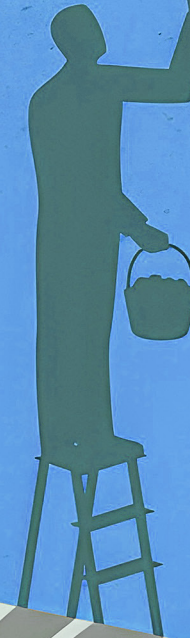


INVESTMENT FUND & INVESTMENT MANAGER

Taxation under UAE CT Law



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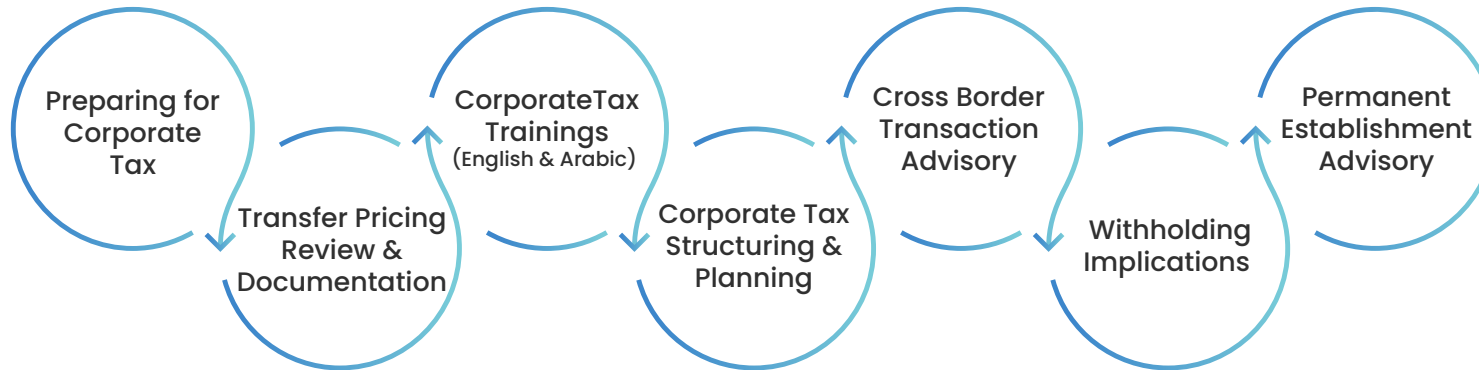


Lara Moussawi

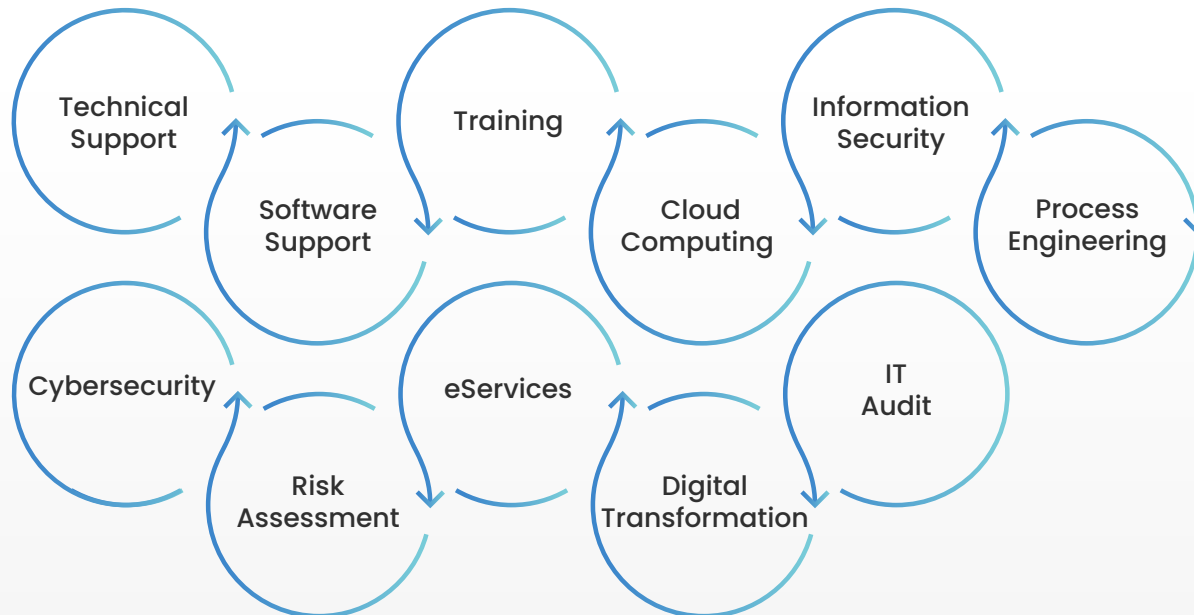
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Led by Senior Tax Director



