

UAE FTA Family Foundations Guide

What changed between
May 2025 and June 2026

Corporate Tax Guide CTGFF1



Updates in Existing Section

Section	What updated?
3.3 Trusts	The updated guide places emphasis on the trust deed, clarifying that the settlor transfers and assigns assets to be held and managed by a trustee, and that any trustee fee must be provided for in accordance with the terms of the trust deed.
3.4 Similar entities	NEW CLARIFICATION: LLCs are explicitly not “similar entities” and cannot apply directly for fiscal transparency – but can still qualify as a wholly-owned juridical person under section 3.5 (Entities wholly owned and controlled by a Family Foundation).
8.1 Registration for Corporate Tax Purposes	NEW CLARIFICATION: Foreign Partnership that is fiscally transparent is not required to register for Corporate Tax purposes (referencing Article 16(7) of the Corporate Tax Law).



Section 6 : Multi-tier structures — the key policy shift

May 2025 – Co-ownership treatment

SPV owned 80%/20% by two Family Foundations

- Ineligible for fiscally transparent treatment
- Ownership condition: 'wholly owned by a Family Foundation'



June 2026- Co-ownership treatment

SPV co-owned by two Family Foundations can now qualify

- Juridical person can be 'wholly owned' by more than one Family Foundation jointly
- Control assessed per majority ownership, voting rights, board composition, and profit rights

Additional clarifications:

- Beneficiary condition extended to subsidiaries — where the Family Foundation meets the beneficiary condition, wholly-owned entities are also treated as meeting it.
- Subsidiaries can only apply the Unincorporated Partnership treatment where the Family Foundation itself is treated as an Unincorporated Partnership.

Three new sections added in June 2026

7.8 — Transfers to a Family Foundation

When a founder, settlor, or other transferor transfers assets or funds to a Family Foundation:

- If the transferor is a Related Party to the Family Foundation, the transaction must be conducted at arm's length (i.e., on terms that independent parties would agree to).
- Any gain or loss arising from the transfer may be subject to Corporate Tax, depending on the facts and circumstances, including whether the transferor is a Taxable Person.
- Exception: If the transferor is a natural person (individual) and the transferred assets qualify as Personal Investments or Real Estate Investments, the transfer is not subject to Corporate Tax.

7.9 — Juridical persons acquired or sold

- When a company becomes wholly owned and controlled by a Family Foundation, it may cease to be a Taxable Person if the required conditions are met. Conversely, if it no longer meets those conditions, it may become a Taxable Person again.
- Importantly, no adjustment is made to the tax base cost of its assets during these status changes; the periods when it is treated as a fiscally transparent entity are ignored for Corporate Tax purposes.

7.10 — Family offices (SFOs & MFOs)

- A Single Family Office (SFO) or Multi Family Office (MFO) owned by a Family Foundation will generally remain subject to Corporate Tax because it conducts business activities and therefore is unlikely to meet the conditions for tax-transparent treatment.
- Management fees and other income earned by the SFO/MFO are taxable.
- Services provided to related parties must be charged at arm's length.
- If the SFO/MFO is a Free Zone Person, it may qualify for the 0% Corporate Tax rate on certain regulated wealth, investment, or fund management services.
- The 0% rate applies only if the activities are under the supervision of a UAE Competent Authority (e.g., DFSA, FSRA, or UAE Central Bank); merely holding a licence is not sufficient.



Practical Implications

- The updated guidance clarifies that LLCs cannot be regarded as a 'similar entity' for these purposes.
- Family offices remain taxable
- Transfers into foundations requires Transfer Pricing Compliance
- Review existing structures, where ownership of SPV is by more than one Family foundation.



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