



UAE Corporate Tax

New Ministerial Decisions No. 229 and No. 230 of
regarding Qualifying Free Zone Persons Regime



In brief

On 28 August 2025, the Ministry of Finance ("MoF") published Ministerial Decision No. 229 of 2025 ("MD 229") "Regarding Qualifying Activities and Excluded Activities" and Ministerial Decision No. 230 of 2025 ("MD 230") "On Specification of Recognised Price Reporting Agencies" for the purposes of UAE Corporate Tax Law ("CT Law").

Please note that these Decision are effective from **1 June 2023**. MD 229 replaces Ministerial Decision No. 265 of 2023 ("MD 265") which is now repealed. We have set out the key points below.

In detail

Qualifying Commodities

- MD 229 expands the definition of Qualifying Commodities to also (besides metals, minerals energy and agriculture commodities) include: **industrial chemicals, Associated By-Products of any of these commodities, and environmental commodities (e.g. carbon credits or renewable energy certificates)**.
- Associated By-Product is an incidental or secondary product made during the production or extraction of a commodity. The definition specifically excludes products packaged for retail sale and any other products specified in a decision issued by the Minister.
- Commodities are Qualifying Commodities provided a **Quoted Price** for such commodities exists. A Quoted Price is defined as the Price of the **Qualifying Commodity** or a **Related Commodity** specified by a Recognised Commodity Exchange Market or a **recognised price reporting agency** (the list is specified in MD 230).
- A Related Commodity is any commodity that is listed in the same chapter in the Common Schedule for Classification and Coding of Goods as a Qualifying Commodity that has a Quoted Price.
- Trading of Qualifying Commodities is clarified to include the **physical trading of Qualifying Commodities, associated financial derivatives trading** used to hedge against risks involved in such activities and **associated structured commodity financing activity**.
- It is required that this activity must not be conducted by a Qualifying Free Zone Person whose Revenue from distribution, warehousing, logistics or inventory management functions constitutes 51% or more of their Revenue for the relevant Tax Period. Structured commodity financing activity includes prepayment, factoring, forfaiting, countertrade, warehouse receipt financing, export receivable financing, project finance, Islamic trade finance and streaming financing.

Qualifying Activities

- MD 229 also provides an update to the Qualifying Activity to expand “Treasury and financingservices to Related Parties” to **“Treasury and financing services to Related Parties or for its own account”**.
- **“Distribution of goods or materials in or from a Designated Zone”** is clarified that such activities will be deemed Qualifying where they are conducted in or from a Designated Zone, and the goods or materials entering the State are imported through the Designated Zone, and the goods or materials are supplied to any of the following:
 - A customer who resells, processes or alters such goods or materials, or parts thereof for the purpose of sale or resale,
 - A public benefit entity.

Audited Financial Statements

- Article 5 is also updated to provide that a Qualifying Free Zone Person must prepare audited financial statements in accordance with Ministerial Decision No. 84 of 2025 (as updated/replaced).

Key takeaways

- MD 229 and MD 230 provide much expected and welcomed update on the Free Zone tax regime, particularly on the “Trading of Qualifying Commodities”.
- Commodity traders, as well as other Free Zone businesses, operating in 40+ UAE FreeZones shall apply these updated rules to their **tax periods starting on/after 1 June 2023**. The positions taken up to now should be revisited ahead of upcoming CT return filing deadline of **30 September 2025** (or refile corrected CT return if already submitted).
- Businesses should also monitor any additional guidance in relation to these Decisions.
- UAE is well positioned as the Commodity Trading Hub with investor and business friendly tax environment, including the 0% Corporate Tax regime. This regime also extends to many other activities such as: holding/investment, headquarter (global or regional), group treasury/financing, fund/wealth/investment management, reinsurance, shipping, aircraft financing/leasing, manufacturing/processing, distribution, logistics.

Contact us

To better understand how this transition may impact your trade operations and to explore new opportunities, please contact us at **CT.UAE@pwc.com** or reach out to your dedicated PwC tax contact for further assistance.

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