

Ministerial Decision No. 43 of 2023 Release: Exception from CT Registration

Key Takeaways



April 2023



UAE Ministerial Decision Release



On 10 March 2023, the Ministry of Finance ('MoF') issued the Ministerial Decision No (43) of 2023 with regards to the exception from tax registration for purposes of the Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses (hereinafter referred to as the 'CT Law'). This Decision came into effect the day following its publication.

Article 4 of the CT Law outlines the Persons that are Exempt from Corporate Tax in the UAE.

Article 51 of the CT Law states that any Taxable Person shall register for Corporate Tax with the Federal Tax Authority ('FTA'). It further states that in the context of Exempt Persons and Unincorporated Partnerships the FTA may require certain Persons to still register for corporate tax purposes.

The released Ministerial Decision clarifies the exception to Article 51 of the CT Law.

Key highlights

The Ministerial Decision released provides that the following Persons for UAE CT purposes are not required to register with the FTA:

- Government Entities;
- Government Controlled Entities;
- Persons engaged in Extractive Business that meets the conditions of Article 7 of the CT Law;
- Persons engaged in a Non-Extractive Natural Resource Business that meets the conditions of Article 8 of the CT Law; and
- Non-Resident Persons that derive only UAE sourced income as per Article 13 of the CT Law and does not have a Permanent Establishment in the UAE.

The above will not apply to the extent that Government Entities, Government Controlled Entities, Persons engaged in Extractive Business and Non-Extractive Natural Resource Business become a Taxable Person pursuant to the provisions of the CT Law.

Key takeaway and next steps

The exception provided to Article 51 of the UAE CT Law is an important milestone within the compliance framework of the newly introduced regime.

Given the above, it is safe to say that at the moment the following Persons will still require to be registered for corporate tax with the FTA as per Article 51 of the CT Law:

- A Qualifying Public Benefit Entity;
- A Qualifying Investment Fund;
- A public pension or social security fund;
- A juridical Person incorporated in the State that is wholly owned and controlled by an Exempt Person and undertakes part or whole of the activity of the Exempt Person, is engaged exclusively in holding assets or investing funds for the benefit of the Exempt Person or carries out activities that are ancillary to those carried out by the Exempt Person; and
- Unincorporated Partnerships.

We are expecting additional Decisions to be released to expand on many key provisions of the CT Law so stay tuned. For further assistance, you can reach us by emailing CT.UAE@pwc.com.



UAE releases ministerial decision

The PwC UAE team



Camiel Van der Meij
Senior Executive Advisor
UAE CT Leader



Driaan Ruppung
Partner
UAE CT



Charles Collett
Partner
UAE CT

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