[recovered from the vector store — CTP010-Clarification-of-director-and-officer-04-2026.pdf p.1]

Clarification of the terms “director” and “officer”

for the purpose of payments to Connected

Persons under Article 36 of the Corporate Tax Law

Corporate Tax in the UAE is regulated by Federal

Decree-Law No. 47 of 2022 on the Taxation of

Corporations and Business and its amendments

(“Corporate Tax Law”), and its implementing

As per Article 36(1) of the Corporate Tax Law, a

payment or benefit provided by a Taxable Person

to its Connected Person shall be deductible only if

and to the extent that the payment or benefit

corresponds with the Market Value of the service

or benefit provided by the Connected Person.1

The definition of Connected Person as per Article

36(2)(b) of the Corporate Tax Law includes a

director or officer of the Taxable Person.2

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( ) [illegible] 55
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Further, in accordance with Article 55(1) of the

[illegible]

Corporate Tax Law, the FTA requires a Taxable

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Person to disclose transactions and arrangements

[illegible]

with Connected Persons as part of the Tax Return

submission, if they exceed a specified threshold.3

[recovered from the vector store — CTP010-Clarification-of-director-and-officer-04-2026.pdf p.2]

The definition of Connected Person as per Article

36(2)(b) of the Corporate Tax Law includes a

director or officer of the Taxable Person.2

Further, in accordance with Article 55(1) of the

Corporate Tax Law, the FTA requires a Taxable

Person to disclose transactions and arrangements

with Connected Persons as part of the Tax Return

submission, if they exceed a specified threshold.3

This Public Clarification intends to clarify the terms

“director” and “officer” in the context of Articles

36(2)(b) and 55(1) of the Corporate Tax Law.

A “director” refers to a Person that holds a position

on the board of directors or an equivalent applicable law governing the Taxable Person’s

incorporation, or constitutional documents.

- possesses the authority and responsibility for

planning, directing, and controlling the

activities of a Taxable Person, in accordance

with the framework set out in International

- has the authority to make strategic decisions in

relation
to
financial,
operational,
or

commercial matters of a Taxable Person, or

- has the authority to enter into agreements or

to approve actions that legally or contractually

The term “officer” does not include a Person who

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[illegible]
.[illegible]

does not possess the final/ultimate strategic

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( ) [illegible]36
[illegible]) [illegible]

Under Article 36(1) of the Corporate Tax Law, a

[illegible]

payment or benefit provided by a Taxable Person

[illegible]

to its Connected Person shall be deductible only if

[illegible]

and to the extent the payment or benefit

corresponds to the Market Value of the service,
[illegible]

benefit or otherwise provided by the Connected

Person and is incurred wholly and exclusively for

the purposes of the Taxable Person’s Business.1

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As per Article 36(2)(b) of the Corporate Tax Law, a

[illegible]

Connected Person of a Taxable Person includes its

.[illegible]2

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Further, as per Article 55(1) of the Corporate Tax

[illegible]

Law, the FTA may require a Taxable Person to file a

[illegible]

disclosure containing information regarding its

.[illegible]3

transactions and arrangements with its Connected

Persons3. The FTA currently requires payments or

benefits provided by a Taxable Person to its

Connected Persons to be disclosed as part of the

Tax Return submission, if they exceed a specified

These provisions ensure that payments or benefits

•
deductible only if the amount does not exceed

[recovered from the vector store — CTP010-Clarification-of-director-and-officer-04-2026.pdf p.4]

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These provisions ensure that payments or benefits

•

deductible only if the amount does not exceed

Meaning of “director”

The term “director” refers to a Person that holds a

position on the board of directors. A director can

be an executive, non-executive, temporary,

permanent, or alternative director, if they are

appointed on the board of directors, including any

If a Taxable Person does not have a board of

directors, the term “director” refers to a Person

that holds a position on any equivalent governing body (including but not limited to board of trustees

or board of governors) as determined under the

applicable law governing the Taxable Person's

incorporation,
or
constitutional
documents

association, articles of association, partnership

The inclusion of the term "director" in a Person's

job title in itself does not render that Person a

director for the purposes of Article 36(2)(b) of the

Where a Person's job title includes the term

"director" but they do not hold a position on the

board of directors or an equivalent governing body

as per the Taxable Person's incorporation or

constitutional documents, they would not be

considered a "director" for the purposes of Article

[recovered from the vector store — CTP010-Clarification-of-director-and-officer-04-2026.pdf p.5]

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director for the purposes of Article 36(2)(b) of the

Where a Person’s job title includes the term

“director” but they do not hold a position on the

board of directors or an equivalent governing body

as per the Taxable Person’s incorporation or

constitutional documents, they would not be

considered a “director” for the purposes of Article

However, it is necessary to evaluate whether such

Person could be considered an “officer”.

