



Ministerial Decision No. 24 of 2026 on the Implementation of Certain Provisions of Cabinet Decision No. 215 of 2025 on R&D Tax Credit for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses

Minister of State for Financial Affairs:

- Having reviewed the Constitution,
- Federal Law No. 1 of 1972 on the Competencies of Ministries and Powers of the Ministers, and its amendments,
- Federal Decree-Law No. 28 of 2022 on Tax Procedures, and its amendments,
- Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, and its amendments,
- Cabinet Decision No. 142 of 2024 on the Imposition of Top-up Tax on Multinational Enterprises,
- Cabinet Decision No. 215 of 2025 on R&D Tax Credit for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses,

Has decided:

Article (1)

Definitions

Definitions in Federal Decree-Law No. 28 of 2022, Federal Decree-Law No. 47 of 2022, Cabinet Decision No. 142 of 2024 and Cabinet Decision No. 215 of 2025 referred to above shall apply to this Decision, other than that, the following expression shall have the meaning assigned against it, unless the context requires otherwise:

R&D Staff: A full-time or full-time equivalent employee or full-time or full-time equivalent externally provided worker who is directly and actively engaged in Qualifying R&D Activities and meets the conditions of Article (8) of this Decision.

Article (2)

R&D Tax Credit

1. The R&D Tax Credit rates and the conditions for their application in each Tax Period or Fiscal Year shall be as follows:

| Maximum Qualifying R&D Expenditure per Qualifying Entity or Tax Group in each Tax Period or Fiscal Year (AED) | Average number of R&D Staff per Qualifying Entity or Tax Group in each Tax Period or Fiscal Year | R&D Tax Credit Rate |
|--|---|--------------------------------|
| First 1 (one) million | At least 2 (two) | 15% (fifteen percent) |
| The portion exceeding 1 (one) million and up to 2 (two) million | At least 6 (six) | 35% (thirty-five percent) |
| The portion exceeding 2 (two) million and up to 5 (five) million | At least 14 (fourteen) | 50% (fifty percent) |

The R&D Tax Credit shall be calculated by applying the applicable rate to the portion of Qualifying R&D Expenditure that falls within each corresponding threshold shown in the above table.



2. The R&D Tax Credit shall be utilised against the Corporate Tax and/or Top-up Tax liability of the Qualifying Entity, Tax Group, Domestic Group or any other Person pursuant to Article (6) of this Decision and shall be non-refundable. The utilisation of R&D Tax Credit in relation to Top-Up Tax shall be in accordance with Cabinet Decision No. 215 of 2025 and Cabinet Decision No. 142 of 2024 referred to above and any amendments thereof.
3. Where a Tax Group includes more than one Qualifying Entity, the Qualifying R&D Expenditure and R&D Staff of all Qualifying Entities shall be aggregated for the purposes of the thresholds specified in Clause (1) of this Article. Where the Qualifying Entities that are members of the Tax Group are parties to a Cost Contribution Arrangement, the R&D Staff count shall be based on the total number of full-time or full-time equivalent employees and/or full-time or full-time equivalent externally provided workers directly and actively engaged in the Qualifying R&D Activities undertaken through the Cost Contribution Arrangement during the relevant Tax Period.
4. The average number of R&D Staff per Qualifying Entity in the relevant Tax Period or Fiscal Year shall be calculated by adding the total number of R&D Staff for each month during the Tax Period or Fiscal Year (regardless of whether they worked the full month or part of it) and then dividing that total by the number of months in which the Qualifying R&D Activities were undertaken by the Qualifying Entity during the Tax Period or Fiscal Year.
5. For subcontracted Qualifying R&D Activities, the Qualifying Entity shall calculate the average number of R&D Staff based on the number of full-time or full-time equivalent employees and/or full-time or full-time equivalent externally provided workers of the subcontractor and the Qualifying Entity that are directly and actively engaged in the Qualifying R&D Activities during the relevant Tax Period or Fiscal Year.
6. In case of a Cost Contribution Arrangement, the Qualifying R&D Expenditure for the purposes of this Article shall be the portion of the Qualifying R&D Expenditure contributed by the Qualifying Entity and determined in accordance with Article (11) of this Decision, while the R&D Staff count shall be based on the total number of full-time or full-time equivalent employees and/or full-time or full-time equivalent externally provided workers directly and actively engaged in the Qualifying R&D Activities undertaken through the Cost Contribution Arrangement during the relevant Tax Period or Fiscal Year.
7. To qualify for a specific R&D Tax Credit rate, the Qualifying Entity or Tax Group must meet both the Qualifying R&D Expenditure threshold and the minimum average number of R&D Staff threshold. If either threshold is not met, the R&D Tax Credit rate will be adjusted downward to the highest rate for which both thresholds are satisfied.

