

HOW TO PREPARE FOR FILING A CORPORATE TAX RETURN IN THE UAE

In the UAE, the corporate tax return should be filed within 9 months after the end of the tax period (Clause 1 of Article 53 of [Federal Decree-Law No. 47 of 2022](#)). Accordingly, most companies in the UAE will file their first return by the end of September 2025.

The return should include key tax elections and declarations of important reliefs, so preparation should begin well in advance. Below is a checklist with five steps to help you get ready to file your corporate tax return:

1 CORPORATE TAX REGISTRATION, CLARIFICATIONS AND ELECTION SUBMISSIONS

- Companies incorporated in March 2024 or later should register for corporate tax within 3 months of incorporation (Clause 3 of Article 3 of [Federal Tax Authority Decision No. 3 of 2024](#))
- The application on establishment or modifying of a Tax Group should be submitted by the end of the relevant tax period (Clause 1 of Article 5 of [Ministerial Decision No. 125 of 2023](#))
- You may also request a Private Clarification from the UAE Federal Tax Authority on uncertain matters (Article 59 of [Federal Decree-Law No. 47 of 2022](#)). Processing time is at least 50 business days. For more details, see our bulletin at the [link](#).

2 ASSESSMENT OF ENTITY-LEVEL EXEMPTIONS AND INCENTIVES

Three types of exemptions and incentives may apply at the company level:

- 1

Small Business Relief
(Article 21 of [Federal Decree-Law No. 47 of 2022](#))

ELECTION

Revenue should not exceed AED 3 million in each tax period (Clause 1 of Article 2 of [Ministerial Decision No. 73 of 2023](#))

The election is made per tax period and is valid until the end of 2026
- 2

0% rate for Qualifying Free Zone Persons (Clause 2 of Article 3, Article 18 of [Federal Decree-Law No. 47 of 2022](#))

Company should meet all conditions for QFZP (see [our checklist on the 0% rate](#))

The election and confirmation of eligibility should be reflected in the tax return
- 3

Exemptions for:

- Government entities
 - Extractive/non-extractive resource businesses, etc. (Article 4 of [Federal Decree-Law No. 47 of 2022](#))

3 ASSESSMENT OF EXEMPTIONS FOR SPECIFIC TRANSACTIONS, INCOME TYPES AND FOREIGN TAX CREDIT

The UAE provides exemptions and reliefs for specific transactions and types of income, as well as a foreign tax credit:

- 1

Exemption for local dividends and Participation Exemption for dividends and capital gains from qualifying assets (Article 22 and 23 of [Federal Decree-Law No. 47 of 2022](#))

Income should meet the exemption criteria

A special section of the return is completed to reflect the exemption
- 2

Transfers within a Qualifying Group exemption
(Article 26 of [Federal Decree-Law No. 47 of 2022](#))

ELECTION

Applies to transfers of assets/liabilities within a group of companies that fulfill certain conditions

This election applies to all transactions in current and future tax periods
- 3

Business Restructuring Relief
(Article 27 [Federal Decree-Law No. 47 of 2022](#))

ELECTION

Applies to transfers meeting qualifying conditions

Election applies only to the declared restructuring transaction and should be reflected in the return
- 4

Foreign tax credit (Article 47 of [Federal Decree-Law No. 47 of 2022](#))

Foreign tax should meet eligibility criteria; credit is limited to the UAE corporate tax on that transaction

A special section of the return should be completed

4 ASSESSMENT OF TAX ELECTIONS

You may make the following elections (in addition to three mentioned above) in your first return (and some of them are irrevocable):

- 1

Realization Method for tax on e.g. FX differences (Clause 3 of Article 20 of [Federal Decree-Law No. 47 of 2022](#))

ELECTION

This method can be elected for assets and liabilities that are subject to fair value accounting or held on capital account. We discussed this election in our webinar at [this link](#)

Irrevocable election should be made in the first tax return
- 2

Transitional Rules for immovable property, intangible and financial assets and liabilities ([Ministerial Decision No. 120 of 2023](#))

ELECTION

Gains and losses on pre-tax period assets and liabilities can be excluded from tax base

Irrevocable election should be made in the first tax return
- 3

Exemption for foreign permanent establishments (Clause 1 of Article 24 [Federal Decree-Law No. 47 of 2022](#))

ELECTION

Profit/loss of foreign PEs may be excluded form the UAE taxpayer tax base if a subject-to-tax criteria is met

This election is made annually

5 APPLICATION OF TAX ADJUSTMENTS

There are three key tax adjustments available:

- 1

Loss transfers within a Qualifying group (Article 38 of [Federal Decree-Law No. 47 of 2022](#))
- 2

Interest deduction limitation (Article 30 of [Federal Decree-Law No. 47 of 2022](#))
- 3

Non-deductible/limited expenses, e.g., entertainment expenditure (Article 32 of [Federal Decree-Law No. 47 of 2022](#))



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