



# UAE PRIVATE WEALTH SERIES (II) SFO IN THE UAE: WHICH OPTIONS?

## 1. What is a Single Family Office (SFO)?

A SFO is a private entity aimed at managing the investments and affairs of **one single family**. The assets under management are the **family's own wealth**, often accumulated over several generations. SFOs can evolve over the time and vary in form and complexity – from simple 'Founder's office' to full-fledge, full-service operations. In addition to **investment management**, SFOs typically also provide the following services:

- > Inter-generational planning
- > Tax planning
- > Accounting and payroll activities
- > Legal affairs managements
- > Trust services<sup>1</sup>

Other services handled by the traditional SFO may include family management services such as family governance, family assemblies, financial and investment education of family members, concierge services, coordination of charitable and philanthropic activities.

## 2. Why a SFO?

- **High transparency** when it comes to dealing with the complexities of a families wealth, **maximises investment opportunities and minimizes the potential of future conflicts**.
- Expert advice from individuals paid by an entity owned by the family-owned entity ensures **impartial investment advice, privacy, confidentiality** as well as **alignment of interest** between advisers and family.
- Centralisation and professionalisation of the asset management allowing for:
  - > Formalising investment procedures;
  - > Promotion of family involvement; and
  - > Maximising investment returns, for all family members
- **Consolidation** of performance management and reporting helps advisors and families to take effective decisions.
- Wide range of other functions and **tailored services** can be adapted for **cash-rich / time-poor families** (e.g. philanthropy role, concierge services, communication and education to meet the family's mission and goals).
- May be set up as a top **holding structure** or in combination **with a foundation/trust**, where it operates as the **trustee** of a family trust/s.

## 3. Key Considerations

### Embedded vs standalone

'Embedded' SFO exists within a business owned by an individual or family. Family or individual manages their private assets alongside their business and capitalise on the business' back-office resources – e.g. CFO, finance department.

Common in the Middle East, 'Embedded' SFOs are a cost-effective way to manage risks to the family while supporting their wealth and endeavours outside the family firm. They however lack the privacy, specialization and focus of a standalone SFO.

### Capital vs Costs

Some jurisdictions, but not all, require a **minimum capital under management** of a SFO. This requirement is closely connected to the assumption that a SFO can become cost intensive depending on the set up and amount of in-house advisors. While there is no rule of thumb, the family assets need to be sufficient to justify a standalone management and/or legacy planning structure.

### Make-or-buy

Careful considerations should be taken with regards to **outsourcing services vs keeping them "in the family"**. Relying on outsourced advice may help decreasing costs – especially with regards to high-value professional skills, keeping certain services within the SFO increases confidentiality, ensures independency of advisors and tailors the knowledge and skills to the family needs, assuring the alignment of goals and avoiding conflict of interest.

### Governance and management strategy

While the needs of the family and the objectives of the SFO may change over time implementing a **thought-through yet flexible governance and management strategy** is key for the successful operation of the SFOs and helps avoiding conflicts – especially with regards to next generations.

### Ecosystem

SFOs function best when operating from centres where they can avail **sophisticated markets, legal, regulatory and tax structures**. Access to know-how and recruitment of **skilled employees** is also key. The absence of (some of) such features in frontier and (some) emerging markets has undermined the development of family offices in such (often high-growth) jurisdictions.

The UAE has positioned itself as a genuine leader in the field, introducing a vast array of regimes/tools to fit the needs of all families, from simple to sophisticated. For an overview of some of the tools used by/ in conjunction with SFO in the UAE, **please refer to the comparison chart**.

### Who we are

We are a multi-services platform catering to a broad spectrum of clients – from individual entrepreneurs and local SMEs to wealthy international families, to established blue-chip companies and multinationals. Our one-stop-shop offering is unique in the Middle East: a holistic and cross-disciplinary combination of a market-leading corporate services firm, a law firm's specialist expertise and a regulatory & compliance services practice, all through one single platform.

We have broad experience advising successful individuals and international families on a broad range of legacy planning and wealth structuring issues, including structuring of operational and non-operational assets. We are regularly assisting clients on all aspects of a SFO – e.g. defining the family's vision; identifying, fine-tuning and implementing governance aspects and management strategies; selecting, incorporating and providing ongoing support to the appropriate structure.

