

# Cabinet Decision No. 116/2022 Concerning the Determination of the Corporate Taxable Annual Income Amount

Concerning the Determination of the Corporate Taxable Annual Income Amount

The Cabinet,

Having reviewed the Constitution;

[Federal Law No. 1/1972](#) Concerning the Competencies of Ministries and Authorities of Ministers, as amended;

[Federal Decree-Law No. 13/2016](#) Concerning the Establishment of the Federal Tax Authority, as amended;

[Federal Decree-Law No. 7/2017](#) Concerning the Tax Procedures, as amended;

[Federal Decree-Law No. 47/2022](#) Concerning Corporate and Business Tax; and

[Cabinet Decision No. 36/2017](#) Concerning the Executive Regulation of the [Federal Law No. 7/2017](#) Concerning the Tax Procedures, as amended; and

Based on the proposal of the Minister of Finance, and the approval of the Cabinet;

The following is resolved:

## Article 1 - Definitions

In the application of the provisions of this Resolution, the following words and phrases shall have the meanings assigned to them respectively, unless otherwise is required by the context:

State	United Arab Emirates.
MOF	Ministry of Finance.
Minister	Minister of Finance.
FTA	Federal Tax Authority.
Person	Any natural person or juristic person.
Taxable Person	The person subject to corporate tax in the state, under the Corporate Tax Law.
Corporate Tax Law	<a href="#">Federal Decree-Law No. 47/2022</a> Concerning Corporate and Business Tax.
Corporate Tax	The tax charged under the Corporate Tax on Juristic Persons and Business Income Law.
Taxable Income	The Corporate taxable income under the Corporate Tax Law.
Tax Period	The period for which the tax return should be filed.
Tax Return	The information provided to FTA for purposes of the corporate tax, as per the forms and the procedures set by FTA, including any schedules or attachments and any amendment thereof.
Business	Any activity practiced regularly, continuously and independently by any person anywhere such as industrial, commercial, agricultural, handicraft, professional or service activity, excavation activities or any other activity related to the use of tangible or intangible properties.

Business Activity	Any transaction, activity or a series of transactions or series of activities practiced by a person in the course of his business.
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## **Article 2 - Corporate Taxable Income of (0%) Zero Percent**

1. For purposes of paragraph (a) of Clause (1) of Article (3) of the Corporate Tax Law, the part of the taxable income of the taxable person of not more than (AED 375,000) three hundred seventy five thousand Dirhams shall be subject to corporate tax of (0%) zero percent in the tax period, whether or not the taxable person transacts many businesses or business activity in such tax period.
2. If FTA finds that one person or more ostensibly separate their business or business activity, and the taxable income of their entire business or business activity is subject to corporate tax of (0%) zero percent in the tax period for an amount of more than (AED 375,000) three hundred seventy five thousand Dirhams, this shall be deemed an arrangement to obtain a corporate tax benefit, according to Clause (1) of Article (50) of the Corporate Tax Law.
3. For purpose of FTA investigation of the ostensible separation of business or business activity by two persons or more, FTA shall consider whether the arrangement is made for a legitimate commercial purpose, and whether the persons significantly transact the same business or business activity, considering all related events and circumstances, including but not limited to their financial, economic and regulatory connections.

## **Article 3 - Corporate Taxable Income of (9%) Nine Percent**

For purposes of paragraph (b) of Clause (1) of Article (3) of the Corporate Tax Law, the taxable income of the taxable person that exceeds (AED 375,000) three hundred seventy-five thousand Dirhams shall be subject to corporate tax of (9%) nine percent in the related tax period.

## **Article 4 - Executive Decisions**

The Minister of Finance shall issue the necessary decisions to enforce the provisions of this Resolution.

## **Article 5 - Publication and Enforcement of the Resolution**

This Resolution shall be published in the Official Gazette and shall come into force (15) fifteen days after the date of publication.

Issued by us:

Date: 06 / Jumada II / 1444 AH

Corresponding to: 30 / December / 2022

**Mohammad Bin Rashid Al Maktoum**

**Prime Minister**