

Impact of Proposed Corporate Income Tax in UAE - Special Reference to FDI and GDP

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Article Info

Page Number: 1097-1110

Publication Issue:

Vol. 71 No. 3s (2022)

Abstract

In this research paper, the authors provide an empirical approach to evaluate the expected impact of first-time corporate income tax implementation on an economy. The main objective is to investigate how taxes could affect foreign direct investment in the host country and its economic growth. The authors use a comparative study approach by evaluating the outcomes in countries with similar economic environments. Data collected from other GCC countries like Saudi Arabia, Oman, Qatar and Kuwait are used as samples from the time they imposed corporate income tax for the first time. A Mann-Whitney U test is employed to test the statistical significance of the variables in each of the four countries. It reveals a negative relationship of the corporate tax imposition on the sample countries' FDI growth and GDP growth. Using this result as a basis, policymakers can expect similar results in the UAE in short to medium term. However, if policy makers are made aware they could act pro-actively to implement policies that could reduce the adverse impact of tax implementation and may also manage to reverse the impact, projecting themselves as role models for others to pursue.

Keywords: Corporate Income Tax, Globalization, Foreign Direct Investment, Economic Growth, Gulf Economies.

Article History

Article Received: 22 April 2022

Revised: 10 May 2022

Accepted: 15 June 2022

Publication: 19 July 2022

1. Introduction

Taxes play an essential role in the economic policies of a country. Governments should be aware that implementing taxes on business income in an economy for the first time, where there were earlier no corporate income taxes, could have a negative impact on some economic indicators. On the other hand, taxes could be a good source of revenue for governments and a powerful tool for economic growth (Johansson, A., et al., 2008). Almost 90% of the jurisdictions in the world today have some form of corporate income tax and only 15 out of 225 jurisdictions have no corporate income tax, including the United Arab Emirates (UAE) (Bray, 2021). Previous empirical studies have examined the effects of corporate income tax (CIT) on countries' economic growth and found contradictory results. Some studies reported a positive impact of corporate tax rate cuts on growth (Arnold et al., 2011, Mertens and Ravn, 2013), while other studies found significant or insignificant adverse effects on growth (Gale et al., 2015, Kate and Milionis, 2019). Policymakers may find it challenging to draw conclusions about the impact of corporate tax implementation on economic growth from existing literature. Secondly, although CIT has been implemented in many other GCC countries like Saudi Arabia, Qatar, and Kuwait, there is a lack of studies

that address the impact of the first-time implementation of CIT on host economies. This study aims to fill the gap in this area.

Businesses in the United Arab Emirates (UAE) have enjoyed a zero income tax on their profits until the country's Ministry of Finance announced on 31 January 2022 that Federal Corporate Income Tax (CIT) will be introduced in the country from fiscal years starting on or after 1 June 2023. Similar moves have already been initiated by many other member GCC countries, such as the Kingdom of Saudi Arabia, Qatar and Kuwait, among others as early as 2004. This research paper examines the expected and possible effects of the proposed corporate income tax first-time implementation on foreign direct investment and economic growth of a country, taking UAE as a sample. Economic theories claim that the corporate tax rates should knowingly adversely affect the Gross Domestic Product (GDP) growth rate. This study uses a comparative analysis approach to investigate the possible outcomes of first-time CIT implementation by evaluating such impacts on neighboring GCC countries that have previously implemented CIT in their jurisdictions. Then, to draw conclusions on the results in context to the UAE CIT implementation.

2. Literature Review

This section of the literature review will explore the new tax laws as revealed till the date of the study. The authors investigated existing studies relevant to the impact of taxes on economic growth and foreign direct investment. Furthermore, the authors describe the existing tax structures in the neighbouring GCC countries of Saudi Arabia, Oman, Kuwait, and Qatar to compare the proposed tax regime in the UAE.

