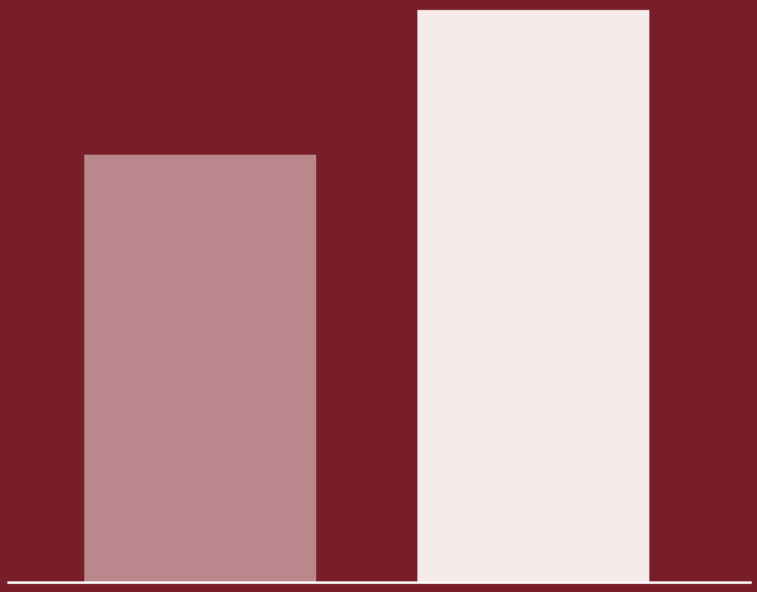
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POLICY PAPER · EPIC-PP-2026-046

# Taxing the Hub

## Corporate Tax and UAE Public Finances, June 2023 to November 2026

EPIC Research Team

November 2026

# Taxing the Hub: Corporate Tax and UAE Public Finances

*Collections, the Federal Budget and the 2026 Reforms, June 2023 to November 2026*

EPIC – Emirati Perspectives and Insight Centre

EPIC-PP-2026-046 · Economy & Energy · 17 November 2026 · EPIC Research Team

## Abstract

The UAE's federal corporate tax applies to financial years beginning on or after 1 June 2023 (Ministry of Finance 2026a). Profits above AED 375,000 are taxed at 9% (Khaleej Times 2026). On 11 November 2026 the Federal Tax Authority (FTA) reported collections of about AED 46.52 billion for tax periods ending in 2025, up 33.9% from AED 34.75 billion for 2024, and AED 81.27 billion in total since the tax was introduced (FTA 2026; The National 2026). Since 2025 large multinational groups have also been subject to a 15% domestic minimum top-up tax under the OECD's Pillar Two rules (Ministry of Finance 2026b).

The new tax has already changed the federal budget. The Ministry of Finance projects federal revenues of AED 92.40 billion for 2026, 29% more than estimated for 2025, and names corporate tax as the main driver (Ministry of Finance 2026c). Taxes account for AED 24.665 billion of budgeted federal revenue, about 27% on EPIC's calculation (Ministry of Finance 2026c).

This paper sets out how the tax is designed, what the published collections show, and how corporate tax fits into public finances in a year when the regional conflict has weighed on non-oil activity (IMF 2026). It also covers the 2026 changes: the extension of small business relief to 2029 and the start of mandatory electronic invoicing. It finds that the headline growth is real but that the published data are thin. There is no breakdown by sector, emirate or firm size, and no published rule on how corporate tax receipts are shared between the federal and emirate governments. The effect of the 2026 shock on profits will appear in collections for 2026 tax periods, which are not yet available.

**Keywords:** UAE; corporate tax; Federal Tax Authority; Ministry of Finance; federal budget; domestic minimum top-up tax; Pillar Two; small business relief; e-invoicing; VAT; non-oil revenue; fiscal policy

## 1. Scope, sources and method

The paper covers the corporate tax from its legal introduction in December 2022 to statements published by 17 November 2026. It relies on official sources wherever possible: the Ministry of Finance (MoF) for the legal design, the federal budget and the 2026 reforms; the FTA for collections and compliance; and the International Monetary Fund (IMF) for the macroeconomic context. Two newspapers, Khaleej Times and The National, are used to confirm the FTA statement and for the standard rate and threshold, which the MoF pages used here do not state in figures.

