

Facts

- On 9 December 2022, the UAE Ministry of Finance (MoF) issued Decree-Law No. 47 of 2022 on the Federal Corporate Tax ('CT')
- CT is applicable for financial years commencing on or after 1 June 2023
- UAE CT is applicable across all Emirates and to all business and commercial activities
- UAE CT is not applicable on employment income or other non-business income earned by individuals in their personal capacity
- The UAE CT law also allows carry forward of losses, transfer of losses, Grouping etc. subject to certain conditions
- The UAE CT law has transfer pricing (TP) rules and documentation requirements in line with the OECD principles

Rates

- For businesses operating in mainland UAE a 9% CT rate is applicable on income exceeding AED 375,000
- Free zone persons will have two categories of income - Qualifying income - subject to 0% rate (subject to certain conditions) and non-qualifying income subject to 9% rate
- CT law does not specify rate for Pillar 2 at this stage. The FAQs indicate that multinationals will be subject to CT under the regular UAE CT regime until the UAE adopts the Pillar Two rules

Key timings

01 March - April 2023

Planning

- Start planning for day 1 of compliance and identify impact areas for your organization
- Develop an implementation roadmap, outlining the project timeline and steps to be taken to address
- Identify the relevant departments and stakeholders in your organization

02 May - Dec 2023

- Undertake a detailed impact assessment
- Identify possible uncertain CT positions and key decision points
- Identify restructuring and optimisation opportunities to minimise administrative complexities and UAE CT cost
- Review the system to understand how the data required for UAE CT and TP is being captured followed by performing a fit / gap analysis
- Perform TP risk and opportunity analysis to identify the changes required

03 2024

Implementation

- Amend contracts and other legal agreements
- Review and implement necessary TP policies
- Implement changes to legal / organisational structure
- Obtain clarifications / tax rulings
- Apply for CT groups / exemptions
- Amend tax function and tax governance framework.
- Implement system changes / updates

04 Post implementation

- CT registrations
- Submit applications for tax groups and exemptions
- Prepare and submit CT returns
- Prepare and submit TP documentation
- Tax accounting / provisioning support

These key timings may differ depending on when the business becomes subject to CT. For businesses with a December year-end, this would be from 1 January 2024.



Tax



Finance



Legal



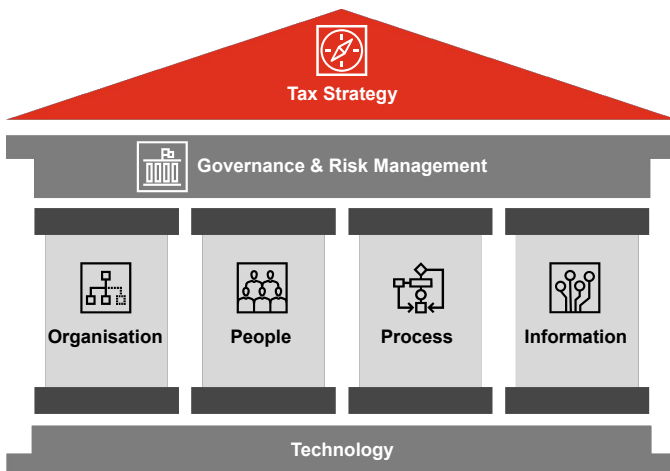
Investment teams



Systems & processes

There is more to UAE CT than taxation - this requires close collaboration of all stakeholders, departments and disciplines involved

Organisation and governance impact



How PwC can support

Next steps

- 01 Analysis based on legislation** Analysis on the impact of UAE CT and TP on the business. Identify restructuring and optimisation opportunities, required system changes, etc.
- 02 Implementation** Implement necessary changes to legal documents, TP policies, legal structure, operating model, capital structure, tax function, etc.
- 03 Post Implementation** Assist with CT registrations and application for tax groups. Preparation and submission of CT returns, TP documents.

Contact details

For more information please visit our website (Link - <https://www.pwc.com/m1/en/services/tax/corporate-income-tax.html>) or email us (CT.UAE@pwc.com)