2.1. Corporate Tax in the UAE

The proposed CIT regime in the UAE will be imposed on all businesses within the country, including commercial, industrial and professional activities. Companies of extraction of natural resources are already subject to tax separately, which will remain. The CIT system will likewise apply to pay procured by independent experts holding licenses for exercises completed under an independent permit or grant. The Ministry of Finance in the UAE affirmed that the CIT system would likewise apply to banking tasks, including parts of unfamiliar banks. All free zone organizations that do organizations on the central area will likewise need to follow the CIT system. The CIT not set in stone to be 0% for available pay up to AED 375,000; 9% for available pay above AED 375,000; and an alternate duty rate for huge multinationals that meet explicit standards set regarding 'Support point Two' of the OECD Base Erosion and Profit Shifting venture. This rate is viewed as among one of the most reduced rates worldwide and furthermore in the GCC. Table 1 beneath shows the most minimal CIT rates on the planet starting around 2021. However, only 15 jurisdictions out of 225 do not impose corporate income tax (including UAE) and most others are small island nations. (Bray, 2021).

Table 1. Lowest Statutory CIT Rates in the World, 2021. (Excluding Jurisdictions with a CIT Rate of Zero Percent)

Continent	Country	Tax Rate
North America	Barbados	5.5%
Asia	Uzbekistan	7.5%
Asia	Turkmenistan	8%
Europe	Hungary	9%
Europe	Montenegro	9%
Europe	Andorra	10%
Europe	Bosnia and Herzegovina	10%
Europe	Bulgaria	10%
South America	Chile	10%
Europe	Kosovo, Republic of	10%
Asia	Kyrgyzstan	10%
South America	Paraguay	10%
Asia	Qatar	10%
Europe	The former Yugoslav Republic of Macedonia	10%
Oceania	Timor-Leste	10%
Asia	China, Macao Special Administrative Region	12%
Europe	Republic of Moldova	12%
Europe	Cyprus	12.5%
Europe	Gibraltar	12.5%
Europe	Ireland	12.5%

Sources: OECD, "Table II. 1. Legal corporate personal assessment rate;" KPMG, "Corporate duty rates table;" Bloomberg Tax, "Nation Guides - Corporate Tax Rate"; and investigated exclusively, see Tax Foundation, "around the world corporate-charge rates/.

2.2. Corporate Tax and Economic Growth

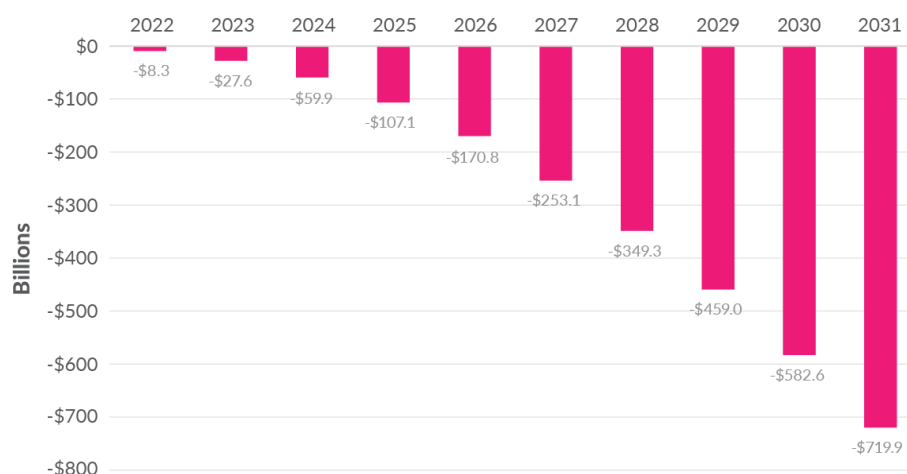
'Is corporate income tax good or bad for growth?' has always been a burning question in the spectrum of public finance. Discussions about taxing businesses linger around two poles where at one end, studies show the detrimental effect of taxes on economic outcomes. A study by the Tax Foundation (March 2021) estimates the long-run economic impacts of raising the corporate tax rate to 28%, as shown in Table 2 below. It also assesses the negative effect of economic growth built over the future and adds to a cumulative GDP loss of nearly \$720 billion over 10 years as shown in Figure 1 below. An International Monetary Fund working paper by Cevik and Miryugin (2019) strongly evidences that a lower level of effective marginal tax rate improves firms' survival chances, affecting economic growth.

