Corporate Tax treatment of family wealth

(17
( ) 47
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Article 17 of Federal Decree-Law No. 47 of 2022

on the Taxation of Corporations and Businesses

and its amendments (“Corporate Tax Law”)1 and

Article 5 of Ministerial Decision No. 261 of 2024,2

(261
) 2024

provide for the treatment of family wealth

The purpose of this Public Clarification is to

provide clarity on the Corporate Tax implications

of
family
wealth
management
structures,

including a Single Family Office (“SFO”) or a Multi

A family wealth management structure typically

The Corporate Tax treatment of these entities and the family members is considered in turn below,

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.2]

after which four examples of typical structures are

A Family Foundation means any foundation, trust

or similar entity, whether domestic or foreign,

that meets the conditions of Article 17(1) of the

Corporate Tax Law. 1 For the avoidance of doubt,

“similar entity” means an entity that has a similar

legal structure or character to a foundation or

trust, and would, therefore, exclude a limited

A Family Foundation or any family wealth

separate legal personality is automatically

considered tax transparent (i.e. not considered a

Taxable Person in its own right).3 Examples

include a trust established under Abu Dhabi

Global Market (“ADGM”) or Dubai International

A Family Foundation that has a separate legal

personality can make an application to the FTA to

be tax transparent if it meets the conditions of

Article 17(1) of the Corporate Tax Law.1 Examples

include foundations established under the ADGM

or DIFC foundations laws or trusts established

4

A family wealth management vehicle that has a

separate legal personality and does not meet the

definition of a Family Foundation or the

3

conditions of Article 17(1) of the Corporate Tax

Law is a Taxable Person in its own right.1,3 Where

such a vehicle is a Free Zone Person ("FZP"), it may

benefit from a 0% Corporate Tax rate5 on

Qualifying Income from Qualifying Activities,6 for

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.3]

example, the holding of shares and other

A family wealth management vehicle that has a

separate legal personality may also benefit from

an exemption for domestic dividends or the

participation exemption for foreign dividends and

capital gains, where the relevant conditions are

Holding vehicles or SPVs

Any holding vehicles or SPVs that are wholly

owned and controlled by a tax transparent Family

Foundation, either directly or indirectly through

an uninterrupted chain of other tax transparent

entities, may make an application to the FTA to be

tax transparent if they meet the conditions of

Article 17(1) of the Corporate Tax Law.1,2

SFO or MFO

Where an SFO or MFO is a juridical person that

does not meet the conditions of Article 17 of the

Corporate Tax Law, it is a Taxable Person, and is

subject to Corporate Tax on all its income,

including management fees and any other income

remunerated at arm’s length for any services

provided to its Related Parties and Connected

Where the SFO or MFO is an FZP, it may benefit

from a 0% Corporate Tax rate on Qualifying

Income from Qualifying Activities,5,6 for example,

wealth and investment management services,15

or fund management services,16 that are subject

15

to the regulatory oversight of the Competent

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.4]

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18

Authority in the UAE.17,18 The Competent

Authorities are the UAE Central Bank, the Dubai

Financial Services Authority (“DFSA”) and the

Financial Services Regulatory Authority (“FSRA”).

If the SFO or MFO only holds a licence without the

regulatory oversight of the Competent Authority,

these services would not be considered Qualifying

The family members in a Family Foundation will

not be subject to Corporate Tax on any income

earned from the following entities on the basis

that such income would either be considered

Personal Investment income or Real Estate

-

Income from any family wealth management foundation or similar entity that meets the

conditions of Article 17(1) of the Corporate

transparent or by application to the FTA. 1

Income
from
a
tax
transparent
wealth

management vehicle that does not meet the

conditions of Article 17(1) of the Corporate Tax

Law, will not be taxed in the hands of family

members
where
it
qualifies
as
Personal

Investment or Real Estate Investment income.19

The family members may be subject to Corporate

Tax on any income from commercial Business or

Business Activities of the vehicle if their share of

that income exceeds AED 1 million in a Gregorian

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.5]

