



Practical guide: Small business relief and your growth plan

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What small business relief decides

Small business relief allows a UAE resident business with revenue at or below AED 3 million to be treated as having no taxable income for that period, with simplified compliance. Ministerial Decision No. 131 of 2026 extended it to tax periods ending on or before 31 December 2029, with the threshold unchanged.

Most coverage of the extension treated it as a compliance note. It is a three-year planning window, and the way the relief is written creates a growth decision that a lot of businesses here are about to make by accident.

Three details that change the decision

It is a revenue test. AED 3 million of turnover, determined under the accounting standards accepted in the UAE. A business on AED 2.9 million with thin margins sits inside it. One on AED 3.1 million at a healthy margin sits outside. Profitability has nothing to do with eligibility.

It is not automatic. The relief has to be elected through the return for each period. Registration, filing and record keeping continue either way.

Crossing is permanent. The test looks at the current period and every previous relevant one, so once revenue has exceeded AED 3 million you cannot drop back under and reclaim it.



What the three-year window changes

The Central Bank of the UAE cut its forecast for real growth in 2026 to 1.7% in its June review, from 5.6%, with a rebound forecast for the following year. Against a year like that, three years of compliance certainty is one of the few fixed points available. Four reasons to use it deliberately.

There is nothing in between

There is no tapering. You do not pay a little more as you grow through AED 3 million. Cross the line and the relief stops, for that period and every period after it. So the business has to decide, rather than drift.

The arithmetic usually favours growing

Corporate tax is 9% on taxable income above AED 375,000. If AED 1 million of extra revenue produces AED 300,000 of extra profit, the tax on it does not come close to the value of the growth. Very few businesses should turn down profitable revenue to protect a filing simplification.

Electing it can cost you your losses

Where the relief is elected in a period, tax losses incurred in that period cannot be carried forward. The same applies to net interest expenditure. A business investing ahead of revenue needs to model this rather than default into it.

The window closes whatever you do

2029 arrives on schedule. A business that spends three years avoiding the decision arrives at the end of it with the same revenue, an older brand and nothing it built deliberately.



Three positions a business can take

One: stay under, deliberately

Some businesses should. A consultancy with two principals, high margins and no plan to build a team can run at AED 2.5 million indefinitely and do very well from it.

If that is the decision, own it and stop paying for marketing designed to scale something you have decided not to scale. The marketing budget for a business staying at AED 2.5 million looks nothing like one built to cross AED 3 million.

Two: cross it properly

Decide you are going through, pick the financial year, and build for it. The tax on the additional profit is a known cost against a known gain, and the modelling takes an afternoon.

Three: hover

This is where the damage happens, and it is the position the extension makes more likely.

The business does not decide. It grows to AED 2.8 million, gets nervous, quietly slows down, defers the hire, and cuts the marketing budget in the last quarter to keep the number down. It does the same the following year.

Three years pass. The relief ends in 2029 anyway, and the business arrives with the same revenue, no pipeline it built on purpose, and no data on what worked.



What to build with a three-year window

Assume you intend to cross AED 3 million before 2029. The relief has bought you a period of light compliance and reasonable certainty. Four things are worth building inside it.

Assets you own	Positioning, brand search, an audience you hold, a partner network, customer data
Measurement	A baseline now, so you can say later which activity produced your best customers
Revenue mix	Crossing AED 3 million on 40 clients is a company; on four it is four relationships
A short list	Twelve quarters absorbs about three things properly. Decide what you are not doing

Spend three years renting attention and building nothing you own, and 2029 arrives with the same problem and a higher cost of winning a customer.

Two exclusions to check first

A Qualifying Free Zone Person cannot elect the relief, because it already benefits from 0% on qualifying income. Nor can a constituent company of a multinational enterprise group. Between them those cut out a large share of the market here, so confirm your own status before planning around any of this.

Splitting the company is not a plan

Where the Authority establishes that businesses have been artificially separated and combined revenue crosses the threshold, that is treated as an arrangement to obtain a tax advantage.

Cross AED 3 million once and the relief stops, for that period and every period after it.



Actions for the next three years

01

Check whether the relief applies at all

Qualifying Free Zone Person or part of a multinational group, and the answer is no. Confirm your status with your adviser before anything else on this page.

A surprising number of businesses here plan around a relief they were never eligible for.

02

Name the year you cross AED 3 million

A financial year, written down, agreed by whoever runs the business. Or a decision to stay under, equally written down.

Both are defensible. Not choosing is the one that costs you three years.

03

Model the loss question with your accountant

If any period is planned to run a loss while you build, ask what electing the relief does to that loss before you elect it.

The simpler return can cost more than it saves. This is the point where the finance and growth conversations meet.

04

Set the marketing budget to the decision

Staying under and crossing produce different plans, different hires and different spending. Make the budget follow the decision rather than habit.

A growth budget attached to a business that has quietly chosen to stay flat is money burned.

Actions for the next three years

05

Set the measurement baseline now

Which activity produced your best customers, what a customer costs to win, and where the revenue actually came from. Record it this quarter.

The year after you cross AED 3 million is when somebody asks you to do it again with a bigger number.

06

Fix the concentration while it is cheap

Work out what share of revenue comes from your largest three customers. If it is most of it, the window is the time to deal with that.

Concentration is easier to fix at AED 2.5 million than at AED 5 million.

07

Build three things you will still own

Positioning, brand search, an audience list, a partner network, customer data. Three, finished, over twelve quarters.

Paid media stops the day you stop paying. These do not.

