

# UAE Corporate Tax news

FTA publishes a Decision specifying timelines for applying for Corporate Tax registration

February 2024

On 27 February 2024, the Federal Tax Authority (FTA) in the United Arab Emirates (UAE) issued Decision No. 3 of 2024 (the Registration Decision), outlining the timelines for Corporate Tax (CT) registration by Taxable Persons. This Decision will take effect from 1 March 2024.

The aforementioned Decision specifies various deadlines for the submission of CT registration applications, depending on the license issuance dates, tax residency, incorporation date, etc., of the taxable persons.

The Registration Decision also references Cabinet Decision (CD) No. 10 of 2024 (the Penalty Decision) regarding Administrative Penalties for Violations related to the application of Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses (UAE CT Law). The Penalty Decision stipulates an administrative penalty of AED 10,000 for failing to submit the CT registration application within the prescribed timelines.

A summary of the Registration Decision and the prescribed timelines are provided below.

## Background

According to Article (51) of the UAE CT Law, taxable persons must register with the FTA in the prescribed form and manner, and within the timeline specified by the FTA, to obtain a Tax Registration Number.

Although taxable persons were encouraged to register for CT as soon as they became aware that they would fall within the scope of CT, there was no strict timeline specified for CT registration, except for the requirement to submit a request to form a tax group before the end of the relevant tax period.

However, following the issuance of this Registration Decision, taxable persons are now required to submit their CT registration application to the FTA within the specified timelines below:

1. For Resident Juridical Persons incorporated or otherwise established or recognised prior to 1 March 2024, timeline is dependent on date of issuance of license (irrespective of year of issuance) as under:

Date of issuance of license <sup>[1]</sup>	Prescribed deadline
1 January to 28/29 February	31 May 2024
1 March to 30 April	30 June 2024
1 May – 31 May	31 July 2024
1 June – 30 June	31 August 2024
1 July – 31 July	30 September 2024
1 August – 30 September	31 October 2024
1 October – 30 November	30 November 2024
1 December – 31 December	31 December 2024
Person not having a license as on 1 March 2024 <sup>[2]</sup>	31 May 2024

2. For Resident Juridical Person incorporated or otherwise established or recognised on or after 1 March 2024, timeline is as under:

Juridical Person incorporated or otherwise established or recognized under applicable legislation:	Prescribed deadline
Within the UAE, including a Free Zone Person	3 months from the date of incorporation, establishment, or recognition
Outside the UAE i.e., in a foreign jurisdiction, and such person is effectively managed and controlled in the UAE	3 months from the end of Financial Year of the person

3. For Non-Resident Juridical Person<sup>[3]</sup>, timeline is as under:

Non-Resident Juridical Person having a:	Prescribed deadline if considered as a Non-Resident Juridical Person:	
	Prior to 1 March 2024	On or after 1 March 2024
Permanent Establishment (PE) in the UAE	9 months from the date of existence of PE	6 months from the date of existence of PE
Nexus in the UAE	31 May 2024	3 months from the date of establishment of nexus

4. For Natural Persons who conduct business or business activity in UAE during Gregorian calendar year (2024 and onwards) with turnover exceeding AED 1 million, timeline is as under:

Natural Person who is a:	Prescribed deadline
Resident Person	31 March of the subsequent Gregorian calendar year (i.e., 31 March 2025 for Gregorian calendar year 2024)
Non-resident person	3 months from the date of being subject to CT (i.e., as soon as the turnover exceeds AED 1 million)

<sup>[1]</sup> For Resident Juridical Person which has more than one license in the UAE, it further prescribes that for the purposes of determining the registration deadline the license with the earliest issuance date shall be used.

<sup>[2]</sup> While there is a requirement to register even where a license is not yet obtained by the Juridical Person, given that license details is a mandatory requirement to be submitted as part of the CT registration application, there may be practical challenges in obtaining CT registration for these cases unless license is obtained well before the deadline.

<sup>[3]</sup> Please note that a Non-Resident Juridical Person deriving only State Sourced Income, and neither having a PE in the UAE nor a nexus in the UAE, shall not be required to register for CT purposes.

## Key takeaways

In light of the aforementioned Registration and Penalty Decisions, it is crucial for all taxable persons to identify and adhere to their applicable deadlines to avoid the imposition of any administrative penalties.

The above summary highlights key aspects of the CT registration timelines as prescribed in the Registration Decision; however, it does not provide a fact-specific analysis for any taxable person. Taxable persons should meticulously assess their regulatory documentation, residential status, business activities, etc., to determine the applicable timeline for the submission of their CT registration application.

Based on our ongoing practical experience, in instances where corrections or amendments to the documentation are necessary for the purposes of such a registration application, we have observed that organizing these changes may require a significant amount of time. Therefore, it is advisable for all taxable persons to submit their applications to the FTA as early as possible and well before the deadline.

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