Examples
of
family
wealth
management

Example 1: An SFO held directly by the Family

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Family members are beneficiaries of FFA, a

foundation with separate legal personality

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FFA wholly owns both the SFO and the holding

company, HoldCo. Both are juridical persons

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The SFO holds a licence but is not regulated by

•
HoldCo wholly owns two SPVs established in

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.6]

foundation with separate legal personality

- FFA wholly owns both the SFO and the holding

company, HoldCo. Both are juridical persons

- The SFO holds a licence but is not regulated by

- HoldCo wholly owns two SPVs established in

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Scenario 1: Tax transparency

- If the FFA meets the conditions of Article 17(1) of the Corporate Tax Law, it can apply to the

- If the FFA is tax transparent, HoldCo can apply to the FTA to be tax transparent if it meets the conditions of Article 17(1) of the Corporate

transparent, SPV1 and SPV2 can also apply to the FTA to be tax transparent if they meet the conditions of Article 17(1) of the Corporate

- If FFA, HoldCo, SPV1 and SPV2 are tax

transparent vehicles, none would be subject

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The SFO is a Taxable Person and is subject to

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Corporate Tax on all its income, subject to the

arm's length principle. Even if the SFO is a FZP,

it cannot benefit from a 0% Corporate Tax rate

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0
) %

services15 because these services are not

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.7]

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•
The SFO is a Taxable Person and is subject to

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[illegible]

[illegible]

Corporate Tax on all its income, subject to the

[illegible]

arm's length principle. Even if the SFO is a FZP,

[illegible]

it cannot benefit from a 0% Corporate Tax rate

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) [illegible] %
[illegible]

services15 because these services are not

[illegible]

•
The family members are not subject to

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[illegible]

[illegible]

Corporate Tax on the income earned from the

structure as this income would be considered

Personal Investment Income or Real Estate

([illegible] 2
:)
[illegible]

Scenario 2: No tax transparency

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Where the conditions of Article 17(1) of the

[illegible]

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application is not made to the FTA, FFA would

- If FFA is not tax transparent, HoldCo, SPV1 and

SPV2 cannot apply for tax transparency and

- If FFA, HoldCo and SPV1 are Taxable Persons,

they would be subject to Corporate Tax on

- If, however, FFA, HoldCo and SPV1 are FZPs,

they may benefit from a 0% Corporate Tax

rate on Qualifying Income from Qualifying

Activities,5,6 such as the holding of shares and

other securities for investment purposes. 7

- Alternatively, FFA, HoldCo and SPV1 may

[illegible] (?) [illegible]
[illegible]
([illegible]1
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[illegible]

dividends, or the participation exemption may

apply on foreign dividends and capital gains

[illegible]

where the relevant conditions are met. 8,9,10,11

.[illegible]8
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[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.8]

Activities,5,6 such as the holding of shares and

other securities for investment purposes. 7

- Alternatively, FFA, HoldCo and SPV1 may

dividends, or the participation exemption may

apply on foreign dividends and capital gains

where the relevant conditions are met. 8,9,10,11

- Since SPV2 is not tax transparent and is

considered a Taxable Person, it would be

subject to Corporate Tax on income derived

- The tax treatment of the SFO is similar to

- The family members are not subject to Corporate Tax on the income earned from the structure as this income would be considered

Example 2: The SFO is held directly by the family

SFO
employees: Family office
services | Family
Foundation - FFB
HoldCo
SPV3 SPV4: share real estate
investments investments

- The Family members are beneficiaries of FFB, a foundation with separate legal personality

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.9]

Corporate Tax on the income earned from the

structure as this income would be considered

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Example 2: The SFO is held directly by the family

SFO
employees: Family office
services | Family
Foundation - FFB
HoldCo
SPV3 SPV4: share real estate
investments investments

- The Family members are beneficiaries of FFB,

a foundation with separate legal personality

- The family members hold the SFO directly. The

SFO is established in ADGM and it holds a

licence but is not regulated by the FSRA.

- The FFB wholly owns a holding company,

- HoldCo wholly owns two SPVs established in

Scenario 1: Tax transparency

- The same tax treatment in scenario 1 of example 1 applies to the entities in this structure and to the family members. The direct ownership of the SFO by the family members does not impact its tax treatment or that of the other entities within the structure.

