RAK ICC recognised as a Free Zone for UAE Corporate Tax purposes

New private wealth structuring opportunities in the UAE

September 2026

In brief

The UAE Cabinet issued Resolution No. 109 on 13 July 2026, adding RAK International Corporate Centre ("**RAK ICC**") to the schedule of Free Zones under Cabinet Resolution No. 54 of 2023 with retroactive effect from 1 June 2023 – the date from which UAE Corporate Tax ("**CT**") applies.

This is a significant development for private wealth structuring. RAK ICC previously operated as a corporate registry rather than a Free Zone. **RAK ICC companies can now qualify as Qualifying Free Zone Persons (‘QFZPs’) and benefit from the 0% CT** rate on Qualifying Income instead of 9%.

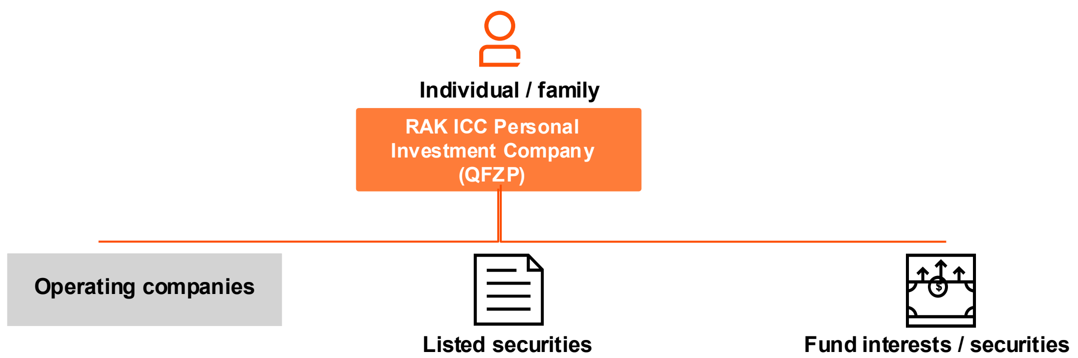
In detail

RAK ICC's recognition as a Free Zone for tax purposes brings **new planning opportunities for both existing and newly established RAK ICC companies and foundations**. Where the relevant conditions are met, the QFZP regime now sits alongside the existing Family Foundation regime for RAK ICC vehicles. Both pathways can reduce the effective UAE CT burden from 9% to 0% on Qualifying Income for RAK ICC structures and increase their attractiveness for private structuring.

Parameter	Details
RAK ICC regarded as a Free Zone	RAK ICC has been added to the list of Free Zones affiliated with the Government of Ras Al Khaimah attached to Cabinet Resolution No. 54 of 2023. The addition applies retroactively from **1 June 2023**, enabling RAK ICC juridical persons to qualify as Free Zone Persons from the date on which UAE CT became applicable.
Access to 0% CT on Qualifying Income	A RAK ICC entity that satisfies the QFZP conditions can benefit from **0% CT on Qualifying Income**, while income that does not qualify is subject to **9% CT**. Key conditions include maintaining adequate substance, preparing audited financial statements, complying with transfer pricing requirements, and remaining within the de minimis threshold for non-qualifying revenue.
Revisiting prior CT filings	Existing RAK ICC entities can revisit their CT filings from 1 June 2023, including filed and unfiled returns, any Article 19 election, the availability of supporting evidence for each Tax Period and the procedural routes for correcting an overpayment or other filing position and obtaining a **tax refund**, if applicable.

Why this matters for private wealth

- The recognition directly reduces the tax burden on personal investment companies (“**PICs**”) in RAK ICC and holding structures, cutting tax leakage on investment income and improving after-tax returns for families and private investors.
- It broadens the tax-efficient structuring choices available to families and private investors who can now assess a standalone QFZP route for qualifying investment and holding income of their PICs.



In detail (cont.)

