

UAE Corporate Tax

Pre year-end actions



November 2024



Important UAE CT actions before year-end

As the first financial year following the introduction of the Corporate Tax Law ("CT Law") comes to a close for many businesses in the United Arab Emirates, it is important to ensure taxpayers meet statutory deadlines and understand the key technical positions which will underpin the financial reporting and audit process.

To assist businesses we have summarised key actions to help navigate the period prior to the end of the year.

Pre year-end actions required due to statutory deadlines

Corporate tax registrations - Taxable Persons must register for corporate tax within the deadlines specified by the Federal Tax Authority ("FTA") to avoid penalties. Companies that haven't registered yet should check the deadlines and take action accordingly.

Submit Tax Group applications - Groups planning to form or join a Tax Group must submit their application to the FTA before the end of the first Tax Period. For companies with a financial year ending 31 December 2024 applications must be submitted prior to 31 December 2024.

Pre year-end actions to support year-end tax accounting and disclosures

In addition to supporting year end tax accounting work, reviewing the points below now will also allow companies to pre-empt questions from their auditors and to ensure that corporate tax does not cause delays in the financial reporting timetable.

Verify if you meet the conditions to access the entity level tax exemptions you consider are relevant, e.g.:

- **Small Business Relief:** Confirm eligibility for this exemption based on the revenue threshold.
- **Qualifying Free Zone Person ("QFZP") status:** Assess compliance with the QFZP conditions such as adequate substance, Qualifying Income, the de-minimis threshold, and compliance with Transfer Pricing rules.
- **Exemption for Government Entities ("GE"), Government Controlled Entities ("GCE") and certain of their subsidiaries (under Article 4(1)(h)):** Obtain confirmation from the relevant government body whether companies will be GEs or GCEs. GCEs will need to be listed in a (private) Cabinet Decision. For Article 4(1)(h) entities, evaluate if the conditions are met and make plans to submit an exemption application to the FTA.
- **Extractive and Non-Extractive Natural Resource Business exempt status:** Evaluate if there is other Business income which will be taxable, e.g. other Business income that is ancillary or incidental and exceeds 5% of total revenue.

Decide on elections that will likely be made in the tax return, where these could impact the tax accounting position, e.g.:

- **Unrealised gains or losses:** Understand the election options available and the impact this irrevocable election will have.
- **Transitional Rules:** Assess whether the relevant types of assets and liabilities exist and whether this irrevocable election is expected to be advantageous.





Important UAE CT actions before year-end

Pre year-end actions to support year-end tax accounting and disclosures (cont'd)

- Foreign permanent establishment ("PE") exemption: Evaluate whether the conditions are met and whether this election is expected to be advantageous when considering all foreign PEs.

Verify if you meet the conditions to take advantage of the tax reliefs potentially available for specific transactions undertaken in the year and other tax reduction tools, e.g.:

- Participation exemption for certain income (and losses) from Participating Interests
- Qualifying Group Relief for transfers of certain assets and liabilities between group companies
- Business Restructuring Relief for transfers of businesses in exchange for shares
- Foreign Tax Credit availability
- Ability to transfer losses between companies in the group

Determine material tax adjustments, e.g.:

- Restrictions on interest deductibility
- Entertainment expenses related to customer, shareholder, supplier or other business partner entertaining (50% restriction)
- Transfer pricing adjustments

Verify that your overseas entities do not give rise to a UAE taxable presence by assessing if overseas companies:

- Are effectively managed and controlled in the UAE
- Have a UAE permanent establishment
- Have a UAE nexus

Insights on how to effectively manage the year-end tax reporting cycle

For insights on how to effectively manage the year-end tax reporting cycle from a tax accounting perspective, see [our alert](#).

Next steps

Let's talk: For a discussion on how we can help you meet statutory deadlines and assist with pre year-end checks to support the financial reporting and audit process, please contact your regular PwC team members, or email us at CT.UAE@pwc.com





Thank you



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