

Cabinet Decision No. 34 of 2025
On 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,
- Federal Decree-Law No. 28 of 2022 on Tax Procedures, and its amendments,
- Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, and its amendments,
- Cabinet Decision No. 81 of 2023 on Conditions for Qualifying Investment Funds for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses,
- Pursuant to what was presented by the Minister of Finance and upon the approval of the Cabinet,

Decided:

Article (1)
Definitions

Definitions in Federal Decree-Law No. 47 of 2022 referred to above shall apply to this Decision, with the exception of that, the following expressions shall have the meaning assigned against each, unless the context requires otherwise:

Investment Business: The Business or Business Activity of issuing of investment interests to raise funds or pool investor funds or establish a joint investment fund with the aim of enabling the holder of such an investment interest to benefit from the profits or gains resulting 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:

- a. Any area of land over which rights or interests or services can be created.
- b. Any building, structure or engineering work attached to the land permanently or attached to the seabed.
- c. Any fixture or equipment which makes up a permanent part of the land or is permanently attached to the building, structure or engineering work or attached to the seabed.

Immovable Property Income: Net realised profit derived from the right in rem, sale, disposal, assignment of rights therein, direct use, letting, including subletting and any other form of exploitation of Immovable Property located in the State as recorded in the financial statements and in proportion to the investor's Ownership Interest and after excluding the income attributable to the Investment Manager in accordance with Clause (2) of Article (2) of this Decision, of each of the following:

- 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 and wholly directly or indirectly owned and controlled by the Qualifying Investment Fund or the Real Estate Investment Trust.

Immovable Property Percentage: The value of the Immovable Property located in the State held by the Qualifying Investment Fund as a percentage of the total value of the assets of the Qualifying Investment Fund. The value of the Immovable Property located in the State and the total value of the assets shall include the Immovable Property in the State and assets held by any Exempt Person specified under paragraphs (f), (h) and (i) of Clause (1) of Article (4) of the Corporate Tax Law and wholly directly or indirectly owned and controlled by the Qualifying Investment Fund.

Real Estate Investment Trust: This term shall have the meaning provided for 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 and after excluding the income attributable to the Investment Manager in accordance with Clause (2) of Article (2) of this Decision, of 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 and wholly directly or indirectly owned and controlled by the Qualifying Investment Fund.

Ownership Interest: Rights and interests of any kind directly held by the investor in a Qualifying Investment Fund, a Real Estate Investment Trust or a Qualifying Limited Partnership.

Qualifying Limited Partnership: A limited partnership that is a juridical person established pursuant to the relevant legislation in force in the State for the sole purpose of collective investment, under a legal framework that explicitly allowed for the establishment of such partnerships on or before 1 June 2023, or any other legal framework as may be prescribed 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 to Exempt a Qualifying Investment Fund from Corporate Tax

1. An investment fund, with the exception of a Real Estate Investment Trust, shall meet all of the following conditions, in addition to the conditions under Clause (1) of Article (10) of the Corporate Tax Law, in order to apply to the Authority to be exempt from Corporate Tax as a Qualifying Investment Fund:
 - a. The principal Business or Business Activities conducted by the investment fund are Investment Business, and any other Business or Business Activities conducted by the investment fund are ancillary or incidental to the Investment Business.
 - b. The investors must not have control over the day-to-day management of the investment fund.
 - c. To provide its investors with all information, documents and data necessary for the purposes of calculating their Taxable Income adjusted pursuant to this Decision.
2. For the purposes of applying paragraph (a) of Clause (1) of this Article, the following provisions shall apply:
 - a. Where the Business or Business Activities of a resident Investment Manager are attributed to a resident investment fund, the Taxable Income of the Investment Manager shall be adjusted to include the net income attributed to the investment fund from such Business or Business Activities, in accordance with Article (20) of the Corporate Tax Law.
 - b. The Business or Business Activities of an Investment Manager that are attributed to a resident investment fund shall be considered to be Investment Business where they meet one or both of the following conditions:
 - 1) Are subject to Corporate Tax in the State through the Investment Manager.
 - 2) Are undertaken by an Investment Manager that would meet the conditions under Clause (1) of Article (15) of the Corporate Tax Law, provided that reference to the Non- Resident Person in that Clause is replaced by reference to a Resident Person.
 - c. Any other Business or Business Activities conducted by the investment fund shall be considered ancillary or incidental to the Investment Business if the combined Revenue of 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 Income from a Qualifying Investment Fund

