

Cabinet Resolution No. (34) of 2025

Regarding Qualifying Investment Funds and Qualifying Limited Partnerships for the Purposes of Federal Decree by Law No. (47) of 2022 Regarding Taxation of Corporations and Business

The Cabinet:

- Having Reviewed the Constitution;
- Federal Decree by Law No. (28) of 2022 Regarding Tax Procedures, as amended;
- Federal Decree by Law No. (47) of 2022 Regarding Taxation of Corporations and Businesses, as amended;
- Cabinet Resolution No. (81) of 2023 Regarding the conditions for Qualifying Investment Funds for the purposes of Federal Decree by Law No. (47) of 2022 Regarding Taxation of Corporations and Businesses; and
- Upon the proposal of the Minister of Finance and the approval of the Cabinet,

Hereby resolves as follows:

Article (1)

Definitions

The definitions provided in the aforementioned Federal Decree by Law No. (47) of 2022 shall apply to this Resolution, except for the following expressions shall have the meanings assigned to each of them, unless otherwise required in the context:

Investment : The business or business activity of issuing investment interests to raise funds, pooling the funds of Investors, or establishing a mutual fund with the aim of enabling the holder of such an investment interest to benefit from the profits or returns resulting from the acquisition, ownership, management, or disposal of investments, in accordance with the relevant legislation in force in the State.

Business : Means any of the following:

Property

- a. Any plot of land over which rights, interests, or services can be established.
- b. Any building, structure, or engineering works permanently attached to the land or seabed.
- c. Any fixtures or equipment which constitute a permanent part of the land or are permanently attached to a building, structure, engineering work, or the seabed.

Income from Immovable Property : The net profit realized from a right in rem in immovable property located in the State, and from its sale, disposal, assignment of rights therein, direct use, leasing including sub-leasing, or other exploitation, as recorded in the financial statements, in proportion to the investor's ownership interest, and after excluding income attributable to the investment manager under Clause (2) of Article (2) of this Resolution, in respect of each of the following:

- a. Qualifying Investment Fund or Real Estate Investment Trust, as the case may be.
- b. Any Person exempt under Paragraphs (f), (h) and (i) of Clause (1) of Article (4) of the Corporate Tax Law that is wholly owned and wholly controlled, directly or indirectly, by a Qualifying Investment Fund or Real Estate Investment Fund.

Immovable Property Ratio : The value of 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, and includes the value of immovable property located in the State, the total value of the assets of the immovable property located in the State, and the assets held by any Person exempt under Paragraphs (f), (h) and (i) of Clause (1) of Article (4) of the Corporate Tax Law that is wholly owned and wholly controlled, directly or indirectly, by the Qualifying Investment Fund.

Real Estate Investment Trust (“REIT”)	: 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 under the arm's-length principle, allocated 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 Resolution, in respect of the Qualifying Investment Fund and any person exempt under Paragraphs (f), (h) and (i) of Clause (1) of Article (4) of the Corporate Tax Law that is wholly owned and wholly controlled, directly or indirectly, by Qualifying Investment Fund.
Ownership Interests	: The rights and interests of any kind held directly by an investor in a Qualifying Investment Fund, Real Estate Investment Trust or Qualifying Limited Partnership.
Qualifying Limited Partnership	: A limited partnership with legal personality established under the relevant legislation in force in the State solely for collective investment, under a legal framework that expressly authorizes the establishment of such type of partnership on or before 1 June 2023, or under any other legal framework specified by the Minister.
Corporate Tax Law	: Federal Decree by Law No. (47) of 2022 Regarding Taxation of Corporations and Businesses, as amended.

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, except for a Real Estate Investment Trust, shall meet the following conditions to apply to the Authority for exemption from Corporate Tax as a Qualifying Investment Fund:

- a. The primary business or business activities conducted by the Investment Fund shall be investment business, and any other business or business activities conducted by the Investment Fund shall be ancillary or incidental to the Investment Business.
 - b. Investors shall not control the daily management of the Investment Fund.
 - c. The Fund shall provide its investors with all information, documents and data necessary for calculating their Taxable Income adjusted under this Resolution.
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 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 for such business or business activities in accordance with the provisions of Article (20) of the Corporate Tax Law.
 - b. The Investment Manager's business or business activities attributable to a Resident Investment Fund shall be deemed to be an Investment Business if one or both of the following conditions are met:
 1. They are subject to Corporate Tax in the State through the Investment Manager.
 2. They are conducted by an Investment Manager that meets the conditions stipulated in Clause (1) of Article (15) of the Corporate Tax Law, provided that the term "Resident Person" shall replace the term "Non-Resident Person" stipulated in that Clause.
 - c. Any other business or business activities conducted by the Investment Fund shall be deemed ancillary or incidental to the Investment Business if the combined revenues of such business or business activities do not exceed five percent (5%) of the total revenues of the Investment Fund in the concerned fiscal year.

