

Should oil-based economies implement taxes? Evidence from the United Arab Emirates

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Received 4 December 2024
Revised 26 July 2025
Accepted 26 September 2025

Abstract

Purpose – This study aims to explore the potential implications of introducing personal income tax (PIT) in the United Arab Emirates (UAE), focusing on its impact on work satisfaction, employee expectations (e.g. salary increases, flexible working hours, work-from-home options, pension benefits and paternity leave) and expatriates' career choices.

Design/methodology/approach – Using data from 992 respondents (581 locals and 411 expatriates) collected through a self-administered questionnaire, this research provides new insights into how PIT may transform the socio-economic landscape of the UAE. A simple random sampling method was used, and the data were analysed using ordinal regression and a generalised linear model to ensure robustness.

Findings – The findings reveal that PIT could significantly enhance work satisfaction for local residents, but has no notable impact on expatriates in this regard. Both locals and expatriates show increased expectations for enhanced benefits with the introduction of PIT. However, expatriate career choices are significantly affected, with higher PIT rates (20%–40%) potentially prompting repatriation or migration to other tax-free countries.

Originality/value – To the first of the authors' knowledge, this research is the first study to explore the potential implementation of PIT in the UAE. It offers valuable insights for tax planners, policymakers and businesses. The findings emphasise the strategic considerations needed to balance revenue generation with the UAE's appeal as a global hub for talent and investment.

Keywords Tax, Government policy, Oil-based economy, Work satisfaction, Employee expectations, Career choices

Paper type Research paper

1. Introduction

Tax revenue plays a vital role in fostering a nation's economic growth by funding public goods and services, reducing income inequality and promoting economic stability (Blaufus *et al.*, 2022; Amin *et al.*, 2018). These objectives are particularly important in today's world, where governments face mounting financial pressures from post-pandemic recovery and escalating inflation. Diversifying revenue streams has become a priority for economic resilience. In response, the United Arab Emirates (UAE) has enacted significant tax reforms over the past seven years, introducing excise taxes in 2017, value-added tax in 2018 and corporate income tax in 2023 (FTA, 2023; Hussain *et al.*, 2022). These measures represent a broader strategy to reduce the country's dependence on oil and gas revenues and align with global economic trends.



Funding: This research was supported by the Competitive Research Grant (Reference No. R.447/2023; Project No. 2303030140) awarded by the University of Sharjah, Sharjah, United Arab Emirates.

Conflict of interest statement: The authors are not aware of any conflicts of interest related to this submission.

A notable exception to the UAE's evolving tax landscape is personal income tax (PIT), which remains absent. Among 193 countries globally, only a few offers the financial advantage of tax-free personal income (Palan *et al.*, 2010). The UAE is among this rare group, providing expatriates with a unique financial incentive to relocate and work there (Baruch and Forstenlechner, 2017). Complementing its tax-free environment, the UAE also offers political stability, safety and high quality of life, including exceptional infrastructure, health care and education (Khassawneh, 2023; Zafarullah, 2018). However, the possibility of future PIT implementation has gained attention following similar discussions in another GCC country Oman (The National News, 2024). For instance, KPMG (2025) reports that on 22 June 2025, Oman passed Royal Decree No. 56/2025, establishing the Personal Income Tax Law. The legislation will be released on 29 June 2025 and will take effect on 1 January 2028. The legislation implements a 5% income tax on individuals whose yearly gross income above OMR 42,000 (about US\$109,200). The taxable income, determined after excluding exemptions, deductions and losses from gross income, may encompass: salary, income from real estate and income from industrial or intellectual property. The implementation of PIT seeks to enhance Oman's tax framework, which currently includes corporate income tax, value-added tax, excise tax and customs duties, while also contributing to the financing of the social security system. This initiative is consistent with Oman Vision 2040 and promotes long-term economic diversification by focussing on non-oil GDP contributions, reducing dependence on hydrocarbons and strengthening social protection programs. Such a shift could significantly influence government revenue generation while simultaneously affecting the financial well-being of residents (Sukei and Yunaidah, 2020).

Despite extensive literature on compensation and job satisfaction, performance and retention (Watkins and Fusch, 2022; Gelard and Rezaei, 2016; Nainggolan *et al.*, 2023; Park and Ok, 2021; Yoon and Khan, 2020; Rawabdeh and Nawafleh, 2019; Supriyanto, 2018; Tobing, 2016; Sukmawati, 2023; Supriyanto, 2018; Sudiardhita *et al.*, 2018; Aman-Ullah *et al.*, 2023; Ohunakin and Olugbade, 2022), limited research explores how PIT affects employee outcomes in tax-free contexts like the UAE. Analysing data from 992 UAE residents, including 581 locals and 411 expatriates, this study reveals that PIT could enhance work satisfaction for locals due to its perceived link with improved public services, while both groups are open to a low PIT rate if coupled with compensatory benefits. The findings highlight the UAE's favourable work environment as a mitigating factor against negative PIT perceptions, offering valuable insights into tax planning and policymaking within the GCC region (Gabriel *et al.*, 2021). While expatriates may experience reduced job satisfaction and productivity due to lower net income, locals might perceive PIT as contributing to better public services, potentially enhancing their satisfaction. Companies may face increased operational costs from adjusting compensation or relying more on local staff, with lower-income employees at greater financial risk. By addressing a significant research gap, this is the first study to examine these dynamics in the UAE's tax-free context, offering insights into how PIT could reshape the labour market and influence workforce perspectives in the GCC region.

The UAE's tax-free status, political stability and exceptional quality of life have consistently attracted expatriates, creating a distinctive demographic landscape where expatriates outnumber local residents (Global Media Insight (GMI), 2024; The Official Portal of the UAE government, Fact Sheet, 2024). Recent global challenges, including the financial crisis, post-pandemic recovery and geopolitical events like the Ukraine-Russia war, have further driven the influx of expatriates. However, the potential introduction of PIT raises concerns about its impact on expatriate retention and broader labour market dynamics. This study goes beyond individual-level implications to assess how PIT might alter corporate compensation strategies and affect the UAE's appeal as a non-traditional expatriate destination.

In contrast to environmental tax studies (Alshawabkeh, 2025; Taleb, 2020), which focuses on regulatory and ecological outcomes, this study explores the human and economic consequences of a new form of direct taxation. Moreover, while some recent studies have assessed perceived convenience and administrative efficiency of VAT (Budeli *et al.*, 2024), therefore, this research moves beyond perceptions to test behavioural outcomes using robust empirical techniques, including ordinal regression and generalised linear models. Further, unlike Hussain *et al.* (2023), which focuses on consumption behaviour related to specific products, this study examines PIT's broader implications on labour market dynamics, such as potential repatriation of expatriates and shifts in benefit expectations, offering forward-looking policy recommendations. This research advances the theoretical understanding using two theories, such as expectancy theory and rational choice theory, to investigate the direct impact of potential implementation of taxation in a traditionally tax-free economy and offers practical implications for policymakers, tax authorities and business leaders. However none of the earlier studies has explored on the potential implementation of PIT in the GCC region particularly the UAE. This study is the first to empirically investigate the potential implications of introducing PIT in the UAE. Unlike earlier studies that examined VAT from the standpoint of businesses (Kasim *et al.*, 2022; Kasim *et al.*, 2019), this study adopts a broader social perspective by incorporating both local citizens and expatriates to assess the behavioural and attitudinal impacts of PIT. By doing so, it fills a significant gap in the literature, as no existing study has examined how PIT might influence work satisfaction, employee expectations and career decisions, key elements of workforce behaviour critical to UAE's positioning as a competitive global talent hub.

The remaining paper is structured as follows: Section 2 provides an overview of the theoretical framework, literature review and associated hypotheses development. Section 3 describes the research methodology used in the study. Section 4 discusses the results of the data comprising the impact of potential income tax on work satisfaction, expectations of employees and career choices. Section 5 summaries the conclusion of the study and provides the limitations and policy implications.

2. Theoretical framework, literature review and hypotheses development

2.1 Theoretical framework

This study draws on two key theories, expectancy theory (Vroom, 1964) and rational choice theory (Simon, 1956), to explore how PIT might influence employee motivation, work satisfaction and career decisions (see Figure 1). Expectancy theory, introduced by Vroom (1964), posits that motivation is shaped by three interrelated factors:

- (1) expectancy (the belief that effort leads to performance);
- (2) instrumentality (the belief that performance leads to results); and
- (3) valence (the value individuals assign to those results).

