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UAE TAX GUIDE · NOVEMBER 2026

Family Foundations & Family Offices

Corporate Tax | Transfer Pricing | Other Tax Aspects

A Practical Guide for the UAE and the Wider GCC

What This Guide Covers

01 Introduction & Background

02 Corporate Tax Compliance & Issues

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04 Other Topics: Succession, GCC & Updates

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01

Introduction & Background

01 · Introduction & Background

A Region Built for Family Wealth

The Gulf has become one of the fastest growing centers for private family wealth in the world. Families that built businesses across South Asia, Africa, Europe and the wider Middle East are now formalizing that wealth in the UAE at a pace few other jurisdictions can match. What began largely as first generation entrepreneurs relocating their businesses has, over the past decade, become a deliberate exercise in structuring wealth across generations. Families are separating personal wealth from operating risk and giving it a durable legal home before it passes to children and grandchildren.

The UAE Corporate Tax Law was one of the first in the region to include a dedicated regime for family wealth structures through Article 17. Since then, the Federal Tax Authority (FTA) has issued a series of updates as listed below:

- **Public Clarification CTP008, "Corporate Tax treatment of family wealth management structures" (issued 19 September 2025).** A Public Clarification sets out the FTA's view on specific questions. CTP008 reaffirms how the existing rules apply to family wealth vehicles, multi-tier structures, family offices and beneficiaries.
- **Corporate Tax Guide on the Taxation of Family Foundations (CTGFF1), updated 10 June 2026.** The June 2026 version replaces the first edition of May 2025. It adds guidance on trusts, similar entities, multi-tier structures, transfers into Foundations, entities acquired or sold by Foundations, and family offices.
- The guide is interpretative and not legally binding.

Both are published on the FTA website ***(tax.gov.ae)***.

The framework is still being interpreted and refined, so structures set up even a year or two ago should be reviewed against the latest guidance.

01 · Introduction & Background

Why Families Are Choosing the UAE

The steady inflow of high-net-worth individuals (HNWIs) into the UAE is driven by economic stability, quality of life and a well-developed regulatory framework.

Favorable Tax Environment

There is no personal income tax, no capital gains tax on personal investments and no inheritance tax. Together these make the UAE well suited to preserving wealth over the long term.

Long Term Residency

The Golden Visa, administered by the Federal Authority for Identity, Citizenship, Customs and Port Security (ICP), grants renewable 5- or 10-year residency to qualifying investors, entrepreneurs and specialized professionals without the need for a local employer sponsor.

Common Law Free Zone Jurisdictions

The DIFC and ADGM have their own common law legal frameworks, with dedicated legislation for foundations and trusts. They operate within the UAE but offer an alternative to the onshore civil law system for matters within their jurisdiction, which is familiar ground for advisers used to common law.

Generational Succession & Legal Certainty

Dubai Law No. 2 of 2025 confirms the DIFC Courts' jurisdiction over non-Muslim wills and trust matters, and Federal Decree-Law No. 41 of 2022 lets non-Muslims apply the law of their home country. This improves certainty, but the scope for each family should be confirmed with legal advisers.

01 · Introduction & Background

Choosing a Jurisdiction and Vehicle

Choosing the right legal vehicle means balancing control, asset protection and tax transparency.

Vehicle Type	Legal Personality	Tax Transparency Status	Typical Use Case
DIFC / ADGM Foundation	Separate legal entity (no shareholders)	Transparent only upon FTA approval under Article 17	Holding operating company shares, real estate and family wealth across generations
Trust	Not a separate legal person (varies by jurisdiction)	Unincorporated trusts (e.g., DIFC or ADGM trusts) are transparent by default; incorporated trusts and similar entities must apply under Article 17	Managing estate assets for named beneficiaries through independent trustees
LLC / SPV	Separate legal entity	Taxable by default. Not itself a "similar entity", so it cannot apply as a Family Foundation. It may apply as an underlying juridical person if wholly owned and controlled by one or more transparent Family Foundations (directly or via an uninterrupted transparent chain) and all conditions are met. Each entity needs its own approval.	Holding specific assets, such as individual properties or operating subsidiaries

In practice, most family structures combine more than one of these vehicles. A Foundation sits at the top for governance and succession, with LLCs or SPVs below it holding specific asset classes.

LLCs Cannot Qualify on Their Own

An LLC is not a "similar entity" eligible to apply as a Family Foundation, so it cannot be the top holding vehicle. As an underlying juridical person, it may apply for Article 17 treatment if it is wholly owned and controlled through the permitted transparent chain and all applicable conditions are met. Each underlying juridical person requires its own approval; transparency is never inherited automatically.