Headquartered in the UAE, we are an entrepreneurial firm for entrepreneurial clients.

### Who will assist you



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1. e.g. management of real estate/aircrafts/yachts, trust administration and managing/incorporating corporate structures.



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	ADGM		DIFC		DMCC	DWTC	DED LLC
	Foundation / ADGM SPV	SFO Regime	Foundation / PresCo	SFO Regime			
<b>Applicable Regulations</b>	<ul style="list-style-type: none"> <li>2015 ADGM Companies Regulations</li> <li>ADGM Foundation Law 2017</li> </ul>	<ul style="list-style-type: none"> <li>2015 ADGM Companies Regulations</li> <li>2015 ADGM Controlled Activities Rules and Conditions of License</li> </ul>	<ul style="list-style-type: none"> <li>Foundations Law DIFC Law No. 3 of 2018</li> <li>Companies Law DIFC Law No. 5 of 2018</li> </ul>	<ul style="list-style-type: none"> <li>2008 Single Family Office Regulations (as amended in 2011)</li> <li>Foundations Law DIFC Law No. 3 of 2018</li> <li>Companies Law DIFC Law No. 5 of 2018</li> </ul>	<ul style="list-style-type: none"> <li>DMCC Company regulations 2003 (DMCC Regulations) applies in conjunction with DMCC SFO license requirements</li> </ul>	<ul style="list-style-type: none"> <li>DWTC Rules and Regulations Circular No (12) 2021</li> </ul>	<ul style="list-style-type: none"> <li>Federal Law No. (2) of 2015 on Commercial Companies</li> <li>Law No. (13) of 2011 Regulating the Conduct of Economic Activities in the Emirate of Dubai</li> <li>(for Abu Dhabi) Abu Dhabi family business ownership governance law<sup>2</sup></li> <li>other ancillary regulations</li> </ul>
<b>Legal System</b>	Common Law, ADGM Courts		Common Law, DIFC Courts		Civil Law, local Courts <sup>3</sup>	Civil Law, local Courts <sup>3</sup>	Civil Law, local Courts <sup>3</sup>
<b>Regulated framework</b>	Supervised [Family Holding vertical Foundation/SPV]	Regulated, exemption regime [Single Family office license]	Supervised [Family Holding vertical Foundation/ Prescribed company]	Regulated, exemption regime [Single Family office license]	Supervised	Supervised	Unregulated
<b>Ownership</b>	<b>No restrictions</b> [individual, corporate, foundation, trust all permitted, directly or indirectly]	ADGM SFO must be directly or indirectly wholly-owned by: <ol style="list-style-type: none"> <li>one individual;</li> <li>a group of individuals</li> </ol>	<b>No restrictions</b> [individual, corporate, foundation, trust all permitted, directly or indirectly]	DIFC SFO can be directly or indirectly wholly-owned by: <ol style="list-style-type: none"> <li>one person, or</li> <li>a group of persons</li> </ol> The SFO must be owned at 100% by members of a "Single Family" looking back three preceding generations	DMCC SFO may be owned either by an individual family member(s), a body corporate, or a registered trust (in each case wholly owned by/with UBOs from the same family / trustees (1st-grade family members)	SFO must be owned at 100% by Lineal Descendants of a "Single Family"	100% foreign ownership allowed
<b>Minimum share capital/ investible funds</b>	No minimum requirement	<ul style="list-style-type: none"> <li>No minimum share capital requirement</li> <li>No minimum investible funds requirement</li> </ul>	No minimum requirement	<ul style="list-style-type: none"> <li>Liquid assets in excess of US\$10 million (realisable in a 180-day period)<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Minimum AED 50,000 per SFO or AED 10,000 per shareholder</li> <li>Minimum of USD 1 Million investible/liquid asset which must be on account for 1 year+ pre establishment</li> </ul>	<ul style="list-style-type: none"> <li>Liquid assets in excess of AED 500k (on account for 12 months)</li> </ul>	<ul style="list-style-type: none"> <li>No minimum share capital</li> <li>No minimum liquid or net assets required</li> </ul>
<b>Physical Premises</b>	c/o Registered Agent	<b>Required</b> – SFO must have an office in the ADGM	c/o Registered Agent	<b>Required</b> – SFO must have an office in the DIFC <sup>4</sup>	<b>Required</b> – Minimum office space is flexi-desk	<b>Required</b> – Executive or Standard Office (hot Desk or Business Centers arrangements not permitted)	<b>Required</b> – Any premises of a minimum 100 sq. ft office space
<b>Time Frame</b>	3-4 weeks	6 weeks	3-4 weeks	6 weeks	6 weeks	6 weeks	1 week

