

BENEFITS FOR ADGM BASED ENTITIES




ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

ADGM Tax Environment



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This publication is a joint project with  **pwc**

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The materials contained in this publication were assembled in November 2018 and were based on the laws enforceable and information available at that time. The high level information included in this publication is based on publicly available tax technical information, and information made available to us by the Ministry of Finance of the UAE.





Executive Summary



Executive Summary

This report was commissioned by Abu Dhabi Global Market (“ADGM”) and prepared by PwC to analyse the tax environment of ADGM, with a particular focus on the UAE’s extensive double tax treaty network. The report compares the UAE to leading business jurisdictions such as Cyprus, Hong Kong, Ireland, Luxembourg, Mauritius, the Netherlands, Singapore, Switzerland and the United Kingdom (“comparison jurisdictions”).

ADGM companies benefit from a full English common law environment, a 0% corporate income tax rate, no foreign ownership restrictions, no limits on repatriation of profits and no withholding taxes, as well as independent courts and a financial services regulator.

We believe there is a strong case for the incorporation of a regional presence in ADGM, whether banks, advisory firms or other businesses across the financial sector, to be closer to regional clients and business. With a highly competitive SPV regime, benchmarked against the world’s leading jurisdictions, ADGM also serves as an attractive domicile for SPVs used in the structuring of transactions.

We hope you find this report useful, and it enables you to identify clear opportunities to enhance operational and tax efficiency for your business. We welcome all discussions about ADGM’s offerings and how the ADGM platform can serve your business needs. Please do not hesitate to contact us.

Tax Analysis

PwC’s analysis has identified some clear strengths and opportunities from a tax perspective over the comparison jurisdictions. The UAE has an extensive network of double tax treaties, with 90 in-force double tax treaties and a further 39 in various stages of negotiation, signature or ratification (as at 15 November 2018).

In addition to a wide and favourable double tax treaty network, ADGM currently offers a 0% corporate income tax rate to ADGM companies and the UAE does not levy withholding taxes on outbound dividend, interest and other payments.

The UAE joined the Organisation for Economic Cooperation and Development (“OECD”) Inclusive Framework on Base Erosion and Profit Shifting (“BEPS”) on 16 May 2018, which was one of the requirements to be considered a cooperative jurisdiction for tax purposes by the European Union.

As part of its commitment to combat ‘treaty shopping’, the UAE also signed the multilateral convention to incorporate the treaty related BEPS measures into its existing double tax treaties. If double tax treaty benefits are commercially important, it is important that the ADGM company has appropriate operational substance in the UAE and that it supports a principal commercial purpose. This is in addition to meeting the minimum substance and procedural requirements set by the UAE Ministry of Finance and any source country requirements.



Strengths of the ADGM Tax Environment

The UAE double tax treaty network is large, especially for a country that historically has had little taxation. With **90 double tax treaties in force** presently, the UAE's double tax treaty network is already wider than nations like Cyprus, Hong Kong, Ireland, Luxembourg, Singapore and Mauritius. If one includes the UAE double tax treaties that have been signed but are awaiting ratification or entry into force, the UAE would have a more extensive double tax treaty network than the existing double tax treaty network of the Netherlands and Switzerland.

Only financial free zones established by a Federal Decree such as ADGM may potentially offer an exemption from future federal taxation. Other UAE free zones can only offer exemptions from Emirate-level taxation and would be subject to any future Federal corporate income tax unless specifically exempted.

ADGM allows for the establishment of holding companies. Entities established in the ADGM are not subject to foreign ownership restrictions, and ADGM is one of two English common law jurisdictions in the UAE.

The **UAE does not currently tax** the receipt of capital gains, dividends, interest, royalties, service fees and other income earned in the UAE or from foreign jurisdictions, which is a significant advantage over European and other jurisdictions. The **UAE also does not impose withholding taxes** or other forms of non-resident taxation on the repatriation of income out of the UAE.

There is **no personal income tax in the UAE**. Employment income, carried interest, director fees and other income can be earned free of tax in the UAE.

The UAE double tax treaties offer on average one of the **lowest withholding tax** rates of all comparison jurisdictions **for dividends and interest** (despite the ability of some of the comparison jurisdictions to benefit from a 0% withholding tax under EU Directives). The UAE double tax treaty royalty withholding tax rates are on average slightly higher than some of the comparison jurisdictions, but still very competitive.

The UAE has the most **double tax treaties in Africa** compared to the comparison jurisdictions, with 13 in-force treaties and 16 treaties awaiting ratification or entry into force, including in-force double tax treaties with key markets such as South Africa Egypt, Algeria, Morocco and Kenya. 14 out of the remaining 26 African countries do not have double tax treaties in force with the UAE or any of the comparison jurisdictions, placing ADGM on an equal footing from a tax perspective but with a strong geographical advantage.

'Favoured nation' clauses in the UAE's double tax treaties with the below jurisdictions offer ADGM entities the best withholding tax rate available on dividends, interest and/or royalties. If the below jurisdictions ever negotiate a more favourable withholding tax rate for dividends, interest and/or royalties with any other jurisdiction, then the more favourable withholding tax rate of that treaty should automatically apply to ADGM entities as well. This positions the UAE as one of the most favourable jurisdictions from a tax perspective for investing into Thailand, Ukraine and Uruguay.

	Dividends	Interest	Royalties
Czech Republic	✓ GCC ¹ (5%)	✓ GCC ¹ (0%)	✓ GCC ¹ (10%)
Indonesia	✓ GCC ¹ (10%)	✓ GCC ¹ (10%)	-
Mexico	-	-	✓ (10%)
Singapore	(0%) ²	✓ (0%)	✓ (5%)

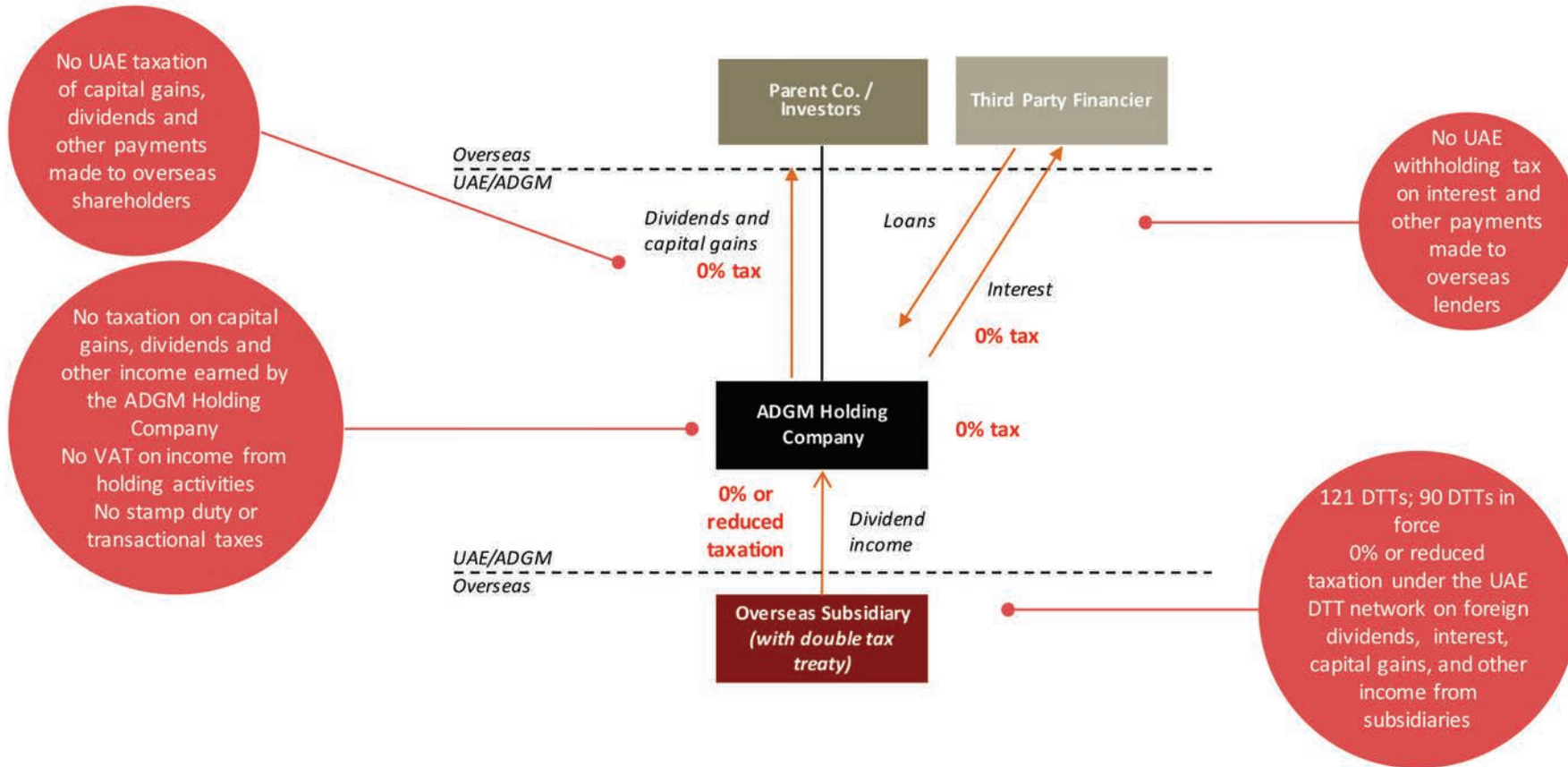
	Dividends	Interest	Royalties
Thailand	✓ (5%)	✓ (10%)	
Ukraine	✓ (5%)	✓ (0%)	✓ (0%)
Uruguay	✓ (5%)		

