

## Tax - Payroll Guide - Free shares / RSU

United Arab Emirates	
<b>Tax points</b>	<p><b>Grant:</b> No income tax. No social security.</p> <p><b>Vesting:</b> No income tax. No social security.</p> <p><b>Transfer to participant:</b> No income tax. No social security.</p> <p><b>Sale by participant:</b> No tax on capital gains. No social security.</p>
<b>Income tax (maximum rate)</b>	None
<b>Income tax rates</b>	There is no personal income tax.
<b>Employer income tax withholding</b>	No
<b>Employer social security withholding</b>	Usually, no social security on share plan income.
<b>Employee social security</b>	<p><b>Employee social security (max rate):</b> 5% for UAE national employees, where applicable. From 2023, employees are required to contribute to an unemployment scheme. For employees earning more than AED16,000, the minimum contribution is AED10 per month.</p> <p><b>Employee social security (cap):</b> 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.</p> <p>Social security is only payable in relation to UAE and GCC nationals (GCC means Gulf Corporation 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.</p>
<b>Employer social security</b>	<p><b>Employer social security (max rate):</b> 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.</p>

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<b>Tax reporting - Individual</b>	<p>No</p> <p><b>Report name:</b> not applicable.</p> <p><b>Tax period:</b> not applicable.</p> <p><b>Reporting deadline:</b> not applicable.</p>
<b>Tax reporting - Employing company</b>	<p>Generally, there are no relevant employer reporting requirements.</p> <p><b>Report name:</b> not applicable.</p> <p><b>Tax period:</b> 1 January to 31 December</p> <p><b>Reporting deadline:</b> not applicable.</p>
<b>Malus and clawback - Tax points</b>	<p>There is no direct personal taxation in UAE.</p>