TECHNOLOGY SERVICES (IT/ERP/CYBER SECURITY)



ALL YOU NEED TO KNOW ABOUT TAXABILITY OF “INVESTMENT FUNDS” & “INVESTMENT FUND MANAGER” UNDER UAE CT LAW

1 INVESTMENT FUND

- Mainland
- Free Zones
- Foreign Jurisdiction

2 FUND/INVESTMENT MANAGER

- Mainland
- Free Zones
- Foreign Jurisdiction

3 REITS

4 INVESTORS INCOME



WHAT IS AN INVESTMENT FUND?

Investment Fund

Issuing Investment Interests

Raise funds, pool investor fund or establish joint investment fund

Enable holder to benefit from profits or gains from acquisition, holding, management or disposal of investments

***Exempt Person as per Article 4** of Federal Decree Law no.47 of 2022 upon **application to the authority**

*Subject to meeting certain conditions



Article 1 – Federal Decree Law No. 47 of 2022

Conditions for

Investment Fund Exemption

Meeting conditions -
apply for Exemption

Not meeting
conditions - Taxable

Investment Fund /
Investment Fund Manager
regulatory oversight
(UAE/Foreign)

Interests on IF traded on
RSE or marketed & widely
available to investors

Main or principal
purpose not to avoid
Corporate Tax

Conditions under **Article 10** – Federal Decree Law No. 47 of 2022

*Main Business & business
activities are Investment
Business activities & other
business activities are
ancillary or incidental
[Clause 1(a)]

Single Investor & its
related parties do not
own –

1. More than **30%** of
ownership interests
(if investors < 10)
2. More than **50%** of
ownership interests
(if investors ≥ 10)
[Clause 1(b)]

Managed or advised by an
Investment Manager has
minimum 3 Investment
professionals & Investors do
not have control over day to
day management
[Clause 1(c), (d)]

Conditions under **Article 2** – Cabinet Decision No. 81 of 2023,
Excluding Real Estate Investment Trust (REIT)

IF: Investment Fund
IFM: Investment Fund Manager
RSE: Recognized Stock Exchange

[CLAUSE 1(A)]

Main Business & business activities are Investment Business activities & other business activities are ancillary or incidental

[CLAUSE 1(B)]

Single Investor & its related parties do not own –

1. More than 30% of ownership interests (if investors < 10)
2. More than 50% of ownership interests

Where Business /Business Activities of IM attributed to RIF- Taxable Income of IM to be adjusted to include income attributed to the IF

Other business or business activities considered ancillary or incidental if combined revenue \leq 5% of total revenue in a FY

Deemed as met in first 2 FY's of establishment, if sufficient evidence demonstrating intention of Investors to meet these conditions in first 2 FY's

Income attributable to IF subject to Corporate Tax in state through IM

OR

Undertaken by IM meeting conditions as per Article 15

Failed to meet - Cease to be an exempt person from beginning of 3rd FY of its establishment

RIF – Resident Investment Fund
IFM – Investment Fund Manager
IM – Investment Manager
RSE – Recognized Stock Exchange
FY – Financial Year

Article 2 – Cabinet Decision No. 81 of 2023

Strictly Private & Confidential

Conditions for

Real Estate Investment Trust (REIT) Exemption

Meeting conditions -
apply for Exemption

Not meeting
conditions - Taxable

IF/IFM- regulatory
oversight(UAE/ Foreign)

Interests in IF traded on
RSE or marketed & widely
available to investors

Main or principle purpose
not to avoid Corporate Tax

Conditions under *Article 10* – Federal Decree Law No. 47 of 2022

Value of Assets
(excluding Land)
> AED 100,000,000

Share Capital ≥ 20%
floated on RSE, or
directly owned by 2 or
more II (& both are not
related parties)