1- A rate other than the one stated in the double tax treaty may apply as the treaty contains a favoured nation clause specific to double tax treaty concluded with other GCC countries

2- No withholding tax on dividends under domestic law in Singapore

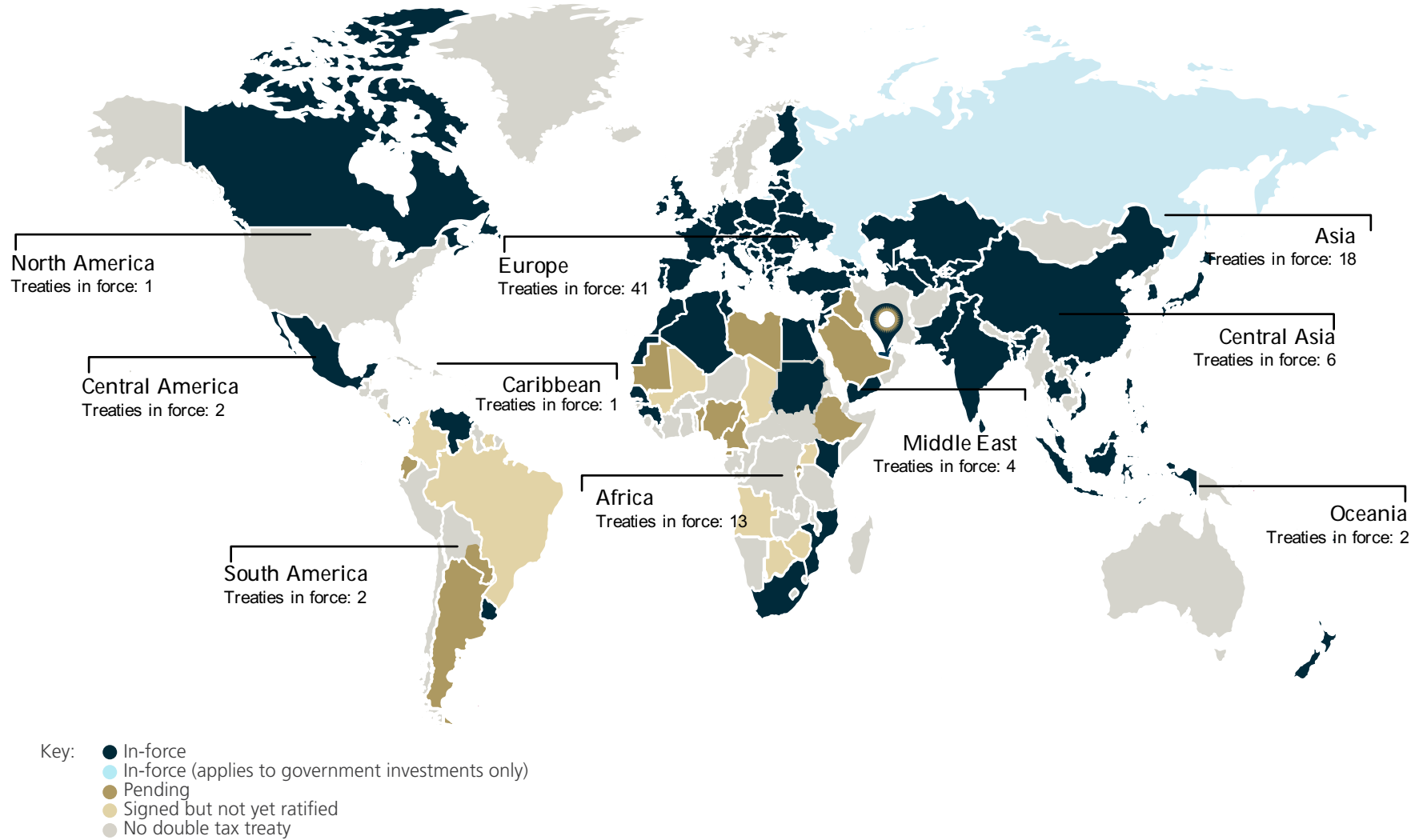


Double Tax Treaty Application to ADGM Entities – Example of ADGM Value Proposition (ADGM Holding Company)





Map of UAE Double Tax Treaties by Continent



According to Tax Notes database of in-force treaties as at 15 November 2018, subject to change.



List of UAE Double Tax Treaties

In-force double tax treaties (90) ¹				Pending double tax treaties (20)		Signed double tax treaties (but not yet ratified) (11)		Under negotiation (8)	
Africa (13)	Uzbekistan	Bosnia and Herzegovina	Portugal	Ratified by both states (6)		Africa (6)		Africa (2)	
Algeria	Asia (18)	Bulgaria	Romania	Africa (3)		Angola		Malawi	
Comoro Islands	Armenia	Croatia	Russia ²	Burundi		Botswana		Tanzania	
Egypt	Bangladesh	Cyprus	Serbia	Ethiopia		Chad		Asia (2)	
Guinea	Brunei	Czech Republic	Slovakia	Mauritania		Mali		Mongolia	
Kenya	China (P.R.C.)	Estonia	Slovenia	Middle East (2)		Uganda		Nepal	
Mauritius	Georgia	Finland	Spain	Iraq		Zimbabwe		Europe (1)	
Morocco	Hong Kong	France	Switzerland	Palestine		Europe (1)		Guernsey	
Mozambique	India	Germany	Ukraine	South America (1)		San Marino		South America (2)	
Senegal	Indonesia	Greece	Turkey	Paraguay		Central America (1)		Guyana	
Seychelles	Japan	Hungary	Portugal	Ratified by the UAE (14)		Costa Rica		Peru	
South Africa	Korea (Rep.)	Ireland	United Kingdom	Africa (7)		Central America (1)		South America (3)	
Sudan	Malaysia	Italy	Caribbean (1)	Benin		Belize		Brazil	
Tunisia	Maldives	Jersey	Barbados	Cameroon		North America (1)		Colombia	
Middle East (4)	Pakistan	Kosovo	North America (1)	Equatorial Guinea		Bermuda		Suriname	
Jordan	Philippines	Latvia	Canada	Gambia		South America (2)			
Lebanon	Singapore	Liechtenstein	Central America (2)	Libya		Argentina			
Syria	Sri Lanka	Lithuania	Mexico	Nigeria		Ecuador			
Yemen	Thailand	Luxembourg	Panama	Rwanda					
Central Asia (6)	Vietnam	Macedonia	South America (2)	Middle East (1)					
Azerbaijan	Europe (41)	Malta	Uruguay	Saudi Arabia					
Kazakhstan	Albania	Moldova	Venezuela	Caribbean (2)					
Kyrgyzstan	Andorra	Montenegro	Oceania (2)	Antigua and Barbuda					
Turkmenistan	Belarus	Netherlands	Fiji	St. Kitts and Nevis					
Tajikistan	Belgium	Poland	New Zealand						

1. According to Tax Notes database of in-force treaties as at 15 November 2018, subject to change.

2. Government Investment Income Tax Agreement only. The treaty is a treaty which relates to the dividend, interest and capital gains income of Governments and their financial or investment institutions only.