2. See: <https://added.gove.ae/>

3. unless shares are held through ADGM/DIFC fiduciary structures, in which case make it Common Law, ADGM/DIFC Courts

4. Art. 5.1 of the DIFC Family Office Regulations of 2019



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Activity/ Scope of Services	<ul style="list-style-type: none"> <li>Proprietary investment</li> <li>Securitization</li> <li>Holding (incl UAE real estate)</li> <li>Capital raising</li> <li>Regional HQ</li> <li>Single family office</li> </ul>	Provision of services to family member(s), family business, family entity or family trust or foundations  Services may include: <ul style="list-style-type: none"> <li>Wealth management;</li> <li>Asset management;</li> <li>Concierge work;</li> <li>Day to day accounting and management of legal affairs, corporate governance issues and all the administrative office affairs</li> </ul>	<ul style="list-style-type: none"> <li>Family Holding Structure, established for the sole purpose of consolidating the holdings of a family member, their spouse, and/or bloodline descendants in a Family Office, Holding Company or Proprietary Investment Company (as defined in the Prescribed Company Regulations)</li> <li>Structured Financing, having the sole purpose of holding assets to leverage and/or manage risk in one or more financial transactions.</li> <li>Aviation Structure, having the sole purpose of facilitating the owning, financing, securing, leasing, or operating of aircraft</li> </ul>	Provision of services to services to one or family member(s), family fiduciary structure, family entity, or family business  Services may include: <ul style="list-style-type: none"> <li>Wealth management;</li> <li>Asset management;</li> <li>Concierge work;</li> <li>Day to day accounting and management of legal affairs, corporate governance issues and all the administrative office affairs</li> </ul>	Provision of services to family member(s), family business, family entity or family trust or foundations  Services may include: <ul style="list-style-type: none"> <li>Wealth management;</li> <li>Asset management;</li> <li>Concierge work;</li> <li>Day to day accounting and management of legal affairs, corporate governance issues and all the administrative office affairs</li> </ul>	Provision of services to a family member(s), family business, family entity or family trust or foundations  Services may include: <ul style="list-style-type: none"> <li>Management Consulting;</li> <li>Asset Management;</li> <li>Concierge;</li> <li>Accounting and Management of legal affairs;</li> <li>Corporate governance issues and all the administrative and office affairs</li> </ul>	Investment in <ul style="list-style-type: none"> <li>Energy Enterprises &amp; Management</li> <li>Sport Enterprises &amp; Development</li> <li>Educational Enterprises &amp; Management</li> <li>Water Enterprises &amp; Development</li> <li>Healthcare Enterprises &amp; Development</li> <li>Tourist Enterprises &amp; Management</li> <li>Investment in Industrial Enterprises &amp; Management</li> <li>Oil &amp; Natural Gas Projects</li> <li>Commercial Enterprises &amp; Management</li> <li>Retail Trade Enterprises &amp; Management</li> <li>Agricultural Enterprises &amp; Management</li> </ul>
Definition of "Family Members"	N/A	<i>"The members of a person's family are that person's parents, spouse and children (including step-children) and their descendants"<sup>5</sup></i>	N/A	<i>"One individual or group of individuals all of whom are the bloodline descendants of a common ancestor or their spouses and includes family's own members, entities, businesses, trusts or foundations provided 100% of the ultimate beneficial ownership of the DIFC entity vests with the members of a single family"<sup>6</sup></i>	<i>"A family constitutes a Single Family when it has one or more individuals all of whom are bloodline descendants of a common ancestor or their spouses; widows and widowers, whether or not remarried, are also included in the family. Individuals adopted as minors, step children, children of adopted children are also included in the single family"<sup>7</sup></i>	<i>An individual or a group of individuals all of whom are lineal descendants of a common ancestor, as long as each descendant is able to legally prove lineage with the common ancestor regardless of his/her nationality; incl. individual[s] that are: [1] direct blood line descendant; [2] the legal spouse/s [including those that may be widowed whether or not remarried thereafter, and their legal spouse - i.e. spouse of the spouse of the bloodline descendant noting that this third degree of separation is limited to the marriage being legally active at the time of consideration]; and [3] legal children - gender and age neutral [including those adopted as minors, legally adopted step or half children - adult or minor, and children of all adopted children].</i>	N/A
Succession	<ul style="list-style-type: none"> <li>UAE Personal Affairs Law</li> </ul>		<ul style="list-style-type: none"> <li>UAE Personal Affairs Law</li> </ul>	<ul style="list-style-type: none"> <li>UAE Personal Affairs Law</li> <li>Access to DIFC WPR</li> </ul>	<ul style="list-style-type: none"> <li>UAE Personal Affairs Law</li> <li>Access to DIFC WPR</li> </ul>	<ul style="list-style-type: none"> <li>UAE Personal Affairs Law</li> <li>Access to DIFC WPR</li> </ul>	<ul style="list-style-type: none"> <li>UAE Personal Affairs Law</li> <li>Access to DIFC WPR</li> </ul>