The Free Zone recognition can reduce tax leakage across the investment portfolio of RAK ICC PICs from 9% to 0% on Qualifying Income

The newly available QFZP status can extend the 0% CT rate to Qualifying Income from bonds, certain fund and minority interests, and digital assets, otherwise taxable at 9% CT.

Under the ordinary CT regime, a UAE PIC is generally subject to 9% CT. The Participation Exemption shields qualifying equity dividends and capital gains, but only where strict ownership, holding period, subject to tax, and asset composition conditions are met. Income from other asset classes – such as bonds, certain fund interests, minority holdings and digital assets – may remain taxable at 9%. The QFZP regime is more favourable by applying the following rates:

0% **on Qualifying Income of PICs in RAK ICC that qualify as QFZPs, including income from Qualifying Activities**

9% **on Taxable Income of RAK ICC PICs that is not Qualifying Income**

For private wealth structures, the most directly relevant Qualifying Activity is the **holding of shares and other securities for investment purposes**, making the QFZP route particularly valuable for family-owned PICs, holding companies, and SPVs that hold diversified portfolios.

Income type and asset class*	Ordinary regime with participation exemption	QFZP route (Potentially 0% on Qualifying Income)
Foreign source dividends from sub-5% equity positions (e.g., listed minority portfolio)	9% - fails the 5% ownership / AED 4m threshold	0% - no minimum ownership threshold; held for investment purposes is the test
Bond interest and coupon income	9% - debt instruments are not equity "ownership interests" and fall outside the Participation Exemption	0% - bonds are negotiable financial instruments within the Qualifying Activity scope
Gains on bonds, derivatives, and convertible instruments	9% - only equity participations qualify	0% - covered as "other securities" held for investment purposes
Fund interests and partnership interests where Participation Exemption conditions are not met	9% - if any condition fails (e.g., sub-5%, asset test)	0% - membership and partnership interests are expressly within scope
Cryptocurrency and digital asset gains	9% - not an equity "ownership interest" in a juridical person	0% - cryptocurrency held for investment purposes is expressly mentioned in the Qualifying Activity definition by the FTA
Dividends from entities in low or no-tax jurisdictions	9% - fails the subject to tax test (investee must be taxed at 9%+)	0% - no subject to tax test applies to the Qualifying Activity of holding shares and securities

In detail (cont.)

Practical considerations

1. In practice, many **PICs - particularly pure portfolio holding structures with light operational footprints - may struggle to meet the QFZP conditions** (adequate substance, audited financial statements, transfer pricing compliance, etc.).

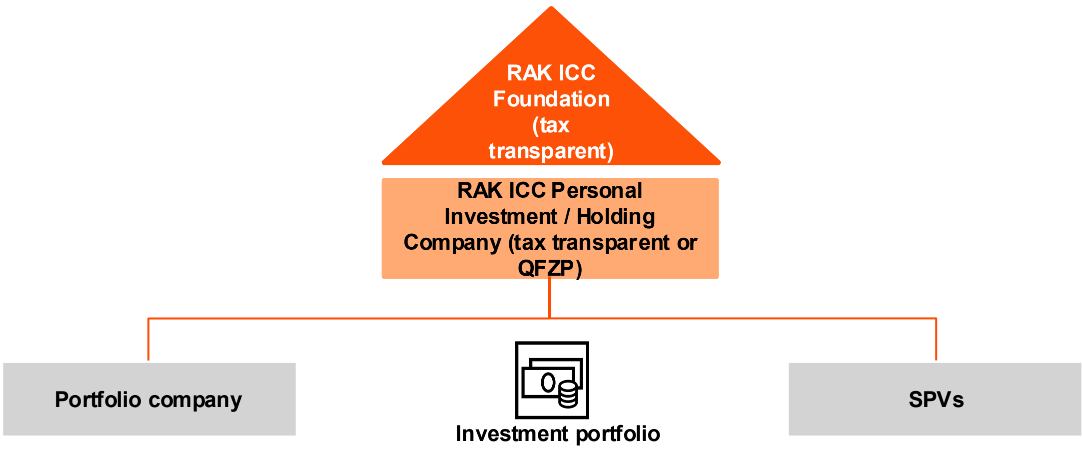
2. Furthermore, many PIC entities in RAK ICC may have portfolio income streams that are not subject to 0% even under the QFZP regime and do not fall under the above categories.

