

## UAE Corporate Tax position of Free Zones

### A. Will a Free Zone entity be required to register and file a UAE CT return?

**Yes.** All Free Zone entities will be required to register and file a CT return, irrespective of whether they are a Qualifying Free Zone Person or not.

### B. What is a Qualifying Free Zone Person?

To be treated as a “Qualifying Free Zone Person”, the Free Zone entity must:

1. Maintain **adequate substance** in the UAE.
2. Derive “**Qualifying Income**” as specified in the Cabinet Decision. (To be published).
3. **Comply with transfer pricing rules** and maintain the relevant transfer pricing documentation, **if applicable**; and
4. Has not elected to be subject to CT in full under Article 19 of the law.

### C. What UAE CT rates will apply to entities established in a Free Zone?

“Qualifying Free Zone Persons” will be subject to UAE CT at the following rates:

- 0% on Qualifying Income
- 9% on Taxable Income that does not meet the Qualifying Income definition

#### **D. Is the 0% Free Zone CT regime applicable automatically?**

- A Qualifying Free Zone Person that meets the relevant conditions will be able to benefit from the 0% Free Zone Corporate Tax regime automatically.
- However, a Qualifying Free Zone Person can make an election not to apply the Free Zone CT regime, but instead be subject to the regular CT regime and rates.

#### **E. Will a different UAE CT treatment apply to entities established in a financial Free Zone?**

No. The UAE CT treatment will be the same for all Free Zone entities

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