

CORPORATE TAX GUIDE 2026 · UAE & GCC

Corporate Tax in the Gulf, without the headache.

A plain-English guide for founders and business owners:
who pays, how much, what changed in 2026, and how to
stay on the right side of the tax authority.

Let's be honest: nobody started a business because they love corporate tax. But the Gulf is no longer the tax-free region many founders remember. The UAE now taxes business profits, a 15% minimum tax has reached large groups across the GCC, and every country runs its own rules. The good news? Once you understand a handful of them, it's very manageable. This guide gives you exactly that, minus the jargon.

The quick version (if you only read one section)

- 1 The UAE taxes business profits at 9%, but only above AED 375,000.** Profit up to that level is taxed at 0%. Almost every UAE business must still register and file, even when no tax is due.
- 2 Small Business Relief now runs until 2029.** Businesses with revenue of AED 3 million or less can still elect to pay no Corporate Tax, under Ministerial Decision No. 131 of 2026. They must still register and file every year.
- 3 A free zone licence does not automatically mean 0%.** The 0% rate applies only to qualifying income of a Qualifying Free Zone Person, and only if every condition is met. Fail one and you're at 9% for five years.
- 4 Every GCC country taxes profits differently.** Saudi Arabia, Oman, Qatar and Kuwait have long-standing corporate taxes, mostly aimed at foreign owners. Bahrain still has no general corporate tax.
- 5 Large groups now face a 15% minimum tax across the Gulf.** Multinational groups with revenue of EUR 750 million or more are caught by Pillar Two top-up taxes in most GCC countries since 1 January 2025.

DEADLINE ALERT

If your financial year ended on **31 March 2026**, your Corporate Tax return and payment are due by **31 December 2026**. There are no general extensions, and late filing penalties start the next day.

What getting it wrong actually costs

Most tax guides start with the rules. We'd rather start with the bill, because that's what tells you whether this belongs on this month's to-do list or next quarter's.

What happened	What it can cost you (UAE)
Registered for Corporate Tax late	AED 10,000 fixed penalty.
Filed the return late	AED 500 per month for the first 12 months, then AED 1,000 per month. Applies even if no tax is due.
Paid the tax late	14% per year, calculated monthly on the unpaid amount.
Submitted an incorrect return	AED 500, unless corrected before the filing deadline.
Found a mistake in a past return and disclosed it yourself	1% per month on the underpaid tax, from the original due date. Far cheaper than an audit finding.
The FTA found the mistake first	15% of the underpaid tax, plus 1% per month.
Claimed Small Business Relief without qualifying	The full 9% tax you should have paid, plus late payment and shortfall penalties.
Deregistered late after closing the business	AED 1,000 per month, capped at AED 10,000.
Lost Qualifying Free Zone status	9% on all taxable income for that year and the following four years.

Figures based on UAE rules in force as of October 2026. Corporate Tax penalties are set by Cabinet Decision No. 75 of 2023, as amended. They were not changed by the April 2026 VAT and Excise penalty reform.

The region at a glance

One table, six markets. Worth a look before any expansion plan gets signed off.

Country	Headline rate	Who pays it	Local & GCC owners	15% minimum tax (large groups)	Authority
UAE	0% to AED 375k, 9% above	Almost all businesses, incl. free zone	Same rules as everyone	Yes, 2025	FTA (EmaraTax)
Saudi Arabia	20%	The non-GCC share of profit	Zakat at 2.5% instead	No DMTT confirmed	ZATCA
Oman	15% (3% small business)	All companies, any owner	Same rules as everyone	Yes, 2025	Tax Authority
Qatar	10%	The foreign share of profit	Generally exempt	Yes, 2025	GTA (Dhareeba)
Kuwait	15%	Foreign companies on Kuwait profits	No income tax; other levies may apply	Yes, 2025	Ministry of Finance
Bahrain	0% (46% oil & gas)	Oil and gas companies only	No general corporate tax	Yes, 2025	NBR

Oil and hydrocarbon activities are taxed under separate, higher regimes in most GCC countries. Withholding taxes on payments abroad also differ by country.

WHY THE RULES LOOK SO DIFFERENT

Unlike VAT, the GCC never agreed a shared corporate tax framework. Most Gulf countries built their tax around foreign ownership, with local and GCC owners paying zakat or nothing. The UAE is the exception: it taxes every business on the same basis, whoever owns it.

UAE: the essentials

Who pays?

UAE companies: every company incorporated in the UAE, on the mainland or in a free zone.

Foreign companies: those with a permanent establishment in the UAE, or effectively managed and controlled from here.

Individuals: people running a business or freelancing, once their business turnover goes over AED 1 million in a calendar year. Salaries, personal investments and personal real estate are not taxed.