A DIFC Prescribed Company (PC) is a lower cost alternative to a standard SPV for passive holdings. Under the amended DIFC Prescribed Company Regulations, in force from 24 July 2026, any applicant can form a PC. A PC that is not exempt (broadly, one not controlled by a DIFC registered entity, a regulated financial firm, a listed company or a government entity) must appoint a licensed corporate service provider; PCs formed before 24 July 2026 have until 24 January 2027. PCs keep accounting records and file audited accounts unless an audit exemption, such as the small company's regime, applies.

01 · Introduction & Background

Typical Ownership Architecture

A typical regional wealth structure has three levels of ownership.

01

At the Apex

A DIFC or ADGM Foundation established by the founder.

02

At the Intermediate Level

One or more wholly owned SPVs or LLCs holding different asset classes, such as real estate, investment portfolios or trading subsidiaries.

03

At the Operational Level

A separate Single-Family Office (SFO) or Multi Family Office (MFO) providing administrative and management services.

Governance Instruments

A Foundation is usually governed by a Charter, which sets out its purpose and beneficiaries, and Bylaws, which set internal rules on administration and distributions. Day to day decisions sit with a Council appointed by the Founder. An optional Guardian oversees that the Council acts in line with the Founder's wishes. This structure is common to both DIFC and ADGM Foundations.



02

Corporate Tax Compliance and Issues

02 · Corporate Tax Compliance

Foundations Are Taxable Persons by Default

A common misconception is that family foundations are automatically exempt from tax. Under UAE Corporate Tax law, a Foundation is a separate legal person and is a Taxable Person by default. It must register, file returns and pay Corporate Tax at 9% on taxable income above AED 375,000.

Article 17: The Family Foundation Regime

Where an entity has no separate legal personality, such as a trust established under DIFC or ADGM trust law, it is treated as tax transparent by default without first having to apply under Article 17. Meeting the Article 17 conditions still matters in a multi-tier structure, because juridical persons held by the trust must apply separately if they are to be treated as transparent.

Where an entity has a separate legal personality, such as a DIFC or ADGM foundation or an incorporated trust, it is a juridical person and a Taxable Person in its own right. To be treated as fiscally transparent, it must apply to the FTA under Article 17 of the Corporate Tax Law. Once approved, it is treated as an Unincorporated Partnership. It is not taxed itself; its income is attributed to the persons entitled to it, and whether that income is taxable depends on the recipient and the type of income.

Article 17(1) sets five conditions; the fifth applies only where a public benefit entity is a beneficiary.

1. Beneficiary Condition

It must be established for identified or identifiable natural persons, a public benefit entity, or both. No family tie is required.

2. Purpose Test

Its principal activity must be to receive, hold, invest, disburse or otherwise manage assets or funds associated with savings or investment.

3. Prohibited Business Activity Test

It must not conduct any activity that would be a Business or Business Activity if carried on directly by its founder, settlor or beneficiaries.

4. No Tax Avoidance Purpose

Its main or principal purpose must not be the avoidance of Corporate Tax. Records should support every condition.

5. Distribution Condition (Public Benefit Entities)

Only where a beneficiary is a public benefit entity: either it derives no income that would be Taxable Income if earned directly (e.g., a QPBE), or that income is distributed within 6 months of the period end (MD No. 261 of 2024, Art. 5).

The definition of Family Foundation includes a “similar entity” to foundations or trusts. A similar entity is one that is intended to be used for the administration of family wealth and that is not a commercial company. Such an entity may wish to make an application to the FTA to be treated as fiscally transparent where the entity meets the relevant conditions. **However, it has been clarified by FTA that an LLC cannot be considered to be a “similar entity” and, therefore, cannot make an application to the FTA to be treated as fiscally transparent except where the LLC is wholly owned and controlled by one or more transparent Family Foundations (directly or through an uninterrupted chain of transparent entities), meets the Article 17(1) conditions and obtains its own FTA approval.**

Multitier Structures & the June 2026 Update

Under Ministerial Decision No. 261 of 2024, Article 17 transparency can extend through an entire ownership chain, provided each underlying entity is wholly owned and controlled by the Family Foundation. The June 2026 update to CTGFF1 added two key clarifications.

Beneficiary Condition in Wholly Owned Entities

Where the top Foundation meets the beneficiary condition, an entity it wholly owns and controls is also treated as meeting that one condition, because it serves the same overall purpose. This applies only to the beneficiary condition. It does not make the entity transparent: the entity must still meet every other Article 17(1) condition, make its own application and obtain its own FTA approval.