Double Tax Treaties – Comparison with other major global financial centres / holding locations

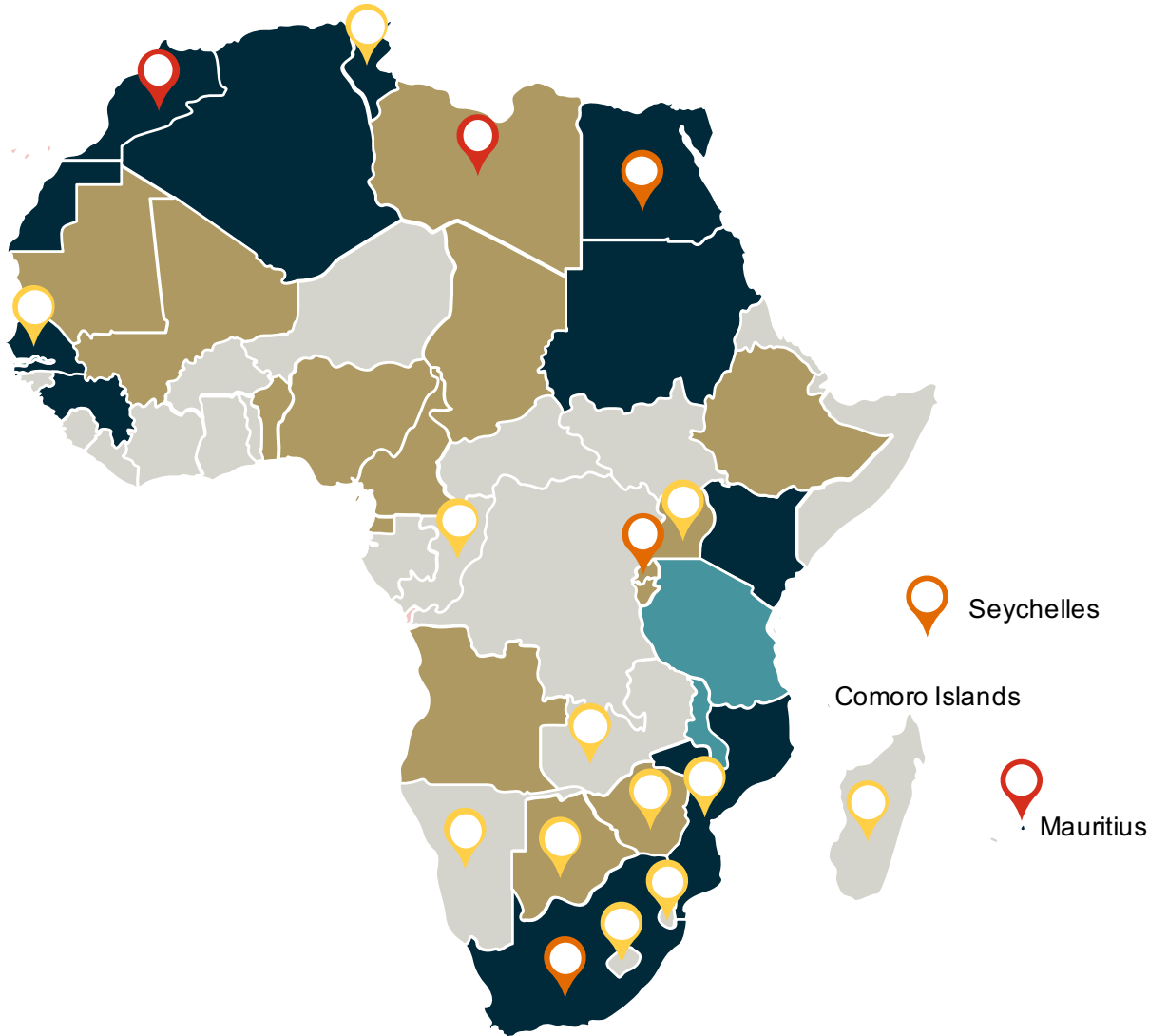
Country	Number of double tax treaties in force ¹	Average network withholding rate (among all double tax treaties) ^{1,2}		
		Dividends	Interest	Royalties
UAE	90 (121 including pending double tax treaties)	3.15%	4.03%	5.58%
Cyprus	↓ 64	↓ 2.42%	↓ 2.33%	↓ 2.13%
Hong Kong	↓ 37	↑ 3.46%	↑ 4.04%	↓ 5.54%
Ireland	↓ 73	↓ 2.92%	↓ 3.21%	↓ 3.51%
Luxembourg	↓ 82	↓ 3.08%	↓ 2.47%	↓ 3.46%
Mauritius	↓ 42	↑ 4.06%	↑ 5.68%	↑ 6.71%
Netherlands³	↑ 94	↑ 3.99%	↑ 4.27%	↓ 4.31%
Singapore	↓ 84	↑ 5.14%	↑ 7.04%	↑ 7.35%
Switzerland	↑ 107	↑ 4.99%	↓ 3.93%	↓ 5.25%
United Kingdom	↑ 128	↑ 4.30%	↑ 5.43%	↓ 4.66%
Average of comparison jurisdictions	↓ 79	↑ 3.82%	↑ 4.27%	↓ 4.77%

Key: → Advantage UAE
 ⇨ Advantage comparison jurisdiction

1. According to Tax Notes database of in-force treaties of at 15 November 2018, subject to change, not taking into account any further reduced withholding tax rates under favored nation type clauses.
2. Average takes into account the reduced WHT rate applicable to qualifying financial institutions and a 0% withholding tax rate under EU directives for the EU comparison jurisdictions.



Double Tax Treaty Network in Africa



There is no one country that offers pan-African double tax treaty coverage.

Historically, Mauritius and Singapore have been commonly used as investment / holding location for investment into Africa, driven by the relative strength of their double tax treaty network in Africa.

With a number of the fastest growing African economies in close proximity to the Gulf, the UAE has become a gateway for multinational companies and investors doing business in Africa. This has been coupled with a fast growing double tax treaty network in the African continent.

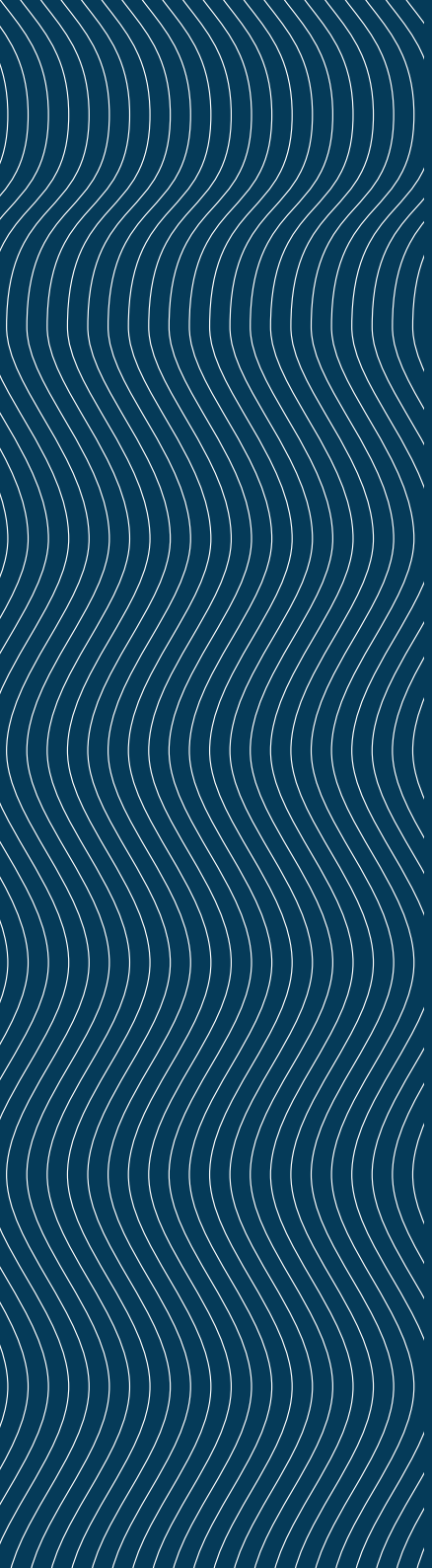
Mauritius has 16 in-force double tax treaties and Singapore has 7 in-force double tax treaties in Africa. Currently, the UAE has 13 in-force double tax treaties plus 16 double tax treaties awaiting ratification or entry into force.

The UAE's double tax treaty network in Africa includes treaties with key markets such as South Africa, Egypt, Algeria, Morocco and Kenya.

Out of the remaining 26 African countries with which the UAE currently does not have a double tax treaty, 14 also do not have treaties with Mauritius and Singapore (or any of the other comparison jurisdictions), placing the UAE on a comparable footing from a tax perspective but with a strong geographical advantage.

