

Cabinet Decision No. (34) of 2025

Regarding Qualifying Investment Funds and Qualifying Limited Partnerships for the Purposes of Federal Decree-Law

No. (47) of 2022 on the Taxation of Corporations and Businesses

The Cabinet,

- Having reviewed the Constitution,
- And Federal Decree-Law No. (28) of 2022 on Tax Procedures, and its amendments,
- And Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses, and its amendments,
- And Cabinet Decision No. (81) of 2023 on the Conditions for Qualifying Investment Funds for the Purposes of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses,
- And based on the proposal of the Minister of Finance, and the approval of the Cabinet,

Has decided:

Article (1)

Definitions

The definitions contained in the aforementioned Federal Decree-Law No. (47) of 2022 shall apply to this Decision, and unless the context otherwise requires, the following terms and phrases shall have the meanings assigned to them below:

Investment Business	: The business or business activity of issuing investment interests to raise funds, pooling investor funds, or establishing a collective investment fund to enable the holder of an investment interest to benefit from the profits or returns generated from the acquisition, holding, management, or disposal of investments, in accordance with the relevant legislation in force in the State.
Immovable Property	: Means any of the following: <ol style="list-style-type: none">a. Any area of land over which rights, interests or services are created.b. Any building, structure or engineering work permanently attached to the land or affixed to the seabed.c. Any fixture or equipment that is a permanent part of the land or is permanently attached to a building, structure, engineering work or affixed to the seabed.
	: The net profit derived from the right in rem in Immovable Property located in the State, and from its sale, disposal, transfer

Income from Immovable Property	of rights therein, direct use, and lease, including sublease, and any other form of exploitation, as recorded in the financial statements and in proportion to the Investor's ownership interest, after excluding the income attributable to the Investment Manager under Clause (2) of Article (2) of this Decision, for each of the following:
	<ul style="list-style-type: none"> a. The Qualifying Investment Fund or the Real Estate Investment Trust, as the case may be. b. Any Exempt Person under paragraphs (f), (h), and (i) of Clause (1) of Article (4) of the Corporate Tax Law that is wholly owned and controlled, directly or indirectly, by the Qualifying Investment Fund or the Real Estate Investment Trust.
Immovable Property Ratio	: The value of Immovable Property located in the State held by a Qualifying Investment Fund as a percentage of the total asset value of the Qualifying Investment Fund. It includes the value of Immovable Property located in the State and the total asset value of Immovable Property located in the State and the assets held by any Exempt Person under paragraphs (f), (h), and (i) of Clause (1) of Article (4) of the Corporate Tax Law that is wholly owned and controlled, directly or indirectly, by the Qualifying Investment Fund.
Real Estate Investment Trust	: This term shall have the meaning assigned to it in the relevant legislation in force in the State.
Net Profit	: The net profit as recorded in the financial statements in accordance with the arm's length principle and in proportion to the Investor's ownership interest, after excluding the income attributable to the Investment Manager under Clause (2) of Article (2) of this Decision, for both the Qualifying Investment Fund and any Exempt Person under paragraphs (f), (h), and (i) of Clause (1) of Article (4) of the Corporate Tax Law that is wholly owned and controlled, directly or indirectly, by the Qualifying Investment Fund.
Ownership Interests	: Rights and interests of any kind held directly by an Investor in a Qualifying Investment Fund, a Real Estate Investment Trust, or a Qualifying Limited Partnership.
Qualifying Limited Partnership	: A limited partnership with a separate legal personality established under the relevant legislation in force in the State for the sole purpose of collective investment, under a legal framework that explicitly allows for the establishment of such

partnerships on or before 1 June 2023, or under any other legal framework that may be specified by the Minister.

Corporate Tax Law : Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses, and its amendments.

Article (2)

Conditions for Exempting a Qualifying Investment Fund from Corporate Tax

1. In addition to the conditions stipulated in Clause (1) of Article (10) of the Corporate Tax Law, an Investment Fund - excluding a Real Estate Investment Trust - must meet the following conditions to apply to the Authority for exemption from Corporate Tax as a Qualifying Investment Fund:

- a. The principal business or business activities of the Investment Fund must be Investment Business, and any other business or business activities conducted by the Investment Fund must be ancillary or incidental to the Investment Business.
- b. The Investors must not control the day-to-day management of the Investment Fund.
- c. It must provide its Investors with all necessary information, documents, and data for the purposes of calculating their Taxable Income as adjusted under this Decision.