5. Art. 3 (4) of the ADGM Companies Regulations 2015.

6. Art. 2.31. of the SFO Regulations.

7. DMCC Licensing requirements.



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Restrictions	<ul style="list-style-type: none"> <li>• <b>Passive</b> entity. Not allowed to offer or monetize any of Services to third parties</li> </ul>	<ul style="list-style-type: none"> <li>• Can only operate as a restricted scope company under Article (4) of ADGM Companies Regulations of 2015</li> <li>• Cannot offer its securities/shares for sale to the general public</li> <li>• Not allowed to offer any of the Services to any third party; may only manage assets of a <b>single family</b></li> </ul>	<ul style="list-style-type: none"> <li>• Activity must fall within definition of Prescribed Company Regulations</li> </ul>	<ul style="list-style-type: none"> <li>• DIFC may, on case to case basis, while considering the application for grant of licence, impose restrictions and conditions</li> <li>• Not allowed to offer any of the Services to any third party; may only manage assets of a single family</li> </ul>	<ul style="list-style-type: none"> <li>• Not allowed to offer any of the Services to <b>any third party</b>; may only manage assets of a <b>single family</b></li> <li>• Not permitted to act as trustee but might act solely as protector or as conduit with offshore regulated trustees operating the trusts or foundations</li> <li>• <b>May supervise</b> and <b>coordinate</b> activities amongst foreign fiduciary service providers</li> <li>• <b>Professional advice</b> must be given by accredited qualified regulated professionals only</li> <li>• May <b>not sell shares</b> of the company to any party except family members</li> </ul>	<ul style="list-style-type: none"> <li>• Services under SFO scope strictly <b>not permitted include any 'regulated' activities</b> required to be specifically licensed by supervising authority - e.g. Central Bank, Telecommunications Regulatory Authority, Ministry of Health.</li> <li>• Strict provision of permissible 'unregulated' Services solely to a single family</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Passive</b> entity. Not allowed to offer or monetize any of Services to third parties [but ability to register branch/es /subsidiary / ies which, once appropriately licensed, can undertake the licensed commercial activity</li> </ul>
Board of Directors/ Authorised Representative	<ul style="list-style-type: none"> <li>• Minimum 1 Director - can be non-resident<sup>8</sup></li> <li>• Minimum 1 Shareholder</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum 1 Director</li> <li>• Non-family members may act as a board of directors</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum 1 Director</li> <li>• Minimum 1 Shareholder</li> </ul>	<ul style="list-style-type: none"> <li>• Each SFO must designate an <b>Authorised Representative</b> who must be <b>ordinarily resident in the UAE</b>, to act as the point of contact between SFO and DIFC Registrar</li> <li>• The composition of the board will depend upon the structure of the company and varies from none to minimum two directors</li> <li>• <b>Non-family</b> members may act as board of directors</li> </ul>	<ul style="list-style-type: none"> <li>• Board of directors restricted to family members and 'consultant' to the SFO</li> <li>• At least one family member must be appointed as a board member or legal representative</li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory minimum <b>Controlling Interest [CI]</b></li> <li>• Required to be held by the Family; 51% where:               <ol style="list-style-type: none"> <li>1. SFO Board must be at least majority [51%] controlled by the Family; and</li> <li>2. No single non-family board member shall have greater CI than the largest individual Family</li> </ol> </li> <li>• Shareholder (i.e. a Lineal Descendant must retain the largest CI).</li> <li>• General Manager and Chief Executives must be Family members</li> <li>• Administrative Services may be performed by non-family members be performed by non-family members</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum 1 Director - can be non-resident<sup>8</sup></li> <li>• Minimum 1 Shareholder</li> </ul>

