UAE REIT Investors Corporate Tax Treatment Guide

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To (inside your company): Investment Managers • Fund Administrators • Tax Advisors • Institutional Investors

Executive takeaways

- Juridical person investors in exempt REITs are subject to Corporate Tax on 80% of their prorated share of the REIT's Immovable Property Income.
- The tax treatment differs for distributing funds (tax on distribution) versus non-distributing funds (tax on an accrual basis).
- Natural person investors are not subject to Corporate Tax adjustments on REIT income, regardless of whether it's part of a business.
- Non-resident investors may create a taxable nexus in the UAE based on REIT distribution patterns and timing.

What changed & why it matters

- **Pass-Through Taxation Framework** — Exempt REITs achieve tax transparency while investors bear a proportionate Corporate Tax burden on UAE immovable property income. *Why it matters:* This prevents double taxation while ensuring appropriate tax is collected on UAE real estate investment income at the investor level.
- **Distributing vs. Non-Distributing Treatment** — Tax timing depends on whether a REIT distributes 80% or more of its immovable property income within 9 months. *Why it matters:* This provides investment flexibility while ensuring tax collection timing aligns with cash flow distribution to investors.
- **Nexus Creation for Foreign Investors** — Non-resident juridical persons automatically create a UAE tax nexus through their REIT investments. *Why it matters:* This brings foreign investors into the UAE tax system for their real estate investment income and provides a clear compliance framework.

Action checklist

- Identify all juridical person investors subject to the 80% immovable property income taxation.
- Determine the REIT's distribution pattern to classify it as a distributing or non-distributing fund for tax timing purposes.
- Establish systems to track investor ownership percentages and holding periods for prorated calculations.
- Implement processes to provide the required information to investors for their own Corporate Tax compliance.
- Ensure non-resident juridical person investors are registered for Corporate Tax when a nexus is created.

Impact matrix

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

Timeline

- Effective from — Tax Periods after 1 Jan 2025
- Ongoing — monitor distribution patterns & ownership
- Financial year-end — calculate & allocate income
- Within 9 months — determine fund status

Take Away

The REIT investor taxation framework creates a sophisticated pass-through system that taxes juridical person investors on 80% of prorated UAE immovable property income while exempting natural persons entirely. The distinction between distributing and non-distributing funds provides operational flexibility while ensuring appropriate tax timing. REITs and investment managers must establish robust systems to track ownership and manage compliance for their investors.