Scenario 2: No tax transparency

- The same treatment in scenario 2 of example

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1 applies to the entities in this structure, and

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the family members. The direct ownership of

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.10]

impact its tax treatment or that of the other

(3
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real estate
investments
share
investments

- The Family members are beneficiaries of FFC,

a foundation with separate legal personality

established in DIFC and holds a licence but is

- The SFO wholly owns a holding company,

- HoldCo wholly owns two SPVs established in

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SPV5 holds share investments.

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.11]

established in DIFC and holds a licence but is

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The SFO wholly owns a holding company,

•
HoldCo wholly owns two SPVs established in

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SPV5 holds share investments.

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If FFC meets the conditions of Article 17(1) of

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the Corporate Tax Law, it can apply to the FTA

- The SFO is a Taxable Person and is subject to

Corporate Tax on all its income, subject to the

- Even if the SFO is an FZP, it cannot benefit

from a 0% Corporate Tax rate on the income

investment management services15 because

- As the SFO is not tax transparent, HoldCo,

transparency and would each be considered

Taxable Persons subject to Corporate Tax on

- However, if HoldCo and SPV5 are FZPs, they

may benefit from a 0% Corporate Tax rate5 on

Qualifying Income from Qualifying Activities6

participation exemption may apply on foreign

dividends and capital gains where the relevant

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.12]

may benefit from a 0% Corporate Tax rate5 on

Qualifying Income from Qualifying Activities6

participation exemption may apply on foreign

dividends and capital gains where the relevant

- Since SPV6 is not tax transparent and

considered a Taxable Person, it would be

subject to Corporate Tax on income derived

- The family members are not subject to

Corporate Tax on the income earned from the

structure as this income would be considered

Example 4: Using a regulated MFO instead of an

MFO: Family
office
services
Family
Foundation - FFD
HoldCo
SPV7 SPV8
share: investments

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- The Family members are beneficiaries of FFD,

[illegible]

a foundation with separate legal personality

- FFD wholly owns a holding company, HoldCo,

[illegible]

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.13]

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Example 4: Using a regulated MFO instead of an

MFO: Family
office
services
Family
Foundation - FFD
HoldCo
SPV7 SPV8
share: investments

- The Family members are beneficiaries of FFD,

a foundation with separate legal personality

- FFD wholly owns a holding company, HoldCo,

- HoldCo wholly owns two SPVs established in

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- A DIFC MFO provides family office services, including financial activities. The MFO was set up to service more than one family, and has obtained relevant authorisations from the

- The same treatment in scenario 1 of example 1 applies to the family members and entities

- Assuming the MFO is a juridical person, it is a Taxable Person and is subject to Corporate Tax on its income, subject to the arm's length

- If the MFO is an FZP, it may benefit from a 0%

(0
) %

management services15 where these services

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are subject to the regulatory oversight of DFSA

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.14]

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The same treatment in scenario 2 of example

entities in this structure, except for the MFO.

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The tax treatment of the MFO is similar to

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This Public Clarification issued by the FTA is meant to clarify

certain aspects related to the implementation of the Federal

Decree-Law No. 47 of 2022 on the Taxation of Corporations

and Business, and its amendments, and its implementing

This Public Clarification states the position of the FTA and

neither amends nor seeks to amend any provision of the

aforementioned legislation. Therefore, it is effective as of the

date of implementation of the relevant legislation, unless

In this clarification, Federal Decree-Law No. 47 of 2022 on the

Taxation of Corporations and Business and its amendments is referred to as “Corporate Tax Law”, Federal Decree-Law

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No. 31 of 2023 on Trust is referred to as “UAE Federal Trust

[illegible] " [illegible]
[illegible]
[illegible] "

Law”, Cabinet Decision No. 49 of 2023 on Specifying the

([illegible] 49
) [illegible] 2023
Categories of Businesses or Business Activities Conducted by

[illegible]

a Resident or Non-Resident Natural Person that are Subject

[illegible] "[illegible]

to Corporate Tax is referred to as “Cabinet Decision No. 49 of

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49
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2023”, Cabinet Decision No. 100 of 2023 on Determining

[illegible]

Qualifying Income for the Qualifying Free Zone Person for the

([illegible] 47
) [illegible] 2022

Purposes of Federal Decree-Law No. 47 of 2022 on the

[illegible] "[illegible]

Taxation of Corporations and Businesses is referred to as

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100
) [illegible] 2023
"[illegible]([illegible] 261
) [illegible]

“Cabinet Decision No. 100 of 2023”, Ministerial Decision No.

