

Ministerial Decision No. 82 of 2023 on preparation and maintenance of audited financial statements

Background

Article 54 of the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ('the CT law') deals with provisions for financial statements for Corporate Tax ('CT') purpose. The Ministry of Finance of the United Arab Emirates ('UAE') has now issued Decision No. 82 of 2023 on 28 April 2023, wherein it has notified the threshold limit/ conditions for mandatory preparation and maintenance of audited financial statements for CT purposes as per clause 2 of Article 54 of the CT law.

Categories of taxable persons

The following categories of taxable persons are obligated to prepare audited financial statements for the UAE CT purpose: -

| Sr. No. | Type of Taxable persons | Conditions |
|---------|------------------------------|--|
| 1. | Qualifying free zone persons | Meeting specified conditions under Article 18 of the CT law |
| 2. | Other types of persons | Having revenue exceeding AED 50 million in relevant tax period |

Our comments

The free zone entities, in addition to fulfilling the conditions prescribed under Article 18 of the CT law, must maintain audited financial statements irrespective of the amount of turnover.

Although audited financial statements are not required to be maintained by the taxpayers, not meeting the aforesaid threshold, it is advisable to maintain appropriate documentation to justify any claim before the tax authority during the course of assessment.

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