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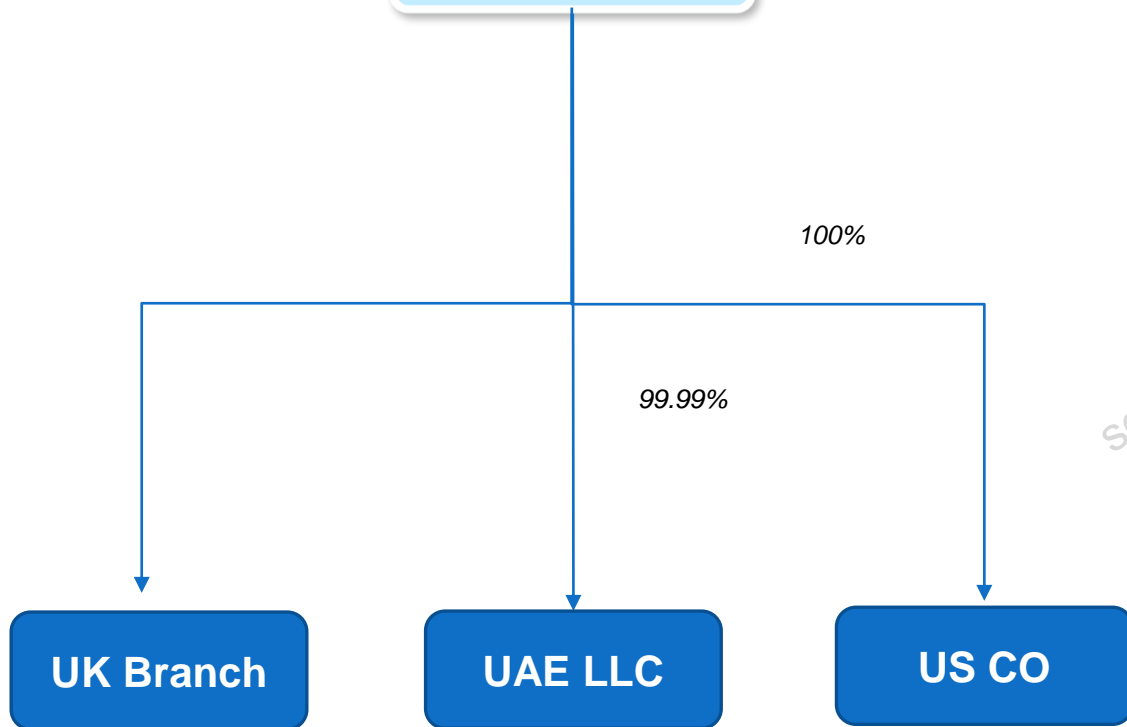
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UAE RESIDENT COMPANIES - WORLDWIDE INCOME TAX + EXEMPTION

**UAE RESIDENT
CO.**



UAE Resident company taxed on worldwide income (capital gains included)

Exemption – Income from investment in companies

Exemption – Foreign Co and branch operation profits

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EXEMPTION TO UAE RESIDENT COMPANY – INCOME FROM DOMESTIC CO

UAE RESIDENT
CO.

100%

UAE Free
Zone entity

UAE LLC

Dividend from UAE LLC ?

Dividend from UAE Free Zone entity ?

