



Filing without fuss

Simplifying Tax CT Returns- Topic: Choose your choices wisely

Speaker



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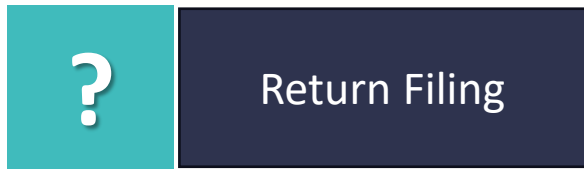
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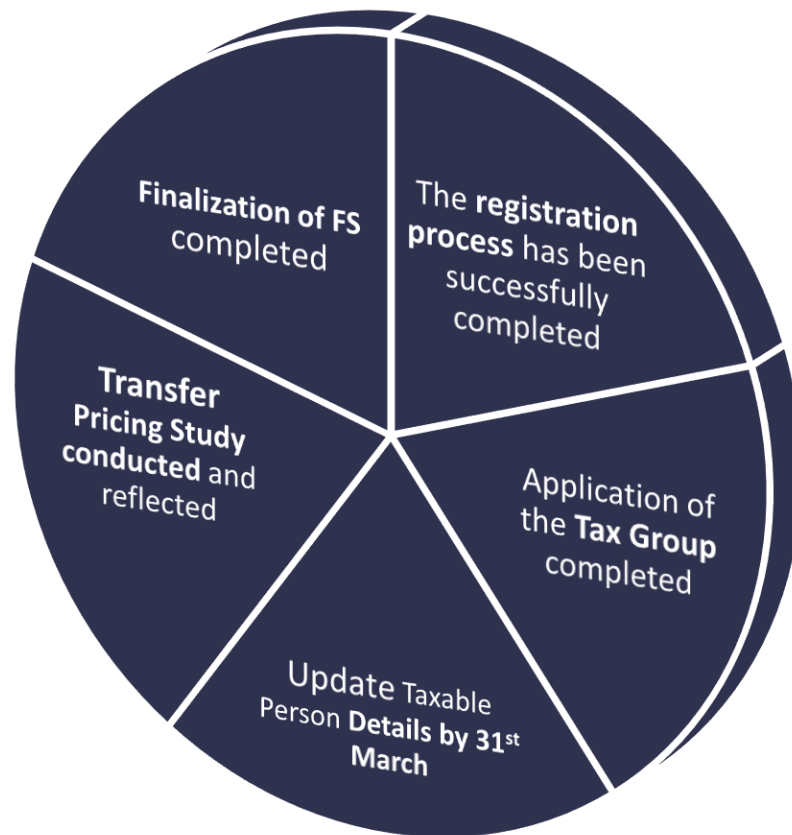
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Choose your choices wisely

Where do we stand now?



Are you Ready ?



Content

1. Corporate Tax Return - Introduction
2. Schedules Forming Part of Corporate Tax Return
3. Elections - Options Available
 - a. Realization Basis
 - b. Small Business Relief
 - c. Adjustments Under the Transitional Rules
 - d. Foreign Permanent Establishment Exemption
4. Key Takeaways

1. Corporate Tax Return - Introduction

Corporate Tax Return

Corporate Tax Filings

Filing Details

Return Clarifications

XXXXXXXX

Customize Columns

Filing Type

Status

Type	Application Number	Period Description	Period From	Period To	Return Due Date
Corporate Tax Return	230008098734	Tax Year End Dec-2024	01/02/2024	31/12/2024	30/09/2025

Action

ooo

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FEDERAL TAX AUTHORITY

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Corporate Tax Return

إمارات تاكس
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الهيئة الاتحادية للضرائب
FEDERAL TAX AUTHORITY

What are you looking for?

User Type

عربي

-A

A

Home

Corporate Tax

Corporate Tax Filings

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Corporate Tax Return

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Taxpayer Details

Elections

Accounting Schedules

Accounting Adjustments and Exempt Income

Other Adjustments

Tax Liability and Tax Credits

Review and Declaration

Filing Period

Corporate Tax Return Period
01/02/2024 - 31/12/2024

Corporate Tax Return Due Date
30/09/2025

Corporate Tax Year End
31/12/2024

Taxpayer Details

TRN

XXXXXX

Taxable Person Name in English

XXXXXX

Taxable Person Name in Arabic

XXXXXX

Entity Type

Legal Person - Incorporated

Entity Sub-Type

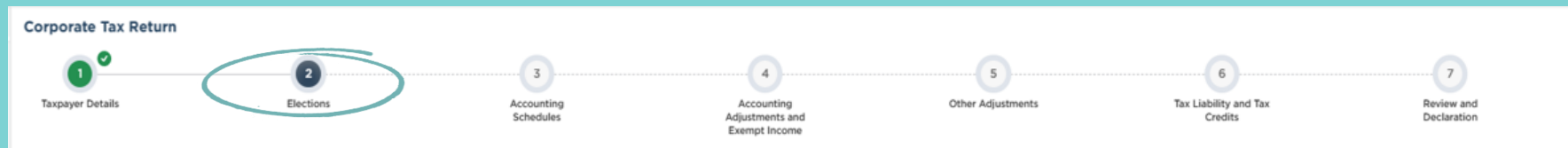
UAE Private Company (incl. an Establishment)

Primary Business

XXXXXXes

Parts of UAE Corporate Tax Return

- Part A – Taxable Person Information
- Part B – Elections
- Part C – Accounting Schedule
- Part D – Accounting Adjustments and Exempt Income
- Part E – Reliefs
- Part F – Other Adjustments
- Part G – Tax Liability and Tax Credits
- Part H – Review and Declaration
- Part I – Schedules



2. Schedules forming part of Corporate Tax Return

Schedules forming part of Corporate Tax Return

1. Free Zone Schedules
2. UAE Dividends Schedules
3. Foreign Permanent Establishment Schedule
4. Tax credit Schedule
5. Tax Losses Schedule
6. Exempt Persons
7. Participation Exemption Schedule
8. Interest Capping Schedule
9. Tax Relief Schedule
10. Transitional Rules Schedule
11. Unrealised Gain/Loss Schedule
12. Related Party and Connected Person Schedule

3. Election - Options Available

Election - Options Available for a Taxable Person

Realisation Basis	Transitional Rules	Small Business Relief	Foreign PE Exemption	Transfers within a Qualifying Group	Business Restructuring Relief	Qualifying Free Zone
Election only in the first tax period - One time election	Election only in the first tax period - One time election	Annual election [Max up to 31/12/2026]	Annual election	In the year the transfer happens Irrevocable	In the year the business restructuring happens for each restructure	Once in every 5 years – subject to conditions

Elections- Options in the Corporate Tax Return

Home > Corporate Consultants L.L.C-FZ > Corporate Tax > Corporate Tax Filings > Corporate Tax Return

Corporate Tax Return

- 1 Taxpayer Details
- 2 Elections
- 3 Accounting Schedules
- 4 Accounting Adjustments and Exempt Income
- 5 Other Adjustments
- 6 Tax Liability and Tax Credits
- 7 Review and Declaration

Filing Period	Corporate Tax Return Period 01/02/2024 - 31/12/2024	Corporate Tax Return Due Date 30/09/2025	Corporate Tax Year End 31/12/2024
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Elections

Realisation Basis

Would the Taxable Person like to elect to use the realisation basis?

☒ Yes ☐ No

Is the Taxable Person a Bank or Insurance Provider?

☐ Yes ☒ No

Would the Taxable Person like to elect for the realisation basis in respect of:

☒ All assets and liabilities that are subject to fair value or impairment accounting ☐ All assets and liabilities held on capital account at the end of a Tax Period

Transitional Rules

Is the Taxable Person making an election to adjust Taxable Income for gains recognised on any Qualifying Immovable Property owned prior to the first Tax Period?

