



# Tax Procedures Guide on Tax Resident and Tax Residency Certificate

Tax Alert

October 2024

In continuation to our previous Tax Alert released in September 2024 on UAE Tax Residency Rules for Individuals, we would like to bring to your notice that the UAE Federal Tax Authority (FTA) released a new Guide (TPGTR1) on “Tax Residency and Tax Residency Certificate” on October 18, 2024.

This Guide provides detailed explanations with examples of the following aspects:

- Determination of tax residency for a juridical or natural taxable person under UAE Corporate Tax law and the relevant Double Tax Treaties (DTA)
- Requirements for obtaining a Tax Residency Certificate (TRC), the process of obtaining a TRC, requisite documentation and applicable fees.

**Key highlights of concepts discussed in the Guide are summarized below:**

➤ **Tax Residency under Domestic Tax Law**

- A juridical person is considered to be a Tax Resident of the UAE if they are –
  - i. incorporated or otherwise formed or recognized in the UAE. This would also include Free Zone registered companies and **offshore companies**;
  - ii. considered a Tax Resident of the UAE under other Tax Laws in the UAE such as the UAE Corporate Tax Law;
  - iii. effectively controlled and managed from the UAE i.e., where the place of effective management (**POEM**) of the juridical person happens to be in UAE. The new guide provides clarification on the factors to consider when determining whether key commercial and management decisions are being made in the UAE or elsewhere. These are critical in assessing and establishing if the **POEM** is in the UAE.







- The Guide has detailed three tests that can be used to identify who the key management and commercial decision makers are. This is important in separating those individuals who substantially make decisions and those who formalize or approve decisions made by others. Determining whether key management and commercial decisions have been undertaken in the UAE is crucial in assessing the POEM of a juridical person. The tests provided for identifying key management and commercial decision-makers are as follows:

**I. Board of directors' test** – Usually, the board of directors are legally entrusted to make key management decisions. The composition of the boards and the role of directors needs examination to determine if directors are substantially the makers of management decisions or implement decisions made by others.

**II. The delegations of authority test** - Consideration must be given to persons who develop and make key decisions and how the board of directors is implementing those decisions. Further, whether the board of directors has appointed another person to make decisions needs to be analysed.

**III. The shareholder's activity test** - Decisions undertaken by the shareholders must go beyond decisions related to guidance or influence on the normal management and policy formulation of the juridical person's activities.

- A natural person is considered a Tax Resident in the UAE subject to meeting any of the relevant conditions (refer to our previous tax alert - [Grant Thornton UAE | Tax Alert - UAE Tax Residency Rules](#)).

➤ **Tax Residency under Double Taxation Agreements (DTA)**

- A DTA that is in force in the UAE, takes precedence over the provisions of any domestic law. Meeting the definition of a resident person under the UAE Corporate Tax Law does mean that a resident person will be considered a tax resident in UAE for the purpose of the DTA.
- Government Entities, Government Controlled Entities and other Exempt Persons under the UAE CT Law are eligible to avail benefits under the DTAs wherever relevant.
- A natural person will be considered a UAE tax resident for DTA purposes if he or she meets the conditions set out in the applicable DTA.
- Application of DTA tie-breaker rules for juridical and natural persons where tax residency is achieved as per the UAE corporate Tax law and relevant DTA.

➤ **Periods covered under TRC issued by the FTA**

- TRC can only be obtained for the current tax period or prior tax period (cannot exceed 12 months)
- Juridical Person – Tax Period is the Financial Year.
- Natural Person – Tax Period is the Gregorian calendar year.
- Newly incorporated companies who have yet to file a Corporate Tax Return must be established for 12 months before being eligible to apply for a Tax Residency Certificate.
- The FTA will consider applications on the following basis with respect to TRCs for the current period:

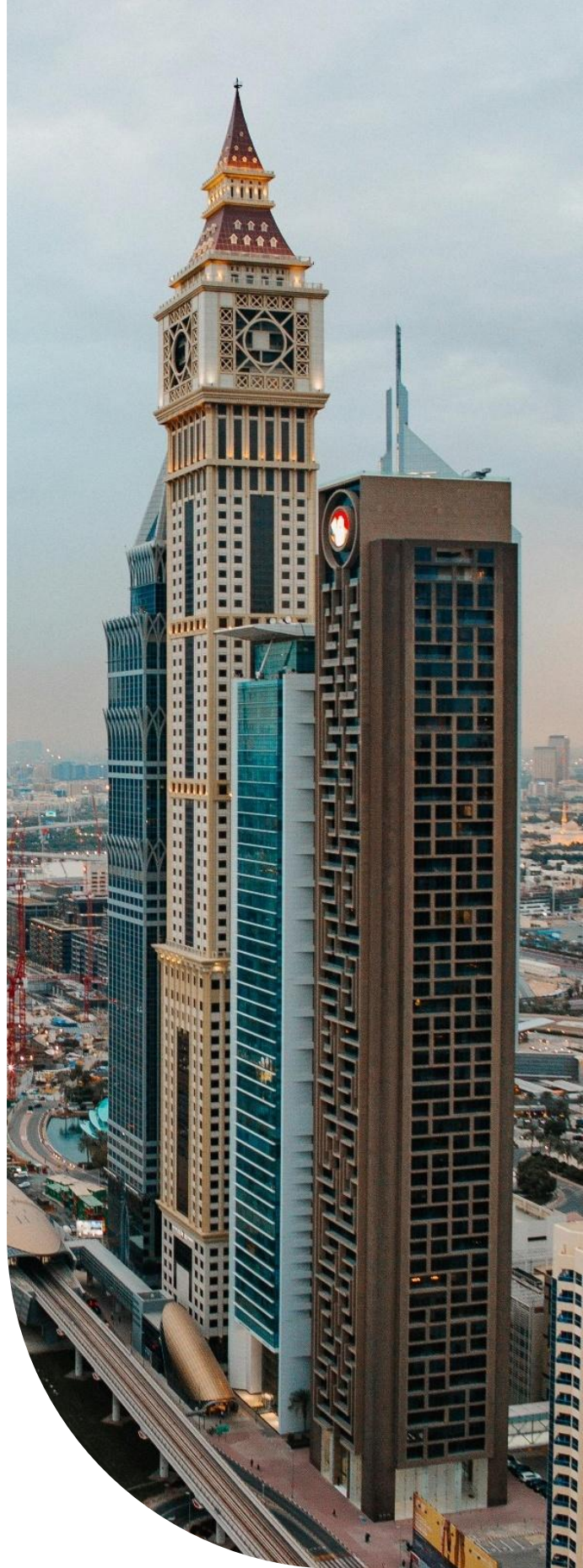
<b>Juridical Person</b>	After 3 months into the period
<b>Natural Person</b>	As soon as the criteria to be Tax Resident are met
<b>Government Entities &amp; Government Controlled Entities</b>	One day into the period





## ➤ How to Apply for a TRC

- Applications for TRCs for either natural persons or juridical persons can be done on the EmaraTax Portal. The application steps on EmaraTax are as follows:
  1. Go to the [EmaraTax portal](#).
  2. Create an account (if you already have an EmaraTax account, you can use the same or link your account from the older Tax Certificate Portal).
  3. Once logged in, select “Other Services”.
  4. Select “Tax Residency” .
  5. Select the TRN for the applicant applying for a TRC (There is a “No TRN” option. Applicants with a TRC will incur reduced application fees and will have some details auto-filled in the TRC application).
  6. Select the type of TRC requested.
  7. Complete remaining fields and upload required supporting documentation.
  8. Pay the submission fees.
  9. Submit the application.
  10. If the FTA approves the application the applicant should then pay the processing fees within 30 business days.
  11. Download the TRC.



➤ The following are the documents required for the TRC application for purposes other than the application of a Double Taxation Agreement.

Type of Applicant	Document requirements
Natural person	<ol style="list-style-type: none"> <li>1. Has been physically present in the UAE for 183 days or more in a consecutive 12-month Period,               <ol style="list-style-type: none"> <li>a. An Emirates ID or residence visa</li> <li>b. Copy of passport and entry and exit report from the Federal Authority of Identity and Citizenship or a local competent Government entity.</li> </ol> </li> <li>2. Has been physically present in the UAE between 90-182 days in a consecutive 12-month period:               <ol style="list-style-type: none"> <li>a. one of the following:                   <ul style="list-style-type: none"> <li>• Emirates ID and resident visa, or</li> <li>• copy of passport, and entry and exit report from the Federal Authority of Identity and Citizenship or a local competent Government entity,</li> </ul> </li> </ol> <p>AND</p> <ol style="list-style-type: none"> <li>b. one of the following:                   <ul style="list-style-type: none"> <li>• proof of employment or Business: proof of source of income, salary certificate, or evidence of carrying on a business in the UAE, or</li> <li>• proof of permanent place of residence: for example, certified tenancy contract, other long-term rental contracts, or written or signed statement from the landlord or owner of the property, or title deed with a utility bill (i.e. water/electricity or gas) in the name of the natural person.</li> </ul> </li> </ol> </li> <li>3. Has a primary place of residence and centre of financial and personal interests in the UAE:               <ol style="list-style-type: none"> <li>a. One of the following                   <ul style="list-style-type: none"> <li>• Emirates ID and resident visa, or</li> <li>• copy of passport, and entry and exit report from the Federal Authority of Identity and Citizenship or a local competent Government entity.</li> </ul> </li> <li>b. proof of financial and personal interests in the UAE: a written statement explaining how the applicant believes their financial and personal interests are in the UAE, alongside all supporting documentation, and</li> <li>c. proof of primary place of residence: for example, certified tenancy contract, other long-term rental contracts for each property residing in, or written and signed statement from the landlord or owner of the property, or title deed with a utility bill (i.e. water/electricity or gas) in the name of the natural person, and</li> <li>d. proof of source of income, if applicable: for example, salary certificate, share certificate, Trade License, savings, or other proofs of income (e.g. local bank statements).</li> </ol> </li> </ol>
Juridical Person	<ol style="list-style-type: none"> <li>a. License (for example, a trade license) and lease agreement,</li> <li>b. UAE Corporate Tax TRN, if applicable,</li> <li>c. certificate of incorporation,</li> <li>d. certified copy of the Memorandum of Association,</li> <li>e. authorised signatory (name, Emirates ID and passport) and proof of their authorisation (Establishment Contract or the Power of Attorney).</li> <li>f. proof of being effectively managed and controlled in the UAE (if applicable) – this should be a written statement explaining how the applicant believes their effective management and control is in the UAE, alongside all supporting documentation.</li> </ol>

➤ The following are the documents required for the TRC application for Double Taxation Agreement Purposes.

