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AACC Secretary-General Participates in a Webinar on the UAE's New Corporate Tax and Company Law

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On the commemoration of its golden jubilee celebrations, the UAE introduced several landmark reforms in an attempt to render its business environment even more attractive and viable for investors in accordance with the OECD Guidelines. The latest announcement on 31 January 2022, regarding the introduction of a Corporate Tax regime in the UAE is the last in a series of fundamental legislative developments that aim at further reinforcing the UAE's appeal as an internationally recognized business center.

In this context, **AACC member and partner CROWE UAE** held a one-hour introductory **Webinar** under the title **“Shedding a light on the latest developments in Corporate Tax and Company Law in the United Arab Emirates”**, in which AACC Secretary-General participated as a panelist. The webinar served as an eye opener to the fast-changing regulatory space in the UAE as GCC economies undergo a transformation from revenue generating economies into real economies.



Dr. Ashraf Mahate
Chief Economist -
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Mr. Mouddar Khouja
Secretary General
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In his intervention, SG Khouja explained how UAE's new corporate tax position the country in the GCC region and worldwide and elaborated on the reactions of the business and diplomatic communities in this regard. Regionally speaking, almost all GCC countries (Qatar, Kuwait Oman and KSA) impose a corporate tax. Globally, only 4 countries don't impose a corporate tax: Bahamas, Vanuatu, UAE and Bahrain, although the latter does impose a corporate tax on the oil and banking sectors. UAE's soon-to-be-introduced corporate tax of 9% would be among the 8 lowest corporate tax rates in the world.

Considering the new law was only announced very recently on 31 Jan. 2022, there hasn't been too many reactions to it, and further details surrounding this law are yet to be clarified in due course. Diplomatic reactions so far have been mostly supportive, as many governments seek to counter tax evasion in favour of international fairness. In line with the call for an impetus for rethinking international corporate taxation stemming from the rise of highly profitable, technology-driven digital-heavy business models, 136 countries agreed July 11th, 2021 on the introduction of a minimum corporate tax regime.

As for the reaction of the business community, no company is ever thrilled to pay a corporate. On the bright side, the UAE's new corporate tax of 9% is relatively low compared to for instance Austria's 25% corporate tax rate, and the country has double taxation agreements with numerous other countries. Naturally, many companies are concerned about the procedural aspect of the introduction of this new tax regime, especially given the technical and procedural obstacles incurred (e.g. VAT payments & returns) when the Value Added Tax (VAT) was introduced in the UAE. This however is mitigated by the ample time given to prepare for the new corporate tax law that will enter into force as of June 1st, 2023.

Overall, the UAE remains one of the world's top destinations when it comes to setting up a business and corporate tax.