☐ Yes ☒ No

Is the Taxable Person making an election to adjust Taxable Income for gains recognised on all Qualifying Intangible Assets owned prior to the first Tax Period?

☐ Yes ☒ No

Is the Taxable Person making an election to adjust Taxable Income for gains and losses on all Qualifying Financial Assets and/or Qualifying Financial Liabilities owned prior to the first Tax Period?

☐ Yes ☒ No

Small Business Relief

Revenue in the Tax Period (AED)

200,000

Elections- Options in the Corporate Tax Return

Small Business Relief

Revenue in the Tax Period (PRED) 1

200,000

Would the Taxable Person like to make an election for Small Business Relief?

☐ Yes ☒ No

Transfers within a Qualifying Group

Did the Taxable Person transfer any assets or liabilities to a member of the same Qualifying Group during the Tax Period?

☐ Yes ☒ No

Business Restructuring Relief

Did the Taxable Person transfer a Business or an independent part of a Business during the Tax Period under which Business Restructuring Relief may apply?

☐ Yes ☒ No

Foreign Permanent Establishment Income

Does the Taxable Person have any Foreign Permanent Establishments?

☐ Yes ☒ No

Previous Step

Cancel Save as Draft Next

3(a). Realization Basis

Computation of Taxable Income

Taxable Income = Accounting Income +/- Adjustments as per 20(2) of CT Law

Adjustments as per Article 20(2) of CT Law:

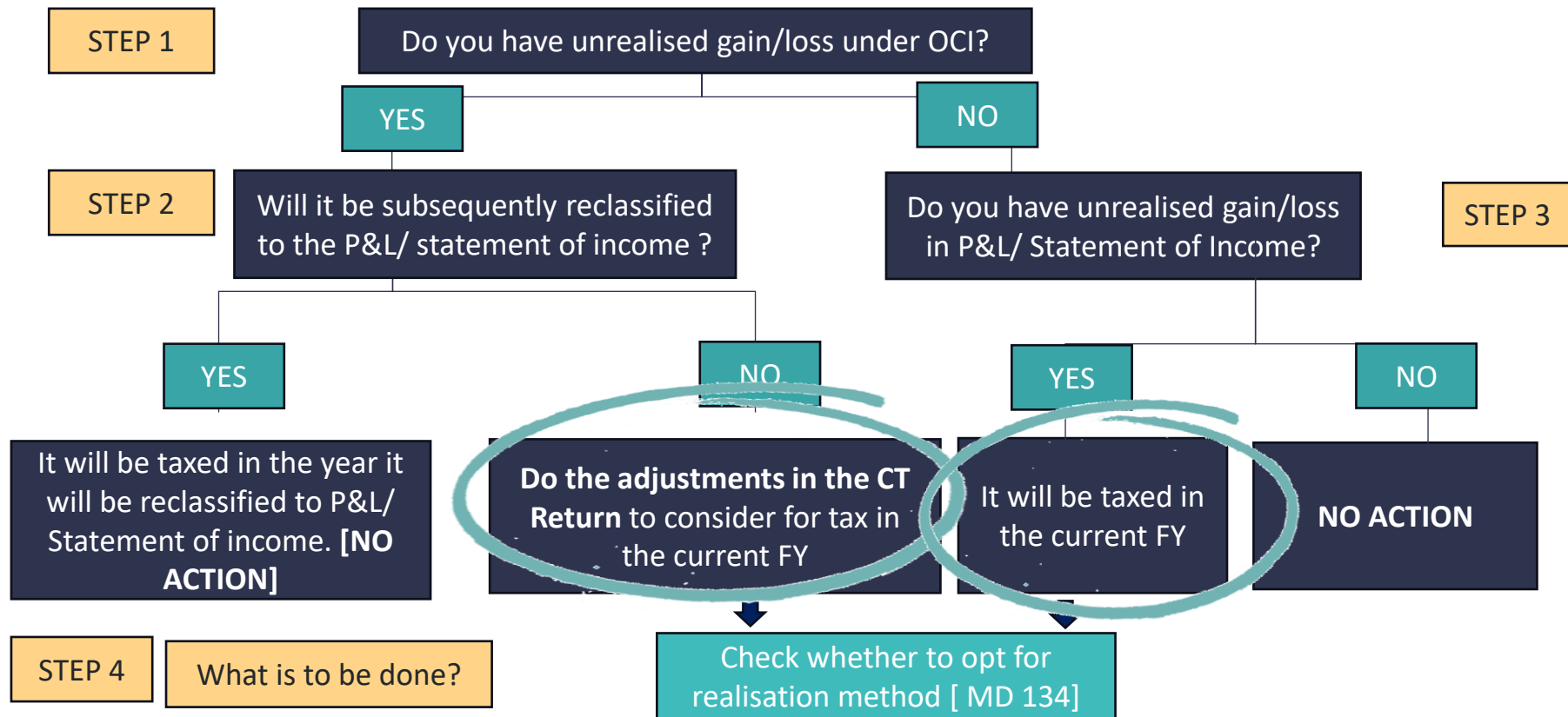


- a. **Unrealized gain or loss as determined as per the Art. 20(3)**
- b. Exempt income as specified
- c. Reliefs pertaining to business restructuring and transfers within the qualifying group.
- d. Deductions as specified
- e. Transfer pricing adjustments
- f. Tax loss reliefs
- g. Any incentives or special reliefs for a Qualifying Business Activity
- h. Any income or expenditure that has not otherwise been taken into account in determining the Taxable Income as specified by the cabinet decision
- i. **Any other adjustments as specified by the Minister (Ref MD 134)**

Conditions to elect the use of Realization basis

Who can ?	The taxable person that prepares Financial Statements on accrual basis .
When ?	The election should be made by the taxable person during the first tax period and shall be deemed irrevocable . It may be revoked by FTA under exceptional circumstances
Mandatory ?	NO . It is optional .
How many options are available ?	Option 1- All assets and liabilities that are subject to FV or impairment accounting. [Art. 20(3)(a)] Option 2- Only assets and liabilities held under Capital Account . [Art. 20(3)(b)]
Additional Conditions ?	Bank and Insurance providers can opt only option 2 [Art. 20(3)(b)]

4 Steps approach to learn the MD 134 (2)



When to use the realisation basis options under MD 134?

Situation 1

Unrealised gain/loss under OCI, subsequently NOT reclassified to the statement of income

Situation 2

Unrealised gain/loss under statement of income

Option 1

Choose the realization option for **all assets and liabilities** that are subject to **FV or impairment** accounting
Art. 20 (3) (a)

Option 2

Choose the realization option for only the assets and liabilities **held under Capital Account**. Art. 20 (3) (b)

Illustrative examples for OCI (gain/loss)

NOT reclassified to Statement of Income (subsequently)