How much?

Taxable profit	Rate
Up to AED 375,000	0%
Above AED 375,000	9%
Large multinational groups (EUR 750m+ revenue)	Topped up to a 15% minimum (DMTT)

How your taxable profit is worked out

Corporate Tax doesn't start from scratch. It starts with the profit in your financial statements, then adjusts it. Here's a simplified example for a mainland trading company:

Step	AED
Accounting profit (from the financial statements)	1,200,000
Add back: 50% of client entertainment (AED 80,000 spent)	+ 40,000
Add back: traffic fines and government penalties	+ 10,000
Remove: dividends received from another UAE company (exempt)	- 50,000
Taxable income	1,200,000
First AED 375,000 at 0%	0
Remaining AED 825,000 at 9%	74,250
Corporate Tax payable	74,250

Notice how the adjustments cancelled each other out here. In real books they rarely do, which is why the add-backs matter.

Registration

Every taxable business must register on EmaraTax, even if it expects to pay nothing. New companies generally have three months from incorporation. Miss the deadline and the penalty is a fixed AED 10,000. The FTA waives that penalty if you file your first tax return within seven months of the end of your first tax period.

You'll typically need your trade licence, memorandum of association, Emirates ID and passport copies for the owners and authorised signatory, proof of the signatory's authority, and the

company's contact details. Registering for VAT does **not** register you for Corporate Tax.

BOOKER TIP

Closing a company doesn't close its tax registration. Apply to deregister within three months of stopping the business, or filing obligations and penalties can keep running long after the doors are shut.

Small Business Relief: now extended to 2029

Small Business Relief lets eligible businesses be treated as having no taxable income, so no Corporate Tax is due. In August 2026, **Ministerial Decision No. 131 of 2026** extended it to tax periods ending on or before 31 December 2029. Before that, it was due to end in 2026.

Who qualifies: UAE resident businesses with revenue of AED 3 million or less in the current tax period and in every previous period. Qualifying Free Zone Persons and members of large multinational groups can't use it.

What people miss	Why it matters
It isn't automatic	You elect for it in each year's return. Last year's election doesn't carry forward.
You still register and file	Relief from tax is not relief from filing. A late return gets the full late filing penalty, even with nothing to pay.
Cross AED 3 million once and it's gone	The relief isn't just lost for that year. It isn't available again.
Losses don't carry forward	Losses from relief years can't be used later. If you're loss-making now but expect to grow, run the numbers before you elect.

SO WHAT?

If you're close to AED 3 million, watch your revenue monthly, not at year-end. One large invoice in the wrong month can end the relief permanently.

Free zones: clearing up the biggest myth

A free zone licence does not mean you pay no Corporate Tax. Free zone companies must register and file like everyone else. The 0% rate is only for a **Qualifying Free Zone Person (QFZP)**, and only on qualifying income. To qualify, a company must meet every one of these conditions:

Condition	What it means in practice
Adequate substance	Real staff, assets and spending in the free zone for its core income-generating activities.
Qualifying income	Income from other free zone businesses, or from qualifying activities such as manufacturing, logistics, or holding shares.
De minimis limit	Non-qualifying revenue no more than 5% of total revenue or AED 5 million, whichever is lower.
Audited financial statements	Required every year, without exception.
Transfer pricing	All related party transactions priced at arm's length and documented.
No election out	The company hasn't chosen to be taxed at the standard rates.

Non-qualifying income is taxed at 9%. Fail any condition, and QFZP status is lost for that year and the following four years.

BOOKER TIP

The most common trap we see: selling services to mainland UAE customers from a free zone. That income usually isn't qualifying, and it can push a company past the de minimis limit without anyone noticing until the audit.

What you can and can't deduct

Most genuine business expenses are deductible. These are the ones that catch people out in the tax return:

Expense	Tax treatment
Client entertainment (meals, events, hospitality)	Only 50% deductible
Fines and penalties	Not deductible (compensation for damages can be)
Corporate Tax itself	Not deductible
Donations to non-approved organisations	Not deductible
Personal expenses of owners and family	Not deductible
Net interest costs	Deductible up to the higher of AED 12 million or 30% of adjusted EBITDA; any excess carries forward for up to 10 years
Payments to connected persons above market value	The excess isn't deductible
Bribes and illegal payments	Never deductible

Tax losses can be carried forward with no time limit, but can only offset up to 75% of taxable income in any later year. **Dividends** from UAE companies are exempt, and dividends and gains from holdings of at least 5% held for 12 months or more can be exempt under the participation exemption, subject to conditions.