3. For these entities, as well as entities with portfolios that are not fully subject to 0%, the **Family Foundation regime under Article 17, with its tax transparency treatment, may be considered** an alternative pathway to eliminate the CT burden at the entity level.

Family Foundations and dual pathways

For families that use fiduciary structures, including RAK ICC foundations, RAK ICC's recognition as a Free Zone provides greater flexibility for such vehicles and their underlying entities.

1. Specifically, qualifying RAK ICC foundations may continue to access the **Family Foundation regime**, which can provide fiscal transparency at the foundation level and, where the relevant conditions are met, for qualifying underlying entities.
2. Separately, underlying RAK ICC companies owned by RAK ICC Foundations may now access the QFZP regime in their own right, provided the relevant conditions are satisfied, in addition to tax transparency.
3. This may be beneficial, for example, where an underlying company receives foreign-source income and tax-transparent treatment is less preferable, from a source-country perspective, than QFZP status.
4. Accordingly, RAK ICC companies owned by foundations may now have two potential ways to mitigate CT: fiscal transparency through the Family Foundation regime or QFZP treatment at the RAK ICC company level.



In detail (cont.)

The appropriate pathway will depend on the nature of the structure, the assets held and whether the relevant conditions for tax transparency or QFZP status are satisfied. The key features of each route are summarised below.

Family Foundation transparency route*	A qualifying foundation and qualifying underlying entities that are wholly owned and controlled through an uninterrupted chain of transparent entities may be treated as fiscally transparent for CT purposes. This pathway can be attractive for **entities with diversified portfolios, as the Family Foundation regime and its benefits are not limited to Qualifying Income and Qualifying Activities, unlike the QFZP regime.**
QFZP route*	Where the Family Foundation regime and tax transparency are neither applied for nor appropriate, an underlying RAK ICC company may separately access the 0% CT rate on Qualifying Income if it meets the QFZP conditions.

The availability of these two pathways provides greater flexibility in structuring family wealth through RAK ICC. Depending on the circumstances, families may therefore consider whether tax transparency or QFZP treatment is more appropriate for individual entities within their wider ownership structure.

**This overview is for information purposes only. The final tax treatment depends on an analysis of the specific portfolio and instruments, with all relevant facts and circumstances taken into account.*

Key takeaways

- Cabinet Resolution No. 109 of 2026 recognises RAK ICC as a Free Zone for UAE Corporate Tax purposes with retroactive effect from 1 June 2023. RAK ICC entities are now formally recognised as Free Zone Persons and can claim QFZP status from the commencement of UAE CT.
- Entities that previously filed at the standard 9% rate can reassess their CT positions for all prior Tax Periods and consider amending returns to claim the 0% rate on Qualifying Income. This opens potential refund claims across multiple years.
- The holding of shares and other securities for investment purposes is the most directly relevant Qualifying Activity for private wealth holding structures. It does not require regulatory oversight by a Competent Authority, making it accessible to family-owned holding vehicles and SPVs without a regulated licence.
- The Family Foundation regime remains available, giving families a choice between fiscal transparency and standalone QFZP treatment.
- RAK ICC now offers a dual pathway for underlying companies: Family Foundation fiscal transparency or standalone QFZP status. This strengthens RAK ICC's value proposition as a jurisdiction for private wealth structuring, giving families and their advisers greater flexibility.

How can we help

For tailored advice on how these developments may impact your private wealth structure, please reach out to:

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