● In Force ● Pending ● Under negotiation ● No double tax treaty ● Treaty with Singapore only ● Treaty with Mauritius only ● Treaty with both Singapore and Mauritius

1. According to Tax Notes database of in-force treaties as at 15 November 2018, subject to change.



Withholding tax on
Dividends and Capital
Gains Taxation
Summary of Key Findings



Double tax treaty positioning compared to all comparison jurisdictions

UAE has tax advantage		UAE double tax treaty equally strong as comparison jurisdictions				UAE (no signed double tax treaty) equal to comparison jurisdictions			
<i>Africa</i>	<i>Africa</i>	<i>Yemen</i>	○ Andorra	○ Ukraine	● <i>Africa</i>	Qatar	○ St. Martin	○	
Algeria	● Angola*	<i>Central Asia</i>	○ Austria	● <i>Caribbean</i>	Burkina Faso	○ <i>Asia</i>	Trinidad and Tobago	●	
<i>Benin*</i>	● <i>Burundi*</i>	○ Brunei	○ Belarus	● Barbados	● Cape Verde	○ Macau	○ <i>North America</i>		
<i>Cameroon*</i>	● <i>Chad*</i>	Kyrgyzstan	● Bosnia and Herzegovina	● Antigua and Barbuda*	● Central African Republic	○ Myanmar	○ Greenland	○	
<i>Comoro Islands</i>	● Egypt	● Tajikistan	● Cyprus	○ St. Kitts and Nevis*	● Congo (Dem. Rep.)	○ Timor-Leste	○ <i>Central America</i>		
<i>Equatorial Guinea*</i>	● Ethiopia*	● Turkmenistan	● Estonia	○ <i>North America</i>	Djibouti	○ <i>Europe</i>	El Salvador	○	
<i>Guinea</i>	● Gambia*	● Uzbekistan	● Finland	● Bermuda*	○ Eritrea	○ Gibraltar	○ Guatemala	○	
Kenya	● Libya*	○ <i>Asia</i>	○ France	● Canada	● Gabon	○ South Africa	● Honduras	○	
<i>Mauritania*</i>	● Mali*	Georgia	● Hungary	○ <i>Central America</i>	Guinea-Bissau	○ Guernsey*	○ Nicaragua	○	
Morocco	● Mauritius	○ Hong Kong	○ Ireland	● Belize*	● Ivory Coast	● Isle of Man	○ <i>South America</i>		
Mozambique	● Nigeria*	● India	○ Jersey	○ <i>Costa Rica*</i>	Liberia	○ Monaco	○ Bolivia	●	
<i>Middle East</i>	Seychelles	● Korea (Rep.)	● Kosovo	○ Mexico	● Madagascar	○ <i>Caribbean</i>	Brazil	○	
Lebanon	● South Africa	● Malaysia	○ Latvia	○ <i>South America</i>	Niger	○ Bahamas	○ <i>Oceania</i>		
<i>Asia</i>	Sudan	○ <i>Maldives</i>	○ Lithuania	○ Argentina*	● South Sudan	○ British Virgin Islands	○ Marshall Islands	○	
Bangladesh	● Tunisia	● Nepal*	Liechtenstein	○ Ecuador	○ Tanzania	○ Cayman Islands	○ Papua New Guinea	●	
<i>Oceania</i>	<i>Middle East</i>	Philippines	● Malta	○ <i>Paraguay*</i>	● Togo	○ Curaçao	○		
Fiji	● Iraq*	○ Singapore	○ Montenegro	● Uruguay	● <i>Middle East</i>	Dominica	●		
	Jordan	○ Thailand	● San Marino	○	Bahrain	○ Dominican Republic	○		
	<i>Palestine*</i>	○ Vietnam	○ Serbia	●	Iran	○ Puerto Rico	○		
	Saudi Arabia*	<i>Europe</i>	Slovakia	●	Kuwait	○ St. Lucia	○		
	Syria	○ Albania	● United Kingdom	○	Oman	○ St. Maarten	○		

Highlighted in red, jurisdictions which have an in force, pending or signed double tax treaty with the UAE but no in-force double tax treaty with any of the comparison jurisdictions.

* UAE double tax treaty has not yet entered into force

** A rate other than the one stated in the double tax treaty may apply as the treaty contains a favoured nation clause

● Zero withholding tax rate available under UAE double tax treaty

● Lower withholding tax available under UAE double tax treaty

○ No domestic withholding tax

● No further relief available under double tax treaty with the UAE and/or comparison country – the lower (or equal) domestic rate will apply

○ No treaty with the UAE or comparison country; domestic rate applies



Double tax treaty comparison with key jurisdictions

Source country	UAE	Cyprus	Hong Kong	Ireland	Luxembourg	Mauritius	Netherlands	Singapore	Switzerland	United Kingdom	Domestic WHT rate (dividends)	UAE DTT WHT rate (dividends)	Best comparison DTT rate (dividends)	Capital gains - sale of shares (UAE DTT)
Albania	●			●			●	●	●		15%	0%	0%	●
Algeria	●								●	●	15%	0%	5%	●
Andorra	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	●
Armenia	●	●		●	●		●		●	●	10%	3%	0%	●
Austria	●	●	●	●	●		●	●	●	●	27.5%	0%	0%	●
Azerbaijan	●	●			●		●		●	●	10%	10%	0%	●
Bangladesh	●					●	●	●	●	●	20%	5%	10%	●
Barbados	●	●			●	●	●	●	●	●	15%	0%	0%	●
Belarus	●	●	●	●			●	●	●	●	12%	5%	5%	●
Belgium	●	●	●	●	●	●	●	●	●	●	30%	5%	0%	○
Bosnia and Herzegovina	●	●		●			●			●	5%	5%	0%	●
Brunei	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	○
Bulgaria	●	●		●	●		●	●	●	●	5%	5%	0%	●
Canada	●	●	●	●	●		●	●	●	●	25%	5%	5%	●
China (P.R.C.)	●	●	●	●	●	●	●	●	●	●	10%	7%	5%	●
Comoro Islands	●										10%	0%	10%	●
Croatia	●	●		●	●		●		●	●	12%	5%	0%	●
Cyprus	○	n/a	○	○	○	○	○	○	○	○	0%	0%	0%	○
Czech Republic	●	●	●	●	●		●	●	●	●	15%	5%	0%	●
Egypt	●	●		●		●	●	●	●	●	5%	0%	0%	●
Estonia	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	○
Fiji	●							●		●	9%	0%	5%	●
Finland	●	●		●	●		●	●	●	●	20%	0%	0%	○
France	●	●	●	●	●	●	●	●	●	●	30%	0%	0%	●
Georgia	●	●		●	●		●	●	●	●	5%	0%	0%	●
Germany	●	●		●	●	●	●	●	●	●	25%	5%	0%	●
Greece	●	●		●	●		●		●	●	15%	5%	0%	●
Guinea	●										10%	0%	10%	●
Hong Kong	○	○	n/a	○	○	○	○	○	○	○	0%	0%	0%	○
Hungary	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	○



UAE double tax treaties – Withholding tax on dividends and capital gains

Source country	UAE	Cyprus	Hong Kong	Ireland	Luxembourg	Mauritius	Netherlands	Singapore	Switzerland	United Kingdom	Domestic WHT rate (dividends)	UAE DTT WHT rate (dividends)	Best comparison DTT rate (dividends)	Capital gains - sale of shares (UAE DTT)
India	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	●
Indonesia	○ ₃		●		○		●	○	○	○	20%	10%	5%	●
Ireland	●	●	●		○		○	●	●	○	20%	0%	0%	○
Italy	○	●	○	●	●	○	●	○	●	●	26%	5%	0%	●
Japan	○		○	○	○		●	○	●	●	20%	5%	0%	●
Jersey	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	●
Jordan	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	●
Kazakhstan	○				○		○	○	●	○	15%	5%	0%	●
Kenya	●									●	10%	5%	10/15%	●
Korea (Rep.)	●		○	○	○		○	○	●	●	20%	5%	5%	●
Kosovo	○	○	○	○	○	○	○	○	○	○	0%	0/5%	0%	●
Kyrgyzstan	●	●							○		10%	0%	0%	●
Latvia	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	○
Lebanon	●	○									10%	0%	5%	●
Liechtenstein	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	●
Lithuania	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	○
Luxembourg	○	●	●	○	●	○	●	●	●	●	15%	5%	0%	○
Macedonia	○			●	○		●		○	●	10%	5%	0%	●
Malaysia	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	○
Maldives	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	○
Malta	○	○	○	○	○	○	○	○	○	○	0%	0%	0%	●
Mauritius	○	○	○	○	○	n/a	○	○	○	○	0%	0%	0%	○
Mexico	●		●	○	○		○	●	●	●	10%	0%	0%	●
Moldova	○	○		○	○		○		○	●	6%	5%	0%	●
Montenegro	●	●		●			●		●	●	9%	5%	5%	●
Morocco	●			○	○		○	○	○	○	15%	5%	5%	●
Mozambique	●					○					20%	0%	8%	●
Netherlands	○	●	●	●	●		n/a	●	●	●	15%	5%	0%	○
New Zealand	●		○	●			●	○	●	○	15%	15%	0%	○
Pakistan	○		○	○		○	○		○	○	12.5%	10%	5%	●
Panama	●			●	●		●	○		●	5%	5%	0%	●
Philippines	●						●	○	●	○	30%	10%	10%	●
Poland	○	●		●	●		●	○	●	●	19%	5%	0%	●
Portugal	○	●	○	●	●		●	○	●	●	25%	5%	0%	●



