

## **Cabinet Decision No. 116 of 2022 on the Determination of Annual Income Subject to Corporate Tax**

### **Summary of the Cabinet Decision:**

The Cabinet has reviewed several laws and regulations related to taxation, including the Constitution, Federal Law No. 1 of 1972 on the Competencies of the Ministries and Powers of the Ministers, Federal Decree-Law No. 13 of 2016 on the Establishment of the Federal Tax Authority, Federal Law No. 7 of 2017 on Tax Procedures, Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, and Cabinet Decision No. 36 of 2017 on the Executive Regulation of Federal Law No. 7 of 2017 on Tax Procedures.

Based on these considerations, the Cabinet has made the following decisions:

### **Article 1: Definitions**

Defines various terms related to taxation, including the State (United Arab Emirates), Ministry (Ministry of Finance), Minister (Minister of Finance), Authority (Federal Tax Authority), Person (natural or juridical person), Taxable Person (subject to Corporate Tax under the Corporate Tax Law), Corporate Tax Law (Federal Decree-Law No. 47 of 2022), Corporate Tax (tax imposed on juridical persons and Business income), Taxable Income (income subject to Corporate Tax), Tax Period (period for filing a Tax Return), Tax Return (information filed with the Authority for Corporate Tax purposes), Business (any regular and independent activity conducted by any Person), and Business Activity (transactions or activities conducted in the course of a Business).

### **Article 2: Income Subject to Corporate Tax at 0% (Zero Percent)**

States that for the purposes of Article 3(a) of the Corporate Tax Law, the portion of Taxable Income not exceeding AED 375,000 will be subject to Corporate Tax at a rate of 0% in the Tax Period, regardless of the number of Businesses or Business Activities conducted by the Taxable Person. Considers any artificial separation of Business or Business Activity leading to Taxable Income exceeding AED 375,000 as an arrangement to obtain a benefit in relation to Corporate Tax. Requires the Authority to examine whether two or more Persons have artificially separated their Business or Business Activity based on legitimate commercial purposes and the substantial carrying on of the same Business or Business Activity, considering relevant financial, economic, and regulatory ties.

### **Article 3: Income Subject to Corporate Tax at (9%) Nine Percent**

States that for the purposes of Article 3(b) of the Corporate Tax Law, Taxable Income exceeding AED 375,000 will be subject to Corporate Tax at a rate of 9% in the relevant Tax Period.

### **Article 4: Implementing Decisions**

Gives the Minister of Finance the authority to issue necessary decisions for implementing this Cabinet Decision.

### **Article 5: Publication and Enforcement**

Requires the publication of this Cabinet Decision in the Official Gazette.  
Specifies that this Decision will come into effect 15 days after its publication.

(Note: This summary pertains to a specific Cabinet Decision related to taxation in the United Arab Emirates)