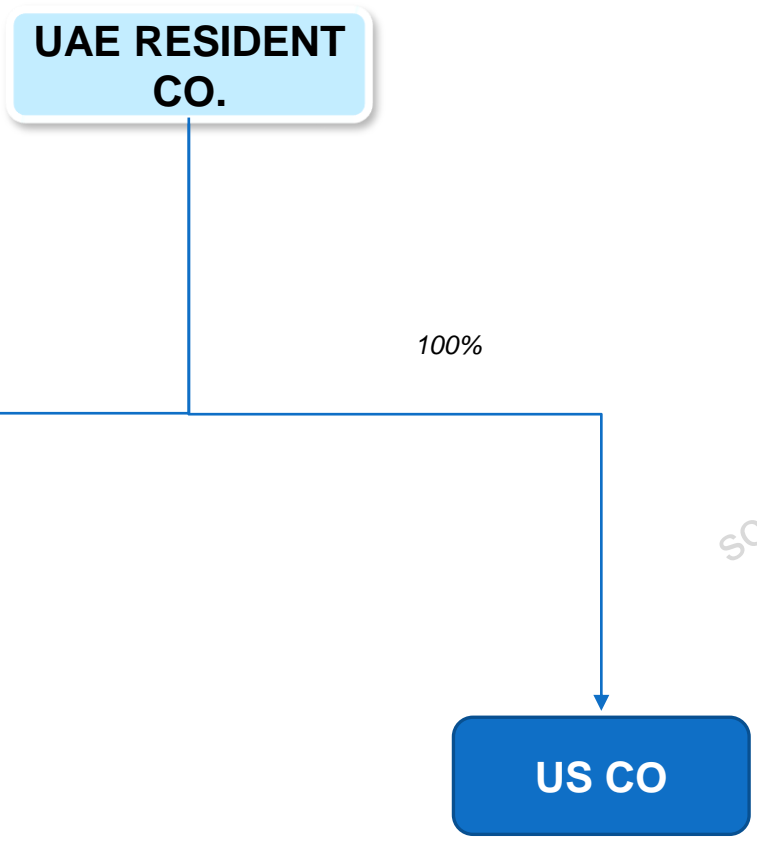
Capital gains from Sale of Domestic company ?

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EXEMPTION TO UAE RESIDENT COMPANY – INCOME FROM FOREIGN CO



Capital gains on sale of US CO – Conditions – Shareholding + Taxation ?

Dividend from US CO ?

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**UAE RESIDENT
CO.**

4%

100%

**UK Co. -- Tax
Rate 12%**

**US CO – Tax
Rate 8%**

Capital gains on sale of US CO exempt ?

Capital gains on sale of UK CO exempt ?

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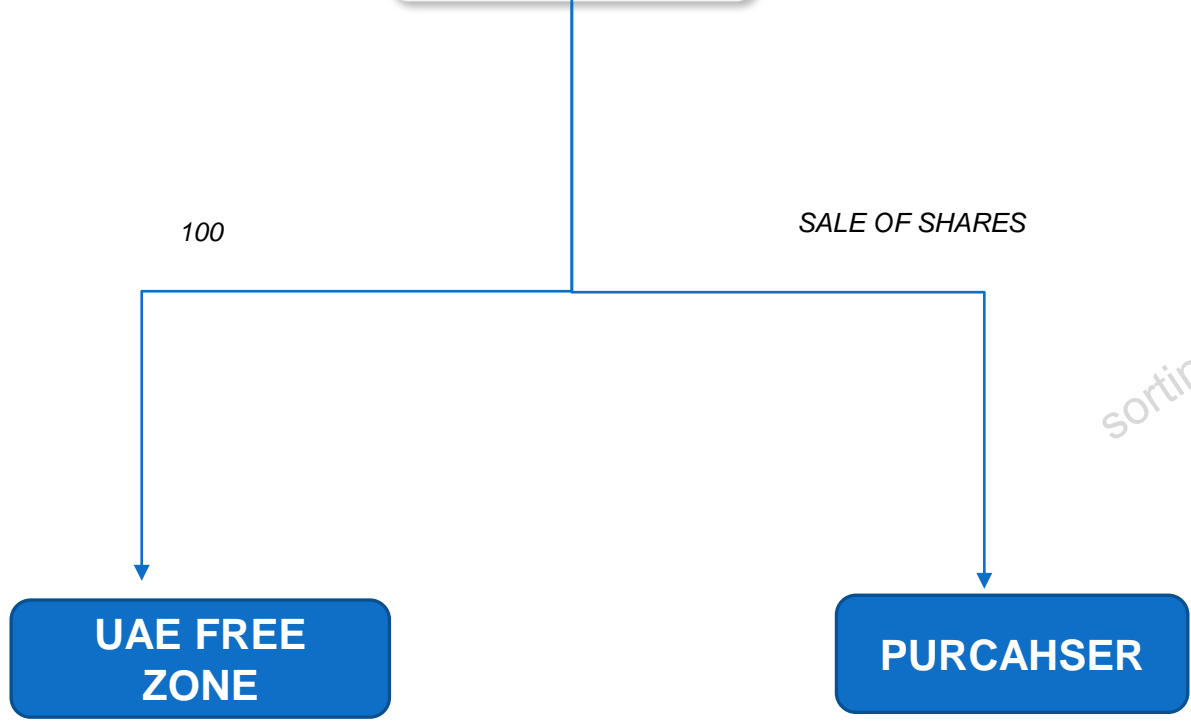
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EXEMPTIONS – INCOME OF NR FROM OPERATING OR LEASING AIRCRAFTS OR SHIPS

UAE RESIDENT CO.