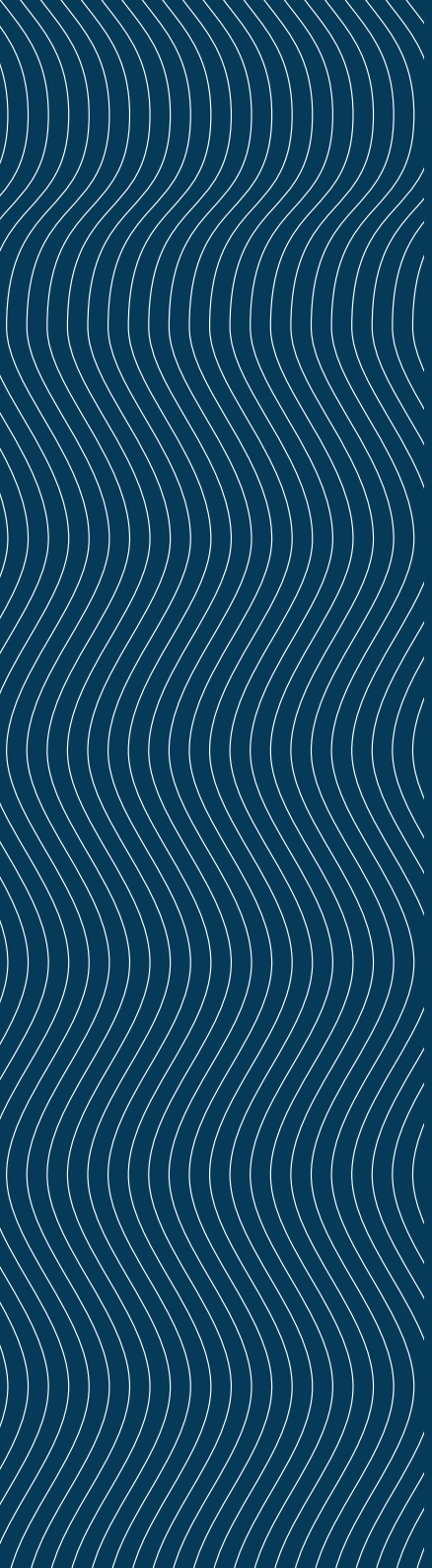
UAE double tax treaties – Withholding tax on dividends and capital gains

Source country	UAE	Cyprus	Hong Kong	Ireland	Luxembourg	Mauritius	Netherlands	Singapore	Switzerland	United Kingdom	Domestic WHT rate (dividends)	UAE DTT WHT rate (dividends)	Best comparison DTT rate (dividends)	Capital gains - sale of shares (UAE DTT)
Romania	🟡	🟢	🟡	🟢	🟢		🟢	🔴	🟢	🟢	5%	3%	0%	🟢
Russia	n/a ⁴	🟢	🟢	🟡	🟢		🟢	🟢	🟢	🟡	15%	n/a ⁴	5%	🔴
Serbia	🟢	🟡		🟢	🟢		🟢		🟢	🟢	20%	5%	5%	🟢
Senegal	🟡					🟢				🟡	10%	5%	0%	🟢
Seychelles	🟢	🟢			🟢	🟢		🟢			15%	0%	0%	🟡
Singapore	🟡 ²	🟡	🟡	🟡	🟡	🟡	🟡	n/a	🟡	🟡	0%	0%	0%	🟡
Slovakia	🟢	🟢		🟢	🟢		🟢	🟡	🟢	🟢	7%	0%	0%	🟢
Slovenia	🟡	🟡		🟡	🟡		🟡	🟡	🟢	🟢	15%	5%	0%	🟡
South Africa	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	20%	5%	5%	🟢
Spain	🟢	🟢	🟢	🟢	🟢		🟢	🟢	🟢	🟢	19%	5%	0%	🟢
Sri Lanka	🟡				🟢	🟡	🟡	🔴		🔴	14%	10%	7.5%	🟡
Sudan	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	0%	0%	0%	🟢
Switzerland	🟡	🟢	🟢	🟢	🟢		🟢	🟡	n/a	🟢	35%	5%	0%	🟡
Syria	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	0%	0%	0%	🔴
Tajikistan	🟢	🟢			🟢		🔴		🟡	🟡	12%	0%	0%	🟢
Thailand	🟡 ²	🟡	🟡	🟡	🟢	🟡	🟢	🟡	🟡	🔴	10%	5%	5%	🟢
Tunisia	🟢				🔴	🟢	🟢		🔴	🔴	5%	0%	0%	🟢
Turkey	🟡			🟢	🟢		🔴	🟡	🟢	🔴	15%	10%	5%	🟢
Turkmenistan	🟢	🟢							🟡	🟡	15%	0%	0%	🟢
Ukraine	🟡 ²	🟡		🟡	🟡		🟢	🟡	🟡	🟡	15%	0/5%	0%	🟢
United Kingdom	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	n/a	0%	0%	0%	🟢
Uruguay	🟡 ²				🟢			🟢	🟢	🟢	7%	5%	5%	🟢
Uzbekistan	🟡	🟢		🟡	🟡		🟡	🟡	🟡	🟡	10%	5%	0%	🟢
Venezuela	🟡						🟢		🟢	🟢	34%	5%	0%	🟢
Vietnam	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	0%	0/5%	0/5%	🔴
Yemen	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	0%	0%	0%	🔴

- Key:
- 🟢 Full exemption available under double tax treaty (or EU directive for withholding tax)
 - 🟡 Further relief available under dividends article of double tax treaty (UAE has tax advantage)
 - 🟢 Further relief available under dividends article of double tax treaty (equally strong as comparison jurisdictions)
 - 🟡 No withholding tax (in the case of dividends) or non-resident capital gains tax under domestic law
 - 🟡 Further relief under double tax treaty but not as favourable as double tax treaty with the UAE and/or comparison country
 - 🔴 No further relief available under double tax treaty – the lower (or equal) domestic rate will apply
 - 🟡 No treaty; zero domestic withholding tax rate applies

- Notes
1. We have assumed that the corporate entity meets the minimum/maximum ownership requirements and holding periods.
 2. A rate other than the one stated in the DTT double tax treaty may apply as the treaty contains a favoured nation clause.
 3. A rate other than the one stated in the DTT double tax treaty may apply as the treaty contains a favoured nation clause specific to DTTs double tax treaties concluded with other GCC countries.
 4. Government Investment Income Tax Agreement only.





UAE Double Tax Treaty Network and Rates



UAE Double Tax Treaty Network & Rates (1/4)

