Is income from the sale of goods to a Free Zone Person considered Qualifying Income of a Qualifying Free Zone Person[29] if the goods or materials that give rise to the sales are not purchased from a Free Zone Person?

A Yes, income from the sale of goods to a Free Zone Person who is the Beneficial Recipient of the goods will be considered Qualifying Income, even where the goods imported or purchased by the Qualifying Free Zone Person in deriving such Qualifying Income are imported or purchased from Non-Free Zone Persons.

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[25] Article 3(1)(a) and Article 3(3) of Cabinet Decision No. 100 of 2023
[26] Article 2(c) of Ministerial Decision No. 229 of 2025
[27] Article 3(3) of Cabinet Decision No. 100 of 2023
[28] Article 3(1)(b) of Cabinet Decision No. 100 of 2023
[29] Article 3(1)(a) of Cabinet Decision No. 100 of 2023

Q Are company formation consultancy services provided by a Free Zone Person considered Qualifying Income of a Qualifying Free Zone Person[30] if they are provided to the individual shareholders of a new company being formed in a Free Zone?

A This depends on the services provided and who the Beneficial Recipient[31] of the services is. If the Beneficial Recipient is a natural person, then the services are Excluded Activities[32], and the income from the services is not Qualifying Income. If the Beneficial Recipient is a Free Zone Person and the services are not Excluded Activities, then the income from the services will be Qualifying Income.

Free Zones – Qualifying Income - Income from Qualifying Intellectual Property

Q For income to be considered Qualifying Income under the category of income derived from the ownership or exploitation of Qualifying Intellectual Property[33], is it necessary to secure patent or copyright registration with the relevant UAE regulatory authority?

A No, the Corporate Tax Law does not require Qualifying Intellectual Property to be registered if the Intellectual Property is automatically legally protected by the relevant legislation in the UAE upon creation.

Free Zones – Qualifying Activities – processing of goods or materials

Q Can a packaging or re-packaging business be a Qualifying Activity of processing of goods or materials[34]?

A Processing of goods or materials is a wider concept than manufacturing and may occur where an item undergoes a process but essentially remains the same thing, and no new product is created. For example, packaging for sale or re-packaging of finished products could be a Qualifying Activity of processing.

Free Zones – Qualifying Activities – trading of Qualifying Commodities

Q Is trading of derivatives for speculative purposes a Qualifying Activity of trading of Qualifying Commodities[35]?

A No. Trading of Qualifying Commodities means the physical trading of Qualifying Commodities and associated financial derivatives trading used to hedge against risks involved in such activities, and associated structured commodity financing.[36] Derivative transactions which are not directly linked to hedging risk in physical commodity trading, conducted on a speculative basis, do not fall within the Qualifying Activities of Trading of Qualifying Commodities. The Free Zone Person must be able to demonstrate a clear link between the financial derivatives entered into and the risks arising from its physical trading of Qualifying Commodities.

Q A Qualifying Activity of trading in Qualifying Commodities requires a Quoted Price to exist for the commodities[37]. Can the price of cash-settled derivatives of a commodity, specified by a Recognised Commodity Exchange Market, be referenced as a valid source of the Quoted Price?

[30] Article 3(1)(a) of Cabinet Decision No. 100 of 2023
[31] Article 3(3) of Cabinet Decision No. 100 of 2023
[32] Article 2(2)(a) of Ministerial Decision No. 229 of 2025
[33] Article 3(1)(c) of Cabinet Decision No. 100 of 2023
[34] Article 2(1)(b) of Ministerial Decision No. 229 of 2025
[35] Article 2(1)(c) of Ministerial Decision No. 229 of 2025
[36] Article 2(3)(c) of Ministerial Decision No. 229 of 2025

A Yes, the price of a cash-settled derivative of a commodity meets the condition to show the existence of a Quoted Price for that commodity, provided that price is specified by a Recognised Commodity Exchange Market or a recognised price reporting agency[38].

Free Zones – Qualifying Activities - holding of shares and other securities for investment purposes

Q Can income from the holding of shares and other securities for investment purposes[39] be a Qualifying Activity if the shares are held for less than 12 months? If yes, in what circumstances is this permissible?

A Yes, if the shares were acquired for investment purposes rather than for short-term trading or speculative activity, and the taxpayer can demonstrate that the intention was to hold the shares for at least 12 months[40]. Where funds are placed with an asset manager with a discretionary mandate to hold shares and other securities for investment purposes, that would be indicative (although not determinative) that the Qualifying Free Zone Person meets the investment purpose requirement for the funds that are placed at the portfolio level, provided the Qualifying Free Zone Person exercises ongoing prudential oversight to ensure that the asset manager acts within the scope of its investment mandate and the Qualifying Free Zone Person does not act in contradiction to the investment strategy mandate agreed with the asset manager. The assessment of the "intention" of the investments will be at the level of the overall portfolio mandate, rather than separately for each individual acquisition or disposal.

