



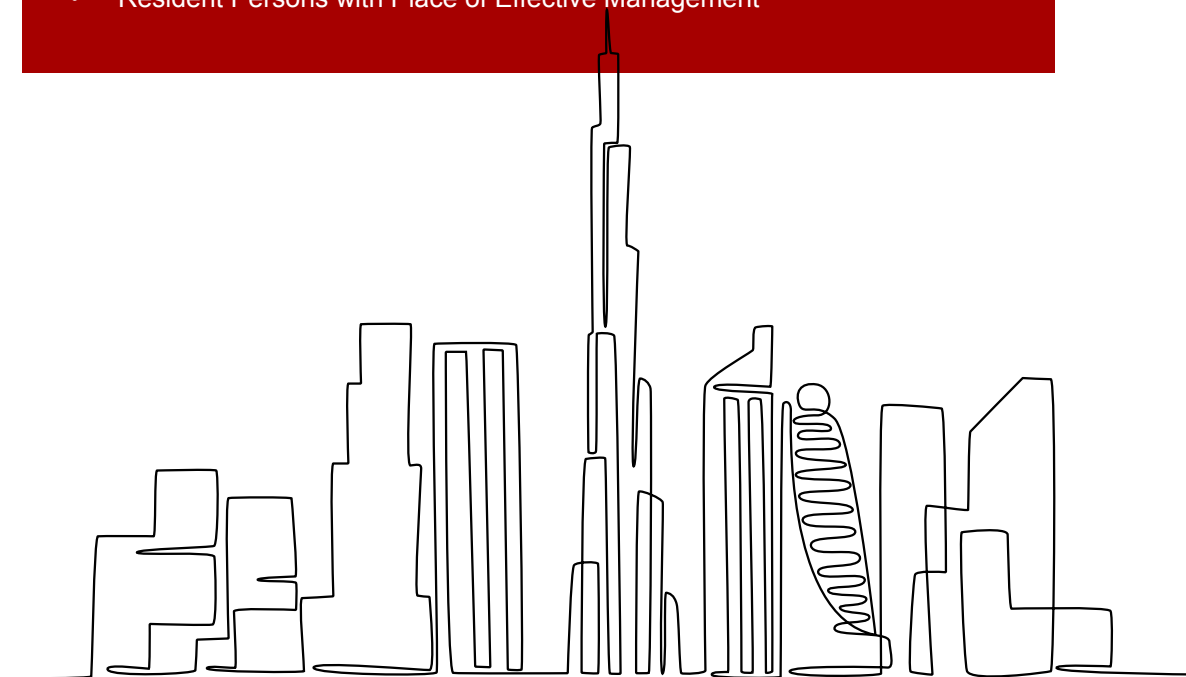
Corporate Tax Public Clarification On First Tax Period

01.

The FTA has issued a Corporate Tax Public Clarification CTP003 on First Tax Period of a Juridical person. Tax Period is the Financial Year for which the tax return is to be filed. The first Financial Year may not necessarily be a 12-month period, but instead can be a period between 6 months and 18 months.

This clarification provides illustrations for determining the first Tax Period for the following categories of Taxable Persons–

- Juridical Persons
- Non-Resident Persons with a Permanent Establishment
- Resident Persons with Place of Effective Management



02.

Juridical Persons

For a Juridical Person subject to the Commercial Companies Law:

- **Incorporated before June 1, 2023:** The first Tax Period shall be the first financial year commencing on or after June 1, 2023
- **Incorporated on or after June 1, 2023:** The first Tax Period shall be from the date of incorporation to the end of the financial year, which may be between 6 and 18 months



On illustration basis, the Tax period is determined as under:

Sl. No.	Date Of Incorporation	Financial Year adopted by the company	First Tax Period
Incorporated before effective date Jun 1, 2023			
1	1 Feb 2023	Jan - Dec	1 Jan 2024 - 31 Dec 2024
Incorporated after effective date Jun 1, 2023			
2	2 Jan 2024	Apr - Mar	2 Jan 2024 - 31 Mar 2025
3	20 Dec 2023	Sep - Aug	20 Dec 2023 - 31 Aug 2024

03.

Non-resident Person with Permanent Establishment(PE)



- **PE Existed before effective date June 1, 2023:** The first Tax Period shall be the first financial year commencing on or after June 1, 2023
- **PE Existed after effective date June 1, 2023:** The first Tax Period shall be from the date of incorporation to end of the financial year which may be between 6 months and less than 18 months

On illustration basis, the Tax period is determined as under:

Sl. No.	Date Of Incorporation	Date of existence of Permanent Establishment (PE)	Financial Year adopted by the company	First Tax Period
Incorporated before effective date June 1, 2023				
1	1 Feb 2022	1 Dec 2023	Feb - Jan	1 Feb 2024 - 31 Jan 2025
Incorporated after effective date June 1, 2023				
2	1 Aug 2024	1 Feb 2025	Jan - Dec	1 Aug 2024 - 31 Dec 2025

04.