Country	Signature Date	In Force Date	Effective Date	Status	Dividends		Interest		Royalties	
					Domestic	DTT	Domestic	DTT	Domestic	DTT
Albania	14-Mar-14	26-Mar-15	26-Mar-15	●	15	0/5/10	15	0	15	5
Algeria	24-Apr-01	25-Jun-04	31-Dec-04	●	15	0	10/40	0	4.8/24	10
Andorra	28-Jul-15	1-Aug-2017	1-Jan-18	●	0	0	0	0	5	0
Angola	8-Feb-18	Not in force	Text not available	●	5/10	Pending	10/15	Pending	10	Pending
Antigua and Barbuda	15-Jan-17	Not in force	Not yet effective	●	25	0	25	0	25	0
Argentina	3-Nov-16	Not in force	Not in force	●	0/35	10/15	15.05/35	12	35	10
Armenia	20-Apr-02	19-Dec-04	1-Jan-04	●	10	3	0/10	0	10	5
Australia	Under negotiation	N/A	N/A	●	0/30	Pending	0/10	Pending	30	Pending
Austria	23-Sep-03	1-Sep-04	1-Jan-05	●	27.5	0	0	0	20	0
Azerbaijan	20-Nov-06	25-Jul-07	1-Jan-08	●	10	10	10	7	14	5/10
Bangladesh	27-Mar-00	1-Jan-13	1-Jul-13	●	20	5/10	20	10	20	10
Barbados	22-Sep-14	18-Feb-16	1-Jan-17	●	0/15/25	0	0/15	0	15	0
Belarus	30-Sep-96	6-Jan-04	1-Jan-95	●	12	5/10	0/10	5	15	5/10
Belgium	18-Sep-06	30-Apr-07	30-Apr-07	●	30	5/10	30	5	30	5
Belize	2-Oct-15	Not in force	Not yet effective	●	15	0	0	0	0	0
Benin	4-Mar-13	Not in force	Not yet effective	●	5/7/10/15	0	15	0	12	0
Bermuda	2-Dec-15	Not in force	Text not available	●	0	Pending	0	Pending	0	Pending
Bosnia and Herzegovina	27-Jun-07	16-Nov-08	1-Jan-09	●	5	5/10	10	0	10	5
Botswana	12-Oct-18	Not yet in force	Text not available	●	7.5	Pending	15	Pending	15	Pending
Brunei	5-May-13	21-Nov-14	1-Jan-15	●	0	0	2.5	0	10	5
Brazil	12-Nov-18	Not yet in force	Text not available	●	0	Pending	15	Pending	15	Pending
Bulgaria	9-Jun-02	25-May-04	1-Jan-04	●	5	5	10	2	10	5
Burundi	16-Feb-17	Not in force	Not yet effective	●	15	0	15	0	15	0
Cameroon	17-Jul-17	Not in force	Not yet effective	●	16.5	10	0/16.5	7	15	10
Canada	1-Jul-93	28-Aug-94	1-Jan-95	●	25	5/10/15	0/25	10	25	0/10
Chad	4-Sep-18	N/A	N/A	●	20	Pending	25	Pending	25	Pending
China (P.R.C.)	27-Mar-00	2-Jan-01	1-Jan-02	●	10	7	10	7	10	10
Colombia	12-Nov-17	Not in force	Not yet effective	●	5/35 plus 5	5/15	5/15	10	15	10
Comoro Islands	26-Mar-15	2-Jan-18	1-Jan-19	●	10	0	10	0	10	0
Costa Rica	3-Oct-17	Not in force	Text not available	●	5/15	Pending	0/15	Pending	25	Pending
Croatia	13-Jul-17	28-Sep-18	1-Jan-19	●	12	5	15	5	15	5
Cyprus	27-Feb-11	2-Apr-13	1-Jan-14	●	0	0	0	0	5/10	0
Czech Republic	30-Sep-96	2-Aug-97	1-Jan-98	●	15/35	5 ¹	15/35	0 ¹	15/35	10 ¹

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3. The double tax treaty includes a 'favoured nation' clause if this jurisdiction ever concludes a more favourable treaty WHT with another GCC country other than the UAE, then the more favourable treaty WHT rate will automatically apply to the UAE treaty as well.
4. Government Investment Income Tax Agreement only.



UAE Double Tax Treaty Network & Rates (2/4)

Country	Signature Date	In Force Date	Effective Date	Status	Dividends		Interest		Royalties	
					Domestic	DTT	Domestic	DTT	Domestic	DTT
Ecuador	9-Nov-16	Not in force	Not yet effective	●	0/10 ²	10	22/35 ²	10	22/35 ²	10/15
Egypt	12-Apr-94	16-Jul-95	1-Jan-96	●	5/10	0	0/20	10	20	10
Equatorial Guinea	19-Oct-16	Not in force	Not yet effective	●	25	0	25	0	10	0
Estonia	20-Apr-11	29-Mar-12	1-Jan-11	●	0	0	0	0	10	0
Ethiopia	12-Apr-15	Not in force	Not yet effective	●	10	5	10	5	5	0/5
Fiji	2-Sep-12	20-Dec-13	20-Dec-13	●	9	0	10	0	15	10
Finland	12-Mar-96	26-Dec-97	1-Jan-97	●	20	0	0/20	0	20	0
France	19-Jul-89	1-Jul-90	1-Jul-90	●	15/30/75 ²	0	0/75 ²	0	33.33/75 ²	0
Gambia	27-Jul-15	Not in force	Not yet effective	●	15	0	15	0	15	0
Georgia	25-Nov-10	28-Apr-11	1-Jan-12	●	5	0	5/15 ²	0	5/15 ²	0
Germany	1-Jul-10	14-Jul-11	1-Jan-09	●	25	5/10/15	0/25	0	15	10
Greece	18-Jan-10	17-Dec-14	1-Jan-14	●	15	5	15	5	20	10
Guernsey	Under negotiation	N/A	N/A	●	0	Pending	0	Pending	0	Pending
Guinea (Conakry)	13-Nov-11	9-Jul-14	9-Jul-14	●	10	0	10	0	15	0
Guyana	Under negotiation	N/A	N/A	●	20	Pending	20	Pending	20	Pending
Hong Kong	11-Dec-14	10-Dec-15	1-Jan-16	●	0	5	0	5	4.95	4.95/5
Hungary	30-Apr-13	4-Oct-14	1-Jan-15	●	0	0	0	0	0	0
India	29-Apr-92	22-Sep-93	1-Jan-94	●	0	10	20	5/12.5	10	10
Indonesia	30-Nov-95	8-Nov-96	1-Jan-97	●	20	5/10 ³	20	5 ³	20	5
Iraq	3-Oct-17	Not in force	Text not available	●	0	Pending	15	Pending	15	Pending
Ireland	1-Jul-10	6-Feb-11	12-Jun-09/1-Jan-11	●	20	0	0/20	0	20	0
Italy	22-Jan-95	5-Nov-97	1-Jan-93	●	1.2/26	5/15	12.5/26	0	30	10
Japan	2-May-13	24-Dec-14	1-Jan-15	●	15/20	5/10	20	10	20	10
Jersey	20-Apr-16	15-Feb-17	1-Jan-17	●	0	0	0	0	0	0
Jordan	5-Apr-16	10-Jan-17	1-Jan-18	●	0	7	10	7	10	10
Kazakhstan	22-Dec-08	27-Nov-13	1-Jan-14	●	15/20 ²	5	15/20 ²	10	15/20 ²	10
Kenya	21-Nov-11	22-Feb-17	1-Jan-18	●	10	5	15/25	10	20	10
Korea (R.O.K.)	22-Sep-03	2-Mar-05	1-Jan-03	●	20	5/10	14/20	10	20	0
Kosovo	20-May-16	3-Jul-17	1-Jan-17	●	0	0/5	10	5	10	0
Kyrgyzstan	7-Dec-14	16-Dec-16	1-Jan-16	●	10	0	10	0	10	5
Latvia	11-Mar-12	11-Jun-13	1-Jan-14	●	0/20 ²	0	0/15 ²	2.5	0/15 ²	5
Lebanon	17-May-98	21-May-99	1-Jan-00	●	10	0 ³	5/10	0 ³	7.5	0/5 ³
Libya	1-Apr-13	Not in force	Not yet effective	●	0	0	0	5	0	10

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4. Government Investment Income Tax Agreement only.



UAE Double Tax Treaty Network & Rates (3/4)

Country	Signature Date	In Force Date	Effective Date	Status	Dividends		Interest		Royalties	
					Domestic	DTT	Domestic	DTT	Domestic	DTT
Liechtenstein	1-Oct-15	24-Feb-17	1-Jan-18	●	0	0	0	0	0	0
Lithuania	30-Jun-13	19-Dec-14	1-Jan-15	●	0/15 ²	0/5	10	0	10	5
Luxembourg	20-Nov-05	19-Jun-09	1-Jan-10	●	15	5/10	0	0	0	0
Macedonia (FYR)	26-Oct-15	7-Feb-17	1-Jan-18	●	10	5	10	5	10	5
Malawi	Under negotiation	N/A	N/A	●	10	Pending	15	Pending	15	Pending
Malaysia	28-Nov-95	10-Feb-00	1-Jan-01	●	0	0	15	5	10	10
Maldives	17-Oct-17	N/A	N/A	●	0	0	0	0	10	0
Mali	6-Mar-18	Not in force	Not yet effective	●	10	N/A	10/13	N/A	17.5	N/A
Malta	13-Mar-06	18-May-07	1-Jan-08	●	0	0	0	0	0	0
Mauritania	21-Oct-15	Not in force	Not yet effective	●	10	0	10	0	0	0
Mauritius	18-Sep-06	31-Jul-07	1-Jan-08	●	0	0	0/15	0	0/15	0
Mexico	20-Nov-12	9-Jul-14	1-Jan-15	●	10	0	4.9/10/15/21/35/40 ²	4.9/10	25/35/40 ²	10 ³
Moldova	10-Jul-17	26-Jul-18	01-Jan--17	●	6	5	12	6	12	6
Mongolia	Under negotiation	N/A	N/A	●	20	Pending	20	Pending	20	Pending
Montenegro	26-Mar-12	10-Dec-13	1-Jan-14	●	9	5/10	9	10	9	5/10
Morocco	9-Feb-99	2-Jul-00	1-Jan-01	●	15	5/10	10	10	10	10
Mozambique	24-Sep-03	15-Apr-04	1-Jan-04	●	10/20	0	20	0	20	0/5
Nepal	Under negotiation	N/A	N/A	●	5	Pending	15	Pending	15	Pending
Netherlands	8-May-07	2-Jun-10	2-Jun-10/1-Jan-11	●	15	5/10	0	0	0	0
New Zealand	23-Sep-03	29-Jul-04	1 Sep 04/1 Jan 05	●	0/15/30	15	0/15	10	15	10
Nigeria	19-Jan-16	Not in force	Not in force	●	0/7.5/10	7.5	0/7.5/10	7.5	7.5/10	7.5
Pakistan	7-Feb-93	30-Nov-94	1-Jan-95	●	12.5	10/15	10	10	15	12
Palestine	24-Sep-12	Not in force	Not yet effective	●	10	0	0	0	10	0
Panama	13-Oct-12	23-Oct-13	1-Jan-14	●	5/10/20	5	5/12.5	5	12.5	5
Paraguay	16-Jan-17	Not in force	Not yet effective	●	15	15	30	6/15	30	15
Peru	Under Negotiation	N/A	N/A	●	5	N/A	4.99/30	N/A	30	N/A
Philippines	22-Sep-03	2-Oct-08	1-Jan-09	●	15/30	10/15	10/20/30	10	30	10
Poland	31-Jan-93	21-Apr-94	1-Jan-95	●	19	5	20	5	20	5
Portugal	17-Jan-11	22-May-12	1-Jan-12/21-Jun-12	●	25/35 ²	5/15	25/35 ²	10	25/35 ²	5
Romania	11-Apr-93	23-Jan-96	1-Jan-97	●	5	3	16	3	16	3
Russia ⁴	7-Dec-11	23-Jun-13	1-Jan-14	●	15	Government only	20	Government only	20	Government only
Rwanda	1-Nov-17	Not in force	Text not available	●	15	Pending	15	Pending	15	Pending
Saudi Arabia	23-May-18	Not in force	Text not available	●	5	Pending	5	Pending	15	Pending