2. For the purposes of applying paragraph (a) of Clause (1) of this Article, the following provisions shall apply:

- a. If the business or business activities of a resident Investment Manager are attributable to a resident Investment Fund, the Taxable Income of the Investment Manager shall be adjusted to include the net income attributable to the Investment Fund from those business or business activities in accordance with the provisions of Article (20) of the Corporate Tax Law.
- b. The business or business activities of an Investment Manager that are attributable to a resident Investment Fund shall be considered Investment Business if they meet one or both of the following conditions:
 1. They are subject to Corporate Tax in the State through the Investment Manager.
 2. They are conducted by an Investment Manager who meets the conditions stipulated in Clause (1) of Article (15) of the Corporate Tax Law, provided that the phrase "Resident Person" replaces the phrase "Non-Resident Person" mentioned in that Clause.
- c. Any other business or business activities conducted by the Investment Fund are considered ancillary or incidental to the Investment Business if the aggregate revenue from such business or business activities does not exceed (5%) five percent of the total revenue of the Investment Fund in the relevant financial year.

Article (3)

Investor's Income from a Qualifying Investment Fund

1. The Taxable Income of a Taxable Person investing in a Qualifying Investment Fund exempt from Corporate Tax shall be adjusted to exclude any profit distributions received from the Qualifying Investment Fund.
2. Without prejudice to Clause (1) of this Article and Article (22) of the Corporate Tax Law, the Taxable Income of a juridical person investing in a Qualifying Investment Fund – excluding a Real Estate Investment Trust – for the relevant Tax Period shall be adjusted to include, on a pro-rata basis, the Net Profit, in the following two cases:
 - a. If the number of Investors in the Qualifying Investment Fund is less than (10) ten, and that Investor and its Related Parties own (30%) thirty percent or more of the Ownership Interests in the Qualifying Investment Fund or have the ability, either by themselves or under an agreement or other arrangement, to do any of the following:
 1. Exercise (30) thirty percent or more of the voting rights in the Qualifying Investment Fund.
 2. Determine the composition of (30) thirty percent or more of the board of directors or equivalent management structure of the Qualifying Investment Fund.
 3. Receive (30) thirty percent or more of the profits of the Qualifying Investment Fund.
 4. Determine or exercise effective influence over the conduct of the business and affairs of the Qualifying Investment Fund.
 - b. If the number of Investors in the Qualifying Investment Fund is (10) ten or more, the provisions of paragraph (a) of this Clause shall apply, with the percentage of (30%) thirty percent being replaced by (50%) fifty percent wherever it appears in that paragraph.
3. Clause (2) of this Article shall not apply in the first (2) two financial years of the establishment of the Qualifying Investment Fund, provided there is sufficient evidence of the fund's intention not to exceed the limits stipulated in paragraphs (a) or (b) of Clause (2) of this Article from the third financial year onwards.
4. Clause (2) of this Article shall not apply if the limits stipulated in paragraphs (a) or (b) of Clause (2) of this Article are exceeded after the first (2) two financial years of the establishment of the Qualifying Investment Fund as a result of any of the following:
 - a. Reasons beyond the control of the Qualifying Investment Fund or the Investor, provided that the limits are not exceeded for a total period of more than (90) ninety days in the relevant financial year.
 - b. The liquidation or dissolution of the Qualifying Investment Fund.
5. Without prejudice to Clause (1) of this Article, and unless Clause (2) of this Article applies, if the Immovable Property Ratio of a Qualifying Investment Fund - excluding a Real Estate Investment Trust - exceeds (10%) ten percent in its financial year, the Taxable Income of the juridical person Investor for the relevant Tax Period shall be adjusted to include, on a pro-rata basis, (80%) eighty percent of the Income from Immovable Property.