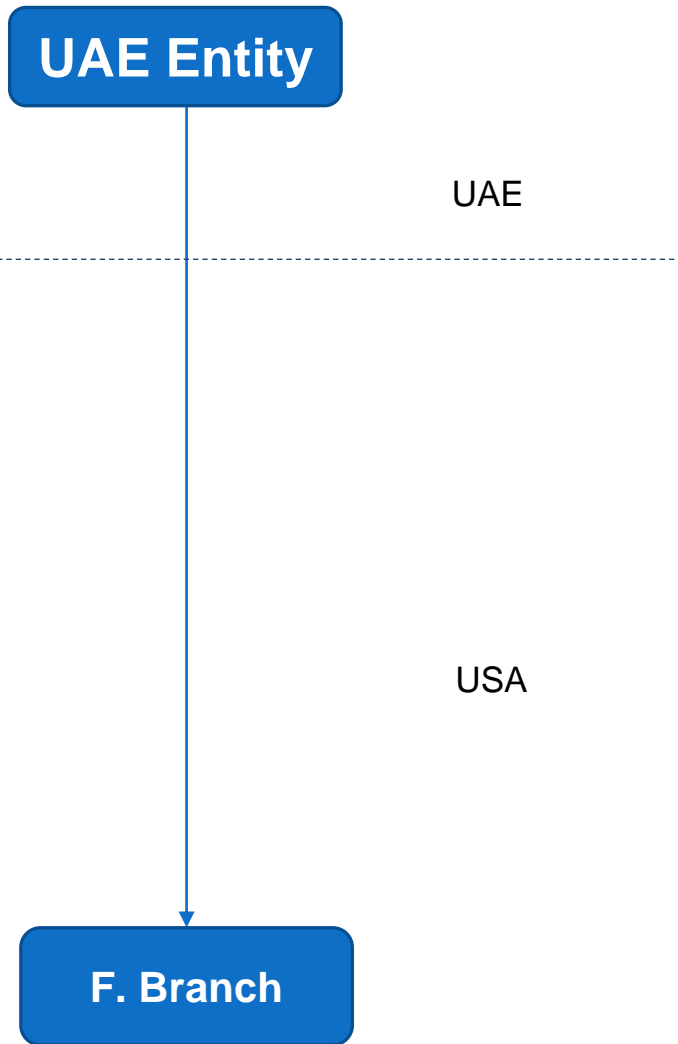


Free Zone Person is a holding company

- Substantially income of Free Zone company is derived from: -
- Shareholdings in subsidiary companies
 - Shareholding meets the participation exemption conditions

