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# **Conditions for Forming the Tax Group by Subsidiaries of a Government Entity for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses**

**Federal Tax Authority Decision No. 12 of 2023**

**Issued 16 August 2023 – (Effective from the date of publishing in the Official Gazette)**

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## **The Chairman of the Board of Directors of the Federal Tax Authority has decided:**

- Having reviewed the Constitution,
- Federal Decree-Law No. 13 of 2016 on the Establishment of the Federal Tax Authority, and its amendments,
- Federal Decree-Law No. 28 of 2022 on Tax Procedures,
- Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses,
- Cabinet Decision No. 74 of 2023 on the Executive Regulation of Federal Decree-Law No. 28 of 2022 on Tax Procedures,
- Ministerial Decision No. 125 of 2023 on Tax Group for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses,
- Decision of the Chairman of the Board of Directors No. 9 of 2021 on the Delegation of the Vice Chairman of the Board of Directors of the Federal Tax Authority, and
- Pursuant to the approval of the Board of Directors on the policy for the Conditions for Forming Tax Groups by Subsidiaries of a Government Entity, at the twenty-seventh meeting held on 22 June 2023.

## **Article 1 – Definitions**

The words and expressions contained in this Decision shall have the same meaning assigned against each in Federal Decree-Law No. 47 of 2022 referred to above, unless the context otherwise requires.

## **Article 2 – Conditions for Forming a Tax Group**

For the purposes of Clause 2 of Article 40 of Federal Decree-Law No. 47 of 2022 referred to above, Subsidiaries in which a Government Entity directly or indirectly owns at least 95% (ninety-five percent) ownership interest as specified in paragraphs (b), (c) and (d) of Clause 1 of Article 40 of the Corporate Tax Law may form a Tax Group, subject to the following conditions:

1. The conditions prescribed in Clause 1 of Article 40 of Federal Decree-Law No. 47 of 2022 referred to above are satisfied.
2. The Government Entity exempt under paragraph (a) of Clause 1 of Article 4 of the Decree-Law is not a member of the Tax Group.
3. A Subsidiary of a Government Entity is not a member of the Tax Group where such Subsidiary is an exempt person.
4. The Government Entity appoints one of the Subsidiaries as representative of the Tax Group.

## **Article 3 – Submitting an Application to Form a Tax Group**

The Subsidiary appointed as representative of the Tax Group shall submit an application to the Authority to form the Tax Group.

## **Article 4 – Abrogation of Conflicting Provisions**

All provisions contrary to or inconsistent with the provisions of this Decision shall be abrogated.

## **Article 5 – Implementation of the Decision**

This Decision shall be published in the Official Gazette and shall come into force as of the date of its publication.