Table 2. Long-Run Economic Effects of Raising the Corporate Tax Rate to 28 Percent

GDP	-0.7%
GNP	-0.7%
CS	-1.4%
WR	-0.6%

Full-Time Equivalent Jobs	-138,000
Source: Tax Foundation General Equilibrium Model, March 2021.	

Cumulative GDP effect over the first ten years of a 28 percent corporate income tax rate, 2022-2031



Source: Tax Foundation General Equilibrium Model, March 2021.

Figure 1; The Cumulative GDP Loss of Raising the CIT Rate to 28%

Judd (1985) and Chamley (1986) find that taxation of capital has substantial negative effects on capital accumulation and, ultimately, output within a standard optimal growth model. Then again, charges give incomes to the states (Chigbu et al., 2012) to give framework and a helpful climate for organizations to flourish and create. Ahmad and Sial (2016) and Johansson et al. (2008) affirm that charges assist with accomplishing value and social and financial improvement in any country. Aghion et al. (2013) utilize an advancement based development model to demonstrate the way that capital tax assessment can advance financial development by moving the taxation rate away from work tax collection. What is a higher priority than charges is the motivations given to organizations to empower venture. Nevertheless, the OECD tax statistics show corporation tax rose from 12% of total tax taken in 2000 to 13.3% in 2016; and from 2.7% to 3% of GDP as per Figure 2 below (McCormick and Morgan, 2020).

2.3. Corporate Income Tax & Foreign Direct Investment

Capital markets are becoming more globalized and financial and technological advancements have contributed to the propulsion of capital across borders and also supported by government policies (Helleiner, E., 1995). Governments attract foreign direct investment through many ways, including a good infrastructure and flexible labor markets (Devereux and Griffith, 2002). Many previous studies have evidenced financial development as a major driver of economic growth (World Bank, 2003, Levine, 2004, Schmukler, 2004). A levy of corporate income tax in an economy like the United Arab Emirates that has no corporate income tax until 2022 can negatively impact financial development and, in turn, impact the country's economic growth. Studies in the past by Devereux and Griffith (1998) have shown a strong relationship between effective tax rates and the decision to invest capital in foreign countries. Grubert and Mutti (1991) found that when the host country reduced tax rate by 10% capital stock increased by 65%.

2.4. Corporate Income Tax Regimes in the GCC

Saudi Arabia

A corporate income tax law was passed in Saudi Arabia effective from June 2004, where resident capital companies (on non-Saudi/GCC shareholders' share) and non-residents who have business activities in the Kingdom through a permanent establishment, are subject to a CIT rate of 20% on net adjusted profits. A company will be considered a resident company if it is formed under the Saudi Companies Regulations or its central control and management is situated within the Kingdom. (KPMG, 2021). Businesses owned by Saudi citizens and the GCC countries are liable for Zakat. An Islamic tax and a separate tax rate are applicable to oil and natural gas businesses.

Oman

The Sultanate of Oman passed the Royal Decree number No. 28/2009 'Declaring the Income Tax Law' on 24 May 2009 effective on 1 January 2010. All organizations enlisted in Oman are available on their pay and the assessment rate relies on the lawful status of the enrolled substance. Omani organizations and partnerships of individual proprietorship or possessed by Omani nationals or public of GCC states, enrolled in Oman, aside from the unfamiliar joint endeavor in it and the steady enterprises having a place with the organizations laid out in GCC part States (Bahrain, Kuwait, Qatar, Saudi Arabia, UAE) the average tax rate is 12% for net income exceeding Omani riyals 30,000. For branches of foreign companies and corporations owned by non-GCC state nations, the average tax rate falls between 5% to 30% depending on their net income slab as shown in Table 3 below.