Expectancy theory has likely been the preeminent conceptual framework for comprehending human motivation in workplace organisations (Atkinson, 1964; Lawler III, 1973). This concept clarifies how much effort is spent in doing a job, the criteria individuals use to join or quit professions and organisations, and, less often, their job satisfaction levels. Expectancy theory has evolved in three directions. First, the total discontinuance of the “between-subjects” approach in favour of the “within-subjects” approach (Connolly and Wolf, 1981; Wolf and Connolly, 1981). Expectancy theory establishes how an individual chooses between multiple avenues of action. An appropriate evaluation of the theory requires a scenario in which an individual has a minimum of two different courses of action. A second direction of the fundamental elements (valence, expectation and instrumentality), as shown by Ilgen *et al.* (1981) and Pecotich and Churchill

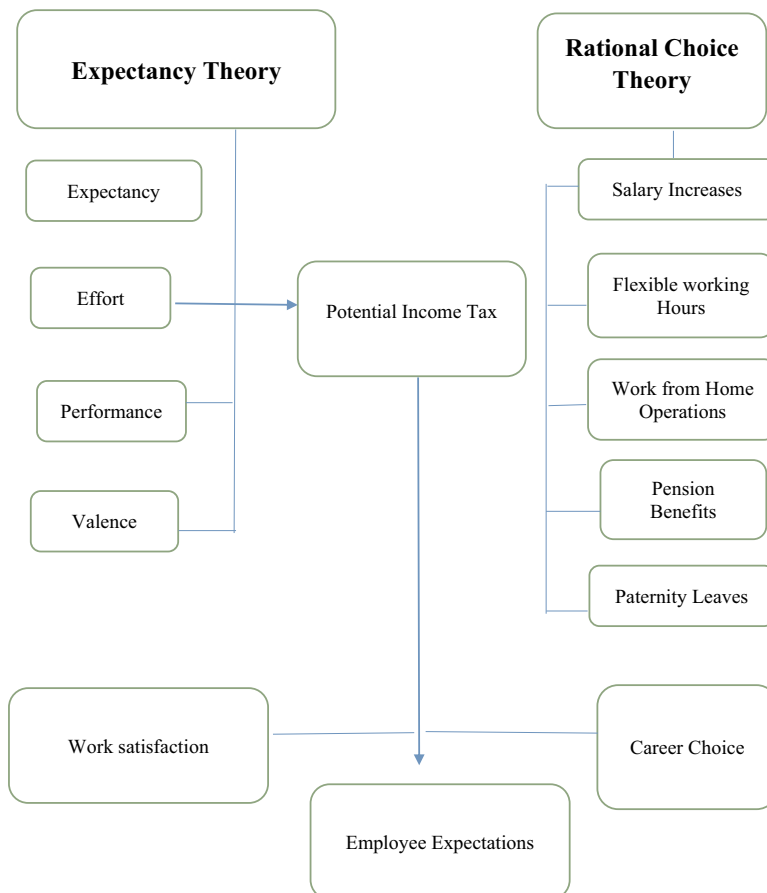


Figure 1. Theoretical Framework
Source: Authors' own work

(1981). The third direction has been on the appropriate method to evaluate the multiplicative assumption in expectation theory (Arnold and Evans, 1979; Schmidt, 1973). However, change in income level is seen as an essential driving force for development and sustainability for employees (Saifulina and Carballo-Penela, 2017), previous studies suggest that several change initiatives have encountered challenges and had minimal success (Beer and Nohria, 2000; Stoughton and Ludema, 2012). Therefore, work uncertainty shows workers' worries over the significance of future prospects, indicating the extent of unpredictability and volatility within the workplace (Bordia *et al.*, 2004; Colquitt *et al.*, 2012). Thus, in the light of expectancy theory, it shows that varying degrees of uncertainty influence the motivation of employees (Anderson and Kida, 1985; Avram, 2022; Ferris, 1978).

In the context of PIT, this theory suggests that taxation could weaken the perceived link between effort and rewards. When employees see a significant portion of their earnings deducted as taxes, they may feel that their performance no longer yields proportional results, leading to a decline in motivation and job satisfaction (Bird and Zolt, 2005; Isaac *et al.*, 2001).

For example, a higher tax burden might diminish the attractiveness of performance-driven incentives, such as bonuses or commissions, further reducing the perceived value of their efforts. This diminished sense of fairness and effectiveness in their work could ultimately result in lower productivity and dissatisfaction.

This study also applies rational choice theory (Simon, 1956) to career decision-making, emphasising how individuals evaluate costs and benefits, such as income potential, job security and market demand. [Quackenbush \(2004\)](#) asserted that rational choice theory is most suitable to several social contexts, even in scenarios where psychological, informational and structural elements apparently hinder rational decision-making. Likewise, employees, as rational beings ([Blau, 2017](#)) prioritise their interests (alternative potential opportunities) and also work satisfaction ([Cham et al., 2021](#); [Emerson, 1977](#)). Consequently, employees tend to conserve ([Hobfoll, 1989](#)) their remaining work time and energy to engage in valued possibilities ([He et al., 2024](#); [Škerlavaj et al., 2018](#)). Employees unintentionally decide the available choices and pursue those they deem most significant, rendering the opportunity cost pertinent ([Kankanhalli et al., 2005](#)). [Liang \(2023\)](#) investigates the various processes by which regulatory attention affects employee work-related outcomes. The impact of a dual model of regulatory attention on work satisfaction and turnover intention was examined using psychological contracts. The findings indicated that regulatory emphasis was positively correlated with either work satisfaction or turnover intention. Previous research has shown a significant correlation between rational choice and decision-making ([Bhui et al., 2021](#); [Day, 1971](#); [Paternoster and Pogarsky, 2009](#); [Sims et al., 2013](#)). Rational choice theory posits that human actions are instrumental, meaning that a person's behaviour is explained by their motivations and intentions to achieve certain objectives ([Boudon, 1998](#)). The fundamental concept of rational choice theory is that societal behaviour patterns are indicative of the decisions people make in the interest of maximising benefits and minimising costs. Thus, in the context of PIT, expatriates may reassess career choices due to reduced net income, potentially making high-paying roles in the UAE less attractive compared to opportunities in other tax-free regions. Financial incentives play a crucial role in expats' relocation decisions, and the introduction of PIT could shift preferences in a globalised labour market where professionals have increased mobility and options.

2.2 Literature review

This study makes several important contributions to the emerging literature on taxation in the UAE, particularly in the context of individual-level taxes and their socio-economic implications. While previous research has largely concentrated on indirect taxes such as VAT and excise duties, such as [Hussain et al. \(2023\)](#) examine the effects of excise tax on the consumption of excisable goods, brand loyalty and health awareness in the UAE. This work uses the ordinary least squares (OLS) analysis model to evaluate the study hypothesis. The study results indicate that the imposition of excise tax does not significantly affect the consumption of excisable goods. The results indicate a favourable correlation between the adoption of excise tax and the customer brand loyalty. Similarly, the adoption of the excise tax has positively influenced health awareness about the use of excisable products among UAE individuals. Likewise, [Hussain et al. \(2022\)](#) emphasised that the tax landscape in the UAE is always changing. In the last six years, there are new implementation such as the enactment of Excise Tax laws, Value Added Tax (VAT) legislation and the current establishment of Corporate Income Tax (CIT) regulations, effective in 2023. Consequently, firms operating in the UAE are now facing, and have continuously encountered, numerous developments and challenges. The study highlighted that the adoption of indirect taxes and

the current focus on direct taxes affecting corporate operations, the importance of the fundamental type of indirect tax in the UAE, namely Customs, cannot be overlooked.

[Mansour and Zolt \(2023\)](#) analyse the evolution of PIT and its potential developments over the next 20 years in the Middle East and North Africa (MENA). The study emphasised that countries with appropriately developed PIT social security systems, which have seen enhanced revenue performance over the last 20 years, will increasingly have to reconcile revenue and equity goals with efficiency objectives, particularly concerning labour market incentives and informality. Countries lacking a PIT system must evaluate whether a consumption tax and social security contribution system that resembles a flat tax on labour income is enough for diversifying revenue away from oil, and whether to implement PITs to mitigate increasing income and wealth disparity. Ultimately, the study emphasises that weak countries, characterised by more political instability and worse fiscal institutions compared to non-fragile states, must prioritise the simplification of tax design and collection to effectively generate revenue from PIT.

