

Tax Considerations in U.A.E.

SdM

Canadian & International Tax



Taxation in U.A.E.

NO TAXES IN U.A.E.

Taxation in U.A.E.

The End

Agenda

- Tax Data for U.A.E.
- Canadian Tax system
- Common Tax Issue in U.A.E.

Operation, Tax and Legal Data

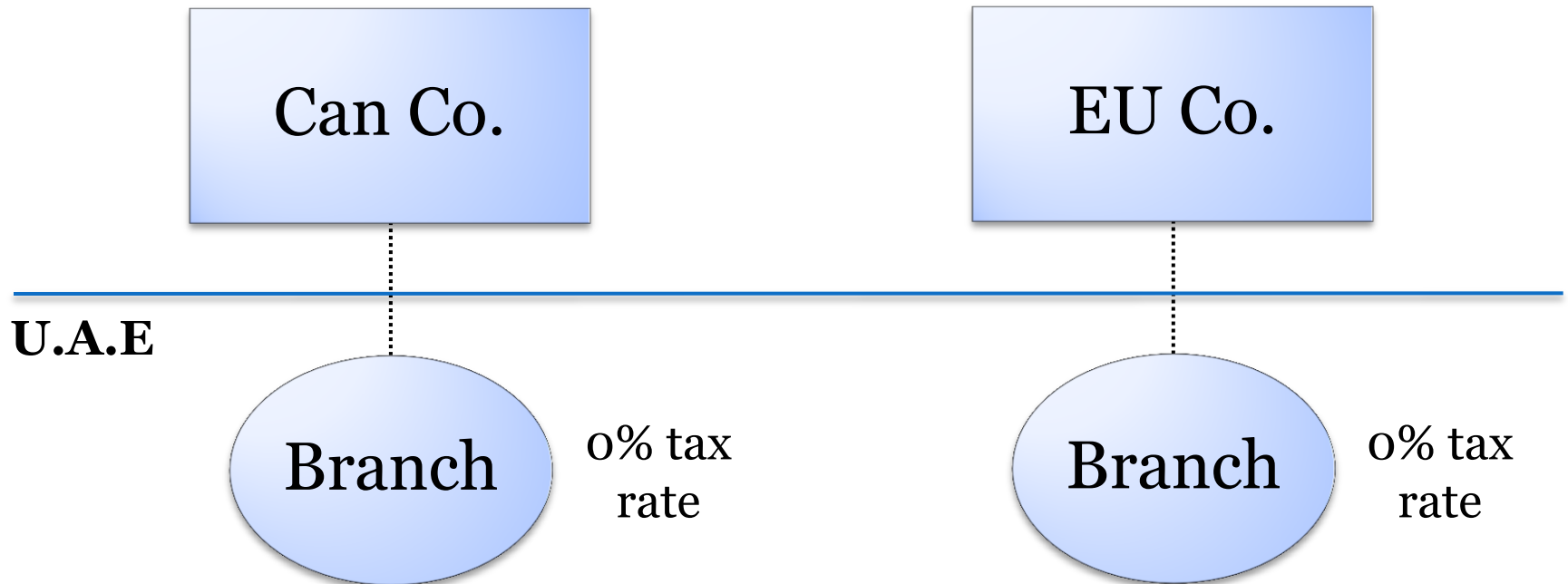
Country	Ownership	Tax Registration	Commercial License Registration	Rank in Difficulty of Starting Business*	Tax Rate	True after Tax Cash Available	Tax Treaty with Canada	WHT Applicable
U.A.E.	Maximum 49%	Easy	Relatively Easy	22	0%	49%	Yes	No

