



SMART ADVISORS
GROUP

Corporate Services.
Tax & Legal Counselling.
Accounting & Auditing

CORPORATE TAXATION
IN THE UAE
BUSINESS PROPOSAL





Smart Advisors Group. About Us.

01.

WE ARE EXPERTS.

We are a consulting company that specialises in providing UAE business set up services and various related services. Our main objective is to help entrepreneurs to run their business in the UAE smoothly.

02.

WE OFFER CUSTOMISED SOLUTIONS.

We offer customised, end-to-end solutions for individuals and businesses, and provide the support needed to make it easier for them to meet their business objectives.

THE SUCCESS OF OUR CUSTOMERS IS OUR TOP PRIORITY

03.

We are committed to leading our clients' businesses to success by delivering the results they need and helping them thrive. Our clients have access to a wide range of specialists, including experienced consultants, client managers, tax experts, accountants and other top tier professionals.

We use all our professional knowledge, experience and skills to find the best solution in each individual case. Achieved results, energetic team and transparent trusting relationships motivate our clients to choose us again and again to solve their business problems.

With Smart Advisors Group, you can rest assured that your UAE business is in professional and reliable hands.

360+

Successful Projects

150+

Satisfied Clients

20+

Years of Experience



With the introduction of corporate tax in the UAE, businesses need to think ahead about the tax implications of doing business.

Starting from 1 June 2023, the UAE will introduce the following main tax regimes and corporate tax exemptions:

Regime / Relief	Special Requirements	Tax Rate
General Regime	N/A	9% if the revenue threshold of 375,000 AED (~100,000 USD) is exceeded
QFZP	Benefit for qualified Free Zone residents: A number of conditions must be met, otherwise the benefit will not be available for 5 subsequent tax periods.	0% for "qualified" income 9% for the rest "non-qualified" income
SBR	Small business benefit: No tax on income up to 3,000,000 AED (~810,000 USD), above the threshold there is a switch to the general regime.	No tax will be charged, if revenue does not exceed AED 3,000,000 (~810,000 USD).
PE	Participation Exemption: Only for holding companies in the UAE, subject to certain conditions	Dividends from subsidiaries are not taxable in the UAE

The extension of corporate tax to all types of companies has made it more difficult to choose the form of company incorporation (Mainland or Free Zone) and, as a consequence, the choice of the applicable tax regime.

With proper tax structuring, businesses in the UAE can benefit from attractive tax incentives, so it is important to first carry out tax structuring before proceeding to incorporation in one of the UAE jurisdictions.

With our extensive experience, we can help you choose the optimal structure and regime, taking into account the type of business, the composition of counterparties, the amount of planned revenue, the presence of related companies and structures of different locations and other conditions of the future business.



Q

Conditions for applying the Qualifying Free Zone Person regime

Having an adequate economic presence in the UAE

F

Conducting "qualifying" activities

Generating "qualified" income

Z

The amount of "non-qualified" income does not exceed the thresholds

The general taxation system is not selected

Maintaining Transfer Pricing documentation

P

Transactions with associates under Transfer Pricing rules

Preparing audited financial statements

Meeting other criteria as determined by the UAE Minister of Finance

In accordance with the decisions of the UAE Cabinet of Ministers and the Minister of Finance issued in June 2023, the application of 0% tax rate for Free Zone companies is now subject to the fulfilment of the above conditions, the failure to fulfil which results in the rapid loss of this benefit for 5 tax periods.

In this regard, it is advisable to assess the tax consequences of the planned activities of your Free Zone company (both existing and planned to be established) in advance in order to choose a suitable tax regime.

The Small Business Relief cannot apply to QFZPs and members of international groups of companies.

The aforementioned relief also requires revenue to be determined on an IFRS basis, does not give the right to carry forward losses and gives the tax authorities the right to apply tax reconstruction (in order to counteract business splitting).

S

B

R

Participation Exemption

Applicable exclusively to holding companies in the UAE and only in respect of dividends.

It is subject to conditions regarding the size of the shareholding and the length of ownership, the minimum tax rate of the subsidiary (9%), the requirements for the composition of assets and the accounting treatment of expenses of the subsidiary, as well as a number of other conditions.



What can we do for you?

Since the application of even basic tax regimes and reliefs requires compliance with a large number of different conditions, we are ready:

1. To identify the preferred form of organisation for your company (Free Zone, Mainland, etc.).
2. To analyse whether your company meets the Qualified Free Zone Person criteria, including in relation to 'minimum requirements'.
3. To determine whether your company's activities and income are "qualified" and whether it is eligible to use the 0% corporate tax rate.
4. To assess whether your company's income from subsidiaries qualifies for exemption and is exempt from taxation in the UAE.
5. To find the best tax relief for your company.
6. To assess the need for and process of restructuring your company (group of companies).
7. To evaluate the benefit of using the general tax regime, taking into account the requirements and limitations of special tax regimes and reliefs.
8. To assist with accounting, auditing and tax accounting in the UAE.
9. To assess the tax consequences and risks of your activities, including the risk of refusal to recognise expenses, the risk of recognising the parties to a transaction as interdependent, etc.
10. To determine the required level of economic presence of your company (substance) in the UAE.
11. To advise on the requirements for the preparation of transfer pricing documentation applicable to the company's business.

This list is not final. We will analyse any issue related to corporate taxation in the UAE and offer solutions to your business situation:

- **from AED 5500** – cost of written analysis;
- **from AED 740/hour** – cost of verbal consultation.



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