A wide strand of literature consistently demonstrates a positive relationship between monetary compensation and the intrinsic and extrinsic factors contributing to work satisfaction. It is empirically established that higher rates of monetary compensation are linked to increased overall work satisfaction, highlighting the direct role of financial rewards and fringe benefits in enhancing an employee's workplace happiness, motivation ([Watkins and Fusch, 2022](#)) and satisfaction ([Nainggolan and Donna, 2023](#), [Park and Ok \(2021\)](#)). Eventually, these factors have a positive effect on employee performance ([Sudiardhita et al. \(2018\)](#)) and retention ([Aman-Ullah et al. \(2023\)](#)).

[Singh et al. \(2021\)](#) reported several factors that contribute to the high turnover rate, including low work satisfaction, negative perception of the company, lack of job security and limited compensation alternatives. In his study, [Ashraf \(2020\)](#) reinforced that the compensation structure plays a crucial role in moderating the relationship between demographic structure and employees' work satisfaction. In line, [Malesa \(2019\)](#) evaluated taxes' influence on employees' performance and revealed a strong correlation between elevated taxation and decreased employee performance. Moreover, a low salary diminishes employee morale and impacts their fundamental need. Unlike these studies, [Hutahayan \(2021\)](#) concludes that employees' performance is not directly influenced by compensation but is significantly impacted by the working environment. Research conducted by [Chi et al. \(2023\)](#), [Watkins and Fusch \(2021, 2022\)](#) and other scholars frequently validate the substantial positive relationship between monetary compensation and intrinsic and extrinsic job satisfaction. Moreover, the significance of fair compensation frameworks, as emphasised by researchers such as ([Igalens and Roussel, 1999](#)) and ([Ohunakin and Olugbade, 2022](#)) have been extensively documented in several contexts.

Despite these numerous studies on the influence of compensation on job satisfaction and motivation across various global settings, there is still a lack of literature about the unique dynamics within the UAE and the impact of the reduction in monetary compensation because of the potential implementation of PIT, which is the focus of our empirical study. Based on the above discussion, the following hypothesis has been formulated:

- H1.* The potential implementation of PIT has a significant negative impact on the work satisfaction of local residents and expat employees in the UAE.

The second dimension of our research explores the impact of the potential implementation of PIT on the expectation of employees to avail the benefits due to the reduction in compensation. Employee benefits, such as paid maternity leave, remote work choices, pension benefits and flexible working hours, substantially impact work satisfaction. Such

benefits are crucial for expatriates and local personnel, as they may significantly impact their motivation, retention and overall work satisfaction. Conversely, workers based in the same location may prioritise benefits that improve their ability to combine work and personal life, such as flexibility in choosing their working hours and the possibility of working remotely (Bonache, 2005). Substantial differences in compensation between expats and local staff may create a sense of unfairness, which can impact work satisfaction and commitment to the organisation. Transparent communication on compensation practices and active efforts to reduce disparities might help alleviate these unfavourable attitudes and enhance satisfaction (Leung *et al.*, 2009). To maintain high levels of work satisfaction, the compensation and benefits package must be viewed as fair and competitive (Budhathoki, 2020).

Research conducted by Bonache (2005) and Budhathoki (2020) demonstrates the significant influence of comprehensive benefits packages, which include paid maternity leave, remote work choices, pension benefits and flexible working hours, on employee motivation, retention and overall job satisfaction. The notable differences in compensation and benefits between expatriates and local employees might generate perceptions of disparities, which may impact job satisfaction and commitment to the organisation (Leung *et al.*, 2009). Duarte *et al.* (2021) further emphasise the importance of financial benefits in shaping expatriates' compensation expectations, influenced by factors such as age, seniority and cultural attraction of the host country. Although a substantial amount of literature supports the importance of monetary and non-monetary benefits, there is a noticeable lack of studies that investigate the impact of reduction of monetary compensation on the expectations of employees for availing the non-monetary benefits from the employers or government. Our study aims to fill this gap by investigating these processes within the UAE because of the potential implementation of PIT. Based on the above discussion, the following hypothesis has been formulated:

H2. The potential implementation of PIT has a significant positive impact on the expectations of taxpayers for availing the benefits in the UAE.

The third dimension of this study examines how the potential implementation of PIT might influence expatriates' career choices in the UAE, including whether they would stay, repatriate or move to another tax-free country. Financial considerations, particularly remuneration packages comprising salary, incentives and allowances, play a crucial role in expats' decisions, often outweighing factors like job position or location (Baruch and Forstenlechner, 2017). Competitive pay is essential for attracting and retaining highly qualified workers, especially in high-cost regions like the UAE, where expenses for housing, education and health care are significant. Research highlights that appealing monetary rewards are a primary determinant for expatriates seeking international jobs, as they ensure a sustainable or enhanced quality of life in host countries (Baruch and Forstenlechner, 2017; Guzzo *et al.*, 1994; Bonache and Zárraga-Oberty, 2008). The Mercer Cost of Living Survey (2020) report indicated that countries with high living costs, such as Hong Kong and Tokyo, require more substantial pay packages to attract expatriates. Expatriates' net remuneration packages are significantly influenced by tax rules in both their home and host countries, as highlighted by surveys from Global Mobility (2016) and Ernst and Young's Global Mobility Effectiveness Survey (2017), which emphasise the role of tax consequences in relocation decisions. Expatriates also consider the opportunity to save money while working abroad, with the balance between income and living costs, as well as the availability of savings and investment options, affecting their ability to save. The Expat Explorer Survey (2018) found that expatriates in countries like Switzerland and the UAE enjoy favourable income-to-expense ratios, enhancing their saving potential. Additionally, the Global Policies and

[Practices Survey \(2019\)](#) shows that savings potential is a key factor for expatriates when choosing a job location. Based on the above literature, the following hypothesis has been formulated:

- H3. The expat employees will tend to decrease in number if the PIT is implemented in the UAE.

3. Research methodology

The present study is based on the UAE local residents and expats from the private and public sectors. An exploratory research design was used to draft questionnaires on the conceptualisation of potential PIT, work satisfaction, expectations of employees and career choices. The Delphi approach is used for this purpose, which is a well-recognised and appropriate strategy for studying a complicated issue like PIT, which lacks sufficient empirical evidence ([Paré et al., 2013](#)). This is a vital tool for developing questionnaires since it ensures the developed questionnaires are comprehensive, relevant and validated ([Brady, 2015](#)). The questionnaires were conducted in English, similar to the previous studies ([Malaeb et al., 2023](#)). Overall, 1200 employees, including locals and expats, were randomly selected ([Inayat and Jahanzeb Khan, 2021](#)).

[Noor et al. \(2022\)](#) asserted that simple random sampling is a commonly used strategy in quantitative research using survey instruments. Simple random sampling is seen as advantageous in homogenous and evenly chosen groups. This selection strategy ensures that all persons have an equal chance to participate in the study, with the selection procedure only dependent on availability. Simple random sampling has several advantages. For instance, it provides an unbiased, representative and equal probability distribution of the population. Impartial random selection is essential ([Sharma, 2017](#)). As, randomisation mitigates the ambiguous effects of both known and unknown variables ([Stockemer et al., 2019](#)).

A combined total of 992 (581 local respondents and 411 expats) respondents were assessed. The sample used in the present study is comparatively larger than employed in previous studies including, [Mahdzan et al. \(2017\)](#), [Abudu et al. \(2025\)](#), [Mahdzan et al. \(2017\)](#), [Larikaman et al. \(2025\)](#), [Hamza et al. \(2025\)](#).

