

# UAE Cabinet Decision 34: Qualifying Investment Funds Framework Overhaul

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To (inside your company): CFO • Head of Tax • Investment Management • Fund Operations • Legal & Compliance

## Executive takeaways

- Comprehensively updates the investment fund exemption framework, replacing Cabinet Decision 81 of 2023.
- Introduces sophisticated attribution rules for concentrated ownership and UAE real estate exposure in investment funds.
- Establishes detailed REIT exemption criteria, including a AED 100 million minimum property value, 20% public float, and 70% income-generating property requirements.
- Creates a new qualifying limited partnership category with specific exemption conditions and restrictions.

## What changed & why it matters

- Enhanced Attribution Framework** — Tiered ownership thresholds (30%/50%) with different investor count requirements have been introduced for fund attribution. *Why it matters:* This prevents the use of investment funds to circumvent direct investment taxation while allowing genuine collective investment structures to maintain exemptions.
- UAE Real Estate Look-Through** — The new rules require 80% attribution of UAE property income for funds with greater than 10% UAE real estate exposure. *Why it matters:* This ensures foreign investors in UAE-heavy property funds contribute appropriate UAE tax on the underlying real estate income.
- REIT Substance Requirements** — Comprehensive criteria have been established, including asset thresholds, public listing requirements, and income-generation standards. *Why it matters:* This creates a legitimate pathway for REIT exemptions while ensuring adequate public participation and economic substance.

## Action checklist

- Assess all investment funds against new attribution thresholds and investor count requirements immediately.
- Calculate UAE real estate exposure percentages for all funds to determine 80% attribution obligations.
- Review REIT structures for compliance with the AED 100 million, public float, and income-generation requirements.
- Evaluate limited partnership structures for qualifying exemption opportunities and UAE property restrictions.
- Implement systems to continuously track ownership percentages, voting rights, and control relationships.
- Update fund documentation and investor disclosures to reflect new attribution and distribution requirements.

## Impact matrix

Compliance	H
Systems/ERP	H
Finance/Cash	H
Operations	H
Documentation	H
Training/Change	H

## Timeline

Now — comprehensive fund structure review & impact assessment

60 days — implement tracking systems & update procedures

2025 year-end — first full application of new framework

## Take Away

CD 34 represents the most comprehensive overhaul of UAE investment fund taxation since Corporate Tax implementation. The sophisticated attribution framework and UAE real estate look-through provisions fundamentally change how foreign investors access UAE fund structures. Fund managers must implement robust monitoring systems to track ownership thresholds while investors need to understand potential attribution obligations. The enhanced REIT framework provides clear exemption pathways but demands substantial compliance with public participation and asset composition requirements.