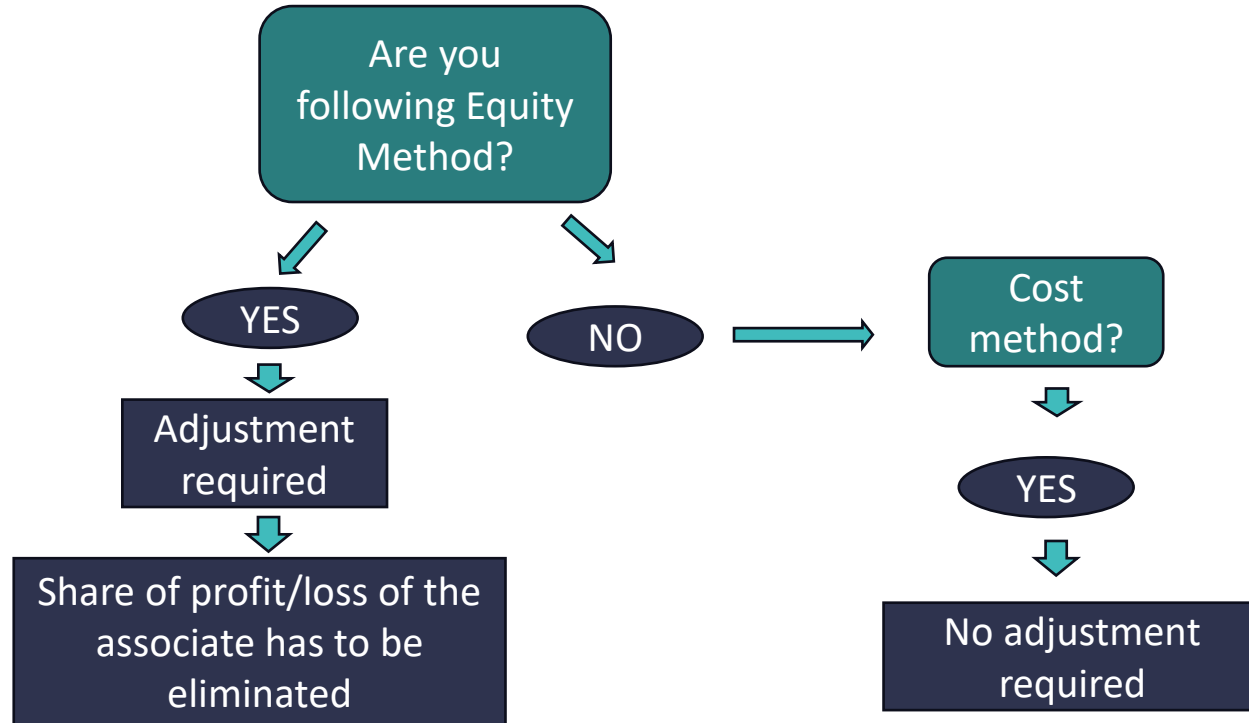
1. IAS 16- PPE- Changes in Revaluation Surplus.
2. IAS 38- Intangible Assets- Changes in Revaluation Surplus.
3. IAS 19 – Remeasurement of Defined Benefit Plan.
4. IFRS 9 – Gains and losses from Investments in Equity Instruments.

Reclassified to Statement of Income (subsequently)

1. IAS 21 Forex Gain/loss– arises from translating the Fin. Statement of a Foreign Operation.
2. IFRS 9 – Gains or losses from hedging instrument/Options/forward contracts etc. wherever applicable

ADJUSTMENT TO REPLACE THE EFFECT OF EQUITY METHOD

ADJUSTMENT UNDER MD 134 (2)(2) TO REPLACE THE EFFECT OF EQUITY METHOD



Case Study: Extract from the Statement of Financial Income of ABC LLC for the year ended 31/12/2024

Statement of profit or loss and other comprehensive income for the year ended 31/12/2024

Revenue			50,000,000/
Expenses			22,000,000/
Net Profit Before Tax			28,000,000/
Other Comprehensive Income			
Property Revalued [4M revalued to 6M]	2,000,000/		
Defined Benefit Cost	500,000/		
Income from Foreign Operation translation	100,000/		
Total	-----	1,600,000/	
Total Comprehensive Income for the year			29,600,000/

Additional Information

1. Share of income from associates - Equity Method (included in P&L) AED 30,000/
2. Provision for doubtful debts (considered in P&L) AED 200,000/
3. Depreciation (on the Property on the Revalued Amount considered in P&L) AED 600,000/

Calculate the Corporate Tax Liability:

1. Without Electing Realisation basis
2. Electing realisation basis [20(3)(a) & 20(3)(b)]

Case 1: Realisation Basis **NOT** opted

CT Return – ABC LLC

Case 1: Realisation Basis not opted

Corporate Tax Return

1 Taxpayer Details	2 Elections	3 Accounting Schedules	4 Accounting Adjustments and Exempt Income	5 Other Adjustments	6 Tax Liability and Tax Credits	7 Review and Declaration
Filing Period		Corporate Tax Return Period 01/02/2024 - 31/12/2024	Corporate Tax Return Due Date 30/09/2025	Corporate Tax Year End 31/12/2024		

Elections

Realisation Basis

Would the Taxable Person like to elect to use the realisation basis?

☐

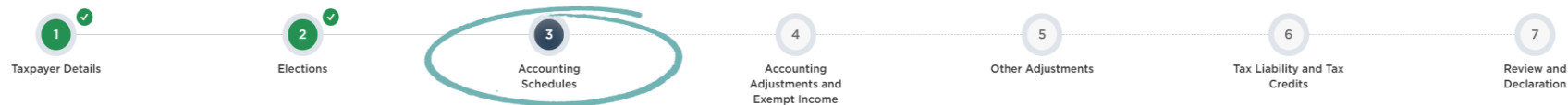
Yes

☒

No

CT Return – ABC LLC

Corporate Tax Return



Statement of Profit or Loss

Statement of Profit or Loss	Current Period (AED)
Operating Revenue (AED)	50,000,000
Expenditure incurred in deriving operating revenue (AED)	15,000,000
Gross Profit / Loss (AED)	35,000,000
Non-operating Expense	
Salaries, wages and related charges (AED)	4,000,000
Depreciation and amortisation (AED)	1,000,000

CT Return – ABC LLC

Corporate Tax Return

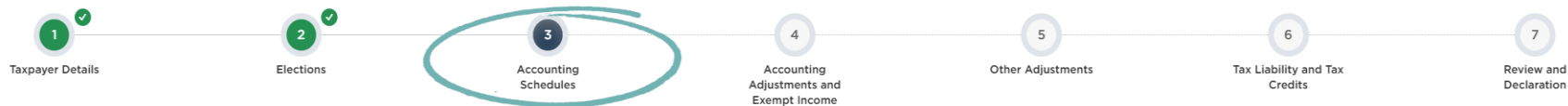
Progress bar showing steps 1 through 7:

- 1 Taxpayer Details (Completed)
- 2 Elections (Completed)
- 3 Accounting Schedules (Current Step)
- 4 Accounting Adjustments and Exempt Income
- 5 Other Adjustments
- 6 Tax Liability and Tax Credits
- 7 Review and Declaration

Donations (AED)	<input type="text" value="0"/>
Client entertainment expenses (AED)	<input type="text" value="0"/>
Other expenses (AED)	<input type="text" value="2,000,000"/>
Non-operating expenses (Excluding other items listed below) (AED)	<input type="text" value="7,000,000"/>
Non-operating Revenue	
Dividends received (AED)	<input type="text" value="0"/>

CT Return – ABC LLC

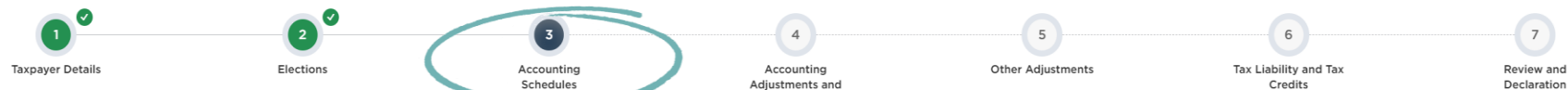
Corporate Tax Return



Losses on Disposal of Assets (AED)	<input type="text" value="0"/>
Net gains / (losses) on disposal of assets (AED)	<input type="text" value="0"/>
Foreign exchange gains (AED)	<input type="text" value="0"/>
Foreign exchange losses (AED)	<input type="text" value="0"/>
Net Gains / (losses) on foreign exchange (AED)	<input type="text" value="0"/>
Net profit/(loss) (AED)	<input type="text" value="28,000,000"/>