Article (3)

Investors Income from Qualifying Investment Fund

1. The Taxable Income of a Taxable Investor in a Qualifying Investment Fund exempt from Corporate Tax shall be adjusted to exclude any dividends 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 legal person investing in a Qualifying Investment Fund, except for a Real Estate Investment Fund, for the relevant Tax Period shall be adjusted to include net profit on a proportional basis, 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 hold thirty percent (30%) or more of the ownership interests in the Qualifying Investment Fund or have the ability, either by themselves or by agreement or other arrangement, to do any of the following:
 1. Exercise 30% or more of the voting rights of the Qualifying Investment Fund.
 2. Determine the composition of 30% or more of the Board of Directors or equivalent management structure of the Qualifying Investment Fund.
 3. Receive 30% or more of the profits of the Qualifying Investment Fund.
 4. Determine or exercise effective influence over the management of the business and affairs of the Qualifying Investment Fund.
 - b. If the number of investors in the Qualifying Investment Fund is ten (10) or more, the provisions of Paragraph (a) of this Clause shall apply, provided that (30%) thirty percent shall be substituted for (50%) fifty percent wherever it appears in therein.
3. Clause (2) of this Article shall not apply for the first two (2) fiscal years after the establishment of the Qualifying Investment Fund, provided there is sufficient evidence of the Fund's intention not to exceed the thresholds set forth in Paragraphs (a) or (b) of Clause (2) of this Article as of the third fiscal year.
4. Clause (2) of this Article shall not apply in the event that the thresholds set forth in Paragraphs (a) or (b) of Clause (2) of this Article are exceeded after the first two (2) fiscal years following the establishment of the Qualifying Investment Fund as a result of:

- a. Reasons beyond the control of the Qualifying Investment Fund or the Investor, provided that the thresholds are not exceeded for more than ninety (90) aggregate days in the relevant fiscal year.
 - b. 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, if the Immovable Property Ratio of a Qualifying Investment Fund, except for a Real Estate Investment Trust, exceeds (10%) ten percent in its fiscal year, the Taxable Income of the investing legal person for the relevant Tax Period shall be adjusted to include (80%) eighty percent of the income from Immovable Property on a proportional basis.
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 concerned fiscal year within (9) nine months after the end of that fiscal year, the income of the investor who did not receive such distribution due to the disposal of its ownership interest in the Qualifying Investment Fund shall not be adjusted in proportion to that disposal.
7. If an investor disposes of its ownership interest in the Qualifying Investment Fund and Article (23) of the Corporate Tax Law does not apply to such disposal, the Taxable Income of the investor for the tax period in which the disposal occurred shall be adjusted to exclude the undistributed profit that was included in its Taxable Income in respect of that interest in accordance with Clause (5) of this Article for that Tax Period and any previous Tax Periods, not exceeding the taxable gain realized from such disposal.
8. For any Immovable Property located in the State that qualifies for a depreciation deduction under the provisions of the Resolution issued by the Minister regulating depreciation adjustments for investment properties for the purposes of the Corporate Tax Law, the election made under the said Resolution to apply depreciation deduction for investment property held on a fair-value basis shall be deemed to have been made by the Qualifying Investment Fund. The investor whose income has been adjusted under 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 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. Disposal of Immovable Property by the Investment Fund.
 - b. Disposal of ownership interests in the Investment Fund by the investor.
10. If the investor in the Qualifying Investment Fund is a Non-Resident Person, it may, directly or through the Qualifying Investment Fund or the Investment Manager of the Fund, appoint a Tax Agent to act on its behalf with respect to its obligations in accordance with the provisions of Federal Decree by Law No. (28) of 2022.
11. Income from Immovable Property shall be calculated proportionally based on the investor's Tax Period and the period to which the dividend relates for a Qualifying Investment Fund that distributes (80%) eighty percent or more of its income from Immovable Property within (9) nine months after the end of its fiscal year, or the holding period for a Qualifying Investment Fund that does not distribute this percentage within the said 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 shall 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 Immovable Property, excluding land, managed or owned by the Real Estate Investment Trust and any Person exempt under Paragraphs (f), (h) and (i) of Clause (1) of Article (4) of the Corporate Tax Law that is wholly owned and wholly controlled, directly or indirectly, by the Real Estate Investment Trust, exceeds AED 100,000,000 (one hundred million United Arab Emirates dirhams).
 - b. Any of the following shall be met:
 1. At least (20%) twenty percent, or any other percentage specified by the Minister, of its shares are traded on an authorized stock exchange, and neither the Real

Estate Investment Trust nor its Related Parties or Connected Persons shall not subscribe to or purchase any of those traded shares.