Article (3)

Qualifying R&D Activities

1. An activity conducted in the State as part of an R&D Project shall be considered a Qualifying R&D Activity where it meets all of the following conditions:
 - a. It is novel, in that it aims to produce new findings.
 - b. It is creative, involving original concepts or hypotheses.
 - c. It is uncertain, in that the outcome or means of achieving it are not known in advance.
 - d. It is systematic, following a plan and budget.
 - e. It is transferable or reproducible, such that its results can be applied or replicated in other



contexts.

2. For the purposes of Clause (1) of this Article, the assessment of whether an activity constitutes a Qualifying R&D Activity shall be made having regard to the criteria set out in the Frascati Manual on Guidelines for Collecting and Reporting Data on Research and Experimental Development, The Measurement of Scientific, Technological and Innovation Activities issued and updated from time to time by the Organisation for Economic Co-operation and Development.
3. Where the R&D activities under an R&D Project are carried out by a Qualifying Entity partly within the State and partly outside the State, only the R&D activities carried out within the State may constitute Qualifying R&D Activities.
4. Qualifying R&D Activities shall not include any R&D activity conducted in the fields of social sciences, humanities and the arts.

Article (4)

Mandatory Pre-Approval and Ongoing Compliance

1. A Qualifying Entity shall obtain pre-approval from the Council for any R&D Project for which the R&D Tax Credit is claimed in the form, manner and within the timeline specified by the Council.
2. The Council may, at its discretion, require any Qualifying Entity to submit an R&D Project progress update in the form and manner prescribed by the Council, together with the technical documentation, as evidence that the activities undertaken are consistent with the Qualifying R&D Activities and Qualifying R&D Expenditure approved under the pre-approval process.

Article (5)

Restrictions on Carry-Forward of R&D Tax Credit

For the purposes of Clause (4) of Article (6) of Cabinet Decision No. 215 of 2025 referred to above, the following provisions shall apply:

1. Any unutilised R&D Tax Credit may be carried forward and utilised against the Corporate Tax and/or Top-up Tax liabilities of the Qualifying Entity in subsequent Tax Periods or Fiscal Years, provided that either of the following is satisfied:
 - a. From the beginning of the Tax Period or Fiscal Year in which the R&D Tax Credit arose to the end of the Tax Period or Fiscal Year in which the R&D Tax Credit or part thereof is utilised against Corporate Tax and/or Top-up Tax liabilities, the same Person or Persons continuously owned at least a 50% (fifty percent) ownership interest in the Qualifying Entity.
 - b. In case of a change in ownership of more than 50% (fifty percent), the Qualifying Entity continues to conduct the same or a similar Business or Business Activity, as determined by reference to the factors listed in Clause (2) of Article (39) of the Corporate Tax Law.
2. The provisions of Clause (1) of this Article shall not apply to Qualifying Entities whose shares are listed on a Recognised Stock Exchange.
3. In the case of business restructuring transactions that meet the conditions of Article (7) of this Decision, compliance with the requirements of Clause (1) of this Article shall be maintained by the transferee for the duration of the carry-forward period of the R&D Tax Credit, irrespective of the expiry of the period specified in Article (7) of this Decision.



