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AT A GLANCE

FTA has clarified who is a “director” or “officer” and therefore a Connected Person under Art. 36.



ART. 36(1) – DEDUCTIBILITY

Payments to Connected Persons are deductible only up to Market Value.



ART. 55(1) – DISCLOSURE

Disclose in the Tax Return if the FTA threshold is exceeded.

Who is a Director? Who is an Officer?



DIRECTOR

A natural person who holds a seat on the board of directors - or an equivalent governing body (board of trustees / governors) under the law or constitutional documents.



Note: Job title alone ≠ director.



OFFICER

A natural person who meets any of these tests:

- Strategic Control Test: plans, directs & controls activities (IAS 24);
- Strategic Decision-Making Test: final say on financial / operational / commercial matters; or
- Binding Authority Test: binds the entity legally or contractually.











Typically: CEO, GM, CFO, COO, CCO + authorised representatives.



Substance over form. Real authority makes the officer - title is irrelevant. Applies to all Taxable Persons (incl. trusts, foundations, fiscally-opaque partnerships). Only natural persons qualify. Where a person is both a **Related Party** and a **Connected Person**, they are treated only as a Related Party.

Officer or Not? - Quick Reference

ROLE / CATEGORY	✓ IS AN OFFICER WHEN...	✗ NOT AN OFFICER WHEN...
 Senior management (GM / C-suite)	Holds overall management of the entity, a PE, or a natural-person Business.	Title only – no real planning or control.
 Division / Function head	Final say on strategic financial, operational or commercial matters.	Reports up and follows the C-suite / board.
 Head of HR (or similar function)	Strategic call on manpower, structure or performance.	Limited to payroll, leave and routine HR tasks.
 Trade licence / Board resolution designate	Designation gives final authority to bind the entity.	Named for administrative / regulatory purposes only.

ROLE / CATEGORY	✓ IS AN OFFICER WHEN...	✗ NOT AN OFFICER WHEN...
 Power of Attorney holder	PoA grants discretionary or strategic authority.	PoA covers pre-approved or administrative tasks only.
 Secondee / Outsourced manager	Final strategic or binding authority over the entity.	Closes contracts only after key terms are agreed.
 Interim hire / “Consultant”	Performs CEO / GM duties - title is irrelevant.	Genuine advisor with no operational control.
 Trustee / Administrator	Full authority over a trust that is a Taxable Person.	Court-appointed; carries out assigned duties only.



Action Points

- 1 **Map** - Every board member and de-facto C-suite holder.
- 2 **Re-examine titles** - “Director” without a board seat ≠ director; “Consultant” with authority = officer.
- 3 **Review** - PoAs, secondments and outsourced roles for binding authority.
- 4 **Benchmark** - Payments to directors / officers against Market Value.
- 5 **Disclose** - Qualifying transactions in the Tax Return where the threshold is exceeded.
- 6 **Document** - a register with classification basis and supporting evidence.



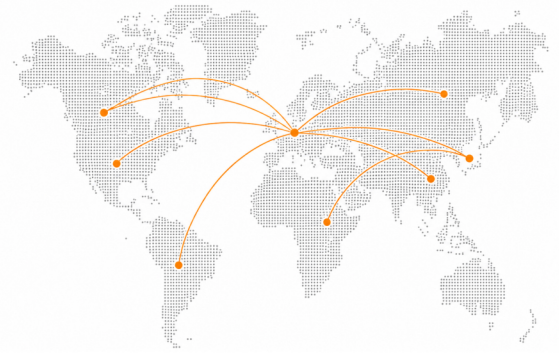
HOW WE CAN HELP

- › Director & Officer mapping
- › Connected Persons register build
- › Market Value benchmarking
- › Article 55 disclosure review
- › Corporate Tax filing & advisory

Associate Concerns: Kothari Auditors & Accountants L.L.C • Ultimate Global Management Consultants L.L.C. SP

This update is a general summary of FTA Public Clarification CTP010 and does not constitute legal, tax or accounting advice.

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ABOUT KAA

Kothari Auditors and Accountants LLC is a professionally managed accounting, auditing, management and financial consulting firm established in October 1992.

The firm is registered in UAE Ministry of Economy & Commerce having offices in Dubai and Sharjah. The firm excels in offering accounting, audit services and host of consulting services.

“
WE DON'T JUST
SET UP BUSINESSES,
WE BUILD
RELATIONSHIPS
THAT LAST.”

ABOUT GBS FZCO

GBS FZCO is a leading business setup and management consultancy firm headquartered in Dubai, UAE. We assist entrepreneurs, startups, and global investors in establishing and growing their businesses across the UAE and worldwide.

With a team of experienced professionals and a strong global network, we deliver smart, efficient, and tailored solutions to turn your business ambitions into reality.

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CONTACT US

KOTHARI AUDITORS & ACCOUNTANTS LLC



info@kaa.ae



www.kothariauditors.com

Office No 12A-06, 13th Floor, HDS Tower,
Plot No F2, Jumeirah Lakes Towers,
Post Box 309074, Dubai (U.A.E)
Tel : +971-4-4471804

Office No 201 / 202, Al Hisn Tower,
(Sharjah Cement Factory Bldg), Bank Street,
Rolla, Post Box 4706, Postal Code 61143,
Sharjah (U.A.E).
Tel : +971-6-5683997

GLOBAL BUSINESS SERVICES FZCO



info@gbsei.com



www.gbsei.com

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