



UAE Tax Residency Rules – Important Consideration for Individuals

Tax Alert

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Tax Alert – UAE Tax Residency Rules

In the framework of the constant efforts deployed by the United Arab Emirate (UAE) towards tax transparency and international tax cooperation, the Ministry of Finance (MoF) has issued a set of Cabinet Decisions aiming at harmonizing and clarifying the rules applicable to tax residency. This Tax Alert is summarizing key takeaways of Cabinet Decision No. 85 (effective 1st March 2023) and Ministerial Decision No. 27 (issued 22nd February 2023) relevant for individuals.

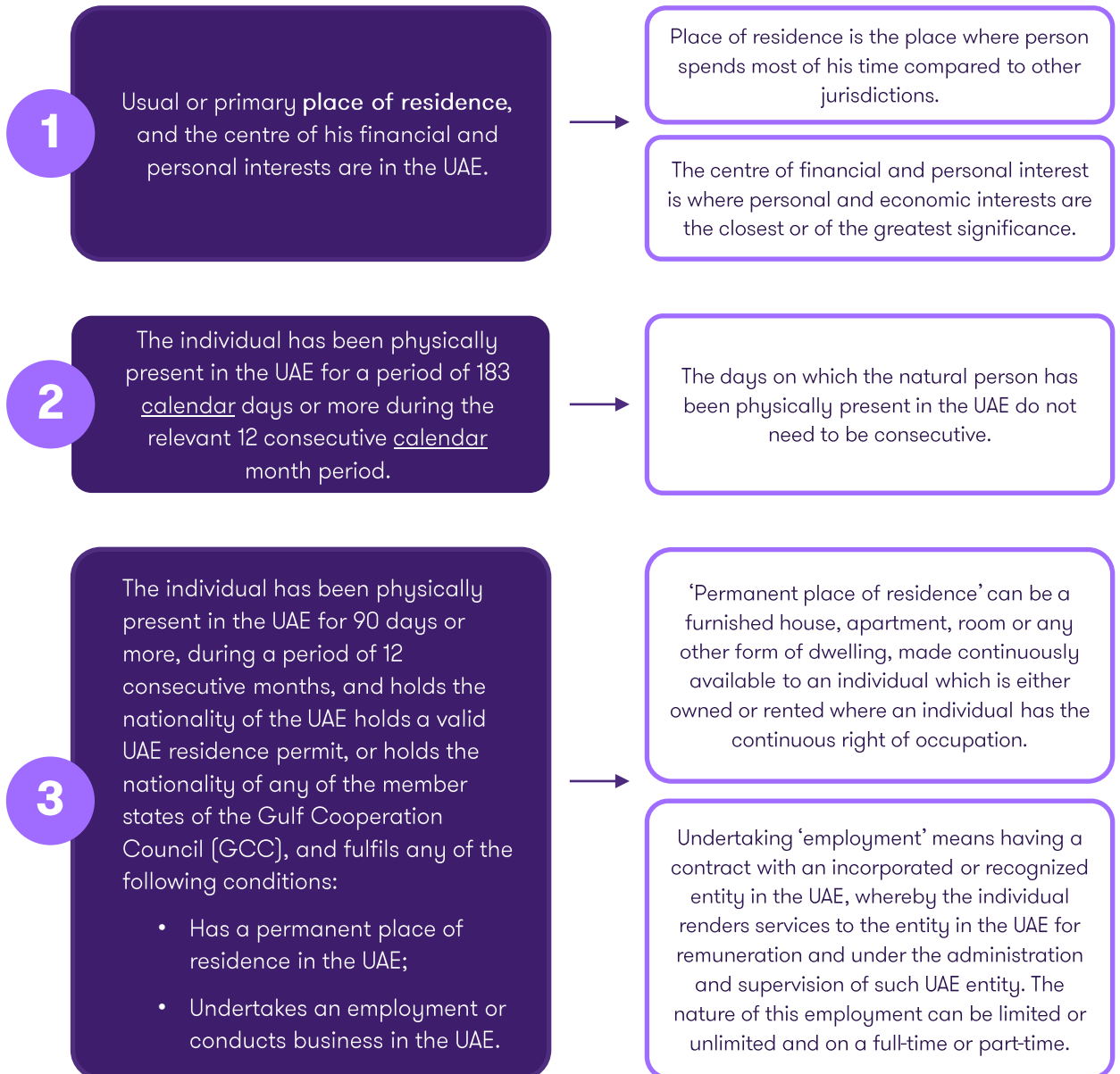


I. UAE Tax residency criteria for individuals

The table below is based on the above-mentioned Cabinet Decisions and should help to determine a tax residency status of an individual.