* Source World Bank Data Centre

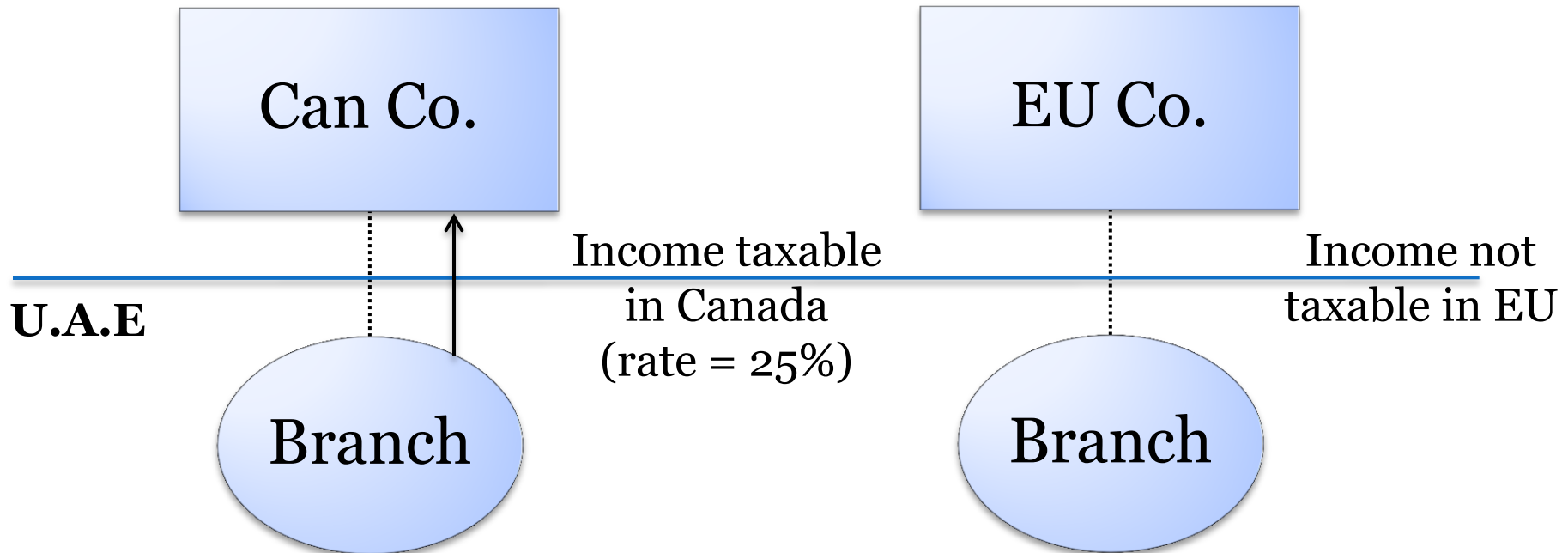
Tax as a Competitive Strategy

Canadian Tax Regime	Major EU Tax Regimes
Worldwide system	Territorial system
Income from offshore branches are taxable in Canada	Income from offshore branches are <u>not</u> taxable in country of residence

Illustration



Illustration



Numerical Example

Canadian Corporation	
Income earned in U.A.E	\$1,000,000
Tax in U.A.E	\$0
Tax in Canada (rate = 25%)	\$250,000
After-tax Cash	\$750,000

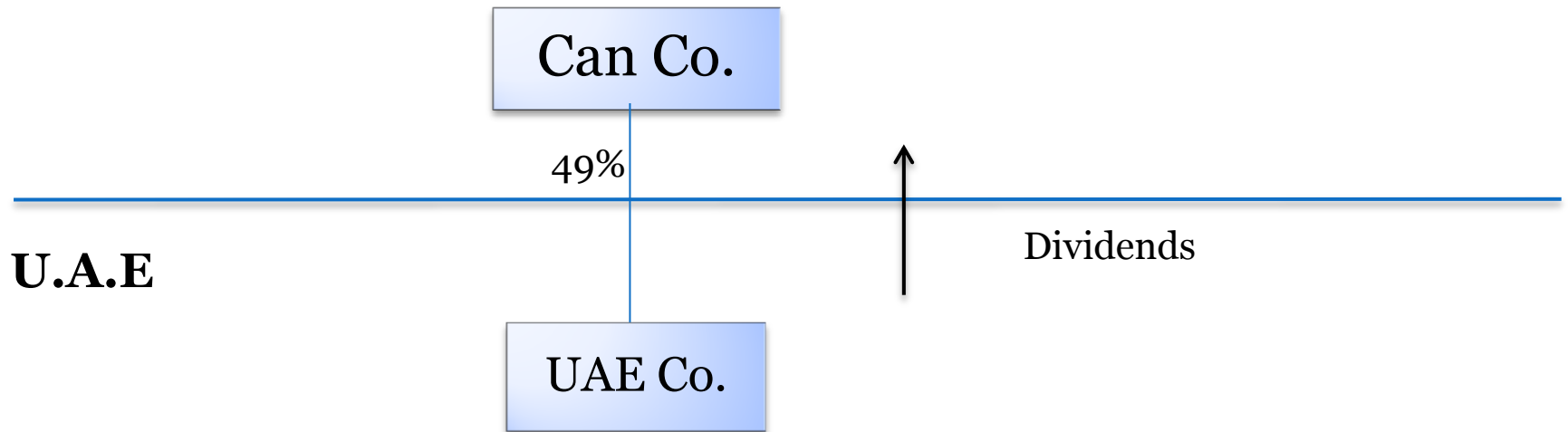
EU Corporation	
Income earned in U.A.E	\$1,000,000
Tax in U.A.E	\$0
Tax in EU (rate = 0%)	N/A
After-tax Cash	\$1,000,000

Dividend Regime in Canada

Dividend from Treaty Country	Dividend from Non-Treaty Country
Dividends from active business is not taxable in Canada	Dividends from active business is taxable in Canada

What portion of distributed income is a dividend?

Common Tax Issue



Numerical Example- Unbalanced ownership for a 70% profit split

Canadian Corporation		
Income earned in U.A.E	\$1,000,000	
Tax in U.A.E	\$0	
Distributed to Canco as dividends (49%)	\$490,000	Not taxable in Canada
Balance	\$210,000	Taxable in Canada?

Questions?

The logo for SdM, featuring the letters 'SdM' in a bold, dark blue, sans-serif font. The 'S' and 'd' are connected, and the 'M' is separate.

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