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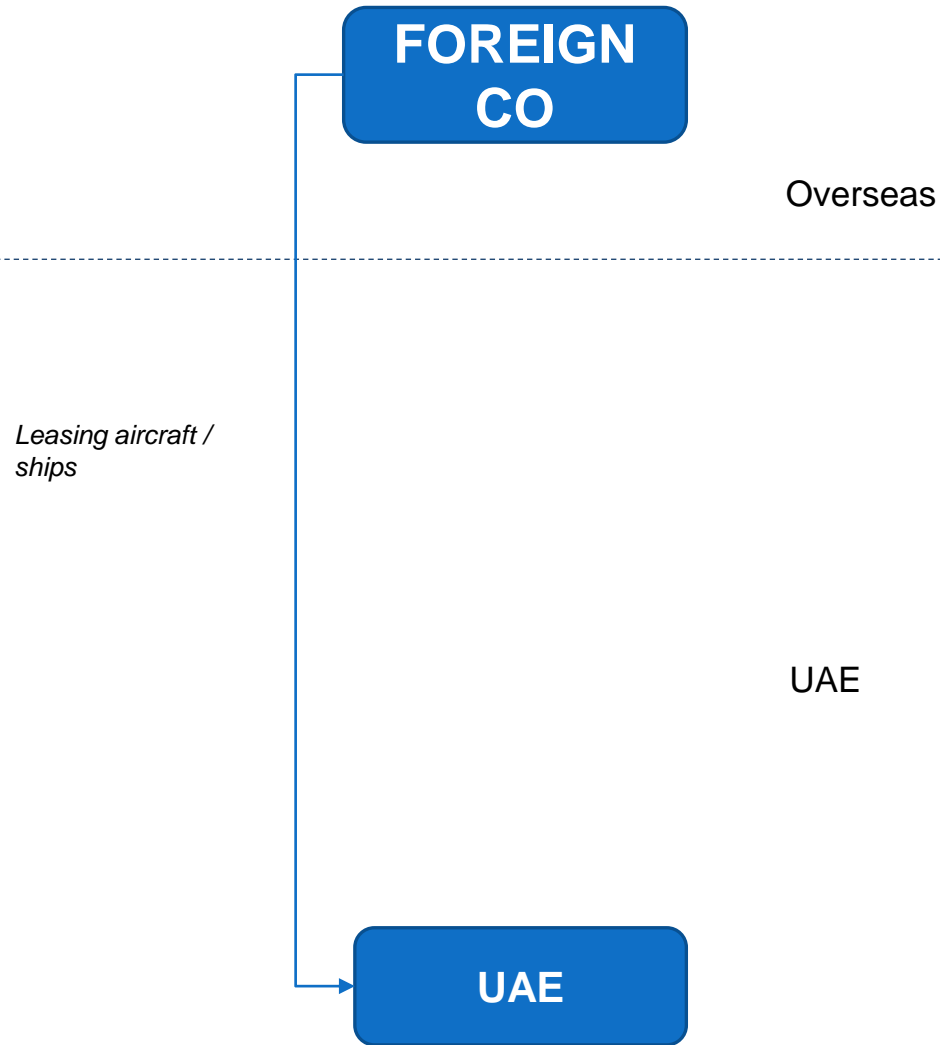


- Foreign branch would typically constitute a PE and subject to tax overseas ;
- Branch is not a separate legal entity . No separate financial statements may need to be prepared for branch
- Tax on Profits of Foreign Branch : -
 - Exemption – Conditions ?
 - Tax Credit ?
- Election of exemption is irrevocable

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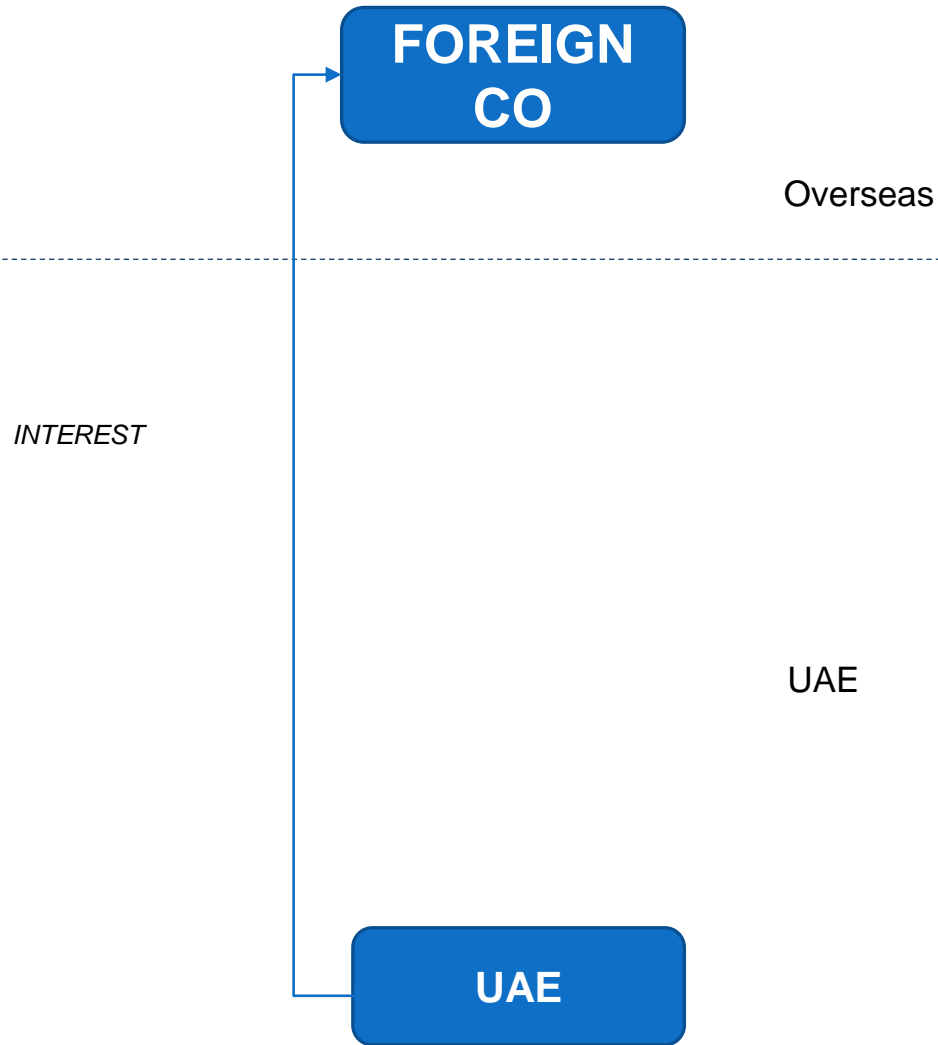