Q Can dealing in option contracts as an option writer (as opposed to an option holder) be a Qualifying Activity of holding of shares and other securities for investment purposes[41]?

A No, dealing in option contracts as an option writer is not a Qualifying Activity as the option writer is not the holder of the option.

Free Zones – Qualifying Activities – ownership, management and operation of ships

Q Can time chartering without direct ownership of ships be a Qualifying Activity of ownership, management and operation of ships[42]?

A Yes, a Free Zone Person does not need to own, manage, and operate a ship simultaneously in order to fall within the scope of the Qualifying Activity. Rather, each limb of the activity i.e. ownership of ships, management of ships, and operation of ships, can be performed independently and still constitute a Qualifying Activity, provided the relevant functions are substantively carried out by the Free Zone Person.

Q Are port agency services and cargo handover services a Qualifying Activity of ownership, management and operation of ships, even if the ships are owned by other persons?[43]

A Yes. Each activity listed in the definition of the Qualifying Activity[44], i.e. ownership of ships, management

[37] Article 1 of Ministerial Decision No. 229 of 2025
[38] Article 1 Ministerial Decision No. 230 of 2025
[39] Article 2(3)(d) of Ministerial Decision No. 229 of 2025
[40] Article 2(3)(d) of Ministerial Decision No. 229 of 2025
[41] Article 2(3)(d) of Ministerial Decision No. 229 of 2025
[42] Article 2(3)(e) of Ministerial Decision No. 229 of 2025
[43] Article 2(3)(e) of Ministerial Decision No. 229 of 2025

of ships, and operation of ships, can be performed independently. Port services and cargo handover services come within the scope of management and operation of ships.

Q Is the purchase and sale of ships a Qualifying Activity of ownership, management and operation of Ships[45]?

A No, the purchase and sale of ships is not by itself a Qualifying Activity of ownership, management and operation of Ships, but it may be an ancillary activity of this type of Qualifying Activity where the Qualifying Free Zone Person also conducts the Qualifying Activity of ownership, management and operation of Ships.

Free Zones – Qualifying Activities - reinsurance

Q Can an activity be a Qualifying Activity of reinsurance if the Free Zone Person does not bear any insurance risk?

A No, in order to qualify under the Qualifying Activity of reinsurance services[46], the Free Zone Person should assume all or part of the risk undertaken by another insurer or reinsurer.

Free Zones – Qualifying Activities – wealth and investment management services

Q Can commission and referral fees received from third party financial firms qualify as income from a Qualifying Activity of wealth and investment management services[47]?

A It depends on the circumstances. Wealth and investment management services should be of a holistic advisory or financial management nature, rather than of an executionary nature (i.e. facilitation services involving implementing investment strategies)[48]. Where a Free Zone Person provides wealth and investment management services to clients, the revenue derived from those services does not need to be received from those clients, but may be received from financial institutions in which clients have invested. Services that involve acting as a broker or intermediary executing trades on behalf of clients are not a Qualifying Activity of wealth and investment management services, but may qualify as an ancillary activity to a wealth and investment management services where the Qualifying Free Zone Person also conducts the Qualifying Activity of wealth and investment management services[49].

Q Does the Qualifying Activity of wealth and investment management services include matched-principal brokerage services, where financial trades are only executed when both buy and sell sides are matched, and commission income is earned on matched trades?

A No, these types of brokerage services on their own are not a Qualifying Activity of wealth and investment management, but they could be an ancillary activity of such a Qualifying Activity where the Qualifying Free Zone Person also conducts the Qualifying Activity of wealth and investment management services.

Free Zones – Qualifying Activities – headquarter services to Related Parties

Q What types of services provided to Related Parties can be considered to be "headquarter services"[50]?

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[44] Article 2(3)(e) of Ministerial Decision No. 229 of 2025
[45] Article 2(3)(e) of Ministerial Decision No. 229 of 2025
[46] Article 2(3)(f) of Ministerial Decision No. 229 of 2025
[47] Article 2(3)(h) of Ministerial Decision No. 229 of 2025
[48] Article 2(3)(h) of Ministerial Decision No. 229 of 2025
[49] Article 2(4) of Ministerial Decision No. 229 of 2025

A Headquarter services to Related Parties includes the administering, overseeing and managing of Business Activities of Related Parties, including the provision of senior and general management, captive insurance services, administrative services, procurement services, business planning and development, risk management, coordination of group activities, and in general incurring expenditures on behalf of Related Parties and providing other support services to Related Parties[51]. Not all the activities listed need to be conducted, any one of the categories on its own could be a Qualifying Activity of headquarter services. A headquarter company should take the responsibility for the overall success of the group, or an important aspect of the group's performance, and ensure corporate governance. This will need to be assessed on a case-by-case basis, depending on the specific facts and circumstances of the case. Where a company provides a straightforward specific commercial service to a Related Party, such as providing routine IT support or providing marketing services (as opposed to providing overall group management services), for the benefit of a single group entity rather than for the wider group, this is not likely to be a Qualifying Activity of headquarter services.