Joint Ownership

An entity can be "wholly owned" jointly by two or more Family Foundations. The test is that the Foundations together own all of it, each is itself treated as an Unincorporated Partnership, and one or more of them effectively controls the entity; all other conditions must also be met (CTGFF1, June 2026, revised Example 9 on multi-tier structures). This suits families with several branches investing together.

Practical Note

Transparency does not flow down automatically. An operating company owned by the Foundation remains a Taxable Person, and where a non-transparent entity sits in the chain, the entities below it need separate review.

What This Means for Existing Structures

- Groups that avoided joint holding structures because of uncertainty over transparency should check whether consolidation now works under the new rules.
- Structures approved before June 2026 are not retested automatically but should be reviewed in the next tax period against the current guidance.

Transfers Into a Foundation & Ownership Changes

The June 2026 update to CTGFF1 also covers two areas that were previously unclear. These are assets moving into a Foundation, and entities moving in or out of Foundation ownership.

Transfers Into a Foundation

The Corporate Tax Law treats a founder and their foundation as Related Parties, so transfers into the foundation should take place at market value. An individual founder transferring Personal Investments or Real Estate Investments has no UAE Corporate Tax consequences, provided the assets and activity fall within the definitions in Cabinet Decision No. 49 of 2023 and the individual is not carrying on, and is not required to carry on, the activity under a license. A corporate founder may realize a gain or loss at market value; whether it is taxable, and whether any relief applies, depends on the facts and the precise relief conditions. Qualifying Group Relief and Business Restructuring Relief require a Taxable Person transferee, so they are generally not available where the transferee is a transparent Foundation.

Entities Entering Foundation Ownership

Where a juridical person becomes wholly owned and controlled by a qualifying Family Foundation, it may stop being a Taxable Person once it meets the conditions and obtains its own Article 17 approval.

Entities Leaving Foundation Ownership

Where an entity later leaves the structure, it becomes a standard Taxable Person again. The tax base of its assets is not adjusted in either direction, so there is no step up or step down in value when moving between transparent and taxable status.

Case Study: Multitier Family Wealth Structure

Structure

ABC Foundation sits at the top and wholly owns ABC SPV. ABC SPV owns commercial real estate in Dubai and shares in a regional logistics company.

Tax Treatment

ABC Foundation obtains Article 17 approval and is treated as an Unincorporated Partnership. Under Ministerial Decision No. 261 of 2024 and the June 2026 CTGFF1 update, ABC SPV can also be treated as transparent once its own application is approved. Rental income and dividends are then attributed to the beneficiaries rather than taxed at entity level. For individual beneficiaries they should generally fall outside Corporate Tax, provided the income meets the definitions of Real Estate Investment and Personal Investment income and the beneficiaries would not be required to hold a license to carry on the activity directly. Both points should be confirmed on the facts.

The Compliance Caveat

The family sets up a separate company to provide management services (an SFO). Because the SFO provides services for a fee, it carries on a Business and cannot be transparent. It is taxed on all its income, including management fees, and as a Related Party of the Foundation its fees must be priced at arm's length. Whether any income qualifies for the 0% Free Zone rate depends on the facts: each income stream must be a Qualifying Activity and not an Excluded Activity, and investment management services qualify only under the regulatory oversight of a UAE Competent Authority, which an SFO managing a single family's assets generally lacks (see page 14).

Documentation the Group Should Hold on File

- The Foundation Charter and Bylaws, and the FTA's Article 17 approvals for both ABC Foundation and ABC SPV.
- A current ownership register showing that ABC Foundation wholly owned ABC SPV throughout the period.

Single Family Offices vs. Multi Family Offices

Family offices usually provide administrative, investment management and support services for a fee. Because these are active business services, SFOs and MFOs cannot obtain Article 17 transparency and are taxed as ordinary companies.

The 0% Free Zone Route

An SFO set up as a Free Zone Person may pay 0% on Qualifying Income (Cabinet Decision No. 100 of 2023 and Ministerial Decision No. 229 of 2025, which replaced MD No. 265 of 2023 with effect from 1 June 2023). Wealth, investment and fund management services qualify only where they are under the regulatory oversight of a UAE Competent Authority (such as the Central Bank, DFSA or FSRA). A family office that holds only a license, without that oversight, is not carrying on a Qualifying Activity. In practice, an SFO managing one family's assets generally falls outside that framework. Serving third parties would bring the activity within it but would exceed an SFO license and turn the entity into a multi family office. Headquarter or treasury services to Related Party companies can qualify without regulatory oversight, subject to the excluded activity rules. Substance, de minimis, arm's length and audit conditions apply.