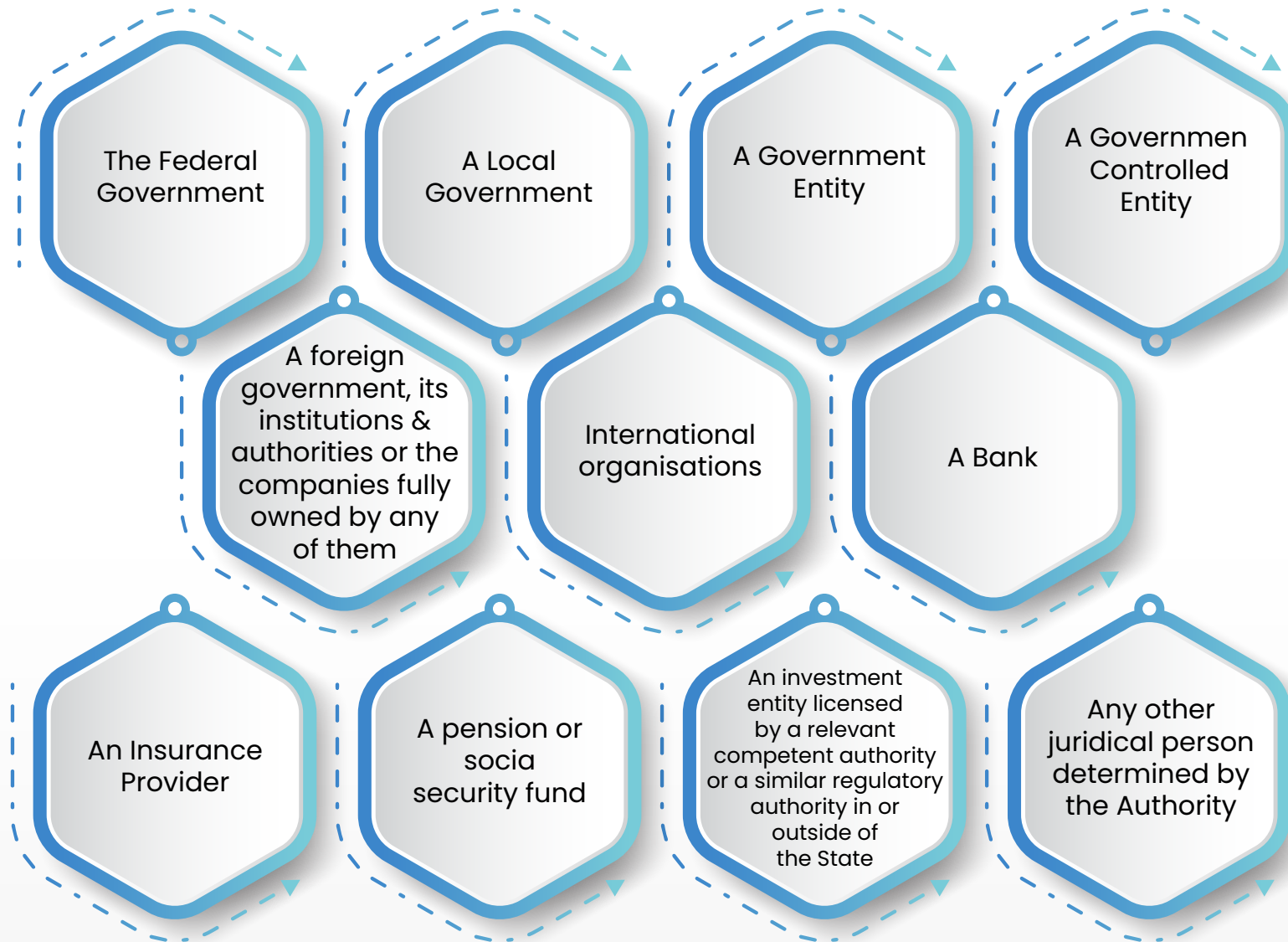
Average Real Estate
Assets ≥ 70% during
Gregorian Calendar
year or 12 months for
which FS are
prepared

Conditions under *Article 3* – Cabinet Decision No. 81 of 2023

IF- Investment Fund
IFM- Investment Fund Manager
RSE- Recognized Stock Exchange
II- Institutional Investors
FY- Financial Year
FS- Financial Statements

Article 3 – Cabinet Decision No. 81 of 2023

INSTITUTIONAL INVESTOR



Article 5 – Cabinet Decision No. 81 of 2023

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INVESTOR INCOME TAXABILITY

Income from Investment Fund = Investor Income (Pass through structure)

