

# ATOZ ALERT

---

## New UAE Cabinet Decision introduces new Non-Resident Person's nexus criteria

15 April 2025

The Ministry of Finance of the United Arab Emirates ("UAE") has published [Cabinet Decision No. 35 of 2025](#) (the "New Cabinet Decision"), replacing the earlier [Cabinet Decision No. 56 of 2023](#) on the determination of a Non-Resident Person's Nexus in the UAE for the purposes of Federal Decree-Law No. 47 of 2022 on the taxation of corporations and businesses ("Corporate Tax Law").

The New Cabinet Decision sets out conditions under which non-resident juridical investors, notably those investing in Qualifying Investment Funds ("QIF") or Real Estate Investment Trusts ("REIT"), are considered to have a nexus in the UAE and therefore, are subject to UAE Corporate Tax.

Although Cabinet Decision No. 56 of 2023 remains applicable to Tax Periods<sup>1</sup> beginning before 1 January 2025, the New Cabinet Decision No. 35 of 2025 will apply to all Tax Periods commencing on or after that date.

We describe thereafter the amendments provided by the New Cabinet Decision to the determination of a Non-Resident Person's Nexus in the UAE.

### Non-Resident Person's nexus

For Corporate Tax Law purposes, a Non-Resident Person is a Person who is not a 'Resident Person' and that either has a Permanent Establishment in the UAE, or has income accruing in, or derived from, the UAE or has a nexus in the UAE as specified in a decision issued by the Cabinet.

---

<sup>1</sup> All terms in capital letters that are not defined in this article shall be interpreted as defined under the UAE corporate tax laws.

### **New Non-Resident Person's nexus criteria**

Following the issuance of Cabinet Decision No. 34 of 2025, amending notably the tax regime of Investor's income from QIFs and from REITs under Corporate Tax Law, the New Cabinet Decision introduces three new Non-Resident Person's nexus criteria in the UAE that apply when Taxable Income adjustments are triggered under Cabinet Decision No. 34 of 2025.

While profit distributions received by a Taxable Person from an exempt QIF or a REIT are in principle excluded from Taxable Income, Cabinet Decision No 34 of 2025 provides specific conditions where juridical persons are required to adjust their taxable income upwards. In such cases, a nexus in the UAE exists.

The new nexus criteria exist where any of the following conditions are met:

#### **1. Ownership interest threshold**

The QIF has a single investor and its Related Parties that own 30% or more of the ownership interests in the QIF, where the QIF has fewer than ten investors; or 50% or more, where the QIF has ten or more investors (the **"Diversity of Ownership Condition"**).

- In case of breaches of the Diversity Ownership Condition, the Taxable Income of juridical persons that are investors in the QIF shall include their prorated share of the QIF's net profit, as reported in the QIF's financial statements.

#### **2. UAE Immovable Property threshold**

The value of the Immovable Property located in the UAE held by the QIF as a percentage of the total value of the assets of the QIF (the **"Immovable Property Percentage"**) is above 10% in its financial year.

- If the QIF exceeds the 10% Immovable Property threshold, 80% of the income derived from UAE Immovable Property will be subject to UAE Corporate Tax at the investor level.

#### **3. Adjustment for REIT investors**

The Taxable Income of a juridical person that is an investor in an exempt REIT shall, in principle, be **adjusted to include 80% of the prorated Immovable Property Income**, with such income further adjusted to reflect depreciation deductions.

To learn more about Cabinet Decision No 34 of 2025, please refer to our previous Alert : [Significant amendment to UAE Fund tax exemption rules: New Cabinet Decision replaces 2023 framework](#)

Non-Resident juridical investors investing exclusively in a QIF and/or REIT **will however not be considered as having a taxable presence** in the UAE in any situations other than those mentioned in this article.

### **Previous Non-Resident Person's nexus criterion maintained**

The nexus criterion already provided by the repealed Cabinet Decision No. 56 of 2023 is reaffirmed in the New Cabinet Decision.

As a result, any juridical person incorporated or otherwise established or recognised under the legislation of a foreign jurisdiction will also have a nexus in the UAE if it derives income from any Immovable Property in the UAE. This shall include income derived from the right in rem, sale, disposal, assignment of rights therein, direct use, letting, including subletting and any other form of exploitation of Immovable Property.

## Requirement to register for Corporate Tax

A Non-Resident Person that has a nexus in the UAE according to the New Cabinet Decision is required to register for Corporate Tax with the UAE Authority.

## Do you have any questions?



---

**OLIVIER REMACLE**

Partner  
International & Corporate Tax  
[olivier.remacle@atoz-me.ae](mailto:olivier.remacle@atoz-me.ae)  
T +971 58 624 4378



---

**BARBARA SCHWARTZ**

Principal  
International & Corporate Tax  
[barbara.schwartz@atoz-me.ae](mailto:barbara.schwartz@atoz-me.ae)  
T +971 54 291 6992