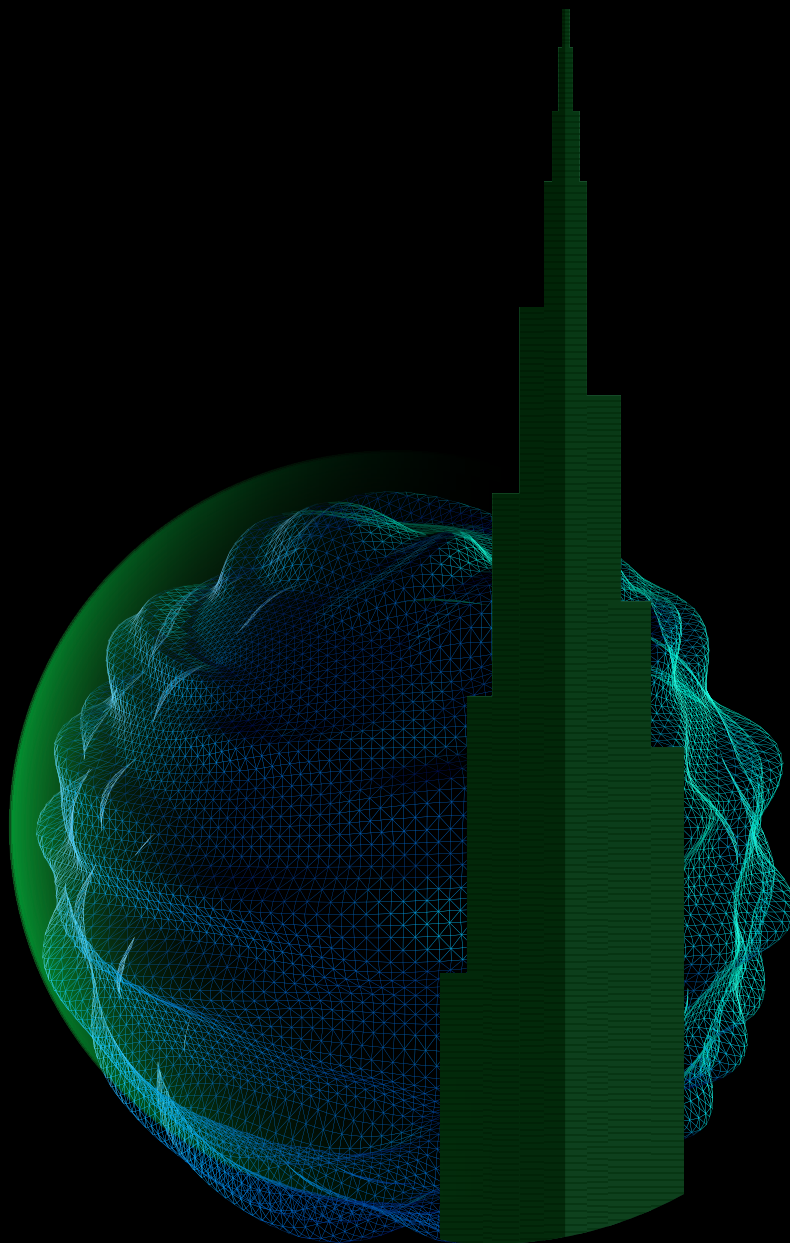
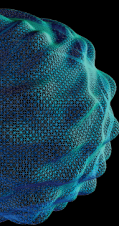


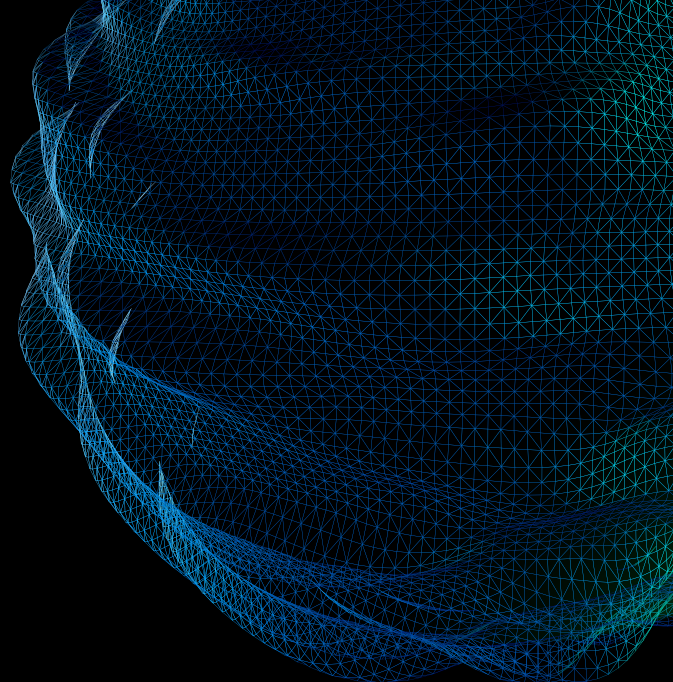
UAE business 101

The ultimate tax guide
for foreign investors





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About the United Arab Emirates



A globally connected hub for trade, investment, and regional expansion, the United Arab Emirates (UAE) continues to attract businesses seeking a stable, forward-looking environment for growth. Its strong infrastructure, global connectivity, and pro-business policies position it as a central platform for companies looking to establish and scale their presence in the region.

Since its formation in 1971, the UAE has evolved into a diversified economy, expanding beyond natural resources into sectors such as financial services, technology, logistics, and digital commerce. This transformation is supported by long-term national strategies focused on innovation, sustainability, and economic resilience.

The UAE's federation comprises seven Emirates, Abu Dhabi, Dubai, Sharjah, Ajman, Ras Al Khaimah, Umm Al Quwain, and Fujairah, operating within a unified federal framework. Its legal system combines civil law principles and Islamic Shari'ah, alongside federal, Emirate level, and Free Zone regulations.

The regulatory landscape continues to evolve, with the introduction of Corporate Tax and alignment with international frameworks such as the OECD's global tax initiatives. At the same time, the increasing focus on generative AI and the rollout of e-invoicing frameworks are reshaping how businesses approach data, compliance, and reporting.

Ongoing investments in digital infrastructure and smart government initiatives are further strengthening the UAE's position as a center for innovation and enterprise. With a stable currency pegged to the US dollar, widespread use of English in business, and a clear focus on future-ready sectors, the UAE remains an attractive destination for foreign investors seeking long-term growth.





Legal and regulatory framework

Entering the market

Foreign investors interested in establishing a formal presence in the UAE generally have two options:

1. Establish a presence in the UAE mainland, i.e. one of the Emirates; or
2. Establish a presence in one of the many UAE Free Zones.

Foreign investors may also enter into a joint venture with a local business or do business via an authorized distributor/ agent located in the UAE.

Mainland establishments

The legal forms for the UAE mainland are governed by Federal Law No. 32 of 2021 regarding the Commercial Companies on 20 September 2021 (CCL), which recently came into force on 2 January 2022 and replaces in its entirety, Federal Decree Law No. (32) of 2021 on Commercial Companies Law (Old Companies Law). The most commonly used business forms in the UAE mainland are the Limited Liability Company (LLC) or a branch/ representative of a foreign company.

1. Limited liability company

Under the Old Companies Law, foreign investors could own up to a maximum of 49% of the share capital of an entity with the remaining 51% held by a UAE national shareholder or company wholly owned by UAE nationals. Decree Law No. 26 of 2020 contained a significant amendment to the Old Companies Law, specifically, permitting wholly foreign owned companies unless a special exemption applied to restrict them.

The CCL codifies the changes to foreign ownership restrictions, allowing for 100% foreign ownership for certain businesses, but with certain 'strategic sectors' retaining ownership restrictions. A list of activities permitted for the purpose of 100% foreign ownership has recently been published by the relevant Departments of Economic Development (DED) in Abu Dhabi and Dubai. The UAE Cabinet is yet to issue a Resolution regarding the list of activities that would be considered to have a

'strategic impact' and subject to restricted foreign ownership.

Generally, LLCs are not subject to any minimum share capital requirement, however this is at the discretion of the DED and in most cases they require investors to inject a paid-up capital of AED 300,000.

2. Branch of foreign company

As per the new CCL, foreign companies are allowed to establish a branch entity in the UAE mainland. The branch entity does not require a local shareholder, however, it is mandatory for the foreign investor to appoint a local service agent (LSA) which should be a UAE national or a company owned by UAE nationals.

The role of the LSA is to facilitate communication with the government and ministries. Pursuant to Law No. 13 of 2011 Regulating the Conduct of Economic Activities, the relationship between the parent company and LSA must be governed by a notarized agency agreement based on the template prescribed by the DED.

Free Zone establishments

Establishing a business in a Free Zone is another option available to foreign investors. A Free Zone is a designated area within the UAE where foreign investors enjoy up to 100% foreign ownership as well as other benefits such as import duty and VAT exemptions. Free Zones have been established to attract foreign investments into the UAE.

There are over 50 Free Zones in the UAE, each administered by its own rules and regulations and authorities which are responsible for licensing and registration matters in relation to foreign entities looking to establish their business in the given Free Zone. Free Zones in the UAE have typically been established in order to accommodate specific industries. For example, there are dedicated Free Zones in Dubai focusing on companies from the technology, media, finance, and import/export industries.

The Decree Law now permits wholly foreign owned companies unless a special exemption applies to restrict them.

Some of the most popular Free Zones in the UAE are:

- Jebel Ali Free Zone Authority (JAFZA) - Popular amongst industries focused towards trade, import and export.
- Dubai Airport Free Zone Authority (DAFZA) - Popular amongst the aviation and logistics industry.
- Dubai International Financial Center (DIFC) - Popular amongst the financial services industry.
- Dubai Media City (DMC) - Popular amongst the technology, media and telecommunication industry.
- Dubai Multi Commodities Center (DMCC) - Popular amongst businesses engaged in the commodity trade and services sector.
- Abu Dhabi Global Market (ADGM) - Popular amongst the financial services industry.
- Khalifa Industrial Zone Abu Dhabi (KIZAD) - Popular amongst industrial services.
- Hamriyah Free Zone (HFZ) - Popular amongst logistics and trading companies.
- Ras Al Khaimah Free Trade Zone (RAKFTZ)
- Ajman Free Zone (AFZ)
- Fujairah Free Zone (FFZ)

The last three Free Zones are generalist with core focus on trading, manufacturing and logistics.

Investors looking to establish a business in one of the several Free Zones in the UAE have to choose between a Free Zone Company (FZCO) and Free Zone Establishment (FZE). These two company structures are distinctive from one another in terms of capital requirements and the number of shareholders permitted.

High-level entity set-up comparison in mainland vs. Free Zones

	Mainland	Free Zones
Registration authority and approvals	Department of Economic Development (DED); additional approvals from other authorities may be required	The relevant Free Zone authority (note that there are more than 50 Free Zones in the UAE); additional approvals from other authorities may be required
Type of legal entity	Private/public joint stock company; LLC; branch of a foreign company	FZE (single shareholder); FZCO (multiple shareholders); branch of a foreign company
Audit requirement	Accounts need to be audited	Accounts generally need to be audited
Timeline for set-up (LLC)	Generally, around 3-4 months to set-up (from receipt of all documents)	Generally around 2-3 months depending on the Free Zone
Foreign ownership restrictions	In principle 51% local shareholding required; however, exceptions are possible	100% foreign ownership possible
Minimum shareholders	At least 2 shareholders	1 shareholder possible
Minimum share capital	In practice, generally around AED 150-300k (depending on Emirate and activity)	Share capital requirements typically vary from AED 50,000 to AED 1,000,000 (depending on the Free Zone, activity, etc.)
Physical office	The required minimum office space is 200 square feet	No minimum square feet requirement, but minimal set-up required (flexi desk solution); details depend on Free Zone
Conduct of business	Generally no restriction	Free Zone companies can only operate within the Free Zone; carrying out business operations in mainland UAE is not permitted

Offshore establishments

A handful of Free Zones such as JAFZA and RAKFTZ permit foreign investors to establish offshore entities that may act as a holding company within their group structure and are further not permitted to perform any activities in the UAE (Free Zone or mainland). These legal vehicles, however, are allowed to own freehold property within the UAE jurisdiction. UAE offshore companies are governed by the relevant Free Zone's offshore regulatory laws and regulations.

Formation procedures and registration

The steps to establish an LLC in the UAE are generally as follows:

1. Decide on the business activity
2. Determine the trade name
3. Prepare required documents
4. Ensure attestation and legalization of required documents (as required) with the UAE Embassy in the country of origin
5. Provide legal/official translation of required documents (as required)
6. Ensure counter attestation and

7. Apply for initial approval from the DED
8. Open a bank account
9. Deposit the share capital into the bank account
10. Prepare expand to memorandum of association (MoA) and partnership agreement
11. Establish business location
12. Obtain final approval from the DED
13. Obtain commercial license
14. Register with the Chambers of Commerce
15. Register with the Ministry of Labor and Immigration
16. Registration with the Municipality
17. Registration with the Civil Defense

Please note that the above refers to the procedures at the time of this guide's publication and might be subject to variations when the process is initiated in the future. In addition, there may be variations to the above steps in case of Free Zones (depending on the exact Free Zone).

UAE offshore companies are governed by the relevant Free Zone's offshore regulatory laws and regulations.

Below we have set out an initial list of documents typically requested by the UAE authorities for company registration purposes:

- Attested and legalized resolution from the parent company to set up a subsidiary in the UAE;
- Attested and legalized certificate of incorporation/trade license of the parent company;
- Passport copy of the directors of the parent company;
- Attested and legalized memorandum and articles of association of the parent company;
- Copy of the last financial statements of the parent company;

- Business plan;
- Office lease agreement;
- Passport copy of the manager to be appointed for the new company; and
- Letter of authorization for a third party to submit documents to the authority on behalf of the parent company.

The documents of the parent company should be attested and legalized with the UAE Embassy and Ministry of Foreign Affairs in the country of origin and counter attested with the Ministry of Foreign Affairs in the UAE. The documents would also need to be legally translated in Arabic and attested by the Ministry of Justice in the UAE.

Please note that this refers to an indicative list and might be subject to variations at the time of application.

A license will then be issued by the Department of Economic Development or the Municipality or the Chamber of Commerce of the relevant Emirate. The process of registering in Dubai, for example, is estimated to take about six to eight weeks from the date of initial application, provided all documentation is in place and that there are no extraordinary issues that need to be resolved.