Resident Person with Place of Effective Management and Control (PoEM)

- **PoEM before June 1, 2023:** The first Tax Period shall be the first financial year commencing on or after June 1, 2023
- **PoEM on or after June 1, 2023:** The first Tax Period shall be from the date of effective management and control to the end of the financial year, which may be between 6 and 18 months



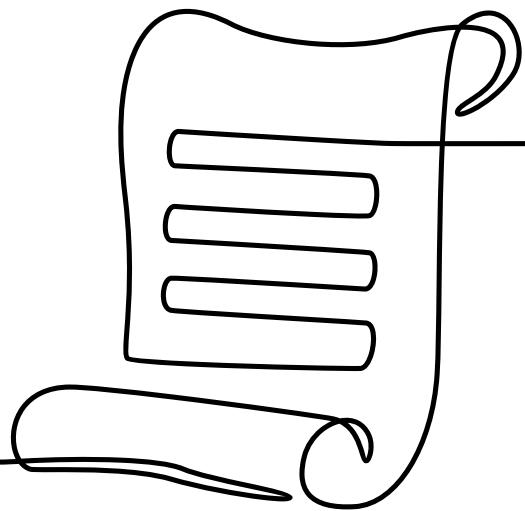
On illustration basis, the Tax period is determined as under:

Sl. No.	Date of Effective Management and Control in the UAE (assumption)	Financial Year adopted by the company	First Tax Period
PoEM before effective date June 1, 2023			
1	21 Dec 2022	Jan - Dec	1 Jan 2024 - 31 Dec 2024
PoEM after effective date June 1, 2023			
2	1 Sep 2023	Sep - Aug	1 Sep - 2023 - 31 Aug 2024
3	1 Sep 2023	Jan - Dec	1 Sep 2023 – 31 Dec 2024

05.

Deregistration

- **Cease to exist before Tax period:** Not required to register for Corporate Tax
- **Cease to exist after Tax period:** A company is obliged to register for Corporate Tax and the first Tax period will come to an end on the cessation date.

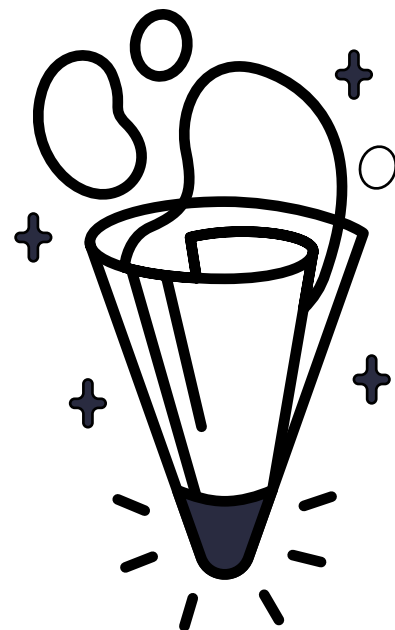


On illustration basis, the Tax period is determined as under:

Sl. No.	Date Of Incorporation	Financial Year adopted by the company	Cease to exist	First Tax Period	Remarks
Cease to exist before Tax period					
1	1 Dec 2020	Sep - Aug	25 Jul 2023	1 Sep 2023 - 31 Aug 2024	No need to register
Cease to exist after Tax period					
2	30 Oct 2015	Jan - Dec	2 Jul 2024	1 Jan 2024 - 2 Jul 2024	Deregister by 2 Oct 2024

Key Takeaways:

- Where the first Tax Period is longer or shorter than a 12-month period, Taxable Persons should not apply a pro-rata approach in respect of the thresholds prescribed under the Corporate Tax, **except for the de minimis threshold for interest deduction limitations.**
- A registered business must apply for Tax Deregistration within 3 months of the cessation of business or business activity during the first Tax Period.



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TAX

Direct Tax

- UAE Corporate Tax
 - » First Time Adoption
 - » Tax Compliance
 - » Tax Advisory
 - » Tax Training
- Transfer Pricing [TP]
 - » Country by Country Reporting [CbCR]
 - » TP Local File and Master File
 - » TP Advisory
- International Tax
 - » Review of International Transaction
 - » Economic Substance Regulation
 - » Tax Residency Certificate
 - » Ultimate Beneficial Owner Regulation [UBO]

Indirect Tax

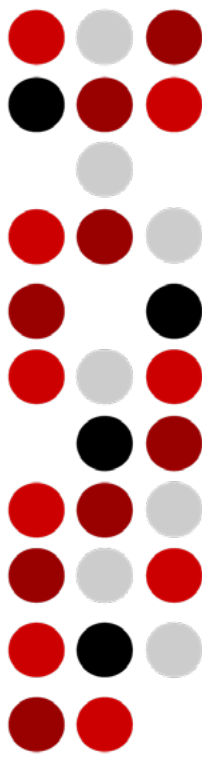
- Value Added Tax [VAT]
 - » Advisory
 - » Tax Agency Service
 - » Pre- Tax Audit
 - » VAT Return Filing & Refund
 - » Registration/De-registration
 - » Representation to FTA
- Excise Tax
- Customs Tax

Company Incorporation

- Company Formation
 - » Mainland
 - » Free Zone
 - » Offshore
- Local | Corporate Sponsorship
- Company Liquidation
- Offshore Registered Agent –JAFZA
- PRO Service



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Disclaimer:

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