The IMF's 2025 Article IV staff report could not be opened, because the IMF website returned an access-denied response to automated requests. The paper uses the IMF's press releases of October 2025 and July 2026, read in full, instead.

Shares and differences not stated in the sources are EPIC calculations and are labelled as such. All values are in UAE dirhams (AED).

## 2. The design of the tax

### 2.1 The main regime

The UAE issued the Corporate Tax Law, Federal Decree-Law No. 47 of 2022, on 9 December 2022. It applies to financial years beginning on or after 1 June 2023 (Ministry of Finance 2026a). The rate is 9% on taxable profits above AED 375,000, and 0% on profits up to that threshold (Khaleej Times 2026). All taxable persons, including companies in free zones, must register and obtain a tax registration number (Ministry of Finance 2026a).

Three design features narrow the base. A Qualifying Free Zone Person can pay 0% on its qualifying income (Ministry of Finance 2026a). Several categories of entity are exempt, including qualifying public benefit entities, qualifying investment funds and wholly owned subsidiaries of government entities and pension funds (Ministry of Finance 2026a). And withholding tax, where it applies to non-residents without a permanent establishment, is set at 0% (Ministry of Finance 2026a).

### 2.2 Small business relief

Ministerial Decision No. 73 of 2023 allowed resident businesses with revenue of no more than AED 3 million to claim small business relief, which simplifies compliance, for tax periods ending on or before 31 December 2026 (Ministerial Decision 73 of 2023). A business loses eligibility if it exceeds the threshold in any earlier period: the FTA's own example is of a business with revenue of AED 1.9 million in 2026 that is ineligible because its 2025 revenue was AED 4.3 million (FTA n.d.).

On 29 July 2026 the Minister of State for Financial Affairs signed Ministerial Decision No. 131 of 2026, which extends the relief to tax periods ending on or before 31 December 2029 (Ministerial Decision 131 of 2026). The Ministry announced the extension in August 2026 (Ministry of Finance 2026d).

### 2.3 The domestic minimum top-up tax

The UAE's domestic minimum top-up tax (DMTT) applies to members of multinational groups with consolidated global revenues of EUR 750 million or more in at least two of the four preceding financial years, for financial years starting on or after 1 January 2025 (Ministry of Finance 2026b). Its purpose, under the OECD's Pillar Two rules, is to bring the effective tax rate of such groups in the UAE to at least 15%. That way the UAE collects the top-up tax on UAE profits instead of other countries collecting it (Ministry of Finance 2026b). The UAE has chosen not to apply the Income Inclusion Rule, because its corporate tax has no controlled foreign company regime (Ministry of Finance 2026b).

On 25 August 2025 the Ministry announced that the OECD had listed the UAE's DMTT on its central record of legislation with transitional qualified status, and that the DMTT also qualified for the Pillar Two safe harbour (Ministry of Finance 2025a). The practical effect, in the Ministry's words, is "certainty to MNE groups that no foreign tax will be applied to UAE profits" (Ministry of Finance 2025a).