Adjusted to include Income & expenditure of QIF & in proportion to ownership interest

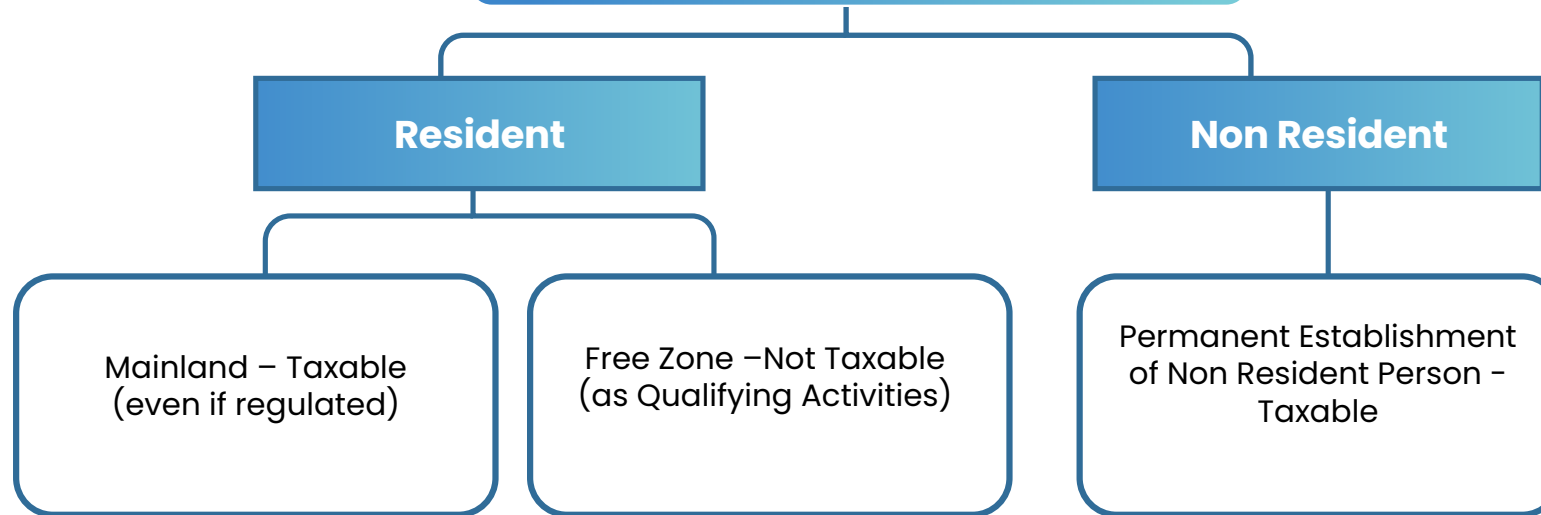
Income to not include any distribution from QIF if already considered as