6. Notwithstanding Clause (5) of this Article, if the Qualifying Investment Fund distributes (80) eighty percent or more of its Income from Immovable Property to Investors for the relevant financial year within (9) nine months of the end of that financial year, the income of an Investor who did not receive this distribution due to the disposal of their Ownership Interest in the Qualifying Investment Fund shall not be adjusted in proportion to that disposal.
7. If an Investor disposes of their Ownership Interest in a Qualifying Investment Fund and Article (23) of the Corporate Tax Law does not apply to this disposal, the Taxable Income of the Investor in the Tax Period in which the disposal occurred shall be adjusted to exclude the undistributed profit that was included in their Taxable Income for that interest in accordance with Clause (5) of this Article in that Tax Period and any preceding Tax Period, not exceeding the taxable gain realized from that disposal.
8. For any Immovable Property located in the State and eligible for a depreciation deduction under the provisions of the Decision issued by the Minister regulating depreciation adjustments for investment properties for the purposes of the Corporate Tax Law, the election under the said Decision to apply the depreciation deduction for the investment property held at fair value shall be deemed to have been made by the Qualifying Investment Fund, and an Investor whose income has been adjusted under Clause (2) or (5) of this Article may adjust their Taxable Income to include the aforementioned depreciation adjustments.
9. The Taxable Income of the Investor shall be increased by the amount of depreciation previously deducted under Clause (8) of this Article in the Tax Period in which any of the following occurs, whichever is earlier:
 - a. The disposal of the Immovable Property by the Investment Fund.
 - b. The disposal of the Ownership Interests in the Investment Fund by the Investor.
10. If an Investor in a Qualifying Investment Fund is a Non-Resident Person, they may, either directly or through the Qualifying Investment Fund or its Investment Manager, appoint a tax agent to act on their behalf in relation to their obligations under the provisions of the aforementioned Federal Decree-Law No. (28) of 2022.
11. The Income from Immovable Property shall be calculated on a pro-rata basis based on the Investor's Tax Period and the period to which the profit distribution relates for a Qualifying Investment Fund that distributes (80%) eighty percent or more of its Income from Immovable Property within (9) nine months from the end of its financial year, or the period of holding the Ownership Interests for a Qualifying Investment Fund that does not distribute this percentage within the aforementioned timeframe.

Article (4)

Conditions for Exempting a Real Estate Investment Trust from Corporate Tax

1. In addition to the conditions stipulated in Clause (1) of Article (10) of the Corporate Tax Law, a Real Estate Investment Trust must meet all of the following conditions to apply to the Authority for exemption from Corporate Tax as a Qualifying Investment Fund:

a. The value of the Immovable Property, excluding land, managed or owned by both the Real Estate Investment Trust and any Exempt Person under paragraphs (f), (h), and (i) of Clause (1) of Article (4) of the Corporate Tax Law that is wholly owned and controlled, directly or indirectly, by the Real Estate Investment Trust, must exceed (100,000,000) one hundred million UAE Dirhams.

b. Any of the following must be met:

1. At least (20) twenty percent, or any other percentage specified by the Minister, of its shares are traded on a recognised stock exchange, and the Real Estate Investment Trust and its Related Parties or Connected Persons do not subscribe to or purchase any of those traded shares.

2. It is wholly and directly owned by (2) two or more institutional investors specified in Clause (8) of this Article, provided that at least (2) two of these institutional investors are not Related Parties.

c. The average value of rental income-generating Immovable Property of the Real Estate Investment Trust and any Exempt Person under paragraphs (f), (h), and (i) of Clause (1) of Article (4) of the Corporate Tax Law that is wholly owned and controlled, directly or indirectly, by the Real Estate Investment Trust, excluding Immovable Property held exclusively for the purpose of capital appreciation, must not be less than (70%) seventy percent of its total asset value during the relevant financial year.

d. It must provide its Investors with all necessary information, documents, and data for the purposes of calculating their Taxable Income as adjusted under this Decision.

2. The provisions of Clauses (1), (8), (10), and (11) of Article (3) of this Decision shall apply to a Real Estate Investment Trust exempt from Corporate Tax as a Qualifying Investment Fund.

3. Without prejudice to Clause (1) of Article (3) of this Decision, the Taxable Income of a juridical person investing in a Real Estate Investment Trust exempt from Corporate Tax as a Qualifying Investment Fund shall, for the relevant Tax Period, be adjusted to include, on a pro-rata basis, (80%) eighty percent of the Income from Immovable Property, and the said Investor may adjust their Taxable Income to include depreciation adjustments under Clause (8) of Article (3) of this Decision.

4. Notwithstanding Clause (3) of this Article, if the Real Estate Investment Trust distributes (80%) eighty percent or more of its Income from Immovable Property to Investors for the relevant financial year within (9) nine months of the end of that financial year, the income of an Investor who did not receive this distribution due to the disposal of their Ownership Interest in the Real Estate Investment Trust shall not be adjusted in proportion to that disposal.

