

# UAE Cabinet Decision 35: Non-Resident Nexus Determination

UAE • April 2025

To (inside your company): CFO • Head of Tax • International Tax • Real Estate • Investment Management

## Executive takeaways

- Updates non-resident nexus rules for Corporate Tax registration and filing obligations.
- Expands nexus beyond immovable property to include scenarios of investment fund attribution.
- Introduces anti-avoidance provisions for artificial transfers of immovable property.
- Creates specific nexus timing rules for investment fund distributions and acquisitions.

## What changed & why it matters

- **Investment Fund Nexus** — Nexus is extended beyond traditional immovable property to include income attribution from UAE investment funds. *Why it matters:* This ensures foreign investors in UAE funds cannot avoid tax obligations when they have a substantial economic presence through their fund investments.
- **Anti-Avoidance Rules** — Specific provisions have been introduced to prevent artificial transfers of immovable property rights to avoid nexus. *Why it matters:* This prevents tax avoidance schemes involving artificial property transfers and ensures substance-based taxation.
- **Distribution-Based Nexus** — Nexus can now be created at the time of fund distributions or investment acquisitions in certain scenarios. *Why it matters:* This provides clear timing rules for when non-residents become subject to UAE tax obligations through their fund activities.

## Action checklist

- Review all foreign entities with UAE immovable property interests for nexus requirements.
- Assess foreign investors in UAE investment funds for potential income attribution and nexus creation.
- Evaluate any immovable property transfers for indicators of an artificial arrangement.
- Monitor investment fund distribution patterns and timing for nexus triggers.
- Register affected non-resident persons for Corporate Tax as required.

## Impact matrix

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

## Timeline

Now — comprehensive nexus assessment for foreign entities

30 days — complete required registrations

Ongoing — monitor nexus triggers for new activities

## Take Away

CD 35 significantly expands the UAE's tax net for non-residents, moving beyond traditional immovable property nexus to include sophisticated investment fund structures. The anti-avoidance provisions demonstrate the UAE's commitment to substance-based taxation, while the investment fund nexus rules ensure foreign investors cannot escape tax obligations through fund intermediation. Non-resident entities must carefully evaluate their UAE economic presence across all these scenarios to ensure proper compliance.

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