The June 2026 CTGFF1 update confirms that SFOs and MFOs are unlikely to be fiscally transparent because of the nature of their activities. They are taxed as Resident Persons on all income, including management fees. In the scenario discussed here, the Free Zone regime is the main route to a 0% rate, although other reliefs and exemptions may apply on the facts. Each income stream should be tested against the current Qualifying Income rules: the qualifying and excluded activity lists, the de minimis requirements, adequate substance and audited financial statements.

Assets Held Personally, Family Members & Philanthropy

Not every family asset sits inside a Foundation. Assets held directly by family members, businesses run by individuals and the family's charitable activity each follow their own Corporate Tax rules, and these are often where unexpected registration obligations arise.

Assets Held Personally

- A natural person is within Corporate Tax only where turnover from a Business carried on in the UAE exceeds AED 1 million in a calendar year (Cabinet Decision No. 49 of 2023).
- Wages, Personal Investment income and Real Estate Investment income are excluded, provided the activity is not, and is not required to be, carried on under a license (Ministerial Decision No. 51 of 2023).

Family Members Running a Business

- A family member trading or consulting in their own name, above the AED 1 million threshold, must register for Corporate Tax personally.
- Such a business cannot simply be moved into the Foundation, as it would fail the prohibited business activity test. It belongs in a taxable company within the structure.

Family Philanthropy

- A Family Foundation may have public benefit entities as beneficiaries and still qualify under Article 17.
- A separate charitable vehicle is exempt as a Qualifying Public Benefit Entity (Article 9) only once it is listed in a Cabinet Decision. Until then it is a Taxable Person.
- Donations by operating companies are deductible only were made to a Qualifying Public Benefit Entity (Article 33).

Practical Consideration

Map, for each family member, which assets and activities are held personally, which sit in the Foundation, and which sit in taxable companies. A licensed rental portfolio held in an individual's name, or a consultancy run by a family member, can create a personal registration obligation that nobody in the family office has picked up.

Operating Group Restructuring Reliefs

Foundations hold the family wealth, but the operating businesses below them follow the standard Corporate Tax rules. Several statutory reliefs can help families restructure these businesses efficiently.

Tax Grouping (Article 40)

A resident parent holding at least 95% of the share capital, voting rights and profit entitlement of resident subsidiaries can apply to form a Tax Group filing one return. Members need the same financial year and must prepare financial statements using the same accounting standards; exempt persons and QFZPs cannot join. Audited aggregated statements are required.

Qualifying Group Relief (Article 26)

Assets and liabilities can move at net book value, with no gain or loss, between resident juridical persons in the same Qualifying Group (at least 75% common ownership), if elected and the conditions are met. Exempt persons and QFZPs are excluded, and the relief is clawed back if either party leaves the group, or the asset leaves it, within 2 years.

Business Restructuring Relief (Article 27)

Allows qualifying mergers, demergers and transfers of a whole business or an independent part of it, in exchange for shares, without an immediate tax charge. It requires an election, a valid commercial reason and is subject to a 2-year claw back.

Participation Exemption (Article 23)

Dividends and gains on a Participating Interest are exempt where, among other conditions, the holding is at least 5% (or cost at least AED 4 million), is held or intended to be held for 12 months, and the investee is subject to a corporate tax of at least 9%. Exceptions and further conditions apply (MD No. 302 of 2024).

Interaction With Article 17

These reliefs apply to the operating companies below a Foundation, not to the Foundation itself. A Foundation that is transparent under Article 17 cannot be part of a Tax Group, because every member of a Tax Group must be a Taxable Person in its own right. Each relief is conditional: meeting an ownership percentage is not enough on its own, so the full statutory conditions, elections and claw back rules must be checked case by case.

Operating Companies: Deductions, Interest & Anti-Abuse

Operating companies and family offices within the structure are ordinary Taxable Persons. In family groups, FTA reviews tend to start with expenses that blur the line between the business and the family.

Personal & Family Expenses

- Only expenses incurred wholly and exclusively for the business are deductible (Article 28).
- Household costs, private travel and personal use of company assets are not deductible and may also be Connected Person benefits.
- Pay to a family member is tested twice: it can fail the business purpose test even at market value and is not disallowed just because the recipient is family.

