

TAX RESIDENCY CERTIFICATE



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Cabinet Decision No. 85 of 2022- Determination of Tax Residency – effective from 1st March 2023

Federal Tax Authority issued Cabinet Decision No. 85 of 2022 “Determination of Tax Residency” on 2nd September 2022, laying down the criteria for being considered as a tax resident for a legal and natural person in the UAE. The decision will be **effective from 1st March 2023**.

Key highlights of the decision:

Legal Person conditions

Article 3 covers that a ‘Juridical Person’ shall be considered as a Tax Resident in the State if any of the following conditions are met:

- It has been Incorporated, formed, or recognized in accordance with the law & regulations enforced in UAE and does not include a branch of a foreign company
- Considered a Tax Resident in accordance with the applicable Tax law

Natural person conditions

Article 4 covers that a ‘Natural Person’ shall be considered a Tax Resident in the State if any of the following conditions are met:

- If the person’s primary place of residence and center of his financial and personal interests are in the State or meet certain criteria & conditions that are determined by a decision from the Minister.
- If the person has been physically present in the state for a period of 183 days or more within the relevant 12 consecutive months.
- If the person
 - has been physically present in the state for 90 days or more (within the 12-month period), and
 - is a UAE national or holds a valid residence permit in the state or holds the nationality of any GCC state and meets any of the following conditions
 - has a permanent place of residence in the state or
 - carries on an employment or business in the state

Tax residency Certificate

Article 5 on the Tax Residency Certificate: A person who is considered a tax resident (as discussed above), may submit a request for obtaining a ‘Tax Residency Certificate (TRC), in the prescribed form, and once approved authority will issue the TRC

International agreements

Article 6 covers that if an International Agreement such as a Double Tax Avoidance Agreement (DTAAs) specify any provisions on determining the tax residency of any person, the provisions of that International Agreement shall apply.

Tax Minister shall issue a decision for issuing TRCs for purpose of the international agreement

Power of authority

Article 7 covers that for the purpose of implementing the provision of this decision the authority may request certain information related to any person from all the government entities of UAE and they shall fully cooperate for the same.

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