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UAE Double Tax Treaty Network & Rates (4/4)

Country	Signature Date	In Force Date	Effective Date	Status	Dividends		Interest		Royalties	
					Domestic	DTT	Domestic	DTT	Domestic	DTT
San Marino	11-Jul-18	Not in force	Text not available	●	0/5	Pending	0/13	Pending	20	Pending
Senegal	22-Oct-15	2-Jul-17	1-Jan-15	●	10	5	16	5	20	5
Serbia	13-Jan-13	2-Jul-13	1-Aug-13	●	20/25 ²	5/10	20/25 ²	10	20/25 ²	10
Seychelles	19-Sep-06	23-Apr-07	1-Jan-08	●	15	0	15	0	15	5
Singapore	1-Dec-95	30-Aug-96	1-Jan-92	●	0	03	15	03	10	5 ³
Slovakia	21-Dec-15	1-Apr-17	1-Jan-18	●	35 ²	0	19/35 ²	10	19/35 ²	10
Slovenia	12-Oct-13	27-Aug-14	1-Jan-15	●	15	5	15	5	15	5
South Africa	23-Nov-15	23-Dec-16	1-Jan-17	●	20	5/10	15	10	15	10
Spain	5-Mar-06	2-Apr-07	2-Apr-07	●	19	5/15	19	0	24	0
Sri Lanka	24-Sep-93	1-Apr-04	1-Apr-04	●	14	10	20	10	20	10
St. Kitts and Nevis	24-Nov-16	Not in force	Not yet effective	●	15	0	15	0	15	0
Sudan	18-Mar-01	28-Nov-01	1-Jan-02	●	0/1	0	7	0	15	5
Suriname	4-Nov-18	Not in force	Not yet effective	●	25	Pending	0	0	0	0
Switzerland	6-Oct-11	21-Oct-12	1-Jan-12/1-Jan-13	●	35	5/15	0	0	0	0
Syria	26-Jan-00	11-Jun-01	1-Jan-02	●	0	0	7.5	10	7	18
Tajikistan	17-Dec-95	27-Mar-00	27-Mar-00	●	12	0	12	0	15	10
Tanzania	Under negotiation	N/A	N/A	●	10	Pending	0/10	Pending	15	Pending
Thailand	1-Mar-00	28-Dec-00	1-Jan-01	●	10	5/10 ³	15	10/15 ³	15	15
Tunisia	10-Apr-96	27-May-97	1-Jan-97	●	5/25 ²	0	5/20/25 ²	10	15/25 ²	7.5
Turkey	29-Jan-93	26-Dec-94	1-Jan-95	●	15	10/12	10	10	20	10
Turkmenistan	9-Jun-98	24-Nov-99	1-Jan-00	●	15	0	15	0	15	10
Uganda	9-Jun-15	Not in force	Text not available	●	15	Pending	15/20	Pending	15	Pending
Ukraine	22-Jan-03	9-Mar-04	1-Jan-05	●	15	5 ³	15	0/3 ³	15	0/10 ³
United Kingdom	12-Apr-16	25-Dec-16	1-Jan-17	●	0	0	20	0/20	20	0
Uruguay	12-Oct-14	13-Jun-16	1-Jan-17	●	7	5/7 ³	7/12/25 ²	10	12/25 ²	5/10
Uzbekistan	26-Oct-07	25-Feb-11	1-Jan-12	●	10	5/15	10	10	20	10
Venezuela	11-Dec-10	20-Jun-11	1-Jan-12	●	34	5/10	34	10	34	10
Vietnam	16-Feb-09	12-Apr-10	1-Jan-11	●	0	5/15	5	10	10	10
Yemen	13-Feb-01	25-Aug-01	1-Jan-02	●	0	0	10	0	10	10
Zimbabwe	16-Jun-18	Not in force	Text not available	●	10/15	Pending	0	Pending	15	Pending

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Appendices



UAE procedures to secure a Tax Residency Certificate (“TRC”)

UAE companies seeking to obtain double tax treaty relief would typically need to provide the tax authority in the source country a TRC evidencing its UAE tax residence. Such TRC can be obtained through the UAE Ministry of Finance (“MoF”)’s website <https://www.mof.gov.ae/en/mservices/Corporate/VTAX/Pages/tax.aspx>

A TRC is issued for a specific double tax treaty and is valid for one year.

The UAE MoF will only issue TRCs to companies after they have been in existence for one year (as per the MoF’s website¹ “The company has been operating in the country for at least one year”). Individuals need to have been resident in the UAE for at least 183 days in order to obtain a TRC.

Although the prerequisite for obtaining TRCs for companies is to have been in existence for at least one year in the UAE, the UAE MoF in practice may issue TRCs for companies that do not meet this requirement if interim audited financial statements are available.

The MoF has signed Memoranda of Understanding (“MoUs”)² on transparency and information exchange with Abu Dhabi Global Market, Dubai International Financial Centre, Dubai Multi Commodities Centre, Fujairah Free Zone Authority, Jebel Ali Free Zone, Ras Al Khaimah Free Trade Zone, Ras Al Khaimah Investment Authority and Umm Al Quwain Free Trade Zone Authority.

These MoUs have been signed to ensure the implementation of international standards of transparency in the exchange of information for tax purposes, as per OECD regulations and principles.

Requirements for companies

The following documents¹ need to be submitted as a minimum:

- Copy of valid trade license of the applicant (valid for the application period);
- Copy of the certified articles of association of the applicant;
- Copy of the Emirates ID, passport and UAE residence visa of the company manager, owners or directors;
- Certified audited financial statements (stamped by a local UAE auditor for the application period);
- Copies of bank statements for a period of six months during the application period

(stamped by the issuing bank);

- Copy of a valid lease/rent agreement in the name of the applicant (stamped by Ejari); and
- Tax treaty application forms from the country in which the TRC is to be submitted (if applicable)

The fees for obtaining a TRC are as follows:

- AED 100 + AED 3 for submitting the application; and
- AED 10,000 + AED 3 fees paid via e-dirham card per certificate.

The issuance of a TRC usually takes 5-10 working days from date of electronic application but may be longer if additional queries / documents are requested by the UAE MoF.

Requirements for individuals

The following documents³ need to be submitted:

- Passport copy, Emirates ID card and valid UAE residence visa copy;
- Request letter from the person;
- A certified copy of (residential) tenancy contract/title deed;
- Certified copies of bank statements for at least 6 months during the year for which a TRC is requested;
- Source of income/salary certificate;
- Certificate from the sponsor stating the individual activity and source of income;
- A report from the General Directorate of Residency and Foreigners Affairs specifying the number of days the resident has stayed in the UAE (Exit & Entry report); and

The fees for obtaining a TRC are as follows:

- AED 100 + AED 3 for submitting the application; and
- AED 2,000 + AED 3 fees paid via e-dirham card per certificate.