Article 4 – Cabinet Decision No. 81 of 2023

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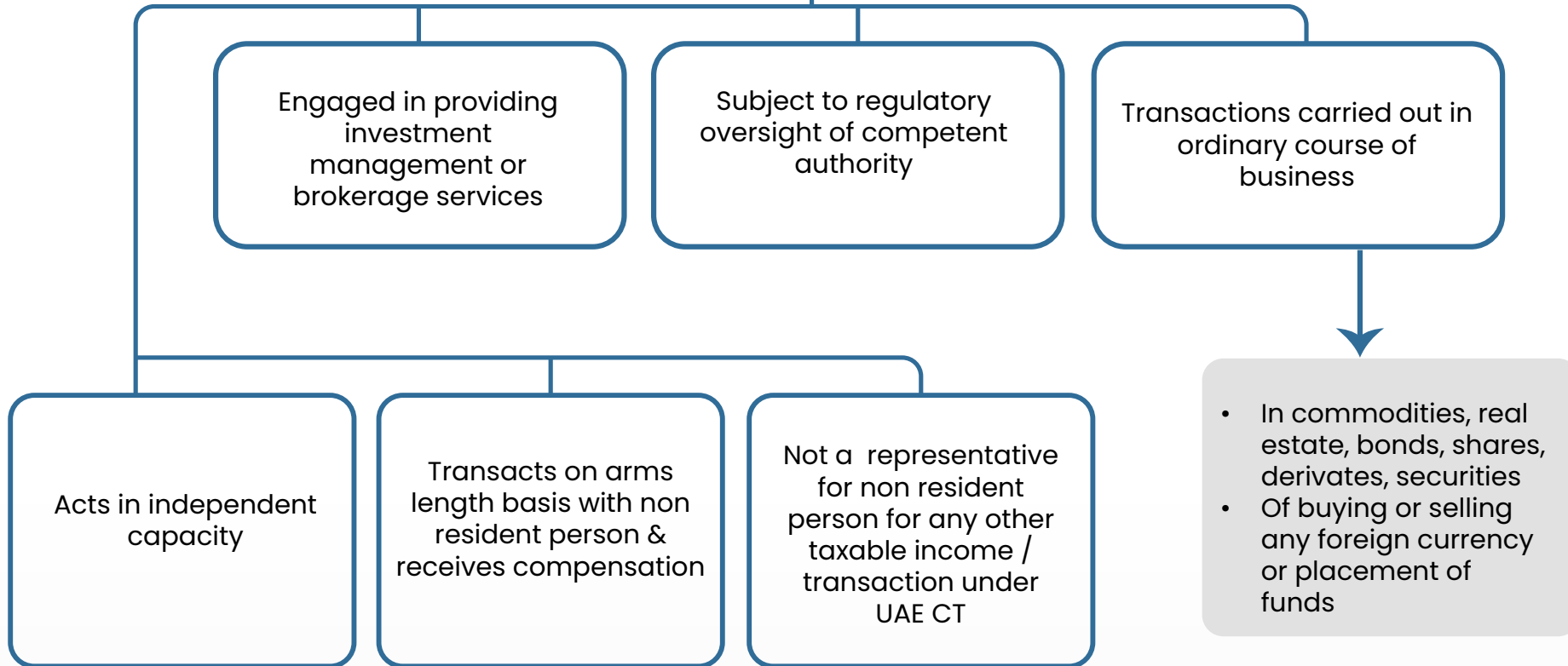
INVESTMENT MANAGER



Article 10, 15 – Federal Decree Law No. 47 of 2022

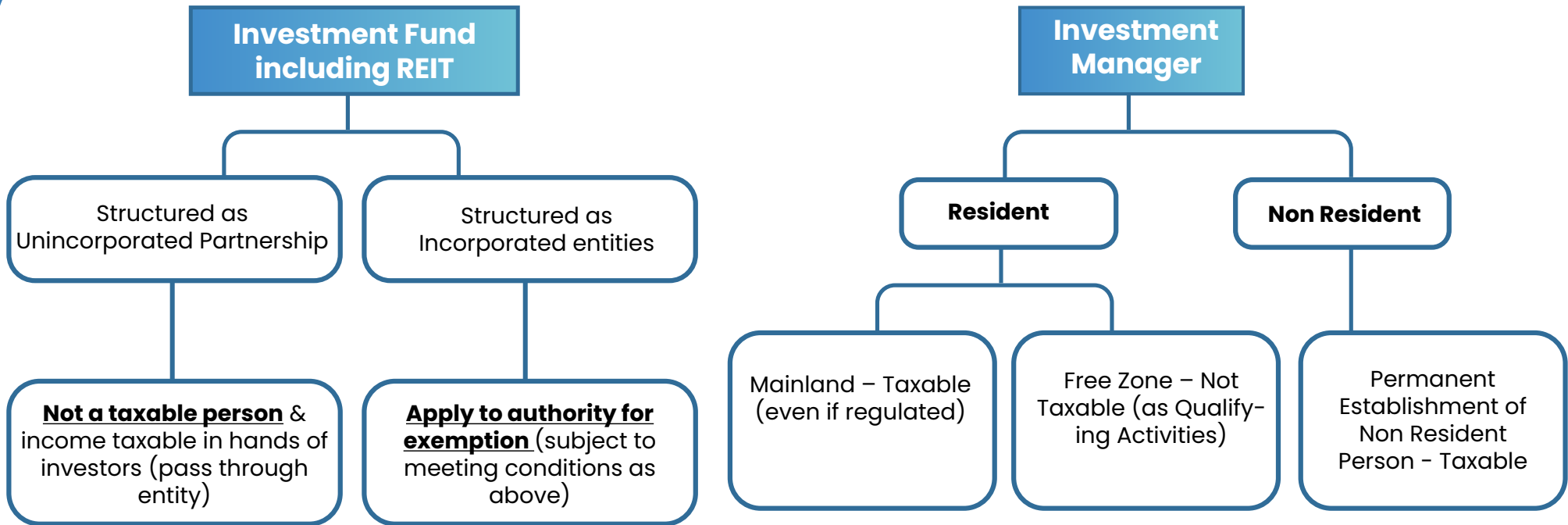
Investment Manager will not create Permanent Establishment (PE) for Foreign Investors

(subject to below conditions)



Article 15 – Federal Decree Law No. 47 of 2022

KEY TAKEAWAYS



Exemption extends to UAE juridical person - wholly owned & controlled by QIF to hold assets or invest their funds & carries out ancillary activities.

