



This is not an official Translation:

Unincorporated Partnership, Foreign Partnership and Family Foundation for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses

Ministerial Decision No. 261 of 2024 Issued 28 October 2024 – (Effective from 1 June 2023)

Minister of State for Financial Affairs:

- Having reviewed the Constitution,
- Federal Law No. 1 of 1972 on the Competencies of Ministries and Powers of the Ministers, and its amendments,
- Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, and its amendments, and
- Ministerial Decision No. 127 of 2023 on Unincorporated Partnership, Foreign Partnership and Family Foundation for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses.

Article 1 – Definitions

Words and expressions in this Decision shall have the same meanings specified in the Federal Decree-Law No. 47 of 2022 referred to above (“Corporate Tax Law”), unless the context otherwise requires.

Article 2 – Conditions for an Unincorporated Partnership not to be Considered a Taxable Person in its Own Right

For the purposes of Clause (1) of Article (16) of the Corporate Tax Law, and without prejudice to Clause (7) of Article (16) and Article (17) of the Corporate Tax Law, an Unincorporated Partnership shall not be considered a Taxable Person in its own right unless it is a juridical person.



Article 3 – Treatment of an Unincorporated Partnership as a Taxable Person

1. Where the Authority approves an application submitted to it for an Unincorporated Partnership to be treated as a Taxable Person in its own right under Clause (8) of Article (16) of the Corporate Tax Law, the application shall be irrevocable, except in exceptional circumstances and pursuant to approval by the Authority.
2. Where an Unincorporated Partnership is treated as a Taxable Person in its own right in accordance with Clause (8) of Article (16) of the Corporate Tax Law, the responsible partner pursuant to paragraph (c) of Clause (9) of Article (16) of the Corporate Tax Law shall provide the Authority with details of any partner who joins or leaves the Unincorporated Partnership during the relevant Tax Period, when filing the Tax Return as per Article (53) of the Corporate Tax Law.

Article 4 – Treatment of a Foreign Partnership as an Unincorporated Partnership

1. For the purposes of paragraph (a) of Clause (7) of Article (16) of the Corporate Tax Law, the Foreign Partnership shall not be subject to any tax of a similar character to Corporate Tax under the laws of the foreign jurisdiction.
2. For the purposes of paragraph (b) of Clause (7) of Article (16) of the Corporate Tax Law, each partner in the Foreign Partnership shall be considered to be subject to tax with regards to their distributive share of any income of the Foreign Partnership if the Foreign Partnership is not subject to tax in its own right in the foreign jurisdiction.
3. A Foreign Partnership shall submit an annual declaration to the Authority to confirm meeting the conditions specified in paragraphs (a) and (b) of Clause (7) of Article (16) of the Corporate Tax Law, in the form and manner and within the timeline prescribed by the Authority.



Article 5 – Treatment of a Family Foundation as an Unincorporated Partnership

1. Where one or more of the beneficiaries of a Family Foundation are public benefit entities, the Family Foundation must meet any of the following additional conditions to be treated as an Unincorporated Partnership:
 - a. Such beneficiaries are not deriving income that would be considered as Taxable Income in the event they had derived it in their own right.
 - b. The income that would be considered as Taxable Income is distributed to the relevant beneficiaries within (6) six months from the end of the relevant Tax Period.
2. A juridical person, that is wholly owned and controlled by a Family Foundation that is treated as an Unincorporated Partnership, can make an application to the Authority to be treated as an Unincorporated Partnership pursuant to Article (17) of the Corporate Tax Law where all of the following conditions are met:
 - a. The juridical person is wholly owned and controlled by the Family Foundation either directly or indirectly through an uninterrupted chain of other entities which are treated as Unincorporated Partnerships in accordance with the Corporate Tax Law.
 - b. The juridical person meets the conditions of Clause (1) of Article (17) of the Corporate Tax Law.

Article 6 – Repeals

Ministerial Decision No. 127 of 2023 referred to above shall be repealed.

Article 7 – Publication and Application of this Decision

This Decision shall be published and shall come into effect on 1 June 2023.