

Cabinet Decision No. (49) of 2023

On Determining the Categories of Businesses or Business Activities Conducted by a Resident or Non-Resident Natural Person that are Subject to Corporate Tax

The Cabinet:

Having reviewed the Constitution,

- And Federal Law No. (1) of 1972 concerning the Competencies of Ministries and the 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 Federal Decree-Law No. (50) of 2022 promulgating the Commercial Transactions Law,
- And based on the proposal of the Minister of Finance and the approval of the Cabinet,

Has decided:

Article (1)

Definitions

1. For the purposes of this Decision, the following words and phrases shall have the meanings assigned to them below, unless the context otherwise requires:

Revenue : The gross amount of income derived during a calendar year.

Wages : The remuneration given to an employee for his work under an employment contract, whether in cash or in kind, paid annually, monthly, weekly, or daily on an hourly or piecework basis, and includes allowances, bonuses, and any other benefits granted to the employee under the employment contract or the legislation in force in the State.

Personal Investment : The investment activity conducted by a natural person for his own personal account, which is not conducted, and does not require a licence from a licensing authority in the State to be conducted, and is not considered a commercial business under the provisions of the aforementioned Federal Decree-Law No. (50) of 2022.

Real Estate Investment : Any investment activity conducted by a natural person directly or indirectly related to the sale, leasing, or subleasing of land or real

estate in the State, which is not conducted, and is not required to be conducted, under a licence from a licensing authority in the State.

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

2. Other words and phrases used in this Decision shall have the same meanings assigned to them in the Corporate Tax Law, unless the context otherwise requires.

Article (2)

Categories of Businesses or Business Activities of a Natural Person Subject to Corporate Tax

1. For the purposes of Clause (6) of Article (11) of the Corporate Tax Law, the Businesses or Business Activities conducted by a resident or non-resident natural person shall be subject to Corporate Tax only if the total Revenue derived from such Businesses or Business Activities exceeds AED 1,000,000 (one million) within a calendar year.
2. Notwithstanding the provisions of Clause (1) of this Article, activities that generate revenue from the following sources shall not be considered as Businesses or Business Activities conducted by a resident or non-resident natural person subject to Corporate Tax, regardless of the amount of revenue generated from such activities:
 - a. Wages.
 - b. Personal Investment income.
 - c. Real Estate Investment income.
3. A natural person who does not conduct Businesses or Business Activities subject to Corporate Tax in accordance with the provisions of this Article shall not be required to register for Corporate Tax.

Article (3)

Executive Decisions

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

Article (4)

Publication and Entry into Force

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

Mohammed bin Rashid Al Maktoum
Prime Minister

Issued by us:

On: 18 Shawwal 1444 H

Corresponding to: 8 May 2023