Interest Limitation (Articles 30 & 31)

- Net interest is deductible up to the higher of AED 12 million or 30% of adjusted EBITDA; the excess carries forward for 10 years. Certain persons, such as banks and insurers, are excluded.
- Interest on Related Party loans used to fund dividends, capital contributions or intra-family share purchases is disallowed unless the main purpose was not a tax advantage.

Distributions

- The UAE levies no withholding tax, and dividends received from UAE resident companies are exempt (Article 22).
- Distributions from a Foundation are not taxed in the UAE but may be taxed in the beneficiary's country of residence (see page 24).

General Anti-Abuse Rule (Article 50)

- The FTA can counteract arrangements whose main purpose is a Corporate Tax advantage not consistent with the intention of the law.
- This sits alongside the "no tax avoidance" condition in Article 17, so the commercial reason for each layer of the structure should be recorded at set up.

Audited Financial Statements

Ministerial Decision No. 84 of 2025 applies to Tax Periods starting on or after 1 January 2025 and replaces MD No. 82 of 2023, which still governs earlier periods. Audited financial statements are required for Taxable Persons with revenue above AED 50 million and for every Qualifying Free Zone Person. Tax Groups also need audited special-purpose financial statements, which FTA Decision No. 7 of 2025 prescribes as audited aggregated financial statements. A family office claiming the 0% Free Zone rate therefore needs audited accounts, whatever its size.

Registration & Compliance Calendar for Foundations

Article 17 treatment is transparency that a Foundation must apply for. It is not an exemption, and it does not remove the registration and record keeping obligations that come first. Registration, application, approval with annual confirmations, and deregistration are separate steps.

Tax Registration

A Foundation, or a juridical person it wholly owns and controls, must register for Corporate Tax before it can apply for Article 17 treatment (CTGFF1, Section 8.1). Unincorporated trusts with Family Foundation status are also expected to register, but a foreign partnership, such as a foreign trust meeting Article 17(1), is not required to register (June 2026 update). Confirm the position case by case.

Annual Confirmation

Until approval takes effect, the Foundation is a Taxable Person and files a normal Corporate Tax return within 9 months of each period end. Once approved, it no longer files annual returns; instead, it submits an Annual Confirmation that it still meets the Article 17(1) conditions within 9 months of each period end (FTA Decision No. 5 of 2025). One Annual Confirmation can cover the Foundation and the juridical persons it wholly owns and controls, or each entity can file separately (CTGFF1, Section 8.3).

Article 17 Application

The application must be made before the end of the relevant Tax Period and name the period it covers: the current Tax Period or the next one. If approved, treatment applies from the start of that period, or from another date the FTA sets (FTA Decision No. 5 of 2025; CTGFF1, Section 8.2). If a condition is later failed, transparency is lost from the start of the Tax Period in which the failure occurs, for the Foundation and every entity below it.

Record Keeping

Books and records supporting the Article 17 conditions and any Related Party or Connected Person positions must be kept for at least seven years.

Deregistration

A Foundation that is dissolved or ceases its activities must apply to deregister within 3 months of cessation; late deregistration is penalized. Losing Article 17 status is not deregistration: the Foundation simply reverts to being a Taxable Person and files returns.



03

Transfer Pricing: Compliance and Issues

Related Parties & Connected Persons in a Family Structure

Transactions with Related Parties must be priced at arm's length (Article 34). Payments to Connected Persons are deductible only if they meet the ordinary deductibility rules and then only up to market value (Article 36). These are separate tests. In a family structure almost every relationship is included, whether the Foundation holds Article 17 approval.

	Related Party (Article 35)	Connected Person (Article 36)
Who is it applicable to	• **Natural persons:** relatives to the 4th degree of kinship or affiliation, including by adoption or guardianship (Art. 35(1)(a)). In practice this reaches first cousins, and affiliation brings in relatives by marriage. • **Ownership or control:** a person and an entity it owns 50% or more of, or Controls, and entities under common ownership or Control. • **Trusts and foundations:** the trustee, founder, settlor or beneficiary of a trust or foundation, and their Related Parties, are Related Parties of it.	Owners, directors and officers of the Taxable Person, judged on substance rather than title, and their Related Parties (including relatives to the 4th degree).
What is tested	Arm's length pricing of every transaction, both income and expense, regardless of value.	A payment must first be deductible under the ordinary rules; Article 36 then caps the deduction at market value. Article 36 does not apply to Taxable Persons whose shares are traded on a recognized stock exchange or that are under the regulatory oversight of a UAE competent authority.
Disclosure trigger	Tested by each reporting Taxable Person (a Tax Group as one). A TP Disclosure Form is required where its Related Party transactions in the period exceed AED 40 million in total; only transaction categories exceeding AED 4 million need be listed.	The Connected Person schedule applies where payments or benefits to a Connected Person, together with that person's Related Parties, exceed AED 500,000; only those Connected Persons are listed.
Family example	The Foundation lends to an SPV; an SPV leases a property to a family operating company.	Salary, car and housing for a family member working in the group or the family office, or an informal adviser acting as a director in substance.