261 of 2024 on Unincorporated Partnership, Foreign

[illegible]

Partnership and Family Foundation for the Purposes of

([illegible] 47
) [illegible] 2022
Federal Decree-Law No. 47 of 2022 on the Taxation of

([illegible] "[illegible] 261
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Corporations and Businesses is referred to as “Ministerial

[illegible] 2024
"[illegible] (229
) [illegible] 2025

Decision No. 261 of 2024”, and Ministerial Decision No. 229

[illegible]

of 2025 Regarding Qualifying Activities and Excluded

Activities for the Purposes of Federal Decree-Law No. 47 of

([illegible] "[illegible] 229
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2022 on the Taxation of Corporations and Businesses is

referred to as “Ministerial Decision No. 229 of 2025”.

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:) [illegible]
Article 1 of Corporate Tax Law defines the following terms as:

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.15]

- “Business” – Any activity conducted regularly, on an

[illegible]

[illegible]

ongoing and independent basis by any Person and in any

location, such as industrial, commercial, agricultural,

[illegible]

vocational, professional, service or excavation activities

[illegible]
or any other activity related to the use of tangible or

- “Business Activity” – Any transaction or activity, or series

[illegible]

of transactions or series of activities conducted by a

- “Family Foundation” – Any foundation, trust or similar

[illegible]

([illegible] 17
) [illegible]

entity that meets the conditions of Article 17 of the

- “Free Zone” – A designated and defined geographic area

[illegible]

[illegible]

within the UAE that is specified in a decision issued by

the Cabinet at the suggestion of the Minister.

- “Free Zone Person” – A juridical person incorporated,

[illegible]

[illegible]

established or otherwise registered in a Free Zone,

[illegible]

including a branch of a Non-Resident Person registered

- “Market Value” – The price which could be agreed in an arm’s-length free market transaction between Persons

who are not Related Parties or Connected Persons in

- “Non-Resident Person” – The Taxable Person Specified

in Article 11(4) of the Corporate Tax Law.

- “Person” – Any natural person or juridical person.

- “Qualifying Free Zone Person” – A Free Zone Person that

meets the conditions of Article 18 of the Corporate Tax

Law and is subject to Corporate Tax under Article 3(1) of

- “Qualifying Income” – Any income derived by a

Qualifying Free Zone Person that is subject to Corporate
Tax at the rate specified in Article 3(2)(a) of the

- “Resident Person” – the Taxable Person specified in

-

“Tax Period” – The period for which a Tax Return is

•
“Taxable Income” – The income that is subject to

"[illegible] [illegible] [illegible]": [illegible] [illegible] [illegible] [illegible]

Corporate Tax under the Corporate Tax Law.

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.16]

Qualifying Free Zone Person that is subject to Corporate

Tax at the rate specified in Article 3(2)(a) of the

Corporate Tax Law.

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"Resident Person" – the Taxable Person specified in

•

Article 11(3) of the Corporate Tax Law.

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"Tax Period" – The period for which a Tax Return is

required to be filed. •

"Taxable Income" – The income that is subject to

•

Corporate Tax under the Corporate Tax Law. 15/21

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"Taxable Person" – A Person subject to Corporate Tax in

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the UAE under the Corporate Tax Law.

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"Unincorporated Partnership" – A relationship

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established by contract between two Persons or more,

such as a partnership or trust or any other similar

association of Persons, in accordance with the applicable

legislation of the UAE.

Article 1 of Cabinet Decision No. 49 of 2023 defines the

following terms as:

- “Personal Investment” – Investment activity that a

natural person conducts for their personal account that

is neither conducted through a Licence or requiring a

Licence from a Licensing Authority in the UAE, nor

considered as a commercial business in accordance with

2022
. the Federal Decree-Law No. 50 of 2022.