Q Does the Qualifying Activity of headquarter services to Related Parties[52] include services provided to only one Related Party?

A Generally yes, depending on the particular characteristics of each case, there could be no need to provide headquarter services to more than one Related Party for these to be a Qualifying Activity of headquarter services to Related Parties, where those services are provided for the wider benefit of the group.

Q Does the Qualifying Activity of headquarter services to Related Parties[53] include the self-investment of a company's own funds to provide financing for related companies?

A No, headquarter services must be provided for Related Parties, not just for the company with the activity. However, this type of financing activity could be a Qualifying Activity under the different Qualifying Activity of providing treasury and financing services to Related Parties[54].

Q Does the Qualifying Activity of headquarter services to Related Parties[55] include services provided by a branch located in a Free Zone to its headquarters?

A Yes, a branch can be a Free Zone Person[56] and can carry out any Qualifying Activities. Whilst a branch does not constitute a separate legal entity from its headquarters, but rather it is an extension of the headquarters, a headquarters and its branch (i.e. its Permanent Establishment) are considered to be Related Parties, and therefore the branch can provide headquarter services to its headquarters.

Free Zones – Qualifying Activities - treasury and financing services to Related Parties or for own account

Q Is providing loans, payment processing services and acting as a loan guarantor for Related Parties a Qualifying Activity of treasury and financing services to Related Parties[57]?

[50] Article 2(3)(i) of Ministerial Decision No. 229 of 2025
[51] Article 2(3)(i) of Ministerial Decision No. 229 of 2025
[52] Article 2(3)(i) of Ministerial Decision No. 229 of 2025
[53] Article 2(3)(i) of Ministerial Decision No. 229 of 2025
[54] Article 2(3)(j) of Ministerial Decision No. 229 of 2025
[55] Article 2(3)(i) of Ministerial Decision No. 229 of 2025
[56] Article 1 of the Corporate Tax Law

A Yes, all these services are directly aligned with functions such as cash and liquidity management, financing, debt management, financial risk management, and centralised payment and collection activities which come within the definition of treasury and financial services.[58]

Q Is the investment of a group parent company's funds into interest bearing bank deposits, US treasuries and corporate bonds a Qualifying Activity of treasury and financing services to Related Parties or for its own account[59]?

A Yes. Investment (either short-term or long-term) of free funds into these types of investment are a Qualifying Activity of treasury and financing services.

Free Zones – Qualifying Activities – financing and leasing of aircraft

Q Does the Qualifying Activity of financing and leasing of aircraft[60] include activities where aircraft are leased to natural persons rather than companies?

A Yes, transactions with natural persons in respect of the Qualifying Activity of financing and leasing of Aircraft are not an Excluded Activity. Therefore, whether the customer is a company or a natural person is not a factor in determining whether there is a Qualifying Activity of financing and leasing of aircraft.

Free Zones – Qualifying Activities – distribution of goods or materials in or from a Designated Zone

Q For the Qualifying Activity of distribution of goods or materials in or from a Designated Zone[61], do goods need to be purchased from the manufacturer or can they be purchased from another distributor?

A There is no obligation or requirement under the Corporate Tax Law for goods to be purchased only from manufacturers in order to be eligible as the Qualifying Activity of distribution of goods or materials in or from a Designated Zone.

Q Does the Qualifying Activity of distribution[62] include activities where goods or materials are distributed from a Designated Zone to a customer who incorporates them in its own products, which are either processed and sold on to third parties or retained by the customer to provide services to third parties?

A As long as the goods or materials are incorporated in products that are sold on to third parties, the activity can qualify as a distribution activity, regardless of how much processing is done by the customer prior to sale. However, if the goods or materials are incorporated by the customer into products, infrastructure or machines that it retains and uses to provide services, then the customer is the "end-user" of the goods or materials, and the activity will not be a Qualifying Activity of distribution[63].

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[57] Article 2(3)(j) of Ministerial Decision No.229 of 2025
[58] Article 2(3)(j) of Ministerial Decision No.229 of 2025
[59] Article 2(3)(j) of Ministerial Decision No.229 of 2025
[60] Article 2(3)(k) of Ministerial Decision No. 229 of 2025
[61] Article 2(3)(l) of Ministerial Decision No. 229 of 2025
[62] Article 2(3)(l) of Ministerial Decision No. 229 of 2025
[63] Article 2(3)(l) of Ministerial Decision No. 229 of 2025

Q A UAE Free Zone Person buys raw materials abroad and pays a Related Party abroad to manufacture garments from the materials which are then sold by the UAE Free Zone Person to customers outside the UAE. The materials and garments do not enter the UAE. Is this a Qualifying Activity of distribution of goods or materials in or from a Designated Zone[64]?