Meaning of “officer”

The term “officer” includes a Person who:

- possesses the authority and responsibility for

planning, directing, and controlling the

24

activities of a Taxable Person, in accordance

with the framework set out in International

- has the authority to make strategic decisions in relation to financial, operational, or commercial matters of a Taxable Person, or
- has the authority to enter into agreements or to approve actions that legally or contractually

The term "officer" does not include a Person who does not possess the final/ultimate strategic

An "officer" may include, but is not limited to, Chief Executive Officer ("CEO"), General Manager ("GM"), Chief Financial Officer ("CFO"), Chief Operating Officer ("COO"), Chief Commercial Officer ("CCO"), and an authorised representative with discretionary authority (collectively referred

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A formal appointment or job title may serve as an

[illegible]

indicator when assessing whether a Person is an

[recovered from the vector store — CTP010-Clarification-of-director-and-officer-04-2026.pdf p.6]

An “officer” may include, but is not limited to, Chief Executive Officer (“CEO”), General Manager (“GM”), Chief Financial Officer (“CFO”), Chief Operating Officer (“COO”), Chief Commercial Officer (“CCO”), and an authorised representative with discretionary authority (collectively referred

A formal appointment or job title may serve as an indicator when assessing whether a Person is an officer or not. However, it should not be relied upon as the sole criterion. If a Person does not have a formal appointment or C-suite job title, but through their actual conduct effectively has the authority and responsibility for planning, directing, and controlling the activities, or have the authority to make strategic decisions, take or approve actions that legally or contractually bind a Taxable Person, such a Person would still be considered an

The concept of “officer” applies to all Taxable

Persons
including
trusts,
foundations,
and

unincorporated partnerships that are treated as

fiscally opaque for Corporate Tax purposes.

."Only a natural person can be a "director" or

If a Person is considered a Related Party as well as

a Connected Person of a Taxable Person, such

Person will only be considered a Related Party for

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•
The GM of a Limited Liability Company (“LLC”)

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that has the authority and responsibility for the

overall management of the LLC would be an

- The head of a division would be an “officer” if

they have the authority to make final/ultimate

strategic decisions in relation to financial,

Taxable Person. On the contrary, if the head of

division does not have such authority but only

frameworks set by, and follows instructions of

the C-suite, board of director or an equivalent

governing body, then the head of division

- The head of Human Resources (“HR”) of a

Taxable Person has the final/ultimate authority to make strategic decisions such as manpower

circumstances, the head of HR would be an

“officer”. However, if the role of head of HR is

only limited to routine HR functions such as

without any discretionary authority, they

- An employee named in the trade licence of a

resolutions as a key officer would be an

“officer”, if this gives the employee the

final/ultimate authority to approve actions

that legally or contractually bind a Taxable

[recovered from the vector store — CTP010-Clarification-of-director-and-officer-04-2026.pdf p.8]

only limited to routine HR functions such as

without any discretionary authority, they

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An employee named in the trade licence of a

resolutions as a key officer would be an

“officer”, if this gives the employee the

final/ultimate authority to approve actions

that legally or contractually bind a Taxable

•
An employee who holds a power of attorney

would be an “officer” if the power of attorney

grants that employee discretionary authority

for planning, directing, and controlling the

activities, or to make final/ultimate strategic

decisions relating to the activities of a Taxable

[illegible]

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administrative
perspective
to
perform

approved or to follow instructions without

final/ultimate
strategic
decision-making

•
An employee or third party secondees or

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negotiations after the material commercial

and legal terms have been agreed. However,

[illegible]

[illegible]

they may be regarded as an “officer”, if they

have the final/ultimate authority to make strategic decisions or authority to enter into

agreements that legally or contractually bind a

- A GM of a Permanent Establishment would be
- [illegible] [illegible] [illegible]
  [illegible] [illegible] "[illegible]" [illegible] [illegible] [illegible]

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[recovered from the vector store — CTP010-Clarification-of-director-and-officer-04-2026.pdf p.9]

an “officer”, if the GM possesses the authority

and responsibility for the planning, directing,

and controlling the activities of a Permanent

- If a Taxable Person hires a Person to perform

the role of CEO on an interim basis and gives

them the title “consultant”, that Person would

be an “officer” of a Taxable Person for the

interim period if that Person possesses the

authority and responsibility for planning,

directing, and controlling the activities of a

- A natural Taxable Person who is an owner of a

Business has appointed a GM. That GM would

be an “officer” of the Business, if the GM

possesses the authority and responsibility for

planning, directing, and controlling the

activities of the Business of the natural person

- The trustee of a trust, which is Taxable Person, would be an “officer” if they possess the

authority and responsibility for planning,

directing, and controlling the activities of the

-

- The trustee or administrator appointed by a

court may not be an “officer” if they only carry

out assigned duties by court without any

discretionary decision-making authority.