QFZP- Qualifying Free Zone Person
QA- Qualifying Activities
QI- Qualifying Income
PE- Permanent Establishment

FAQ'S

1. Will the UAE based investment fund manager be subject to UAE CT?

→ Yes. If the investment fund manager is the UAE resident, or if it operates in the UAE through a permanent establishment, the investment fund manager will be subject to UAE CT on the income it earns.

2. For the purpose of benefiting from the CT exemption, are both the investment fund and the fund manager required to be subject to regulatory oversight?

→ For the investment fund exemption, either the investment fund or the manager of the fund is required to be subject to regulatory oversight, not both.

3. Could the UAE-based investment manager create the UAE taxable presence for its foreign customers?

→ Under the so-called "Investment Manager Exemption", regulated UAE investment managers can provide discretionary investment / asset management services to foreign funds and customers without creating a permanent establishment for the foreign investors or the foreign investment fund in the UAE, where certain conditions are met.

4. Could the activities of the UAE-based investment manager result in a foreign investment fund / vehicle to be considered resident in the UAE for UAE CT purposes?

→ Where the conditions of the Investment Manager Exemption are met, a UAE-based investment manager should not create possible UAE residency for CT purposes for the foreign investment fund / investment vehicle it manages.

5. Can investment holding companies and Special Purpose Vehicles used by an investment fund benefit from an exemption from UAE CT?

→ Wholly-owned UAE investment holding companies and other Special Purposes Vehicles used by an investment fund to deploy capital and hold investments can apply to the Federal Tax Authority to benefit from the UAE CT exemption granted to the investment fund