A No, the activity is not a distribution activity (the purchase and sale for the purpose of resale). It is a manufacturing activity, carried out abroad, not from a Free Zone, so it is not a Qualifying Activity.

Q Does the pricing mechanism agreed with a customer for a distribution activity affect its status as a Qualifying Activity of distribution of goods or materials in or from a Designated Zone[65]?

A No, the pricing mechanism has no bearing on the conditions for an activity to be a Qualifying Activity of distribution of goods or materials in or from a Designated Zone.

Q The Qualifying Activity of distribution of goods or materials requires commercial customers to resell products to third parties and not be "end users"[66]. What due diligence should a company carry out to determine whether its customers are "end users" of its products, or resellers to third parties?

A A Free Zone Person that is engaged in the activity of distribution of goods or materials must conduct necessary due diligence (such as "know your client", seeking confirmation by way of an undertaking or a contract, etc.) to ensure that its customer is not the end user, in order to fall within the scope of the Qualifying Activity.

Free Zones – Qualifying Activities – logistics

Q The definition of the Qualifying Activity of logistics[67] includes the storage and transportation of goods or materials on behalf of another person without taking title to the good or material of that other person, including cargo handling, warehousing, container storage, transport agency services, customs brokerage services, order and inventory management, freight forwarding and brokerage services, document preparation, packing and unpacking and other related services. Do all these activities need to be carried out for a Qualifying Activity of logistics to exist?

A No, a Taxable Person does not need to carry out every activity on the list to undertake the Qualifying Activity of logistics. For example, there is no requirement for the Taxable Person to be engaged in the direct physical storage or transportation of goods as long as other logistics activities are carried out.

Q Are first and last mile delivery services a Qualifying Activity of logistics[68], even though the services may not be carried out in a Free Zone?

A Yes, where a Free Zone Person performs most of its logistics services within a Free Zone for its customers but provides first or last mile delivery services outside of the Free Zone in the UAE or in a foreign country, the last mile delivery services will still form part of the Free Zone Person's logistics services Qualifying Activity.

Q Is the arrangement of transportation and storage for customers a Qualifying Activity of logistics[69], even if the transportation and storage is carried out by third party vendors?

[64] Article 2(3)(l) of Ministerial Decision No.229 of 2025
[65] Article 2(3)(l) of Ministerial Decision No. 229 of 2025
[66] Article 2(3)(l)(1) of Ministerial Decision No. 229 of 2025
[67] Article 2(3)(m) of Ministerial Decision No. 229 of 2025
[68] Article 2(3)(m) of Ministerial Decision No. 229 of 2025
[69] Article 2(3)(m) of Ministerial Decision No. 229 of 2025

A It depends on the facts and circumstances of each case, but the fact that the actual logistics services are provided by third party vendors does not prevent an activity being a Qualifying Activity of logistics provided those activities are not core income-generating activities[70].

Free Zones – Qualifying Activities – ancillary activities

Q What are the requirements for an ancillary activity[71] to be a Qualifying Activity?

A There must be a main Qualifying Activity under one of the other categories, and the ancillary activity must be necessary for the performance of the main activity or makes a minor contribution to it and is so closely related to the main activity that it should not be regarded as a separate activity.[72] Whether an activity is necessary, or is closely related to the main activity will depend on the specific facts and circumstances. Some of the features associated with activities that are necessary for the performance of a main Qualifying Activity, and are therefore ancillary activities, are:

(i) Support to main activity: An activity is ancillary if it serves as a necessary supportive function to the main operation of the Business rather than being a core activity or function itself.

(ii) Seamlessly integrated: An activity is ancillary if its absence would disrupt the main operation (i.e. it is integral to the main operation and cannot be detached without materially affecting the functioning of the main operations).

Generally, the assessment of whether a contribution is minor should be based on the financial contribution of the activity when compared with the total revenue of the business.

Taxable Income

Q A company has a 1% legal ownership interest in another company to comply with UAE Commercial Companies law, but the shareholding has no economic value such as rights to dividends or liquidation proceeds. If the company disposes of the 1% shareholding to a Related Party or if the 1% shareholding is liquidated, does this give rise to Taxable Income?

A The transfer, sale or liquidation of legal ownership in shares is a taxable event and the company is required to determine if such transaction gives rise to Taxable Income. Taxable Income includes all income recognised in the Financial Statements prepared in accordance with IFRS[73]. If the shares are disposed of to a Related Party, the transaction must be valued at arm's length[74]. Where the company only holds legal ownership in the shares without any associated economic rights or benefits, such as entitlement to dividends, profits, liquidation proceeds, or control over the other company, this may indicate that the arm's length value of such legal ownership is nominal or aligned with the book value of the shares. In such a case, the transfer of the legal ownership may not result in any income that would be subject to Corporate Tax. If the shareholding is liquidated, there may be Taxable Income for the company owning the 1% shareholding, but only if it is entitled to a share of the liquidation proceeds. This assessment is fact-specific and based on the assumption that the company holds only legal title to the shares without any associated economic rights or benefits. The arm's length value of the shareholding must be

[70] Article 2(3)(m) of Ministerial Decision No. 229 of 2025
[71] Article 2(3)(n) of Ministerial Decision No. 229 of 2025
[72] Article 2(4) of Ministerial Decision No .229 of 2025
[73] Article 20(1) of the Corporate Tax Law
[74] Article 34(1) of the Corporate Tax Law

determined having regard to all relevant facts and circumstances. The presence of additional rights, benefits, obligations, restrictions, or other valuation factors may result in a different valuation and Corporate Tax outcome.

