June 2026

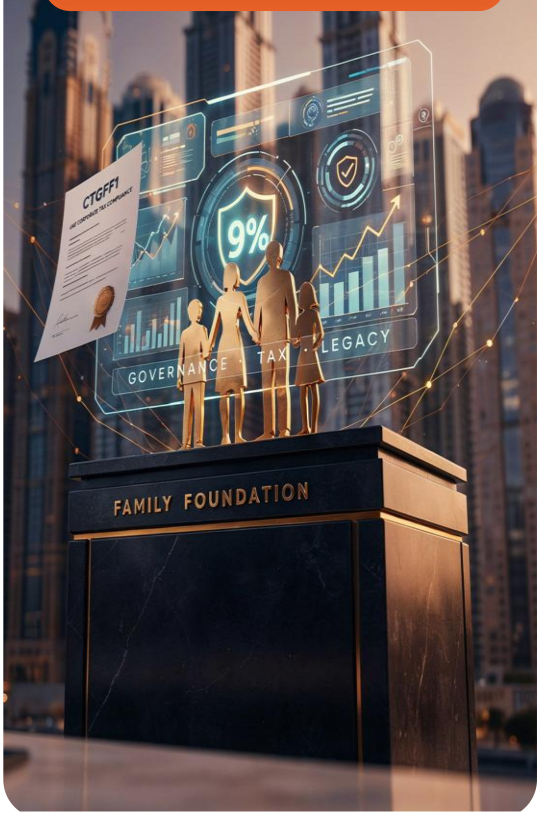
Key Updates to the FTA's "Taxation of Family Foundations" Guide (CTGFF1) — June 2026 Edition

Introduction

The UAE has emerged as a key centre for private wealth and succession planning, with families using foundations and trusts to hold and transfer assets across generations. Under **Article 17** of the Corporate Tax Law, qualifying family foundations may elect to be treated as fiscally transparent Unincorporated Partnerships. Following the initial Family Foundations Corporate Tax Guide issued in May 2025, the FTA released a revised edition in
June 2026, retaining the qualifying conditions while refining definitions, restructuring multi-tier rules and introducing new guidance on key implications.

To qualify for fiscal transparency under **Article 17**, a Family Foundation must satisfy these conditions:

Conditions



- **Beneficiary Scope:** Established solely for the benefit of identifiable natural persons, Public Benefit Entities (PBEs), or a combination of both.
- **Principal Activity:** Restricted to the administration, management, and preservation of assets and funds (family wealth).
- **Business Restriction:** Must not engage in any "Business Activity" that would be subject to Corporate Tax if conducted directly by the natural person beneficiaries.
- **Anti-Avoidance:** The primary objective of the structure must not be the avoidance of Corporate Tax.
- **PBE Distribution Rule:** Income attributable to a PBE must either be non-taxable in the PBE's hands or be distributed by the Foundation within **6 months** of the Tax Period's end.
- **Application & Status:** Must submit a formal application to the FTA; if approved, it is treated as a transparent Unincorporated Partnership.
- **Continuous Compliance:** Conditions must be met throughout the entire Tax Period; a breach results in the entity becoming a Taxable Person (9% rate) from the start of that period.

Snapshot of Amendments

The table below highlights the key changes introduced in the June 2026 edition of the FTA's Family Foundations Corporate Tax Guide compared with the May 2025 version, including updates relating to LLCs, multi-tier structures, SPVs, transfers to Family Foundations, ownership transitions and family offices.

Feature / Category	May 2025 guide (Version 1)	June 2026 Guide (Version 2)	Technical Impact and Significance
Legislative Framework	Focused on the primary Corporate Tax Law (Decree-Law No. 47 of 2022).	Incorporated Cabinet Decision No. 100/2023, Ministerial Decision No. 229/2025, and FTA Decision No. 5/2025.	Integrates newer regulations on Qualifying Free Zone Income and specific Family Office provisions
Definition of "Similar Entities"	Provided a general definition for entities similar to trusts/foundations.	Explicitly clarified that a Limited Liability Company (LLC) is not a "similar entity" (Section 3.4).	Clarifies that LLCs cannot apply for fiscal transparency directly; they must be wholly owned by a Foundation to qualify.
Asset Transfers (New Section 7.8)	Limited guidance on the taxation of asset contributions.	Introduced detailed rules for transfers by founders/settlors, emphasizing the Arm's Length Principle.	Confirms tax neutrality for natural persons transferring Personal/Real Estate investments into a Foundation.
Multi-tier Structure Complexity	Basic overview of subsidiary ownership.	Expanded Section 6 with advanced examples (e.g., joint ownership by multiple Foundations) and "uninterrupted chain" rules.	Provides a robust framework for complex holding structures and explains how "opaque" entities break the transparency chain.
Family Offices (New Section 7.10)	Not specifically addressed as a separate category.	Defined treatment for Single (SFO) and Multi-Family Offices (MFO).	Notes that SFOs/MFOs are generally taxable due to "Business Activity" but may access 0% Free Zone rates if regulated by SCA/DFSA/FSRA.
Asset Base Cost (New Section 7.9)	Not addressed.	Clarified that the base cost of assets remains unchanged when an entity shifts between transparent and opaque status.	Prevents tax-driven valuation adjustments when an entity loses or gains its "Family Foundation" tax status.
Registration Requirements	Standard registration for all juridical persons.	Added an exemption: Fiscally transparent Foreign Partnerships are not required to register (Section 8.1).	Simplifies compliance for foreign wealth structures that have a UAE nexus but are transparent elsewhere.
Compliance & Filing Deadlines	General guidance on applications.	Codified the 31 December 2025 deadline for retrospective applications and the 9-month window for annual confirmations.	Provides administrative certainty for taxpayers to maintain their fiscally transparent status.

Sources Documents : ..\Family Foundations Guide - EN - 05 06 2026.pdf
..\Family-Foundations-Guide-27-05-2025.pdf

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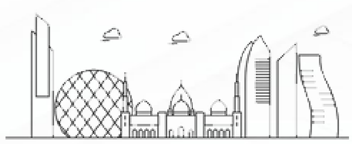
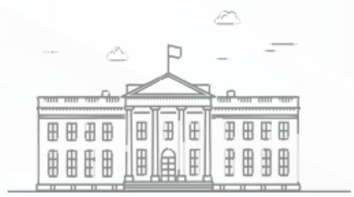
Global outlook

Our Global Presence





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