Related parties and transfer pricing

This is the area that surprises owner-managed businesses most. Every transaction with a related party or connected person must be priced as if it were between strangers. That's the **arm's length principle**.

Related parties include sister companies, group companies and businesses you control.

Connected persons include the company's owners, directors and their relatives. Common examples we find in client books: owner and family salaries well above or below market rates, interest-free loans to owners or sister companies, management fees with no agreement behind them, and property rented from an owner at a price nobody checked.

What's required	When it applies
Arm's length pricing on all related party and connected person transactions	Every business
Related party disclosure form, filed with the tax return	When related party transactions exceed the set value thresholds
Master file and local file (full transfer pricing documentation)	Revenue of AED 200m or more, or part of a group with revenue of AED 3.15bn or more

BOOKER TIP

Even below these thresholds, put agreements in writing and keep evidence of how each price was set. If the FTA asks, "we've always done it this way" is not a defence.

Records, audits and deadlines

The filing deadline

Your return and payment are both due **nine months after the end of your financial year**. There are no general extensions.

Financial year ends	Return and payment due
31 December 2025	30 September 2026 (passed)
31 March 2026	31 December 2026
30 June 2026	31 March 2027
30 September 2026	30 June 2027
31 December 2026	30 September 2027

Do you need audited financial statements?

Yes, if your revenue is over **AED 50 million**, or if you are a **Qualifying Free Zone Person**. Everyone else still needs proper financial statements prepared under accounting standards.

How long to keep records

Keep all books, invoices, contracts and supporting documents for **seven years** after the end of the tax period. Missing records attract their own penalties, and they make every other FTA question harder to answer.

BOOKER TIP

Your VAT returns and your Corporate Tax return go to the same authority, on the same platform. Reconcile the revenue in both before you file. Differences can be perfectly valid, but you need to be able to explain them.

Pillar Two: the 15% minimum tax for large groups

Pillar Two is a global agreement that large multinational groups should pay at least 15% tax in every country where they operate. It applies to groups with consolidated revenue of **EUR 750 million or more** in at least two of the previous four years. If a group pays less than 15% somewhere, that country can collect the difference through a **Domestic Minimum Top-up Tax (DMTT)**. Gulf governments would rather collect that top-up themselves than let other countries do it.

Country	Status
UAE	DMTT in force from 1 January 2025
Bahrain	DMTT in force from 1 January 2025, the first in the GCC
Qatar	DMTT and Income Inclusion Rule from 1 January 2025; registration opened on Dhareeba in 2026
Kuwait	DMTT in force from 1 January 2025
Oman	Pillar Two rules in force from 1 January 2025
Saudi Arabia	No domestic top-up tax confirmed in force; large groups should monitor closely

DOES THIS AFFECT YOU?

For most SMEs, no. A small local company isn't caught just because a table shows 15%. But if you're part of a large international group, even a small UAE subsidiary can be in scope.

Saudi Arabia, Oman, Qatar, Kuwait and Bahrain

Saudi Arabia: zakat and income tax side by side

Saudi Arabia runs a dual system, both managed by ZATCA. **Non-GCC owners** pay corporate income tax at 20% on their share of adjusted profit. **Saudi and GCC owners** pay zakat at 2.5% of their share of the zakat base, which works more like a tax on net worth than on profit. **Mixed ownership** means both. A company owned 60% by a foreign investor and 40% by a Saudi national

pays 20% income tax on 60% of its profit, and zakat on the Saudi 40%. Oil and hydrocarbon production is taxed separately at 50% to 85%, and payments abroad can carry withholding tax.

OUR TAKE

Whether a UAE holding company pays zakat or 20% income tax on its Saudi profits can depend on who ultimately owns it. Look at the full ownership chain before you invest, not after.

Oman: the closest to the UAE model

Oman taxes all companies at 15%, regardless of who owns them. Qualifying small businesses can pay a reduced 3% if they meet conditions on revenue, capital and staff numbers. Every company doing business in Oman must register and file, even if it isn't profitable, and payments to foreign companies can attract 10% withholding tax. One to watch: Oman will introduce a 5% personal income tax on income above OMR 42,000 from January 2028, the first in the GCC.

Qatar: tax on foreign ownership

Qatar charges 10% corporate income tax on the share of profit owned by foreign investors. Companies wholly owned by Qatari or GCC nationals resident in Qatar are generally exempt. Large groups are now also covered by Qatar's Pillar Two rules, with registration on the Dhareeba portal.

Kuwait: tax on foreign companies only

Kuwait taxes foreign companies at 15% on their Kuwait-sourced profits. Kuwaiti and wholly GCC-owned companies pay no corporate income tax, although other levies can apply, such as zakat and contributions for listed companies. Since 2025, a 15% top-up tax also applies to large multinational groups.