Table 3. Corporate Income Tax Rate Slabs

The income which subject to tax		Tax average
Exceeding the amount (OR)	Not Exceeding the amount (OR)	
Zero	5.000	None
5.000	18.000	5%
18.000	35.000	10%
35.000	55.000	15%
55.000	75.000	20%
75.000	100.000	25%
100.000		30%

Source: <https://www.oman.om/wps/portal/index/bz/InvestmentInOman/TaxesandTaxLaws>

Qatar

There are two tax regimes introduced in 2010 in Qatar (i) the State of Qatar charge system, worked by the General Tax Authority (GTA), which applies to most of organizations working in Qatar and (ii) the Qatar Financial Center (QFC) charge system worked by the QFC Tax Authority inside the Qatar Financial Center Authority (QFCA). An substance that is entirely or to some extent unfamiliar possessed getting pay from sources in Qatar is qualified for corporate duty, no matter what the spot of its joining, except if explicitly excluded. The organization benefits of those completely possessed by GCC nationals are excluded from charge. Available pay for the most part is dependent upon a level CIT pace of

10%. Commercial exercises of any calling, job, administration, exchange, industry, hypothesis, legally binding work, or any benefit and pay making business are available. Rental pay is likewise dependent upon a proper duty pace of 10 %. The tax rate is 35% for businesses in petrochemicals and also 35% for contracts with the State.

Kuwait

Income charge in Kuwait is administered under Law No. 3 of 1955, which has been altered by Law No.2 of 2008 and applies to unfamiliar organizations carrying on with work in Kuwait beginning around 2009. Absolved elements are enlisted in GCC nations and entirely claimed by Kuwaiti/GCC residents. Exercises incorporate any business executed in Kuwait, whether the agreement is finished up inside or outside Kuwait, as well as pay acknowledged from the stock or offer of merchandise or delivering administrations. Benefits from renting any property, including portable and undaunted assets utilized in Kuwait, are likewise qualified for charge. The ongoing CIT rate in Kuwait is a level pace of 15%. By and by, no annual expense is forced on organizations consolidated in the GCC and completely possessed by residents of the GCC, as corporate personal duty is just forced on unfamiliar enterprises. Notwithstanding, contingent upon the idea of the consolidated element, a Kuwaiti or a GCC substance with exercises in Kuwait might be dependent upon specific different requires like Zakat/National Labor Support Tax (NLST) and Kuwait Foundation of Advancement of Science (KFAS) by certain types of local entities.

3. Research Objectives & Hypotheses

3.1. Research Objectives

The UAE is a growing economy that has seen rapid improvement in its standard of living in a short span of 50 years, since oil exploration in the 1960s. To maintain such a high rate of growth would be a challenge for the leaders in the coming future. The country has taken various steps in diverging away from oil dependency and exploring other sources of income to sustain its national budget. Imposing corporate tax is one of these policy decisions considered a significant move by the government. This study uses a comparative approach to assess and anticipate the expected impact of first-time corporate income tax implementation in the UAE on its foreign direct investment and economic growth. Countries with similar socio-political environments are selected for comparison to justify a similar expected outcome in the UAE.

3.2. Hypotheses Development

The authors examine the above stated objectives through the two hypotheses described below that will be tested empirically in the study.

1. H_0 There is no significant impact of corporate income tax implementation on foreign direct investment into the country.
2. H_0 There is no significant impact of corporate tax implementation on the gross domestic product of the country.

4. Data and Research Methodology

For this study, the authors use secondary data collected from multiple sources, such as the World Bank open database and the Tax Foundation. The authors carefully chose the sample

for the study from the GCC countries, which consisted of the four countries of Saudi Arabia, Oman, Qatar and Kuwait. These countries are similar in their economic and socio-cultural environments and suitable for comparison with the UAE. The three variables used in the analysis are:

1. The corporate tax rates (CTR)
2. Foreign Direct Investment (FDI)
3. Gross Domestic Product (GDP)

The definitions and sources of these variables are detailed as below.

