

Tax Report



United Arab Emirates	Proposed Global Share Purchase and Match Plan
Tax points	<u>Purchased shares:</u> Purchase: No income tax. No social security. Sale by participant: No tax on capital gains. No social security. <u>Matching shares:</u> Grant: No income tax. No social security. Vesting: No income tax. No social security. Transfer to participant: No income tax. No social security. Sale by participant: No tax on capital gains. No social security.
Income tax (maximum rate)	None.
Income tax rates	There is no personal income tax.
Employer income tax withholding	No
Employer social security withholding	Usually, no social security on share plan income.
Employee social security	Employee social security (max rate): 5% for UAE national employees, where applicable. Employees are also required to contribute to an unemployment scheme. For employees earning more than AED16,000, the unemployment scheme premium is AED10 per month. Employee social security (cap): social security is payable on the employee's Contribution Calculation Salary (CCS), with a deemed maximum CCS amount of AED50,000 per month. Federal Law No. 7 of 1999 for Pension and social security does not explicitly state whether bonus payment or share awards should form part of an employees' salary on which social security contributions are payable. For the avoidance of doubt, a provision could be included in the plan documents stating that incentive awards do not form part of the employee's wages on which social security contributions are payable. Social security is only payable in relation to UAE and GCC nationals (GCC means Gulf Cooperation Council and includes the UAE, Kingdom of Saudi Arabia, Kuwait, Qatar, Bahrain and Oman). For GCC nationals working in the UAE, employee contributions are determined in accordance with the social security regulations of their home country.

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Employer social security	Employer social security (max rate): 12.5% (15% in Abu Dhabi) for UAE national employees, where applicable. The Dubai International Financial Centre (DIFC) has introduced a mandatory employer savings scheme (to replace the statutory end-of-service gratuity payment regime) for non-UAE and other GCC nationals. Employers are required to make monthly contributions of 5.83% or 8.33% of the employee's basic salary into the savings scheme (the actual rate depends on the employee's length of service). If the employer is already making contributions to a regulated benefit scheme which provides benefits in excess of the above contributions, it is exempt from the new requirement. Employer social security (cap): social security is payable on the employee's Contribution Calculation Salary (CCS), with a deemed maximum CCS amount of AED50,000 per month. Federal Law No. 7 of 1999 for Pension and social security does not explicitly state whether bonus payment or share awards should form part of an employees' salary on which social security contributions are payable. For the avoidance of doubt, a provision could be included in the plan documents stating that incentive awards do not form part of the employee's wages on which social security contributions are payable. Social security is only payable in relation to UAE and GCC nationals (GCC means Gulf Cooperation Council and includes the UAE, Kingdom of Saudi Arabia, Kuwait, Qatar, Bahrain and Oman). For GCC nationals working in the UAE, employee contributions are determined in accordance with the social security regulations of their home country.
Share valuation for determining taxable benefit	As there is no individual income tax and no tax on capital gains in the UAE, employees will not be taxed in the UAE on the issuance or settlement of incentive share awards.
Capital gains tax (maximum rate)	None
Dividend tax (maximum rate)	None
Tax reporting - Individual	No Report name: not applicable. Tax period: not applicable. Reporting deadline: not applicable.
Tax reporting - Employing company	Generally, there are no relevant employer reporting requirements. Report name: not applicable.

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	Tax period: 1 January to 31 December Reporting deadline: not applicable.
Share retention/holding period	As there is no direct personal taxation in UAE, the existence of a retention/holding period will not be relevant to the tax treatment.
Recharge - Employing company	It is unlikely the local company will be able to claim any corporation tax deduction if it pays money to the parent for both the share costs and a share of administration costs. Corporation tax was introduced in the UAE during 2023 and applies to financial years starting on or after 1 June 2023, but it will not apply within the DIFC.
Recharge - Individual	There is no direct personal taxation in UAE.
Malus and clawback - Tax reclaim	There is no direct personal taxation in UAE. It is unlikely that any social security will have been paid in relation to a cash plan.
Malus and clawback - Tax points	There is no direct personal taxation in UAE.
Tax beneficial treatment	There is no applicable tax beneficial treatment.
Other	Private companies: as there is no individual income tax in the UAE, the tax treatment of the share plans would be the same whether the parent company is publicly listed or a privately held company.

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This summary assumes that the participants are subject only to local taxes at all relevant times. Different rules may apply if the participants are subject to multiple taxing jurisdictions at any relevant time.

This summary is only a guide. It is limited to a general description of national tax laws and does not address local, city, regional, state or other provincial tax laws that may apply to the participants.

The tax position will depend on each participant's individual circumstances. We do not warrant any particular tax result. Therefore we recommend that participants consult their own tax advisor regularly to determine their individual tax position.

The exact structure of an award is crucial to the way that award is taxed. The tax treatment can be affected by many factors including retention/holding periods and clawback. Different clawback terms and different restrictions on shares may impact the tax treatment. If companies want detailed and specific tax advice for their plans, then local counsel need to know the exact detail of how the specific plans work. The database can only give generalised tax information.

The information provided is understood to be correct as of 4 August 2026. Changes in legislation or practice after this date may affect the tax treatment.

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