Practical Consideration

Map the family tree against the ownership chart once, covering 4th degree relatives, Council members and directors, and refresh it each year. Most TP issues in family groups come from relationships nobody flagged rather than from the pricing itself. The same individual can be both a Related Party and a Connected Person, with separate disclosure triggers for each.

Documentation, Penalties & Staying TP Ready

The arm's length principle applies to every Related Party transaction. Filing and documentation obligations sit with each Taxable Person: a Foundation with Article 17 approval is not itself a Taxable Person, but its transactions still matter for the Taxable Persons it deals with.

Requirement	Threshold	Timing
TP Disclosure Form	Tested by each Taxable Person (a Tax Group as one): AED 40M of Related Party transactions, with categories below AED 4M not listed; AED 500K per Connected Person including their Related Parties	Filed with the Corporate Tax return, within 9 months of the period end
Master File & Local File	Either test applies: the Taxable Person's revenue is AED 200M or more, or it is in an MNE Group with revenue of AED 3.15B or more (MD No. 97 of 2023). A group with no foreign entities generally needs only the Local File	Within 30 days of an FTA request

Corporate Tax Penalties (CD 75 of 2023)

- **Disclosed before audit notification:** 1% of the tax difference a month from the original due date until the disclosure.
- **Disclosed after audit notification or not disclosed:** a fixed 15% of the tax difference plus 1% a month.
- **Late payment of Payable Tax:** 14% a year, charged monthly on the unpaid amount.
- **Late return (including the TP Disclosure Form within it):** AED 500 a month, then AED 1,000 a month from month 13.
- **Records not kept:** AED 10,000, or AED 20,000 for a repeat within 24 months.

Unilateral APAs

- The FTA's APA Guide (CTGAPA1) was issued in December 2025. Domestic unilateral APAs are being accepted now; cross border unilateral APAs are being phased in, with bilateral and multilateral APAs to follow.
- Indicative threshold: covered transactions of at least AED 100M per Tax Period (measured at group level for a Tax Group). The FTA may accept lower values where justified.
- Fees: AED 30,000 for a new application, AED 15,000 for a renewal, both non-refundable. Covers at least 3 and up to 5 future Tax Periods, with no rollback.
- Entry is at the FTA's discretion and needs genuine pricing uncertainty.

The penalties above are Corporate Tax penalties under Cabinet Decision No. 75 of 2023, as amended by Cabinet Decision No. 10 of 2024. Cabinet Decision No. 129 of 2025, effective 14 April 2026, amended the separate schedule for the Tax Procedures, VAT and Excise laws (Cabinet Decision No. 40 of 2017) and does not set these penalties. There is no single TP penalty: a pricing adjustment is penalized under whichever rule matches the failure (incorrect return, voluntary disclosure or assessment).

TP Ready Checklist

- Price new loans, pay packages, asset use and service agreements before they are signed, not at year end.
- Test the AED 40M, AED 4M and AED 500K thresholds for each Taxable Person (a Tax Group as one) and reconcile each TPDF with its own Corporate Tax return.
- Keep Local File ready support so that a 30-day FTA request can be met.
- Disclose voluntarily where a pricing error is found; it costs far less than an audit finding.
- Consider a Unilateral APA where large, recurring domestic arrangements carry real pricing uncertainty.



04

Other Topics:
Succession, GCC & Updates

Succession Planning & Cross Border Issues

Family foundations help prevent the fragmentation of wealth and disputes between generations. The DIFC Courts Wills Service Centre and the ADGM Courts allow testators who are not Muslim to set clear common law succession arrangements for their UAE assets.

Practical Consideration

Issues often arise when beneficiaries live abroad, for example in the UK, US or India. Even though the UAE does not tax distributions, the beneficiary's home country may tax them or require reporting under its income tax, gift tax or inheritance tax rules. Mapping each beneficiary's tax residency is therefore essential.

Trustees, founders, settlors and beneficiaries are also Related Parties of the trust or foundation under Article 35. Cross border succession planning and UAE TP compliance should therefore be reviewed together.