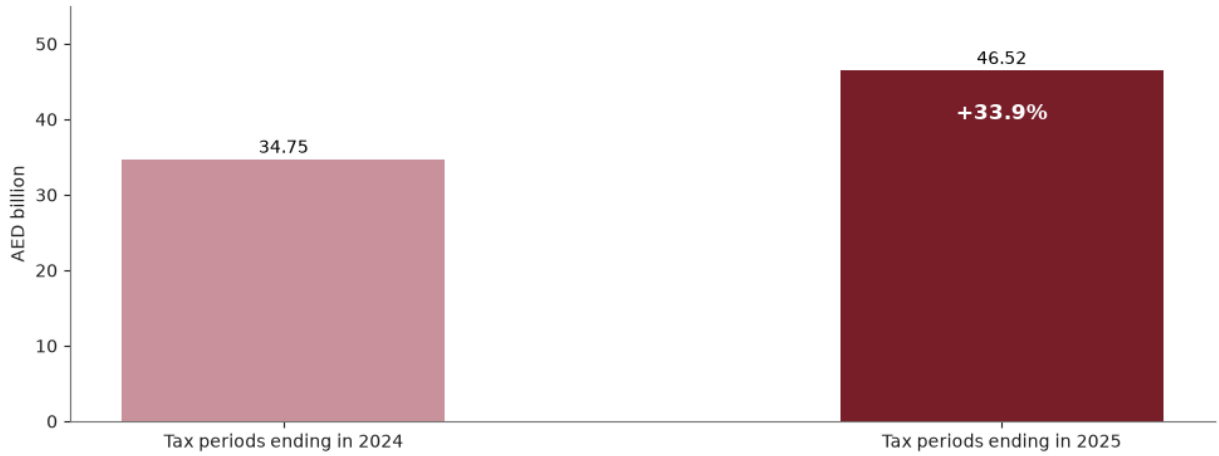
The result is a two-tier system. Most firms pay 9%, or nothing on small profits and qualifying free zone income. The largest multinational groups pay at least 15%.

# 3. What has been collected

## 3.1 Collections

The FTA's statement of 11 November 2026 is the main public source on receipts. It reports corporate tax collections of approximately AED 46.52 billion for tax periods ending in the 2025 financial year and AED 34.75 billion for those ending in 2024, a rise of 33.9%. Cumulative collections from the tax's introduction to the end of 2025 were approximately AED 81.27 billion (FTA 2026). On EPIC's arithmetic the two years sum to AED 81.27 billion, so on the FTA's figures they make up the whole cumulative total. Figure 1 shows the two years.

**Figure 1. Corporate tax collected for tax periods ending in 2024 and 2025 (AED billion)**




Approximate figures as stated by the FTA. Cumulative collections to the end of 2025: AED 81.27 billion. No breakdown by sector, emirate or DMTT is published.
Source: FTA 2026.

*Figure 1. Corporate tax collected for tax periods ending in 2024 and 2025 (AED billion)*

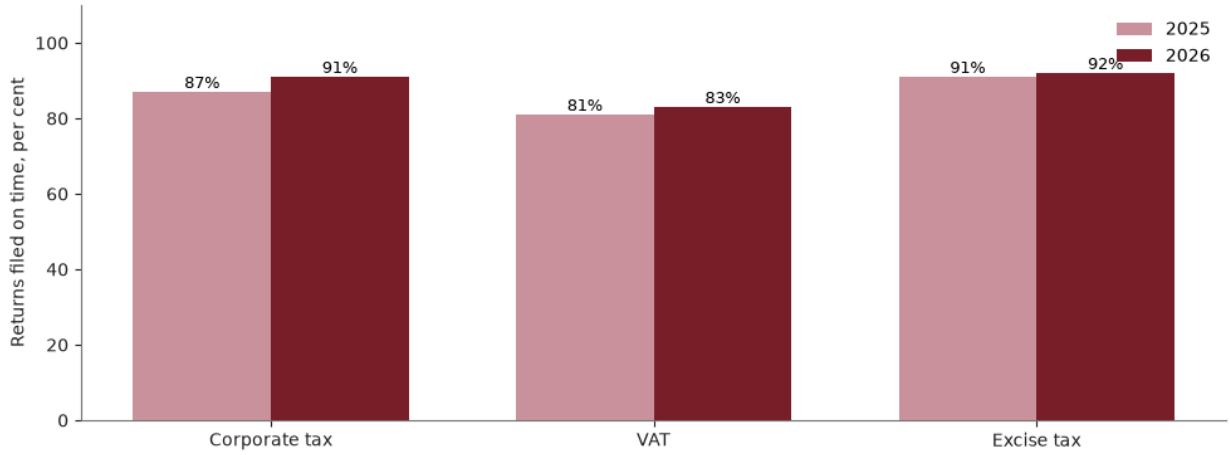
For comparison, the FTA reports VAT distributed to the federal and emirate governments of about AED 28.27 billion for January to August 2026, and excise tax of about AED 1.4 billion over the same months (FTA 2026). The periods differ, so the figures should not be added or compared directly. They do show that corporate tax is already of the same order as VAT, which the UAE introduced at 5% in January 2018 (Khaleej Times 2026).