4.1. Data Collection

The Corporate Tax Rates (CTR)

Corporate income tax is defined as taxes levied on the net profits of businesses. The rates are taken from the Tax Foundation, established in 1937, which is a leading independent tax policy nonprofit organization based in Washington, US. They provide research and insightful analysis at the federal, state, and global levels. The tax rates for the sample countries with the year when they were introduced are as below:

Country	Year Introduced	Tax Rate
Saudi Arabia	2005	20%
Oman	2010	15%
Qatar	2010	10%
Kuwait	2009	15%

Foreign Direct Investment, Net Inflows (% of GDP) (FDI)

Foreign direct ventures are the net inflows of speculation to get an enduring administration premium (10% or a greater amount of casting a ballot stock) in an undertaking working in an economy other than that of the financial backer. As displayed yet to be determined of installments, it is the amount of value capital, reinvestment of income, other long haul capital, and momentary capital. It shows net inflows (new speculation inflows less disinvestment) in the revealing economy from unfamiliar financial backers and is separated by GDP. Subsequently the unfamiliar direct venture is taken as a level of GDP. This data is collected for the four countries of Saudi Arabia, Oman, Qatar, and Kuwait, five years before and five years after tax imposition in each respective country.

GDP (Percentage Constant 2015 US\$) (GDP)

It is the yearly rate development pace of GDP at market costs in light of steady nearby cash. Totals depend on steady 2015 costs, communicated in U.S. dollars. Dollar figures for GDP are changed over from homegrown monetary standards utilizing 2015 authority trade rates. Gross domestic product is the amount of gross worth added by all occupant makers in the economy in addition to any item charges and less any endowments excluded from the worth of the items. It is determined without making allowances for devaluation of created resources or for exhaustion and debasement of regular assets. Development paces of GDP and its parts are determined involving the least squares strategy and steady cost information in the nearby money. Steady value U.S. dollar series are utilized to ascertain territorial and pay bunch development rates. Neighborhood money series are switched over completely to steady U.S. dollars utilizing a swapping scale in the normal reference year. This data is collected for the four countries of Saudi Arabia, Oman, Qatar, and Kuwait, five years before and five years after tax imposition in each respective country.

The time periods over which FDI and GDP data are collected for each country are as below:

Country	Time Periods
Saudi Arabia	2000 – 2010
Oman	2005 – 2015
Qatar	2005 – 2015
Kuwait	2004 – 2014

4.2. Data Analysis & Interpretations

In this paper, the authors have used the Mann-Whitney U Test (Mann & Whitney, 1947; Wilcoxon, 1945) to find the relationship between the tax rates as the independent variable and FDI and GDP as the dependent variables before and after the imposition of corporate income tax in the selected four gulf region countries. As the study uses a small sample of data over a period of ten years where the distribution may not be normal, the researchers believe that this test is suitable for the purpose. The Mann-Whitney U test is one of the statistical tests that do not require large normally distributed samples (Nachar, 2008). Many studies emphasize on large sample sizes. However, sometimes small data sets can be helpful to infer conclusions on the population if appropriate statistical tests are applied. One of the assumptions of using this test is that data should be continuous and of ordinal type, which has been considered here and both the variables of CTR, FDI and GDP are percentages that are suitable for the test. Studies have found that this test is greatly used for non-parametric statistical tests (Kasuya, 2001). The second main assumption in this test is that the data should come from the same population, which is the case in this study. For each country, the CTR and FDI in one situation and CTR and GDP in another, are collected from the same population and for the same period of time and are stochastically equal. Landers (1981) confirms that Mann-Whitney U test is also one of the most powerful non-parametric tests where the statistical power corresponds to the probability of rejecting a false null hypothesis, hence the authors have sufficient confidence in using this method for their study.