- “Real Estate Investment” - Any investment activity

conducted by a natural person related to, directly or

indirectly, the sale, leasing, sub-leasing, and renting of

land or real estate property in the State that is not conducted, or does not require to be conducted through

.[illegible]

a Licence from a Licensing Authority. •

"[illegible]": [illegible]

•

“Turnover” – The gross amount of income derived

during a Gregorian calendar year. 1 Article 17 of the Corporate Tax Law states that:

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:) [illegible]

1. A Family Foundation can make an application to the FTA

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to be treated as an Unincorporated Partnership for the

[illegible]

purposes of the Corporate Tax Law where all of the

:[illegible]

following conditions are met:

a. The Family Foundation was established for the

[illegible]. [illegible]

benefit of identified or identifiable natural persons,

[illegible]

or for the benefit of a public benefit entity, or both. .[illegible]

b. The principal activity of the Family Foundation is to

[illegible]. [illegible]

receive, hold, invest, disburse, or otherwise manage

[illegible]

assets or funds associated with savings or

[illegible]

.[illegible]

investment. c. The Family Foundation does not conduct any activity

[illegible] .

[illegible]

that would have constituted a Business or Business

([illegible]6

( ) [illegible]11

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Activity under Article 11(6) of the Corporate Tax Law

had the activity been undertaken, or its assets been

held, directly by its founder, settlor, or any of its

beneficiaries. 16/21

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.17]

receive, hold, invest, disburse, or otherwise manage

assets or funds associated with savings or

investment.

c. The Family Foundation does not conduct any activity

that would have constituted a Business or Business

Activity under Article 11(6) of the Corporate Tax Law

had the activity been undertaken, or its assets been

held, directly by its founder, settlor, or any of its

beneficiaries.

16/21

d. The main or principal purpose of the Family

Foundation is not the avoidance of Corporate Tax.

e. Any other conditions as may be prescribed by the

Minister.

2.

2. Where the application under Article 17(1) is approved,

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the Family Foundation shall be treated as an

Unincorporated
Partnership
effective
from
the

commencement of the Tax Period in which the

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application is made, or from the commencement of a

future Tax Period, or any other date determined by the

FTA.

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3. For the purposes of monitoring the continued

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compliance by a Family Foundation with the conditions

of Article 17(1), the FTA may request any relevant

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information or records from the Family Foundation

within the timeline specified by the FTA.

2 Article 5 of Ministerial Decision No. 261 of 2024 states

2
(5
( ) 261
) 2024

that:

:
1. Where one or more of the beneficiaries of a Family

1.

Foundation are public benefit entities, the Family

Foundation must meet any of the following additional

conditions to be treated as an Unincorporated

Partnership:

a.
Such beneficiaries are not deriving income that

would be considered as Taxable Income in the event

they had derived it in their own right.

b.
The income that would be considered as Taxable

Income is distributed to the relevant beneficiaries

within (6) six months from the end of the relevant

Tax Period.

2.

2. A juridical person, that is wholly owned and controlled

by a Family Foundation that is treated as an

Unincorporated Partnership, can make an application

to the Authority to be treated as an Unincorporated

Partnership pursuant to Article (17) of the Corporate

Tax Law where all of the following conditions are met:

a.
The juridical person is wholly owned and controlled

[illegible].

[illegible]

[illegible]

by the Family Foundation either directly or

indirectly through an uninterrupted chain of other

[illegible]

.[illegible]

entities which are treated as Unincorporated

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.18]

([illegible] 17
) [illegible]

Unincorporated Partnership, can make an application

to the Authority to be treated as an Unincorporated

:[illegible]

Partnership pursuant to Article (17) of the Corporate

Tax Law where all of the following conditions are met:

a.
The juridical person is wholly owned and controlled

[illegible]

[illegible]

by the Family Foundation either directly or

indirectly through an uninterrupted chain of other

[illegible]

.[illegible]

entities which are treated as Unincorporated

Partnerships in accordance with the Corporate Tax

b.
The juridical person meets the conditions of Article

[illegible]([illegible] 1
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([illegible] 17
.) [illegible]