The statement does not say how much of the 2025 figure comes from the DMTT, which applied for the first time to 2025 financial years. It also gives no breakdown by sector, emirate, firm size or free zone status. Without these, the sources of the 33.9% rise cannot be separated. It could reflect profit growth, more firms filing, the first DMTT liabilities, or the timing of the first full tax years, since the tax began mid-2023 and many firms' first periods ended in 2024.

## 3.2 Compliance

The FTA also reported on-time filing and payment. The share of corporate tax returns filed on time rose from 87% in 2025 to 91% in 2026, and the on-time payment rate was 97%. For VAT, on-time filing rose from 81% to 83% and on-time payment reached 98%. For excise tax, on-time filing rose from 91% to 92% and on-time payment reached 98% (FTA 2026). Figure 2 shows the filing rates.

**Figure 2. On-time return filing rates by tax, 2025 and 2026 (per cent)**




On-time payment rates in 2026: corporate tax 97%, VAT 98%, excise tax 98%.
Source: FTA 2026.

*Figure 2. On-time return filing rates by tax, 2025 and 2026 (per cent)*

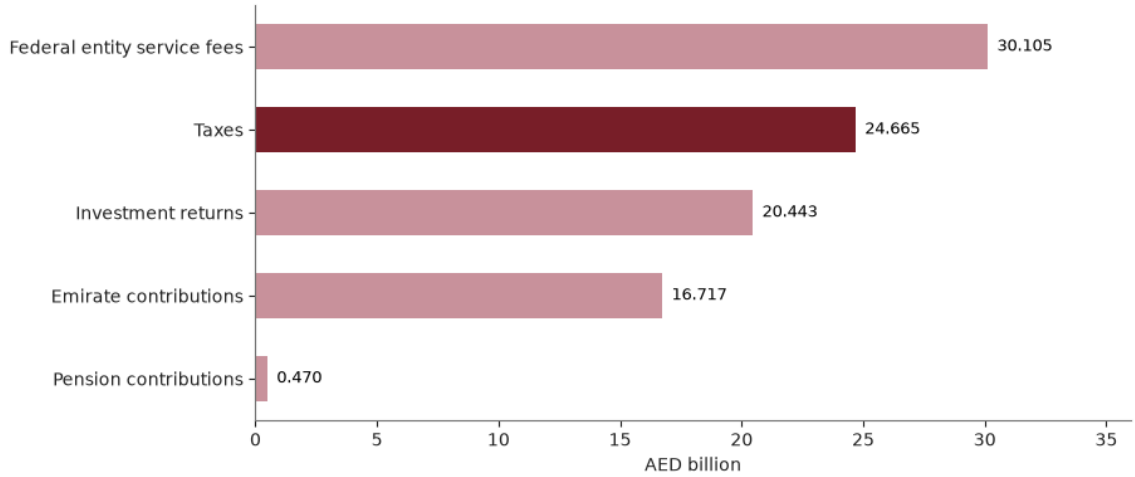
The improvement is consistent across the three taxes. The 9% of corporate tax returns not filed on time is still significant in a tax only two full years old.

## 4. Corporate tax in the federal budget

The Cabinet approved the 2026 federal budget on 27 October 2025 with revenues and expenditures each of AED 92.4 billion, the largest federal budget to date and 29% above 2025 (UAE Cabinet 2025). The Ministry of Finance states that the growth in revenue "is primarily driven by the introduction of corporate tax, alongside higher federal service fees and stronger investment returns" (Ministry of Finance 2026c).

The budget lists five revenue sources: federal entity service fees of AED 30.105 billion, taxes of AED 24.665 billion, investment returns of AED 20.443 billion, emirate contributions of AED 16.717 billion and pension contributions of AED 470 million (Ministry of Finance 2026c). On EPIC's calculation taxes make up about 26.7% of the listed total. Figure 3 shows the composition.