Taxation in the United Arab Emirates

Overview

In recent years, there has been a dynamic change in the tax environment around the globe. International tax initiatives are also at its most vital standpoint with the issuance of Base Erosion and Profit Shifting (BEPS) 2.0 by the Organization of Economic Cooperation and Development ('OECD'). Being a member of OECD's Inclusive Framework, in response to the international tax initiative, on 31 January 2022, the Ministry of Finance (MoF) announced that the UAE will introduce a Federal Corporate Tax (CT) on business profits that will be effective for financial years starting on or after 1 June 2023. Federal Decree-Law No.47 of 2022 on the Taxation of Corporations and Businesses was originally issued on 9 December 2022 as the UAE's federal corporate tax regime. It was subsequently amended by Federal Decree-Law No. 60 of 2023, which introduced key changes including provisions for a domestic top-up tax framework in line with Pillar Two rules, and then further amended by Federal Decree-Law No.28 of 2025, which provided for amendments in the manner of settling corporate tax liabilities and the treatment of unused tax credits and incentives. The MoF also published Frequently Asked Questions (FAQs), providing the details on the key design features of the CT regime and these are being updated from time to time. Several Cabinet Decisions (CD) and Ministerial Decisions (MD) have been published following the release of the CT Law, which provides more clarity on provisions of the law.

The UAE CT is a Federal tax; therefore, it applies across all the Emirates. However, businesses engaged in the extraction of natural resources and in certain non-extractive businesses that are subject to Emirate level taxation according to the local decrees are out of the scope of UAE CT (see 'Taxation of oil and gas companies' below).

The UAE Federal Tax Authority (FTA) was established in 2016 by Federal Decree

and is the government entity responsible for collecting and managing Federal taxes in the UAE, including CT, value-added tax (VAT) and excise taxes.

In the UAE, each of the seven Emirates has its own Customs authority that handles customs matters. These authorities are coordinated by the Federal Customs Authority.

UAE Corporate Tax Framework

The UAE CT regime is based on international best practices and is designed in a way which is not too complex or overburdensome for the businesses to comply with. The key objective of the policy includes:

- Competitive CT regime
- Support investment and headquarters activities
- Free flow of capital, trade, financing and services
- Minimal compliance
- Support small businesses and startups
- Aligned with OECD Pillar Two initiative

CT being a direct tax, is levied on the net profits of the UAE businesses as reported in their financial statements prepared in accordance with the acceptable international accounting standards (i.e., International Financial Reporting Standards), with minimal adjustments and exceptions, as laid down under the CT Law.

The CT law, comprising of 20 Chapters and 70 Articles, provides scope of CT, its application, exemptions, and rules pertaining to compliance and administration. Key provisions / articles of the CT Law are summarized below:

Timing

The UAE CT is effective for the financial year starting on or after 1 June 2023. The updated FAQs that have been published on the FTA's website considers the following examples:

- A business with a financial year starting on 1 July 2023 and ending on 30 June 2024 will become subject to UAE CT from 1 July 2023 (the beginning of the first financial year starting

on or after 1 June 2023).

- A business that has a financial year starting on 1 January 2023 and ending on 31 December 2023 (i.e., calendar year) will become subject to the UAE CT from 1 January 2024 (which is the beginning of the first financial year that starts on or after 1 June 2023).

Scope:

- All legal persons incorporated in the UAE and foreign legal persons, if they are effectively managed and controlled in the UAE or have permanent establishment in the UAE or have UAE source income, are subject to UAE CT.
- Free Zone businesses are also in the scope of CT and subject to tax filing requirements. However, the UAE CT regime will continue to honor the incentives (0% CT rate on Qualifying income) currently offered to Free Zone businesses subject to prescribed conditions.
- Individuals engaged in the business or commercial activity are also subject to CT, provided total turnover exceeds AED 1 Million (excluding income from employment, personal and real estate investment income)
- There is no separate Federal or Emirate-level personal income tax in the United Arab Emirates

Rate

CT rates:

- 0% for taxable income up to AED 375,000;
 - 9% for taxable income above AED 375,000;
 - Domestic minimum top up tax at the rate of 15% for multinationals (MNE) that meet the criteria set with reference to Pillar Two rules
- Following the issuance of Federal Decree Law No. 60 of 2023, DMTT is effective in the jurisdiction of United Arab Emirates for financial years starting on or after 1 January 2025. It is pertinent to note here that Cabinet Decision No. 142 of 31 December 2024 has been issued with the detailed legislation on UAE DMTT, specifying provisions and procedures.

A multinational corporation is a corporation that operates in its home country, as well as in other countries through a foreign subsidiary, branch or other form of presence/registration. "Large" refers to a multinational corporation with a consolidated global revenue of at least

Eur 750M in 2 out of the 4 preceding Financial Years.

Exempt person

Some of the persons are exempt (subject to fulfillment of prescribed conditions) from UAE CT such as:

- A Government Entity
- A Government controlled entity
- Businesses engaged in certain extractive and non-extractive natural resource business
- Qualifying Public Benefit Entities
- A public pension or social security fund, or a private pension or social security fund that is subject to regulatory oversight of the competent authority in the State and that meets any other conditions that may be prescribed by the Minister
- Qualifying Investment Fund

Foreign incorporated entities

1) engaged exclusively in holding assets or investing funds for the benefit of the Exempt Person

2) carry out activities that are ancillary to those carried out by the Exempt Person (CD 55 of 2025)

- Any other juridical person wholly owned and controlled by exempt persons listed above and undertaking prescribed activities as per CT Law

Free Zone

• Free Zone company / branch which qualifies as a Qualifying Free Zone Person (QFZP) is subject to CT but would continue to benefit from a preferential 0% CT rate on its Qualifying income. A 9% CT rate would apply on non-qualifying income of QFZP without considering taxable income threshold of AED 375,000 as available to a Taxable person.

• The following conditions need to be fulfilled in order to be a QFZP:

- Maintain adequate substance
- Derive qualifying income
- Comply with transfer pricing rules and documentation requirement
- Prepare and maintain audited financial

statements

- No election made to be subject to regular CT regime.

- Non-Qualifying income does not exceed the de-minimis threshold (i.e., 5% of total revenue of QFZP or AED 5 million, whichever is lower)

Failure to meet any of the above requirements shall cease taxpayer's status of a QFZP from the beginning of the relevant tax Period and for the subsequent four tax Periods.

Qualifying income categories as defined under the CD broadly includes:

- Income derived from transactions with other FZ Persons, except for income derived from Excluded Activities
- Income derived from transactions with a Non FZ Person, but only in respect of Qualifying Activities that are not Excluded Activities. List of such qualifying activities and excluded activities are provided in the CD.
- Non qualifying income which does not exceed the de-minimis requirements

• Free Zone entities that are part of a large multinational group are subject to effective tax rate of 15% under Pillar Two rules as mentioned above, unless they fall within the ambit of any of the reliefs/ exclusions available from the applicability of DMTT.

• A Free Zone Person will be able to make an irrevocable election to be subject to regular CT

Tax Group

• In order to reduce compliance burden, the CT Law permits the resident juridical persons to form a tax group and be treated as a single taxable person for tax reporting purpose.

• Resident person i.e., parent company, along with each of the subsidiaries seeking to form a tax group can jointly make an application to the FTA to form a tax group provided, that parent company directly or indirectly owns at least 95% of share capital, voting rights and entitlement to profits and net assets of the subsidiary and fulfills the other conditions provided under the CT Law.

• Once formed, a tax group is treated as a single

taxable person with the parent company and each subsidiary jointly and severally liable for CT payable by the tax group for the periods when they are members of the Tax Group. However, the Tax Group can request the FTA to restrict this joint and several liability to specific members within the Tax Group.

- To determine the taxable income of the tax group, the standalone financial statements of all the entities included in tax group would have to be aggregated to prepare special purpose financial statements as envisaged under FTA Decision No 7 of 2025.
- Business needs to take in to account many qualitative and quantitative considerations before forming such groups.
- The request to form a tax group is required to be filed before the end of the tax period for which the formation is requested.

Non-resident

• Foreign entities/individual will be subject to CT in respect of their taxable income attributable to their permanent establishment in the UAE or derive a UAE-sourced income (which is not attributable to a permanent establishment in the UAE) or has a nexus in the UAE (which is defined as income from immovable property in UAE).

• Permanent establishment concept under the CT Law has been designed on the basis of the OECD Model tax convention and considers recommendation under BEPS Action 7 report.

• Article 5 of the OECD Model tax convention sets out internationally recognized principles for determining what constitutes a PE, which forms the basis for determining a PE under UAE CT regime.

• Non-resident person has a PE in the UAE in any of following instances:

- Where a person has any form of nexus in the UAE
- Where it has a fixed or permanent place through which the business is conducted
- Where a person has habitually exercised the authority to conclude a business on behalf of a non-resident person

• Merely earning a UAE sourced income would not trigger CT payable or require the foreign entity to register and file for UAE CT State sourced income derived by the Non-Resident Person would be subject to withholding tax in the UAE only if such income is

not attributable to a Permanent Establishment of the Non-Resident Person in the State. However, the current rate of withholding tax in the UAE is currently set at 0%.

Unincorporated partnership and family foundation

- The UAE CT Law has specific provisions governing the taxability of unincorporated partnerships and family foundations.

Tax Base

- Residency is a key determinant of whether business profits is to be subject to CT in the UAE.
- Resident person is subject to CT on their worldwide income (subject to resident natural person only being taxed on income insofar as it relates to his/her business or business activity conducted in the UAE)
- Non-resident person is taxed only on taxable income attributable to the PE in the state, attributable to the nexus in the state and state sourced income.
- Taxable income is determined based on standalone financial statement prepared in accordance with accounting standards accepted in the UAE (i.e., International Financial Reporting Standards), with minimal adjustments and exceptions, as laid down under the CT Law.
- Accordingly taxable income is the accounting net profit (or loss) adjusted for unrealized gain or loss, exempt income, reliefs, deductions, related party transactions, tax loss, incentive, or special relief specified by the MOF.
- Expenditures which are capital in nature, those which are not incurred for business or and/or those incurred for exempt incomes (except interest expenditure incurred for earning exempt income) are not allowed for deductions.
- Certain expenditures such as donation, gifts, fines, bribes, corporate tax, recoverable VAT and dividends distributed are disallowed for deduction for CT purposes. In addition to above, CT Law also prescribes limitation on deductibility of certain expenses like interest, entertainment, etc

Small Business Relief:

A taxable person that is resident person (except QFZP or entity that is part of large MNE) may elect to be treated as not having derived any taxable income for tax period wherein revenue in that tax period and previous tax period does not exceed AED 3 Million (relief available for financial years beginning on or after 1 June 2023 but only until 31 December 2026).

Exempt income

- The CT Law exempts certain income and disallows related expenditures (except interest expenditure incurred for earning such exempt income), while determining taxable income.
- Dividends and other profit distributions from UAE juridical resident persons are exempt from UAE CT.
- Foreign dividends, capital gains (domestic and foreign), etc. from participating interest are exempt subject to the fulfilment of prescribed conditions. Participation interest is defined as ownership interest of 5% or more in the participation or where the aggregate cost of acquisition of ownership interest in the participation (i.e., juridical person) is more than or equal to AED 4 million.
- One of the key conditions to be fulfilled to benefit from participation exemption is, participation should be subject to CT in its jurisdiction at a rate of not less than 9%.
- Income derived by a Non-Resident Person from operating or leasing aircraft or ships used in international transportation is exempt on the reciprocity principle.
- Resident person can make an election to not take into account income and associated expenditure of its foreign PE. Election once made shall apply to all foreign PE that are subject to tax rate not less than 9%, in respective foreign jurisdiction.

Interest deduction limitation

- One of the important considerations in line with Action 4 of the OECD's Base Erosion and Profit Shifting project, which

has been implemented by countries around the world, is the capping of the amount of the net interest expense that can be deducted by businesses.

- In line with international practice, CT Law limits deductibility of net interest expenditure to 30% of the taxable person's Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) (excluding exempt income) for the relevant tax Period.
- General interest deduction limitation rule will not apply if the taxable person's net interest expenditure for the particular tax period does not exceed AED 12 million.
- Net interest expense in excess of the limit mentioned above which is disallowed, can be carried forward and deducted up to 10 subsequent tax periods.
- There are also specific interest limitations for the payments to related parties and certain grandfathering provisions for existing loans in the CT Law.

Tax loss

- Tax losses incurred can be carried forward indefinitely except for losses incurred before 1 June 2023 or before a person becomes a taxable person or losses derived from an asset or activity the income of which is exempt.
- The amount of tax loss used to reduce taxable income for any subsequent tax period cannot exceed 75% of taxable income for that tax period.
- Tax losses can be carried forward provided that the same person continues to own at least 50% ownership interest in the taxable person and the taxable person continues to conduct the same or a similar business following a change in ownership of more than 50%.
- This limitation does not apply to a taxable person whose shares are listed on a recognized Stock Exchange.
- CT Law permits to transfer tax losses to other UAE entities or tax group as long as they are at least 75% commonly owned (except for Qualifying free zone person or exempt person)

Transfer pricing

- In line with the OECD Guidelines, the CT Law requires transactions and arrangements between related parties must meet the arm's length standard.
- Transactions and arrangements between related parties would meet the arm's length principle if the result of such transactions and arrangements are consistent with the result that would have been realized if the person who are not related parties had engaged in similar transactions under similar conditions.
- The TP methods and applicability based on the comparability factors have also been stated in the CT Law.

Transitional provision

- The opening balance sheet for Corporate tax purposes shall be the closing balance sheet prepared for financial reporting purposes under accounting standards (i.e., International Financial Reporting Standards) applied in the UAE on the last day of the financial year that ends immediately before the first tax period commences. This is subject to any conditions or adjustments that may be prescribed by the Minister.
- It should be prepared taking into consideration the arm's length principle as discussed in the transfer pricing section.
- A taxable Person may elect to adjust its taxable income to the extent of unrealized gains inherent on the date of entry into CT regime while calculating the gains on disposal or deemed disposal of immovable property, intangible assets and financial assets and financial liabilities (gains or losses, as may be relevant), that meet certain conditions. on any Immovable Property, Intangible Assets, gains and losses on all the Financial Assets and Financial Liabilities that meet certain conditions.