3 Article 16(1) of the Corporate Tax Law states that unless

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( ) [illegible] 16
) [illegible]

an application is made under Clause 8 of the Article, and
([illegible] 8
) [illegible]

subject to any conditions that the Minister may prescribe,

[illegible]

an Unincorporated Partnership shall not be considered a

[illegible]

Taxable Person in its own right, and Persons conducting a

Business as an Unincorporated Partnership shall be

treated as individual Taxable Persons for the purposes of

4 Article 2(1) of the UAE Federal Trust Law states that the

provisions of the UAE Federal Trust Law shall apply to

every trust created in accordance with its provisions,

except for the Financial Free Zones that have legislation

5 Article 3(2)(a) of the Corporate Tax Law states that

Corporate Tax shall be imposed on a Qualifying Free Zone

6 Article 3(1)(b) of Cabinet Decision No. 100 of 2023 states

that for the purposes of application of Article 18 of the

Corporate Tax Law, Qualifying Income of the Qualifying

Free Zone Person shall include income derived from

transactions with a Non-Free Zone Person, but only in respect of Qualifying Activities that are not Excluded

Activities, provided that such income is not attributable

to a Domestic Permanent Establishment or a Foreign

Permanent Establishment in accordance with Article 5 of

the Decision, or derived from the ownership or

exploitation of immovable property in accordance with

Article 6 of the Decision, or considered Taxable Income

7 Article 2(1)(d) of Ministerial Decision No. 229 of 2025

states that for the purposes of Cabinet Decision No. 100

of 2023, and subject to Clauses 2 and 3 of this Article, the

holding of shares and other securities for investment

purposes conducted by a Qualifying Free Zone Person

shall be considered Qualifying Activities.

8 Article 22(1) of the Corporate Tax Law states that

dividends and other profit distributions received from a

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.19]

states that for the purposes of Cabinet Decision No. 100

of 2023, and subject to Clauses 2 and 3 of this Article, the

holding of shares and other securities for investment

purposes conducted by a Qualifying Free Zone Person

. shall be considered Qualifying Activities. 8
Article 22(1) of the Corporate Tax Law states that

dividends and other profit distributions received from a

18/21

juridical person that is a Resident Person shall not be

. taken into account in determining the Taxable Income.
9 Article 22(2) of the Corporate Tax Law states that

dividends or other profit distributions received from a

Participating Interest in a foreign juridical person as

specified in Article 23 of the Corporate Tax Law shall not be taken into account in determining the Taxable Income.

10 Article 22(3) of the Corporate Tax Law states that any

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other income from a Participating Interest as specified in

Article 23 of the Corporate Tax Law shall not be taken into

account in determining Taxable Income.

11 Article 23 of the Corporate Tax Law states that:

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1. Income from a Participating Interest shall be exempt

1.

from Corporate Tax, subject to the conditions of this

Article.

2.

2. A Participating Interest means, a 5% (five percent) or

greater ownership interest in the shares or capital of a

juridical person, referred to as a "Participation" for the

purposes of Chapter Seven of the Corporate Tax Law

where all of the following conditions are met:

a. The Taxable Person has held, or has the intention to hold, the Participating Interest for an uninterrupted

period of at least 12 twelve months.

b. The Participation is subject to Corporate Tax or any

other tax imposed under the applicable legislation of

the country or territory in which the juridical person

is resident which is of a similar character to

Corporate Tax at a rate not less than the rate

specified in Article 3(1)(b) of the Corporate Tx Law. c. The ownership interest in the Participation entitles

the Taxable Person to receive not less than 5% (five

percent) of the profits available for distribution by

the Participation, and not less than 5% (five percent)

of the liquidation proceeds on cessation of the

Participation. d. Not more than 50% (fifty percent) of the direct and

indirect assets of the Participation consist of ownership interests or entitlements that would not

have qualified for an exemption from Corporate Tax

under this Article if held directly by the Taxable

[recovered from the vector store — CTP008-Corporate-Tax-treatment-of-family-wealth-management-structures.pdf p.20]

([illegible] 5)%

the Participation, and not less than 5% (five percent)