Q Does Taxable Income include the reversal of a provision that was originally created before the first Tax Period?

A Yes, Taxable Income includes all income recognised in financial statements prepared in accordance with IFRS[75], subject to any exemptions in the Corporate Tax Law (i.e. if it is Exempt Income). If the reversal of a provision is recognised as income under IFRS, then it is Taxable Income even if the provision originally arose before the first Tax Period.

Q Does Taxable Income include receipt of a compensation amount that relates to events prior to the first Tax Period but which was included in financial statements for the first Tax Period?

A Yes, Taxable Income includes all income recognised in financial statements prepared in accordance with IFRS[76]. If the compensation is correctly recognised as income under IFRS, then it is Taxable Income, even if the events that gave rise to it occurred before the first Tax Period.

Q Should a government grant be included in Taxable Income?

A It depends on the treatment of the grant under IFRS. Taxable Income includes all accounting income recognised in financial statements prepared in accordance with IFRS[77], subject to any exemptions in the Corporate Tax Law.

Participation Exemption

Q Can the Participation exemption[78] apply to dividends received from a Saudi company that is subject to Zakat at 2.5%?

A Yes, on the basis that the corporate tax levied in KSA is applied on a similar basis to Corporate Tax in the UAE and is levied at the rate of 20%, the requirement[79] for the Participation to be subject to Corporate Tax or a tax of a character similar to Corporate Tax at a rate of 9% or more is considered to be met for companies subject to Saudi Zakat.

Q Can the Participation exemption[80] apply to dividends received from a holding company taxed at less than 9% if the ultimate source of the income is a company taxed at 9% or more?

A Yes. There are special rules that allow a foreign holding company taxed at less than 9% to be treated as a Participation as long as certain conditions are met. The holding company must have the principal objective and activity of holding shares or equitable interests that meet the conditions of the Participation exemption[81] and it must:

a. Be directed and managed in the relevant other country or foreign territory.
b. Comply with the requirement to submit any documents, records or information to the relevant authority under the laws and regulations applicable to the Participation in the relevant other country or foreign territory.

[75] Article 20(1) of the Corporate Tax Law
[76] Article 20(1) of the Corporate Tax Law
[77] Article 20(1) of the Corporate Tax Law
[78] Article 23 of the Corporate Tax Law
[79] Article 23(2)(b) of the Corporate Tax Law
[80] Article 23 of the Corporate Tax Law
[81] Article 23(3) of the Corporate Tax Law

c. Have adequate personnel and premises for the acquisition and holding of the shares or equitable interests in the relevant other country or foreign territory, having regard to the level of activity carried on by the Participation and the extent to which those activities are performed on behalf or for the benefit of the Participation by another Person in that other country or foreign territory.
d. Not conduct any other activities other than those that are incidental or ancillary to the acquisition and holding of shares or equitable interests.
e. Have 50% or more of its income during the relevant Tax Period and the preceding Tax Period on average consisting of dividends, capital gains and other income from Participating Interests.[82]

Q Does the Participation exemption[83] apply to unrealised fair value gains or losses, if a Taxable Person has not made an application to be taxed on the realisation basis[84]?

A Fair value gains or losses are not covered by the Participation exemption, but impairment gains or losses are covered. Whether or not the movement in the valuation of an item is an impairment gain or loss or a fair value gain or loss should be determined by reference to IFRS.

Q Does the AED 4,000,000 minimum ownership requirement[85] for the Participation exemption[86] override the 5% entitlement tests for profits available for distribution and liquidation proceeds[87]?

A Yes, the minimum ownership requirement of AED 4,000,000 overrides the 5% ownership test in shares or capital[88] as well as the 5% entitlement tests for profits and liquidation proceeds. This applies to income derived from a Participation for all Tax Periods starting on or after 1 June 2023.

Q The asset test for the Participation exemption[89] states that a Participation does not qualify for the Participation exemption if more than 50% of the Participation's direct and indirect assets consists of ownership interests that by themselves would not qualify for the Participation exemption if held directly by the Taxable Person. Ministerial Decision No. 302 of 2024 limited this test to Participations that are Related Parties[90] of the Taxable Person[91]. Does this limitation apply to all Tax Periods, or just those starting on or after 1 January 2025?