08

Put it on the agenda quarterly

Revenue against the threshold, progress on the three things, and whether the crossing year has changed. Fifteen minutes, four times a year.

That is what stops position three happening by default.

A worked example

A made-up Dubai mainland fit-out contractor. Nine staff, revenue of AED 2.6 million, profitable, electing the relief since 2023. The figures are invented. Check your own position with a qualified adviser.

Where the business was

Growing at about 12% a year, which put it through AED 3 million inside two years without anybody deciding anything.

Three customers accounted for 71% of revenue. There was no record of which activity had produced any of them.

The owner had twice deferred a hire in the final quarter, and could not have explained why beyond a general unease about the threshold.

The position taken

Cross in the financial year beginning 2028, written down and agreed.

What changed

The loss question: a planned loss period in 2027 while a second team was built. The accountant modelled electing against not electing, and the answer changed the plan.

The budget: marketing moved from occasional paid campaigns to three owned assets: a positioning rebuild, a specifier mailing list, and two partner relationships with architects.

Measurement: a baseline recorded in the first quarter, showing that both largest customers had come from one architect relationship nobody had been maintaining.

Concentration: a target of no customer above 30% of revenue by the crossing year.

The meeting: fifteen minutes a quarter, revenue against threshold and progress on three things.



The one-page three-year window plan

Fill this in with whoever runs the business, then take the loss question to your accountant. Review it once a quarter.

ARE WE ELIGIBLE AT ALL · FREE ZONE STATUS ·
GROUP STATUS · CONFIRMED BY WHOM

OUR POSITION: STAY UNDER, OR CROSS IN WHICH
FINANCIAL YEAR

YEAR	REVENUE	AGAINST AED 3M	PLANNED LOSS PERIOD	RELIEF ELECTED
This year				
Next year				
Year three				
2029				

THE THREE THINGS WE ARE BUILDING THAT WE
WILL STILL OWN IN 2029

LARGEST THREE CUSTOMERS AS A SHARE OF
REVENUE · TARGET BY THE CROSSING YEAR

MEASUREMENT BASELINE RECORDED ON · BY WHOM · WHERE IT LIVES

Mistakes to avoid and where to check

Six mistakes I see most often

- ☐ Planning around a relief the business was never eligible to elect.
- ☐ Treating a revenue threshold as though margin affected it.
- ☐ Electing in a loss-making period without modelling what it does to the loss.
- ☐ Slowing growth in the final quarter to keep the number down, without deciding to.
- ☐ Assuming the relief can be reclaimed if revenue falls back under the threshold.
- ☐ Reaching 2029 with three years of paid media and nothing owned.

Important

I am a marketer rather than a tax adviser, and nothing in this guide is tax, legal or accounting advice. It sets out what the relief does to a growth plan, which is the part usually missed. Every point that affects your own position should be confirmed with a qualified adviser, and corporate tax positions change.

Sources

Ministerial Decision No. 131 of 2026, extending small business relief to tax periods ending on or before 31 December 2029, with the AED 3 million threshold unchanged. The threshold, the election mechanics and the look-back to periods commencing on or after 1 June 2023 come from the published text of Ministerial Decision No. 73 of 2023, made under Federal Decree-Law No. 47 of 2022. So do the loss and net interest carry-forward treatment, the free zone and multinational group exclusions, and the artificial separation provision. Corporate tax rates from the UAE Government portal. Growth forecast from the Central Bank of the UAE Quarterly Economic Review, June 2026. All checked 22 August 2026.

Where to check

Ministry of Finance, mof.gov.ae, for the decisions themselves. Federal Tax Authority, tax.gov.ae, for registration, filing and guidance. Central Bank of the UAE, centralbank.ae, for the economic reviews.

Related reading

On ataylorcmo.com, under Insights: UAE small business relief now runs to 2029. Related guides in this series: Set up a business in Dubai, free zone or mainland, and Measure your marketing, at ataylorcmo.com/guides.



Conclusion

Check eligibility, name the year you cross AED 3 million or decide to stay under, model the loss question with your accountant, and set the marketing budget to whichever answer you gave.

Then use the twelve quarters to build three things you will still own in 2029, record a measurement baseline, and deal with customer concentration while it is still small enough to move.

Next step

I offer a 30 minute discovery call at no charge, on what the window is worth to your growth plan and what to build inside it.

Book at ataylorcmo.com, or write to adam@ataylorcmo.com.



Adam Taylor

MSc, FCIM, CDMP. A marketing leader with more than 20 years of international experience driving growth, market expansion and competitive positioning across luxury retail, real estate, free zones, automotive and mega-events.

I work as a fractional chief marketing officer for owners, executives and boards in the UAE, the UK and internationally. My career includes Group Head of Marketing at Emaar, Director of Events and Entertainment at Expo 2020 Dubai, and marketing leadership of a UAE free zone, with more than 5,000 events and activations delivered for premium brands.

Credentials

MSc Marketing. Fellow of the Chartered Institute of Marketing. Certified Digital Marketing Professional.

Experience

More than 20 years across the UAE, the wider Middle East, the UK and global markets.

Specialisms

Marketing strategy, brand positioning, UAE market entry, growth and marketing return on investment, events and experiential, and board governance.

Brands and organisations

Emaar · Expo 2020 Dubai · The Dubai Mall · IFZA · Al Tayar Motors · Ferrari · Gucci · Harvey Nichols · Bloomingdale's · Dolce and Gabbana

Contact

If you have a question about this guide, or want a second opinion on what the three-year window is worth to your plan, write or call. I reply within one working day.



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