Transfer within qualifying group

- Subject to meeting the relevant conditions prescribed under the CT Law, no gain or loss shall arise for

the transfer of one or more assets or liabilities between two taxable persons that are members of the same qualifying group. Note that a holding period of a minimum two years post date of transfer is applicable. Further, the taxable persons shall also continue to be members of the same qualifying group for a period of 2 years from the date of such transfer

- Where the conditions specified in the CT Law are not complied, the transfer shall be considered to have taken place at market value instead of net book value, for the purposes of calculating taxable income.

Business restructuring relief:

- Subject to meeting the relevant conditions prescribed under the CT Law, no gain or loss shall arise in a qualifying business restructuring exercise between two taxable persons. Note that a holding period (whether in part or whole – shares or business) of a minimum two years post date of restructuring is applicable.
- Further, there should also not be a subsequent transfer or disposal of the business or an independent part of the business within a period of 2 years from the date of transfer
- Where the conditions specified in the CT Law are not complied, the event of restructuring shall be considered to have taken place at market value as at the date of transfer, for the purpose of calculating taxable income.

Interlink between CT and Customs

Customs duties and corporate tax in UAE are interconnected as they both influence a company's financial obligations and compliance requirements. Customs regulations encompass the comprehensive legal and operational frameworks governing the importation, exportation, transit, and storage of goods, including duties and tariffs that directly affect a company's costs. Customs duties due are a hard business cost that cannot be deducted. Understanding and complying with customs regulations is essential for businesses to avoid penalties, prevent

clearance delays and disruptions to cross-border flows. Corporate tax, on the other hand, relates to the taxation of a company's profits and income generated within the UAE. The financial information provided to customs authorities, such as the value of imported goods, can also be relevant for corporate tax calculations. Businesses must carefully navigate the connection between customs and corporate tax to ensure accurate reporting of import and export activities while adhering to tax laws. Failure to properly align customs declarations with tax obligations can result in financial penalties and legal implications for companies operating in the UAE.

General Anti-abuse rules

- CT Law has introduced general anti-abuse rules where the FTA may counteract or adjust the taxable basis in case where the entering into or carrying out of the transaction or arrangement is not for a valid commercial or other non-fiscal reasons and the main purpose of any transaction or arrangement is to obtain a tax advantage.
- The general-anti abuse rules apply to transactions or arrangement entered into on or after the date of the Decree-Law is published (i.e., 10 October 2022) in the Official Gazette.

Other elements

- Foreign CT paid on income taxable in UAE will be allowed as a tax credit against the UAE CT liability subject to conditions.
- Taxable persons can apply for a refund in cases where withholding tax credit or payment of corporate tax exceeds tax payable, subject to conditions, timelines and procedures to be specified.
- Under current legislation, withholding tax is applicable at 0% on cross-border transactions and there is no obligation to file WHT returns.
- Additionally, there is no requirement to withhold tax on payments or distributions made within the UAE.

Administrative and compliance

- The FTA is responsible institution

for the administration, collection, and enforcement of the CT. Business should make an application to register with the FTA within the timelines mentioned in FTA Decision No. 3 of 2024 and obtain a tax registration number.

Only one CT return needs to be filed electronically per tax period, within 9 months from the end of relevant tax period.

- Fiscal unity possible where a tax group is formed by the eligible entities, in which case, the tax group will only be required to file a single tax return for the entire group
- No advanced or provisional CT filings is required. However, FTA has provided mechanism for payment of advance tax on EmaraTax portal in February 2026.
- There are no advance UAE CT payment requirements under the law.
- It is mandatory for business to maintain audited financial statements in case where:

- Revenue exceeding AED 50 million for taxable person other than tax group
- the taxpayer is a Qualifying Free Zone Person
- Special purpose financial statements prepared by tax groups in form of aggregated financial statements as per FTA Decision No. 7 of 2025.

- Business is required to maintain financial and other records that support the CT computation and basis of the CT return filed, for a period of 7 years following the end of the tax period.
- Penalties for non-compliance with the CT regime will be applicable such as:

Implications and readiness

The implications of the CT Law can be far-reaching and tax and finance teams should work on developing a roadmap.

As a first step, businesses should gain a good understanding of the proposed changes to fully assess the implications. These implications may require changes to the legal structure, business model, contracting and pricing (including changes

Taxation of oil and gas companies

Description of Violation	AED 1,000 for the first time.
	AED 2,000 in case of repetition within 24 months.
Penalties for not submitting a tax return	AED 1,000 for the first time. AED 2,000 in case of repetition within 24 months.
Failure to settle the Payable Tax	A monthly penalty of 14 % per annum, for each month or part thereof, on the unsettled payable tax amount.
Failure to maintain the records and other information	AED 10,000 for each information and 20,000 in case of repeated violation within 24 months from date of first violation.
Failure to provide the FTA with tax-related information in Arabic when requested	AED 5,000
Failure to submit a tax registration application within the time frame specified by FTA in accordance with the CT Law	AED 10,000 However the penalty can be waived, if the taxable person submits the tax return within seven (7) months from the end of the first tax period.

from transfer pricing perspective), accounting and profit, systems and data and organizational structure (e.g., tax function). Tax and finance teams should be ready to start conversations with the different departments and stakeholders within the business around the anticipated impacts.

To prevent the double taxation and respect the sovereignty of Emirates over natural resources, business engaged in extraction of natural resource and certain non-extractive activities are considered outside the scope of UAE CT, subject to the fulfilment of conditions stipulated under the CT Law and as such would continue to be taxed under Emirate level taxation according to the local decrees.

Taxable oil and gas companies are taxed under the specific terms of the concession agreements or fiscal letters signed with the government. The fiscal terms under such agreements generally supersede the provisions of the Emirati tax decrees, and this is typically stipulated in the wording of the concession agreement.

The concession agreements or fiscal letters are the principal tax legislations for oil and gas companies in the UAE (apart from any VAT obligations). Generally, all matters not specifically mentioned in the concession agreement or fiscal letter should follow the provisions of the relevant Emirate's tax decree.

The terms of the concession agreements or fiscal letters are specific and determine the tax base, the applicable tax rate, relevant due dates and filing deadlines, and to whom the tax is required to be paid. Details of such fiscal regimes are not publicly available; however, the regime usually involves mixture of payment of royalties and income tax.

Under the agreements, the tax rates typically range up to 85%, and royalty rates range between 12 - 20%, depending on the levels of production.

The competent authority for the regulation of the oil and gas industry, grant of concessions and collection of taxes under the concession agreements or fiscal letters is the government of the respective Emirate.

Taxation of branches of foreign banks

Emirates in the UAE have issued special banking decrees or banking tax regulations (Regulations). As per these Regulations, every branch(es) of a foreign bank operating in the respective Emirates are subject to Emirate level tax on its taxable income.

With the introduction of CT, Branches of foreign/international banks are now subject to both CT as well as Emirates level taxation, i.e. subject to income tax in the Emirate where they are established and operate. As a relief against such potential double taxation, the Emirate of Dubai and Sharjah have published amended laws in this respect, inter alia, to allow a deduction of Federal CT from the Emirate level tax payable by branches of foreign banks operating in the respective Emirates. The Regulations are broadly similar and share the following key characteristics:

- The taxable income of foreign banks is typically subject to tax at 20%;
- The taxable profit is determined based on the audited branch accounts and subject to the adjustments as prescribed by the Regulations;
- The Regulations contain a number of provisions dealing with the allocation/ attribution of revenue as well as expenses to the branch and expense deductibility rules;
- The Regulations further contain specific guidance regarding accruals/provisions, depreciation/ amortization of branch assets and the carry forward of tax losses;
- The Regulations provide for procedural/ administrative rules (e.g. filing deadline, late payment interest and penalties in case of non-compliance, payment of income tax and the appeal process).

The central competent authority for overseeing the tax affairs and collection of taxes is the Ruler's Commissary or the Department of Finance of each Emirate.

Residence

With the announcement of introduction of

the CT in the UAE, the authorities issued decisions (Cabinet Decision No. 85 of 2022 and Ministerial Decision No. 27 of 2023) which sets out the criteria for determining the tax residency of legal and natural person for purposes of any UAE tax law or bilateral tax agreement from 1 March 2023.

The domestic tax resident definition is aligned to internationally recognized standards and gives additional clarity to individuals and legal person in respect of their UAE tax residency position. However, CD also specifies that the definition of tax residency provided in any applicable international tax treaty shall prevail over the definition provided in the UAE domestic law.

A. Legal persons:

Following legal persons are considered as UAE tax resident:

- A legal person that is incorporated in the UAE, this does not include branch of foreign legal person
- Foreign legal person if it is effectively managed and controlled in the UAE which typically considers where the directors or other decision makers of the company make the key management and commercial decisions.

B. Natural persons:

A natural person will be considered a tax resident if:

- The usual or primary place of residence and the center of financial and personal interests are in the UAE (or meets further conditions to be specified); or
- There is a physical presence in the UAE for at least (183) days within (12) consecutive months; or
- There is a physical presence in the UAE for at least (90) days, within (12) consecutive months, and the individual either is a UAE national or holds a valid residence permit in the UAE or holds the nationality of any GCC Member State and meets any of the

following :

- (i) has a permanent place of residence in the UAE
 - (ii) Carries on employment or business in the UAE
- UAE tax resident can obtain Tax Residency Certificates (TRCs) from the FTA and benefit from bilateral tax agreements signed by the UAE with several countries. Copies of the below documents are required as part of the TRC application³:

A. Legal person

- Trade License
- Proof of Authorization (Establishment Contract or the Power of Attorney)
- Copy of the audited financial accounts certified by an independent auditor, stamped and signed by the auditing company; for the same financial year or the year before.
- A bank statement issued by a local bank covering 6 months within the financial year related to the request
- Certified copy of the Memorandum of Association (if applicable)
- Office lease agreement/ tenancy contract
- Special form (if any) to be attested by the FTA, as per the prescribed process.

B. Natural persons:

- Passport
- Valid Residence Permit
- Emirates ID
- Proof of permanent place of residence (including certified lease agreement, title deed in case of private property, utility bills covering the requested period.
- Special form (if any) to be attested by the FTA, as per the prescribed process.
- Source of income/salary certificate
- A bank statement issued by a local bank covering 6 months within the financial year related to the request
- Entry and exit report from Federal Authority of Identity and Citizenship or a local competent Government entity

¹For example, the Regulations provide that the branch shall bear regional and shared expenses according to the ratio of its asset to the total assets of the operating branches.

²For instance, the deductibility of the total of the head office expenses and the regional management expenses is capped at 2.5% of the branch's revenue.

³Source: <https://tax.gov.ae/en/services/issuance.of.tax.certificates.aspx>

Transfer Pricing

Arm's length principle:

The UAE CT Law requires that transactions and arrangements between Related Parties comply with the arm's length principle. This requirement applies to both domestic and cross-border transactions. Under the CT regime, taxable income must reflect the result that would have been realized if the transactions had been undertaken between independent parties under comparable circumstances (i.e., arm's length principle). This requirement applies irrespective of whether the parties are members of the same Tax Group.

Payments or benefits provided to Connected Persons are deductible only to the extent that they do not exceed market value and are incurred wholly and exclusively for the purposes of the Taxable Person's business. The arm's length principle is also relevant in applying transitional provisions, including the preparation of the opening balance sheet for CT purposes, where relevant balances and arrangements must reflect arm's length conditions.

In determining the arm's length outcome, the following transfer pricing methods are recognized: (i) Comparable Uncontrolled Price ("CUP") method, (ii) Resale Price Method ("RPM"), (iii) Cost Plus Method ("CPM"), (iv) Transactional Net Margin Method ("TNMM"), and (v) Profit Split Method ("PSM"). The most appropriate method must be selected based on the facts and circumstances of the transaction, including the functions performed, assets used, and risks assumed. Where none of the prescribed methods can reasonably be applied, another method may be used, provided it achieves an arm's length result.

Transfer pricing rules apply equally to transactions involving Free Zone Persons. Compliance with the arm's length principle and applicable documentation requirements is a condition for maintaining Qualifying Free Zone Person status under the CT regime.

The provisions of the UAE CT Law and related implementing decisions prevail. The UAE Transfer Pricing Guide ("UAE TP

Guide") provides interpretative guidance on the application of the arm's length principle. International standards, including the OECD Transfer Pricing Guidelines ("OECD TPG"), may be referred to for interpretative purposes to the extent consistent with the UAE legislative framework.

Transfer Pricing Documentation and Compliance

Taxable Persons are required to maintain sufficient records and documentation to demonstrate compliance with the arm's length principle in respect of transactions and arrangements with its Related Parties and Connected Persons.

A Transfer Pricing Disclosure Form ("Disclosure Form") must be submitted together with the CT return. The Disclosure Form requires disclosure of transactions and certain outstanding balances with Related Parties, as well as payments or benefits provided to Connected Persons during the relevant tax period.

A Taxable Person (or Tax Group) is required to prepare and maintain a Master File and a Local File if either of the following thresholds is met: (i) The Taxable Person's revenue exceeds AED 200 million; or (ii) The Taxable Person is part of a Multinational Enterprise ("MNE") Group with consolidated group revenue of at least AED 3.15 billion in the financial year immediately preceding the relevant reporting period.

The Master File must include high-level information regarding the MNE Group's organizational structure, global business operations, and transfer pricing policies. The Local File must contain detailed information on the material-controlled transactions of the UAE entity, including a functional analysis and an explanation of the basis for concluding that the pricing applied is arm's length.

Upon request by the UAE Federal Tax Authority, the Master File and Local File must be submitted within 30 days. Even where documentation exemptions apply, Taxable Persons remain subject to the arm's length principle and must be able

to substantiate the pricing applied on its transactions and arrangements with Related Parties and Connected Persons.

Country-by-Country Reporting

The UAE introduced Country-by-Country Reporting ("CbCR") requirements for financial years commencing on or after 1 January 2019. CbCR applies to MNE Groups where the Ultimate Parent Entity ("UPE") is resident in the UAE and the total consolidated group revenue, as reflected in the consolidated financial statements for the financial year immediately preceding the reporting period, is equal to or exceeds AED 3.15 billion.

In such cases, the UAE-resident UPE is required to file a Country-by-Country Report ("CbC Report") with the Ministry of Finance within 12 months from the last day of the relevant reporting financial year. The report must also identify each Constituent Entity of the MNE Group, its jurisdiction of tax residence, and the nature of its main business activities.

Where the UPE is not resident in the UAE, the UAE CbCR rules generally do not require a UAE Constituent Entity to file neither a CbC Report nor a CbC notification in the UAE. In such cases, the reporting obligation rests with the UPE in its jurisdiction of residence, subject to the applicable CbCR framework in that jurisdiction.

