

UAE Individual Taxation Alert

Categories of Business/Business Activities of a Natural Person subject to Corporate Tax in UAE

Summary of Cabinet Decision No. 49 of 2023

The business/ business activities conducted in the UAE by a natural person (irrespective of his/her residential status) shall be subject to Corporate Tax in the UAE only where the total turnover (gross income) derived from such businesses or business activities exceed AED 1 million within a Gregorian calendar year.

However, the turnover from the below activities would be excluded while computing AED 1 million threshold as above:

- **Wage:** The wage that is given to the employee in consideration of their services under the employment contract, whether in cash or in kind, payable annually, monthly, weekly, daily, hourly, or by piece-meal, and includes all allowances, and bonuses in addition to any other benefits provided for, in the employment contract or in accordance with the applicable legislation in the State.
- **Personal Investment Income:** Investment activity that a natural person conducts for their personal account that is neither conducted through a License or requiring a License from a Licensing Authority in the State, nor considered as a commercial business in accordance with the Federal Decree-Law No. 50 of 2022.
- **Real Estate Investment Income:** Any investment activity conducted by a natural person related to, directly or indirectly, the sale, leasing, sub-leasing, and renting of land or real estate property in the State that is not conducted, or does not require to be conducted through a License from a Licensing Authority.

PKF Take



Emphasis of the Cabinet Decision has been on taxing activities of natural person depending upon the licensing requirement in each emirate and authority governing such Licensing requirement.

Further, any income which is not documented as wage in employee contract may not necessarily be 'not taxable'.

Thus, to assess if a natural person is taxable in the UAE, a thorough evaluation of the above criteria may be necessary.

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