

UAE Tax Residency – Interplay with international domicile rules

February 2025



UAE Recent Developments



Introduction of Corporate Tax & Pillar 2



Long Term Residency Options – Golden Visa/ Blue Visa



Continued access to GCC tax treaties



Access to alternate payment mechanisms e.g., cryptocurrency



Proximity to Emerging Markets



Evolving economy with increased focus on tech e.g., R&D innovation incentives

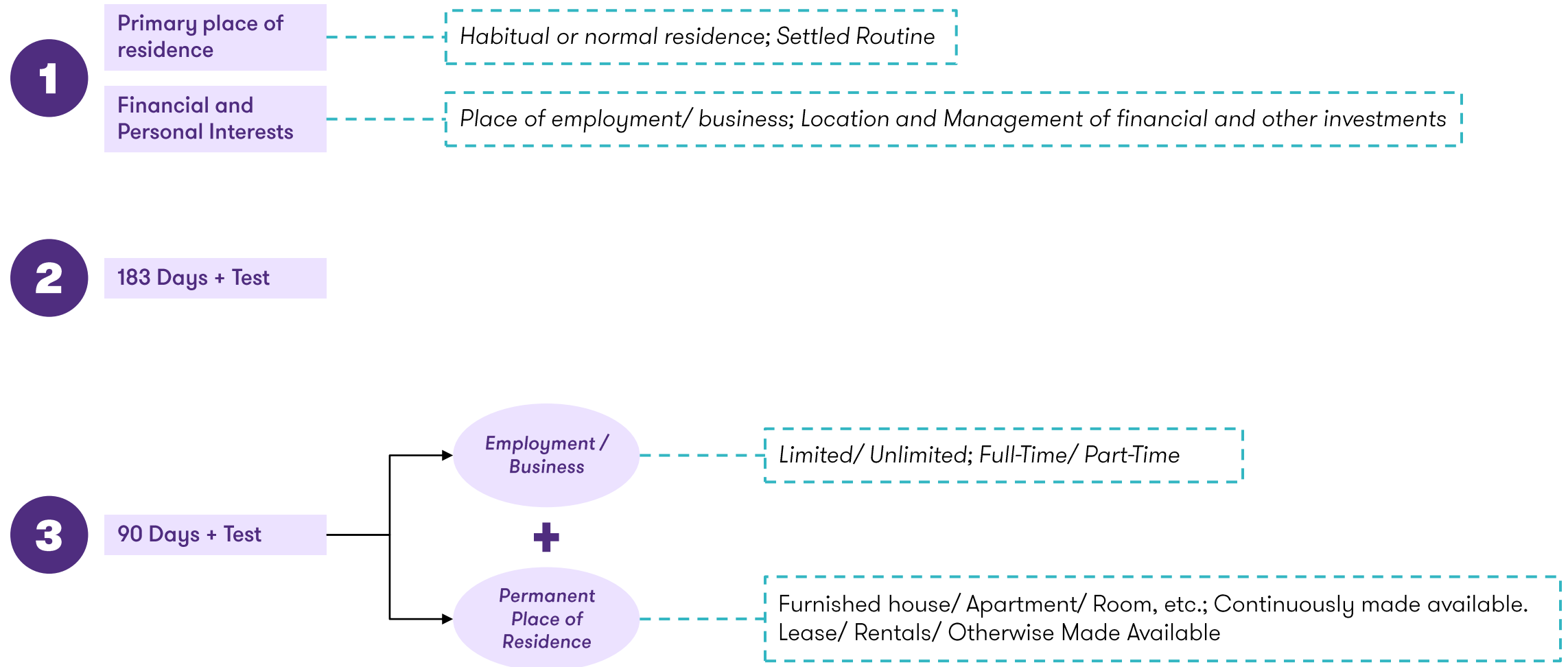


Ease of access to international capital and labour

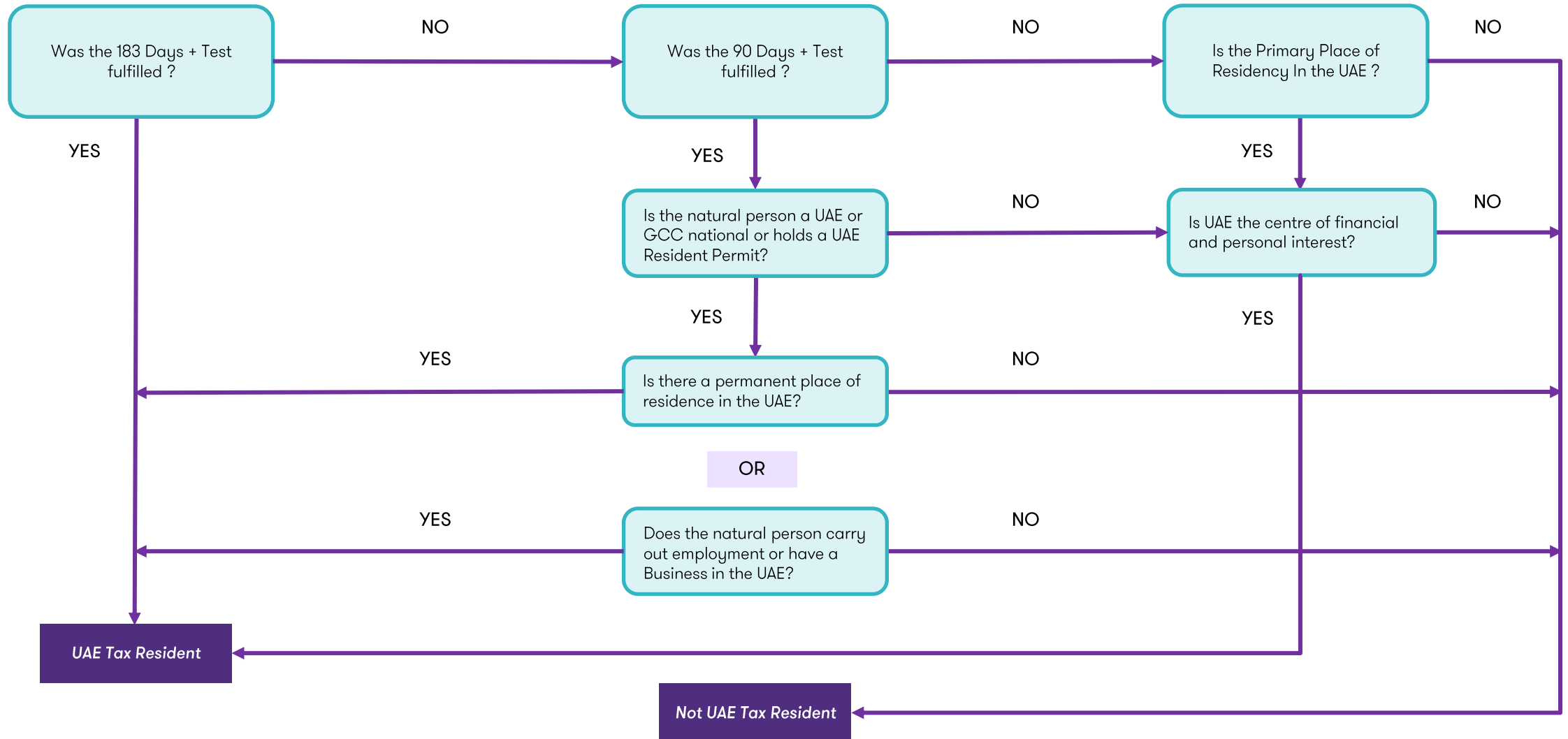


Digital Banking Options

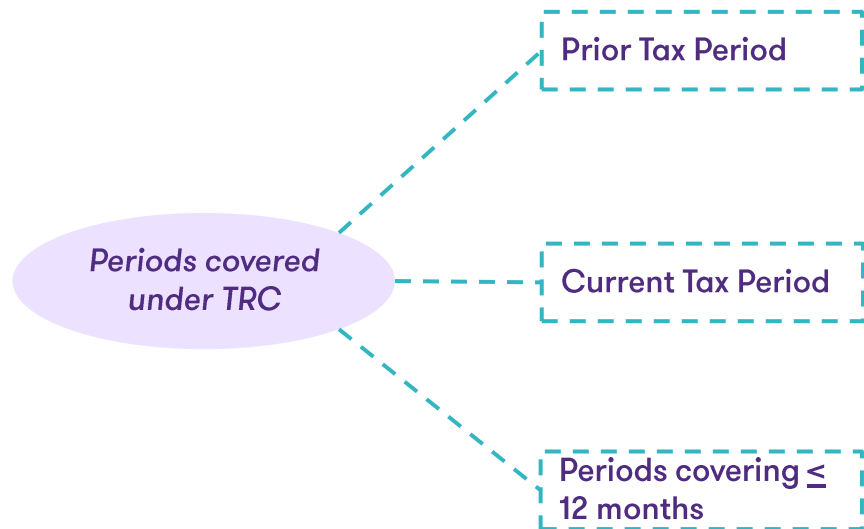
Basic premise



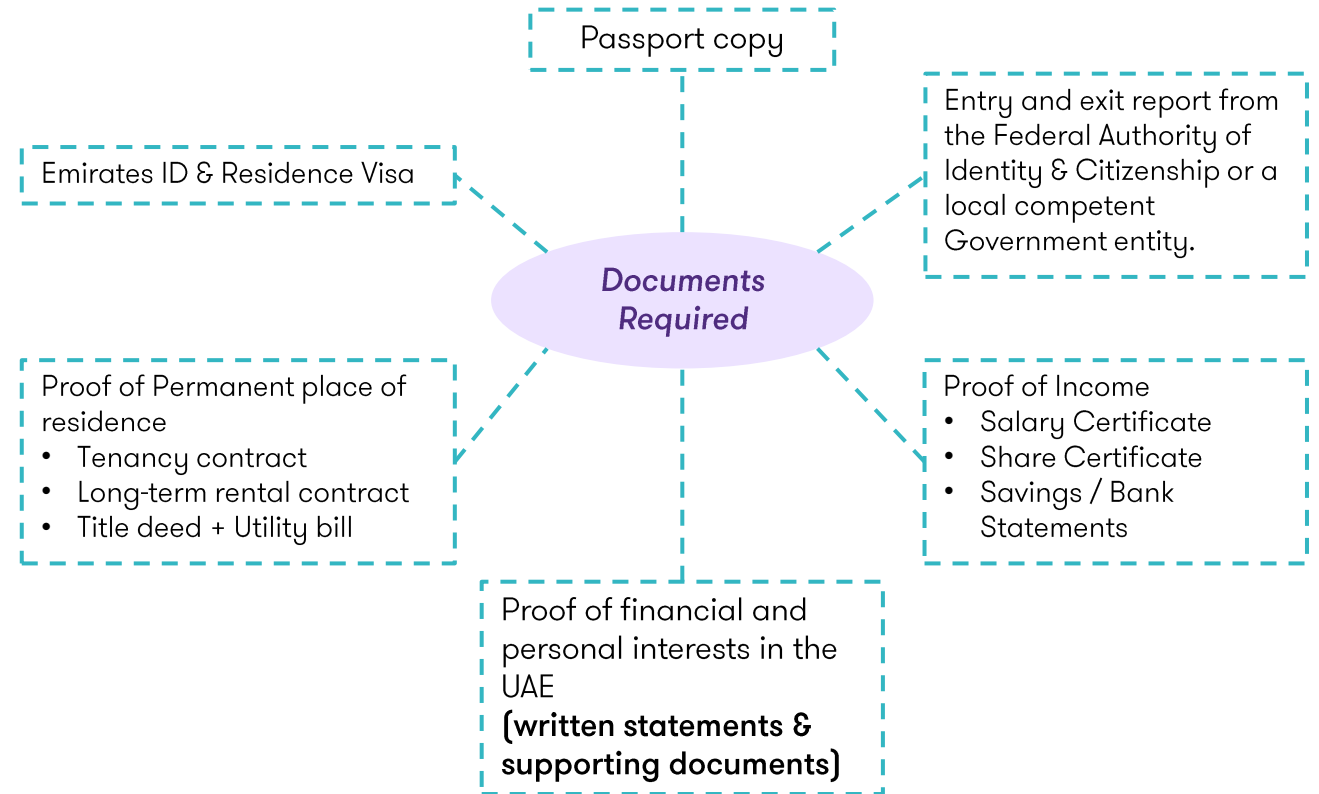
Decision flow-chart



Tax Residency under UAE domestic law - Administrative Procedures



Exempt Persons shall also be able to apply for a TRC.



Taxation of Natural Persons (1/2) - Overview

Natural Persons are subject to Corporate Tax on:

- 1 Business or Business Activity conducted in the UAE**
 - Place of work or residents of the UAE,
 - Location of contracting or business development
 - Location of the assets

- 2 Total Turnover > AED 1 Mn within Calendar Year**
 - Exclusions:
 - Wage
 - Personal Investment Income
 - Real Estate Investment Income

- 3 Not Exempt within the Small Business Relief**
 - Revenue from the taxable Business / Business Activity in the current & previous Tax Periods < AED 3 Mn for each Tax Period.

Non-Resident Natural Person are subject to Corporate Tax on:

- 1 State Sourced Income**
 - UAE Resident Person,
 - UAE PE of a Non-Resident Person, or
 - Activities performed, assets located, capital invested, rights used, or services performed or benefitted from in the UAE.

- 2 Income not derived through a Business or Business Activity conducted in the UAE.**

Taxation of Natural Persons (2/2) – Real Estate Investment Income

Real Estate Investment

Direct or Indirect sale, leasing, sub-leasing, and renting of land or real estate property in the UAE that is not conducted through a License

Key Points:

- The third party's use of the land or real estate property is **irrelevant**.
- Applies land or real estate property **in the UAE** and/ or **outside of the UAE**.
- Natural person may engage a third-party agent to manage the renting on their behalf.

UAE Residency Clauses in Key UAE Treaties

Treaty	Residency Clauses
UAE – UK Treaty	<i>Domiciled in UAE or has habitual abode or centre of vital interest in UAE</i>
UAE – Switzerland Treaty	<i>Domiciled in the UAE and maintains a <u>substantial presence</u> in the UAE</i>
UAE – Singapore Treaty	<i>As per the domestic tax laws in the respective countries</i>
UAE – India Treaty	<i>Natural person in the UAE > 183 days in a calendar year</i>
UAE – Cyprus Treaty	<i>Domiciled / Resident in UAE</i>

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