Foreign income and tax treaties

The UAE has concluded around 128 double taxation treaties of which around 90 are already in force. The in-force DTTs include Algeria, Comoro Islands, Egypt, Guinea, Kenya, Mauritius, Morocco, Mozambique, Saudi Arabia, Senegal, Seychelles, South Africa, Sudan, Tunisia, Jordan, Lebanon, Syria, Yemen, Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, Uzbekistan, Armenia, Bangladesh, Brunei, China (PRC), Georgia, Hong Kong, India, Indonesia, Japan, Korea (Rep.), Malaysia, Maldives, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Vietnam, Albania, Andorra, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy,

Jersey, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Montenegro, Netherlands, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Switzerland, Ukraine, Turkey, United Kingdom, Barbados, Canada, Mexico, Panama, Uruguay, Venezuela, Fiji and New Zealand.

Furthermore, the UAE joined the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) on May 2018 and signed the OECD Multilateral Convention to Implement Tax Treaty Related Measures to prevent BEPS (MLI) on 27 June 2018.

Stamp duty

There are currently no stamp duties levied in the UAE. Registration/notary or attestation fees, as are common in most other jurisdictions, however, there may be registration/notary or attestation fees upon incorporation of a company.

Certain Free Zones may levy an administrative fee for a transfer of shares to other UAE companies.

Real estate transfer fees

There are currently no property taxes applicable in the UAE. However, a registration/transfer fee is levied on the direct and, in specific circumstances, indirect transfer of real property (e.g. a transfer of shares in a company holding real estate). This fee is also levied on partial transfers under certain circumstances.

The rate varies according to the Emirate in which the property is situated. For the Emirate of Dubai, the rate is 4%, borne equally by the buyer and the seller (although in practice, the buyer is generally responsible for paying the transfer fee).

It is worth noting that the purchase of any property in the UAE is generally restricted to UAE/GCC nationals only (foreign ownership may be possible if the property is within the designated areas of the UAE).

Municipal charges

In the case of property rentals, certain Emirates charge a municipality fee on the annual rental value of the property, which varies according to the Emirate in which the property is situated. For the Emirate

of Dubai, a municipality fee of 10% is levied on commercial properties (5% for residential properties). The fee is included proportionally in the monthly utility bills for the property.

Municipal charges are also imposed on certain hotel and leisure services.

Economic substance rules

On 10 August 2020, the UAE Cabinet issued the Cabinet of Ministers Resolution No. 57 of 2020 concerning Economic Substance Regulations (ESR). UAE onshore and Free Zone entities that carry on specific activities mentioned in the rules will have to meet ES requirements, as failure to do so could trigger penalties.

The ESR foresees specific substance requirements (economic substance tests) on entities that fall within its scope. Broadly speaking, there is a two-step test to determine the applicability of the UAE ES requirements i.e. the entity is a relevant entity and the entity carries out a relevant activity in the UAE.

A relevant entity is any entity, including a branch, that is licensed by a competent authority to carry out a relevant activity either onshore or in a UAE Free Zone.

Any of the following nine activities should be considered as a relevant activity as per the ESR: banking business; insurance business; fund management business; financing and leasing; shipping business; headquarters business; holding company business; intellectual property holding business; and distribution and service center business.

Under the ESR, licensed entities undertaking any of the relevant activities listed above and deriving income therefrom are required to comply with the following three ES tests:

1. The 'directed and managed test':

The entity will need to be directed and managed in the UAE with regards to the relevant activity (for example: frequent board meetings, quorum of directors

physically present, minutes of all board meetings kept in the country, etc.).

2. The 'core income generating activities (CIGA)' test:

The entity that performs any of the relevant activities for the purpose of the ESR will need to demonstrate that the relevant CIGAs have been undertaken in the UAE. The criteria for the CIGA test vary depending on the relevant activity in question.

3. The 'adequate' test:

The entity will need to have an adequate number of qualified employees in the UAE, incur adequate expenditure in the jurisdiction and have an adequate physical presence in the country. The applicability of the 'adequate' test will be dependent on the particular facts and should vary on a case by case basis.

In order to meet the ES tests, each of the above must be satisfied for the entire relevant period.

Companies covered by the ES rules will be subject to the following two compliance/reporting requirements:

1. Notification; and
2. Report submission.

Non-compliance could result in financial penalties as well as exchange of information with the shareholder's jurisdiction (this is potentially up to the beneficial owner) and suspension/non-renewal of a trade license.

Value added tax

Introduction

The UAE introduced VAT with a standard rate of 5% from 1 January 2018. This followed agreement from the seven member states of the Gulf Cooperation Council for the Arab States to implement VAT in accordance with the GCC VAT framework agreement, which sets out the principles of the GCC regional VAT regime.

The UAE has a range of legislation governing VAT, but the primary sources of national law are the Federal Decree-Law No. 8 of 2017, and Cabinet Decision No. 52 and its amendments.

The GCC framework agreement and UAE national VAT legislation sets out specific VAT rules for supplies between GCC member states. However, the UAE has elected not to implement these provisions until VAT is implemented more broadly across the GCC. As such, other GCC member states are currently treated in the same way as non-GCC countries for VAT purposes in the UAE.

Rates

VAT is applicable on taxable supplies of goods and services in the UAE, and imports of goods into the UAE from outside of the GCC (and from GCC member states for an interim period), with limited exceptions.

Certain supplies may qualify for either zero-rating or exemption under the UAE national legislation (refer to Table 1). Zero rated supplies have a VAT rate of 0% and are treated as taxable supplies in all other respects, including the right to recover VAT incurred on expenditure. Exempt supplies do not require VAT to be accounted for, however, VAT incurred on expenditure is restricted.

In practice exceptions to the standard rate of VAT are often interpreted narrowly by the FTA. Care should be taken in their application, with the relevant evidence to support the position retained.

Table 1: Overview of supplies not subject to the standard rate of VAT

Type of supply	VAT treatment
Qualifying exports of goods or services	Zero
International transport of passengers and goods, including some related goods and services	Zero
Qualifying means of transport, and certain goods and services supplied for their operation, repair, maintenance or conversion	Zero
Aircraft or vessels designated for rescue and assistance	Zero
Certain investment precious metals	Zero
The first qualifying supply of a new residential building (or converted from non-residential to residential building) or a building specifically designed to be used by charities	Zero
Crude oil and natural gas	Zero
Qualifying educational services and related goods and services	Zero
Preventive and basic healthcare services and related goods and services	Zero
Qualifying financial services	Exempt
Residential buildings not qualifying for the zero rate	Exempt
Bare land	Exempt
Local passenger transport	Exempt

Registration and VAT administration

VAT registration is mandatory for taxable persons who are residents in the UAE that make taxable supplies exceeding AED 375,000 over the previous 12-month period or that are expected to exceed AED 375,000 within the next 30 days. Please note that taxable supplies for the purpose of determining the registration threshold should also include the import of goods and services from outside the UAE. A supplier that solely makes zero-rated supplies may submit an application for an exemption from mandatory registration.

A resident business may voluntarily register for VAT if its taxable supplies (or expenses) exceed or are expected to exceed the voluntary registration threshold of AED 187,500.

No threshold applies to non residents. Non residents will be required to register for VAT to remit any tax payable by them on supplies in the UAE regardless of value. A broad reverse charge mechanism is set out within the UAE VAT legislation, allowing resident taxpayers to account for VAT payable on supplies received from non residents in certain cases, which has the effect of reducing the instances of non-resident VAT registration in the UAE.

It is possible to register as a tax group in the UAE and be treated as a single taxable person for VAT purposes. Two or more entities may apply to be grouped where they have establishments in the UAE and the relevant ownership and control requirements are met.

Once registered, taxpayers will be required to calculate the net VAT due and declare this on a VAT return. VAT returns are generally required on a monthly or quarterly basis depending on turnover, but the FTA may specify a longer or shorter period if it considers that to be appropriate.

Returns must be filed online via the FTA's e-Services portal by the 28th day (or next working day if the 28th day falls on a weekend or national holiday) of the month following the end of the reporting period. Any VAT payable for the reporting period is due on the return filing date and payments are generally made online via the e-Dirham website or by bank transfer.

Valid tax invoices must be issued for all taxable supplies, showing a range of mandatory information.

Any VAT deduction requires the purchaser to hold a copy of a valid tax invoice issued by the supplier. Deductions of VAT are not permitted for non-business expenses and certain purchases are specifically excluded from recovery, such as entertainment, catering, and purchase or expenditure on motor cars for private use.

Taxpayers are expected to retain the relevant VAT, accounting, and other records to support the data entered on the VAT return for a period no less than five years from the end of the relevant tax period, and 15 years for activities relating to real estate. The FTA may increase these time limits by a further four years in certain circumstances.

Excise tax

Overview

A framework agreement between the seven member states of the GCC sets out the principles of the Excise tax regime at a regional level. Consistent with this agreement, the UAE imposes Excise tax on the importation, production, and stockpiling of tobacco, electronic smoking devices and associated liquids, sweetened drinks (including sweetened carbonated drinks), and energy drinks.

The primary sources of legislation for Excise tax in the UAE are the Federal Decree-Law No. 7 of 2017, and Cabinet Decision No. 37 of 2017, supported by a range of Cabinet, Ministerial, and Federal Tax Authority Decisions.

VAT registration is mandatory for taxable persons resident in the UAE that make taxable supplies exceeding AED 375,000 over the previous 12-month period or that are expected to exceed AED 375,000 within the next 30 days.

Rates and compliance

Excise tax in the UAE is generally imposed at a fixed rate of 100% on most excise goods, including energy drinks, tobacco and tobacco products, electronic smoking devices and tools, and liquids used in electronic smoking devices and tools. Excise tax is chargeable by reference to the tax base of the goods concerned. The tax base is determined based on the designated retail price of the goods, a minimum price set by regulation, or a list price determined and published by the FTA.

With effect from 01 January 2026, sweetened drinks are subject to excise tax under a tiered-volumetric model, where the tax rate varies depending on the sugar content (measured in grams per 100ml) in each beverage and confirmed in a certificate issued by an accredited laboratory. This model distinguishes between products in low, medium, and high sugar categories, as well as artificial sweeteners only category, thereby replacing the current fixed rate of 50% that applies uniformly to all sweetened beverages, regardless of their actual sugar or sweetener content (including carbonated drinks).

Under the new approach, sweetened drinks fall into one of the following four tax tiers (with applicable Excise tax rate):

- I. High sugar category (≥ 8 gram of total sugar and other sweeteners per 100ml) – 1.09 AED/Litre;
- II. Moderate sugar category (≥ 5 and < 8 gram of total sugar and other sweeteners per 100ml) – 0.79 AED/Litre;
- III. Low sugar category (< 5 gram of total sugar and other sweeteners per 100ml) – 0.00 AED/Litre; and
- IV. Category of sweetened drinks that contain only artificial sweeteners (e.g., aspartame, sucralose, saccharin, and stevia) – 0.00 AED/Litre.

Excise tax registration is required for anyone who imports, produces, or stockpiles excisable goods in the UAE, or releases excisable goods from designated zones for consumption in the UAE. There is no threshold limit, and any person involved or forming the intention to be involved in

excisable activities must notify the FTA within 30 days of the end of the month in which they were involved or formed the intention to be involved. There are specific limited exceptions to registration, including qualifying infrequent importations of Excise goods.

Excise tax registrants must file the relevant declarations in respect of their Excise operations.

The declarations are reflected in the Excise tax return, and submission of returns is required each calendar month; however, a longer tax period may be agreed directly with the FTA in certain circumstances. The due date for filing the Excise tax return is no later than the 15th day of the calendar month following the end of the tax period. The Excise tax return is required to be submitted online to the FTA.

However, such imports of excise goods are required to be reported by submitting the prescribed Excise Tax declaration.

Importers of Excise goods that are not entered into an approved warehousing arrangement will be required to pay Excise tax upon importation to the Customs Authorities.

Designated zones

A designated zone in accordance with the Excise tax law is an area which is treated as being outside the territory of the UAE for the purposes of Excise tax.

Goods entering the UAE which are immediately and appropriately moved to a designated zone are not treated as imported into the UAE at that time.

Excise tax is due when goods are released from a designated zone for consumption in the UAE.

Any person who carries on or intends to carry on the operation of a designated

zone is required to seek approval and register as a warehouse keeper with the Federal Tax Authority. A warehouse keeper shall be responsible for the Excise Goods produced or stockpiled within the designated zone.

Digital tax stamps

Digital tax stamp marking and encoding allows for product traceability from the point of manufacture through to the final point of distribution.

The digital tax stamps scheme in the UAE requires manufacturers and other specified parties in the supply chain to comply with physical stamping and control requirements for the importation and trading of certain designated Excise goods in the UAE.

Currently, designated Excise goods are tobacco and tobacco products, as well as electronically heated cigarette products, and the digital tax stamps scheme has been introduced on specified products within this category on a phased basis.

Customs duty

The UAE is a member of the World Trade Organization (WTO), and is a contracting party to the World Customs Organization's revised Kyoto Convention, a crucial legal instrument for simplification and harmonization of customs procedures. The UAE, along with other member states of the Gulf Cooperation Council (GCC), operates under a unified customs framework. This includes adherence to the GCC Common Customs Law, which serves as a foundation for customs procedures across the region as well as an Integrated Customs Tariff Nomenclature, which includes the customs tariff codes applicable in the GCC. Though the GCC works toward harmonization and standardization, there can be certain specific variations in implementation among the GCC member states.

In parallel with its agreements as a GCC member state, the UAE participates in the Greater Arab Free Trade Area (GAFTA), and it has

established or is negotiating various bilateral free trade agreements. Within the UAE there are over 40 Free Zones offering, amongst others, customs duty related cashflow opportunities, as well as designated Zones potentially allowing certain VAT relief options.

In pursuit of its economic objectives, the UAE is strengthening international ties with countries around the world to build on its position as a global trade and logistics hub. Signing Comprehensive Economic Partnership Agreements (CEPAs) is key to this goal. The UAE signed its first bilateral trade agreement with India on 18 February 2022 and aims to deepen ties with strategic partners around the world. This is in pursuit of the UAE's Projects of the 50, a series of bold initiatives driving the nation's next phase of sustainable development.

The customs duty rates are levied on the CIF value (Cost, Insurance, and Freight) of imported goods and are due at the time of import into the UAE

Mainland. The standard customs duty rates in the UAE are generally set at 5% or 0%, determined by specific Tariff Codes. However, certain products, such as excise goods or specific steel products, may have higher rates. Besides, antidumping, anti-subsidies and safeguard duties may be levied on certain products based on their origin and specific characteristics.

