



# Ministerial Decision No. 301 of 2024: **Tax Group**

Key Takeaways

**January 2025**



# MD 301 on Tax Groups



On 9 December 2024, the Ministry of Finance (“MoF”) published Ministerial Decision No. 301 of 2024 for Tax Groups (“MD 301”) for the purposes of the UAE CT Law. This Decision came into effect on 1 January 2025.

MD 301 updates and clarifies several provisions that were initially addressed in Ministerial Decision No. 125 of 2023 (“MD 125”). We have set out the key points below.

## Key highlights

- MD 301 applies to Tax Periods commencing **on or after 1 January 2025**. This decision also repeals MD 125 of 2023, but with MD 125 continuing to apply to Tax Periods that commenced **before 1 January 2025**.
- **Article 1 ‘Definitions’** is updated to include the term "Financial Statements" which is explicitly defined as a complete set of statements including income, comprehensive income, balance sheet, changes in equity, and cash flow statement.
- **Article 3 ‘Resident Person’** has been updated to remove references to documentation requirements for a foreign juridical person that is considered a Resident Person or UAE juridical persons with place of effective management abroad.
- **Article 5 ‘Date of Formation of or Joining a Tax Group’** emphasizes the need for applications to be made before the end of the relevant Tax Period.
- **Article 7 ‘Relief for Pre-Grouping Tax Losses’** has been slightly updated to emphasize the need to use pre-Grouping Tax Losses to the fullest extent possible before carrying forward any remainder.
- **Article 8 ‘Arm’s Length Principle and Transfer Pricing Documentation Requirements and the Calculation of the Taxable Income of a Tax Group’** has been updated to include the following provisions:
  - The Tax Group must calculate the taxable income attributable to its members if a new member joins and the group has unused tax losses.
  - Note that the requirement to calculate the taxable income attributable to Tax Group members “if a member has earned income for which the Tax Group can claim a Foreign Tax Credit” has been removed.
  - Pre-grouping tax losses must fully offset the Tax Group's taxable income for the period before being carried forward to future periods.
  - Pre-grouping carried forward Net Interest Expenditure (“NIE”) must fully offset the Tax Group's taxable income before carrying forward to future periods.
  - Carried forward NIE is forfeited if:
    - The Tax Group fails to calculate taxable income for the relevant member, and
    - Less NIE is utilized than could have been applied to determine taxable income.

## Key takeaways and next steps

MD 301 provides further clarity on certain definitions and requirements, and enhances focus on utilizing pre-Grouping Tax Losses and NIE with additional forfeiture rules. These updates must be carefully considered for the correct management of Tax Groups under the CT Law.

For further assistance, you can reach us at [CT.UAE@pwc.com](mailto:CT.UAE@pwc.com).



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# Thank you



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