



Ministerial Decision No. 173 of 2025

on Depreciation Adjustments for Investment Properties held at Fair Value 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. 47 of 2022 on the Taxation of Corporations and Businesses, and its amendments,
- Ministerial Decision No.134 of 2023 on the General Rules for Determining Taxable Income for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses,

Has decided:

Article (1)

Definitions

Words and expressions in this Decision shall have the meanings specified in the Federal Decree-Law No. 47 of 2022 referred to above ("**Corporate Tax Law**"), and the following expressions shall have the meanings assigned against each, unless the context otherwise requires:

Accounting Standards: The accounting standards specified in a decision issued by the Minister for the purposes of the Corporate Tax Law.

Accrual Basis of Accounting: An accounting method under which the Taxable Person recognises income when earned and expenditure when incurred.

Financial Statements: A complete set of statements as specified under the Accounting Standards applied by the Taxable Person, which includes, but is not limited to, statement of income, statement of other comprehensive income, balance sheet, statement of changes in equity and cash flow statement.

Investment Property: A building or part of a building held by the owner or by the lessee as a right-of-use asset to earn rental income or for capital appreciation or both, as specified in the International Accounting Standard No. 40 adopted by the International Accounting Standards Board. An Investment Property shall not include land and any exclusions provided for in the International Accounting Standard No. 40.

Opening Value: The Original Cost reduced by an aggregate depreciation deduction of 4% (four percent) for each Gregorian calendar year, or otherwise prorated for part of the Gregorian calendar year, during which the relevant Taxable Person held the Investment Property prior to the Tax Period specified below:

- The first Tax Period in which Corporate Tax is imposed on the Taxable Income of a Taxable Person that had previously elected for Article (21) of the Corporate Tax Law to apply.
- The Tax Period in which a new Subsidiary joins an existing Tax Group, where the Subsidiary had not made the election under Clause (1) of Article (2) of this Decision.
- The Tax Period in which a transfer covered by Article (26) or (27) of the Corporate Tax Law occurs, where the transferor had not made the election under Clause (1) of Article (2) of this Decision.
- In any other cases, the first Tax Period to which this Decision applies to the Taxable Person.



Original Cost: Shall mean the term "cost" as specified in the International Accounting Standard No. 40 adopted by the International Accounting Standards Board and includes any subsequent capitalised costs, subject to the arm's length principle in accordance with Article (34) of the Corporate Tax Law.

Tax Written Down Value: The Opening Value less the aggregate depreciation deduction applied under Clause (1) of Article (2) of this Decision by the Taxable Person or transferor referred to in Clause (2) of Article (2) of this Decision.

Article (2)

Election to Apply Depreciation to Investment Property Held at Fair Value

1. Where a Taxable Person that prepares Financial Statements on an Accrual Basis of Accounting has elected to take into account gains and losses on a realisation basis pursuant to Clause (3) of Article (20) of the Corporate Tax Law, it may make an irrevocable election that will result in an adjustment to its Taxable Income by applying, for an Investment Property held at fair value under the applicable Accounting Standards, a depreciation deduction of the lower of:
 - a. 4% (four percent) of the Original Cost for each (12) twelve-month Tax Period, or prorated where the Tax Period is shorter or longer than (12) twelve months, or where the Investment Property is held for only part of the Tax Period.
 - b. The Tax Written Down Value at the start of the relevant Tax Period.
2. Where Clause (1) of this Article applies, the Opening Value and Original Cost of the Investment Property for the purposes of Corporate Tax shall be determined in respect of the following:
 - a. The transferor, in the case an Investment Property is transferred and the transfer is covered by Article (26) or (27) of the Corporate Tax Law or the transfer is between members of a Tax Group, other than the most recent transfer of that Investment Property which was not covered by any of the said Articles or was not between members of a Tax Group.
 - b. The Taxable Person, in any other cases.
3. Where Clause (5) of Article (26) or Clause (7) of Article (27) or Clause (9) of Article (42) of the Corporate Tax Law applies to a transfer of Investment Property, the transferee shall adjust its Taxable Income, during the Tax Period in which any of the said Clauses apply, for a depreciation deduction elected for under Clause (1) of this Article that has not been previously adjusted by the transferee for that Investment Property due to the application of paragraph (a) of Clause (2) of this Article.
4. Where a Taxable Person makes an election pursuant to Clause (1) of this Article, the election shall apply to all of its Investment Properties held at fair value under the applicable Accounting Standards.
5. As an exception to Clause (3) of Article (8) of Ministerial Decision No. 134 of 2023 referred to above, a Taxable Person that prepares Financial Statements on an Accrual Basis of Accounting may elect to recognise gains and losses on a realisation basis in the Tax Return referred to in Article (3) of this Decision in which an election is made under this Decision.