CT Return – ABC LLC

Corporate Tax Return



Net profit/(loss) (AED)

28,000,000

Statement of Other Comprehensive Income

Statement of Other Comprehensive Income

Income that will not be reclassified to the income statement (AED)

Losses that will not be reclassified to the income statement (AED)

Income that may be reclassified to the income statement (AED)

Losses that may be reclassified to the income statement (AED)

Other income reported in other comprehensive income for the year, net of tax (AED)

Other losses reported in other comprehensive income for the year, net of tax (AED)

Total comprehensive income for the year (AED)

Current Period (AED)

2,000,000

500,000

100,000

0

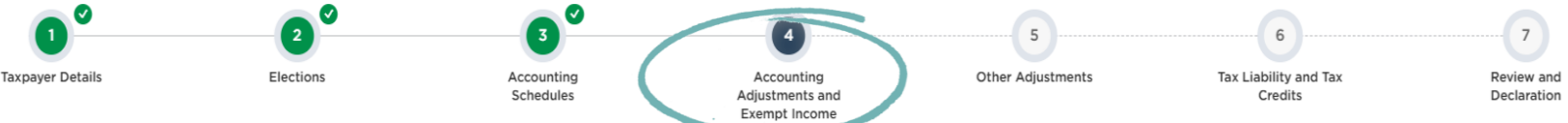
0

0

29,600,000

CT Return – ABC LLC

Corporate Tax Return



Filing Period	Corporate Tax Return Period 01/01/2024 - 31/12/2024	Corporate Tax Return Due Date 30/09/2025	Corporate Tax Year End 31/12/2024
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Accounting Adjustments and Exempt Income

Accounting Income

Description	Total Amount (AED)
Accounting Income for the Tax Period (AED)	<input type="text" value="28,000,000"/>

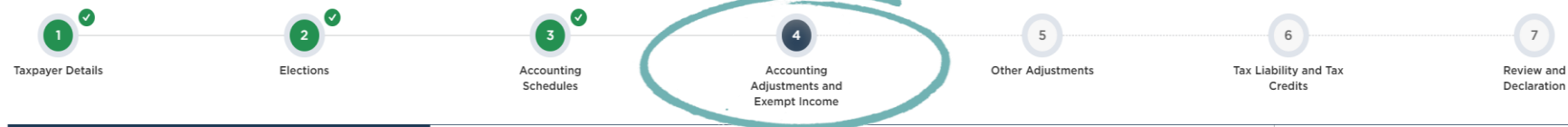
Does the Taxable Person account for any investments under the Equity Method of Accounting?

☒ Yes ☐ No

134(2)(2) – Equity Method Adjustment

Case 1: Realisation Basis not opted

Corporate Tax Return



Does the Taxable Person account for any investments under the Equity Method of Accounting?



☐ Yes ☒ No

134(2)(2) – Equity Method Adjustment

Case 1: Realisation Basis not opted

Corporate Tax Return

Does the Taxable Person account for any investments under the Equity Method of Accounting?



Yes



No

Description	Total Amount (AED)
Share of Profits relating to investments accounted for under the Equity Method of Accounting (AED)	30,000
Share of Losses relating to investments accounted for under the Equity Method of Accounting (AED)	0

CT Return – ABC LLC : Unrealised Gain/Loss under OCI

Case 1: Realisation Basis not opted

Has the Taxable Person recognised any realised or unrealised gains or losses in the Financial Statements that will not subsequently be recognised in the Income Statement?

☐ Yes ☐ No

Q: Is it applicable only for the Taxable Persons opted for the realisation method?

A: Any taxable person having above type of OCI should choose “YES”

134 (2)(1) – Unrealised Gain/Loss (OCI not subsequently reclassified to Statement of Income)

Case 1: Realisation Basis not opted

Has the Taxable Person recognised any realised or unrealised gains or losses in the Financial Statements that will not subsequently be recognised in the Income Statement?



☒ Yes ☐ No

Income/Losses reported outside the Income Statement Schedule

Description	Total Amount (AED)
Gains reported in the Financial Statements that would not subsequently be recognised in the statement of income (AED)	0
Losses reported in the Financial Statements that would not subsequently be recognised in the statement of income (AED)	0

134 (2)(1) – Unrealised Gain/Loss (OCI subsequently not reclassified)

Case 1: Realisation Basis not opted

Income/Losses reported outside the Income Statement Schedule

Income/Losses reported outside the Income Statement Schedule	
<p>Description of the asset / liability</p> <input type="text"/>	<p>Is the income or loss derived from an unrealised gain / loss?</p> <input type="text"/>
<p>Has the Taxable Person elected to apply the realisation basis to all assets and liabilities that are subject to fair value or impairment accounting?</p> <p>No</p>	<p>Original cost of the asset / liability (AED)</p> <input type="text"/>
<p>Net book value of the asset / liability at the end of the Tax Period (AED)</p> <input type="text"/>	<p>Income recognised in the Financial Statements but not in the income statement (AED)</p> <input type="text"/>
<p>Loss recognised in the Financial Statements but not in the income statement (AED)</p> <input type="text"/>	
<p>Add</p>	

134 (2)(1) – Unrealised Gain/Loss (OCI subsequently not reclassified)

Case 1: Realisation Basis not opted

Income/Losses reported outside the Income Statement Schedule

Income/Losses reported outside the Income Statement Schedule

Description of the asset / liability



Property

Is the income or loss derived from an unrealised gain / loss?

Yes

Has the Taxable Person elected to apply the realisation basis to all assets and liabilities that are subject to fair value or impairment accounting?

No

Original cost of the asset / liability (AED)

4,000,000

Net book value of the asset / liability at the end of the Tax Period (AED)



5,400,000

Income recognised in the Financial Statements but not in the income statement (AED)

2,000,000

Loss recognised in the Financial Statements but not in the income statement (AED)

0

Add

134 (2)(1) – Unrealised Gain/Loss (OCI subsequently not reclassified)

Case 1: Realisation Basis not opted

Income/Losses reported outside the Income Statement Schedule

Income/Losses reported outside the Income Statement Schedule

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Customize Columns		Search					
Description of the asset / liability	Is the income or loss derived from an unrealised gain / loss?	Has the Taxable Person elected to apply the realisation basis to all assets and liabilities that are subject to fair value or impairment accounting?	Original cost of the asset / liability (AED)	Net book value of the asset / liability at the end of the Tax Period (AED)	Income recognised in the Financial Statements but not in the income statement (AED)	Loss recognised in the Financial Statements but not in the income statement (AED)	Action
Property	Yes	No	4,000,000	5,400,000	2,000,000	0	***
Defined Benefit Cost	Yes	No	1,000,000	900,000	0	500,000	***
Total (AED)					2,000,000	500,000	

134 (2)(1) – Unrealised Gain/Loss (OCI subsequently not reclassified)

Case 1: Realisation Basis not opted

Has the Taxable Person recognised any realised or unrealised gains or losses in the Financial Statements that will not subsequently be recognised in the Income Statement?