8. Subject to **'Nexus' requirement** being met; applicants must be able to demonstrate that the SPV will have an appropriate connection or 'nexus' to the ADGM, the UAE and/or to the GCC Region (the Nexus Requirement), e.g. by documentary evidence of:

1. SPV owned or controlled by UAE or GCC based private company, family/family office or individual;
2. SPV holds assets located in the UAE or GCC Region;
3. SPV facilitates transactions connected, or provides a real or economic benefit, to the UAE; or
4. SPV's purpose includes the issuance of Securities that will be admitted to the Official List maintained by the Financial Service Regulatory Authority (FSRA), and/or admitted to trading on a Recognised Investment Exchange, Multilateral Trading Facility, Organised Trading Facility, or other licensed platforms (including a Private Financing Platform) that is established in ADGM.



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Compliance and Reporting	<p><b>Balance sheet:</b> Accounting records, prepared in accordance with International Accounting Standards (IAS). First Accounting Reference Period: more than six months but not over 18 months from date of incorporation.</p> <p>Turnover of not more than USD 13.5M, balance sheet filing</p> <p>Turnover of not more than USD 13.5M, audited statements and director's report filing</p> <p><b>CRS/FATCA:</b> Annual self-assessment and filing</p> <p><b>ESR</b> Annual self-assessment; notification, filing requirement depending on self-assessment</p> <p><b>Tax Compliance:</b> Annual self-assessing and filing</p>	<p><b>Balance sheet:</b> Accounting records, prepared in accordance with International Accounting Standards (IAS). First Accounting Reference Period: more than six months but not over 18 months from date of incorporation.</p> <p>Assuming entity holds RSC status, annual return filing [but no requirement to file full balance sheet or audited statements]</p> <p><b>CRS/FATCA:</b> Annual self-assessment and filing</p> <p><b>ESR</b> Annual self-assessment; notification, filing requirement depending on self-assessment</p> <p><b>Tax Compliance:</b> Annual self-assessing and filing</p>	<p><b>Balance sheet:</b> Accounting records, prepared in accordance with International Accounting Standards (IAS). First Accounting Reference Period: more than six months but not over 18 months from date of incorporation.</p> <p>Annual return filing [but no requirement to file full balance sheet or audited statements]</p> <p><b>CRS/FATCA:</b> Annual self-assessment and filing</p> <p><b>ESR</b> Annual self-assessment; notification, filing requirement depending on self-assessment</p> <p><b>Tax Compliance:</b> Annual self-assessing and filing</p>	<p><b>Balance sheet:</b> Accounting records, prepared in accordance with International Accounting Standards (IAS). First Accounting Reference Period: more than six months but not over 18 months from date of incorporation.</p> <p>Annual return filing [March]</p> <p>Annual filing of audited statements</p> <p>Annual confirmation that there have been no material changes in the operation of the SFO since its establishment or since the last SFO annual return</p> <p><b>CRS/FATCA:</b> Annual self-assessment and filing</p> <p><b>ESR</b> Annual self-assessment; notification, filing requirement depending on self-assessment</p> <p><b>Tax Compliance:</b> Annual self-assessing and filing</p>	<p><b>Balance sheet:</b> Accounting records, prepared in accordance with International Accounting Standards (IAS). First Accounting Reference Period: more than six months but not over 18 months from date of incorporation.</p> <p>Annual filing of audited statements</p> <p>Annual confirmation that</p> <ul style="list-style-type: none"> <li>there have been <b>no material changes</b> in the operation of the SFO since its establishment or since the last SFO annual return</li> <li>there has been no material change in the legal and beneficial ownership of the SFO;</li> <li>There has been no change in the total number of family members to be served by the SFO;</li> </ul> <p><b>CRS/FATCA:</b> Annual self-assessment and filing</p> <p><b>ESR</b> Annual self-assessment; notification, filing requirement depending on self-assessment</p> <p><b>Tax Compliance:</b> Annual self-assessing and filing</p>	<p><b>Balance sheet:</b> Accounting records, prepared in accordance with International Accounting Standards (IAS). First Accounting Reference Period: more than six months but not over 18 months from date of incorporation.</p> <p>Annual filing of audited statements</p> <p>Annual confirmation that</p> <ul style="list-style-type: none"> <li>there have been <b>no material changes</b> in the operation of the SFO since its establishment or since the last SFO annual return</li> <li>there has been no material change in the legal and beneficial ownership of the SFO;</li> <li>There has been no change in the total number of family members to be served by the SFO;</li> </ul> <p><b>CRS/FATCA:</b> Annual self-assessment and filing</p> <p><b>ESR</b> Annual self-assessment; notification, filing requirement depending on self-assessment</p> <p><b>Tax Compliance:</b> Annual self-assessing and filing</p>	<p><b>Balance sheet:</b> Accounting records, prepared in accordance with International Accounting Standards (IAS). First Accounting Reference Period: more than six months but not over 18 months from date of incorporation.</p> <p>Annual filing of audited statements</p> <p><b>CRS/FATCA:</b> Annual self-assessment and filing</p> <p><b>ESR</b> Annual self-assessment; notification, filing requirement depending on self-assessment</p> <p><b>UBOR:</b> Annual declaration</p> <p><b>Tax Compliance:</b> Annual self-assessing and filing</p>
Publicly available Information	<p><b>Standard:</b> Records of shareholder/s, director/s and financial statements publicly available</p> <p><b>Restricted Scope Company [RSC]:</b> no publicly available records</p>	<p>Depending on the legal structure</p> <p><b>RSCs:</b> no publicly available records [Shareholder/s, director/s]</p>	<p>No publicly available records</p>	<p>Name of:</p> <ul style="list-style-type: none"> <li>SFO</li> <li>Current and former shareholder/s</li> <li>Director/s</li> <li>Company secretary</li> </ul>	<p>Name of:</p> <ul style="list-style-type: none"> <li>SFO</li> <li>Key contact, contact details</li> <li>Other data [shareholder/s, directors, company secretary?] on voluntary basis only</li> </ul>	<p>No publicly available records</p>	<p>Name of:</p> <ul style="list-style-type: none"> <li>SFO</li> <li>Current and former shareholder/s</li> <li>Director/s</li> <li>Company secretary</li> </ul>