The issuance of a TRC usually takes 5-10 working days from date of application, but may be longer if additional queries / documents are requested by the UAE MoF.

1. <https://www.mof.gov.ae/en/mservices/Corporate/VTAX/Pages/tax.aspx>

2. <https://www.mof.gov.ae/en/StrategicPartnerships/DoubleTaxationAgreements/Pages/InformationExchange.aspx>

3. <https://www.mof.gov.ae/en/mservices/Individual/VTAX/Pages/tax.aspx>



Impact of VAT for entities registered in ADGM

Introduction

The UAE implemented VAT with effect from 1 January 2018.

VAT is an indirect tax applied on the supply of most goods and services. VAT is levied at each stage in the supply chain and is collected by UAE VAT registered businesses on behalf of the UAE Government. VAT is ultimately incurred and paid by the end consumer.

Businesses registered for VAT in UAE should add and charge VAT on the value of goods and services they supply. Such businesses can also reclaim input VAT incurred on business expenditure (subject to some restrictions). The balance between output and input VAT would need to be paid (or reclaimed) to the Federal Tax Authority (FTA) on a periodic basis, accompanied by the submission of a VAT return.

VAT applies to most supplies of goods and services at a standard rate (5%) or at a zero rate (0%). These are called ‘taxable supplies’.

VAT position of ADGM holding company

An ADGM holding company that does not earn income other than capital gains and dividends would not be making any taxable supplies and hence would not be required to register for VAT in the UAE. Such company would also not be able to recover input VAT on its purchases.

This position is different if the ADGM holding company makes taxable supplies to its UAE or foreign subsidiaries in the form of e.g. shareholder loans or services. Whilst services and interest on shareholder loans provided to foreign subsidiaries would be subject to 0% VAT, the ADGM holding company should generally be able to claim full input VAT recovery.

VAT registration

Businesses and individuals engaged in any business activity whose turnover exceeds the mandatory VAT registration threshold of AED 375,000 (USD 100,000) are required to register for VAT in the UAE.

Voluntary VAT registration is available to businesses with an annual taxable turnover of at least AED 187,500 (approximately USD 50,000).

Businesses not registered for VAT cannot charge VAT on their supplies and cannot claim any VAT incurred on their inputs.

The VAT registration process is completed online via the e-services portal on the website of

the FTA. Taxpayers are required to first create an online account which is followed by filling out a VAT registration form.

During the registration process, scanned copies of the trade/business license, Articles of Association and other documents are required to be uploaded.

VAT returns are also filed electronically and periodic VAT payments are made online.



BEPS Double Tax Treaty Related Measures and Application to ADGM Entities

UAE substance requirements

The UAE currently has no formal substance requirements for tax purposes or for the application of double tax treaty benefits. However, at a minimum, a leased office space, local bank account, UAE resident general manager / director and locally audited financial statements would be required in order to obtain a UAE TRC (see Appendix 1).

Economic substance requirements

As part of the commitment made to the EU Code of Conduct Group (Business Taxation) in order to be removed from the EU Blacklist of Tax Havens (and be placed on the “grey list”) in January 2018, the UAE is expected to issue economic substance regulations.

No draft regulations have been made public at the date of this report. The expectation is that the UAE regulations will be in line with (draft) economic substance legislation issued by Jersey and other “grey-listed” countries.

BEPS double tax treaty related measures and application to ADGM entities

Introduction

The OECD established the BEPS project in 2013 to address growing global concern over taxpayers using ‘inappropriate’ tax planning to avoid taxation and artificially shift profits to low or no-tax locations.

The final proposals to counter perceived tax avoidance and improve transparency (“BEPS Actions”) were issued by the OECD in 2015 and are in the process of being implemented through a combination of domestic and international tax law changes.

The BEPS Actions focus on substance, coherence and transparency, with the double tax treaty related BEPS measures (Action 6) aimed at aligning taxation and substance by preventing the granting of double tax treaty benefits in inappropriate circumstances.

BEPS Action 6 introduces new minimum standards that need to be met before double tax treaty benefits are granted in the a Principal Purpose Test (“PPT”) and/or an Limitation of Benefits (“LOB”) test.

The double tax treaty related BEPS measures are currently being incorporated into existing double tax treaty through the OECD Multilateral Convention (“MLI”) to Implement Tax Treaty Related Measures to BEPS.

Position of the UAE

The UAE joined the OECD Inclusive Framework on BEPS on 16 May 2018 and has (for now) committed to implementing the following four BEPS minimum standards:

- Action 5: Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance
- Action 6: Preventing the Granting of Treaty Benefits in Inappropriate Circumstances
- Action 13: Transfer Pricing Documentation and Country-by-Country Reporting
- Action 14: Making Dispute Resolution Mechanisms More Effective

As part of its commitment to combat ‘treaty shopping’, the UAE also signed the MLI to incorporate the double tax treaty related BEPS measures into its existing UAE double tax treaty on 27 June 2018, bringing the total number of participating jurisdictions to 81.

Consistent with most of the MLI participating jurisdictions, the UAE has chosen to adopt a “substance” approach in assessing whether double tax treaty relief could be granted through electing for a PPT with the ability to refer to the competent authority for final assessment of the availability of treaty benefits in respect of its double tax treaty.

To the extent that the UAE’s double tax treaty partners have elected to adopt a different basis to assess whether double tax treaty relief could be available (i.e. applying PPT without the option of approaching a competent authority for final confirmation, or adopting a more ‘form’ based LOB test in either a simplified or more detailed format), then the PPT (without the ability for competent authority to provide a final assessment) would prevail.

Once the MLI is ratified (by the UAE and the relevant treaty partner countries) and enters into force, it is important that the ADGM company seeking to claim double tax treaty relief has appropriate operational substance in the UAE and that it supports a principal commercial purpose;. This is in addition to meeting the minimum substance and procedural requirements set by the UAE MoF and any treaty partner country requirements.



Website Links

Country	Link	Country	Link
Albania	www.taxsummaries.pwc.com/ID/Albania-Corporate-Withholding-taxes	Libya	www.taxsummaries.pwc.com/ID/Libya-Corporate-Withholding-taxes
Algeria	www.taxsummaries.pwc.com/ID/Algeria-Corporate-Withholding-taxes	Luxembourg	www.taxsummaries.pwc.com/ID/Luxembourg-Corporate-Withholding-taxes
Armenia	www.taxsummaries.pwc.com/ID/Armenia-Corporate-Withholding-taxes	Macedonia	www.taxsummaries.pwc.com/ID/Macedonia-Corporate-Withholding-taxes
Austria	www.taxsummaries.pwc.com/ID/Austria-Corporate-Withholding-taxes	Malaysia	www.taxsummaries.pwc.com/ID/Malaysia-Corporate-Withholding-taxes
Azerbaijan	www.taxsummaries.pwc.com/ID/Azerbaijan-Corporate-Withholding-taxes	Malta	www.taxsummaries.pwc.com/ID/malta-Corporate-Withholding-taxes
Barbados	www.taxsummaries.pwc.com/ID/Barbados-Corporate-Withholding-taxes	Mauritius	www.taxsummaries.pwc.com/ID/Mauritius-Corporate-Withholding-taxes
Belarus	www.taxsummaries.pwc.com/ID/Belarus-Corporate-Withholding-taxes	Mexico	www.taxsummaries.pwc.com/ID/Mexico-Corporate-Withholding-taxes
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Canada	www.taxsummaries.pwc.com/ID/Canada-Corporate-Withholding-taxes	Mozambique	www.taxsummaries.pwc.com/ID/Mozambique-Corporate-Withholding-taxes
China (P.R.C.)	www.taxsummaries.pwc.com/ID/Peoples-Republic-of-China-Corporate-Withholding-taxes	Netherlands	www.taxsummaries.pwc.com/ID/Netherlands-Corporate-Withholding-taxes
Croatia	www.taxsummaries.pwc.com/ID/Croatia-Corporate-Withholding-taxes	New Zealand	www.taxsummaries.pwc.com/ID/New-Zealand-Corporate-Withholding-taxes
Cyprus	www.taxsummaries.pwc.com/ID/Cyprus-Corporate-Withholding-taxes	Pakistan	www.taxsummaries.pwc.com/ID/Pakistan-Corporate-Withholding-taxes
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Lithuania	www.taxsummaries.pwc.com/ID/Lithuania-Corporate-Withholding-taxes	Zimbabwe	www.taxsummaries.pwc.com/ID/Zimbabwe-Corporate-Withholding-taxes

No Worldwide Tax Summaries available for Bangladesh, Brunei, Guinea, Maldives, Seychelles, Sudan, Syria and Yemen.



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