1. The Taxable Income of a Taxable Person that is an investor in a Qualifying Investment Fund that is 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 that is an investor in a Qualifying Investment Fund, with the exception of a Real Estate Investment Trust, for a relevant Tax Period shall be adjusted to include the prorated Net Profit, in the following cases:
 - a. Where the Qualifying Investment Fund has less than (10) ten investors, 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, whether in their own right or by agreement or other arrangement, to conduct any of the following:
 - 1) Exercise 30% (thirty percent) or more of the voting rights of the Qualifying Investment Fund.
 - 2) Determine the composition of 30% (thirty percent) or more of the board of directors or an equivalent governing body of the Qualifying Investment Fund.
 - 3) Receive 30% (thirty percent) or more of the profits of the Qualifying Investment Fund.
 - 4) Determine, or exercise significant influence over, the conduct of the Business and affairs of the Qualifying Investment Fund.
 - b. Where the Qualifying Investment Fund has (10) ten or more investors, the provisions of paragraph (a) of this Clause shall apply, provided that 30% (thirty percent) is replaced with 50% (fifty percent) wherever it is used 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 to demonstrate the intention by the fund not to exceed the thresholds under paragraphs (a) or (b) of Clause (2) of this Article as from the third Financial Year.
4. Clause (2) of this Article shall not apply where, after the first (2) two Financial Years of the establishment of the Qualifying Investment Fund, the thresholds under paragraphs (a) or (b) of Clause (2) of this Article are exceeded for as a result of any of the following:
 - a. Reasons outside the control of the Qualifying Investment Fund or of the investor, provided that the thresholds are not exceeded for more than an aggregate period of (90) ninety days in the relevant Financial Year.
 - b. The liquidation or termination of the Qualifying Investment Fund.
5. Without prejudice to Clause (1) of this Article and unless Clause (2) of this Article applies, where a Qualifying Investment Fund, with the exception of a Real Estate Investment Trust, has an Immovable Property Percentage above 10% (ten percent) in its Financial Year, the Taxable Income of an investor that is a juridical person for the relevant Tax Period shall be adjusted to include 80% (eighty percent) of the prorated Immovable Property Income.
6. As an exception to Clause (5) of this Article, if the Qualifying Investment Fund distributes 80% (eighty percent) or more of its Immovable Property Income to the investors in relation to the relevant Financial Year within (9) nine months from the end of that Financial Year, the income of the investor, who did not receive this distribution due to the disposal of its Ownership Interest in the Qualifying Investment Fund, shall not be adjusted proportionate to that

disposal.

7. If the investor disposes of its Ownership Interest in a Qualifying Investment Fund and Article (23) of the Corporate Tax Law does not apply to such disposal, the investor's Taxable Income in the Tax Period in which the disposal took place shall be adjusted to exclude undistributed profit that was included in its Taxable Income in relation to that interest in accordance with Clause (5) of this Article in that Tax Period and any previous Tax Periods, subject to not exceeding the taxable gain arising from such disposal.
8. For any Immovable Property located in the State that qualifies for a depreciation deduction under the decision issued by the Minister governing depreciation adjustments for investment properties for the purposes of the Corporate Tax Law, an election pursuant to the said decision to apply depreciation deduction to an investment property held at a fair value basis is deemed to have been made by a Qualifying Investment Fund. The investor whose income is adjusted pursuant to Clause (2) or (5) of this Article, may adjust its Taxable Income to include such depreciation adjustments.
9. The Taxable Income of the investor shall be increased by the depreciation amount previously deducted under Clause (8) of this Article in the Tax Period in which any of the following occur, whichever is earlier:
 - a. Disposal of the Immovable Property by the investment fund.
 - b. Disposal of the Ownership Interests in the investment fund by the investor.
10. Where the investor in a Qualifying Investment Fund is a Non-Resident Person, it may appoint directly, or through the Qualifying Investment Fund or its Investment Manager, a Tax Agent to act on its behalf in respect of its obligations in accordance with the provisions of Federal Decree-Law No. 28 of 2022 referred to above.
11. The prorated Immovable Property Income shall be calculated based on the investor's Tax Period and the period which a profit distribution relates to for a Qualifying Investment Fund that distributes 80% (eighty percent) or more of its Immovable Property Income within (9) nine months from the end of its Financial Year or the holding period of the Ownership Interest for a Qualifying Investment Fund that does not distribute such percentage within the aforementioned timeline.