A The limitation of the asset test to Related Parties of the Taxable Person applies only for Tax Periods starting on or after 1 January 2025.

Q Is it compulsory or optional to aggregate the ownership interests held by members of a Qualifying Group for the purposes of determining whether a Participation exists[92]?

A For the purposes of establishing whether a 5% ownership interest in a Participation exists, the aggregation of ownership interests held by members of a Qualifying Group is compulsory.

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[82] Article 7 of Ministerial Decision No. 302 of 2024
[83] Article 23 of the Corporate Tax Law
[84] Article 20(3) of the Corporate Tax Law
[85] Article 8(1) of Ministerial Decision No. 302 of 2024
[86] Article 23 of the Corporate Tax Law
[87] Article 23(2)(c) of the Corporate Tax Law
[88] Article 23(2) of the Corporate Tax Law
[89] Article 23(2)(d) of the Corporate Tax Law
[90] Article 35 of the Corporate Tax Law
[91] Article 9 of Ministerial Decision No. 302 of 2024
[92] Article 23 (2) of the Corporate Tax Law, Article 3 of Ministerial Decision No. 302 of 2024

Q Can a dividend be exempt under the Participation exemption[93] if it is paid out of profits that arose before the acquisition of a Participation?

A Yes, dividends sourced from retained earnings accumulated in financial years prior to the acquisition of a Participation qualify for the Participation exemption if all the other qualifying conditions are met.[94]

Q Can a 5% beneficial ownership without strict legal ownership qualify for the Participation exemption[95]?

A Yes, an ownership interest must have the following characteristics in order to be a Participating Interest:

- It must include a right that entitles the owner to receive profits and liquidation proceeds; and it must be classified as equity interest under the Accounting Standards as applied by the Taxable Person holding the ownership interest; or
- The ownership interest must be controlled by the Taxable Person and the Taxable Person must have the right to the economic benefits produced by the ownership interest under the Accounting Standards as applied by the Taxable Person.

Allowable deductions

Q Is interest an allowable expense if it is paid by a company to a natural person, such as a connected person of the company[96]?

A Interest is an allowable expense[97], whether it is paid to a natural person or another company (subject to the general and specific interest deduction limitation rules). As long as the terms are arm's length and the general deductibility rules in the Corporate Tax Law are met, then the Interest is normally allowable.

Losses

Q Is the 75% common ownership test for losses to be transferred between Taxable Persons[98] based on legal ownership or beneficial ownership?

A Beneficial ownership (as opposed to legal ownership) held by a third person is sufficient to meet the ownership test for the transfer of losses between Taxable Persons. Beneficial ownership is satisfied when the following conditions are met:

- The Person holding the ownership interest has the right to the economic benefits produced by the ownership interest (profits and liquidation proceeds).
- The ownership interest is recognised as an equity interest under the accounting standards used by the Person holding the ownership interest, or would have been treated as an equity interest if that Person had applied Accounting Standards acceptable in the UAE.
- The ownership interest must be controlled by the Person holding the ownership interest.

[93] Article 23 of the Corporate Tax Law
[94] Article 23 of the Corporate Tax Law and Ministerial Decision No. 302 of 2024
[95] Article 23 of the Corporate Tax Law
[96] Article 36(2) of the Corporate Tax Law
[97] Article 29 of the Corporate Tax Law
[98] Article 38(1)(c) of the Corporate Tax Law

Q How is the 75% common ownership test[99] applied for losses transferred between Taxable Persons whose Tax Periods end on the same day but do not start on the same day?

A For losses to be transferred between Taxable Persons, the Tax Periods of the transferor and transferee must end on the same day but they do not need to start on the same day. The 75% continuous ownership condition must be met throughout the Tax Period in which the Tax Loss is incurred by the transferor, until the end of the Tax Period of the transferee in which the Tax Loss is offset against Taxable Income[100]. For example, if the transferor has a Tax Period from 1 April to 31 December 2024, and the transferee a Tax Period for the 12 months to 31 December 2024, then the 75% ownership condition must be met throughout the period from 1 April to 31 December 2024.

Tax Group

Q Can a Tax Group[101] be formed by subsidiary companies of a Government Entity[102] or a Government Controlled Entity[103]?

A Yes, one or more subsidiaries in which a Government Entity directly or indirectly owns at least 95% of the share capital and voting rights and is entitled to at least 95% of the subsidiaries' profits and net assets may form a Tax Group by appointing any one of the subsidiaries as the representative Parent Company of the Tax Group[104]. This subsidiary must be subject to Corporate Tax.

Q If a newly set-up subsidiary company has a Tax Period that ends on the same date as the parent company, but starts on a different date, can it be part of a Tax Group for that Tax Period?

A Yes, a newly established company may join an existing Tax Group from the date of its incorporation if the conditions of Article 40(1) of the Corporate Tax Law are met from the date of incorporation and provided the end date of the Financial Year of the newly set-up subsidiary joining the Tax Group is the same as that of the other members of the Tax Group[105].