In the UAE, the importer or exporter of record need to be carefully identified when goods are moved across borders. Although a customs broker can handle these declarations, the customs duty payment and compliance obligations upon import are typically borne by the owner of the goods. Given the importance of compliant import and export setups and processes, it is crucial to carefully select a customs broker and thoroughly determine relevant contracts, internal controls and overseeing control frameworks.

The documents required for all commercial

shipments into the UAE, irrespective of value or mode of transportation, are generally:

- Customs Declaration
- Master Airway Bill/House Airway Bill for Air channel
- Master Bill Of Lading/House Bill Of Lading for Sea Channel
- Commercial Invoice
- Certificate of Origin
- Packing List
- Delivery Order
- Permits wherever applicable

If the goods being shipped are particular in nature or classified as restricted, their import might be subject to a specific import permit, approval, notification and/or approval from the relevant authority.

Besides, there is a fixed service fee for attesting each commercial invoice valued at AED 10,000 or more.

Importers are required to make payments within 14 days of completing the customs declaration forms.

Understanding the fundamental Customs drivers

In addition to complying with customs reporting and notification requirements, to assess the customs duty exposure, it is important to assess the following three key areas:

- **Classification of goods:** Determine how goods are classified for customs purposes and verify that the customs tariff classification codes are accurate. In Dubai, depending on the involved trade flow and the applicable stage of the ongoing phased implementation of the Integrated GCC Customs Tariff Nomenclature, an 8-digit level or 12-digit level customs tariff classification code will be required.
- **Origin of goods:** Identify the country of origin for the imported goods and check if any free trade agreement benefits are available. It is important to make a distinction between the non-preferential of goods and the potential preferential

origin of goods.

- **Valuation of goods:** Establish the value of the imported goods, as this will be the basis to determine the liability.

Many Multinational Enterprises (MNEs) operating in the Cooperation Council for the Arab States of the Gulf (GCC) are required to comply with the arm's length principle as well as GCC Customs valuations rules and regulations.

In this context, Customs Valuation and Transfer Pricing (TP) present many tax, legal, and operational challenges in the GCC. The Customs Authorities have been active in reviewing and auditing MNEs and challenging their TP policies and positions in the GCC. In addition, some of the GCC Customs Authorities have been very active in running joint audits to ensure alignment between TP and Customs Value declared upon importation. For many taxpayers, the magnitude of uncertainty and potential financial exposure presents a significant business risk.

Some consideration should also be given to operational and regulatory challenges arising from non-fiscal customs issues, such as export controls and trade embargoes impacting goods movement. In the UAE, there has been an increased focus on the regulatory framework to enforce these non-fiscal trade control measures.

Customs trends and areas of focus in the UAE

- In recent years, UAE Customs authorities have intensified free zone audits as well as post-clearance audits to ensure compliance with customs and global trade regulations among economic operators. These audits primarily focus on verifying the accuracy of documentation for duty reliefs, validating customs valuation methodologies and declared values, determining classification codes, and verifying origins, among other aspects. Special attention has been directed toward operators and businesses in Free Zones/Designated Zones, emphasizing

customs reconciliation of inbound and outbound transactions and ensuring proper record-keeping in accordance with the Common Customs Law and local requirements.

- Customs authorities in the UAE, including Dubai and Abu Dhabi, have been developing the Authorized Economic Operator (AEO) certification. The AEO program is an initiative designed to enhance the relationship between Customs authorities and businesses. AEO certified businesses enjoy various advantages, such as faster clearance times.

- Many businesses and facilities continue to apply for the industrial exemption program, which allows duty free import of goods when the importer has an industrial exemption in place. Obtaining such an exemption and ongoing compliance in this respect continues to be an area of focus for both businesses and Customs authorities in the UAE. In recent times during 2023 and 2024, UAE customs authorities have shifted their focus towards trade facilitation. Dubai Customs, for instance, has rolled out a Voluntary Disclosure Program, encouraging businesses to proactively report any inaccuracies in their customs declarations without facing penalties or fines. Similarly, Abu Dhabi Customs has implemented an Advance Ruling Program, allowing companies to seek guidance from customs authorities in advance for better clarity and certainty in their dealings.

Export Control and Sanctions

The UAE has been enhancing its export control laws and sanctions to align with international standards and strengthen its regulatory framework. The country has implemented stringent measures to regulate the export of sensitive goods and technologies to ensure compliance with international non-proliferation efforts and prevent unauthorized transfers. The UAE's export control law is designed to safeguard national security interests, prevent the proliferation of weapons of mass destruction, and comply with international agreements and treaties. Entities engaged in the export of controlled goods must adhere to strict licensing

requirements and comply with export control regulations to prevent the diversion of sensitive items to unauthorized parties. In addition to export control laws, the UAE also adheres to international sanctions imposed by the United Nations and other governing bodies. The country enforces sanctions to restrict trade with certain individuals, entities, or countries for various reasons, including human rights violations, terrorism, and nuclear proliferation. UAE businesses are required to stay updated on relevant sanctions lists and comply with restrictions to avoid legal repercussions and financial penalties. Overall, the UAE's efforts to enhance export control laws and sanctions reflect its commitment to international security and compliance with global trade regulations. Businesses operating in the UAE must remain vigilant and ensure strict adherence to export control laws and sanctions to avoid potential risks and maintain a responsible and compliant business environment.

Personal taxation

There is currently no personal income tax imposed on the income of individuals working in the UAE, and no tax returns need to be filed.

Residence

There are no tax laws covering individuals in the UAE, and as a result, there is no domestic concept of personal tax residence. Nevertheless, the MOF issues TRCs to individuals who satisfy the requirements of the MOF (including a physical presence of more than 183 days within any 12-month period) and a pertinent double tax treaty, if appropriate.

Copies of the following documents are required as part of the application:

- Passport;
- UAE residence visa;
- Emirates ID;
- Certified UAE bank statements for the last 6 months (stamped by the bank);
- Letter from the company stating the position and remuneration of the employee or certified salary certificate;
- Copy of the tenancy contract for any personal premises leased by the individual

(or by the company on behalf of the individual) in the UAE; and

- A report from the General Directorate of Residency and Foreigners Affairs specifying the date and times at which the individual has entered/left the UAE since obtaining his/her residence visa (exit/entry report).

Social security, pension

Social security contributions are due only in respect of nationals of the GCC countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE). For UAE national employees, the employer and employee contribution rates are 12.5% and 5% respectively, and contributions are based on the monthly contractual salary, including basic allowances, as agreed in the local employment contract.

The contribution rates and bases for other GCC nationals vary, but are broadly in line with those for UAE nationals.

Under the UAE labor law, non-GCC national employees are entitled to an end of service benefit (EOSB) if their employment contract is terminated after completion of at least one year of service. EOSB is payable by the employer and calculated as 21 days per year of basic wages for the first five years of employment, plus 30 days per year of basic wage for each additional year of service, subject to a maximum EOSB payment of two years' remuneration

Electronic invoicing in the United Arab Emirates

Overview

As part of its broader digital transformation agenda and continued evolution of the tax landscape following the introduction of Value Added Tax (VAT) in 2018 and Corporate Tax in 2023, the United Arab Emirates (UAE) is introducing a mandatory electronic invoicing (e-invoicing) regime.

E-invoicing refers to the issuance, exchange, and reporting of invoice data in a structured electronic format between a supplier and a buyer, with relevant data transmitted to the Federal Tax Authority (FTA). Unlike traditional invoices (e.g., PDFs or paper documents), e-invoices must be machine-readable and compliant with prescribed technical standards.

This initiative is expected to enhance transparency, improve VAT compliance, and align the UAE with international best practices in tax administration.

Legislative and regulatory developments

In recent developments, the UAE Ministry of Finance (MoF) has released a series of implementation documents and technical specifications to support the rollout of the e-invoicing regime. These include:

- Publication of the UAE e-invoicing framework and implementation guidelines
- Release of the UAE-specific data dictionary and technical schema (PINT AE)
- Ongoing updates to technical and operational requirements for businesses
- The PINT AE specifications provide detailed guidance on invoice structure, including required data fields, validation rules, and classifications (mandatory, conditional, and optional), forming the foundation for compliance.

These developments indicate that the regime is moving from consultation and design phases into implementation and operational readiness.

E-invoicing framework and model

The UAE has adopted a decentralized Continuous Transaction Control and Exchange (DCTCE) model, based on the globally recognized Peppol framework.

Under this model:

- Invoices are created in a structured format (e.g., XML aligned with PINT AE standards)
- Data is transmitted through Accredited Service Providers (ASPs)
- Invoice information is shared with both the recipient and the FTA in near real-time
- This “five-corner model” enables secure, standardized, and interoperable exchange of invoice data across businesses and jurisdictions.

Scope and applicability

The e-invoicing regime is expected to apply broadly to persons conducting business in the UAE, particularly for:
Business-to-business (B2B) transactions
Business-to-government (B2G)

transactions

Certain transactions, such as business-to-consumer (B2C) supplies and specific exempt transactions sectors, may fall outside the initial scope.

Both resident and non-resident businesses making taxable supplies in the UAE may be required to comply, subject to registration and onboarding requirements.

Implementation timeline

The UAE is expected to implement e-invoicing in phases:

- **Pilot phase:** July 2026
- **Initial mandatory adoption:** go-live 1 January 2027 for businesses with a revenue exceeding AED 50M and appointment of their ASP by 31st July 2026 at the latest.
- **Full rollout:** gradual expansion to all in-scope businesses and governments thereafter

This phased approach allows businesses time to assess impacts, upgrade systems, and align processes with the new requirements.

Key requirements and considerations

The transition to e-invoicing introduces several operational and compliance requirements for businesses, including:

- **Structured data formats:** invoices must be issued in machine-readable formats (e.g., XML) aligned with PINT AE
- **System integration:** ERP and billing systems must support data mapping and automated transmission
- **Use of ASPs:** businesses will need to engage Ministry-approved service providers for invoice validation and transmission
- **Data accuracy and completeness:** invoices must include required fields and comply with technical validation rules
- **Record retention:** electronic records must be securely stored and accessible for audit purposes

Additionally, businesses may need to obtain, harmonize or align data fields (e.g., tax registration numbers) to meet Peppol

and FTA requirements.

Implications for businesses

The introduction of e-invoicing represents a significant shift from traditional invoicing practices and may have wide-ranging implications across finance, tax, and IT functions.

Businesses should consider:

- Conducting a gap assessment of current invoicing processes and systems
- Evaluating ERP and billing system(s) readiness and data quality
- Engaging with potential ASPs
- Establishing internal governance and controls over invoice data
- Making changes in the ERP and/or billing systems and related processes
- Selecting their ASP timely
- Updating related documentation (e.g., communications, SOPs, processes and training materials)

While the implementation may require upfront investment and operational changes, e-invoicing is also expected to provide benefits such as improved data visibility, reduced manual processes, and enhanced compliance capabilities.

Outlook

The UAE e-invoicing regime is part of a broader move toward digital tax administration and increased transparency. As further guidance and implementation milestones are released, businesses operating in the UAE should closely monitor developments and begin preparing for adoption.

Early readiness will be key to ensuring a smooth transition and minimizing disruption once the regime becomes mandatory.



Immigration and labor landscape

Introduction

Foreign investors interested in establishing a presence in any of the seven Emirates; Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah (RAK), Fujairah, Ajman and Umm Al Quwain (UAQ) maintain a large degree of independence when managing the immigration process requirements, policies and regulations. While all the Emirates follow the same immigration process governed by the Federal authorities, Dubai has more flexible immigration processing regulations and is the home for many Free Zone authorities facilitating the establishment of foreign entities in the country.

The UAE has been a regional trade hub and a permanent Middle Eastern destination for international investors. The open environment, tolerant values, infrastructure and flexible immigration regulations have attracted many investors throughout the past years. The UAE immigration and labor authorities are continuously running updates to the relevant legislations and laws governing the immigration and labor laws in the country.

Work authorization

General requirements

Foreign nationals who intend to conduct productive, hands-on work activities in the UAE must apply for work authorization. Work authorization is issued in the form of a work and e-residence visa (residence permit) or a labor/non-sponsored ID card for self sponsored or dependent residence permit holders, and GCC nationals.

Since the UAE authorities ceased residence visa stamping in passports, the Emirates ID now serves as the main immigration status document.

In general, a business can recruit either expatriate, GCC or local national staff. Free Zone based employers are required to apply for work permits for their employees via the relevant Free Zone authority. Employers based in the Mainland would apply for employee work permits at the labour and immigration department.

All immigration and labor applications are to be submitted through the relevant jurisdictional/Free Zone authority's online portal. The presence of a company-appointed public relations officer (PRO) may be required for certain applications, submissions and for in-person applications follow ups.

Employers can only engage a foreign employee in line with the specific occupation designated on their work authorization document. The employee can only work in the specific location or for a branch of the same employer that has the same business activities and where the employee is engaged in the same activity.

Health insurance requirements are imposed by the government for the sponsorship of employees' work permits. In some jurisdictions, an employer is required to submit valid health insurance at the final stage of a new or renewal work and residence permit application for its employee.



The UAE has been a regional trade hub and a permanent Middle Eastern destination for international investors.

UAE and GCC nationals are required to obtain work authorization through the Ministry of Human Resources and Emiratization (MOHRE) when employed by mainland entities. For Free Zone entities, UAE and GCC nationals are required to obtain work authorization through the Free Zone authority in which the employer is based.

The validity of the employment residence permit ranges from 1-2 years, however, the labor/non-sponsored ID card can range between 1-5 years depending on the jurisdiction.

Summary process of work and residence permit

1. Free trade zones

The work and residence permit application process is submitted to the relevant Free Zone authority in which the employer is based. The Free Zone subsequently forwards the application to the relevant immigration department for consideration. The Free Zone authority acts as the ultimate sponsor of the employee.

Employers based in free trade zones have a quota restriction on work visas. The number of quotas is generally limited to one foreign worker for each 9 square meters of office space, although this can differ between each Free Zone. If a quota limit has already been reached, a quota upgrade can be applied for, but approval is granted at discretion.

The work and residence permit application process starts with the submission of an employment entry permit application to the relevant Free Zone authority. Once an employment entry permit is secured, the employee may travel to the UAE and commence his/her assigned activities. However, there are post-arrival formalities that are required to be undertaken to receive the final e-residence permit and Emirates ID. Those formalities include undertaking a medical fitness test and submitting biometric information. The medical fitness test will include a blood test to check for HIV, hepatitis B and an X-ray to screen for tuberculosis.