Article (6)

Transfer of R&D Tax Credit

For the purposes of Article (7) of Cabinet Decision No. 215 of 2025 referred to above, the following provisions shall apply:

1. A Qualifying Entity (“transferor”) may transfer any unutilised R&D Tax Credit to a juridical person that is subject to Corporate Tax and/or Top-up Tax (“transferee”), provided that both of them are at least 75% (seventy-five percent) commonly owned or either of them owns the other by that percentage, directly or indirectly, and the ownership is maintained from the beginning of the Tax Period or Fiscal Year in which the R&D Tax Credit arose to the end of the Tax Period or Fiscal Year in which the credit is utilised.
2. Where an R&D Tax Credit is transferred in accordance with Clause (1) of this Article, the following provisions shall apply:
 - a. The transferee must utilise the R&D Tax Credit against its Corporate Tax and/or Top-up Tax liability for the relevant Tax Period or Fiscal Year.
 - b. The total R&D Tax Credit transferred cannot exceed the transferee’s Corporate Tax and/or Top-up Tax liability for the relevant Tax Period or Fiscal Year remaining after utilising its own R&D Tax Credit.
 - c. The R&D Tax Credit transferred cannot be carried forward or transferred by the transferee.
 - d. The transferor shall reduce its available R&D Tax Credit by the amount transferred to the transferee.

Article (7)

Business Restructuring

For the purposes of Article (7) of Cabinet Decision No. 215 of 2025 referred to above, the following provisions shall apply:

1. Where a Qualifying Entity (“transferor”) transfers its entire Business, or an independent part of its Business, to a juridical person that is subject to Corporate Tax and/or Top-up Tax (“transferee”), any unutilised R&D Tax Credit of the transferor may be claimed, utilised, carried forward or transferred by the transferee, in accordance with the conditions that would have applied to the transferor, provided all of the following conditions are met:
 - a. The transferee continues to carry on the transferred Business, including the associated Qualifying R&D Activities, for a period of at least (2) two years from the date of transfer.
 - b. The transfer satisfies the conditions set out in Clause (2) of Article (27) of the Corporate Tax Law excluding the conditions of paragraphs (c) and (d) of that Clause.
 - c. The R&D Tax Credit was validly claimed by the transferor prior to the date of the transfer.
2. Where the Qualifying R&D Activities are discontinued by the transferee within (2) two years from the date of transfer, the following claw-back provisions shall apply:



- a. Any portion of the R&D Tax Credit that has been utilised by the transferee or any other Person (to whom the transferee transfers the R&D Tax Credit) pursuant to Article (6) of this Decision must be repaid to the Authority in the manner and within the timeline prescribed by the Authority.
 - b. Any unutilised portion of the R&D Tax Credit shall be forfeited and may not be carried forward.
 - c. No other tax credits, special reliefs, Tax Losses or Pillar Two Losses may be directly or indirectly offset against the tax liability arising from the claw-back.
 - d. The transferee or any other Person (to whom the transferee transfers the R&D Tax Credit) pursuant to Article (6) of this Decision or the relevant entity as specified in Clause (8) of Article (13) and Clause (7) of Article (14) of this Decision shall be liable to pay any penalties applicable under Federal Decree-Law No. 28 of 2022 referred to above. For the purposes of calculating, imposing and collecting such penalties, the amount of R&D Tax Credit that is subject to claw-back shall be treated as if it were Due Tax or Payable Tax.
3. Where the claw-back provisions of Article (8) of Cabinet Decision No. 215 of 2025 referred to above apply to the transferor after the transfer and the transferor has ceased to be a Taxable Person or a Constituent Entity or a Joint Venture or a JV Subsidiary, the transferee shall be liable for payment of the amount of R&D Tax Credit that is subject to claw-back.