Registration for Corporate Tax

Q Does a juridical person need to register for Corporate Tax even if it has no trade licence and is not carrying on a Business?

A Yes, a juridical person without a trade licence and that is not carrying on a Business must still register for Corporate Tax[106] and file Corporate Tax Returns, unless they are an Exempt Person.

Q Does an incorporated partnership need to register for Corporate Tax?

A Yes, an incorporated partnership is a juridical person and must register for Corporate Tax[107].

Q If a business operated by a sole establishment converts its legal status to a Limited Liability Company (LLC), can the business continue using its existing Corporate Tax TRN (Tax Registration Number)?

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[99] Article 38(1)(c) of the Corporate Tax Law
[100] Article 38(1)(d) of the Corporate Tax Law
[101] Article 40 of the Corporate Tax Law
[102] Article 4(1)(a) of the Corporate Tax Law
[103] Article 4(1)(b) of the Corporate Tax Law
[104] Article 40(2) of the Corporate Tax Law
[105] Article 5(5)(a) of Ministerial Decision No. 301 of 2024
[106] Article 51 of the Corporate Tax Law
[107] Article 51 of the Corporate Tax Law

A No, a sole establishment does not have a legal personality that is independent of its owner, and is therefore considered to be the same Taxable Person as its owner. However, the LLC is considered as a distinct and separate legal person from its owner. As the LLC is a different Taxable Person, the sole establishment will need to de-register for Corporate Tax (assuming the owner has no other Business carried on as a natural person) and the LLC will need to register for Corporate Tax[108].

Q A Business is carried on by a natural person with a trade licence as a sole establishment. If the natural person dies, and the Business is carried on by the heirs under the same trade licence, does the Business need to de-register and register for Corporate Tax as a new establishment?

A A Business carried on by a natural person ceases on the death of its owner, and must de-register from Corporate Tax. The treatment of the Business carried on by the heirs will depend on the agreement between them. If the relationship constitutes an Unincorporated Partnership[109], then the partners (i.e., the heirs) must appoint one of them to act as the authorised partner on behalf of all partners and register the Unincorporated Partnership with the FTA for Corporate Tax purposes.

Q Does a US company with a branch in the UAE need to register for Corporate Tax if its income is exempt under an international agreement between the USA and the UAE?

A Yes, all non-resident companies[110] with a permanent establishment in the UAE[111] need to register for Corporate Tax[112] and file Corporate Tax Returns[113], even if their income is Exempt Income under an international agreement[114]. Where the activities conducted by the Applicant fall into the scope of Exempt Income, the gross income generated from these activities would not be subject to Corporate Tax.

Q Do Jointly Owned Properties set up and licensed under Dubai Law need to register for Corporate Tax, even though they are not juridical persons and have no independent legal personality?

A No, such entities are not juridical or natural persons so do not need to register for Corporate Tax[115]. However, management entities that are set up as juridical persons to manage Jointly Owned Properties must register for Corporate Tax and file Tax Returns of their income based on financial statements prepared according to IFRS.

Q An Owners' Association set up under Abu Dhabi Law is classified as a non-profit entity established to manage and oversee a building on behalf of all individual property owners, and is registered as a sole proprietorship LLC. Does it need to register for Corporate Tax?

A Yes, an Owner's Association must register for Corporate Tax[116] if it is a juridical person with a separate legal personality to its owners, founders and directors, such as a sole proprietorship LLC.

Q Does a natural person who has a Business that buys and sells real estate and also derives rental income, where both activities have trade licences, need to register for Corporate Tax[117]?

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[108] Article 52(1) of the Corporate Tax Law
[109] Article 1 of the Corporate Tax Law
[110] Article 11(4) of the Corporate Tax Law
[111] Article 14 of the Corporate Tax Law
[112] Article 51 of the Corporate Tax Law
[113] Article 53 of the Corporate Tax Law
[114] Article 66 of the Corporate Tax Law
[115] Article 1, Article 51(1) and Article 66 of the Corporate Tax Law
[116] Article 1 and Article 51(1) of the Corporate Tax Law
[117] Article 51 of the Corporate Tax Law

A A natural person who operates a Business with a trade licence will need to register for Corporate Tax if the revenue from the Business exceeds AED 1 million in a calendar year to 31 December[118].

Financial Statements

Q Can a Taxable Person calculate their Taxable Income based on financial statements prepared according to foreign accounting standards?

A No, for Corporate Tax purposes, Taxable Income for a Tax Period must be based on financial statements for the period prepared according to IFRS, IFRS for SMEs (if revenue is AED 50 million or less) or cash basis (optional if revenue is AED 3 million or less)[119].

Q Can the requirement for financial statements to be audited[120] be satisfied by an overseas auditor?

A No, where the Corporate Tax Law requires audited financial statements, the auditor must be a UAE auditor registered with the UAE Ministry of Economy, who is a Chartered Accountant or accounting firm practising an auditing or accounting profession within the UAE.

