

Family Foundations and Corporate Tax in the UAE: Simplified Application Process via EmaraTax

A. Introduction

As part of its broader strategy to modernize the tax framework and enhance regulatory efficiency, the UAE Federal Tax Authority (FTA) launched a new digital process in March 2025. This initiative allows qualifying family foundations to apply for a special tax classification via the EmaraTax platform, enabling them to be treated as *Unincorporated Partnerships* (UIPs) under the UAE Corporate Tax regime. The measure is underpinned by Federal Decree-Law No. 47 of 2022 and Ministerial Decision No. 261 of 2024, which supersedes previous guidance from 2023.

B. Understanding Family Foundations in the UAE

Family foundations are widely used in the UAE for long-term estate planning and wealth preservation. These legal entities can be set up in free zones, including the Abu Dhabi Global Market (ADGM), Dubai International Financial Centre (DIFC), and the Ras Al Khaimah International Corporate Centre (RAKICC). Normally, they are treated as taxable entities under corporate tax rules.

However, Article 17 of the Corporate Tax Law introduces an alternative approach. If certain criteria are fulfilled and the foundation receives approval from the FTA, it may be treated as a tax-transparent entity. In such cases, the tax burden is transferred to the individual beneficiaries rather than being imposed on the foundation itself.

C. Tax Implications of the UIP Option

Electing for UIP status has important implications:

- The foundation will not file corporate tax returns.
- The treatment promotes administrative ease while maintaining tax accountability.

This approach aligns with global best practices and encourages tax fairness through individual responsibility.

D. Conditions for Eligibility

To qualify for UIP treatment, a family foundation must:

1. Be registered with the FTA for corporate tax.
2. Demonstrate that it is not primarily established for tax avoidance.
3. Ensure that beneficiaries understand and fulfill any personal tax responsibilities applicable to them.

E. The EmaraTax System

EmaraTax is the UAE's comprehensive digital portal for all tax-related submissions. By adding the UIP application feature, the FTA has further expanded the platform's functionality to serve complex structures like family foundations more efficiently.

F. How to Apply for UIP Status

To apply for UIP status, the family foundation must first ensure it is registered for corporate tax and meets the eligibility requirements set out in the applicable legislation. The next step involves logging into the EmaraTax platform using valid credentials and completing the designated application form. The foundation must also provide the required supporting documentation, such as registration certificates, details of the beneficiaries, and financial statements if necessary. Following submission, the Federal Tax Authority will assess the application. If approved, the foundation will adopt the new tax status, and the beneficiaries must then consider any related personal tax obligations.

G. Ongoing Obligations and Risk Awareness

Even after approval, foundations must continue to meet UAE tax law requirements. It is crucial that the UIP status is not used as a vehicle for tax evasion. Foundations should have a legitimate, non-tax-related purpose, such as asset protection or succession planning.

Additionally, while the tax burden is shifted to individuals, the legal ownership of assets remains with the foundation, reinforcing its structural integrity.

H. Final Thoughts

The ability for family foundations to apply for Unincorporated Partnership status via EmaraTax reflects the UAE's commitment to modernizing tax compliance frameworks. This option not only supports efficiency but also promotes accountability among beneficiaries. Legal and tax counsel is recommended for those considering this option to ensure the application is successful and the structure remains fully compliant in the long



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term. If you are planning a similar structure, our team at [Meyer-Reumann & Partners](#) will be pleased to assist you with tailored advice and comprehensive support.