UAE corporate tax reprieve gives 'breathing space' to small businesses

Entrepreneurs and experts say they welcome relief for companies with annual revenue of up to Dh3m

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The UAE's decision to extend corporate tax relief for small businesses until 2029 will give entrepreneurs the ability to survive regional challenges and global headwinds, business owners and experts have said.

The Ministry of Finance announced last week that small businesses with an annual revenue of up to Dh3 million ($816,880) can continue to claim relief until December 31, 2029.

Lighten the load

Dr Daamini Shrivastav, an emergency department doctor who works in the sports rehabilitation field, launched an emergency tool kit last year that is being snapped up by UAE residents and people overseas.

She describes the extension as a “huge relief” for the fledgling business she cofounded with her friend, Dippesh Bhargava. “It's gives you that little bit of breathing space, it takes a load off of you,” said Dr Shrivastav, 37, a Dubai resident.

“When we launched last year, we made sure we had enough stock to tide us over for what we projected our two-year sales would be. But we did not anticipate a war, a sudden surge of sales that impacted actual logistics.

“We're having to pay more, obviously our cost of business, day-to-day running is going up but the revenue is not quite matching. This gives a lot of relief. It is generous and considerate of the government.”

Describing Mr Bhargava and herself as “Dubai kids”, she said they deigned the Trooper Box to help a family ride out a storm. The business idea came after the superstorm that flooded sections of the country in April 2024.

The sturdy package comes loaded with essential items for a family of four including first-aid kit, food bars, electrolyte sachets, gloves, inflatable water wings, glow sticks, rescue blankets, waterproof matches and candles.

The Iran war resulted in a pick-up in business, with UAE residents buying the kit in addition to purchases from Europe.

“Nobody can predict anything about the current geopolitical conflict but this three-year tax decision helps because we can plan ahead,” Dr Shrivastav said. “The time crunch has been relieved, you can breathe and now we can make decisions on stock to purchase, how much inventory to store and on logistics.”

The small-business owner will save an estimated Dh25,000 per year due to the extension.