Article (4)

Conditions to Exempt a Real Estate Investment Trust from Corporate Tax

1. A Real Estate Investment Trust shall meet all of the following conditions, in addition to the conditions under Clause (1) of Article (10) of the Corporate Tax Law, in order to apply to the Authority to be exempt from Corporate Tax as a Qualifying Investment Fund:
 - a. The value of Immovable Property, excluding land, under the management or ownership of the Real Estate Investment Trust and any Exempt Person specified under paragraphs (f), (h) and (i) of Clause (1) of Article (4) of the Corporate Tax Law wholly directly or indirectly owned and controlled by the Real Estate Investment Trust exceeds AED 100,000,000 (one hundred million United Arab Emirates dirhams).
 - b. Where any of the following is met:
 - 1) At least 20% (twenty percent), or any other percentage as specified by the Minister, of its shares are floated 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 the floated shares.
 - 2) It is directly wholly owned by (2) two or more institutional investors specified in Clause (8) of this Article, provided that at least (2) two of those institutional investors are not Related Parties.

- c. The Real Estate Investment Trust, including any Exempt Person specified under paragraphs (f), (h) and (i) of Clause (1) of Article (4) of the Corporate Tax Law wholly directly or indirectly owned and controlled by the Real Estate Investment Trust, must have an average value of rental income-generating Immovable Property, excluding Immovable Property held solely for capital appreciation, of at least 70% (seventy percent) of the total value of its assets during the relevant Financial Year.
 - d. To provide its investors with all information, documents and data necessary for the purposes of calculating their Taxable Income adjusted pursuant to this Decision.
- 2. Clauses (1), (8), (10) and (11) of Article (3) of this Decision shall apply to a Real Estate Investment Trust that is 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 that is an investor in a Real Estate Investment Trust that is exempt from Corporate Tax as a Qualifying Investment Fund, for the relevant Tax Period shall be adjusted to include 80% (eighty percent) of the prorated Immovable Property Income. Such investor may adjust its Taxable Income to include depreciation adjustments in accordance with Clause (8) of Article (3) of this Decision.
- 4. As an exception to Clause (3) of this Article, if the Real Estate Investment Trust distributes 80% (eighty percent) or more of its Immovable Property Income to the investors in relation to the relevant Financial Year within (9) nine months from the end of that Financial Year, the income of the investor, who did not receive this distribution due to the disposal of its Ownership Interest in the Real Estate Investment Trust, shall not be adjusted proportionate to that disposal.
- 5. If the investor disposes of its Ownership Interest in a Real Estate Investment Trust and Article (23) of the Corporate Tax Law does not apply to such disposal, the investor's Taxable Income in the Tax Period in which the disposal took place shall be adjusted to exclude undistributed income that was included in its Taxable Income in relation to that interest in accordance with Clause (3) of this Article in that Tax Period and any previous Tax Periods, subject to not exceeding the taxable gain arising from such disposal.
- 6. The Taxable Income of the investor shall be increased by the depreciation amount previously deducted under Clause (3) of this Article in the Tax Period in which any of the following occur, whichever is earlier:
 - a. Disposal of the Immovable Property by the Real Estate Investment Trust.
 - b. 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, and reference to resident investment fund in that Clause shall be replaced with reference to Real Estate Investment Trust.
- 8. An institutional investor is any of the following:
 - a. A Government Entity.
 - b. A Government Controlled Entity.
 - c. Any juridical person wholly owned and controlled by any entity specified under paragraph (a) and (b) of this Clause.
 - d. A foreign government, its institutions and authorities or the juridical persons wholly owned and controlled by any of them.
 - e. International organisation.

- f. A Bank.
- g. An Insurance Provider.
- h. A pension or social security fund.
- i. An investment fund licensed and regulated by a relevant competent authority or a similar regulatory authority in or outside of the State.
- j. Any other juridical person determined by the Authority.

Article (5)

Qualifying Limited Partnership

1. A Qualifying Limited Partnership may apply to the Authority to be exempt from Corporate Tax where all of the following conditions are met:
 - a. The principal Business or Business Activities conducted by 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, sale, disposal, assignment of rights therein, direct use, letting, including subletting and any other form of exploitation of Immovable Property located in the State.
 - c. The main or principal purpose of the Qualifying Limited Partnership is not to avoid Corporate Tax.
2. A juridical person wholly directly or indirectly owned and controlled by a Qualifying Limited Partnership that is exempt from Corporate Tax may apply to the Authority to be exempt from Corporate Tax where it meets all of the following conditions:
 - a. It conducts any of the following activities:
 - 1) Only undertakes part or whole of the activity of the Qualifying Limited Partnership.
 - 2) Is engaged exclusively in holding assets or investing funds for the benefit of the Qualifying Limited Partnership.
 - 3) Only carries out activities that are ancillary to those carried out by the Qualifying Limited Partnership.
 - b. It does not derive any income from a right in rem, sale, disposal, assignment of rights therein, direct use, letting, including subletting and any other form of exploitation of Immovable Property located in the State.
3. For the purposes of applying paragraph (a) of Clause (1) of this Article, the following provisions shall apply:
 - a. Where the Business or Business Activities of a resident Investment Manager are attributed to a Qualifying Limited Partnership, the Taxable Income of the Investment Manager shall be adjusted to include the net income attributed to the Qualifying Limited Partnership from such Business or Business Activities, in accordance with Article (20) of the Corporate Tax Law.
 - b. The Business or Business Activities of an Investment Manager that are attributed to a Qualifying Limited Partnership shall be considered to be Investment Business where they meet at least one or both of the following conditions:
 - 1) Are subject to Corporate Tax in the State through the Investment Manager.