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	Foundation / ADGM SPV	SFO Regime	Foundation / PresCo	SFO Regime			
<b>Value Added Tax (VAT)</b>	<p><b>Passive and not monetizing Foundation/SPV</b> is outside the UAE VAT scope, i.e., no VAT registration, no VAT Compliance requirements.</p> <p><b>If monetizing<sup>16</sup></b>, the revenue could be subject to UAE VAT<sup>10,11</sup>, i.e., VAT registration, VAT Compliance requirements.</p>	<p><b>Passive and not monetizing SFO</b> is outside the UAE VAT scope, i.e., no VAT registration, no VAT Compliance requirements.</p> <p><b>If monetizing<sup>16</sup></b>, the revenue could be subject to UAE VAT<sup>10,11</sup>, i.e., VAT registration, VAT Compliance requirements.</p>	<p><b>Passive and not monetizing Foundation/PresCo</b> is outside the UAE VAT scope, i.e., no VAT registration, no VAT Compliance requirements.</p> <p><b>If monetizing<sup>16</sup></b>, the revenue could be subject to UAE VAT<sup>10,11</sup>, i.e., VAT registration, VAT Compliance requirements.</p>	<p><b>Passive and not monetizing SFO</b> is outside the UAE VAT scope, i.e., no VAT registration, no VAT Compliance requirements.</p> <p><b>If monetizing<sup>16</sup></b>, the revenue could be subject to UAE VAT<sup>10,11</sup>, i.e., VAT registration, VAT Compliance requirements.</p>	<p><b>Passive and not monetizing SFO</b> is outside the UAE VAT scope, i.e., no VAT registration, no VAT Compliance requirements.</p> <p><b>If monetizing<sup>16</sup></b>, the revenue could be subject to UAE VAT<sup>10,11</sup>, i.e., VAT registration, VAT Compliance requirements.</p>	<p><b>Passive and not monetizing SFO</b> is outside the UAE VAT scope, i.e., no VAT registration, no VAT Compliance requirements.</p> <p><b>If monetizing<sup>16</sup></b>, the revenue could be subject to UAE VAT<sup>10,11</sup>, i.e., VAT registration, VAT Compliance requirements.</p>	<p><b>Passive and not monetizing HoldCo</b> is outside the UAE VAT scope, i.e., no VAT registration, no VAT Compliance requirements.</p> <p><b>If monetizing<sup>16</sup></b>, the revenue could be subject to UAE VAT<sup>10,11</sup>, i.e., VAT registration, VAT Compliance requirements.</p>
<b>Corporate Taxation (CT)</b>	<p><b>Currently:</b> No direct taxation<sup>12</sup>, i.e.,</p> <ul style="list-style-type: none"> <li>• no corporate or personal tax,</li> <li>• no tax on dividends and capital gains,</li> <li>• no withholding tax.</li> </ul>	<p><b>Currently:</b> No direct taxation<sup>12</sup>, i.e.,</p> <ul style="list-style-type: none"> <li>• no corporate or personal tax,</li> <li>• no tax on dividends and capital gains,</li> <li>• no withholding tax.</li> </ul>	<p><b>Currently:</b> No direct taxation<sup>12</sup>, i.e.,</p> <ul style="list-style-type: none"> <li>• no corporate or personal tax,</li> <li>• no tax on dividends and capital gains,</li> <li>• no withholding tax.</li> </ul>	<p><b>Currently:</b> No direct taxation<sup>12</sup>, i.e.,</p> <ul style="list-style-type: none"> <li>• no corporate or personal tax,</li> <li>• no tax on dividends and capital gains,</li> <li>• no withholding tax.</li> </ul>	<p><b>Currently:</b> No direct taxation<sup>12</sup>, i.e.,</p> <ul style="list-style-type: none"> <li>• no corporate or personal tax,</li> <li>• no tax on dividends and capital gains,</li> <li>• no withholding tax.</li> </ul>	<p><b>Currently:</b> No direct taxation<sup>12</sup>, i.e.,</p> <ul style="list-style-type: none"> <li>• no corporate or personal tax,</li> <li>• no tax on dividends and capital gains,</li> <li>• no withholding tax.</li> </ul>	<p><b>Currently:</b> No direct taxation<sup>12</sup>, i.e.,</p> <ul style="list-style-type: none"> <li>• no corporate or personal tax,</li> <li>• no tax on dividends and capital gains,</li> <li>• no withholding tax.</li> </ul>