2. It is wholly and directly owned by (2) two or more of the 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 the Immovable Property generating rental income of the Real Estate Investment Trust and any Person exempt under Paragraphs (f), (h) and (i) of clause (1) of Article (4) of the Corporate Tax Law that is wholly owned and wholly controlled, directly or indirectly, by the Real Estate Investment Trust, excluding Immovable Property held exclusively for the purpose of capital appreciation, shall not be less than (70%) seventy percent of the total value of its assets during the relevant fiscal year.
 - d. The Real Estate Investment Trust shall provide its investors with all necessary information, documents and data for the purpose of calculating their Taxable Income as amended by this Resolution.
2. The provisions of Clauses (1), (8), (10) and (11) of Article (3) of this Resolution 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 Resolution, the Taxable Income of a legal person investing in a Real Estate Investment Trust exempt from Corporate Tax as a Qualifying Investment Fund shall be adjusted for the relevant Tax Period to proportionately include (80%) eighty percent of the income from Immovable Property, and the said investor may adjust its Taxable Income to include depreciation adjustments under Clause (8) of Article (3) of this Resolution.
 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 in respect of the relevant financial year within (9) nine months after the end of that financial year, the income of the investor who did not receive such distribution due to the disposal of its ownership interest in the Real Estate Investment Trust shall not be adjusted in proportion to such disposal.

5. If the Investor disposes of its ownership interest in the Real Estate Investment Trust and Article (23) of the Corporate Tax Law does not apply to such disposal, the Investor's Taxable Income shall be adjusted for the Tax Period in which the disposal occurred to exclude the undistributed income that was included in its Taxable Income in respect of that interest in accordance with Clause (3) of this Article for that Tax Period and any previous Tax Periods, not exceeding the taxable gain realized from such disposal.
6. The investor's Taxable Income shall be increased by the amount of depreciation previously deducted under Clause (3) of this Article for the Tax Period in which any of the following occurs, whichever is earlier:
 - a. Disposition of Immovable Property by the Real Estate Investment Trust.
 - b. Disposal of ownership interests in the Real Estate Investment Trust by the investor.
7. Paragraphs (a) and (b) of Clause (2) of Article (2) of this Resolution shall apply to a Real Estate Investment Trust that is exempt from Corporate Tax as a Qualifying Investment Fund, provided that the term "Real Estate Investment Trust" shall replace the term "Resident Investment Fund."
8. An institutional investor shall be any of the following:
 - a. Government Entity.
 - b. A Government Controlled Entity.
 - c. Any legal person wholly owned and controlled by either of the entities referred to in Paragraphs (a) and (b) of this Clause.
 - d. A foreign government and its affiliated institutions and authorities, or legal persons wholly owned and controlled by any of them.
 - e. An International organization.
 - f. A Bank.
 - g. An Insurance Service Provider.
 - h. A Pension or Social Security Fund.
 - i. An Investment Fund licensed and regulated by a competent authority or similar regulatory authority in the State or abroad.
 - j. Any other legal 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 primary business or business activities carried on by the Qualifying Limited Partnership are investment businesses, and any other business or business activities carried on by the Qualifying Limited Partnership are ancillary or incidental to the investment business.
 - b. The Qualifying Limited Partnership shall not generate any income from a right in rem in immovable property located in the State and from the sale, disposal, assignment of rights therein, direct use, leasing including subletting, or any other form of exploitation.
 - c. The main or primary purpose of the Qualifying Limited Partnership is not to avoid corporate tax.
2. A legal person that is wholly owned and wholly controlled, directly or indirectly, by a Qualifying Limited Partnership that is exempt from corporate tax may apply to the Authority for exemption from corporate tax if it meets the following two conditions:
 - a. engages in any of the following activities:
 1. Exclusively carry out all or part of the Qualifying Limited Partnership activity.
 2. Exclusively holding assets or investing funds for the benefit of the Qualifying Limited Partnership.
 3. Exclusively carrying out activities ancillary to the activities carried out by the Qualifying Limited Partnership.
 - b. It shall not derive any income from a right in rem in immovable property located in the State and from its sale, disposal, assignment of rights therein, direct use, leasing including subletting and or any other form of exploitation.
3. For the purposes of the application of 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 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 deemed to be an Investment Business if one or both of the following conditions are met:
 1. They are subject to corporate tax in the State through the Investment Manager.
 2. It is conducted by an Investment Manager that meets the requirements set forth in clause (1) of Article (15) of the Corporate Tax Law, provided that any reference therein to "Qualifying Limited Partnership" shall be read as reference to "Non-Resident Person."
4. Any other business or business activities carried on by the Qualifying Limited Partnership shall be deemed to be ancillary or incidental to the Investment Business if the combined revenues of such business or business activities do not exceed five percent (5%) of the total revenues of the Qualifying Limited Partnership in the relevant fiscal year.
5. The Taxable Income of a Taxable Person who is an investor in a Qualifying Limited Partnership that is exempt from corporate tax shall be adjusted to exclude any dividends 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 legal person who is an investor 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 legal person exempt from corporate tax that is wholly owned and wholly controlled, directly or indirectly, by the Qualifying Limited Partnership, as recorded in the financial statements, in proportion to the investor's ownership interest, after deducting the income attributable to the Investment Manager under Paragraph (a) of Clause (3) of this Article, in accordance with Article (20) of the Corporate Tax Law.
7. If the investor in a Qualifying Limited Partnership exempt from corporate tax is a Non-Resident Person, it may, directly or through the Qualifying Limited Partnership or the Investment Manager of the Partnership, appoint a Tax Agent to act on its behalf with