- 2) Are undertaken by an Investment Manager that would meet the conditions under Clause (1) of Article (15) of the Corporate Tax Law, provided that reference to the Non-Resident Person in that Clause is replaced by reference to a Qualifying Limited Partnership.
4. Any other Business or Business Activities that the Qualifying Limited Partnership conducts shall be considered ancillary or incidental to the Investment Business if the combined Revenue of 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 that is an investor in a Qualifying Limited Partnership that is 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 that is a Taxable Person and that is an investor in a Qualifying Limited Partnership that is exempt from Corporate Tax, for the relevant Tax Period shall be adjusted to include the prorated net income of the Qualifying Limited Partnership and any juridical person that is exempt from Corporate Tax and wholly directly or indirectly owned and controlled by the Qualifying Limited Partnership, as reflected in the financial statements, and in proportion to the Ownership Interest of the investor, and after deducting the income attributed to the Investment Manager under paragraph (a) of Clause (3) of this Article, in accordance with Article (20) of the Corporate Tax Law.
7. Where the investor in a Qualifying Limited Partnership that is exempt from Corporate Tax, is a Non-Resident Person, it may appoint directly, or through the Qualifying Limited Partnership or its Investment Manager, a Tax Agent to act on its behalf in respect of its obligations in accordance with the provisions of Federal Decree-Law No. 28 of 2022 referred to above.
8. If a Qualifying Limited Partnership does not make an application to the Authority to be exempt from Corporate Tax during the first Tax Period in which this Decision applies to it or fails to meet any of the conditions set out in Clause (1) of this Article throughout a Tax Period, it shall cease to be 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. Where a Qualifying Limited Partnership ceases to be an Exempt Person pursuant to Clause (8) of this Article, its opening value 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 still held at the start of that Tax Period, the opening value shall be the closing balance sheet, prepared for financial reporting purposes under the accounting standards applied in the State on the last day of the Financial Year that ends immediately before the first Tax Period in which it became an Exempt Person and any subsequent capitalised costs incurred during the Tax Period(s) in which it was an Exempt Person subject to the arm's length principle, and subject to any conditions or adjustments that may be prescribed by the Minister.
 - b. For assets and liabilities acquired during the Tax Period(s) in which the Qualifying Limited Partnership was an Exempt Person, the opening value shall be the "cost" as specified in the accounting standards applied in the State and any subsequent capitalised costs incurred during that period subject to the arm's length principle.
10. A Qualifying Limited Partnership that does not make an application to the Authority to be exempt from the Corporate Tax pursuant to Clause (1) of the Article or fails to meet any of the conditions set out in that Clause throughout a Tax Period and ceases to be an Exempt Person may apply to the Authority to be exempt from Corporate Tax under any other exemptions available under 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 reference in Clauses (8) and (10) to Clause (1) of this Article shall be replaced with reference to Clause (2).

Article (6)
Unincorporated Partnership

1. An Unincorporated Partnership that is treated as a Taxable Person in its own right in accordance with Clause (8) of Article (16) of the Corporate Tax Law shall be considered an entity under the definition of a Qualifying Investment Fund.
2. An Unincorporated Partnership may apply to the Authority to be exempt from Corporate Tax as a Qualifying Investment Fund, provided that all the relevant conditions specified in the Corporate Tax Law and this Decision are met.

Article (7)
Implementing Decisions

The Minister may issue the necessary decisions to implement any of the provisions of this Decision.

Article (8)
Repeals

1. Cabinet Decision No. 81 of 2023 on 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 but it shall continue to apply to Tax Periods that commenced before 1 January 2025.

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

Article (9)
Application of this Decision to Tax Periods

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

Article (10)
Publication and Application of this Decision

This Decision shall be published in the Official Gazette and shall come into effect on the date of its issuance.

Mohammed bin Rashid Al Maktoum
Prime Minister

Issued by us,
On: 27 Ramadan 1446
Corresponding to: 27 March 2025