



Major update on qualifying activities: new ministerial decision

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The UAE Ministry of Finance has published Decision No. 229 of 2025, which amends the definition of certain types of qualifying activities for a 0% corporate tax rate for UAE qualifying free zone persons (hereinafter, “**Decision 229**”). Decision 229 supersedes the previous Ministerial Decision No. 265 of 2023, and enters into force retrospectively from 1 June 2023.

Some types of qualifying activities have undergone significant changes; the most affected is the Trading of Qualifying Commodities definition. We highlight below the main Decision 229 changes:

I. Trading of Qualifying Commodities

- A raw form of Qualifying Commodities is no longer required to recognise commodities as qualifying. Decision 229 recognises commodities as qualifying if they have a quoted price specified by a recognised commodity exchange market or recognised price reporting agency.
- The Ministry also approved a list of recognised price reporting agencies (Decision No. 230 of 2025, hereinafter “**Decision 230**”), however, there is still no recognised commodity exchange market list.
- The list of Qualifying Commodities has expanded, covering, in particular, industrial chemicals, associated by-products from the production or extraction of metals, minerals, industrial chemicals, energy and agriculture commodities, as well as environmental commodities, such as carbon credits or renewable energy certificates.
- The list of Qualifying Commodities directly excludes products packaged for retail sale and any other products specified in a decision issued by the Minister.
- The definition of Trading of Qualifying Commodities has also been revised. Thus such activity is not considered as qualifying if the taxpayer's revenue from distribution, warehousing, logistics or inventory management functions constitutes 51% or more of their revenue for the relevant tax period.

Hence the list of Qualifying Commodities has been significantly expanded, and this may be relevant for many traders who are not registered in designated zones.

II. Other amendments

- Treasury and Financial Services for Related Parties now directly include a company's activities for its own account (previously this was only indicated in the Free Zone Residents Tax Guide).
- In addition to distributing goods to non-end users (i.e. customers who resell, process or alter such goods or materials, or parts thereof for the purposes of sale or resale), the qualifying activity of Distribution of goods or materials in or from a Designated Zone also now includes the sale of goods to public benefit entities.
- In terms of the formula for calculating Income Derived from Qualifying Intellectual Property, a technical amendment has been made to clarify the calculation of Uplift Expenditures – it is now calculated as 30% of the qualifying expenditure (and not 130%, as was previously the case).

We will be happy to discuss how these changes could impact your organisation. Please find the links to [Decision 229](#) and [Decision 230](#) for your review.

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