respect to its obligations in accordance with the provisions of Federal Decree by Law No. (28) of 2022.

8. If a Qualifying Limited Partnership does not apply to the Authority for exemption from Corporate Tax during the first Tax Period to which this Resolution applies or fail to meet any of the conditions stipulated in Clause (1) of this Article throughout the Tax Period, it shall cease to be treated as an Exempt Person as a Qualifying Limited Partnership from the beginning of the relevant Tax Period and for the four (4) subsequent Tax Periods.
9. If a Qualifying Limited Partnership ceases to be treated as an Exempt Person under Clause (8) of this Resolution, its opening values for Corporation Tax purposes shall be as follows:
 - a. For assets and liabilities that were held prior to 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 those in the closing balance sheet prepared for financial reporting purposes in accordance with applicable accounting standards as of the last day of the fiscal year ending immediately prior to the first Tax Period in which it became an Exempt Person and any subsequent capitalized costs incurred during the Tax Period(s) in which it was treated as an Exempt Person, taking into account the arm's length principle and any conditions or adjustments as may be prescribed by the Minister.
 - b. For assets and liabilities acquired during the Tax Period(s) in which the Qualifying Limited Partnership was treated as an Exempt Person, the opening values shall be the "cost" as defined in the applicable accounting standards 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 for exemption from Corporate Tax under Clause (1) of this Article or has failed to meet any of the conditions in that Clause throughout the relevant Tax Period and has ceased to be treated as an Exempt Person, may apply to the Authority for exemption from Corporate Tax in accordance with any other exemptions under the Corporate Tax Law.

11. Clauses (8) to (10) of this Article shall apply to the legal person referred to in Clause (2) of this Article and the reference to Clause (1) in Clauses (8) and (10) shall be replaced by the reference to Clause (2).

Article (6)

Unincorporated Partnership

1. An Unincorporated Partnership that is treated as Taxable Person in its own right in accordance with Clause (8) of Article (16) of the Corporate Tax Law shall be deemed to be an entity in accordance with the definition of a Qualifying Investment Fund is an entity in accordance with the definition of a Qualified Investment Fund.
2. The Unincorporated Partnership may apply to the Authority for exemption from Corporate Tax as a Qualifying Investment Fund provided that all relevant conditions set forth in the Corporate Tax Law and this Resolution are met.

Article (7)

Executive Resolutions

The Minister may issue the necessary Resolutions to implement any of the provisions of this Resolution.

Article (8)

Repeals

1. Cabinet Resolution No. (81) of 2023 Regarding the Conditions of Qualifying Investment Funds for the purposes of Federal Decree by Law No. (47) of 2022 Regarding Taxation of Corporations and Businesses is hereby repealed, provided that it shall continue to apply for Tax Periods commencing before January 1, 2025.
2. Any provision that contradicts or conflicts with the provisions of this Resolution shall be repealed.

Article (9)

Application of the Resolution to Tax Periods

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

Article (10)

Publication and Entry into Force

This Resolution 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:

Dated: 27 Ramadan 1446 A.H.

Corresponding to: March 27, 2025 A.D.