- Exempt income earned by a non-resident from : -
 - Operating aircraft or ships
 - Leasing aircraft or ships (and associated equipment)
- Conditions - Same tax treatment is granted to a UAE business in the relevant foreign jurisdiction

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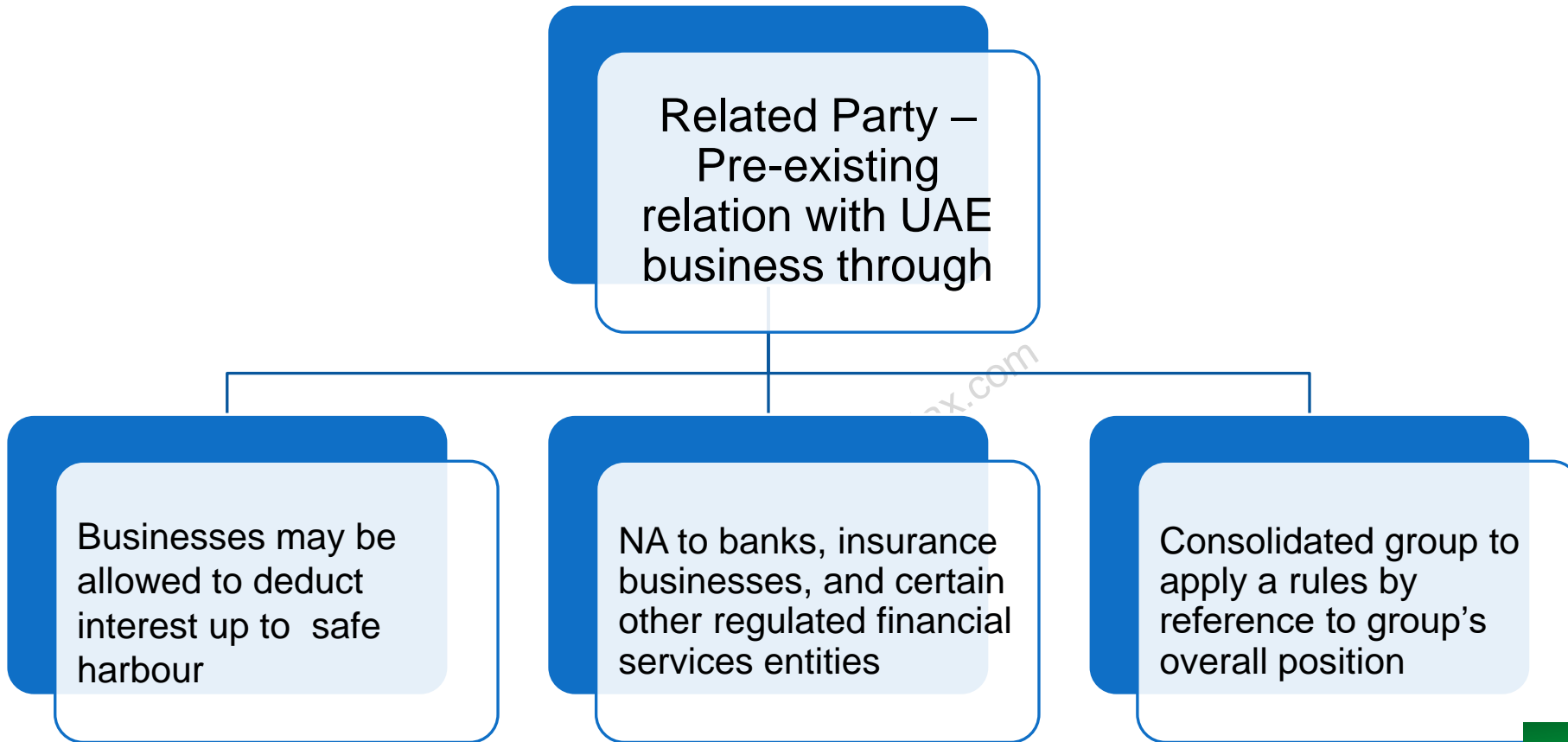
▪ TAX BASE EROSION