The descriptive statistics of the variables are shown in Table 4 below:

Table 4. Descriptive Statistics of the Variables

	AB	N	Mean Rank	Sum of Ranks
OMAN Foreign Direct Investment net inflows (% of GDP)	Before implementing CIT	5	9.00	45.00
	After Implementing CIT	6	3.50	21.00
	Total	11		
OMAN GDP growth (annual %)	Before implementing CIT	5	7.00	35.00
	After Implementing CIT	6	5.17	31.00
	Total	11		

QATAR Foreign Direct Investment net inflows (% of GDP)	Before implementing CIT	5	8.80	44.00
	After Implementing CIT	6	3.67	22.00
	Total	11		
QATAR GDP growth (annual %)	Before implementing CIT	5	7.80	39.00
	After Implementing CIT	6	4.50	27.00
	Total	11		
SAUDI ARABIA Foreign Direct Investment net inflows (% of GDP)	Before implementing CIT	5	3.00	15.00
	After Implementing CIT	6	8.50	51.00
	Total	11		
SAUDI ARABIA GDP growth (annual %)	Before implementing CIT	5	6.60	33.00
	After Implementing CIT	6	5.50	33.00
	Total	11		
KUWAIT Foreign Direct Investment net inflows (% of GDP)	Before implementing CIT	5	3.00	15.00
	After Implementing CIT	6	8.50	51.00
	Total	11		
KUWAIT GDP growth (annual %)	Before implementing CIT	5	8.00	40.00
	After Implementing CIT	6	4.33	26.00
	Total	11		

The test statistics are shown in Tables 5 and 6 below.

Table 5. Test Statistics for Oman and Qatar

	OMAN Foreign Direct Investment net inflows (% of GDP)	OMAN GDP growth (annual %)	QATAR Foreign Direct Investment net inflows (% of GDP)	QATAR GDP growth (annual %)
Mann-Whitney U	.000	10.000	1.000	6.000
Wilcoxon W	21.000	31.000	22.000	27.000
Z	-2.739	-.913	-2.556	-1.643
Asymp. Sig. (2-tailed)	.006	.361	.011	.100

Exact Sig. [2*(1-tailed Sig.)]	.004 ^b	.429 ^b	.009 ^b	.126 ^b
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Table 6. Test Statistics for Saudi Arabia and Qatar

	SAUDI ARABIA Foreign Direct Investment net inflows (% of GDP)	SAUDI ARABIA GDP growth (annual %)	KUWAIT Foreign Direct Investment net inflows (% of GDP)	KUWAIT GDP growth (annual %)
Mann-Whitney U	.000	12.000	.000	5.000
Wilcoxon W	15.000	33.000	15.000	26.000
Z	-2.739	-.548	-2.739	-1.826
Asymp. Sig. (2-tailed)	.006	.584	.006	.068
Exact Sig. [2*(1-tailed Sig.)]	.004 ^b	.662 ^b	.004 ^b	.082 ^b