Data was collected by distributing self-administered questionnaires to the UAE residents and expats. First, permission was obtained from the University of Sharjah, UAE, describing the goal of the research, and it was included with the questionnaire. The information gathered is strictly private and will be used only for the purpose of the present study. A four-point Likert scale ranging from “1 = strongly disagree” to “4 = strongly agree” was used in the study. The authors have developed the questionnaires to evaluate the possible consequences of implementing PIT in the UAE. The independent variable is the potential PIT, whereas the dependent variables include work satisfaction, expectations of employees and career choices. Regarding employees’ expectations, the questionnaire explores the compensatory measures that workers might expect from their employers in the event of the implementation of PIT. The statistical analysis was performed to organise, examine and clean the data, generate descriptive statistics and examine hypothesis testing using ordinal and generalised linear models. Ordinal regression is mainly used to investigate how potential PIT affects work satisfaction, employee expectations and career choices. A similar method is also applied in a study by ([Nezhina et al., 2021](#)). Below are the equations for the present study using the ordinal regression method, which includes SATW (work satisfaction), EXE (employee’s expectations), CC (career choices) and PIPIT (potential implementation of PIT):

$$SATW = a + \beta_1 PIPIT_i + \varepsilon_i \tag{1}$$

$$EXE = a + \beta_1 PIPIT_i + \varepsilon_i \tag{2}$$

$$CC = a + \beta_1 PIPIT_i + \varepsilon_i \tag{3}$$

The present study used an additional method as robustness, namely, generalised linear models (GLMs) that extend standard linear models by accommodating response variables with error distribution models other than the normal distribution. Because of their intrinsic flexibility, GLMs are highly suited to assessing a wide range of data types, including those that are not normally distributed. A similar method is also applied in a study by (You, 2023).

4. Results and discussion

4.1 Preliminary analysis

Table 1 shows a demographic examination of local employees (Panel A) and expatriate employees (Panel B). It also provides overall data based on job level, educational degree,

Table 1. Demographic results

Demographic factors	Panel A: Local		Panel B: Expat	
	N	%	N	%
<i>Job level</i>				
Junior	237	40.80	172	41.80
Middle management	186	32.00	122	29.70
Senior management	108	18.60	68	16.50
CEO level	32	5.50	21	5.10
Others	18	3.10	28	6.80
<i>Educational degree</i>				
Bachelor	405	69.70	270	65.70
Master	117	20.10	82	20.00
Doctorate	25	4.30	29	7.10
Other	34	5.90	30	7.30
<i>Gender</i>				
Male	269	46.30	223	54.30
Female	312	53.70	188	45.70
<i>Age</i>				
Less than 30	401	69.00	225	54.70
31–40	110	18.90	116	28.20
41–50	51	8.80	43	10.50
More than 50	19	3.30	27	6.60
<i>SAL</i>				
Less than AED 10,000	117	20.10	199	48.40
Between AED 10,000 and AED 25,000	208	35.80	150	36.50
Between AED 25,000 and 35,000	160	27.50	31	7.50
Between AED 35,000 and AED 45,000	42	7.20	13	3.20
More than AED 45,000	54	9.30	18	4.40

Source(s): Authors' own work

gender, age and salary. Both local employees and expatriates have a significant proportion of workers at the junior level, with local employees accounting for 40.80% and expatriates slightly higher at 41.80%. The data show that most of both local employees (69.70%) and expatriates (65.70%) hold a bachelor's degree, with master's degrees being the second most common qualification. Gender representation shows disparities, with females forming 53.70% of the native workforce and males comprising 54.30% of the expatriate population. Salary distribution reveals that expatriates are concentrated in lower income brackets, with 48.40% earning less than AED 10,000, while locals dominate higher salary ranges, particularly in the AED 25,000–AED 35,000 bracket. Additionally, the local workforce skews younger, with 69.00% under the age of 30, reflecting distinct demographic and economic patterns between the two groups.

Table 2 presents the descriptive statistics of the participants, categorised into two sections: Local and Expat. Panel A consists of 581 respondents from the local population, while Panel B consists of 411 expats. The analysis shows that local respondents have slightly lower job levels on average (mean = 1.98) with a slight skewness towards higher levels, while expatriates have a higher mean job level of 2.05. Educational attainment is slightly higher among expatriates, though both groups show a concentration of respondents with lower degrees. Gender distribution is nearly equal in both groups, with locals exhibiting a slightly negative skewness and expatriates a positive skewness. Age and salary distributions differ significantly, with locals skewing younger and occupying higher salary brackets, while expatriates tend to earn lower salaries and exhibit more extreme salary outliers. Overall, while education and gender distributions are similar, significant differences exist in job level, age and salary patterns between the two groups.

Table 3 displays the Pearson correlation matrix, which shows the associations among potential PIT (independent variable) and three dependent variables: work satisfaction,

Table 2. Descriptive statistics of respondents

		Job level	Educational degree	Gender	AGE	SAL
<i>Panel A: Local</i>						
N	Valid	581	581	581	581	581
	Missing	0	0	0	0	0
Mean		1.98	1.46	1.54	1.46	2.5
Median		2	1	2	1	2
Std. Deviation		1.046	0.829	0.499	0.788	1.165
Skewness		0.981	1.896	−0.149	1.669	0.646
Std. Error of skewness		0.101	0.101	0.101	0.101	0.101
Kurtosis		0.421	2.803	−1.985	1.943	−0.232
Std. Error of kurtosis		0.202	0.202	0.202	0.202	0.202
<i>Panel B: Expat</i>						
N	Valid	411	411	411	411	411
	Missing	0	0	0	0	0
Mean		2.05	1.56	1.46	1.69	1.79
Median		2	1	1	1	2
Std. Deviation		1.184	0.91	0.499	0.905	1.018
Skewness		1.074	1.57	0.172	1.19	1.623
Std. Error of skewness		0.12	0.12	0.12	0.12	0.12
Kurtosis		0.35	1.381	−1.98	0.474	2.449
Std. Error of kurtosis		0.24	0.24	0.24	0.24	0.24

Source(s): Authors' own work

Table 3. Pearson correlation matrix

Variables	1	2	3	4
<i>Potential PIT</i>				
Pearson correlation	1			
Sig. (2-tailed)				
<i>Work Satisfaction</i>				
Pearson correlation	−0.015	1		
Sig. (2-tailed)	0.768			
<i>Expectations employee</i>				
Pearson correlation	0.120*	0.467**	1	
Sig. (2-tailed)	0.015	<0.001		
<i>Career Choices</i>				
Pearson correlation	0.166**	0.280**	0.400**	1
Sig. (2-tailed)	<0.001	<0.001	<0.001	
Note(s): *Correlation is significant at the 0.05 level (2-tailed); **Correlation is significant at the 0.01 level (2-tailed)				
Source(s): Authors' own work				

employee expectations and career choices. The correlation coefficient between potential PIT and work satisfaction is −0.015, indicating a weak negative association. However, this association is not statistically significant ($p=0.768$). This suggests that the imposition of potential PIT does not significantly affect work satisfaction among local and expat employees. The correlation coefficient between potential PIT and employee expectations is 0.120, indicating a weak positive association. The association is statistically significant at 0.05 ($p=0.015$). This implies that potential PIT is linked to an increase in employee expectations. This shows that employees may have higher expectations of higher financial compensation when they perceive increased tax obligations. The correlation coefficient between potential PIT and career choices of expats is 0.166, suggesting a weak positive association. The association is statistically significant at a significance level of 0.01 ($p<0.001$). This finding indicates the potential PIT has an impact on expat’s career choices. Therefore, expat employees tend to make different career choices for higher compensation. The findings suggest no multicollinearity problem between independent and dependent variables because the correlation is below 0.70. [Maddala and Lahiri \(1992\)](#) argued that high correlations across variables might misrepresent the impact of an individual variable on a dependent variable.

4.2 Ordinal regression findings

The dependent variable in the ordinal regression analysis for local respondents is work satisfaction, and the results are shown in [Table 4](#). The study presents parameter estimates, standard errors, Wald statistics, significance levels and confidence intervals for various degrees of work satisfaction and PIT. The analysis indicates that lower work satisfaction levels have a significantly reduced probability (estimate = −2.472, $p<0.001$), while higher satisfaction levels (e.g., 3.00 and 3.50) are more likely, with positive and highly significant estimates (1.621 and 2.124, $p<0.001$). A potential PIT (positive estimate = 0.221, $p=0.044$) is linked to a minor but significant improvement in work satisfaction, suggesting it may not negatively impact satisfaction levels. Respondents generally perceive their work satisfaction to remain high, even if PIT is implemented. The discussion also raises questions about how

Table 4. Local respondents results (dependent variable: work satisfaction)

Parameter estimates	Estimate	SE	Wald	df	Sig.	95% confidence interval	
						Lower bound	Upper bound
[Work Satisfaction = 1.00]	-2.472	0.332	55.468	1	<0.001	-3.122	-1.821
[Work Satisf action = 1.50]	-1.925	0.309	38.731	1	<0.001	-2.531	-1.319
[Work Satisfaction = 2.00]	-0.59	0.287	4.218	1	0.04	-1.153	-0.027
[Work Satisfaction = 2.50]	0.08	0.286	0.079	1	0.779	-0.48	0.64
[Work Satisfaction = 3.00]	1.621	0.294	30.381	1	<0.001	1.044	2.197
[Work Satisfaction = 3.50]	2.124	0.3	50.056	1	<0.001	1.535	2.712
Potential PIT	0.221	0.109	4.068	1	0.044	0.006	0.435
<i>Goodness-of-Fit</i>							
	Chi-Square				df	Sig.	
Pearson	184.685				71	<0.001	
Deviance	156.563				71	<0.001	
<i>Pseudo R-Square</i>							
Cox and Snell						0.006	
Nagelkerke						0.006	
McFadden						0.002	
Test of parallel lines						0.08	
Source(s): Authors' own work							

the tax should be structured, such as equal application, progressive rates or targeting high-income earners earning over AED 45,000 per month.

