

OPINION

THE NEW UAE TAX RESIDENCY GUIDELINES: KEY INSIGHTS AND IMPLICATIONS



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In October 2024, the Federal Tax Authority (“FTA”) introduced updates to the UAE’s tax residency framework¹, including new procedures for obtaining a tax residency certificate (a “TRC”). **These updates align with international standards, such as OECD tax transparency frameworks and global Double Taxation Agreements (“DTAs”), while enhancing the UAE’s appeal to ultra- and high-net-worth individuals (“U/HNWIs”).** The framework now incorporates both objective criteria, e.g. physical presence, and subjective factors, such as personal and business ties or demonstrable plans to reside in the UAE long-term.

Significance of the updated framework

The UAE’s updated tax residency framework enhances its position as a tax-friendly jurisdiction, appealing to investors, entrepreneurs and families seeking stability and tax efficiency.

By clarifying residency requirements, accommodating individual circumstances and ensuring compliance with global norms, these updates offer a flexible, secure environment for wealth and long-term growth.

“... these updates offer a flexible, secure environment for wealth and long-term growth”

Notable changes in the residency framework

The revised framework introduces several notable changes:

1. Residency can now be established through expanded criteria, e.g. personal ties and intent to remain in the UAE, even if the physical presence threshold is not met

2. Applicants must align their residency claims with specific Double Taxation Agreements (DTAs), as eligibility varies across jurisdictions.
3. A holistic approach has been adopted, considering the unique needs of globally mobile individuals.

“Residency can now be established through expanded criteria – a win-win-win scenario”

These updates reflect the UAE’s adaptability to modern mobility and wealth management dynamics.

Who can benefit from the revised framework?

It is a rare win-win-win scenario. U/HNWI individuals can optimise their global tax obligations while securing a UAE base. Globally mobile professionals with substantial UAE ties also stand to gain. Businesses managing UAE operations will benefit from clearer compliance criteria providing greater operational clarity. **The UAE’s framework strengthens its standing as a destination for efficient tax planning while promoting robust governance, by encouraging transparent compliance, fostering regulatory trust, and supporting responsible wealth management practices.**

Expected outcomes

The changes are expected to bring several outcomes. Greater flexibility in the guidelines will likely encourage more individuals to formalise their residency applications. Clear policies will further solidify the UAE’s reputation as a tax-efficient hub, attracting a broader range of global investors and professionals. Streamlined processes will also drive greater transparency and compliance with tax regulations.

“Greater flexibility will likely encourage more individuals to formalise their residency applications.”

How to plan ahead to benefit from the new guidelines

To make the most of the updated UAE tax residency guidelines, careful planning is essential. We recommend evaluating current residency status and ensuring it aligns with the revised criteria. Establishing strong ties to the UAE, such as setting up a permanent home or demonstrating significant personal or business connections, will strengthen an application. It is also crucial to review applicable DTAs and tailor the approach to meet jurisdiction-specific requirements. Engaging with experts like M/HQ can help streamline the process, mitigate risks, and ensure compliance, positioning you to fully leverage the UAE’s enhanced residency framework.



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Final thoughts

The UAE’s updated tax residency guidelines represent a forward-thinking evolution, balancing international alignment with its unique appeal. **By introducing flexibility and fostering transparency, the UAE reaffirms its position as a leading global hub for investment, wealth management,**

and long-term residency. These changes offer U/HNWIs an unmatched blend of security, opportunity, and connectivity – **a compelling choice for today’s global elite.** While there are still some concerns around consistency in the assessment criteria, overall, these changes present a step towards a more transparent and attractive landscape for U/HNWIs and residents seeking to optimise their global tax obligations while securing a UAE base.

M/HQ is a multi-services platform catering to successful individuals and entrepreneurial families. 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 private client specialist team and a regulatory & compliance services practice, all through one single platform.

We have extensive experience advising on a broad range of wealth structuring and legacy planning issues. We particularly assist in establishing and servicing **Single- and Multi- Family offices, Family- and Group- Holdings, Foundations** and other asset consolidation/protection and intergenerational wealth management structures.

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