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UAE Tax Residence Certificate ("TRC")

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What is a UAE Tax Residence Certificate?

- A UAE Tax Residence Certificate ("TRC") is an Official document issued by the Federal Tax Authority ("FTA") certifying that an Individual or Legal Person is a Tax Resident in the UAE.
- TRC is often used to benefit from reduced Withholding Tax Rates under Double Taxation Agreements.

What are the Criteria for Tax Residency in the UAE?

- The Criteria for UAE Tax Residency is outlined in Article 53 of Federal Decree-Law No. 28 of 2022 and Cabinet Decision No. 85 of 2022. Further clarifications for Natural Persons are provided in Ministerial Decision No. 27 of 2023.
- Meeting these criteria allows an Individual or Corporate Entity to be considered a Tax Resident in the UAE which can be confirmed through a TRC issued by the FTA.
- However, being a Tax Resident does not automatically make a Person Liable for Corporate Tax, they must also qualify as a Taxable Person under the UAE Corporate Tax Law.

What conditions must a Legal Person meet to be considered a Tax Resident in the UAE?

A Legal Person is considered a Tax Resident of the UAE if it meets one of the following Criteria:

- **Incorporation:** It is Incorporated or otherwise Formed or Recognized in the UAE, such as Limited Liability Company, Free Zone Company, Private Shareholding Company, Public and Private Joint Stock Company, Trusts etc.
- **Recognition under Tax Laws:** It is considered a Tax Resident under other UAE Tax Laws, such as the UAE Corporate Tax Law.

What conditions must an Individual meet to be considered a Tax Resident in the UAE?

An Individual is considered a Tax Resident of the UAE if it meets one of the following Criteria:

- **183 Days Rule:** Physically present in the UAE for 183 days or more within a 12-month period.
- **90 Days Rule:** Physically present for 90 days or more within a 12-month period, and
 - A UAE or GCC National, or Hold a valid UAE Resident Permit
And
 - Have a Permanent Place of Residence in the UAE or Engage in Employment or Business in the UAE.
- **Primary Residence:** Their Usual or Primary Place of Residence and Center of Financial and Personal Interests are in the UAE.

How do Double Tax Agreements (DTAs) affect Tax Residency?

- **DTA Rules:** Each DTA has Specific Rules for determining Tax Residency for both Legal Persons and Individuals.
- **Different Criteria:** DTA Criteria may differ from UAE domestic Tax Residency Requirements.
- **Precedence of DTAs:** DTAs take Precedence over Domestic Laws, including the Corporate Tax Law and Cabinet Decision No. 85 of 2022.
- **Resident Person Definition:** Being classified as a Resident Person under the Corporate Tax Law does not guarantee Tax Residency under a DTA.
- **Tax Residency Assignment:** Under a DTA, Tax Residency may be assigned to the UAE or Another Jurisdiction based on the Agreement's Terms and the Specific Circumstances.

How to apply for a UAE TRC?

A Legal Person or an Individual can apply for a TRC through the FTA's online EmaraTax portal by using their EmaraTax account.

What Time Periods are covered by the UAE TRC?

- **Eligible Periods:** A TRC can be issued only for the Current Tax Period or a Prior Tax Period.
- **Tax Period Definition:**
 - **Legal Persons:** The Financial Year (12-month period for preparing Financial Statements).
 - **Individuals:** The Gregorian Calendar Year (Jan-Dec).
- **Future Periods:** A TRC cannot be issued for Future Periods (periods that have not started).
- **Duration Limit:** The Certificate cannot cover a Period longer than 12 months.

When can Applicants apply for a UAE TRC for the Current Period?

- **Legal Persons:** Application will be considered by the FTA after 3 months into the Current Period.
- **Individuals:** Application will be considered by the FTA as soon as the Criteria for Tax Residency are met.
- **Government Entities and Government-Controlled Entities:** Application will be considered by the FTA after 1 day into the Current Period.
- **Newly Incorporated Companies:** Must be established for at least 12 months before applying for a TRC.
- **Exempt Persons:** Can apply for a TRC as they are eligible to apply for the TRC.

What is the Process for obtaining a UAE TRC for DTA Purposes?

- **Eligibility:** Applicants must meet the conditions for Tax Residency in the UAE according to the relevant DTA.
- **Approval and Issuance:** If the FTA is satisfied with the Applicant's Eligibility, FTA will Approve the Application and Issue a TRC, specifying the applicable DTA.
- **Required Information:** The Application must include all necessary Information for the FTA to Review and Issue the Certificate.
- **Form Stamping:** If the other Country requires a Specific Form to be Stamped for DTA benefits, this service can be avail from the FTA.

What is the Process for obtaining a UAE TRC from the FTA?

- **TRC Application:** An Applicant can apply for a TRC through the Federal Tax Authority's online EmaraTax portal by using their EmaraTax account after paying the Submission Fees.
- **Application Review:** The FTA Review the Application and if Approved, issues a Electronic TRC. Hard Copies can be requested for an Additional Fee.
- **Certificate Validity:** The Certificate is valid only for the Selected Period. The FTA can withdraw it if they find Incorrect Information or if the applicant no longer qualifies as a Tax Resident.
- **Response Time:** The FTA typically Responds within 10 Business Days, providing Approval, Rejection or a Request for Further Information.
- **Further Information:** If additional Information is requested, the Applicant has 30 Business Days to respond with an option to request an extension.
- **Hard Copy Requests:** For Hard Copies, the FTA responds within 5 Business Days after the Fee payment, delivering only to Addresses in the UAE.
- **Cost:** The Fee for requesting a Hard Copy includes the Delivery Service.

What are the Fees associated with obtaining a UAE TRC?

- **Submission Fee:** AED 50 (Non-Refundable).
- **Processing Fees:**
 - **For Tax Registrants with Corporate Tax TRN:** AED 500.
 - **For Individuals without Corporate Tax TRN:** AED 1,000.
 - **For Legal Persons without Corporate Tax TRN:** AED 1,750.
- **Hard Copy Fee:** An Additional AED 250 for each request for a Hard Copy Certificate.

How can ALMALIA CONSULTING FZCO Help?

- We Provide Expert Solutions for the Business Needs.
- We can assist with TRC Application, Document Preparation, Review, Guidance, Follow-Up and Communication and other Requirements.

OUR SERVICES

UAE CORPORATE TAX SERVICES

- ✓ CT Registration
- ✓ CT Return Filing
- ✓ CT Training
- ✓ CT Penalties

ACCOUNTING & BOOKKEEPING SERVICES

- ✓ Cloud Accounting Services
- ✓ Crypto Accounting
- ✓ Balance Sheet Preparation
- ✓ Accounts Reconciliation
- ✓ Monthly MIS Reporting

UAE VAT SERVICES

- ✓ VAT Registration
- ✓ VAT Returns Filing
- ✓ VAT Deregistration
- ✓ VAT Training
- ✓ VAT Penalties
- ✓ VAT Refund

BUSINESS SETUP IN UAE

- ✓ Business Setup in Mainland
- ✓ Business Setup in Free Zones
- ✓ Offshore Business Setup
- ✓ Company/LLP Incorporation
- ✓ Trade License
- ✓ Crypto Tax Services
- ✓ AML/ESR/UBO Compliance
- ✓ Other Business Compliance Services

Contact us

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