The goodness-of-fit measurements, such as the Pearson and Deviance chi-square tests, provide statistically significant findings ($p < 0.001$), indicating that the model adequately fits the data. Nevertheless, the pseudo-R-square values (Cox and Snell, Nagelkerke and McFadden) are very low (0.006, 0.006 and 0.002, respectively), suggesting that the model accounts for quite a small percentage of the variability in work satisfaction due to independent variable. It should be noted that these values are also considered acceptable (McFadden, 1974) based on the context of the study as they do not directly translate to the proportion of variance explained as in the linear models (Hosmer and Lemeshow, 2000). The Test of Parallel Lines has a significance level of 0.08, indicating that the assumption of proportionate odds is valid. This suggests that the relationship between each pair of outcome groups is consistent.

Table 5 displays the findings for expat employees, where work satisfaction is the dependent variable, and the independent variable is potential PIT. The result shows that the estimate for the lowest level of work satisfaction (WorkSatisfaction = 1.00) is -3.527, with a standard error of 0.481. The analysis shows that lower work satisfaction levels have a significantly low probability (estimate = -3.527, $p < 0.001$), while higher satisfaction levels (e.g., 3.00 and 3.50) are more probable, with positive and statistically significant estimates (0.824 and 1.566, $p < 0.001$). These findings suggest that the potential implementation of PIT is unlikely to negatively affect work satisfaction, with performance expected to remain stable. The findings are consistent with expectancy theory as employees are likely to maintain their work satisfaction when they perceive that efforts they have made will continue to have a favourable outcome even despite the introduction of PIT. The results align with prior studies by Rosalia *et al.* (2020) and Mardiyanti *et al.* (2018), which found that compensation-related factors generally do not influence overall work satisfaction and performance.

Table 5. Expats results (dependent variable: work satisfaction)

Parameter estimates	Estimate	SE	Wald	df	Sig.	95% Confidence Interval	
						Lower Bound	Upper bound
[Work Satisfaction = 1.00]	-3.527	0.481	53.781	1	<0.001	-4.469	-2.584
[Work Satisfaction = 1.50]	-3.055	0.453	45.453	1	<0.001	-3.943	-2.167
[Work Satisfaction = 2.00]	-1.44	0.413	12.147	1	<0.001	-2.25	-0.63
[Work Satisfaction = 2.50]	-0.633	0.408	2.411	1	0.12	-1.432	0.166
[Work Satisfaction = 3.00]	0.824	0.409	4.069	1	0.044	0.023	1.625
[Work Satisfaction = 3.50]	1.566	0.416	14.135	1	<0.001	0.749	2.382
Potential PIT	-0.07	0.152	0.211	1	0.646	-0.368	0.228
<i>Goodness-of-Fit</i>							
		Chi-Square				df	Sig.
Pearson		87.181				53	0.002
Deviance		83.882				53	0.004
Pseudo R-Square		0					
Cox and snell		0					
Nagelkerke		0					
McFadden		0					
Test of parallel lines		0.242					

Source(s): Authors' own work

The findings imply that the expatriates in the UAE may prioritise factors like job stability, workplace conditions and career growth over tax policies when evaluating work satisfaction, reducing the potential impact of PIT implementation. The model's pseudo-R square values are negligible (Cox and Snell, Nagelkerke and McFadden), indicating limited explanatory power, but the assumption of proportional odds holds, suggesting consistent relationships between outcome groups. Based on these results, we can reject our *H1*, i.e. in the case of local residents and the majority of the expat respondents, the potential implementation of PIT does not have a significant negative impact on work satisfaction.

The results of the second dimension of our work, i.e. the expectation of employees (local) and potential PIT show a significant relationship between employee expectations and potential PIT, with lower expectations linked to lower taxes and higher expectations to higher taxes (Table 6). The estimated coefficient of 0.4 ($p < 0.001$) indicates that as potential PIT increases, employees' expectations also tend to rise. The results from local respondents indicate that higher employee expectations lead to demands for various benefits, such as salary increases, flexible working hours and pension participation, in response to the potential implementation of PIT. In contrast, lower expectations are associated with fewer demands. The study finds a positive correlation (0.4, $p < 0.001$) between increasing potential PIT and higher employee demands, supporting Gabriel *et al.* (2021), who emphasised the importance of both monetary and non-monetary factors in employee motivation. The results are consistent with the rational choice theory, which asserts that individuals make their decisions by evaluating costs and benefits. Likewise, rational choice theory posits that human actions are instrumental, meaning that a person's behaviour is explained by their motivations and intentions to achieve certain objectives (Boudon, 1998). The Wald statistic for the potential PIT is 13.808, and the goodness-of-fit measures confirm the statistical significance of the model, though the pseudo-R-Square values are low, suggesting that PIT accounts for only a small proportion of variation in employee expectations. Despite the low pseudo-R-Square values, which are considered acceptable in this context (McFadden, 1974;

Table 6. Local respondents results (dependent variable: expectations of employees)

Parameter estimates	Estimate	SE	Wald	df	Sig.	95% Confidence Interval	
						Lower bound	Upper bound
[Expectations Employee = 1.00]	-3.173	0.421	56.803	1	<0.001	-3.998	-2.348
[Expectations Employee = 1.14]	-3.065	0.408	56.513	1	<0.001	-3.864	-2.266
[Expectations Employee = 1.29]	-2.878	0.387	55.299	1	<0.001	-3.637	-2.119
[Expectations Employee = 1.43]	-2.648	0.365	52.566	1	<0.001	-3.363	-1.932
[Expectations Employee = 1.57]	-2.458	0.35	49.351	1	<0.001	-3.144	-1.772
[Expectations Employee = 1.71]	-2.402	0.346	48.24	1	<0.001	-3.079	-1.724
[Expectations Employee = 1.86]	-2.072	0.325	40.575	1	<0.001	-2.709	-1.434
[Expectations Employee = 2.00]	-1.637	0.306	28.667	1	<0.001	-2.237	-1.038
[Expectations Employee = 2.14]	-1.281	0.295	18.871	1	<0.001	-1.86	-0.703
[Expectations Employee = 2.29]	-0.909	0.287	10.013	1	0.002	-1.473	-0.346
[Expectations Employee = 2.43]	-0.472	0.282	2.801	1	0.094	-1.025	0.081
[Expectations Employee = 2.57]	-0.148	0.28	0.279	1	0.598	-0.697	0.401
[Expectations Employee = 2.71]	0.285	0.28	1.037	1	0.308	-0.263	0.833
[Expectations Employee = 2.86]	0.639	0.281	5.191	1	0.023	0.089	1.189
[Expectations Employee = 3.00]	1.513	0.286	27.916	1	<0.001	0.951	2.074
[Expectations Employee = 3.14]	1.859	0.29	41.202	1	<0.001	1.291	2.426
[Expectations Employee = 3.29]	2.202	0.294	56.265	1	<0.001	1.627	2.778
[Expectations Employee = 3.43]	2.459	0.297	68.467	1	<0.001	1.876	3.041
[Expectations Employee = 3.57]	2.697	0.301	80.299	1	<0.001	2.107	3.287
[Expectations Employee = 3.71]	3.033	0.308	97.133	1	<0.001	2.429	3.636
[Expectations Employee = 3.86]	3.331	0.315	111.593	1	<0.001	2.713	3.949
Potential PIT	0.4	0.108	13.808	1	<0.001	0.189	0.61
<i>Goodness-of-Fit</i>							
	Chi-Square				df	Sig.	
Pearson	393.004				251	<0.001	
Deviance	344.687				251	<0.001	
<i>Pseudo R-Square</i>							
Cox and snell						0.02	
Nagelkerke						0.02	
McFadden						0.004	
Test of parallel lines						<0.001	
Source(s): Authors' own work							

Hosmer and Lemeshow, 2000), the significant test of parallel lines ($p < 0.001$) reveals that PIT affects employee expectations at different levels.