Article (8)

Staff Costs

1. For the purposes of Article (5) of Cabinet Decision No. 215 of 2025 referred to above, the term "Staff Costs" shall mean amounts incurred by a Qualifying Entity in respect of R&D Staff.
2. Staff Costs shall only be considered Qualifying R&D Expenditure where all of the following conditions are met:
 - a. The R&D Staff are located in the State when performing Qualifying R&D Activities.
 - b. The R&D Staff are under the supervision, direction and direct control of the Qualifying Entity.
3. For the purposes of calculating Qualifying R&D Expenditure, the amount of Staff Costs shall be uplifted by 30% (thirty percent) to account for overheads reasonably attributable to the undertaking of the Qualifying R&D Activities.
4. Staff Costs shall include amounts incurred by the Qualifying Entity under a legal or contractual obligation in respect of all of the following:
 - a. Salaries and wages.
 - b. Allowances.
 - c. Medical insurance.
 - d. Pension contributions.
 - e. End-of-service gratuity.
 - f. Bonuses.
 - g. Benefits in kind.
 - h. Any other employment-related expenses borne by the Qualifying Entity pursuant to the terms of the employment contract.
5. Staff Costs shall not include employee stock option plans.



6. Any expenditure incurred to provide training to R&D Staff in relation to Qualifying R&D Activities shall be considered Staff Costs.
7. Where an employee does not engage in Qualifying R&D Activities on a full-time basis, only the portion of Staff Costs that is reasonably attributable to the time spent on such Qualifying R&D Activities shall be considered Staff Costs.
8. For the purposes of the definition of R&D Staff, an employee means an individual who satisfies either of the following conditions:
 - a. Has a contract of employment with the Qualifying Entity.
 - b. Is seconded to the Qualifying Entity and the costs of such secondment are borne by the Qualifying Entity.
9. For the purposes of the definition of R&D Staff, an externally provided worker means an individual who satisfies all of the following conditions:
 - a. Is not a director or an employee of the Qualifying Entity.
 - b. Provides their services to the Qualifying Entity through a staff provider company or as an independent contractor or service provider.
 - c. Is personally obliged to provide the services under a contract with the Qualifying Entity or with the staff provider company, as applicable.
 - d. Provides their services that do not constitute subcontracting of R&D Activities by the Qualifying Entity.
10. For the purposes of Clauses (8) and (9) of this Article, in the case of a Cost Contribution Arrangement, the reference to Qualifying Entity shall include reference to the relevant entity that is party to the Cost Contribution Arrangement, where relevant.
11. Any Staff Costs recharged to a Qualifying Entity from another member of the same Tax Group shall not be considered Qualifying R&D Expenditure.

Article (9)

Consumable Costs

1. For the purposes of Article (5) of Cabinet Decision No. 215 of 2025 referred to above, the term "Consumable Costs" shall mean amounts incurred by a Qualifying Entity for consumable or transformable materials or items that:
 - a. Are directly used in the performance of Qualifying R&D Activities, and
 - b. Are no longer usable in their original form following the use in accordance with the previous paragraph.
2. For the purposes of Clause (1) of this Article, Consumable Costs shall include all of the following:
 - a. Costs of consumable or transformable materials, including but not limited to water, fuel, and power.
 - b. License fees, and other similar costs related to intangible assets that are not capital in nature.



- c. Payments made to patients or subjects participating in a clinical trial that forms part of a Qualifying R&D Activity.
3. Where any consumable or transformable material or item is only partially directly used in the performance of Qualifying R&D Activities, only the portion of the cost reasonably attributable to the relevant use shall be considered Consumable Costs.
4. Consumable Costs shall not be considered Qualifying R&D Expenditure where the consumable or transformable materials or items are disposed of in the ordinary course of the Qualifying Entity's Business for consideration.
5. Any Consumable Costs incurred by a Qualifying Entity in respect of consumable or transformable materials or items, or licenses, acquired from another member of the same Tax Group shall not be considered Qualifying R&D Expenditure.