a. Grouping Variable: AB

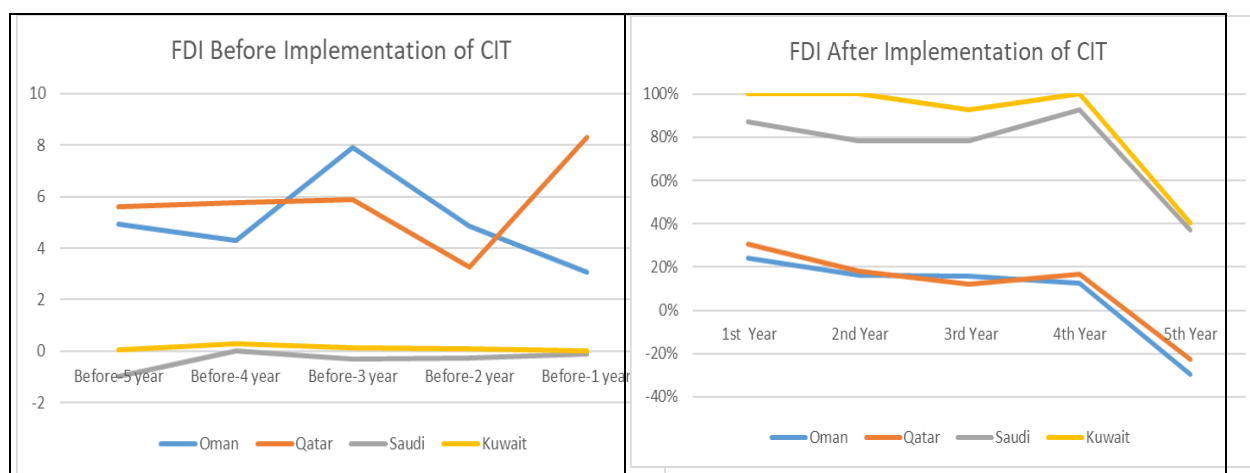
b. Not corrected for ties.

5. Findings & Interpretations

The statistical analysis done above reveals the following and is interpreted as below.

5.1. Impact on Foreign Direct Investment

Firstly the imposition of corporate tax on foreign direct investment shows that the mean rank of FDI as a % GDP in Oman and Qatar almost halved from what was observed before the tax was imposed. It reveals that the tax implementation affected the economic growth in Oman and Qatar by reducing it to half of that before the tax. However, when we observe the analysis for Saudi Arabia and Kuwait, it has almost doubled. Two sample countries out of the four show opposing behaviors compared to the other two countries. The charts below show the changes in FDI five years before and after the imposition of CIT in the four countries.

**Figure 2; FDI Changes over Five Years before and after CIT Implementation**

Further analysis is done by consolidating all mean ranks to evaluate the average of the region as a whole.

Table 6. FDI Mean Rank

Country	FDI Mean Rank Before Tax	FDI Mean Rank After Tax
Oman	9.00	3.50
Qatar	8.80	3.67
Saudi Arabia	3.00	8.50
Kuwait	3.00	8.50
Mean	5.95	6.04

The consolidated mean ranks reveal no significant impact of corporate tax implementation on FDI. If we separate the sample countries into two groups than some have been significantly impacted and the further investigation needs to be done to come to a conclusion on this result as countries like Saudi Arabia and Kuwait may have been impacted by factors other than the corporate tax implementation alone that attracted more FDI. Another significant difference seen in this case is that in Saudi Arabia and Kuwait, corporate tax was only imposed on foreign companies where there is no ownership share of the local citizens. In Oman and Qatar all companies were taxed. Hence, when interpreting the results concerning the UAE, the impact on Oman and Qatar is more prominent than on the other two countries. However, the p-value of the FDI reveals a significant impact of the tax in all four countries.

5.2. Impact on Gross Domestic Product

The impact on GDP is shown in the charts below that depict the changes in GDP in the four countries five years before and after CIT implementation.