The analysis of expat employees (Table 7) shows that lower employee expectations are significantly associated with potential PIT, as evidenced by a negative estimate of -5.086 ($p < 0.001$) for the lowest expectation level. As employee expectations increase (above 3.00 on the Expectations Employee scale), the results indicate a positive relationship with potential PIT, suggesting that higher expectations are linked to increased potential tax concerns. The potential PIT variable itself has a positive and statistically significant estimate of 0.366 ($p = 0.014$), indicating that higher PIT expectations are associated with higher employee expectations regarding their work duties and benefits. The results suggest that if the UAE implements PIT, expatriate employees are likely to demand a range of benefits, including salary raises, flexible working hours and other perks. This aligns with previous studies that show employees' attitudes are influenced by both monetary income and supplementary benefits (Milkovich *et al.*, 2014; Schlechter *et al.*, 2015). A positive

Table 7. Expats results (dependent variable: expectations of employees)

Parameter estimates	Estimate	SE	Wald	df	Sig.	95% Confidence Interval	
						Lower bound	Upper bound
[Expectations Employee = 1.00]	-5.086	1.068	22.667	1	<0.001	-7.18	-2.992
[Expectations Employee = 1.14]	-4.39	0.801	30.011	1	<0.001	-5.96	-2.819
[Expectations Employee = 1.57]	-3.981	0.69	33.317	1	<0.001	-5.333	-2.629
[Expectations Employee = 1.71]	-3.69	0.626	34.692	1	<0.001	-4.918	-2.462
[Expectations Employee = 1.86]	-3.278	0.556	34.732	1	<0.001	-4.368	-2.188
[Expectations Employee = 2.00]	-2.408	0.464	26.972	1	<0.001	-3.317	-1.499
[Expectations Employee = 2.14]	-1.755	0.428	16.846	1	<0.001	-2.593	-0.917
[Expectations Employee = 2.29]	-1.202	0.411	8.572	1	0.003	-2.007	-0.397
[Expectations Employee = 2.43]	-0.704	0.402	3.06	1	0.08	-1.492	0.085
[Expectations Employee = 2.57]	-0.15	0.398	0.142	1	0.706	-0.931	0.631
[Expectations Employee = 2.71]	0.306	0.398	0.592	1	0.442	-0.474	1.086
[Expectations Employee = 2.86]	0.693	0.399	3.022	1	0.082	-0.088	1.475
[Expectations Employee = 3.00]	1.455	0.404	12.981	1	<0.001	0.663	2.246
[Expectations Employee = 3.14]	1.798	0.407	19.518	1	<0.001	1	2.596
[Expectations Employee = 3.29]	2.171	0.411	27.844	1	<0.001	1.364	2.977
[Expectations Employee = 3.43]	2.622	0.418	39.292	1	<0.001	1.802	3.441
[Expectations Employee = 3.57]	2.856	0.423	45.64	1	<0.001	2.027	3.685
[Expectations Employee = 3.71]	3.223	0.432	55.725	1	<0.001	2.377	4.069
[Expectations Employee = 3.86]	3.547	0.442	64.299	1	<0.001	2.68	4.414
Potential PIT	0.366	0.149	6.012	1	0.014	0.074	0.659
<i>Goodness-of-Fit</i>							
	Chi-Square				df	Sig.	
Pearson	242.245				170	<0.001	
Deviance	168.933				170	0.509	
<i>Pseudo R-Square</i>							
Cox and snell							0.012
Nagelkerke							0.013
McFadden							0.002
Test of parallel lines							0.001
Source(s): Authors' own work							

relationship (0.366, $p = 0.014$) indicates that as potential PIT increases, so does the demand for benefits, supporting the notion that the implementation of PIT significantly impacts expatriates' expectations for additional work-related benefits (Duarte *et al.*, 2021). Based on these results, we can accept our $H2$, i.e. the potential implementation of PIT has a significant positive impact on the expectations of employees for demanding benefits in the UAE.

The results show a significant negative relationship between potential PIT and expatriates' career choices, with a highly significant estimate for the lowest career choice level (-4.035 , $p < 0.001$), indicating a notable difference in career satisfaction as PIT influences expatriates' career decisions (Table 8). This is consistent with rational choice theory, as employees are very rational and evaluate their cost and benefits, suggesting that employees do not view PIT as significantly diminishing their net utilities and also job-related rewards. The study reveals that the absence of PIT is a key factor for expatriates choosing to work in the UAE, with higher income and tax-free benefits being major attractions. A positive correlation (0.51, $p < 0.001$) indicates that the introduction of higher taxes could reduce the UAE's appeal, potentially prompting expatriates to repatriate or relocate within the GCC. These findings align with Cerdin and Le Pargneux (2014), who found that

Table 8. Expats results (dependent variable: Career choices)

Parameter estimates	Estimate	SE	Wald	df	Sig.	95% Confidence Interval	
						Lower bound	Upper bound
[Career Choices = 1.63]	-4.035	0.799	25.49	1	<0.001	-5.601	-2.469
[Career Choices = 1.75]	-3.109	0.583	28.409	1	<0.001	-4.252	-1.966
[Career Choices = 1.88]	-2.766	0.532	26.986	1	<0.001	-3.809	-1.722
[Career Choices = 2.00]	-2.212	0.474	21.768	1	<0.001	-3.141	-1.282
[Career Choices = 2.13]	-1.733	0.441	15.409	1	<0.001	-2.598	-0.868
[Career Choices = 2.25]	-1.177	0.418	7.928	1	0.005	-1.996	-0.358
[Career Choices = 2.38]	-0.659	0.406	2.638	1	0.104	-1.454	0.136
[Career Choices = 2.50]	-0.077	0.399	0.037	1	0.847	-0.86	0.705
[Career Choices = 2.63]	0.318	0.398	0.638	1	0.425	-0.462	1.098
[Career Choices = 2.75]	0.793	0.399	3.948	1	0.047	0.011	1.575
[Career Choices = 2.88]	1.301	0.402	10.463	1	0.001	0.513	2.09
[Career Choices = 3.00]	2.088	0.41	25.916	1	<0.001	1.284	2.892
[Career Choices = 3.13]	2.604	0.417	39.013	1	<0.001	1.787	3.421
[Career Choices = 3.25]	3.049	0.424	51.616	1	<0.001	2.217	3.881
[Career Choices = 3.38]	3.494	0.434	64.692	1	<0.001	2.642	4.345
[Career Choices = 3.50]	4.09	0.454	81.031	1	<0.001	3.2	4.981
[Career Choices = 3.63]	5.053	0.517	95.463	1	<0.001	4.039	6.066
[Career Choices = 3.75]	5.418	0.557	94.562	1	<0.001	4.326	6.511
[Career Choices = 3.88]	5.988	0.647	85.776	1	<0.001	4.721	7.255
Potential PIT	0.51	0.15	11.519	1	<0.001	0.216	0.805
<i>Goodness-of-Fit</i>							
	Chi-Square				df	Sig.	
Pearson	315.934				170	<0.001	
Deviance	199.823				170	0.059	
<i>Pseudo R-Square</i>							
Cox and snell						0.024	
Nagelkerke						0.024	
McFadden						0.005	
Test of parallel lines						0.01	
Source(s): Authors’ own work							

expatriates' career satisfaction is influenced by the alignment of their career goals with their current work. The study shows that the potential implementation of PIT has a significant impact on expatriates' career choices, with higher potential PIT leading to more cautious career decisions (0.51, $p < 0.001$). Although the Pearson chi-square test indicated model fit issues, the Deviance chi-square test showed an acceptable fit, and the Pseudo R^2 values were low but deemed acceptable within the study's context (McFadden, 1974). Based on these results and discussion, we can accept our $H3$, i.e. the potential implementation of PIT has a significant impact on the career choices of expats working in the UAE.