This Public Clarification issued by the FTA is meant to clarify

(47

) 2022

certain aspects related to the implementation of the Federal

Decree-Law No. 47 of 2022 on the Taxation of Corporations

This Public Clarification states the position of the FTA and

neither amends nor seeks to amend any provision of the

aforementioned legislation. Therefore, it is effective as of the

[recovered from the vector store — CTP010-Clarification-of-director-and-officer-04-2026.pdf p.10]

date of implementation of the relevant legislation, unless

The examples in this Public Clarification show how these

elements operate in isolation and do not show all the possible

interactions with other provisions of the Corporate Tax Law

that may occur. They do not, and are not intended to, cover the

full facts of the hypothetical scenarios used nor all aspects of

the Corporate Tax regime, and should not be relied upon for

legal, accounting, regulatory or tax advice purposes. These

examples are only meant for providing the readers with

general information on the subject matter of this Public

Clarification. They are exclusively intended to explain the rules

related to the subject matter of this Public Clarification and do

not relate at all to the tax, accounting, regulatory or legal

position of any specific juridical or natural persons.

In this clarification, Federal Decree-Law No. 47 of 2022 on the

Taxation of Corporations and Business, and its amendments is

Article 1 of the Corporate Tax Law defines the following terms "[illegible]": [illegible]

“Business” – Any activity conducted regularly, on an ongoing

[illegible]

and independent basis by any Person and in any location, such

[illegible]

as
industrial,
commercial,
agricultural,
vocational,

professional, service or excavation activities or any other

activity related to the use of tangible or intangible properties.

"[illegible]": [illegible]

“Connected Person” – Any Person affiliated with a Taxable

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Person as determined in Clause 2 of Article 36 of the Corporate
"[illegible]": [illegible]

“Corporate Tax” – The tax imposed by the Corporate Tax Law

on juridical persons and Business income.

"[illegible]": [illegible]

“Market Value” – The price which could be agreed in an arm’s-

[illegible]

length free market transaction between Persons who are not

Related Parties or Connected Persons in similar circumstances.

[recovered from the vector store — CTP010-Clarification-of-director-and-officer-04-2026.pdf p.11]

[illegible]": [illegible]

“Connected Person” – Any Person affiliated with a Taxable

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Person as determined in Clause 2 of Article 36 of the Corporate

"[illegible]": [illegible]

“Corporate Tax” – The tax imposed by the Corporate Tax Law

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"[illegible]": [illegible]

“Market Value” – The price which could be agreed in an arm’s-

[illegible]

length free market transaction between Persons who are not

Related Parties or Connected Persons in similar circumstances.

:""[illegible]

“Permanent Establishment” – A place of Business or other

[illegible] ([illegible]14) [illegible] .

form of presence in the UAE of a Non-Resident Person in

accordance with Article 14 of the Corporate Tax Law.

."[illegible]": [illegible]
“Person” – Any natural person or juridical person.

:""[illegible]
“Related Party” – Any Person associated with a Taxable Person

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( ) [illegible]35) [illegible]
.[illegible]

as determined in Clause 1 of Article 35 of the Corporate Tax

:""[illegible]

“Tax Return” – Information filed with the FTA for Corporate

[illegible]

Tax purposes in the form and manner as prescribed by the FTA,

including any schedule or attachment thereto, and any

"[illegible]": [illegible]

“Taxable Person” – A Person subject to Corporate Tax in the

1 Article 36(1) of the Corporate Tax Law states that without

prejudice to the provisions of Article 28 of the Corporate Tax

Law, a payment or benefit provided by a Taxable Person to its

Connected Person shall be deductible only if and to the extent

the payment or benefit corresponds with the Market Value of

the service, benefit or otherwise provided by the Connected

Person and is incurred wholly and exclusively for the purposes

2 Article 36(2) of the Corporate Tax Law states that a Person

shall be considered a Connected Person of a Taxable Person if

b) A director or officer of the Taxable Person.

c) A Related Party of any of the Persons referred to in

paragraphs (a) and (b) of Clause 2 of the Article.

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( ) [illegible]55
) [illegible]

3 Article 55(1) of the Corporate Tax Law states that the FTA

[illegible]
may, by notice or through a decision issued by the FTA, require

[illegible]

a Taxable Person to file together with their Tax Return a

[illegible]

disclosure containing information regarding the Taxable

.[illegible]

Person’s transactions and arrangements with its Related

Parties and Connected Persons in the form prescribed by the