Where the intended job title is managerial in nature, the applicant must hold a higher education degree. The legalization process can take a few weeks or substantially longer, depending on processing times of the relevant entities in the country of issuance.

Processing time: the estimated processing time for the completion of a Free Zone sponsored work and residence permit application is approximately 3-4 weeks. The timelines do not include translation, legalization and attestation processes, where required.

2. Mainland

Work and residence permit applications for those employed by mainland entities are required to go through the approval of the MOHRE and the relevant jurisdictional immigration department.

According to Article 13 of the UAE Labor Law, companies operating in mainland UAE are required to obtain an approval from the Labor Department (represented by the MOHRE) and obtain a work permit. The approval is issued in the form of an employment quota and a work permit. Once a work permit is approved, the employer is then able to submit an Employment entry permit application through the relevant jurisdictional immigration department.

When processing a work permit application for a foreign national, the MOHRE considers the following*:

- The worker must possess professional competence or academic qualifications needed in the country.
- Whether the worker has lawfully entered the country and satisfied the conditions of residency in the UAE.

* The MOHRE is yet to fully implement these considerations to the Dubai mainland work and residence permit process.

Provided the applicant meets all required criteria, the MOHRE will issue a work permit approval after which the Department of Immigration will issue the employment entry permit. The employment entry permit is valid for 60 days from the date of issue and is now issued electronically.

Once an employment entry permit is secured, the employee may travel to the UAE and commence his/her assigned activities. The remaining in-country formalities are similar to the Free Zone residence and work permit process.

Processing time:

The estimated processing time for the completion of a mainland work and residence permit application is 4-6 weeks. The timelines do not include translation, legalization and attestation processes, where required.

³ The Gulf Cooperation Council (GCC) is a political and economic alliance of six Middle Eastern countries—Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman.

3. In-country work and residence permit

In-country applicants are able to obtain work authorization without the need to exit the UAE. Examples of in-country applicants are individuals on cancelled residence visas, tourist/business visitors.

4. Sponsoring dependents

Work and residence permit holders can sponsor married partners and children, provided they meet the salary requirements (minimum salary of AED 4,000 or AED 3,000 plus AED 1000 accommodation allowance). Parents can also be sponsored, but the application is discretionary.

Female employees sponsoring their husband and children may require additional documentation and such dependent applications may need to go through additional review process by the authorities.

In the UAE, unmarried females can be sponsored by their parents as dependent children regardless of age. However, if they are married, they must be sponsored by their husband. Male dependents up to 25 years of age can also be sponsored but will require additional documents for their application above the age of 21.

Unmarried children over the age of 18 may be recognized as dependents if they are physically or mentally disabled, however this would require special approval from the Immigration Department.

5. Who can be recognized as a dependent?

The below tabular form shows a list of dependent categories.

	Recognized as a dependent	Authorized to work as a dependent
Opposite-sex spouse	Yes	No - must apply for work authorization.
Same-sex spouse	No	N/A
Opposite-sex domestic partner	No	N/A
Same-sex domestic partner	No	N/A
Children	Unmarried females can be sponsored by their parents as dependent children regardless of age. However, if they are married, they must be sponsored by their husband. Male dependents up to 25 years of age can be sponsored.	No - must apply for work authorization.
Parents	Yes, special approval is required to be obtained from the main immigration department	No - must apply for work authorization.
Siblings	Yes, special approval is required to be obtained from the main immigration department	No - must apply for work authorization.

6. Documents required from dependents

- Clear, color copy of passport, valid for 6 months from the time of application submission.
- Copy of passport cover page
- Digital passport photo;
- For spouse's sponsorship, a marriage certificate, legalized and translated into Arabic at an authorized translation office in the UAE;
- For children's sponsorship, a birth certificate, legalized and translated into Arabic at an authorized translation office in the UAE;
- Local health insurance card; and
- For parents' sponsorship, a proof of relationship document should be legalized by the UAE Ministry of Foreign Affairs.

7. Documents required from the sponsor

- Electronic copy of the Labor contract of the sponsor (primary applicant)/salary certificate in arabic;
- Electronic copy of the registered tenancy contract in the primary applicant's name attested by the jurisdictional municipality;
- Water and electricity bill copy;
- International Bank Account Number (IBAN);
- Clear, color copy of passport bio page" and add," clear, color copy of passport cover page and
- Original and copy of Emirates ID card – front and back (if new Emirates ID card is under processing, an old Emirates ID card can be used to file the dependents' applications).

Alternative work and residence authorizations

Dependents

Female and male dependents up to the age of 25 may obtain work authorization based on residence status, provided a 'no objection certificate', signed by their sponsor, is provided and submitted to the authorities. In certain jurisdiction and based on the male dependents circumstances, they might be eligible to obtain work authorization under the dependent residence permit status. The work authorization approval is obtained from the MOHRE and is issued in the form of a Labor card for employees working in mainland entities. For Freezone entities, the work authorization is issued in the form of a non-sponsored Id card or an access card issued by the Freezone authority the employer is based in.

Golden visa holders

10-year Golden visa holders may obtain work authorization based on their residence status. The work authorization approval is obtained from MOHRE (in the mainland) or the free trade zone as a labor card or non-sponsored ID card, respectively. Depending on the jurisdiction, the work authorization will be valid for 1-5 years, renewable.

Processing time:

The estimated processing time for the completion of a non-sponsored labor card application is 5 working days.

Part-time work

Since 2010, the UAE's Labor Law has made provisions which allow an employee to have a part-time job, along with a full-time job subject to certain conditions. The employee can work part-time provided he/she has obtained the required work authorization from the MOHRE. The work authorization is issued in the form of a temporary work permit. Temporary work permits are issued with a validity of 6 months and can be extended for a maximum of a total of 12 months. A temporary employment contract and a no objection certificate (NOC) from the residence permit sponsor is required for the approval of a temporary work permit application.

Part-time work permit holders are allowed to work in another company at the same time as working in the current company on a part-time basis for less than eight hours per day.

As per Federal Decree Law No. 2 of 2007, if an expatriate is caught working for another company without an official permit, then a fine of AED 50,000 will be applied to the hiring company, in addition to other penalties in case of repeating the offence.

Processing time: the estimated processing time for the completion of a temporary work permit application is 5-7 working days.

Freelance work and residence permit

Several Free Zones in the country offer a freelance work and residence permit option for expatriates. The Freelance permit enables individuals to conduct business as a sole practitioner. The relevant jurisdictional immigration department regulates the issuance of the freelance residence permits and freelance trade licenses.

Certain jurisdictions in the UAE have suspended the issuance of freelance permits.

Processing time: the estimated processing time for the completion of a freelance work and residence permit application is approximately 3-4 weeks.

10-year Golden visa

The Golden visa is a self-sponsored ten-year residence permit for professionals and highly skilled workers based in the UAE, allowing them to live and work in the UAE. It is a residence permit and employers would still be required to sponsor work authorization via a non-sponsored ID/labor card.

There are several categories to the Golden visa, a few of the categories are listed below:

1. Investors in public investments
2. Real estate investors
3. Entrepreneurs
4. Outstanding specialized talent
5. Doctors and scientists
- Investors
6. Creative people in fields of culture and art
7. Athletes
8. Executive directors
9. Outstanding students (high school and university)
10. Specialists in engineering and science
11. Pioneers of humanitarian work
12. Frontline heroes (e.g.: nurses)

10-year investor visa

Expatriates from the below listed categories are entitled to apply for a 10-year residence visa in the UAE.

Investors in public investments with value of a minimum of AED 2,000,000

Processing time: the estimated processing time for the completion of a 10-year Golden visa work and residence permit application is approximately 3-4 weeks.

5-10-year Golden visa

Expatriates from the below listed categories are entitled to apply for a 5-year residence visa in the UAE.

1. Real estate investors in the UAE, provided they meet the below criteria:

- The real estate property value should not be less than AED 2 million.

2. Entrepreneurs

To be eligible for the Golden Visa as an entrepreneur, one must meet certain criteria, including having a successful track record in entrepreneurship, owning a business that is valued at AED 500,000 or more, having a business that is innovative or provides a significant contribution to the UAE's economy.

3. Outstanding students

Outstanding students with a minimum grade of 95 percent in public and private secondary schools are eligible for a 10-year visa, as well as university students within and outside the country having a distinction GPA of 3.8 upon graduation. The 5-year visa includes families of the outstanding students.

Processing time: the estimated processing time for the completion of a 10-year residence permit application is approximately 2-4 weeks.

Third-party sponsorship

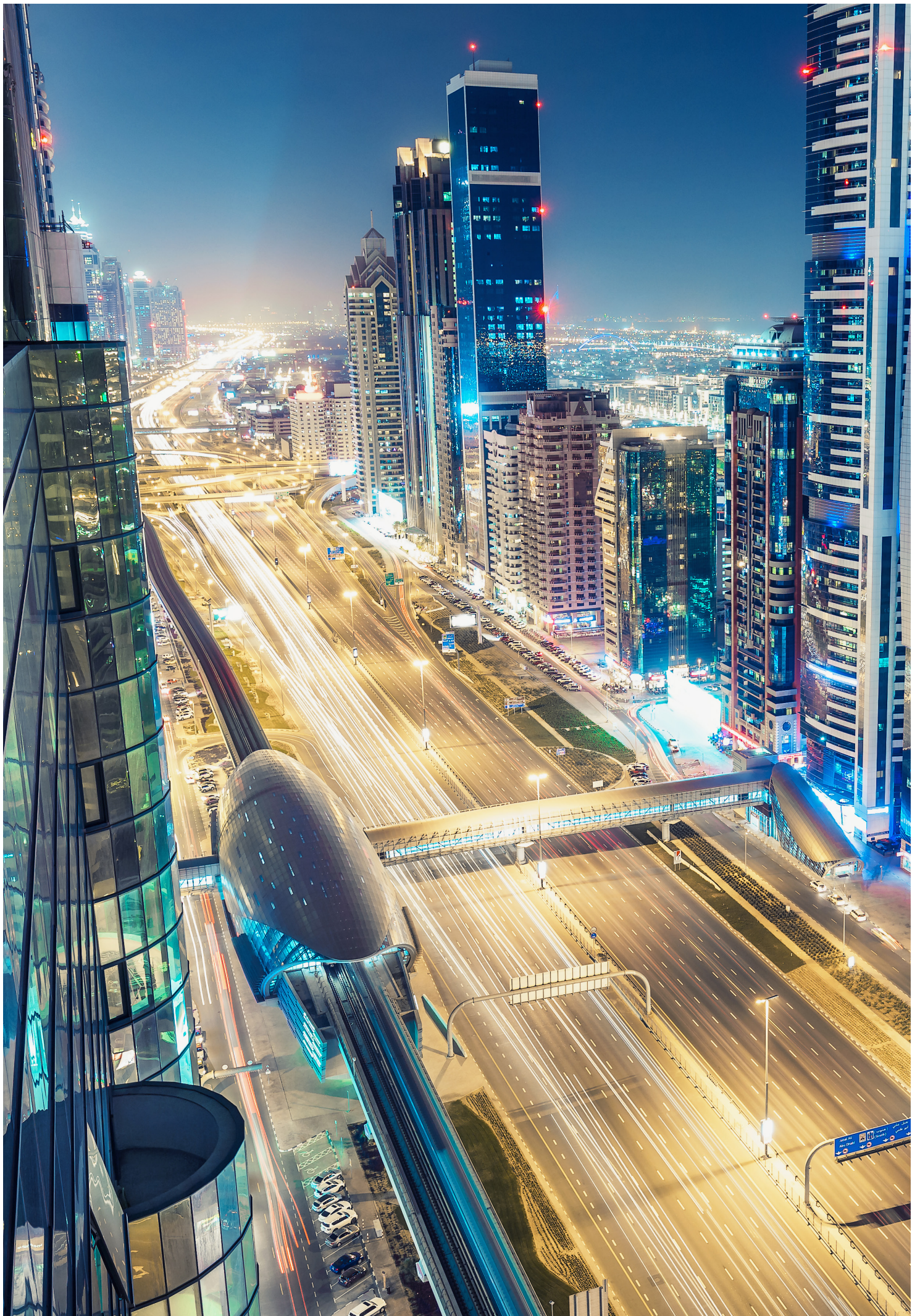
Several manpower and recruitment agencies offer third-party sponsorship which is typically set up based on a service agreement with a local or overseas employer.

Processing time: the processing time for the completion of a work and residence permit application through a third-party vendor takes approximately 3-4 weeks, excluding setting up the service agreement and document collation.

One-year residence permit extension for certain dependent categories

Widow and divorced women - The UAE government provides a one-year residence permit extension for widows and divorced women who are residing in the country.

Expatriates from certain categories are entitled to apply for a 10-year Golden residence visa in the UAE.



Short-term work authorization

Free Trade Zones

Short term work authorization is issued in the form of an access card, or mission visa in certain free zone jurisdictions where the employer is based in. The requirements for each application vary and are dependent on the freezone.

Processing time: The processing time for short term work authorization is approximately 5-7 working days.

Mainland

A mission visa may be obtained for foreign nationals on short-term work assignments and must be applied for and obtained by the UAE sponsoring company before the foreign nationals travel to the UAE. A local contract is required for the mission visa and in most instances, foreign national employees will need to be placed on local payroll.

Eligibility for the mission visa is highly dependent on the UAE sponsoring company. It should be noted that not all sponsoring companies are eligible to obtain a mission visa quota.

Processing time: the estimated processing time for the completion of a mission visa application is approximately 3-4 weeks.

Exit requirements/de-registrations

Employers must cancel employees' work and residence permits upon termination of employment, doing so prior to the employee departing the country. Upon termination of employment and cancellation of the work and residence permit, employers are typically responsible for the repatriation costs of the employee in-line with the employment contract and UAE labor law.

Any dependent visas must be cancelled before the employee/sponsor's visa is cancelled. Once a UAE residence visa is cancelled, a 30-180 days (dependent

on additional factors) grace period will be granted to exit the UAE or change immigration status (e.g. be sponsored by another employer, obtain spouse sponsorship, etc.).

Processing time and location

Work and residence permit cancellation applications must be filed with the relevant authority by the prospective employer, regardless of whether the employee is in the UAE or not.

Processing time of approx. 3-7 working days.