- Deductible interest payments, where the recipient of the interest income is not taxed (e.g., an individual shareholder or a Free Zone Person)
- Net interest expense can be deducted to 30% of a business' earnings before interest, tax, depreciation, and amortisation (EBITDA), as adjusted for CT purposes

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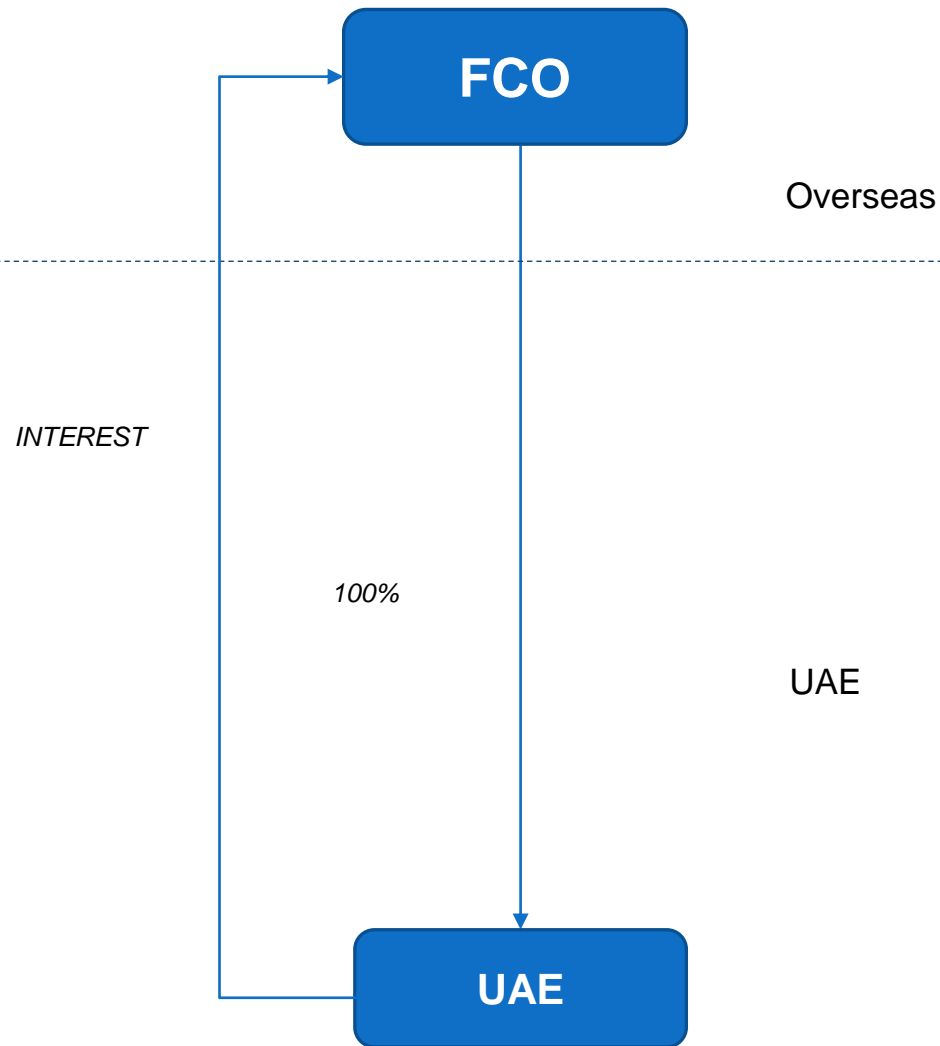