Potential Cross Border Exposures (Local Advice Needed)

- UK: from 6 April 2025 the domicile-based regime was replaced by residence-based rules, including a four-year foreign income and gains regime for new arrivals and inheritance tax on worldwide assets for long-term residents (broadly, UK resident in 10 of the previous 20 tax years), with detailed transitional rules for existing trusts and former non-domiciliaries. A UK resident beneficiary may face income or capital gains tax on distributions.
- US: a US citizen or resident beneficiary is generally taxed on worldwide income. Whether Form 3520, Form 3520-A or other reporting applies depends on how the Foundation is classified for US tax purposes (for example, as a foreign trust or a foreign corporation) and on the facts.
- India: an Indian resident beneficiary should check how each receipt is characterized under the Income-tax Act, 2025 (in force from 1 April 2026), for example as income or a gift, and the reporting of foreign assets in the return. Relief under the India–UAE tax treaty is not automatic and depends on the income and the treaty conditions.

Annual Cross Border Review

- Re-map each beneficiary's tax residency every year, and confirm whether distributions trigger income, gift or inheritance tax or reporting at home.
- Align DIFC or ADGM succession documents with home country estate planning so the instruments do not conflict.
- Revisit Council, Guardian and trustee appointments to confirm they still reflect the family's intended governance.

A Wider Look at the GCC

As families expand across the region, they need to manage compliance in several jurisdictions. These summaries are high level and stated as of 23 October 2026; each country has exceptions, and local advice is needed.

Saudi Arabia

At a high level, the share of a business attributable to Saudi and GCC owners is subject to Zakat, while the share attributable to other foreign owners is subject to Corporate Income Tax at 20%. The actual treatment depends on the ownership, the taxpayer's status and the detailed Zakat and CIT rules (ZATCA).

Qatar Financial Centre (QFC)

QFC entities are generally taxed at 10% on locally sourced profits under the QFC tax regime. Family offices can be licensed in the QFC, but the tax treatment of specific family office activities depends on the licensed activity and the QFC Tax Regulations, so it should be confirmed for each structure.

Bahrain

Bahrain has no general corporate income tax outside oil and gas. For fiscal years starting on or after 1 January 2025, it applies a 15% Domestic Minimum Top-up Tax to Bahraini entities of multinational groups with consolidated revenue of at least EUR 750 million (Decree-Law No. 11 of 2024).

Kuwait & Oman

Oman: corporate income tax at a headline 15%, with reduced rates in limited cases. Its Personal Income Tax Law (Royal Decree 56/2025) applies from 1 January 2028 at 5% to individuals with gross annual income above OMR 42,000, subject to exemptions. Kuwait: foreign companies pay 15% income tax; for periods from 1 January 2025 a 15% DMTT applies to multinational groups with revenue of at least EUR 750 million (Decree-Law No. 157 of 2024).

Practical Implication for Families in Several Countries

A family with companies in two or more GCC states should map Related Party pricing across all of them, not just the UAE. Several regimes are moving towards OECD aligned TP rules, even where disclosure thresholds are lower or not yet defined.

04 · Other Topics

Recent UAE Tax Developments

Alongside the family wealth rules, several wider UAE tax changes now affect family groups and their operating companies.

Domestic Minimum Top up Tax

UAE entities of multinational groups with revenue of EUR 750 million or more pay a top up tax to reach a 15% effective rate, for financial years starting on or after 1 January 2025.

Small Business Relief Extended

Now available for tax periods ending on or before 31 December 2029 where revenue is AED 3 million or less (Ministerial Decision No. 131 of 2026). Not available to Qualifying Free Zone Persons or MNE group members.

Tax Procedures Amendments

Federal Decree-Law No. 17 of 2025, effective 1 January 2026, amended the Tax Procedures Law: refunds of credit balances must be requested within five years of the end of the relevant Tax Period (Art. 38); where a refund is claimed late in, or after, the five-year period, the FTA may audit or assess it within two years of the claim (Art. 46); and the FTA can issue binding decisions on how the tax laws apply (Art. 54 bis). Transitional rule: refund rights that had expired, or expire by 31 December 2026, can be claimed before 1 January 2027.

Electronic Invoicing

Under Ministerial Decisions No. 243 and 244 of 2025, as amended by MD No. 66 of 2026 and MD No. 197 of 2026, a business whose revenue in its most recent accounting period is AED 50 million or more must appoint an Accredited Service Provider by 30 October 2026 and implement e-invoicing from 1 January 2027. Others appoint by 31 March 2027 and implement from 1 July 2027. MD No. 197 of 2026 (effective 1 October 2026) also excludes transactions within a Tax Group for 24 months from 1 January 2027 and removes the requirement to store e-invoice data in the UAE.