4.3 Robustness analysis

To check the robustness of the model, we have relied on the Generalised Linear Model (GLM), which expands upon the conventional linear model by accommodating response variables that follow error distribution models that are different from the normal distribution. Previous studies also used GLM to overcome the issue of overdispersion (Kaur *et al.*, 2012; Testera Fuertes, and Herrera, 2024) and for robust research findings

(Beath, 2018; Egbunike *et al.*, 2023), especially when classic linear regression models may not be appropriate due to their strict assumptions. By using GLM, the potential problem of heteroscedasticity is resolved by enabling the specification of a variance structure that closely reflects the actual data. Therefore, GLMs is an appropriate choice to conduct robustness (Beath, 2018; Egbunike *et al.*, 2023).

The findings of the GLM study for local respondents are shown from Table A1 to A5 (Appendix). A detailed analysis is not provided to avoid the repetition of earlier discussed results as the results of GLM are consistent with the main findings of ordinal regression. For instance, both model analyses indicate that potential income tax positively impacts work satisfaction for locals; however, in the GLM regression, this significance is over a 5% threshold. Moreover, potential income tax is significant in explaining the expectations of local respondents for employees in both Ordinal and GLM regression models. According to both ordinal regression and GLM findings, the potential income tax does not have a significant impact on work satisfaction for expatriates. However, it is significant in explaining the expectations of employees and the career choices for expats, as highlighted in both models. Thus, overall, the findings of Tables A1 to A5 (Appendix) using GLM are consistent with the main model.

5. Conclusion

This research explores the potential impact of implementing PIT in the UAE on work satisfaction, employee expectations and career choices for both local residents and expatriates. The study found that PIT positively affects the work satisfaction and expectations of local employees, but has no impact on expatriates' satisfaction, though it significantly influences expatriates' career decisions. Expatriates are more likely to repatriate or move to other tax-free countries if PIT rates are high but would stay in the UAE if the tax rate is low, with these findings supported by both ordinal regression and GLM analysis.

Based on the results, we can conclude that the UAE residents (local and expats) are willing to pay the PIT, and the monetary factor plays a less significant role in determining their work satisfaction. As the UAE provides state-of-the-art facilities to its public in terms of infrastructure, health, education, advancement in technology, focus on innovation, entertainment and the most important elements of mutual respect whilst residing in a multicultural society, tolerance for co-existence and overall support system, therefore, all these factors rule out the monetary reduction in compensation due to potential implementation of PIT. However, they expect some benefits to set off the impact of the potential tax in terms of increased benefits, e.g. participation in pension schemes, increased end-of-service benefits, increase in paternity leave, flexible working, work from home, etc. To sum up, the UAE government can implement the PIT at a low rate.

The UAE should consider the differing effects of potential income tax on local residents and expatriates, including adjustment in the labour laws and employment contracts such as wage structure, standardised employment contracts, social security benefits in return of tax compliance etc. This will necessitate to offer customised salary packages to enhance work satisfaction, employee retention and nationalisation. To attract highly skilled expatriates, competitive tax systems and incentives are crucial. To maintain competitiveness in the global talent market, policymakers may need to provide competitive tax-related incentives. Policymakers should implying that long-term strategic planning should prioritise establishing a steady and predictable tax environment. Policymakers should prioritise creating a stable and predictable tax environment to support expatriate career development and long-term commitment. Additionally, implementing PIT could help diversify the UAE's revenue sources and contribute to long-term economic stability, similar to recent initiatives

by other countries like Oman. Also, as the potential implementation of PIT will diversify the revenue source for the government therefore, it can enhance the fiscal resilience during oil price volatility, reduce income inequality by progressive rates of taxes and with the revenue government can increase the spending on infrastructure through proper budget planning.

This study has several limitations, including its focus on data collected solely from the UAE, which could be expanded to other GCC countries for broader generalisability. It examines only three factors influencing the implementation of PIT, but other factors such as competitiveness, inflation and fairness could also play a role.

The present study is based on a four-point Likert scale, which is different from previous studies; however, the main intention is to restrict responses variability while eliminating the neutral midpoint as it allows and encourages respondents to express a clear opinion besides showing a neutral stance. Likewise, the four-point Likert scale helps to reduce central tendency bias and social desirability, particularly for most sensitive topics like PIT. However, the present study's four-point Likert scale design choice is a methodological limitation as it may have limited some respondents from expressing ambivalent views. Therefore, future studies may consider using five-or seven-point Likert scales for enhancing data granularity. Moreover, future longitudinal studies may use Difference-in-Difference (DID) method to explore the causal impacts more robustly and also control groups over time on changes in the organisational culture, employee engagement and turnover intentions. The study also assumes a flat rate PIT, whereas future research could explore progressive tax rates to address equity concerns while maintaining the country's appeal to expatriates. Additionally, future studies could apply Smart PLS to further validate the findings.

Acknowledgements

The authors acknowledge the time and valuable comments of respected anonymous reviewers and honourable editor and editor in chief during the review process.

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Further reading

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Appendix

Table A1. Local respondent results (dependent variable: work satisfaction)

Parameter estimates	B	SE	95% Wald Confidence Interval		Hypothesis test	df	Sig.
			Lower	Upper	Wald Chi-Square		
[Work Satisfaction = 1.00]	-2.472	0.3568	-3.171	-1.772	47.977	1	<0.001
[Work Satisfaction = 1.50]	-1.925	0.337	-2.586	-1.265	32.635	1	<0.001
[Work Satisfaction = 2.00]	-0.59	0.3178	-1.213	0.033	3.446	1	0.063
[Work Satisfaction = 2.50]	0.08	0.3167	-0.541	0.701	0.064	1	0.8
[Work Satisfaction = 3.00]	1.621	0.3233	0.987	2.254	25.125	1	<0.001
[Work Satisfaction = 3.50]	2.124	0.3283	1.48	2.767	41.832	1	<0.001
Potential PIT	0.221	0.12	-0.015	0.456	3.379	1	0.066
<i>Goodness-of-Fit</i>							
			Value			df	Value/df
Deviance			156.563			71	2.205
Scaled deviance			156.563			71	
Pearson Chi-Square			184.685			71	2.601
Scaled Pearson Chi-Square			184.685			71	
Log likelihood			-161.33				
Akaike's information Criterion (AIC)			336.665				
Finite sample Corrected AIC (AICC)			336.86				
Bayesian information Criterion (BIC)			367.218				
Consistent AIC (CAIC)			374.218				
Omnibus test			0.066				
Source(s): Authors' own work							

Table A2. Expats respondents results (dependent variable: work satisfaction)

Parameter estimates	B	SE	95% Wald Confidence Interval		Hypothesis test Wald Chi-Square	df	Sig.
			Lower	Upper			
[Work Satisfaction = 1.00]	-3.527	0.5032	-4.513	-2.54	49.117	1	<0.001
[Work Satisfaction = 1.50]	-3.055	0.4772	-3.99	-2.119	40.977	1	<0.001
[Work Satisfaction = 2.00]	-1.44	0.4412	-2.305	-0.575	10.655	1	0.001
[Work Satisfaction = 2.50]	-0.633	0.437	-1.49	0.223	2.099	1	0.147
[Work Satisfaction = 3.00]	0.824	0.4378	-0.034	1.682	3.546	1	0.06
[Work Satisfaction = 3.50]	1.566	0.4434	0.697	2.435	12.471	1	<0.001
Potential PIT	-0.07	0.1623	-0.388	0.248	0.185	1	0.667
<i>Goodness-of-Fit</i>							
			Value			df	Value/df
Deviance			83.882			53	1.583
Scaled deviance			83.882			53	
Pearson Chi-Square			87.181			53	1.645
Scaled Pearson Chi-Square			87.181			53	
Log likelihood			-110.33				
Akaike's information criterion (AIC)			234.668				
Finite sample corrected AIC (AICC)			234.946				
Bayesian information criterion (BIC)			262.798				
Consistent AIC (CAIC)			269.798				
Omnibus test			0.667				
Source(s): Authors' own work							

Table A3. Local respondents result (dependent variable: expectations of employees)

