

## UAE CORPORATE TAX - SMALL BUSINESS RELIEF



Ministerial Decision.

The UAE Ministry of Finance (MoF) has issued Ministerial Decision No, 73 of 2023 on “Small Business Relief” for the purpose of Federal Decree Law No. 47 of 2022 on Taxation of Corporations and Businesses. The decision is issued in accordance with Article 21 of the CT Law, which treats the taxable person as not having derived any taxable income in a given tax period where the revenue does not exceed a certain threshold. The threshold and certain conditions have now been specified in this

### APPLICABILITY

The Small Business Relief (‘SBR’) is applicable to a resident person as defined in Article 11 of the CT Law.

### TAXABLE PERSON’S REVENUE THRESHOLD



- Threshold – AED 3,000,000 for each tax period
- Threshold shall apply to tax periods commencing on or after 1<sup>st</sup> June 2023 to tax periods that end on or before 31<sup>st</sup> December 2026.
- SBR not applicable if revenue has exceeded threshold in any relevant or previous tax periods.
- Revenue to be determined in accordance with applicable accounting standards accepted in the UAE.

### ADDITIONAL CONDITIONS

SBR not applicable to following resident persons:

- A Constituent Company of a MNE Group as defined in Cabinet Decision No. 44 of 2020. MNE Groups are groups of companies with operations in more than one country having consolidated group revenues of more than AED 3.15 billion.
- A Qualifying Free Zone Person

### TAX LOSS RELIEF & GENERAL INTEREST DEDUCTION LIMITATION RULE

- Tax losses or net interest expenditure carry forward – cannot be carried forward if incurred in tax period in which SBR is claimed
- Unutilised Tax Losses or net interest expenditure – if incurred in tax periods where SBR is not claimed, then can be carried forward to future tax periods where SBR is not claimed – subject to Article 37 and 30 of CT Law



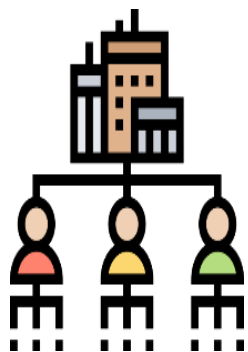
**Kothari**  
auditors & accountants

502, Business Centre, Khalid Bin Al Waleed Road,  
Opp. Burjuman Centre, Bank Street  
Post Box 51504, Dubai (U.A.E)  
Tel : +971 4 3526330 | Fax: +971 4 3526332  
[www.kothariauditors.com](http://www.kothariauditors.com) | [info@kaa.ae](mailto:info@kaa.ae)



Global Business Services  
DMCC

12A-06, 13th Floor, HDS Tower,  
Cluster F, Jumeirah Lake Towers ,  
Post Box 309074, Dubai (U.A.E)  
Tel : +971 4 4471804 | Fax: +971 4 4471803  
[www.gbsei.com](http://www.gbsei.com) | [info@gbsei.com](mailto:info@gbsei.com)



- An arrangement to obtain a CT advantage under Article 50(1) of CT Law - if all the following conditions are satisfied :
  - a. Where Authority establishes that one or more persons have artificially separated their business or business activity
  - b. Revenue across the person's entire business or business activity exceeds threshold specified above in any tax period
  - c. Such one or more persons have elected to apply SBR
- For determining whether business or business activity has been artificially separated, the Authority shall consider following :
  - a. Valid commercial purpose
  - b. Whether persons carry on substantially the same business or business activity by taking into account all relevant facts and circumstances including but not limited to their financial, economic and organisational links.
- **Consequences of Article 50 :**
  - a. FTA can make a determination that CT advantage to be counteracted/adjusted
  - b. FTA can issue assessment after disallowing the SBR falsely claimed. FTA can also make compensating adjustments to CT liability.

### OUR SERVICES:

Our team of experts would be glad to do impact assessment & guide further with respect to implementation of changes required to adapt to Corporate Tax regime. For any further clarification / assistance, do not hesitate to contact following:

- Mr. Vipul Kothari on [vipul@vipulkothari.com](mailto:vipul@vipulkothari.com) or
- Mr. Prasad Bhonde on [prasad.bhonde@kaa.ae](mailto:prasad.bhonde@kaa.ae) or
- Mr. Kapil Sheth on [kapil.sheth@gbsei.com](mailto:kapil.sheth@gbsei.com)

*Disclaimer - The above is only a brief summary of the current update and is based only on information currently available in the public domain which may be subject to change. Please note that this Article is for information purposes only and should not be construed as a professional advice.*



**Kothari**  
auditors & accountants

502, Business Centre, Khalid Bin Al Waleed Road,  
Opp. Burjuman Centre, Bank Street  
Post Box 51504, Dubai (U.A.E)  
Tel : +971 4 3526330 | Fax: +971 4 3526332  
[www.kothariauditors.com](http://www.kothariauditors.com) | [info@kaa.ae](mailto:info@kaa.ae)



Global Business Services  
DMCC

12A-06, 13th Floor, HDS Tower,  
Cluster F, Jumeirah Lake Towers ,  
Post Box 309074, Dubai (U.A.E)  
Tel : +971 4 4471804 | Fax: +971 4 4471803  
[www.gbsei.com](http://www.gbsei.com) | [info@gbsei.com](mailto:info@gbsei.com)