**Figure 3. UAE federal budget 2026: projected revenue by source (AED billion)**




The listed sources sum to AED 92.40 billion, the stated total. Taxes are about 26.7% of the total (EPIC calculation).
Source: Ministry of Finance 2026c.

*Figure 3. UAE federal budget 2026: projected revenue by source (AED billion)*

The budgeted federal tax line of AED 24.665 billion is smaller than the AED 46.52 billion of corporate tax collected for 2025 periods. The two figures cover different years and cannot be reconciled from published data. The difference also suggests that not all corporate tax receipts are federal revenue. The FTA describes VAT as "distributed to the Federal government and Emirate governments" (FTA 2026), but none of the sources used here sets out how corporate tax receipts are allocated. This is the largest gap in the public record on the new tax.

It matters for the IMF's main fiscal recommendation. In October 2025 IMF staff said that the non-hydrocarbon primary deficit should improve over the medium term "supported by the implementation of the corporate income tax and other indirect tax reforms". They added that, because the emirates set fiscal policy independently, "a wider scope for fiscal policy coordination between the federal and local governments would enhance consistency" (IMF 2025). A published allocation rule for corporate tax would be a direct step towards that coordination.

## 5. The tax in a shock year

Corporate tax follows profits, and profits are cyclical. The 2025 collections relate to a year before the regional conflict. In July 2026 IMF staff said overall GDP was expected to be "slightly lower in 2026", driven by a slowdown in non-hydrocarbon activity as uncertainty "weighed on tourism, transportation, trade, and real estate" (IMF 2026). They expected the general government fiscal balance to stay in surplus in 2026, with high oil prices, frontloaded dividends and spending efficiency offsetting "revenue pressures from weaker non-oil activity" (IMF 2026).

Company results show what this means for the tax base. The Emirates Group reported profit before tax of AED 4.1 billion for April to September 2026, 66% lower than a year earlier (Emirates Group 2026). Profits in transport, tourism and trade are part of the corporate tax base. The 2026 fall will show in collections for 2026 tax periods. On the pattern of the 2025 figures, which the FTA published in November 2026, those collections are unlikely to be reported before late 2027.

This has two consequences. First, the 33.9% growth for 2025 should not be projected forward. Second, the tax adds a new link between the non-oil cycle and public revenue. Before the federal corporate tax, a fall in non-oil company profits had no direct channel into federal tax receipts. Now it has. The UAE's exit from OPEC in May 2026 and the oil revenue outlook are covered in EPIC paper 043 (leaving-opec), and the wider diversification record in paper 022 (beyond-the-barrel).

## 6. The 2026 administrative reforms

Two measures will shape the tax's administration from 2027.

The first is the extension of small business relief to 2029, described in section 2.2. It keeps simplified compliance for the smallest firms for three more years.

The second is electronic invoicing. Two ministerial decisions set out the scope and timetable. A pilot with selected taxpayers began on 1 July 2026. Businesses with annual revenue of AED 50 million or more had to appoint an accredited service provider by 31 July 2026 and must implement the system from 1 January 2027. Smaller businesses must appoint a provider by 31 March 2027 and implement it from 1 July 2027. Government entities in scope must appoint a provider by 31 March 2027 and implement from 1 October 2027 (Ministry of Finance 2025b). Because an electronic invoice must be issued and transmitted for every business transaction (Ministry of Finance 2025b), the system will give the tax administration transaction-level records.

## 7. Policy implications

Publish an allocation rule. The public record does not show how corporate tax receipts are shared between the federal and emirate governments. Publishing the rule, and the amounts, would make the federal budget easier to read and would support the federal and local coordination that the IMF has recommended (IMF 2025).

Publish more detail on collections. A breakdown by sector, emirate, firm size and free zone status, and a separate DMTT figure, would show where the base is and how exposed it is to the non-oil cycle. The FTA already publishes headline figures and compliance rates quickly; adding detail would cost little.

Budget cautiously for 2027. The 2026 shock to non-oil profits will reduce collections for 2026 periods. The 2027 federal budget should not assume that the 2025 growth rate continues.