Article (10)

Subcontracting Fees

1. For the purposes of Article (5) of Cabinet Decision No. 215 of 2025 referred to above, the term "Subcontracting Fees" shall mean expenditure incurred by a Qualifying Entity in contracting out Qualifying R&D Activities where all of the following conditions are met:
 - a. The Qualifying R&D Activities are contracted out to a Person based in the State.
 - b. The activities are undertaken within the State.
 - c. The activities are not themselves subcontracted to the Qualifying Entity by another party.
 - d. The activities are not subcontracted to another party by the subcontractor.
 - e. The expenditure is not attributable to a Foreign Permanent Establishment.
 - f. Where the Qualifying Entity and the subcontractor are Related Parties, the subcontractor shall maintain audited financial statements.
2. The Qualifying R&D Expenditure shall be the amount paid by the Qualifying Entity to the subcontractor, subject to Article (34) of the Corporate Tax Law.
3. Where the subcontracting is between members of the same Tax Group, the expenses incurred under such subcontracting shall not be considered Qualifying R&D Expenditure.

Article (11)

Cost Contribution Arrangement

1. For the purposes of Article (5) of Cabinet Decision No. 215 of 2025 referred to above, the term "Cost Contribution Arrangement" shall mean a contractual arrangement among Persons to share the contributions and risks involved in the joint conduct of R&D activities with the understanding that such R&D activities are expected to create benefits for the individual Businesses of each of them.
2. Where a Qualifying Entity is party to a Cost Contribution Arrangement for the conduct of Qualifying R&D Activities, the portion of the Qualifying R&D Expenditure contributed by the Qualifying Entity shall constitute Qualifying R&D Expenditure, provided that it meets all of the following conditions:



- a. The contribution is determined in accordance with the arm's length principle.
 - b. The contribution corresponds to the Qualifying Entity's expected share of the benefits arising from the arrangement.
3. Where the R&D activities under a Cost Contribution Arrangement are carried out partly within the State and partly outside the State, only the portion of the contribution attributable to the Qualifying R&D Activities carried out within the State shall constitute Qualifying R&D Expenditure.
 4. The provisions of this Article shall apply in the same manner to subcontracted arrangements entered into as part of a Cost Contribution Arrangement.

Article (12)

Record Keeping

1. A Qualifying Entity shall maintain technical documentation sufficient to demonstrate that the activities undertaken constitute Qualifying R&D Activities and the associated expenses constitute Qualifying R&D Expenditure for the purposes of claiming the R&D Tax Credit for a period of (7) seven years following the end of the Tax Period or Fiscal Year to which they relate, and shall provide such documentation to the Council and/or the Authority upon request within the timeline specified by the Council or the Authority.
2. The technical documentation referred to in Clause (1) of this Article shall include a comprehensive collection of written, visual, and electronic records detailing the objectives, processes, methodologies, experiments, and findings associated with the Qualifying R&D Activities.

Article (13)

Application of the R&D Tax Credit to Tax Groups

1. The R&D Tax Credit arising to a Qualifying Entity that is a member of a Tax Group shall be utilised against the Corporate Tax liability of the Tax Group.
2. Any unutilised R&D Tax Credit of a Qualifying Entity that joins a Tax Group ("pre-Grouping R&D Tax Credits") shall be utilised to offset the Corporate Tax liability of the Tax Group before the R&D Tax Credits of the Tax Group.
3. For the purposes of Clauses (1) and (2) of this Article, the R&D Tax Credit must be utilised against the Corporate Tax liability of the Tax Group, prior to any portion of such credit being utilised against the Top-up Tax liability of the Qualifying Entity or Domestic Group pursuant to Article (14) of this Decision, carried forward to any subsequent Tax Period or Fiscal Year or transferred pursuant to Article (6) of this Decision.
4. Where a Qualifying Entity leaves a Tax Group the R&D Tax Credit of the Tax Group shall remain with the Tax Group, with the exception of any unutilised pre-Grouping R&D Tax Credits.
5. On cessation of the Tax Group, any unutilised R&D Tax Credit of the Tax Group shall be allocated as follows:
 - a. Where the Parent Company continues to be a Taxable Person, the R&D Tax Credits of the Tax Group shall remain with the Parent Company, with the exception of any unutilised pre-Grouping R&D Tax Credits, which will remain with the relevant Qualifying Entity.