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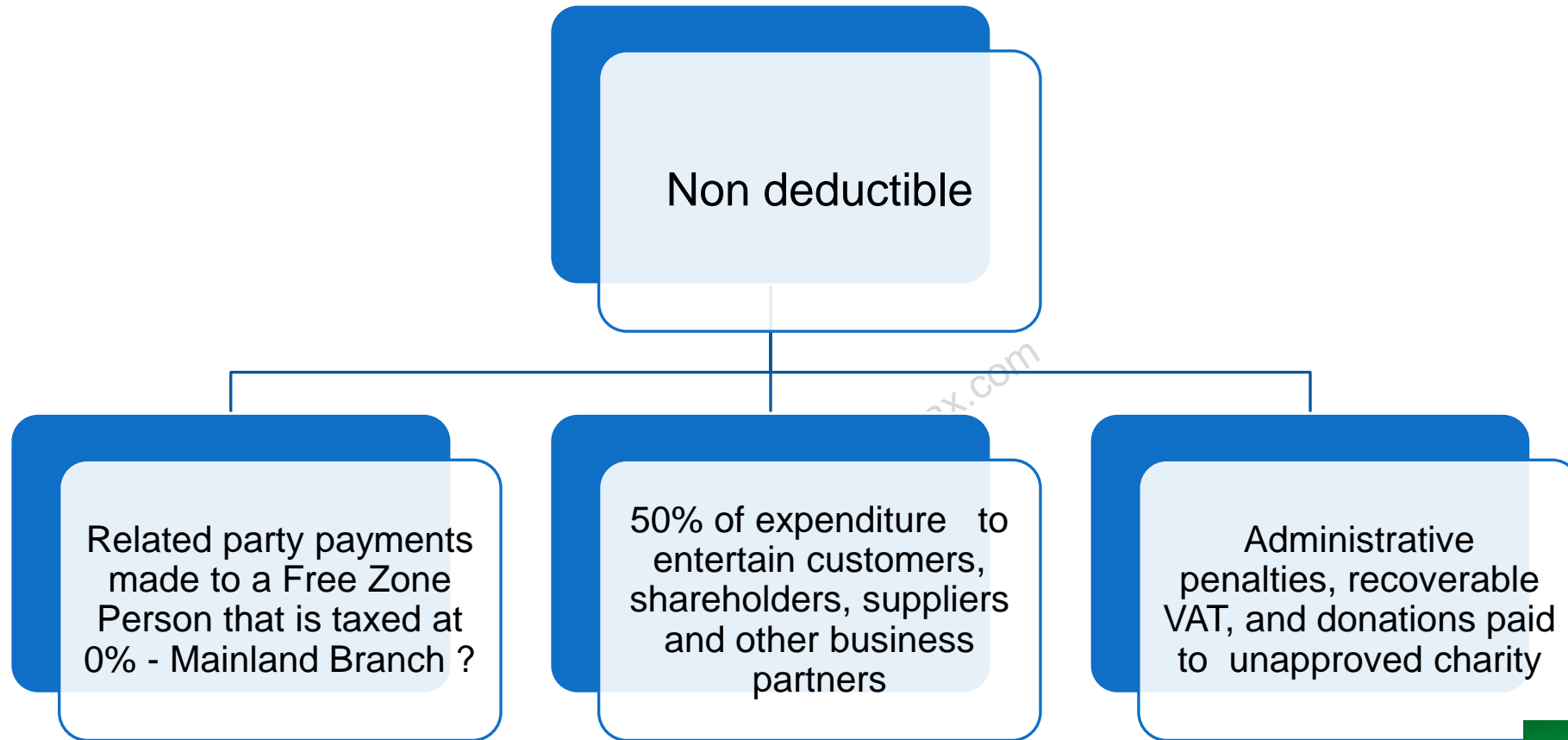


- Arm's length interest ;
- Used for intra-group transactions (e.g., to pay a dividend or capitalise a group company) : -
 - Valid commercial reason - Related party lender is subject to CT (or an equivalent tax) of at least 9% on the interest income earned.

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