

ATOZ ALERT

UAE Ministry of Finance issues Ministerial Decisions clarifying Free Zone tax regime

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The UAE Ministry of Finance has recently issued two new Ministerial Decisions with significant implications for taxpayers operating in Free Zones.

Under the UAE Corporate Tax Law and [Cabinet Decision No. 100 of 2023](#), a Qualifying Free Zone Person may benefit from a 0% Corporate Tax rate on its Qualifying Income, provided it meets the relevant conditions. In this context, the new [Ministerial Decision No. 229 of 2025](#) on *Qualifying and Excluded Activities* (“**Decision No. 229**”) clarifies and expands the scope of commodities and activities eligible for the preferential corporate tax treatment, while [Ministerial Decision No. 230 of 2025](#) on the *Specification of Recognised Price Reporting Agencies* (“**Decision No. 230**”) sets out the list of agencies whose published prices may be relied upon for those purposes.

These key updates, effective from 1 June 2023, are summarised below.

Expanded scope of Qualifying Commodities

Decision No. 229, by repealing and replacing [Ministerial Decision No. 265 of 2023](#), broadens the scope of Qualifying Commodities by:

- removing the previous limitation to commodities “in raw form”, allowing a much wider range of products to be included; and
- expressly including the trading of metals, minerals, industrial chemicals, energy and agricultural commodities, Associated By-products¹ and environmental commodities², provided that a *Quoted Price* for such commodities exists.

¹ Associated By-Products are defined as incidental or secondary products made during the production or extraction of the commodity.

² Environmental commodities are defined as tradeable assets that represent a specific environmental benefit, such as carbon credits or renewable energy certificates.

- A Quoted Price is defined as a price published by a Recognised Commodity Exchange Market³ or a Recognised Price Reporting Agency listed by Decision No. 230⁴.

Expanded scope of Qualifying Activities

- Treasury and Financing Services

The scope of Treasury and financing services eligible as Qualifying Activities has been expanded from those provided solely “to Related Parties” to include services provided “to Related Parties or for its own account.” This explicitly confirms that certain self-investment activities within treasury and financing operations may qualify, encompassing cash and liquidity management, financing, debt management, financial risk management and related advisory services, as well as centralised payment and collection functions.

- Distribution of Goods or Materials

The distribution of goods or materials in or from a Designated Zone may now include transactions with “a public benefit entity”. This expands the scope of permissible customers for distribution activities without affecting the *de minimis* threshold.

Uplift Expenditures calculation for Qualifying Intellectual Property Income

Decision No. 229 redefines “Uplift Expenditures” as 30% of the Qualifying Expenditure, thereby replacing the former approach, where they were calculated as the Qualifying Expenditure increased by 30%.

Conclusion

These measures provide greater clarity and broaden the application of preferential treatment for businesses in UAE Free Zones, further reinforcing UAE’s position as a competitive global business hub. Companies operating in Free Zones are advised to review the expanded scope of Qualifying Activities to determine the potential implications for their corporate tax position.

Do you have any questions?



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³ A Recognised Commodities Exchange Market means any commodities exchange market, whether domestic or foreign, that is licensed and regulated by the relevant authority, or any market specifically designated by Ministerial decision.

⁴The list of Recognised Price Reporting Agencies includes: 1. S&P Global Commodity Insights (Platts & Fertecon); 2. Argus Media; 3. ICIS (Independent Commodity Intelligence Services); 4. OPIS (Oil Price Information Service); 5. RIM Intelligence; 6. CRU Group; 7. Quantum Commodity Intelligence; 8. Fastmarkets; 9. General Index; 10. ICE (Intercontinental Exchange); 11. MONTEL; 12. Spark Commodities; 13. Expana.