Processing challenges for work permits

Whilst the UAE immigration authorities do not formally list any restrictions on the issuance of residence visas to certain nationalities, there are a number of countries whose citizens may face delays (see list below), requests for additional documents or rejections in their visa application.

High risk nationals

1. Afghanistan
2. Algeria
3. Bangladesh
4. Cameroon
5. Iran
6. Iraq
7. Sudan
8. Libya
9. Syria
10. Yemen
11. Palestine
12. Nigeria

Moderate risk of delay/rejection

1. Morocco
2. Pakistan
3. Turkey
4. Kenya
5. Lebanon
6. Indonesia
7. Sri Lanka
8. Tunisia
9. Egypt

Eligibility for the mission visa is highly dependent on the UAE sponsoring company. It should be noted that not all sponsoring companies are eligible to obtain a mission visa.

Inter-emirate assignments

Generally, an employee can be seconded to a branch of his/her employer and current visa sponsor. However, in cases of secondment to a client's site or any other third-party entity, the employee is required to secure a temporary work authorization from the relevant jurisdictional authority.

Employer compliance

Employers in general must be in good standing with the MOHRE and GDRFA, as well as the relevant Free Zone authority (if applicable).

An employer is required to hold a valid copy of all of the below corporate documents for the submission of any immigration application for its employees.

1. Trade license
2. Establishment card
3. E-signature card

The employer must have the relevant quotas and sponsorship permissions in place (if applicable).

Emiratization

Emiratization refers to the policies and initiatives aimed at increasing the employment of Emirati nationals in the national workforce, particularly in the Mainland.

The UAE have consistently made efforts to boost Emiratization over the past decade. Whilst Emiratization quotas have always been a requirement in the banking and insurance sectors, initiatives such as 'Tawteen' and the Nafis Scheme have been launched to encourage engagement with Emiratization within the wider private sector. Most recently, the UAE authorities have mandated mainland employers with more than 50 skilled employees must increase Emiratization of workforce by 2% annually, reaching 10% by the end of 2026.

Mainland employers, within certain sectors; with 20-49 employees have been mandated to employ at least two Emirati national employees.

The current Emiratization requirement stipulates fines for non-compliance.

Employers with more than 50 or more will be fined AED 6000 per month per Emirati employee they are required to hire to meet the relevant target. This fine will be increased by AED 1,000 per year (starting 2023). Employers with 20-49 employees will face fines of AED 96,000 if they do not hire an Emirati employee. From 2025, employers with 20 to 49 employees must hire at least one Emirati national. Non-compliance will result in a fine of AED 108,000.

Business visitors

Most foreign nationals entering the UAE to conduct ordinary business activities require a business visa. The process for obtaining a visa will depend on the applicant's nationality.

Select nationalities may obtain a visa on arrival (VoA) issued at the port of entry which permits business activities. If not eligible based on nationality, business visitors may be able to apply for a business visa through the company's Immigration portal, subject to availability of quota.

Citizens of GCC countries have established visa exemptions with the UAE and may enter the country without a visa to conduct business activities, however the position may differ if they are visiting a Free Zone where the regulations differ depending on the relevant Free Zone. Foreign national residents of GCC countries may be eligible for a visit e-visa with multiple entries for business. However, if visiting a Free Zone, the regulations may differ depending on the relevant Free Zone. Business visitors are not required to register with the local authorities.

1. Permissible business activities

- Business meetings
- Buying goods for sale outside the country
- Touring a company facility
- Attending a trade show or seminar convention
- Attending corporate stockholders' assemblies
- Establishing a business venture or to explore possibilities to set up a business venture
- Trade delegations

2. Impermissible activities

- Physical work activities cannot be performed, i.e. 'hands on' work

3. General requirements for business visitors

1. Clear, color copy of passport bio page, valid for 6 months
2. Clear, color copy of passport cover page
3. Passport-sized photo on a white background
4. Applicants must establish the specific purpose of the visit and must demonstrate intent to depart the country at a fixed time (present a valid confirmed onward ticket)
5. Applicants must also establish that they have sufficient funds to support themselves while in the UAE
6. Health issues, criminal violations, or circumstances giving rise to security concerns may trigger denial of admission

4. Visa validity and maximum authorized period of stay

Business visa are issued for single or multiple entries with a 30 or 60 days duration of stay. VoA are issued at the port of entry. Durations of stay vary and are determined upon entry at the discretion of immigration authorities. A single duration of stay will not exceed 90 days.

The UAE does not have a required cooling-off period between visa issuance except for VoA issued for certain nationalities which have a cooling-off period of 90 days upon exhaustion of the initial 90 days period which is granted within any 180 days period. Repeated, extended visits may appear suspicious and result in increased scrutiny on the part of immigration officers. There are no restrictions on the number of entries authorized per year.

5. Future changes

- With increased focus on the Emiratization initiatives, employers should expect further scrutiny to be imposed on foreign nationals' work and residence permit applications

- 5 year Green visas for individuals with a UAE salary of over AED 15k monthly was due to be implemented in late 2022, however has been delayed and is yet to be rolled out. Long term residence visa options are expected to boost expats' confidence to stay in the UAE and attract more investments.

Virtual work program

The virtual/remote work program enables eligible foreign professionals, entrepreneurs and company owners to work remotely from Dubai for up to one year with the ability to bring their family members with them as well as access all services in Dubai, including telecoms, utilities, and schooling for children.

Eligibility

In order to qualify for the program, the applicant must have:

- A minimum monthly salary of USD 3,500 per month.
- An overseas employment contract valid for at least 1 year.
- Valid health insurance for use in Dubai.

Permissible activities

- Conduct overseas role remotely from Dubai for up to one year.
- Visit employer's office in Dubai for networking and attending meetings.
- Conduct client meetings.

Impermissible activities

- Conducting direct and productive work for your employer's entity in Dubai.
- Starting your own business from within Dubai.

Labor laws

1. Employment contracts

In 2022, the UAE government introduced legislation that updated the country's labor laws. Under the amendments, all new employment contracts in the UAE must be time-limited (no minimum or maximum duration specified).

• Termination

Either party can terminate the original contract or a renewed contract, provided they comply with the legal consequences of early termination which include:

- Written notice for at least 1 month in advance but no longer than 3 months.
- Serving the agreed upon notice period.
- Compensating the other party to the level that was agreed to by both the parties, provided this does not exceed the equivalent of three months' gross wages.

1.2 Unlimited term contract

An unlimited term contract is open-ended, more flexible and commonly used in the UAE. Either parties can terminate the contract with mutual consent or by giving a notice of 1 to 3 months. The parties involved must honor their obligations throughout the notice period.

In case of unlimited contracts, an employment relation is terminated in one of the following instances:

- Both, the employer and employee mutually agree to terminate the contract.
- When either party decides, at any time, to terminate the contract provided that the terminating party abides by the legal notice requirements and continues to honour his obligations for the duration of the notice period, which cannot be less than one month and no longer than three months.
- When either party acts unilaterally to terminate the contract, without complying with the legal notice and without reasons of default by the other party - in this case, the terminating party bears the legal consequences of early termination.

• Termination

An employment relation is deemed to have ended without due process when either the employer or employee terminates the employment relation without complying with legally mandated procedures.

In this case, the wronged party may initiate legal action and compensation.

2. Free trade zones

Companies operating in a free trade zone are generally required to use a Free Zone generated template for the employment contract. Whilst some Free Zones grant the freedom for an employer to use a company's own contract, the latter is required to be reviewed by the Free Zone's legal team to ensure compliance with the Free Zone's regulations and the Federal labor laws.

3. Mainland

Companies operating in mainland UAE are required to comply with the MOHRE labor laws. An offer letter is initially required to be obtained through the MOHRE system for a work permit to be granted. Once a work permit is approved, a Labor contract is then generated through the MOHRE system.

4. Wage protection system (WPS)⁵

The Ministerial Decree 788 of 2009 on the Wage Protection System (WPS) came into force on 1 September 2009 in the UAE. The WPS was implemented in stages and now all employers are required to comply. Below is a list of the minimum WPS requirements:

- At least 70% of all salaries must be paid through WPS.
- A new employee must be added to the WPS process within 60 calendar days from the execution of their employment agreement.
- No more than 10% of an employee's salary can be deducted for any reason (exemptions listed below).

The WPS is an electronic salary transfer system that was set up by the UAE to regulate the payment of salaries to employees. It is overseen by the Central Bank of the UAE. The system allows the MOHRE to create a database that records wage payments in the private sector to guarantee the timely and full payment of agreed-upon wages. MOHRE is linked with the systems of Federal Authority for Identity and Citizenship which allows employers to exclude the following categories of employees from the Wage Protection System (WPS) compliance requirements:

- Employees who are outside the UAE
- Employees who have been reported absconding by their employers by filing "escape reports"
- Employees who have filed a lawsuit against their employer in the Labor court.

WPS is only applicable to mainland entities registered with the MOHRE across all sectors and industries in the UAE. This requirement is not applicable to Free Zones, except for Jebel Ali Free Zone and DMCC freezone in Dubai

All salaries must be paid through WPS by the 15th calendar day of the following month. The employer's MOHRE account will be blocked if salaries are not processed on time. The MOHRE account will be unblocked automatically if salaries are paid before the last calendar day of the month. In the event the employer fails to pay employees' salaries before the end of the following month they were due, an administrative penalty will be imposed on the company for the late payment of wages.

5. Remuneration

There is no minimum salary stipulated in the UAE Labor Law. However, the law does state that salaries must cover the basic needs of the employees.

Remuneration is typically divided into three components: basic salary, accommodation allowance and transport allowance.

The UAE Labor Law does not provide any guidelines on how the salary is divided. However, it is worth noting that end of service benefits (next page) are only based on the basic salary. It is at the discretion of the company to decide this percentage.

6. Social security registration

Government and private sector employers must register their UAE and GCC national employees with the General Pension and Social Security Authority (GPSSA).

WPS is only applicable to mainland entities registered with the MOHRE across all sectors and industries in the UAE.

⁵Wages Protection System (WPS) is an electronic salary transfer system that allows institutions to pay workers' wages via banks, bureaux de change, and financial institutions approved and authorized to provide the service.



7. Working hours and days

The UAE Labor Law identifies the normal working hours for the private sector as 8 hours per day or 48 hours per week. The working hours may be increased to 9 hours a day for certain business industries such as hotels and cafes after approval from the MOHRE. Government entities are not governed by the Labor Law and they operate for 7 hours daily.

Working for more than 7 hours a day is prohibited in arduous or unhealthy types of work and industries.

Normal working hours are reduced by two hours daily during the holy month of Ramadan.

The UAE switched to a Monday to Friday working week with the aim to better align the country with global markets. This has led to the UAE becoming the only Gulf state not to have a Friday-Saturday weekend. The UAE Federal government has adopted a four and a half-day working week for the public sector. The weekend starts at noon on Friday and ends on Sunday for this sector. Friday prayers at mosques will be held after 1:15pm all year round. This work week system was announced in December 2021 and became effective on 1 January 2022.

Overtime is considered if the nature of the job demands working beyond normal working hours and it will entitle the employee to pay equal to normal working hours' remuneration plus 25 percent of that pay. This could increase to 50 percent if overtime it is worked between 9 pm and 4 am.

Some Free Zones, in particular DIFC and ADGM, have their own labor regulations in place that have some marked differences to Federal labor law.

8. Public holidays

Article (74) of the UAE Labor Law provides that each worker shall be entitled to an official holiday with full pay on the following occasions:

- New Year's Day
- Eid Al Fitr
- Arafat Day
- Eid Al Adha
- Hijri New Year
- Prophet's Birthday
- Martyrs' Day
- UAE National Day

Accordingly, the above occasions are official holidays for employees working in the private sector, during which they are entitled to full pay. The holidays listed above are applicable to all employees

whether they are working in the public or private sectors. It should be noted that the actual date of public holidays, especially Islamic holidays, is subject to variation as it based on the Islamic lunar calendar (which is approximately 11 days shorter than the Gregorian calendar), as well as on the sighting of the new moon, which marks the beginning of the new month.

9. End of service benefits

The UAE Labor Law dictates that employers are obliged to pay EOSB to any non-GCC national employees who have completed at least one year of continuous employment.

The end of service gratuity is calculated on the basis of the last basic salary. Hence, it will not include allowances such as accommodation, transport, relocation, utilities, furniture, etc.

The DIFC has replaced EOSB with a defined contribution savings scheme, called the DIFC Employee Workplace Savings (DEWS). Under this scheme, employers are required to pay on behalf of each employee into DEWS on a monthly basis. The scheme is intended to give employees more visibility and control over the end of service benefit.