Parameter estimates	B	SE	95% Wald Confidence Interval		Hypothesis test Wald Chi-Square	df	Sig.
			Lower	Upper			
[Expectation Employee = 1.00]	-3.173	0.4427	-4.041	-2.305	51.382	1	<0.001
[Expectation Employee = 1.14]	-3.065	0.4301	-3.908	-2.222	50.787	1	<0.001
[Expectation Employee = 1.29]	-2.878	0.4107	-3.683	-2.073	49.118	1	<0.001
[Expectation Employee = 1.43]	-2.648	0.3904	-3.413	-1.882	45.995	1	<0.001
[Expectation Employee = 1.57]	-2.458	0.3764	<0.001	-1.72	42.639	1	<0.001
[Expectation Employee = 1.71]	-2.402	0.3727	-3.132	-1.671	41.522	1	<0.001
[Expectation Employee = 1.86]	-2.072	0.3544	-2.766	-1.377	34.158	1	<0.001
[Expectation Employee = 2.00]	-1.637	0.3375	-2.299	-0.976	23.532	1	<0.001
[Expectation Employee = 2.14]	-1.281	0.3278	-1.924	-0.639	15.282	1	<0.001
[Expectation Employee = 2.29]	-0.909	0.321	-1.538	-0.28	8.027	1	0.005
[Expectation Employee = 2.43]	-0.472	0.3166	-1.093	0.148	2.225	1	0.136
[Expectation Employee = 2.57]	-0.148	0.315	-0.765	0.469	0.221	1	0.639
[Expectation Employee = 2.71]	0.285	0.3144	-0.331	0.901	0.821	1	0.365
[Expectation Employee = 2.86]	0.639	0.315	0.022	1.257	4.117	1	0.042
[Expectation Employee = 3.00]	1.513	0.3184	0.889	2.137	22.567	1	<0.001
[Expectation Employee = 3.14]	1.859	0.3206	1.231	2.487	33.624	1	<0.001
[Expectation Employee = 3.29]	2.202	0.3236	1.568	2.836	46.317	1	<0.001
[Expectation Employee = 3.43]	2.459	0.3264	1.819	3.098	56.749	1	<0.001
[Expectation Employee = 3.57]	2.697	0.3296	2.051	3.343	66.958	1	<0.001
[Expectation Employee = 3.71]	3.033	0.3358	2.374	3.691	81.54	1	<0.001
[Expectation Employee = 3.86]	3.331	0.3435	2.657	4.004	93.991	1	<0.001
Potential PIT	0.4	0.1187	0.167	0.632	11.337	1	<0.001
<i>Goodness-of-Fit</i>							
			Value		df		Value/df
Deviance			344.687		251		1.373
Scaled deviance			344.687		251		
Pearson Chi-Square			393.004		251		1.566
Scaled Pearson Chi-Square			393.004		251		
Log likelihood			-338.766				
Akaike's information criterion (AIC)			721.531				
Finite sample corrected AIC (AICC)			723.345				
Bayesian information criterion (BIC)			817.556				
Consistent AIC (CAIC)			839.556				
Omnibus test			<0.001				
Source(s): Authors' own work							

Table A4. Expats respondents results. (dependent variable: expectations of employee)

Parameter estimates	B	SE	95% Wald Confidence Interval		Hypothesis test Wald Chi-Square	df	Sig.
			Lower	Upper			
[Expectations Employee = 1.00]	-5.086	1.0807	-7.204	-2.968	22.146	1	<0.001
[Expectations Employee = 1.14]	-4.39	0.8175	-5.992	-2.788	28.838	1	<0.001
[Expectations Employee = 1.57]	-3.981	0.7084	-5.37	-2.593	31.581	1	<0.001
[Expectations Employee = 1.71]	-3.69	0.6474	-4.959	-2.421	32.489	1	<0.001
[Expectations Employee = 1.86]	-3.278	0.5801	-4.415	-2.141	31.935	1	<0.001
[Expectations Employee = 2.00]	-2.408	0.4926	-3.373	-1.442	23.894	1	<0.001
[Expectations Employee = 2.14]	-1.755	0.4596	-2.656	-0.854	14.581	1	<0.001
[Expectations Employee = 2.29]	-1.202	0.445	-2.074	-0.33	7.301	1	0.007
[Expectations Employee = 2.43]	-0.704	0.4387	-1.564	0.156	2.574	1	0.109
[Expectations Employee = 2.57]	-0.15	0.4371	-1.007	0.707	0.118	1	0.731
[Expectations Employee = 2.71]	0.306	0.4386	-0.554	1.166	0.487	1	0.485
[Expectations Employee = 2.86]	0.693	0.4407	-0.17	1.557	2.475	1	0.116
[Expectations Employee = 3.00]	1.455	0.4429	0.587	2.323	10.79	1	0.001
[Expectations Employee = 3.14]	1.798	0.4434	0.929	2.667	16.446	1	<0.001
[Expectations Employee = 3.29]	2.171	0.4457	1.297	3.044	23.726	1	<0.001
[Expectations Employee = 3.43]	2.622	0.4505	1.739	3.505	33.862	1	<0.001
[Expectations Employee = 3.57]	2.856	0.4542	1.966	3.746	39.536	1	<0.001
[Expectations Employee = 3.71]	3.223	0.4624	2.317	4.129	48.575	1	<0.001
[Expectations Employee = 3.86]	3.547	0.4725	2.621	4.473	56.337	1	<0.001
Potential PIT	0.366	0.1618	0.049	0.684	5.128	1	0.024
<i>Goodness-of-Fit</i>							
			Value		df		Value/df
Deviance			168.933		170		0.994
Scaled deviance			168.933		170		
Pearson Chi-Square			242.245		170		1.425
Scaled Pearson Chi-Square			242.245		170		
Log likelihood			-216.02				
Akaike's information criterion (AIC)			472.035				
Finite sample corrected AIC (AICC)			474.189				
Bayesian information criterion (BIC)			552.407				
Consistent AIC (CAIC)			572.407				
Omnibus test			0.023				

Source(s): Authors' own work

Table A5. Expats respondents results. (dependent variable: Career choices)

Parameter estimates	B	SE	95% Wald Confidence Interval		Hypothesis test Wald Chi-Square	df	Sig.
			Lower	Upper			
[Career Choices = 1.63]	-4.035	0.8149	-5.632	-2.438	24.517	1	<0.001
[Career Choices = 1.75]	-3.109	0.604	-4.293	-1.925	26.5	1	<0.001
[Career Choices = 1.88]	-2.766	0.5552	-3.854	-1.678	24.817	1	<0.001
[Career Choices = 2.00]	-2.212	0.4998	-3.191	-1.232	19.581	1	<0.001
[Career Choices = 2.13]	-1.733	0.4689	-2.652	-0.814	13.656	1	<0.001
[Career Choices = 2.25]	-1.177	0.4462	-2.051	-0.302	6.956	1	0.008
[Career Choices = 2.38]	-0.659	0.4336	<0.001	0.191	2.31	1	0.129
[Career Choices = 2.50]	-0.077	0.4262	-0.913	0.758	0.033	1	0.856
[Career Choices = 2.63]	0.318	0.4244	-0.514	1.15	0.561	1	0.454
[Career Choices = 2.75]	0.793	0.4245	-0.039	1.625	3.49	1	0.062
[Career Choices = 2.88]	1.301	0.428	0.462	2.14	9.243	1	0.002
[Career Choices = 3.00]	2.088	0.4351	1.235	2.941	23.021	1	<0.001
[Career Choices = 3.13]	2.604	0.4408	1.74	3.468	34.895	1	<0.001
[Career Choices = 3.25]	3.049	0.449	2.169	3.929	46.115	1	<0.001
[Career Choices = 3.38]	3.494	0.4597	2.593	4.395	57.748	1	<0.001
[Career Choices = 3.50]	4.09	0.4802	3.149	5.032	72.546	1	<0.001
[Career Choices = 3.63]	5.053	0.5418	3.991	6.114	86.97	1	<0.001
[Career Choices = 3.75]	5.418	0.5805	4.281	6.556	87.113	1	<0.001
[Career Choices = 3.88]	5.988	0.6671	4.68	7.295	80.559	1	<0.001
Potential PIT	0.51	0.1614	0.194	0.827	10.002	1	0.002
<i>Goodness-of-Fit</i>							
			Value		df		Value/df
Deviance			199.823		170		1.175
Scaled deviance			199.823		170		
Pearson Chi-Square			315.934		170		1.858
Scaled Pearson Chi-Square			315.934		170		
Log likelihood			-230.2				
Akaike's information criterion (AIC)			500.406				
Finite sample corrected AIC (AICC)			502.56				
Bayesian information criterion (BIC)			580.778				
Consistent AIC (CAIC)			600.778				
Omnibus test			0.02				
Source(s): Authors' own work							

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