An individual will be treated as a UAE tax resident if any of the following conditions is met:

Each condition is explained in detail:



II. Important Considerations

- To obtain a tax residence certificate ('TRC') from the UAE Federal Tax Authority ('FTA') those individuals who are meeting relevant conditions should submit their TRC applications online on the Federal Tax Authority portal. The set of documents that are required to be submitted for the TRC application are:

- Passport
- Emirates ID (Optional)
- Entry and exit report from Federal Authority of Identity and Citizenship or a local competent Government entity

For an Individual who spent more than 183 days/ less than 183 days, but equal & more than 90 days in the UAE:

- Salary certificate / proof of carrying on a business in the UAE.
- Proof of permanent place of residence (title deed, EJAIR, utility bills etc.)

For an Individual who spent less than 90 days in the UAE:

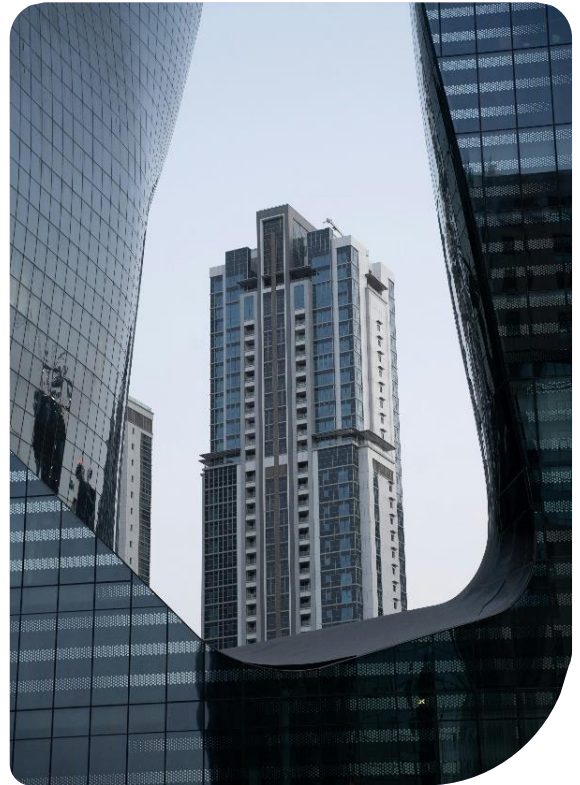
- Proof of financial and personal interests (see below)
- Proof of permanent place of residence

- For instance, in determining whether the centre of financial interest is in the UAE, the FTA will assess a combination of factors, such as occupation of the individual, familial and social relations, cultural or other activities, place of business, place from which the property of the natural person is administered etc. Thus, we may expect a variety of documents to be requested by the FTA to prove that such condition is met.
- In case an individual has spent time in the UAE due to exceptional circumstances (an event or situation beyond the individual's control, such as war, etc.), such days should be disregarded in determining whether such an individual has met the condition of spending **183** or **90** days in the UAE.



Food for Thought

- As of today, the UAE does not levy personal income tax on the income of natural persons, thus even when an individual is recognised as a UAE tax resident, such an individual should not be subject to personal income tax. However, it should be noted that the UAE Corporate Tax Law levies corporate income tax on individuals if they conduct certain types of business activity in the UAE.
- Tax residency rules are important for many individuals who come to UAE for employment, business, or other purposes since they could be still taxed in their home country on income received in the UAE. However, such rules should be read in conjunction with the applicable international tax treaties and provisions of the domestic tax laws and regulations.



How can we help you?

Identification of tax residency status of individuals

Obtaining tax residency certificates in the UAE

Assessing the applicability of UAE Corporate Tax to individuals

Calculation of UAE Corporate Tax liability of individuals

Assessing permanent establishment risks

Analysis of double tax treaty benefits

Contact our Tax team

For more details regarding this Tax Alert or other Tax issues, reach out to our team of experts on the latest Tax developments within the UAE and the Middle East region.



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