Q In the case of an investment business, is the AED 50 million minimum revenue threshold[121] for audited financial statements based on gross or net revenue?

A The threshold follows the accounting treatment under IFRS and is based on the revenue recorded in the financial statements. For trades in securities and investments, the threshold is based on the total of the gains from the sale of the investments/securities. The gains are calculated in accordance with IFRS 9 as the gross proceeds less the cost of the investments/securities, (where the gross proceeds are higher than the cost of the investments/securities). Any losses (where the gross proceeds are lower than the cost of the investments/securities) are disregarded because they are not included as income in the statement of profit or loss.

Tax Period

Q If a natural person prepares financial statements to 31 March each year, will their Tax Period also be the year ending on 31 March?

A No, a natural person can only have a Tax Period ending on 31 December. A natural person is subject to Corporate Tax only where the business revenue exceeds AED 1,000,000 within a Gregorian calendar year to 31 December[122]. Accordingly, assessing whether the natural person is subject to Corporate Tax must be determined on a per calendar year basis and the Tax Period of a natural person is the Gregorian calendar year to 31 December.

Transitional Relief

Q Can an election for transitional relief[123] in respect of Qualifying Immovable Property be made for property classified as inventory under IFRS accounting standards?

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[118] Cabinet Decision No. 49 of 2023
[119] Article 20(1) of the Corporate Tax Law and Ministerial Decision No. 114 of 2023
[120] Article 54(2) of the Corporate Tax Law and Ministerial Decision No. 84 of 2025
[121] Article 54(2) of the Corporate Tax Law and Ministerial Decision No. 84 of 2025
[122] Article 2(1) of Cabinet Decision No. 49 of 2023
[123] Article 61(1) of the Corporate Tax Law and Article 2 of Ministerial Decision No. 120 of 2023 [124] Article 61(1) of the Corporate Tax Law and Article 2 of Ministerial Decision No. 120 of 2023

A Yes, the classification of Qualifying Immovable Property under IFRS accounting standards is not relevant to the availability of transitional relief[124]. Provided the property falls within the definition of Immovable Property, the adjustment under the transitional rules would apply to the "Qualifying Immovable Property" element of such Immovable Property.

Q Can an election for transitional relief in respect of Qualifying Immovable Property[125] be made for a development project as a whole?

A Yes, in the case of real estate development projects, each Qualifying Immovable Property can be either the entire project or specific unit(s) within the project. The adjustment under the transitional rules will follow the basis of realisation of accounting profits in relation to each Qualifying Immovable Property. The adjustment under the transitional rules can be made on the basis of each Qualifying Immovable Property (being the entire project). The timing of the adjustment should follow the recognition of accounting profits in relation to the entire project. If projects are split into types of properties, for example, a townhouse community and villa community, and these are accounted for separately, the timing of the adjustment under the transitional rules should follow the recognition of accounting profits in relation to the types of properties, and each type of property can be considered a Qualifying Immovable Property.

Q If the disposal of Qualifying Immovable Property results in a tax loss after adjusting for the excluded gain in accordance with transitional relief[126], can such a loss be carried forward to the next Tax Period?

A No, transitional relief is limited to the accounting profit on a property disposal and cannot give rise to a tax loss[127]. Only the accounting profits attributable to the Qualifying Immovable Property element in the relevant Tax Period can be reduced by the excluded or pre-Corporate Tax gain (the difference at the start of the first Tax Period between the Market Value of the Qualifying Immovable Property and the higher of its original cost or net book value) of the same Qualifying Immovable Property.

Q For the purposes of transitional relief[128] for real estate developments, does a disposal or deemed disposal include the event when profits are released to the statement of profit and loss?

A The meaning of "disposal" or "deemed disposal" follows IFRS accounting principles. Where revenue is recognised based on the percentage of completion of a development project in line with IFRS 15, the Taxable Person makes a disposal or deemed disposal of a Qualifying Immovable Property in the Tax Period(s) in which the revenue, and the associated costs, including land costs and construction costs, are released to the statement of profit and loss.

Q What is an acceptable methodology for calculating transitional relief for Qualifying Immovable Property[129] if the market value method is chosen?

A The methodology for calculating the relief for immovable property using the market value method is set out in FTA Public Clarification CTP009/2025.

[125] Article 61(1) of the Corporate Tax Law and Article 2 of Ministerial Decision No. 120 of 2023
[126] Article 61(1) of the Corporate Tax Law and Article 2 of Ministerial Decision No. 120 of 2023
[127] Article 61(1) of the Corporate Tax Law and Article 2 of Ministerial Decision No. 120 of 2023
[128] Article 61(1) of the Corporate Tax Law and Article 2 of Ministerial Decision No. 120 of 2023
[129] Article 61(1) of the Corporate Tax Law and Article 2 of Ministerial Decision No. 120 of 2023

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Thank You!