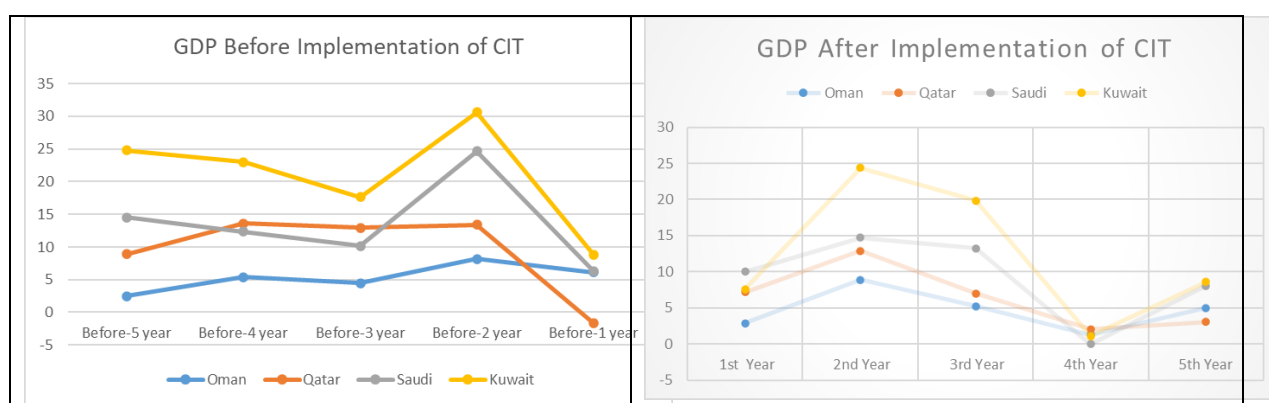


Figure 3; GDP Changes over Five Years before and after CIT Implementation

The mean rank of GDP % growth after the imposition of tax has decreased in the four countries as compared to the mean rank before the tax implementation.

Table 7. GDP Mean Rank

Country	GDP Mean Rank Before Tax	GDP Mean Rank After Tax
Oman	7.00	5.17
Qatar	7.80	4.50
Saudi Arabia	6.60	5.50

Kuwait	8.00	4.33
Mean	7.35	4.875

The consolidated mean ranks reveal a significant impact of corporate tax implementation on the economic growth of the economies in periods after the tax implementation. We can see an overall drop of 34% in GDP annually, after implementing corporate tax. The p-value of the FDI reveals a significant impact of tax in all the four countries. This shows that corporate tax implementation is expected to have a negative impact on the economic growth of economies and a similar outcome could be expected for the UAE as well.

6. Conclusion

6.1. Scope & Limitations of the Study

This study was conducted with an aim to evaluate the impact of first-time corporate tax imposition on an economy, specifically the UAE. This country has been one of the few countries that have advantaged themselves and not yet imposed corporate income tax on businesses. However, that is soon to change with the new announcement by the Supreme Council of UAE that a corporate income tax rate of 9 percent would be imposed on all businesses for the financial year beginning June 2023. Many other countries in the Gulf region have already implemented corporate income tax and some even as early as 2004. The economic outcomes of these countries are used to estimate a similar result for the UAE, considering that the sample countries chosen in the study share similar economic and socio-cultural environments. The major limitation of this study is the assumption that all the sample countries were functioning under normal conditions and that there were no major policy changes that could have affected the independent variables of foreign direct investment and growth. Furthermore, specific differences in the economic environment of the sample countries with that the UAE have not been considered and the analysis done on a more macro level. This study has limited the evaluation of the impact of corporate tax on FDI and GDP. There is scope for assessing the impact of other factors like employment, salary increments, savings, and investments, among others.

6.2. Summary

The argument put forth by many previous studies that income tax cuts raise economic outcomes and taxes have an adverse impact on people's lives is augmented by this study. One strong finding from this study is that tax imposition could affect economic growth in the short to medium term. Hence, policymakers must be aware of such possibilities that enable them to plan strategies to counter such an adverse impact of corporate tax, especially from being a tax-free country and enjoying all benefits that taxed countries could not enjoy. Corporate taxation is inevitable, and taxation has remained a significant source of income for governments to function efficiently and provide better living standards for their population. Although for oil-exporting countries, a period of relatively high oil prices could be one of the reasons for their taxation policies. In the future, these countries need to diversify their revenue streams to maintain high levels of economic growth and compete with the global markets. The UAE has been hesitant in implementing taxes for fear of upsetting international and domestic businesses and investors, however, the time has come that the country cannot

alone rely on oil revenues to finance its economy. Raising awareness of the unintended consequences has been the main purpose of this study to enable forward-thinking and nudge the decision-makers to take strategic policy decisions for the overall prosperity of its residents and population alike.

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