Revised Penalty Regime

Cabinet Decision No. 129 of 2025 simplified penalties under the Tax Procedures, VAT and Excise laws from 14 April 2026, including a flat 14% annual late payment penalty, calculated monthly, and a 1% monthly penalty on voluntary disclosures. Corporate Tax penalties remain under Cabinet Decision No. 75 of 2023; page 22 explains how they apply to TP adjustments.



05

Conclusion & Action Framework

05 · Conclusion

Structuring family wealth in the UAE requires continuous governance rather than a one-off setup. Foundations are not automatically exempt. They need Article 17 approval, regular FTA filings and ongoing alignment with the CTGFF1 guide.

Because family offices and operating companies follow different tax rules, managing Related Party transactions, TP documentation and the wide scope of the Connected Person rules is essential to protecting family wealth across generations.

- Obtain and maintain Article 17 approval with robust documentation prepared at the time.
- Review Connected Person and Related Party pricing before transactions are signed, not at return filing time.
- Where appropriate, prepare and refresh benchmarking or other support for the arm's length position, and ensure the treatment is reflected consistently in the accounts and Corporate Tax return. Distinguish mandatory TP documentation (the TP Disclosure Form, and the Master and Local Files where the thresholds are met) from prudent supporting evidence.
- Clearly separate transparent Foundation income from taxable SFO and MFO service income.
- Map cross border tax exposure for beneficiary's resident outside the UAE.
- Review multitier structures every year against the June 2026 CTGFF1 guidance and recent UAE tax changes.
- Consider a Unilateral APA for large, recurring intragroup arrangements and disclose voluntarily wherever a pricing error is found.

How Acquisory Can Help

From Article 17 applications and structuring to TP Disclosure Form preparation, benchmarking and FTA audit support, our Transfer Pricing and Corporate Tax team supports family groups across the UAE and the wider GCC.

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Legislation & Guidance Checked

This guide reflects legislation and guidance checked as of 23 October 2026. FTA guides and public clarifications are interpretative and not legally binding. Check for later amendments before relying on any point. Official texts are available at tax.gov.ae, mof.gov.ae, difc.com and adgm.com.

Corporate Tax law and decisions

- Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses
- Ministerial Decision No. 261 of 2024 on Unincorporated Partnerships, Foreign Partnerships and Family Foundations
- FTA Decision No. 5 of 2025 (Family Foundation applications and Annual Confirmations), effective 1 July 2025
- Cabinet Decision No. 49 of 2023 (natural persons, Personal Investment and Real Estate Investment)
- Cabinet Decision No. 100 of 2023 and Ministerial Decision No. 229 of 2025 (Qualifying Free Zone Persons)
- Ministerial Decision No. 84 of 2025 and FTA Decision No. 7 of 2025 (audited financial statements)
- Ministerial Decision No. 97 of 2023 (TP documentation); Ministerial Decision No. 116 of 2023 (Participation Exemption)
- Ministerial Decision No. 73 of 2023, as amended by Ministerial Decision No. 131 of 2026 (Small Business Relief)

FTA guidance

- Corporate Tax Guide on the Taxation of Family Foundations (CTGFF1), June 2026, replacing the May 2025 edition
- Public Clarification CTP008, Corporate Tax treatment of family wealth management structures, 19 September 2025
- Advance Pricing Agreements Corporate Tax Guide (CTGAPA1), December 2025; Transfer Pricing Guide

Legislation & Guidance Checked

Penalties, procedures and e-invoicing

- Cabinet Decision No. 75 of 2023, as amended by Cabinet Decision No. 10 of 2024 (Corporate Tax penalties)
- Cabinet Decision No. 40 of 2017, as amended by Cabinet Decision No. 129 of 2025, effective 14 April 2026
- Federal Decree-Law No. 28 of 2022 on Tax Procedures, as amended by Federal Decree-Law No. 17 of 2025, effective 1 January 2026
- Ministerial Decisions No. 243 and 244 of 2025, as amended by Ministerial Decisions No. 66 and No. 197 of 2026 (e-invoicing)

DIFC, ADGM and GCC

- DIFC Family Arrangements Regulations 2023; DIFC Prescribed Company Regulations, as amended from 24 July 2026
- ADGM family office framework (Single Family Office controlled activity; FSRA Category 4 for multi family offices)
- Bahrain Decree-Law No. 11 of 2024; Kuwait Decree-Law No. 157 of 2024; Oman Royal Decree 56/2025



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