Bahrain: still no general corporate tax

Bahrain doesn't tax ordinary business profits. The only corporate tax is 46% on oil and gas exploration, production and refining. The exception is large multinational groups, which have faced a 15% top-up tax since 2025. A wider corporate tax has been discussed, but it is still a proposal, not law.

Corporate Tax and VAT are not the same thing

Two different taxes, two separate registrations, two sets of returns and deadlines, all on the same EmaraTax portal. That shared portal is exactly why so many businesses assume one covers the other. It doesn't.

	UAE Corporate Tax	VAT
Rate	9% on taxable profit above AED 375,000	5%
Based on	Profit	Sales (supplies)
Who registers	All taxable persons, including free zone companies	Businesses over the AED 375,000 turnover threshold
Returns	Annual, nine months after year-end	Quarterly or monthly
Portal	EmaraTax	EmaraTax

Corporate tax myths we hear every week

MYTH

"We're under AED 375,000 profit, so we don't need to register."

REALITY

Registration is required regardless of profit. The 0% band is a rate, not an exemption.

MYTH

"We qualify for Small Business Relief, so there's nothing to file."

REALITY

You still register and file every year, and you must elect for the relief in the return.

MYTH

"We're in a free zone, so we pay zero tax."

REALITY

Only qualifying income of a Qualifying Free Zone Person gets 0%, and only if every condition is met.

MYTH

"We made a loss, so we can skip the return."

REALITY

Loss-making companies still file. Filing on time protects that loss for future years.

MYTH

"Paying ourselves a big salary reduces the tax."

REALITY

Payments to owners above market value aren't deductible, and the FTA can adjust them.

MYTH

"Nobody compares our VAT and Corporate Tax figures."

REALITY

Both go to the FTA on EmaraTax. Unexplained differences invite questions.

This matters most for owner-managed companies, free zone businesses selling into the mainland, groups with several entities, and anyone who has never had their tax position reviewed independently.

Your 90-day corporate tax game plan

Take this page to your next management meeting.

When	What to do	Who owns it
Days 1–30	Confirm every UAE entity in your group is registered for Corporate Tax, and note each one's filing deadline.	Finance
Days 1–30	If you use Small Business Relief, check revenue is still under AED 3 million and start tracking it monthly.	Finance
Days 1–30	List every payment to owners, directors, family members and sister companies.	Finance
Days 31–60	Free zone companies: test qualifying vs non-qualifying income against the de minimis limit.	Finance / Adviser
Days 31–60	Review last year's return. If something looks wrong, file a voluntary disclosure while the 1% per month rate works in your favour.	Finance / Adviser
Days 31–60	Put written agreements in place for related party loans, fees and rent.	Owner / Legal
Days 61–90	Reconcile VAT revenue to the revenue in your accounts, period by period.	Finance
Days 61–90	Check whether you'll need audited accounts or transfer pricing files this year, and book the work early.	CFO / Owner
Days 61–90	Expanding in the GCC? Map which country taxes what, and who owns each entity.	Owner / Adviser

Frequently asked questions

Do I need to register if my company makes no profit?

Yes. Registration depends on being a taxable person, not on making a profit.

When is my Corporate Tax return due?

Nine months after the end of your financial year. For a 31 December year-end, that's 30 September of the following year. Payment is due the same day.

Has Small Business Relief been extended?

Yes. Since August 2026, it covers tax periods ending on or before 31 December 2029, with the same AED 3 million revenue limit.

Do free zone companies pay Corporate Tax?

They must register and file. Qualifying income of a Qualifying Free Zone Person is taxed at 0%; everything else at 9%.

I'm a freelancer. Does this apply to me?

Only if your business turnover goes over AED 1 million in a calendar year. Employment salary is never included.

Does registering for VAT register me for Corporate Tax?

No. They're separate registrations on the same EmaraTax portal, with separate returns and deadlines.

I think last year's return was wrong. What now?

File a voluntary disclosure before the FTA contacts you. The penalty is 1% per month on the underpaid tax, far lower than 15% plus 1% per month if the FTA finds it first.

Do I pay corporate tax in other GCC countries too?

It depends on the country, what you do there and who owns the business. Saudi Arabia, Oman, Qatar and Kuwait can all tax profits earned locally.

Corporate tax shouldn't keep you up at night.

At Booker Accounting & Consulting, we handle Corporate Tax registrations, returns, Small Business Relief and free zone reviews, transfer pricing support and voluntary disclosures for businesses across the UAE and the wider GCC, on time and without the jargon. Tell us how your business is set up and where you operate, and we'll tell you exactly where you stand.

Talk to our tax team →

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