Article (3)

Election Timeline

1. For a Taxable Person that holds an Investment Property during the first Tax Period to which this Decision applies, the election must be made in the Tax Return for that Tax Period.
2. For a Taxable Person that does not hold an Investment Property during the first Tax Period to which this Decision applies, the election must be made in the Tax Return for the Tax Period in which the first Investment Property is held.
3. For a Taxable Person that elected for Article (21) of the Corporate Tax Law to apply, the election must be made in the Tax Return for the first Tax Period in which that Article does not apply.
4. If an election is not made within the timelines specified in this Article, the Taxable Person shall be considered to have forfeited its right to make such an election.

Article (4)

Determination of Gain or Loss upon Realisation

1. For the purposes of this Decision, the realisation of an Investment Property in respect of which the election under Article (2) of this Decision has been made shall include the occurrence of any of the following events, whichever is earlier:
 - a. The sale, disposal, transfer, other than the transfers excluded under Clause (2) of this Article, settlement, complete worthlessness or other form of derecognition of the Investment Property as per the applicable Accounting Standards.
 - b. Change of accounting policy in respect of the Investment Property from the fair value model to the cost model.
 - c. The relevant Taxable Person becomes an Exempt Person or elects for the application of Article (21) of the Corporate Tax Law.
 - d. Where the Taxable Person ceases its Business or Business Activity, whether by dissolution, liquidation, or otherwise.
2. Upon realisation of an Investment Property, other than in cases of transfers covered by Article (26) or (27) of the Corporate Tax Law or transfers between members of a Tax Group, the Taxable Income of the relevant Taxable Person shall be increased by the aggregate depreciation deduction, or pro-rated for partial realisations, it claimed under Clause (1) of Article (2) of this Decision.
3. For the purposes of Clause (2) of this Article, the aggregate depreciation deduction claimed by the transferor shall be attributed to the transferee if the transferor has ceased to be a Taxable Person.



4. Where any of the events referred to in paragraphs (a), (b) or (d) of Clause (1) of this Article occurs, the realisation adjustments shall be made in the Tax Period in which the relevant event occurs. Where any of the events referred to in paragraph (c) of Clause (1) of this Article occurs, the realisation adjustments shall be made in the last Tax Period prior to the occurrence of the relevant event.

Article (5)

Adjustments to Taxable Income

1. Where an Investment Property is transferred and the transfer is covered by Article (26) or (27) of the Corporate Tax Law or the transfer is between members of a Tax Group, the Taxable Income of the transferee using the cost model shall be adjusted to exclude any depreciation, amortisation, or other change in the value of the Investment Property, to the extent of the depreciation deduction claimed by the transferor under Clause (1) of Article (2) of this Decision in respect of that Investment Property.
2. Upon realisation of the Investment Property, other than in cases of transfers covered by Article (26) or (27) of the Corporate Tax Law or transfers between members of a Tax Group, the transferee shall adjust its Taxable Income to include any amount that has been previously excluded for Corporate Tax purposes under Clause (1) of this Article.

Article (6)

Specific Anti-Abuse Rule

Where an Investment Property is transferred between Related Parties, the Authority may, at its discretion, disallow the depreciation deduction claimed by the transferee under this Decision if the transaction or arrangement, or any part of it, is not for a valid commercial or other non-fiscal reason that reflects economic reality.

Article (7)

Application of this Decision to Tax Periods

This Decision shall apply to Tax Periods starting on or after 01 January 2025.

Article (8)

Publication and Application of this Decision

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

Mohamed bin Hadi Al Hussaini

Minister of State for Financial Affairs

Issued by us:

UNITED ARAB EMIRATES
MINISTRY OF FINANCE
OFFICE OF THE MINISTER



الإمارات العربية المتحدة
وزارة المالية
مكتب الوزير

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