- b. Where the Parent Company ceases to be a Taxable Person, the R&D Tax Credits of the Tax Group shall be forfeited, with the exception of any unutilised pre-Grouping R&D Tax Credits, which will remain with the relevant Qualifying Entity.
6. Where it is established that a Qualifying Entity that is a member of a Tax Group did not continuously meet the conditions required to qualify for the R&D Tax Credit in respect of a particular R&D Project, whether in whole or in part, any amount of the R&D Tax Credit attributable to that R&D Project that has been utilised to reduce the Corporate Tax liability of the Tax Group must be repaid to the Authority within the timeline and in the manner prescribed by the Authority.
7. Each member of the Tax Group shall be jointly and severally liable for the amount of the R&D Tax Credit clawed back under Clause (6) of this Article that was utilised to reduce the Corporate Tax liability of the Tax Group for the Tax Periods when they were members of the Tax Group unless the joint liability is limited to one or more members of the Tax Group following approval by the Authority.
8. Where the claw-back provisions under Clause (6) of this Article apply, the Parent Company shall be liable to pay any penalties applicable under Federal Decree-Law No. 28 of 2022 referred to above. For the purposes of calculating, imposing and collecting such penalties, the amount of R&D Tax Credit that is subject to claw-back, shall be treated as if it were Due Tax or Payable Tax.
9. Where a Qualifying Entity is a member of a Tax Group, the Parent Company shall be responsible for applying for pre-approval, submitting the claim for the R&D Tax Credit as part of the Tax Return and complying with other relevant obligations.

Article (14)

Application of the R&D Tax Credit to Domestic Groups

1. The R&D Tax Credit arising to a Qualifying Entity that is a Constituent Entity, Joint Venture, or JV Subsidiary of a Domestic Group within the scope of Cabinet Decision No. 142 of 2024 referred to above shall be utilised against the Top-up Tax liability of the relevant Domestic Group.
2. For the purposes of paragraph (a) of Article 5.2.4 of Cabinet Decision No. 142 of 2024 referred to above, the Top-up Tax determined in accordance with Article 5.2.3 of that decision shall be reduced by the R&D Tax Credit utilised under Clause (1) of this Article.
3. Any unutilised R&D Tax Credit of a Qualifying Entity that becomes a Constituent Entity, Joint Venture, or JV Subsidiary of a Domestic Group within the scope of Cabinet Decision No. 142 of 2024 referred to above shall be utilised to offset the Top-up Tax liability of the relevant Domestic Group.
4. For the purposes of Clauses (1) and (3) of this Article, the R&D Tax Credit of a Qualifying Entity must be utilised against the Corporate Tax liability of the Qualifying Entity or a Tax Group in which it is a member, where relevant, or any other Person pursuant to Article (6) of this Decision prior to being utilised against the Top-up Tax liability of the relevant Domestic Group.
5. Where it is established that a Qualifying Entity did not continuously meet the conditions required to qualify for the R&D Tax Credit in respect of a particular R&D Project, whether in whole or in part, any amount of the R&D Tax Credit in respect of that R&D Project that has been utilised to reduce the Top-up Tax liability of the relevant Domestic Group must be repaid to the Authority within the timeline and in the manner prescribed by the Authority.
6. Each Constituent Entity, Joint Venture, or JV Subsidiary of the relevant Domestic Group shall be jointly and severally liable for the amount of the R&D Tax Credit clawed back under Clause (5) of



this Article that was utilised to reduce the Top-up Tax liability of that Domestic Group for the Fiscal Year when they were Constituent Entities, Joint Ventures or JV Subsidiaries.