5. If an Investor disposes of their Ownership Interest in a Real Estate Investment Trust and Article (23) of the Corporate Tax Law does not apply to this disposal, the Taxable Income of the Investor in the Tax Period in which the disposal occurred shall be adjusted to exclude the undistributed income that was included in their Taxable Income for that interest in accordance with Clause (3) of this Article in that Tax Period and any preceding Tax Period, not exceeding the taxable gain realized from that disposal.

6. The Taxable Income of the Investor shall be increased by the amount of depreciation previously deducted under Clause (3) of this Article in the Tax Period in which any of the following occurs, whichever is earlier:

- a. The disposal of the Immovable Property by the Real Estate Investment Trust.
- b. The disposal of the Ownership Interests in the Real Estate Investment Trust by the Investor.

7. Paragraphs (a) and (b) of Clause (2) of Article (2) of this Decision shall apply to a Real Estate Investment Trust that is exempt from Corporate Tax as a Qualifying Investment Fund, provided that the phrase "Real Estate Investment Trust" replaces the phrase "resident Investment Fund".

8. An institutional investor is considered any of the following:

- a. A Government Entity.
- b. A Government Controlled Entity.
- c. Any juridical person wholly owned and controlled by either of the entities mentioned in paragraphs (a) and (b) of this Clause.
- d. A foreign government and its institutions and bodies, or juridical persons wholly owned and controlled by any of them.
- e. An international organization.
- f. A bank.
- g. An insurance provider.
- h. A pension or social security fund.
- i. An investment fund licensed and regulated by a competent authority or a similar regulatory body in the State or abroad.
- j. Any other juridical person specified by the Authority.

Article (5)

Qualifying Limited Partnerships

1. A Qualifying Limited Partnership may apply to the Authority for exemption from Corporate Tax if all of the following conditions are met:

- a. The principal business or business activities of the Qualifying Limited Partnership are Investment Business, and any other business or business activities conducted by the Qualifying Limited Partnership are ancillary or incidental to the Investment Business.
- b. The Qualifying Limited Partnership does not derive any income from a right in rem in Immovable Property located in the State, nor from its sale, disposal, transfer of rights therein, direct use, lease, including sublease, or any other form of exploitation.
- c. The main or principal purpose of the Qualifying Limited Partnership is not the avoidance of Corporate Tax.

2. A juridical person wholly owned and controlled, directly or indirectly, by a Qualifying Limited Partnership exempt from Corporate Tax may apply to the Authority for exemption from Corporate Tax if it meets the following two conditions:

- a. It undertakes any of the following activities:

 1. Exclusively carrying out all or part of the activity of the Qualifying Limited Partnership.
 2. Exclusively holding assets or investing funds for the benefit of the Qualifying Limited Partnership.
 3. Exclusively carrying out activities that are ancillary to the activities undertaken by the Qualifying Limited Partnership.

- b. It does not derive any income from a real right in immovable property located in the State, and from its sale, disposal, assignment of rights therein, direct use, leasing, including subleasing, and exploitation in any other form.

3. For the purposes of applying paragraph (a) of clause (1) of this Article, the following two provisions shall apply:

- a. If the business or business activities of a Resident Investment Manager are attributable to a Qualifying Limited Partnership, the Taxable Income of the Investment Manager shall be adjusted to include the net income attributable to the Qualifying Limited Partnership for such business or business activities in accordance with the provisions of Article (20) of the Corporate Tax Law.
- b. The business or business activities of the Investment Manager attributable to the Qualifying Limited Partnership shall be considered investment business if it meets one or both of the following two conditions:

1. It is subject to Corporate Tax in the State through the Investment Manager.
2. It is carried on by an Investment Manager who meets the conditions stipulated in clause (1) of Article (15) of the Corporate Tax Law, provided that the reference to "Non-Resident Person" in that clause is replaced with a reference to "Qualifying Limited Partnership".