United Arab Emirates double tax treaty network

Treaties	Status	Dividends (%)	Qualifying dividends (%)	Interests (%)	Royalties (%)
1 Albania	●	10	0/5	0	5
2 Algeria	●	0	0	0	10
3 Andorra	●	0	0	0	0
4 Angola	●	8	8	8	8
5 Antigua and Barbuda	●	0	0	0	0
6 Argentina	●	15	10	12	10
7 Armenia	●	3	0	0	5
8 Australia	●	Pending	Pending	Pending	Pending
9 Austria	●	0/10	0	0	0
10 Azerbaijan	●	10	5	7	5/10
11 Bangladesh	●	10	5	10	10
12 Barbados	●	0	0	0	0
13 Belarus	●	10	5	5	5/10
14 Belgium	●	10	5	5	5
15 Belize	●	0	0	0	0
16 Benin	●	0	0	0	0
17 Bermuda	●	0	0	0	0
18 Bosnia and Herzegovina	● ●	10	The range of rate applying to dividends paid to substantial corporate shareholders is 0-5%	0	5
19 Botswana	●	7.5	5	7.5	7.5
20 Brunei	●	0	0	0	5
21 Brazil	●	15	5	10/15	15
22 Bulgaria	●	5	5	2	5
23 Burundi	●	0	0	0	0
24 Burkina Faso	●	Pending	Pending	Pending	Pending
25 Cameroon	●	10	10	7	10
26 Cambodia	●	Pending	Pending	Pending	Pending
27 Canada	●	15	5/10	10	0/10
28 Chad	●	0	0	0	0
29 Chile	●	10	5	4/10	2/10
30 China (People's Rep.)		0/7	0/7	0/7	10

- Double tax treaty in force
- Double tax treaty signed but not in force
- Treaty under negotiation

Treaties	Status	Dividends (%)	Qualifying dividends (%)	Interests (%)	Royalties (%)
31 Costa Rica	●	15	5	5/10	12
32 Comoro Islands	●	0	0	0	0
33 Colombia	●	15	5	0/10	0/10
34 Commonwealth of Dominica	-	-	-	-	-
35 Congo (Dem. Rep.)	●	Pending	Pending	Pending	Pending
36 Croatia	●	5	5	5	5
37 Cyprus	●	0	0	0	0
38 Czech Republic	●	0/5 ¹	0/5 ¹	0	10 ¹
39 Ecuador	●	0/10	0/10	0/10	10/15
40 Equatorial Guinea	●	0	0	0	0
41 Egypt	●	10	5	0/10	10
42 Estonia	●	0	0	0	0
43 Ethiopia	●	0/5	0/5	0/5	0/5
44 Fiji	●	0	0	0	10
45 Finland	●	0	0	0	0
46 France	●	0	0	0	0
47 Gabon	●	0/10	0/10	7	10
48 Gambia	●	0	0	0	0
49 Georgia	●	0	0	0	0
50 Germany	●	10/15	5	0	10
51 Ghana	●	0	0	0	0
52 Greece	●	0/5	0/5	5	10
53 Guernsey	●	Pending	Pending	Pending	Pending
54 Guinea	●	0	0	0	0
55 Guinea- Bissau	-	-	-	-	-
56 Guyana	●	Pending	Pending	Pending	Pending
57 Hong Kong	●	0/5	0/5	0/5	5
58 Hungary	●	0	0	0	0
59 India	●	10	10	0/5/12.5	10
60 Indonesia	●	10 ¹	10 ¹	0% / 7%	5

● Double tax treaty in force

● Double tax treaty signed but not in force

● Treaty under negotiation

Treaties	Status	Dividends (%)	Qualifying dividends (%)	Interests (%)	Royalties (%)
61 Iraq	●	0	0	0	0
62 Ireland	●	0	0	0	0
63 Israel	●	15	0/5	0/10	12
64 Italy	●	15	5	0	10
65 Ivory Coast	●	Pending	Pending	Pending	Pending
66 Japan	●	10	5	0/10	10
67 Jersey	●	0	0	0	0
68 Jordan	●	7	7	0/7	10
69 Kazakhstan	●	-	0/5	0/10	10
70 Kenya	●	5	5	10	10
71 Korea (Rep.)	●	10	5	0/10	10
72 Kosovo	●	0/5	0/5	0/5	0
73 Kyrgyzstan	●	0	0	0	5
74 Latvia	●	0/5	0/5	0/2.5	5
75 Lebanon	●	0	0	0	5
76 Liberia	●	Pending	Pending	Pending	Pending
77 Libya	●	0	0	0/5	0/10
78 Liechtenstein	●	0	0	0	0
79 Lithuania	●	0/5	0/5	0	5
80 Luxembourg	●	0/10	0/5	0	0
81 Macedonia (FYR)	●	0/5	0/5	0/5	0/5
82 Malawi	●	Pending	Pending	Pending	Pending
83 Malaysia	●	0/10	0/10	0/5	10
84 Maldives	●	0	0	0	0/7
85 Mali	●	Pending	Pending	Pending	Pending
86 Malta	●	0	0	0	0
87 Mauritania	●	0	0	0	0
88 Mauritius	●	0	0	0	0
89 Mexico	●	0	0	0/4.9/10	10
90 Moldova	●	5	5	6	6

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¹The rates are subject to a 'most favored nation' clause; if this jurisdiction concludes a more favorable treaty Withholding Tax (WHT) rate with another GCC country other than the UAE, then the favorable treaty WHT shall automatically apply under the UAE treaty

Treaties	Status	Dividends (%)	Qualifying dividends (%)	Interests (%)	Royalties (%)
91 Monaco	●	Pending	Pending	Pending	Pending
92 Mongolia	Terminated	0	0	0	10*
93 Montenegro	●	10	0/5	0/10	0/5/10
94 Morocco	●	10	0/5	0/10	0/10
95 Mozambique	●	0	0	0	0/5
96 Nepal	●	Pending	Pending	Pending	Pending
97 Netherlands	●	10	0/5	0	0
98 New Zealand	●	15	15	10	10
99 Niger	●	0	0	0	0
100 Nigeria	●	7.5	7.5	7.5	7.5
101 Pakistan	●	15	10	10	12
102 Palestine	●	0	0	0	0
103 Panama	●	5	5	0/5	5
104 Paraguay	●	15	15	6/15	15
105 Philippines	●	15	0/10	0/10	10
106 Poland	●	0/5	0/5	0/5	5
107 Portugal	●	15	5	0/10	5
108 Romania	●	0/3	0/3	0/3	3
109 Russia	●	-	0	0	-
110 Rwanda	●	7.5	7.5	0/10	10
111 Saint Kitts and Nevis	●	0	0	0	0
112 Saint Vincent and the Grenadines	●	0	0	0	0
113 San Marino	●	0	0	0	10
114 Saudi Arabia	●	5	5	0	10
115 Senegal	●	5	5	5	5
116 Serbia	●	10	5	0/10	10
117 Seychelles	●	0	0	0	5
118 Sierra Leone	●	Pending	Pending	Pending	Pending
119 Singapore	●	0	0	0	0/5
120 Slovak Republic	●	0	0	0/10	0/10

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*According to an update of March 2013, published by the Mongolian tax administration, Mongolia terminated the Mongolia - United Arab Emirates Income Tax Treaty (2001). As a result, the treaty will no longer be effective from 1 January 2015.

Treaties	Status	Dividends (%)	Qualifying dividends (%)	Interests (%)	Royalties (%)	
121	Slovenia	●	5	5	0/5	5
122	South Africa	●	10	5	10	10
123	South Sudan	●	0	0	0	0
124	Spain	●	15	5	0	0
125	Sri Lanka	●	10	0	10	10
126	Sudan	●	0	0	0	5
127	Suriname	●	5	5	5	5
128	Syria	●	0	0	0/10	18
129	Switzerland	●	15	5	0	0
130	Tajikistan	●	0	0	0	10
131	Thailand	●	10 ¹	10 ¹	10/15 ¹	15
132	Tunisia	●	0	0	2.5/5/10	7.5
133	Turkey	●	12	5/10	10	10
134	Turkmenistan	●	0/8	8 for dividends, qualifying dividends & interest	0/8	10
135	Uganda	●	Pending	Pending	Pending	Pending
136	Ukraine	●	-	5 ²	0/3 ²	0/10 ²
137	United Kingdom	●	15	15	0	0
138	Uruguay	●	7 ²	5 ²	0/10	0/5/10
139	Uzbekistan	●	15	5	0/10	10
140	Venezuela	●	10	0/5	0/10	10
141	Vietnam	●	15	5	0/10	10
142	Yemen	●	0	0	0	10
143	Zambia	●	Pending	Pending	Pending	Pending
144	Zimbabwe	●	0/5	0/5	0	9

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Generative AI in the United Arab Emirates: Strategy, Infrastructure, and Market Adoption

Overview

The United Arab Emirates has positioned itself as one of the most proactive governments globally in the adoption of artificial intelligence, with generative AI (GenAI) increasingly embedded within the country's broader digital transformation agenda. Over the past decade, the UAE has invested heavily in national AI strategy, research institutions, and advanced digital infrastructure to support large-scale deployment across government and industry.

For businesses operating in or entering the UAE market, the landscape combines strong government leadership, sophisticated digital infrastructure, and growing corporate experimentation with AI technologies. However, as in many advanced digital economies, organisational execution remains uneven. While leadership interest in generative AI is expanding rapidly, many organizations are still transitioning from experimentation to structured implementation.

The Government's Strategic Commitment

The UAE government has placed artificial intelligence at the center of its economic and digital transformation strategy.

In 2017, the UAE became the first country to appoint a Minister of State for Artificial Intelligence, reflecting the leadership's intention to embed AI across public services and economic development. This was followed by the launch of the UAE National Strategy for Artificial Intelligence 2031, which aims to position the country as a global AI leader while strengthening productivity,

improving government performance, and supporting economic diversification.

Implementation of the strategy is coordinated through several institutional bodies, including the UAE

Artificial Intelligence Office and the UAE Council for Artificial Intelligence and Blockchain, which oversee AI adoption across government entities. Artificial intelligence is also integrated into the country's broader economic agenda through the UAE Digital Economy Strategy, which aims to increase the digital economy's contribution to national GDP to approximately 20% by 2031.

At the regulatory level, the UAE has begun developing governance frameworks relevant to AI-driven technologies. The Federal Personal Data Protection Law (PDPL), introduced in 2021, establishes the country's primary data protection framework and is increasingly relevant as organizations deploy data-intensive AI systems.

Alongside these policy initiatives, the UAE has continued investing in AI infrastructure, research partnerships, and computing capacity through both government and sovereign-backed technology companies, positioning the country as a regional hub for advanced digital technologies.

Homegrown Capabilities: ALLaM and METABRAIN

A notable feature of the UAE's AI strategy is its investment in domestic research capabilities and foundational AI technologies.

One of the most prominent examples is Falcon, a family of large language models developed by the Technology Innovation Institute (TII) in Abu Dhabi.

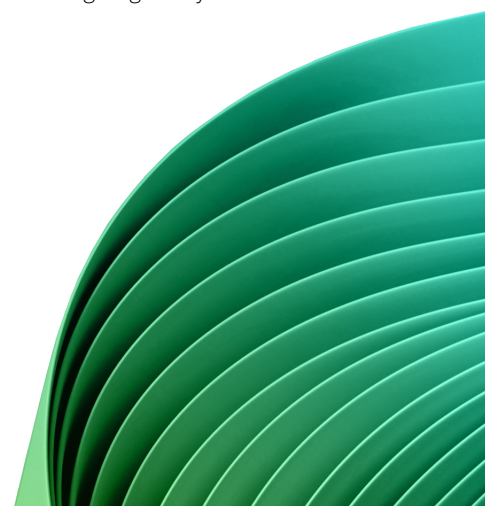
Since its launch, Falcon has gained international recognition as one of the most capable open-source large language models and has been widely adopted by researchers and developers globally.

The UAE has also invested significantly in AI talent development through the Mohamed bin Zayed University of Artificial Intelligence (MBZUAI), the world's first graduate-level research university dedicated exclusively to artificial intelligence. MBZUAI plays a central role in advancing AI research and developing specialized talent across machine learning, natural language processing, and computer vision.

These initiatives reflect a broader strategy in which the UAE seeks not only to adopt AI technologies but also to contribute to the global AI ecosystem through research, innovation, and talent development.

Government Sector: From Policy to Deployment

The UAE public sector has been among the most active adopters of AI technologies globally.



Artificial intelligence is increasingly integrated into digital government services, including smart city initiatives, predictive analytics for urban planning, automated service platforms, and digital identity systems. The country's long-standing investment in digital government infrastructure has created a strong data and technology foundation for AI-enabled services.

More recently, government entities have begun exploring generative AI applications in areas such as document processing, knowledge management, and public service automation.

For businesses entering the UAE market, this environment creates a distinctive operating context: public sector clients increasingly expect vendors and service providers to demonstrate AI-enabled capabilities across analytics, automation, and digital service delivery.

Private Sector: High Ambition, Uneven Execution

The private sector picture in the UAE is characterized by rapid experimentation but uneven organisational maturity.

A 2026 Deloitte survey on generative AI adoption in tax and finance across the GCC provides additional insight into the evolving AI landscape. The study gathered 649 responses from tax and finance leaders across Saudi Arabia, the UAE, Qatar, and Kuwait, with 26% of respondents based in the UAE.

The survey highlights that organisational maturity remains uneven. While experimentation is expanding, 63% of organizations remain in exploratory or early-stage implementation phases.

Across the region, non-adoption declined from 52% to 29% year-on-year, indicating that generative AI is gradually moving beyond awareness into experimentation and early deployment.

Research and data analysis have emerged as leading priority areas, together accounting for 41% of identified use cases. This emphasis on analytical depth and knowledge access rather than full automation reflects a pragmatic starting point for many organizations adopting generative AI.

Key Barriers to Execution

Several structural barriers continue to influence the pace of generative AI adoption.

Data readiness

Many organizations still operate with fragmented or poorly structured data environments, limiting the effectiveness of AI systems.

Talent

Demand for specialized skills in AI engineering, data science, and AI governance continues to exceed supply. While institutions such as MBZUAI are expanding the talent pipeline, recruitment remains a challenge for many organizations.

Change management

Successful AI adoption often depends as much on organisational transformation as on technological capability. Organizations scaling GenAI typically invest in internal centers of excellence, employee upskilling, and structured governance frameworks.

Governance and compliance

As generative AI adoption expands, organizations must also navigate regulatory considerations related to data protection, cybersecurity, and responsible AI use under frameworks such as the UAE's Personal Data Protection Law.

Implications for Businesses

Operating in the UAE

For companies operating in or entering the UAE market, several practical conclusions emerge.

The government will remain a major driver of AI adoption. Public sector entities are actively integrating AI into service delivery and digital transformation initiatives, and AI-enabled capabilities are increasingly expected in procurement processes.

In the private sector, many organizations are entering a period of early-to-mid adoption. Leadership awareness is strong and investment decisions are being made, but many organizations have yet to build the operational foundations required for large-scale deployment.

This environment creates opportunities for technology providers, system integrators, and professional services firms that can support organizations in areas such as data readiness, governance frameworks, implementation strategy, and workforce capability.

Organizations should also take a long-term view. Continued investment in AI research, digital infrastructure, and regulatory frameworks suggests that artificial intelligence will remain a central pillar of the UAE's economic development strategy.

*Sources: UAE Government. UAE Strategy for Artificial Intelligence 2031
 UAE Government Portal. UAE Digital Economy Strategy
 UAE Federal Government. Federal Decree-Law No. 45 of 2021 on Personal Data Protection
 Technology Innovation Institute. Falcon Large Language Models
 Mohamed bin Zayed University of Artificial Intelligence (MBZUAI)
 Deloitte. GenAI Adoption in the GCC: 2026 Survey Insights for Tax and Finance Leaders

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In addition, Deloitte publishes a Middle East Tax Handbook on yearly basis providing businesses with an overview of the tax landscape in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Palestinian Ruled Territories, Qatar, KSA, and Yemen.

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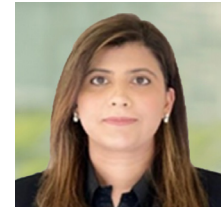


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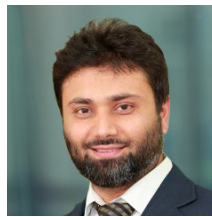
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