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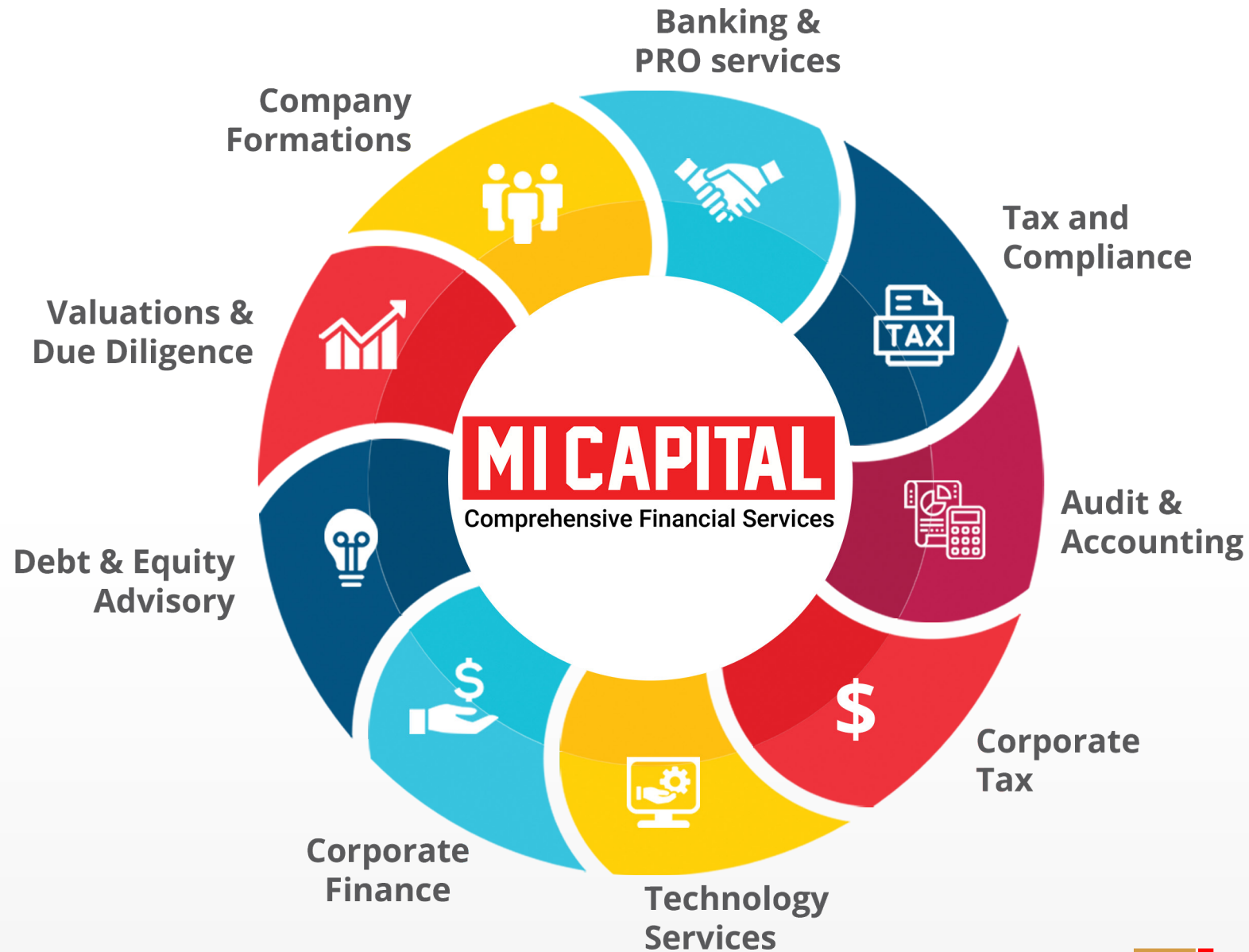
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- **Part 3 – Calculation of Taxable Income**
<https://youtu.be/HKkC3OWzq44>
- **Part 4 – Transfer & Set Off of Losses and Calculation of Corporate Tax Liability**
<https://youtu.be/qcZg5wDM5FE>
- **Part 5 – Groups & Tax Groups**
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- **UAE Corporate Tax Simplified (Public Consultation Document)**
<https://youtu.be/O5KdVbETdo4>
- **SMEsouk presents Webinar on Corporate Tax**
<https://youtu.be/8C9Ta0hp0kQ>
- **UAE CT Law Simplified (Federal Decree Law)**
<https://youtu.be/lGABzmHg64c>
- **UAE CT Law : Revaluation of Assets & Liabilities**
<https://youtu.be/zQL2dsK-IFc>

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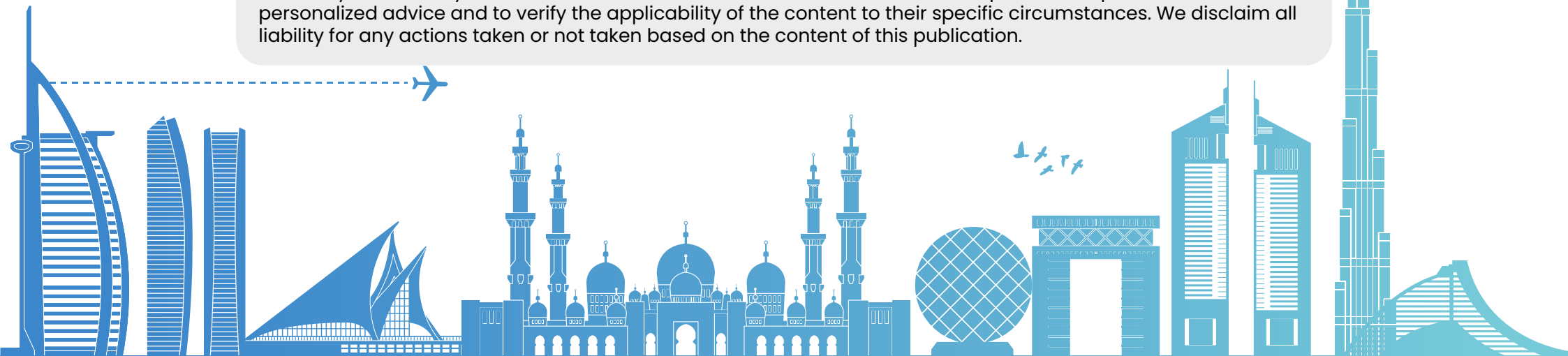
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Thank you!

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