.[illegible]

of the liquidation proceeds on cessation of the

d.
Not more than 50% (fifty percent) of the direct and

[illegible]

indirect assets of the Participation consist of

ownership interests or entitlements that would not

[illegible]

have qualified for an exemption from Corporate Tax

[illegible]

under this Article if held directly by the Taxable

[illegible]

[illegible] ([illegible]) [illegible]([illegible]2) [illegible] [illegible](23) [illegible]

Person, subject to any conditions that may be

prescribed under Article 23(2)(e) of the Corporate

.[illegible]
e.
Any other conditions as may be prescribed by the

12 Article 12(1) of the Corporate Tax Law states that a

([illegible]1 ( ) [illegible]12) [illegible]

[illegible]

Resident Person, which is a juridical person, is subject to
Corporate Tax on its Taxable Income derived from the UAE

[illegible]

or from outside the UAE, in accordance with the provisions

13 Article 34(1) of the Corporate Tax Law states that in

([illegible]1 ( ) [illegible]34) [illegible]

determining
Taxable
Income,
transactions
and

arrangements between Related Parties must meet the

arm’s length standard as specified in Clauses (2), (3), (4)

and (5) of this Article and any conditions that may be

prescribed in a decision issued by the FTA.

14 Article 36(1) of the Corporate Tax Law states that without

prejudice to the provisions of Article 28 of Corporate Tax

Law, a payment or benefit provided by a Taxable Person to

its Connected Person shall be deductible only if and to the

extent the payment or benefit corresponds with the

Market Value of the service, benefit or otherwise provided

by the Connected Person and is incurred wholly and

exclusively for the purposes of the Taxable Person’s

15 Article 2(1)(h) of Ministerial Decision No. 229 of 2025

states that for the purposes of Cabinet Decision No. 100 of

2023, and subject to Clauses 2 and 3 of this Article, wealth

and investment management services conducted by a

Qualifying Free Zone Person shall be considered Qualifying

16 Article 2(1)(g) of Ministerial Decision No. 229 of 2025 states

that for the purposes of Cabinet Decision No. 100 of 2023,

and subject to Clauses 2 and 3 of this Article, fund

management services conducted by a Qualifying Free Zone

Person shall be considered Qualifying Activities.

17 Article 2(3)(h) of Ministerial Decision No. 229 of 2025

states that for the purposes of Clauses 1 and 2 of this

Article, wealth and investment management services

includes the activities of providing discretionary and non-

discretionary investment management and advisory

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services,
portfolio
management
and
wealth
and

investment advisory services, that are subject to the

regulatory oversight of the Competent Authority in the

18 Article 2(3)(g) of Ministerial Decision No. 229 of 2025 states

that for the purposes of Clauses 1 and 2 of this Article, Fund

management services includes the activities of portfolio

management, risk management, discretionary and non-

discretionary fund management services and other

services relating to the day-to-day management and

operation of an investment fund by a fund manager that is

appointed by the fund or its investors, including those

activities that are delegated by an investment fund or its

fund manager to an investment advisor or sub-advisor,

that are subject to the regulatory oversight of the

19 Article 2(2) of Cabinet Decision No. 49 of 2023 states that

notwithstanding Clause 1 of the Article, activities that give

([illegible] 1
) [illegible]

rise to Turnover from the following sources shall not be

[illegible]

considered as Businesses or Business Activities conducted

[illegible]

by a resident or non-resident natural person subject to

[illegible] :[illegible]

Corporate Tax, regardless of the amount of Turnover

20 Article 2(1) of Cabinet Decision No. 49 of 2023 states that

([illegible] 1
( ) [illegible] 2
( ) [illegible] 49
)

for the purposes of Article 11(6) of the Corporate Tax Law,

[illegible]([illegible] 6
( ) [illegible] 11
) [illegible]

Businesses or Business Activities, conducted by a resident

[illegible]

or non-resident natural person, shall be subject to

[illegible]

Corporate Tax only where the total Turnover derived from

[illegible]

such Businesses or Business Activities exceeds AED

(
1,000,000
.) [illegible]

1,000,000 (one million United Arab Emirates dirhams)