☒ Yes ☐ No

Income/Losses reported outside the Income Statement Schedule

Description

Gains reported in the Financial Statements that would not subsequently be recognised in the statement of income (AED)

Losses reported in the Financial Statements that would not subsequently be recognised in the statement of income (AED)

Total Amount (AED)

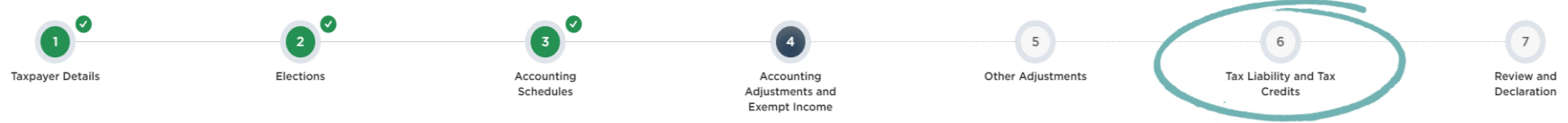
2,000,000

500,000

Tax Calculations

Case 1: Realisation Basis not opted

Corporate Tax Return



Tax Calculations and Tax Credits

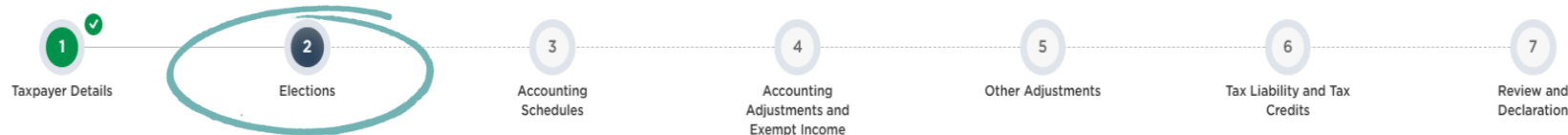
Description	Total Amount (AED)
Taxable Income / (Tax Loss) for the Tax Period (AED)	29,470,000
Corporate Tax Liability (AED) i	2,618,550
Does the Taxable Person wish to use any available Tax Credits?	
<input type="radio"/> Yes <input type="radio"/> No	
Description	Total Amount (AED)
Corporate Tax payable (AED)	2,618,550

Case 2: Elected to pay on realisation basis – 20(3)(a)

CT Return – ABC LLC

Case 2: Elected to pay on realisation basis – 20(3)(a)

Corporate Tax Return



Filing Period

Corporate Tax Return Period
01/01/2024 - 31/12/2024

Corporate Tax Return Due Date
30/09/2025

Corporate Tax Year End
31/12/2024

Elections

Realisation Basis

Would the Taxable Person like to elect to use the realisation basis?

☒ Yes ☐ No

Is the Taxable Person a Bank or Insurance Provider?

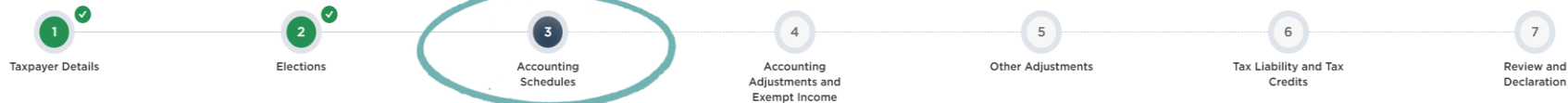
☐ Yes ☒ No

Would the Taxable Person like to elect for the realisation basis in respect of:

☒ All assets and liabilities that are subject to fair value or impairment accounting ☐ All assets and liabilities held on capital account at the end of a Tax Period

CT Return – ABC LLC

Corporate Tax Return



Corporate Tax Return

Net profit/(loss) (AED)

28,000,000

Statement of Other Comprehensive Income

Statement of Other Comprehensive Income

Income that will not be reclassified to the income statement (AED)

2,000,000

Losses that will not be reclassified to the income statement (AED)

500,000

Income that may be reclassified to the income statement (AED)

100,000

Losses that may be reclassified to the income statement (AED)

0

Other income reported in other comprehensive income for the year, net of tax (AED)

0

Other losses reported in other comprehensive income for the year, net of tax (AED)

0

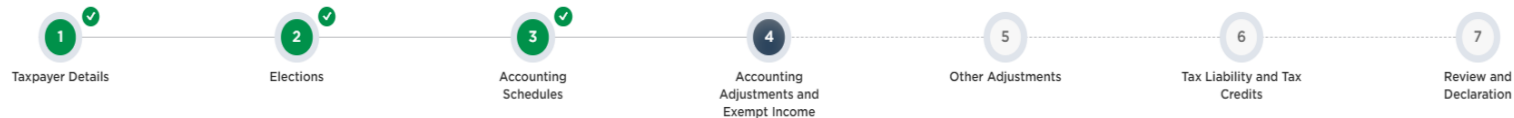
Total comprehensive income for the year (AED)

29,600,000

CT Return – ABC LLC

Case 2: Elected to pay on realisation basis – 20(3)(a)

Corporate Tax Return



Filing Period	Corporate Tax Return Period 01/01/2024 - 31/12/2024	Corporate Tax Return Due Date 30/09/2025	Corporate Tax Year End 31/12/2024
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Accounting Adjustments and Exempt Income

Accounting Income

Description	Total Amount (AED)
Accounting Income for the Tax Period (AED)	28,000,000

Does the Taxable Person account for any investments under the Equity Method of Accounting?

☒ Yes ☐ No

134(2)(2) – Equity Method Adjustment

Case 2: Elected to pay on realisation basis – 20(3)(a)

Corporate Tax Return

Does the Taxable Person account for any investments under the Equity Method of Accounting?



Yes



No

Description	Total Amount (AED)
Share of Profits relating to investments accounted for under the Equity Method of Accounting (AED)	30,000
Share of Losses relating to investments accounted for under the Equity Method of Accounting (AED)	0

134 (2)(1) – Unrealised Gain/Loss (OCI not subsequently reclassified to Statement of Income)

Case 2: Elected to pay on realisation basis – 20(3)(a)

Has the Taxable Person recognised any realised or unrealised gains or losses in the Financial Statements that will not subsequently be recognised in the Income Statement?



Yes



No

Income/Losses reported outside the Income Statement Schedule

Description

Total Amount (AED)

Gains reported in the Financial Statements that would not subsequently be recognised in the statement of income (AED)

0

Losses reported in the Financial Statements that would not subsequently be recognised in the statement of income (AED)

0

134 (2)(1) – Unrealised Gain/Loss (OCI not subsequently reclassified to Statement of Income)

Case 2: Elected to pay on realisation basis – 20(3)(a)

Income/Losses reported outside the Income Statement Schedule

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Income/Losses reported outside the Income Statement Schedule

Description of the asset / liability

Is the income or loss derived from an unrealised gain / loss?

Has the Taxable Person elected to apply the realisation basis to all assets and liabilities that are subject to fair value or impairment accounting?

Yes

Add

Note: The details of the assets/liabilities are not disclosed in the schedule if elected under 20(3)(a)/(b)

134 (2)(1) – Unrealised Gain/Loss Schedule (OCI not subsequently reclassified to Statement of Income)

Case 2: Elected to pay on realisation basis – 20(3)(a)

Income/Losses reported outside the Income Statement Schedule

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Customize Columns		Search					
Description of the asset / liability	Is the income or loss derived from an unrealised gain / loss?	Has the Taxable Person elected to apply the realisation basis to all assets and liabilities that are subject to fair value or impairment accounting?	Original cost of the asset / liability (AED)	Net book value of the asset / liability at the end of the Tax Period (AED)	Income recognised in the Financial Statements but not in the income statement (AED)	Loss recognised in the Financial Statements but not in the income statement (AED)	Action
Property	Yes	Yes					...
Defined Benefit Plan	Yes	Yes					...
Total (AED)					0	0	

134 (2)(1) – Unrealised Gain/Loss (OCI not subsequently reclassified to Statement of Income)

Case 2: Elected to pay on realisation basis – 20(3)(a)

Has the Taxable Person recognised any realised or unrealised gains or losses in its Financial Statements that will not subsequently be recognised in the Income Statement?

