



Determination of a Non-Resident Person's Nexus in the State for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses

Cabinet Decision No. 35 of 2025 – Issued 27 March 2025 – (Effective from 27 March 2025)

The Cabinet has decided:

- Having reviewed the Constitution,
- Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, and its amendments,
- Cabinet Decision No. 56 of 2023 on Determination of a Non-Resident Person's Nexus in the State for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses,
- Cabinet Decision No. 34 of 2025 on Qualifying Investment Funds and Qualifying Limited Partnerships for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses,
- Pursuant to what was presented by the Minister of Finance and approved by the Cabinet.

Article 1 – Definitions

Definitions in Federal Decree-Law No. 47 of 2022 referred to above shall apply to this Decision, with the exception of that, the following expressions shall have the meaning assigned against each, unless the context requires otherwise:

- Immovable Property : Means any of the following:
- a. Any area of land over which rights or interests or services can be created.
 - b. Any building, structure or engineering work attached to the land permanently or attached to the seabed.
 - c. Any fixture or equipment which makes up a permanent part of the land or is permanently attached to the building,



structure or engineering work or attached to the seabed.

Corporate Tax : Federal Decree-Law No. 47 of 2022 on the Taxation of
Law Corporations and Businesses, and its amendments.

Article 2 – Nexus in the State

For the purposes of paragraph (c) of Clause (4) of Article (11) of the Corporate Tax Law, any juridical person incorporated or otherwise established or recognised under the legislation of a foreign jurisdiction shall have a nexus in the State in any of the following cases:

1. It derives income from any Immovable Property in the State, and this shall include income derived from the right in rem, sale, disposal, assignment of rights therein, direct use, letting, including subletting and any other form of exploitation of Immovable Property.
2. Where its income is adjusted pursuant to Clause (2) of Article (3) of Cabinet Decision No. 34 of 2025 referred to above.
3. Where its income is adjusted pursuant to Clause (5) of Article (3) or Clause (3) of Article (4) of Cabinet Decision No. 34 of 2025 referred to above and nexus in the State shall be created as of the date on which dividends are distributed by an investment fund that distributes 80% (eighty percent) or more of its Immovable Property Income within (9) nine months from the end of such fund's Financial Year or the date of acquiring an Ownership Interest in an investment fund that does not distribute such percentage within the aforementioned timeline.

Article 3 – Artificial Transfer of Rights in Immovable Property

If a Non-Resident Person artificially transfers or otherwise disposes of its right in rem in any Immovable Property in the State to another Person and that transfer or disposal is not for a valid commercial or other non-fiscal reason which reflects economic reality, this would be considered an arrangement to obtain a Corporate Tax advantage under Clause (1) of Article (50) of the Corporate Tax Law.



Article 4 – Requirement to Register for Corporate Tax

A Non-Resident Person that has a nexus in the State in accordance with Article (2) of this Decision shall be required to register for Corporate Tax with the Authority in accordance with Article (51) of the Corporate Tax Law.

Article 5 – Implementing Decisions

The Minister shall issue the necessary decisions to implement any of the provisions of this Decision.

Article 6 – Repeals

1. Cabinet Decision No. 56 of 2023 on Determination of a Non-Resident Person's Nexus in the State for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses shall be repealed but it shall continue to apply to Tax Periods that commenced before 1 January 2025.
2. Any provision that contradicts or conflicts with the provisions of this Decision shall be repealed.

Article 7 – Application of this Decision to Tax Periods

This Decision shall apply to Tax Periods commencing on or after 1 January 2025.

Article 8 – Publication and Application of this Decision

This Decision shall be published in the Official Gazette and shall come into effect on the date of its issuance.