

Staying Ahead: Practical Tax Considerations for Globally Mobile Professionals and Businesses

In our earlier note, we outlined the key tax concepts that become relevant when mobility patterns change: individual tax residency, permanent establishment, and place of effective management.

The UAE continues to operate as a stable, globally connected platform, and for many internationally active professionals and businesses, cross border or global mobility is simply a feature of how they operate.

What is worth paying attention to, however, is not the mobility itself but how tax authorities in other jurisdictions are increasingly looking at it.

Mobility across the globe can quietly shift where you are taxed. Often without any deliberate decision being made. In our recent interactions with founders, executives and family offices, we are seeing these questions arise more frequently in practice, and this note focuses on the areas most worth reviewing now. This is not because anything much has changed structurally for them, but because travel patterns and working arrangements have gradually evolved; and sometimes their own or their entity's tax positions have not been reassessed to reflect that.



Most of the cross-border tax exposure we see does not come from aggressive planning or bad decisions. It comes from positions that made sense at the time and were simply never revisited as things changed. What a review usually surfaces is not a need to restructure, but a need to understand and correct how the position has evolved.



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1. For Individuals Spending Extended Time Outside the UAE

Individuals regularly travel for business, family and personal reasons and for those who are UAE tax residents, generally extended periods abroad are a normal part of life. The key risk is not typically losing UAE residency but rather unintentionally creating tax exposure somewhere else.

UAE individual tax residency is generally determined by physical presence thresholds and economic ties over a relevant 12 -month period. Where absence is temporary and the underlying conditions remain in place, residency is generally maintainable. However, this should be reviewed regularly, particularly where travel patterns have changed significantly. Though, a Tax Residency Certificate (a TRC as we call it) for a prior period

may still be obtainable if the conditions were satisfied during that prior period.

For individuals with ties to other countries or jurisdictions, a question arises as to whether extended presence in another country risks triggering tax obligations there. Each country generally applies its own residency rules, and in some cases a combination of presence, family ties and property can be sufficient to create an exposure that was not anticipated at the outset. In practice, this is where we tend to see the most concern and issues. Individuals assume their UAE tax residency is intact but have not actively considered whether another country has a different view.

The key practical steps to consider now:

- ▶ How current and projected UAE presence impacts the applicable 12 month thresholds
- ▶ Whether the conditions supporting UAE tax residency remain demonstrable and documented
- ▶ Whether a TRC for the current or prior period should be applied and when should one apply for it
- ▶ Whether extended presence in another country creates any tax issues

2. For Businesses Whose Directors or Senior Management Travel Frequently

For multinational enterprises and other internationally active businesses, directors, promoters and senior management routinely travel and operate across multiple jurisdictions. The issue is not where the company is incorporated but where it is seen to be controlled and managed from.

A UAE incorporated entity is treated as UAE tax resident by virtue of its incorporation. The travel of directors or shareholders does not alter this. However, where key decisions are regularly made

from another country, that country may examine whether the company has a taxable presence under its own set of rules for management and control.

For Free Zone entities that are claiming the beneficial rate of 0%, there is an additional consideration: Adequate Substance and core income-generating activity requirements within the Free Zone or a Designated Zone (as required) need to remain satisfied regardless of where management happens to be spending time.

We have noted the following key practical considerations:

- ▶ It is essential to ensure governance processes are clearly documented
- ▶ Consider how decisions taken remotely are structured and recorded
- ▶ Assess the management and control rules (place of effective management) of any country where senior management and promoters are spending significant time
- ▶ For Free Zone entities, review whether adequate substance requirements remain satisfied

3. For Businesses with Employees Working Across Jurisdictions

Internationally mobile workforces are a feature of many UAE / GCC businesses. Where employees work from other jurisdictions for extended periods, there is a risk of creating a permanent establishment ("PE") for the relevant UAE entity in that country.

In our experience, we have seen that in many cases, PE exposure does not arise from deliberate expansion but arises from informal working arrangements that were never really intended to create a taxable presence.

The threshold for PE varies with each country and by the applicable tax treaty. The relevant factors typically include whether a fixed place of business exists in the other jurisdiction and whether any employee habitually exercises authority to conclude contracts there on the entity's behalf.

This is not only a tax question but may also trigger local compliance, registration or reporting obligations including penalties and interest.

Some key practical steps to consider:

- ▶ Identifying where employees are working and for how long
- ▶ Reviewing whether their activities in another jurisdiction could meet the PE threshold
- ▶ Assessing whether contract authority is being exercised from abroad

4. The Value of Acting Early

Across all of the above, the consistent theme is that the tax position for a given year or period depends on conduct during or in that period. By the time a tax position or risk is reviewed retrospectively, the options available are usually much narrower.

Where travel patterns, governance and decision making arrangements or working structures have changed, a structured review now gives significantly more flexibility than the same review at year-end.

How Andersen Can Support

We regularly assist internationally active individuals, family offices and businesses with residency reviews, management and control structuring, permanent establishment risk assessments, Free Zone (QFZPs) substance reviews and cross-border tax coordination through the Andersen Global network.

In most cases, we start with a focused review covering residency, governance and cross-border exposure. The aim is to identify where adjustments may be needed while there is still time to make them.

Reach our team to discuss your queries

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