4. Any other business or business activities carried on by the Qualifying Limited Partnership shall be considered ancillary or incidental to the investment business if the aggregated revenue from such business or business activities does not exceed (5%) five percent of the total revenue of the Qualifying Limited Partnership in the relevant Financial Year.
5. The Taxable Income of a Taxable Person investing in a Qualifying Limited Partnership exempt from Corporate Tax shall be adjusted to exclude any profit distributions received from the Qualifying Limited Partnership.
6. Without prejudice to clause (5) of this Article and Article (22) of the Corporate Tax Law, the Taxable Income of a juridical person Taxable Person investing in a Qualifying Limited Partnership exempt from Corporate Tax for the relevant Tax Period shall be adjusted to proportionately include the net income of both the Qualifying Limited Partnership and any juridical person exempt from Corporate Tax that is wholly owned and controlled, directly or indirectly, by the Qualifying Limited Partnership, as recorded in the financial statements, in proportion to the investor's ownership interest, and after deducting the income attributable to the Investment Manager under paragraph (a) of clause (3) of this Article, and in accordance with Article (20) of the Corporate Tax Law.
7. If an investor in a Qualifying Limited Partnership exempt from Corporate Tax is a Non-Resident Person, he may, directly or through the Qualifying Limited Partnership or the partnership's Investment Manager, appoint a Tax Agent to act on his behalf with respect to his obligations in accordance with the provisions of the referenced Federal Decree-Law No. (28) of 2022.
8. If a Qualifying Limited Partnership does not apply to the Authority to be exempt from Corporate Tax during the first Tax Period to which this Decision applies or does not meet any of the conditions stipulated in clause (1) of this Article throughout the Tax Period, it shall cease to be considered an Exempt Person as a Qualifying Limited Partnership from the beginning of the relevant Tax Period and for the subsequent (4) four Tax Periods.
9. If a Qualifying Limited Partnership ceases to be considered an Exempt Person under clause (8) of this Decision, its opening values for Corporate Tax purposes shall be as follows:
 - a. For assets and liabilities held before the first Tax Period in which the Qualifying Limited Partnership became an Exempt Person and continued to be held at the beginning of that Tax Period, the opening values shall be the closing balance sheet prepared for financial reporting purposes in accordance with the accounting standards applied in the State on the last day of the Financial Year ending immediately before the first Tax Period in which it became an Exempt Person, and any subsequent capitalized costs incurred during the Tax Period or Periods in which it was an Exempt Person, taking into account the arm's length principle and any conditions or adjustments that the Minister may specify.

b. For assets and liabilities acquired during the Tax Period or Periods in which the Qualifying Limited Partnership was an Exempt Person, the opening values shall be the "cost" as defined in the accounting standards applied in the State and any subsequent capitalized costs incurred during that period, taking into account the arm's length principle.

10. A Qualifying Limited Partnership that has not applied to the Authority to be exempt from Corporate Tax under clause (1) of this Article or has not met any of the conditions contained in that clause throughout the relevant Tax Period and has ceased to be considered an Exempt Person may apply to the Authority to be exempt from Corporate Tax under any other exemptions provided for in the Corporate Tax Law.

11. Clauses (8) to (10) of this Article shall apply to the juridical person referred to in clause (2) of this Article, and the reference to clause (1) in clauses (8) and (10) shall be replaced with a reference to clause (2).

Article (6)

Joint Venture

1. A Joint Venture that is treated as a Taxable Person in its own right in accordance with clause (8) of Article (16) of the Corporate Tax Law is considered an entity in accordance with the definition of a Qualifying Investment Fund.

2. A Joint Venture may apply to the Authority to be exempt from Corporate Tax as a Qualifying Investment Fund, provided that all relevant conditions set out in the Corporate Tax Law and this Decision are met.

Article (7)

Implementing Decisions

The Minister may issue the decisions necessary for the implementation of any of the provisions of this Decision.

Article (8)

Repeals

1. Cabinet Decision No. (81) of 2023 regarding the Conditions for Qualifying Investment Funds for the purposes of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses shall be repealed, provided that it shall continue to apply to Tax Periods that commenced before 1 January 2025.

2. Any provision that contravenes or conflicts with the provisions of this Decision shall be repealed.

Article (9)

Application of the Decision to Tax Periods

This Decision shall apply to Tax Periods that commence on or after 1 January 2025.

Article (10)
Publication and Entry into Force of the Decision

This Decision shall be published in the Official Gazette and shall enter into force from the date of its issuance.

Mohammed bin Rashid Al Maktoum
Prime Minister

Issued by us:

On: 27 / Ramadan / 1446 H

Corresponding to: 27 / March / 2025 AD