	<p><b>from 01/06/2023</b> <b>Passive and not monetizing Foundation/SPV</b> - Dividends and Capital gains from qualifying shareholding<sup>15</sup> exempt from CT.</p> <p><b>If monetizing<sup>16</sup></b>, revenue subject to CT<sup>14</sup>. Being a Freezone entity, may receive tax incentives provided it complies with regulatory requirements and does not conduct business with mainland UAE<sup>15</sup></p> <p>As a UAE licensee, <b>must register and submit CT returns annually.</b></p>	<p><b>from 01/06/2023</b> <b>Passive and not monetizing SFO</b> - Dividends and Capital gains from qualifying shareholding<sup>15</sup> exempt from CT.</p> <p><b>If monetizing<sup>16</sup></b>, revenue subject to CT<sup>14</sup>. Being a Freezone entity, may receive tax incentives provided it complies with regulatory requirements and does not conduct business with mainland UAE<sup>15</sup></p> <p>As a UAE licensee, <b>must register and submit CT returns annually.</b></p>	<p><b>from 01/06/2023</b> <b>Passive and not monetizing Foundation/PresCo</b> - Dividends and Capital gains from qualifying shareholding<sup>15</sup> exempt from CT.</p> <p><b>If monetizing<sup>16</sup></b>, revenue subject to CT<sup>14</sup>. Being a Freezone entity, may receive tax incentives provided it complies with regulatory requirements and does not conduct business with mainland UAE<sup>15</sup></p> <p>As a UAE licensee, <b>must register and submit CT returns annually.</b></p>	<p><b>from 01/06/2023</b> <b>Passive and not monetizing SFO</b> - Dividends and Capital gains from qualifying shareholding<sup>15</sup> exempt from CT.</p> <p><b>If monetizing<sup>16</sup></b>, revenue subject to CT<sup>14</sup>. Being a Freezone entity, may receive tax incentives provided it complies with regulatory requirements and does not conduct business with mainland UAE<sup>15</sup></p> <p>As a UAE licensee, <b>must register and submit CT returns annually.</b></p>	<p><b>from 01/06/2023</b> <b>Passive and not monetizing SFO</b> - Dividends and Capital gains from qualifying shareholding<sup>15</sup> exempt from CT.</p> <p><b>If monetizing<sup>16</sup></b>, revenue subject to CT<sup>14</sup>. Being a Freezone entity, may receive tax incentives provided it complies with regulatory requirements and does not conduct business with mainland UAE<sup>15</sup></p> <p>As a UAE licensee, <b>must register and submit CT returns annually.</b></p>	<p><b>from 01/06/2023</b> <b>Passive and not monetizing SFO</b> - Dividends and Capital gains from qualifying shareholding<sup>15</sup> exempt from CT.</p> <p><b>If monetizing<sup>16</sup></b>, revenue subject to CT<sup>14</sup>. Being a Freezone entity, may receive tax incentives provided it complies with regulatory requirements and does not conduct business with mainland UAE<sup>15</sup></p> <p>As a UAE licensee, <b>must register and submit CT returns annually.</b></p>	<p><b>from 01/06/2023</b> <b>Passive and not monetizing SFO</b> - Dividends and Capital gains from qualifying shareholding<sup>15</sup> exempt from CT.</p> <p><b>If monetizing<sup>16</sup></b>, revenue subject to CT<sup>14</sup>. Being a Freezone entity, may receive tax incentives provided it complies with regulatory requirements and does not conduct business with mainland UAE<sup>15</sup></p> <p>As a UAE licensee, <b>must register and submit CT returns annually.</b></p>

