

UAE Ministry issues a decision on Small Business Relief for Corporate Tax purposes



UAE Ministry of Finance released a ministerial decision (Decision No 73 of 2023) on Small Business Relief. Its key features are as follows:

- Taxable resident persons can claim Small Business Relief (if the revenue computed as per applicable accounting standards) for the relevant tax period is below AED 3 million.
- The relief would be available for financial year beginning from 1 June 2023 and continue for subsequent tax periods ending upto 31 December 2026.
- Small Business Relief would not be available for Qualifying Free Zone Persons or companies which are members of MNE Group governed by Pillar 2 provisions (i.e., Group having consolidated Group revenues of more than AED3.15 billion).

- Residents opting for the Small Business Relief would not be eligible to carry forward losses and any disallowed Net Interest Expenditure.
- GAAR provision would apply for the artificial splitting of business or business activity where the overall revenue exceeds AED 3 million.

Our Comments

This is a welcome relief. However, it would be important to note that Branch Office of Foreign Company may not be classified as a resident person as per the UAE Corporate Tax law and may not be able to opt for this relief.

