

# The Complete Guide on Corporate Tax Refund



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# Introduction




## When can the Application for a Refund be Made?

As per Article 49 of corporate tax Law, there may be instances where a taxable person has paid more than the corporate tax due under the law to the FTA through withholding or actual payment. In such cases, the taxable person can claim a corporate tax refund.


The Taxable Person may apply to the FTA for a refund in line with the requirements of the Tax Procedures Law in the following instances:

### Withholding Tax Credit exceed Corporate Tax Payable



If the withholding tax credit exceeds the corporate tax payable under the UAE CT Law

### Corporate Tax Paid More Than Tax Actually Payable



If the taxable person has paid corporate tax in excess of its corporate tax liability

# Instances when a Refund of **Corporate Tax** Not available



There are some specific cases when a person can't apply for a refund as mentioned below:

### Amount of Tax Disputed

If it is found that there are other disputed tax amounts in relation to that taxpayer

### Taxable Person is subject to Tax Audit

If the taxable person is subject to a tax audit, and the conditions set out in a decision of the FTA's board of directors have been met

### Order of Competent Court

In accordance with an order of the Competent Court

# Revision of Application for Refund of Corporate Tax



Tax Refund Procedures defined as per cabinet Decision no. 74 of 2023 are mentioned below:  
The Taxpayers entitled to a refund under the Corporate Tax Law can submit a formal application to the FTA in the form and manner determined by the Authority.

Upon receipt of the Refund application, the FTA will assess it within 20 business days from the submission date. This timeframe may be extended if additional information is required, with due notification to the taxpayer.

Upon approval of the refund application, the FTA will initiate the repayment process within 5 business days of notifying the taxpayer in accordance with the repayment mechanism determined by the Authority.

The FTA may defer processing a refund request if the taxpayer has outstanding tax returns. Once all due returns are submitted, the refund, including any resulting excess amount, will be processed.

# Case Study



Green Tech FZ, a Dubai Media City company, discovered they overpaid corporate tax due to qualifying R&D expenses. Here's how the revised refund process helps them:

**Eligibility Check:** They confirm that R&D expenses qualify for a tax deduction, potentially leading to a refund.

**Application Submission:** They gather documents (financial statements, tax calculations, R&D expense proof) and submit an electronic application through the FTA website (format defined by Decision No. 74).

**FTA Review:** The FTA reviews the application within 20 business days (extendable) and may request additional information.

## Possible Outcomes:

**Approval of Refund:** If the claim is valid, the FTA initiates the refund process within five business days using their designated mechanism (e.g., bank transfer).


**Deferment of Refund:** The FTA may defer the refund process date if additional clarity or documents are needed from Green Tech FZ.

**Denial of Refund:** The FTA may deny the refund if R&D expenses don't meet deduction criteria. In such a case, we will provide a detailed explanation of the decision.


# Seeking Professional Help for Claiming Refund of Corporate Tax




Tax consultants can be helpful in the following manner:




**Expertise in Tax Law:** They stay updated on complex tax regulations and deductions and ensure that the organisation's refund claim aligns with current UAE Corporate Tax Law.




**Identifying Refund Opportunities:** Their experience helps uncover potential deductions businesses might miss while applying for refund amounts.



**Streamlining the Process:** They handle the application process efficiently and prepare all necessary documentation to minimise delays.



**Communication with FTA:** They act as your intermediary and communicate effectively with the FTA on your behalf. They also resolve any questions or requests for clarification.



**Minimal Risk of Errors:** Their expertise helps to avoid errors in your application and minimize the chance of rejection and potential penalties.

# Conclusion



The tax refund procedures mentioned within the UAE Corporate Tax Law establish clear guidelines for eligible taxpayers seeking refunds under specific circumstances, such as overpayment or withholding tax credits exceeding the original tax liabilities.

Once the taxpayer's refund application is submitted, the Federal Tax Authority (FTA) conducts a thorough assessment within a defined timeframe and ensures transparency and adherence to regulations. After successful assessment and approval, refunds are promptly processed, but sometimes, they are also delayed if there are outstanding tax returns.