10. Art. 2 of the Federal Decree-Law no. (8) of 2017 on Value Added Tax

11. As per Art. 3 of the Federal Decree-Law no. (8) of 2017 on Value Added Tax a standard rate of 5% shall be imposed on the value of the supply unless the supply qualifies for a zero-rating relief or exemption

12. Emirate Level Corporate Income Tax is implemented; however, limited to Oil & Gas Extraction companies and branches of foreign banks.

13. On 31 January 2022, the UAE Ministry of Finance (MOF) announced the introduction of Federal Corporate Tax on business profits effective for the financial years starting on or after 01 June 2023.

14. CT levied on business profits computed as net profits as per financial statements after making adjustments to be specified under UAE Corporate Tax Law.

CT rates are:

i. 0% for taxable profits up to AED 375,000

ii. 9% for taxable profits above AED 375,000; and

iii. TBD tax rate for large multinationals that have consolidated global revenues in excess of EUR 750m (c. AED 3.15 billion) under 'Pillar Two' of the OECD Base Erosion and Profit Shifting project.

The following is exempted from CT:

iv. Dividends and Capital Gains earned by a UAE business from qualifying shareholdings

v. Individual's salary and other employment income (whether received from the public or private sector)

vi. Qualifying intra-group transactions and reorganizations

vii. Revenue from extraction of natural resources that is subject to Emirate level corporate taxation

15. Conditions to be specified imminently in upcoming UAE Corporate Tax law.

16. If entity earns any other income (e.g. commission, management/support/consultancy fees, interest, etc.).