Keep the timetable stable. The e-invoicing phases and the extended small business relief give firms dates to plan around. Changing them late would undermine the compliance gains shown in the FTA's filing figures.

Related EPIC work includes papers on diversification (EPIC-PP-2026-022), the UAE's exit from the FATF grey list (EPIC-PP-2026-036) and the exit from OPEC (EPIC-PP-2026-043).

## 8. Limitations

Collections data come from a single FTA statement and two newspaper reports of it; no time series by month or quarter is published. The IMF staff report could not be opened, so the paper relies on IMF press releases. The relationship between corporate tax collections and the federal budget's tax line cannot be established from public sources. The text of Ministerial Decision No. 131 of 2026 was read

in a reproduction of the official publication on a private legal library website. The Ministry of Finance announcement was read in a press release reproduced by Zawya. Links were checked on 17 November 2026.

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## Sources: EPIC-PP-2026-046

All links checked 17 November 2026 (Asia/Dubai). "Route" records how each source was obtained.

### Dated source log

| Date checked | Key | Route | Status |
|---|---|---|---|
| 17 Nov 2026 | FTA 2026 | Opened | Retrieved; dated 11 Nov 2026 |
| 17 Nov 2026 | Khaleej Times 2026 | Opened | Retrieved; dated 11 Nov 2026 |
| 17 Nov 2026 | The National 2026 | Opened | Retrieved; dated 11 Nov 2026 |
| 17 Nov 2026 | Ministry of Finance 2025a | Opened | Retrieved; dated 25 Aug 2025 |
| 17 Nov 2026 | Ministry of Finance 2025b | Opened | Retrieved; dated 29 Sep 2025 |
| 17 Nov 2026 | Ministry of Finance 2026a | Opened | Retrieved; page undated |
| 17 Nov 2026 | Ministry of Finance 2026b | Opened | Retrieved; page undated |
| 17 Nov 2026 | Ministry of Finance 2026c | Opened | Retrieved; budget page |
| 17 Nov 2026 | Ministry of Finance 2026d | Opened (Zawya reproduction of the press release) | Retrieved; dated 7 Aug 2026 |
| 17 Nov 2026 | UAE Cabinet 2025 | Opened (rendered page; plain request returned HTTP 403) | Retrieved; dated 27 Oct 2025 |
| 17 Nov 2026 | IMF 2025 | Opened through a web reader (direct requests returned HTTP 403) | Retrieved; dated 2 Oct 2025 |
| 17 Nov 2026 | IMF 2026 | Opened through a web reader (direct requests returned HTTP 403) | Retrieved; dated 17 Jul 2026 |
| 17 Nov 2026 | Ministerial Decision 73 of 2023 | Opened PDF (FTA site) | Retrieved; issued 3 Apr 2023 |
| 17 Nov 2026 | Ministerial Decision 131 of 2026 | Opened (third-party legal database reproduction) | Retrieved; issued 29 Jul 2026 |
| 17 Nov 2026 | FTA n.d. | Opened | Retrieved; page undated |

| Date checked | Key | Route | Status |
|---|---|---|---|
| 17 Nov 2026 | Emirates Group 2026 | Opened | Retrieved; dated 5 Nov 2026 |
| 17 Nov 2026 | IMF 2025 Article IV staff report (PDF) | Requested | Not retrieved: HTTP 403. Not used |
| 17 Nov 2026 | Ministry of Finance 2024 corporate tax amendment release | Requested | Not retrieved: HTTP 404. Not used |

### Calculations by EPIC

- Corporate tax collections growth: 46.52 / 34.75 = 1.339, an increase of 33.9%, matching the published figure.
- Cumulative collections: 34.75 + 46.52 = AED 81.27 billion.
- Federal budget 2026 revenue sources: 30.105 + 24.665 + 20.443 + 16.717 + 0.470 = AED 92.40 billion; taxes 24.665 / 92.40 = 26.7%.
- On-time filing, 2025 to 2026: corporate tax 87% to 91% (+4 points); VAT 81% to 83% (+2); excise 91% to 92% (+1).