Type of Applicant	Document requirements
<b>Natural Persons</b>	<p>a. a. one of the following: Emirates ID and resident visa, or copy of passport, and entry and exit report from the Federal Authority of Identity and Citizenship or a local competent Government entity</p> <p>b. proof of residence, if applicable,</p> <p>c. source of income/salary certificate,</p>
<b>Juridical Person</b>	<p>a. License (for example, a trade license) and lease agreement,</p> <p>b. UAE Corporate Tax TRN, if applicable,</p> <p>c. certificate of incorporation,</p> <p>d. certified copy of the Memorandum of Association,</p> <p>e. authorised signatory (name, Emirates ID and passport) and proof of their authorisation (Establishment Contract or the Power of Attorney).</p> <p>f. proof of being effectively managed and controlled in the UAE (if applicable) – this should be a written statement explaining how the applicant believes their effective management and control is in the UAE, alongside all supporting documentation.</p>

➤ Fees

Submission Fees	AED 50 (non-refundable)
Review of the application and issuance of an electronic TRC to a juridical or natural person with a UAE CT TRN.	<b>AED 500</b>
Review of the application and issuance of an electronic TRC to a natural person without a UAE CT TRN.	<b>AED 1, 000</b>
Review of the application and issuance of an electronic TRC to a natural person without a UAE CT TRN.	<b>AED 1, 750</b>
Hard Copy Certificate	<b>AED 250</b>

- The Guide clarifies who will be considered a Resident of the UAE for Corporate Tax purposes and elaborates on the basis on which UAE CT residency should be determined.
- The Guide provides further guidance and decision-making criteria so that entities can determine their POEM. The Guide provides various tests for determining who their key management and strategic decision makers are and how to determine where key strategic and management decisions are made in the UAE.
- The Guide has discussed the nuances regarding the key considerations for either natural or juridical persons in determining their tax residence and detailed the process of obtaining a TRC including clarification on the administrative procedures, documentation, and fees for applying to the FTA to obtain a TRC.

# How can we help you?

Identification of tax residency status of individuals and juridical persons

Obtaining tax residency certificates in the UAE from FTA

Examining the POEM risks for juridical persons in UAE

Assessing permanent establishment risks

Analysis of double tax treaty benefits

## Our Team



### Steve Kitching

Partner  
Head of Tax

T +971 58 550 9064  
E [steve.kitching@ae.gt.com](mailto:steve.kitching@ae.gt.com)



### Anuj R. Kapoor

Partner  
International Tax

T +971 56 369 8944  
E [anuj.kapoor@ae.gt.com](mailto:anuj.kapoor@ae.gt.com)



### Isabel Strassburger

Director  
Corporate Tax

T +971 4 388 9925  
E [isabel.strassburger@ae.gt.com](mailto:isabel.strassburger@ae.gt.com)



### Hassan Fadda

Director  
Tax Advisory

T +971 4 388 9925  
E [hassan.fadda@ae.gt.com](mailto:hassan.fadda@ae.gt.com)



### Tatiana Stupenkova

Associate Director  
Corporate Tax

T +971 58 570 3187  
E [tatiana.stupenkova@ae.gt.com](mailto:tatiana.stupenkova@ae.gt.com)



### Amisha Anil

Associate Director  
International & Corporate Tax

T +971 50 801 0768  
E [amisha.anil@ae.gt.com](mailto:amisha.anil@ae.gt.com)

### Disclaimer:

This document does not contain legal, compliance, and/or any other advice and is only meant to highlight certain information for ease of understanding. It is the responsibility of each entity to obtain their own legal and/or other professional advice in relation to applicability of the aforesaid provisions.



## Abu Dhabi

DD-16-121-031  
16<sup>th</sup> Fl. WeWork Hub 71  
Al Khatem Tower  
ADGM Square  
Al Maryah Island  
Abu Dhabi, UAE

**T** +971 2 666 9750

**F** +971 2 666 9816

## Sharjah

Al Bakr Tower  
Office 305  
7/9 Al Khan Street  
Sharjah, UAE

**T** +971 6 525 9691

**F** +971 6 525 9690

## Dubai

The Offices 5  
Level 3, Office 303  
One Central, DWTC  
PO Box 1620  
Dubai, UAE

**T** +971 4 388 9925

**F** +971 4 388 9915



**Grant Thornton**

© 2024 Grant Thornton UAE. All rights reserved.

Grant Thornton refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.