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# Specifying the Categories of Businesses or Business Activities Conducted by a Resident or Non-Resident Natural Person that are Subject to Corporate Tax

Cabinet Decision No. 49 of 2023

Issued 8 May 2023 – (Effective from 1 Jun 2023)

## The Cabinet has decided

- Having reviewed the Constitution,
- Federal Law No. 1 of 1972 on the Competencies of Ministries and Powers of the Ministers, and its amendments,
- Federal Decree-Law No. 13 of 2016 on the Establishment of the Federal Tax Authority, and its amendments,
- Federal Decree Law No. 28 of 2022 on Tax Procedures,
- Federal Decree-Law No. 47 of 2022 on Taxation of Corporations and Businesses,
- Federal Decree-Law No. 50 of 2022 Issuing the Commercial Transactions Law,
- Based on what was presented by the Minister of Finance and approved by the Cabinet,

## Article 1 – Definitions

1. In the application of the provisions of this Decision, the following words and expressions shall have meanings assigned against each, unless the context otherwise requires:

- Turnover : The gross amount of income derived during a Gregorian calendar year.
- Wage : The wage that is given to the employee in consideration of their services under the employment contract, whether in cash or in kind, payable annually, monthly, weekly, daily, hourly, or by piece-meal, and includes all allowances, and bonuses in addition



- to any other benefits provided for, in the employment contract or in accordance with the applicable legislation in the State.
- Personal Investment : Investment activity that a natural person conducts for their personal account that is neither conducted through a Licence or requiring a Licence from a Licensing Authority in the State, nor considered as a commercial business in accordance with the Federal Decree-Law No. 50 of 2022.
- Real Estate Investment : Any investment activity conducted by a natural person related to, directly or indirectly, the sale, leasing, sub-leasing, and renting of land or real estate property in the State that is not conducted, or does not require to be conducted, through a Licence from a Licensing Authority.
- Corporate Tax Law : Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses.
2. Other words and expressions in this Decision shall have the same meanings specified in the Corporate Tax Law, unless the context requires otherwise.

## **Article 2 – Categories of Businesses or Business Activities Conducted by a Natural Person that are Subject to Corporate Tax**

1. For the purposes of Clause 6 of Article 11 of the Corporate Tax Law, Businesses or Business Activities, conducted by a resident or non-resident natural person, shall be subject to Corporate Tax only where the total Turnover derived from such Businesses or Business Activities exceeds AED 1,000,000 (one million United Arab Emirates dirhams) within a Gregorian calendar year.
2. Notwithstanding Clause 1 of this Article, activities that give rise to Turnover from the following sources shall not be considered as Businesses or Business Activities conducted by a resident or non-resident natural person subject to Corporate Tax, regardless of the amount of Turnover derived from such activities:
  - a. Wage.
  - b. Personal Investment income.
  - c. Real Estate Investment income.
3. The natural person that is not conducting a Business or Business Activities subject



to Corporate Tax in accordance with this Article shall not be required to register for Corporate Tax.

### **Article 3 – Implementing Decisions**

The Minister of Finance may issue the necessary decisions to implement the provisions of this Decision.

### **Article 4 – Publication and Application of this Decision**

This Decision shall be published in the Official Gazette and shall come into effect on 1 June 2023.