



# UAE: Guidance on Corporate Tax public consultation

29 April 2022



# UAE Ministry of Finance Corporate Tax Consultation Q&A

## Why are they doing a consultation?

Consultations are often used by organisations and governments to gather information from a range of stakeholders. Responses to consultations help guide or fine tune proposed laws and in this case allow all types of organisations to provide direct feedback to the UAE Ministry of Finance and Federal Tax Authority (FTA). They state that the aim is to *“implement a regime that is compatible with the UAE’s business environment”* and *“to ensure that it incorporates best practices globally and minimises the compliance burden for businesses”*.

## How long does it last and when do we have to respond?

The consultation period lasts for three weeks from **28 April**, so closes on **19 May 2022**. If you intend to respond, then you need to submit your comments before the close date.

## Who should respond?

That depends on the size of your business. We realise that not every company has a dedicated tax function, but if you do then this is probably for them, if not, your finance team and CFO or head of finance are probably the first line responders, but anyone can respond.

## Who should you tell?

If you are a finance or tax professional, then you should be informing your senior leadership and C Suite that this consultation has been launched and you might be responding to it. It is important to keep your company informed that corporate tax is coming (no changes to the implementation date from **1 June 2023**).

## What information are they looking for and why?

The consultation aims to share updates and gather information on a number of key topics. Businesses are *“encouraged to focus their comments on aspects of the proposed CT regime that may help to reduce compliance cost and complexity, and improve certainty for both businesses and the tax administration.”* but can make other suggestions in areas not covered in the document.

## What else can we learn from the document?

Linked to the website notification there is the [formal consultation document](#) that provides some key guidance that gives us as to what to expect. It outlines the rationale for a federal CT regime and the key principles. There is important information on the proposed approach to:

- Who/ what is considered a taxable person (including free zone entities, government entities, businesses engaged in the extraction of natural resources, charities, investment funds, etc.)
- Basis of taxation (including tax residence, permanent establishments, and UAE sourced income)
- Calculation of taxable income and CT liability (including adjustments, exemptions, deduction limitations, losses, tax credits)
- Groups (including transfer of losses and restructuring relief)
- Withholding taxes
- Transfer pricing
- Administration

At the rear of the document there is a section on “International Tax Developments” noting that *“further announcements on how the Pillar Two rules will be embedded into the UAE CT regime will be made in due course”*. You will need to watch this space.



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## How reliable is the information?

As the information comes from the MoF it helps give you an idea of the direction of travel for the roll out of Corporate Tax in the UAE in 2023. However, this is only guidance and could be subject to change based on the feedback from the consultation. The full details will come later in the summer when we believe the full text of the law will be published.

## What should I do now?

You can decide to respond and we can help if you haven't done so already on the [MoF website](#). This consultation should be a reminder that you need to start thinking seriously about how Corporate Tax will impact your business. Many businesses have already put in place teams to look at what they need to do and have asked PwC to conduct high level impact assessments, review systems and develop an implementation plan. If you don't know where to start or what to do, please reach out to us [here](#) on our Corporate Tax website or email us at [CT.UAE@pwc.com](mailto:CT.UAE@pwc.com) and we will get back to you shortly.

## What happens next?

Responses will provide the MoF with real time feedback from businesses, and therefore are important. They may allow the MoF to adjust some areas of policy before the full law is published in the summer.

## How can PwC help?

PwC has a dedicated Corporate Tax team to support clients and organisations. If you want to know or hear more please contact us via our Corporate Tax website [here](#) or email us at [CT.UAE@pwc.com](mailto:CT.UAE@pwc.com) and we will get back to you. We will be hosting a brief webcast and Q&A session on Tuesday 10th May at 14.00 UAE and more details will follow but you can [register here](#) now.