



UAE Corporate Tax:

Cabinet Decision No. 55 of 2025

Cabinet Decision No. 63 of 2025

Federal Tax Authority Decision No. 5 of 2025

June 2025



In Brief

In May 2025, the UAE Ministry of Finance ("MoF") published Cabinet Decision No. 55 of 2025 ("CD 55") on exempting certain Persons from Corporate Tax ("CT") for the purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("UAE CT Law").

MoF further published Cabinet Decision No. 63 of 2025 ("CD 63") on Unincorporated Partnerships treated as Taxable Persons the purposes of the UAE CT Law.

The Federal Tax Authority ("FTA") published Decision No. 5 of 2025 ("FTA Decision 5") on determining the tax compliance requirements for Unincorporated Partnerships, Foreign Partnerships and Family Foundations for the purposes of the UAE CT Law.

Both CD 55 and CD 63 are effective retrospectively from 1 June 2023, while FTA Decision 5 shall come into effect from 1 July 2025.

In Detail

CD 55: Exemption of certain foreign-incorporated entities

CD 55 allows foreign-incorporated entities, which are classified as a Taxable Persons for UAE CT purposes (either by virtue of having a Place of Effective Management ("POEM"), Permanent Establishment ("PE"), or nexus in the UAE) to be exempt from UAE CT if they are wholly owned and controlled by certain Exempt Persons, as specified by Article 4(1)(a), (b), (f), and (g) of the UAE CT Law, and conduct any of the following activities solely for the benefit of those Exempt Persons:

- Undertaking part or whole of the activity of the Exempt Person,
- Holding assets or investing funds for the benefit of the Exempt Person, or
- Carrying out activities that are ancillary to those of the Exempt Person.

Key highlight

This exemption is significant as it allows **foreign entities** that would otherwise be subject to UAE CT (due to POEM, PE, or nexus) to **apply for an exemption** without needing to restructure their governance or operational model. This provides additional flexibility and certainty for specific investment structures where the owners are Exempt Persons.

CD 63: Unincorporated Partnership treated as Taxable Person

According to this decision, Unincorporated Partnerships that apply to be treated as Taxable Person **shall be considered both juridical persons and Resident Persons**. This update helps to clarify the status of Unincorporated Partnerships and their resulting CT position under the law.

Key highlight

It is important to note that under Article 12 of UAE CT Law, a juridical person with UAE Resident Person Taxable Person status is **subject to UAE CT on its worldwide income**, not just UAE sourced income. Unincorporated Partnerships applying to be treated as Taxable Persons should therefore carefully consider the impact on their overall taxation position.

This update may also allow the partners of an Unincorporated Partnership to rely on **Participation Exemption** on income from interest held in the Unincorporated Partnership.

In Detail

FTA Decision 5: Tax compliance requirements for Unincorporated Partnerships, Foreign Partnerships and Family Foundations

Unincorporated Partnership treated as a Taxable Person:

- Unincorporated Partnership shall make an application to be treated as a Taxable Person before the end of the relevant Financial Year. In case of FTA approval, an Unincorporated Partnership shall be treated as a Taxable Person effective from the commencement of the Tax Period in which the application is made, or from the commencement of the next Tax Period as specified in the application.
- The decision now provides that if the application is submitted by 31 December 2025, the FTA may approve the Unincorporated Partnership to be treated as a Taxable Person from the start of **any Tax Period that ends on or before 31 December 2025**, as specified in the application.

Unincorporated Partnership NOT treated as a Taxable Person:

Registration requirements:

- Unincorporated Partnership that are **not** treated as a Taxable Person **must appoint an authorised partner** which is required to submit an application to the FTA to register the Unincorporated Partnership in accordance with the following timelines:

Financial Year-end	Registration deadline
Before 1 July 2025	31 August 2025
After 1 July 2025	3 months from the end of the first Financial Year

It is important to note that this decision does not address any compliance or registration requirements for the **individual partners** of an Unincorporated Partnership that is not considered a Taxable Person.

Annual declaration:

- Similarly, the authorised partner of an Unincorporated Partnership that is **not** treated as a Taxable Person shall submit an annual declaration **on behalf of all partners** within the following timelines:

Financial Year-end	Annual Declaration filing deadline
On or before 31 March 2025	31 December 2025
After 31 March 2025	9 months from the end of the relevant Financial Year

Foreign Partnerships:

- The decision provides that in case of treatment of a Foreign Partnership as an Unincorporated Partnership, a **Taxable Person who is a partner** in the Foreign Partnership must submit an annual declaration on behalf of the Foreign Partnership when filing the Tax Return of that partner.

Family Foundations:

- A Family Foundation can apply to be treated as an Unincorporated Partnership before the end of the relevant Tax Period. Once approved, it must submit an annual confirmation within 9 months from the end of the relevant Tax Period, confirming it continues to meet the required conditions. **For periods ending on or before 31 March 2025, the deadline is 31 December 2025.**

Distributive shares:

- The decision reiterates that in case partners' shares cannot be identified, assets, liabilities, income, and expenditure are allocated **equally among partners**.

Tax deregistration:

- A tax deregistration application must be submitted by an authorised person within **three months** from the date of Business/Business Activity cessation.

Key Takeaways

- Businesses with UAE and foreign partnerships, as well as family foundations, need to carefully consider the impact and relevance of the CD 63 and FTA Decision 5.
- While CD 55, which is effective retrospectively from 1 June 2023, provides for exemptions from UAE CT, the deadline for submitting exemption applications for 2024 Fiscal Year has passed. Given that the Decision was only issued on 2 May 2025, taxpayers are advised to monitor for any potential waivers or extensions that may be granted by the FTA.
- For further assistance, you can reach us at CT.UAE@pwc.com or your dedicated PwC tax contact.

Thank you

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