

Cabinet Decision No. (56) of 2023

**Regarding the Determination of the Nexus of a Non-Resident Person in the State
for the Purposes of**

**Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and
Businesses**

The Cabinet of Ministers,

Having reviewed the Constitution,

– And Federal Law No. (1) of 1972 on the Competencies of Ministries and Powers of Ministers, and its amendments,

– And Federal Decree-Law No. (13) of 2016 on the Establishment of the Federal Tax Authority, and its amendments,

– And Federal Decree-Law No. (28) of 2022 on Tax Procedures,

– And Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses,

– And based on the proposal of the Minister of Finance and the approval of the Cabinet of Ministers,

Has decided:

Article (1)

Definitions

The same definitions contained in Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses shall apply to this Decision. Otherwise, the following phrases shall have the meanings assigned to each of them, unless the context requires otherwise:

Immovable Property: a. Any parcel of land over which rights, interests, or services are created.

b. Any building, structure, or engineering work permanently attached to the land or attached to the seabed.

c. Any fixtures or equipment that constitute a permanent part of the land or are permanently attached to the building, structure, or engineering work, or are attached to the seabed.

Corporate Tax Law: Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses.

Article (2)

Nexus in the State

1. For the purposes of paragraph (c) of Clause (4) of Article (11) of the Corporate Tax Law, any non-resident juridical person shall have a nexus in the State if they derive income from any immovable property in the State.
2. For the purposes of paragraph (c) of Clause (3) of Article (12) of the Corporate Tax Law, the taxable income attributable to immovable property in the State shall include income derived from the right in rem in immovable property and from its sale, disposal, assignment, and lease, including sublease, and its direct use and exploitation in any other form.

Article (3)

Fictitious Transfer of Rights in Immovable Property

If a non-resident person makes a fictitious transfer of their right in rem in any immovable property in the State to another person or disposes of it in any other way, and such transfer or disposal is not for a genuine commercial purpose or for a non-financial purpose that reflects the economic reality, it shall be considered an arrangement to obtain a corporate tax advantage in accordance with Clause (1) of Article (50) of the Corporate Tax Law.

Article (4)

Corporate Tax Registration Requirements

A non-resident person who has a nexus in the State in accordance with Article (2) of this Decision must register for corporate tax with the Authority in accordance with Article (51) of the Corporate Tax Law.

Article (5)

Implementing Decisions

The Minister shall issue the necessary decisions to implement any of the provisions of this Decision.

Article (6)

Publication and Entry into Force

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

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued by us:

Date: 10 / Dhu al-Qi'dah / 1444 H

Corresponding to: 30 / May / 2023 AD