

## Attention UAE Businesses: Time to Register for Corporate Tax!

With the introduction of corporate taxation in the UAE, it is imperative that all businesses comprehend their tax registration responsibilities. Starting from June 1, 2023, all companies, including those in free zones, shall register for corporate income tax, even if they are already registered for VAT.

Corporate Tax in UAE is a direct tax imposed on the net income or profit of corporations and businesses introduced by the **UAE Ministry of Finance**. This tax reform is designed to support medium and small enterprises by instituting an initial statutory tax rate of 9% on corporate profits exceeding AED 375,000. It is obligatory to comply with the corporate tax regulations for all eligible Taxable Persons in the UAE. This involves corporate tax registration, filing annual tax returns, and maintaining accurate accounting records.

Moreover, the introduction of corporate tax in UAE is to meet the international tax standards.

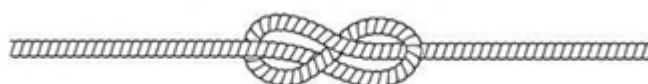
The Federal Tax Authority has left no room for ambiguity – all businesses operating in the UAE are obligated to register for corporate tax in 2024. This directive extends to enterprises, irrespective of their profitability or the duration of their establishment. Even businesses incurring losses are not exempt from this mandatory registration.

The threshold for **corporate tax registration** is mandatory, aligning with the ethos of a proactive approach. Even new businesses setting up in the UAE are advised to register for corporate tax immediately.

### Here are the key points:

- Corporate tax rate: 9% on taxable income over 375,000 dirhams (\$100,000).
- Deadline for the UAE resident companies: Varies based on incorporation and trade license issuance, with the earliest deadline being 31 May, 2024.
- Non-resident companies with a presence in the UAE must also register for corporate tax.
- **Penalties: Failure to register on time incurs a penalty of 10,000 AED as per Cabinet Decision No.75 of 2023.**

According to FTA Decision No. 3 of 2024:





- UAE-incorporated entities have 3 months from incorporation to register.
- Foreign entities managed in the UAE have 3 months from the end of the financial year.
- For individuals exceeding 1 million AED in business, resident persons must register by March 31 of the following year, while non-residents have three months from meeting tax liability.

*It is essential to know your category and register on time to avoid penalties. If you need any assistance, our firm is here to facilitate your smooth navigation through tax registration procedures. Please don't hesitate to reach out for expert guidance and unwavering support.*

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