☒ Yes ☐ No

Income/Losses reported outside the Income Statement Schedule

Description	Total Amount (AED)
-------------	--------------------

Gains reported in the Financial Statements that would not subsequently be recognised in the statement of income (AED)	
---	--

0

Losses reported in the Financial Statements that would not subsequently be recognised in the statement of income (AED)	
--	--

0

Unrealised Gain/Loss in the Statement of Income

Case 2: Elected to pay on realisation basis – 20(3)(a)

Realisation Basis Adjustments

Has there been any unrealised Gains / Losses recognised in Accounting Income in the current Tax Period?

☒ Yes ☐ No

Unrealised Gains/Losses Schedule

Description	Total Amount (AED)
Unrealised Gains recognised in the current Tax Period (AED)	<input type="text"/>
Unrealised Losses recognised in the current Tax Period (AED)	<input type="text"/>

Unrealised Gain/Loss in the Statement of Income

Case 2: Elected to pay on realisation basis – 20(3)(a)

Unrealised Gains/Losses Schedule



Description of the asset / liability



Property

Original cost of the asset / liability (AED)

4,000,000

Net book value of the asset / liability at the end of the Tax Period (AED)



5,400,000

Unrealised gains recognised during the Tax Period (AED)



0

Unrealised losses recognised during the Tax Period (AED)



600,000

Add

Unrealised Gain/Loss in the Statement of Income

Case 2: Elected to pay on realisation basis – 20(3)(a)

Unrealised Gains/Losses Schedule		
Description of the asset / liability	<i>i</i>	Original cost of the asset / liability (AED)
Receivables		2,000,000
Net book value of the asset / liability at the end of the Tax Period (AED)	<i>i</i>	Unrealised gains recognised during the Tax Period (AED)
1,800,000		0
Unrealised losses recognised during the Tax Period (AED)	<i>i</i>	
200000		
		Add

Unrealised Gain/Loss in the Statement of Income

Case 2: Elected to pay on realisation basis – 20(3)(a)

Unrealised Gains/Losses Schedule

You need to download template below and then upload it after filing the schedule details as mentioned in the template.

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Customize Columns		Search				
Description of the asset / liability	Original cost of the asset / liability (AED)	Net book value of the asset / liability at the end of the Tax Period (AED)	Unrealised gains recognised during the Tax Period (AED)	Unrealised losses recognised during the Tax Period (AED)	Action	
Property	4,000,000	5,400,000	0	600,000	***	
Receivables	2,000,000	1,800,000	0	200,000	***	
Total (AED)			0	800,000		

Unrealised Gain/Loss in the Statement of Income

Case 2: Elected to pay on realisation basis – 20(3)(a)

Realisation Basis Adjustments

Has there been any unrealised Gains / Losses recognised in Accounting Income in the current Tax Period?

☒ Yes ☐ No

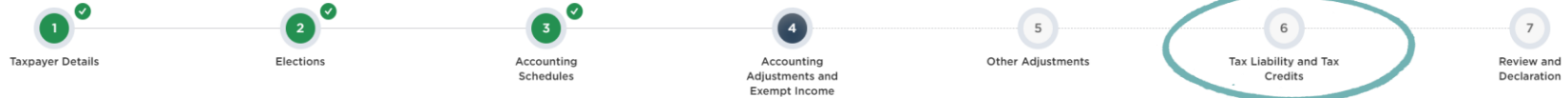
Unrealised Gains/Losses Schedule

Description	Total Amount (AED)
Unrealised Gains recognised in the current Tax Period (AED)	0
Unrealised Losses recognised in the current Tax Period (AED)	800,000

Calculation of Tax Liability

Case 2: Elected to pay on realisation basis – 20(3)(a)

Corporate Tax Return



Description	Total Amount (AED)
Taxable Income / (Tax Loss) before any Tax Loss adjustments (AED)	28,770,000

Tax Losses

Does the Taxable Person wish to claim Tax Losses from, or surrender Tax Losses to, another group entity?

☐ Yes ☐ No

Tax Calculations and Tax Credits

Description	Total Amount (AED)
Taxable Income / (Tax Loss) for the Tax Period (AED)	28,770,000
Corporate Tax Liability (AED)	2,555,550

Case 3: Elected to pay on realisation basis – 20(3)(b)

Calculation of Tax Liability

Case 3: Elected to pay on realisation basis – 20(3)(b)

Corporate Tax Return



Description

Taxable Income / (Tax Loss) before any Tax Loss adjustments (AED)

Total Amount (AED)

28,570,000

Tax Losses

Does the Taxable Person wish to claim Tax Losses from, or surrender Tax Losses to, another group entity?

☐ Yes ☐ No

Tax Calculations and Tax Credits

Description

Taxable Income / (Tax Loss) for the Tax Period (AED)

Corporate Tax Liability (AED)

Total Amount (AED)

28,570,000

2,537,550

Realization Basis- Checkpoints

1

Learn the industry and Activity of the Taxable Person

2

Identify the assets and liabilities subject to Fair value method of accounting

3

Option to be elected whether all assets or only capital assets

4

To evaluate the unrealized gains not subsequently reclassified during the relevant tax period

5

Unrealised gain / loss of previous year data to be maintained

6

Necessary calculation of depreciation should be done and adjustments to be made in the return

7

Exact description of asset / liability

8

Deferred Tax asset or liability to be calculated

3(b). Small Business Relief

Small Business Relief

Particulars	SBR
Required to register for Corporate Tax	✓
Tax Return	Simplified
Required to calculate Taxable Income	✗
Corporate Tax payable	✗
Must comply with Transfer Pricing documentation requirements	✗
Must comply with the Arm's Length Principle	✓
Can carry forward losses	✗
Cash Basis	✓

- Documents to verify:

- Sales ledgers Invoices or other records of daily earnings, such as till rolls
- Bank statements
- Order records and delivery notes
- Other relevant Business correspondence



When to choose?

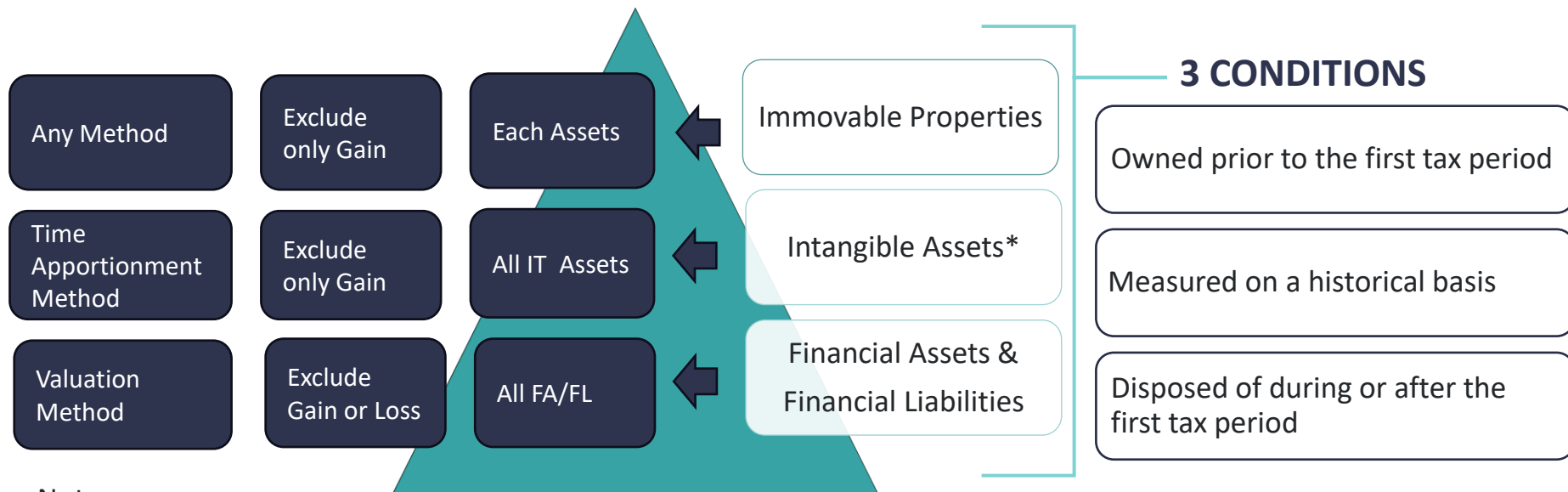
3 (c). Adjustments Under the Transitional Rules