It's important to note that non-compliance with tax regulations may incur penalties. Furthermore, the FTA's authority to set off refund amounts against outstanding taxes or penalties emphasizes the government's commitment to maintaining fiscal integrity.

Overall, these procedures describe the UAE's dedication to a fair, efficient, and compliant corporate tax environment.

# Frequently Asked Questions on Corporate Tax Refund



## 1. Are GAAR Provisions applicable for Refund of Corporate Tax?

Yes, GAAR (General Anti-Avoidance Rule) provisions can be applicable for claiming a refund of Corporate Tax under the UAE Corporate Tax Law.

When evaluating a refund request, the FTA will consider the primary purpose behind the transactions or arrangements leading to the overpayment. If the main goal was to take undue advantage of the tax refund procedures and to avail fake refund benefits, then in such case, a GAAR challenge will apply.

## 2. Is there any limit to the minimum refund amount?

No, the UAE Corporate Tax Law does not currently specify a minimum refund amount

## 3. Who shall make the application for a Refund?

A taxpayer shall apply for a refund.

# About FAME Advisory FZCO



With three decades of market presence, FAME Advisory has remained the UAE's most trusted and leading tax advisory and management firm. Along with that, FAME excels in various domains, such as corporate services, succession planning, and corporate structuring. Our primary aim is to align our solutions with the client's problems, educate them, and empower them to take informed decisions.

## Better future with FAME Advisory

### Vision

To be the region's first choice for tax compliance and advisory in various aspects of the business.

### Mission

We at FAME Advisory aim to solve businesses' tax compliance issues and provide advisory services that help them achieve the milestones they dreamt of.

## Our Team



### Mr. Nirav Shah

Director at FAME Advisory

With over two decades of experience in corporate advisory, consultancy, and compliance, CA Nirav Shah is a qualified Chartered Accountant and a stalwart in the industry, being recognized as amongst the top corporate structuring, international tax, and compliance experts in the UAE, India, and other countries.

For more than 15 years, Mr. Nirav has had a distinguished journey consulting global clients on Corporate Structures and Governance and family asset holding structures and has served as a specialist in providing strategic inputs to organizations.



### Udit Chokshi

Senior Manager VAT and Compliance Services

Udit Chokshi is a Taxpert, helping businesses all across the UAE in getting tax audit-ready, streamlining their VAT and accounting processes, and shield them against tax evasion. Being an active listener, Udit absorbs and understands the client's problem and situation and communicates the facts and solutions honestly.

As a customer service-oriented person, he believes in providing utmost dedication and availability to customers.

## Our Team



### CA Juned Halai

Manager Corporate Tax Services

With enriched experience in Corporate Tax at FAME, CA Juned Halai, provides strategic tax advisory services to a diverse portfolio of domestic and international clients. Specializing in tax planning, he has a proven track record of optimizing tax liabilities and enhancing client profitability. Skilled in navigating complex regulatory frameworks, he offers expert tax guidance to multinational corporations and local businesses across the UAE and GCC region, ensuring compliance while maximizing tax efficiency.

He is actively engaged with international clients to provide expert advice on various international tax issues.

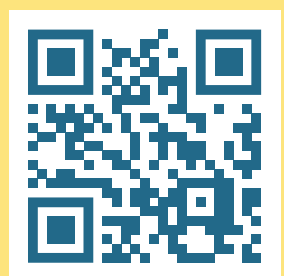


### Hemang Agravat

Senior Manager Corporate Services

As a Business Development Manager at FAME, Hemang has had a long professional career with a focus on growing the company's client base.

He holds a successful track record of nurturing clients & has been instrumental in building high-performing teams. He specializes in building programs that add value to the client relationships. Hemang brings in a wealth of experience bridging the gap between Sales & Advisory teams.



[www.fame.ae](http://www.fame.ae)



[hemang@fame.ae](mailto:hemang@fame.ae)



+971 52 6559480



Suite 405, Office Court Building, Oud Metha Road  
Bur Dubai, P.O. Box 103904, Dubai, UAE