7. Where the claw-back provisions under Clause (5) of this Article apply, the Constituent Entities, Joint Ventures, JV Subsidiaries, or the Domestic Designated Filing Entity, where applicable, of the relevant Domestic Group shall be liable to pay any relevant penalties applicable under Federal Decree-Law No. 28 of 2022 referred to above. For the purposes of calculating, imposing and collecting such penalties, the amount of R&D Tax Credit that is subject to claw-back shall be treated as if it were Due Tax or Payable Tax.
8. Where a Qualifying Entity is not subject to Corporate Tax and is a Constituent Entity, Joint Venture, or JV Subsidiary of a Domestic Group that has appointed a Domestic Designated Filing Entity, the Domestic Designated Filing Entity shall be responsible for applying for pre-approval, and submitting the claim for the R&D Tax Credit as part of the Top-up Tax Return and complying with other relevant obligations.

Article (15)

Artificial Separation of Business

1. Where the Authority establishes that one or more Persons have artificially separated their Business or Business Activity and the amount of Qualifying R&D Expenditure across the Persons' entire Business or Business Activity exceeds the threshold specified under Clause (1) of Article (2) of this Decision in any Tax Period and such one or more Persons have claimed the R&D Tax Credit, this would be considered an arrangement to obtain a Corporate Tax advantage under Clause (1) of Article (50) of the Corporate Tax Law. The Authority may counteract or adjust such arrangement, and any R&D Tax Credit that has been utilised shall be clawed back to the Authority as Payable Tax or Due Tax, in the manner and within the timeline prescribed by the Authority, and any unutilised R&D Tax Credit shall be forfeited and may not be carried forward.
2. For the purposes of determining whether the Business or Business Activity has been artificially separated, the Authority shall consider whether the arrangement was undertaken for a valid commercial purpose and whether the Persons carry on substantially the same Business or Business Activity by taking into account all relevant facts and circumstances, including but not limited to their financial, economic and organisational links.

Article (16)

Anti-Abuse

1. Where, having regard to all relevant circumstances, it can be reasonably concluded that any arrangement, contract or procedure has been adopted mainly or partly to obtain or increase an R&D Tax Credit in a manner that is not consistent with the economic substance or the genuine nature of the Qualifying R&D Activity, the Authority may counteract or adjust such arrangement, contract or procedure, and any R&D Tax Credit that has been utilised shall be clawed back to the Authority as Payable Tax or Due Tax, in the manner and within the timeline prescribed by the Authority, and any unutilised R&D Tax Credit shall be forfeited and may not be carried forward.
2. Where, within a period of five (5) years from the end of the Tax Period or Fiscal Year in which an R&D Tax Credit was last claimed, a Qualifying Entity ceases to be a Taxable Person, becomes a Qualifying Free Zone Person, applies the small business relief, enters into liquidation, or redomiciles outside the State, any R&D Tax Credit that has been utilised shall be clawed back to the Authority as Payable Tax or Due Tax, in the manner and within the timeline prescribed by the Authority, and any unutilised R&D Tax Credit shall be forfeited and may not be carried forward.



3. Clause (2) of this Article shall not apply to a business restructuring transaction that is carried out in accordance with Article (7) of this Decision.

Article (17)

Application of this Decision to Tax Periods or Fiscal Years

This Decision shall apply to Tax Periods or Fiscal Years commencing on or after 1 January 2026.

Article (18)

Publication and Application of this Decision

This Decision shall be published and shall come into effect on the date of its issuance.

Mohamed bin Hadi Al Hussaini
Minister of State for Financial Affairs

Issued by us:

On: 29 / Ramadan / 1447H

Corresponding to: 18/03/2026