Case Study 2: Sales of an Immovable Property



Transitional Provision – Requirements : MD 120

Taxable person electing for Transitional provisions must elect in the first tax period



Notes

- *Maximum **10 years** considered – assets owned before the first Tax Period.
- It is an irrevocable election

Transitional rule for Immovable Property

1st Jan 2014

Immovable property purchased

- Purchase date 1/1/2014
- Cost : 10 millions
- (Useful life 20 years)

1st Jan 2024 to 31st Dec 2024

First Tax period

Market value as on 01.01.2024

12 millions

Net book value as on 31.12.2023:

5 Millions

31st December 2025

Sale of Immovable property

Sale value:

15 millions

Net book value as on 31.12.2025:

4 millions

Option 1 : VALUATION METHOD

Exempt Gain as on 1.1.2024 as per sub clause 2 (a)

Market value – Cost

AED 12m - AED 10m = AED 2m

Taxable Gain = (AED 15m – AED 4m) – AED 2 m = AED 9 M

Option 2 : TIME APPORTIONMENT METHOD

Exempt Gain as on 31/12/2025 as per sub clause 2 (b) with sub clause (4)

Sale price – cost x

(AED 15m - AED 10m) x

No of days owned before tax period

Total No. of days owned up to sale

$\frac{3,650 \text{ Days (1.1.2014 to 31.12.2023)}}{4380 \text{ Days (1.1.2014 to 31.12.2025)}} = \text{AED } 4.167 \text{ M}$

Taxable Gain = (AED 15m – AED 4m) – AED 4.167 M = AED 6,833 M

Transitional Provision Election - Checkpoints

1

Will get the benefit if disposed of /deemed to be disposed of

2

Verify the documents to determine the legal title

3

Proper disclosure in the FS with regards to Historical Cost

4

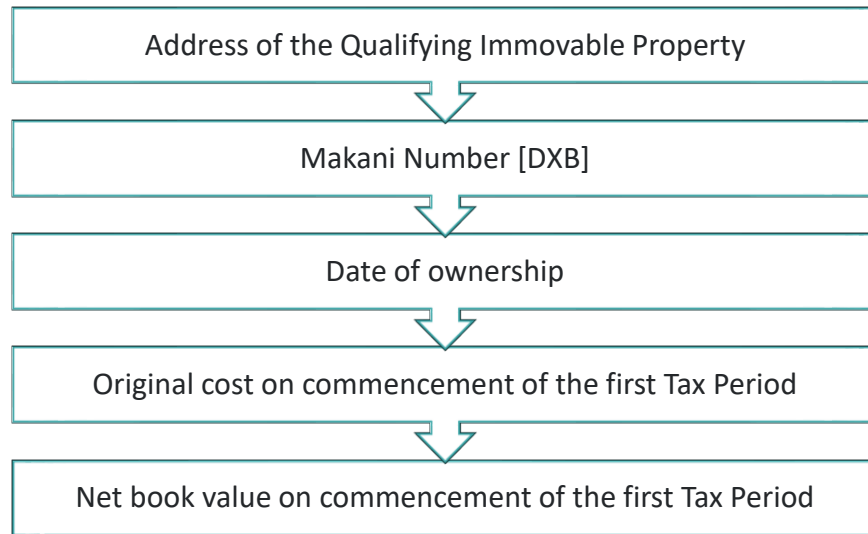
If Valuation method is opted, then Market valuation report as at start of the first Tax period to be taken

5

Clear determination of asset sold and value of sale to determine exemption in the year of sale

Qualifying Immovable Property – Details Required on

FIRST YEAR



YEAR OF DISPOSAL



Transitional Provision Election

Corporate Tax Return

Elections

Realisation Basis

Would the Taxable Person like to elect to use the realisation basis?



☐ Yes ☒ No

Transitional Rules

Is the Taxable Person making an election to adjust Taxable Income for gains recognised on any Qualifying Immovable Property owned prior to the first Tax Period?



☒ Yes ☐ No

Is the Taxable Person making an election to adjust Taxable Income for gains recognised on all Qualifying Intangible Assets owned prior to the first Tax Period?



☐ Yes ☒ No

Qualifying Immovable Property Schedule

Is the Taxable Person making an election to adjust Taxable Income for gains and losses on all Qualifying Financial Assets and/or Qualifying Financial Liabilities owned prior to the first Tax Period?



☐ Yes ☒ No

Transitional Provision Election

Corporate Tax Return



 Filing Period

Corporate Tax Return Period
01/01/2024 - 31/12/2024

Corporate Tax Return Due Date
30/09/2025

Corporate Tax Year End
31/12/2024

Qualifying Immovable Property Schedule

Schedule of Qualifying Immovable Properties subject to the election

Schedule of Qualifying Immovable Properties that have been disposed of during the Tax Period

You need to download template below and then upload it after filing the schedule details as mentioned in the template.

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Transitional Provision Election

Home ► WIMPEY LABORATORIES LLC ► Corporate Tax ► Corporate Tax Filings ► Corporate Tax Return

Corporate Tax Return

Schedule of Qualifying Immovable Properties subject to the election

Address of the Qualifying Immovable Property ⓘ

Building

Makani Number (Optional)

1234567891

Date of ownership ⓘ

01/01/2021

Original cost (AED)

1,000,000

Net book value on commencement of the first Tax Period (AED)

650,000

Save

Building	1234567891	01/01/2021	1,000,000	650,000	...
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Transitional Provision Election

Corporate Tax Return

Qualifying Immovable Property Schedule

Schedule of Qualifying Immovable Properties subject to the election

Schedule of Qualifying Immovable Properties that have been disposed of during the Tax Period

You need to download template below and then upload it after filing the schedule details as mentioned in the template.

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Schedule of Qualifying Immovable Properties subject to the election

[+ Add New Item](#)

 Customize Columns		 Search				
Address of the Qualifying Immovable Property	Makani Number (Optional)	Date of ownership	Original cost (AED)	Net book value on commencement of the first Tax Period (AED)	Action	
Building	1234567891	01/01/2021	1,000,000	650,000	...	

Transitional Provision - Disposal

Schedule of Qualifying Immovable Properties that have been disposed of during the Tax Period



Address of the Qualifying Immovable Property



Building



Makani Number (Optional)

1234567891

Date of sale

30/06/2024



Net book value on commencement of the first Tax Period (AED)

650,000

Method of adjustment

Valuation



Proceeds on disposal of the Qualifying Immovable Property (AED)

1,250,000

Date of Ownership



01/01/2021



Original cost (AED)

1,000,000

Was the Qualifying Immovable Property transferred and Business Restructuring relief or relief for transfers within a Qualifying Group was applied?



Yes



No

Market Value of the Qualifying Immovable Property on commencement of first Tax Period (AED)



1,200,000

Amount excluded from Taxable Income (AED)

200,000

Add

Transitional Provision Disposal

Schedule of Qualifying Immovable Properties that have been disposed of during the Tax Period

Address of the Qualifying Immovable Property



Building



Makani Number (Optional)

1234567891

Date of Ownership



01/01/2021



Date of sale

30/06/2024



Original cost (AED)

1,000,000

Net book value on commencement of the first Tax Period (AED)

650,000

Was the Qualifying Immovable Property transferred and Business Restructuring relief or relief for transfers within a Qualifying Group was applied?



Yes



No

Method of adjustment

Time Apportionment



Number of days the Qualifying Immovable Property was owned prior the commencement of first Tax Period



1095

Total number of days the Qualifying Immovable Property has been owned

1276

Add

ved.

72

Transitional Provision Election

Transitional Adjustments

Has the Taxable Person held any Qualifying Immovable Property, Qualifying Intangible Assets or Qualifying Financial Assets or Qualifying Financial Liabilities during the Tax Period?



☒ Yes ☐ No

Has the Taxable Person disposed of any Qualifying Immovable Property during the Tax Period?



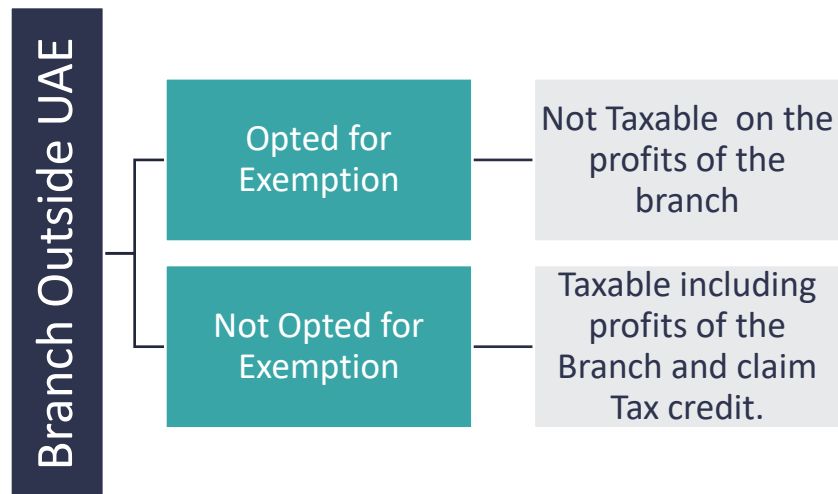
☒ Yes ☐ No

Qualifying Immovable Property Schedule

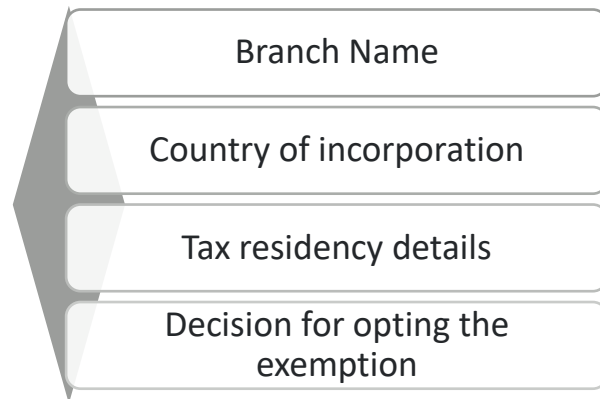
Description	Total Amount (AED)
Adjustments in respect of Gains on elected Immovable Property owned prior to the first Tax Period (AED)	

3 (d) Foreign Permanent Establishment Exemption

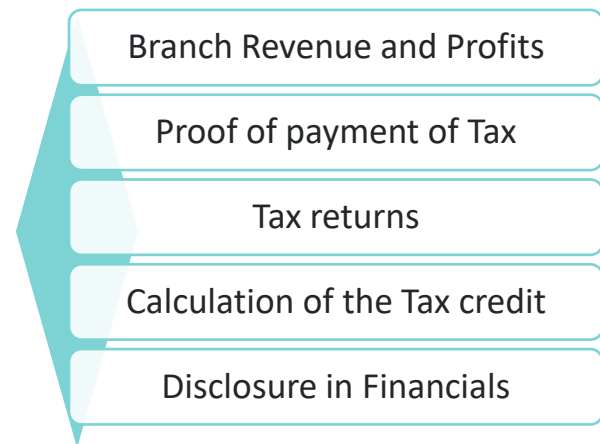
Foreign Permanent Establishment



Requirement



Sample Documents/Details



The Key Takeaways

Choose your choices wisely

Speaker



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m

About – CLA Emirates

Effective 1st January 2025, Emirates Chartered Accountants Group (ECAG) has rebranded as **CLA Emirates** by joining as an independent network member of **CLA Global**, a leading international organization of independent accounting and advisory firms.

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CLA Emirates joined the CLA Global network and adopted its brand identity to:

- Create a unified and consistent brand image
- Strengthen the CLA Global brand globally



2005 – UAE

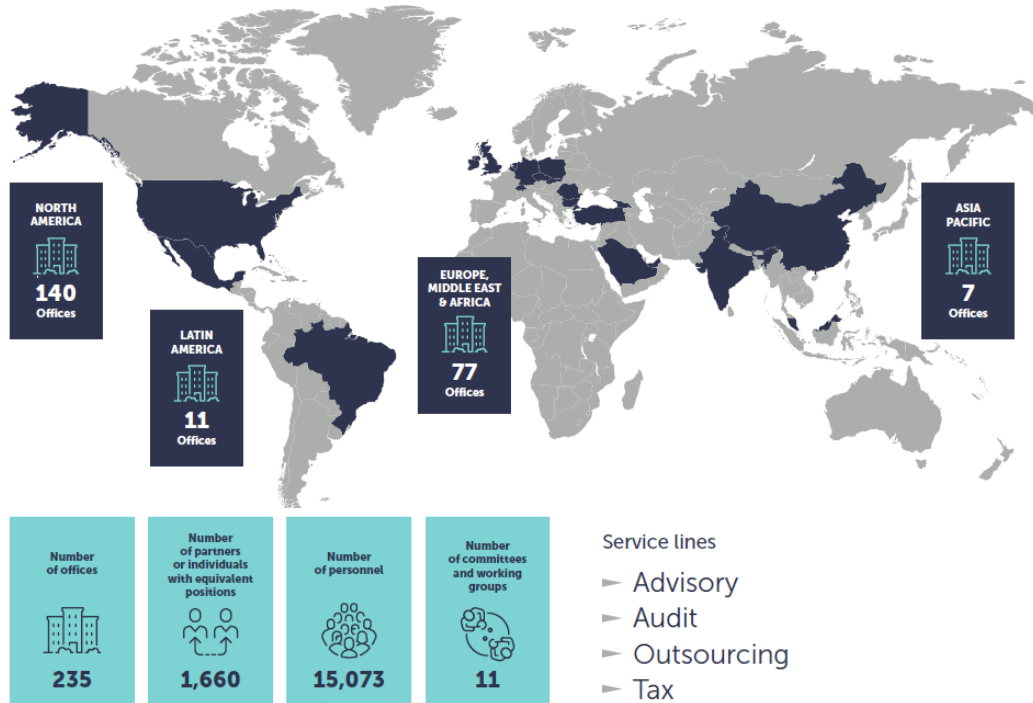
2016 – India

2018 - Bahrain



Our global scale

Geographical Presence & Services



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Thankyou!

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