

UAE LEGAL DIGEST

Federal level

UAE Federal Tax Authority (FTA) Issues Clarifications on Taxation of Family Wealth Management Structures

The [clarifications](#), published on 19.09.2025, apply to the taxation of family members themselves, as well as legal entities involved in family wealth management: family foundations, holding companies, SPVs (Special Purpose Vehicles), and family offices.

Specifically, the following issues are clarified:

- **Application of the tax transparency regime**, where an entity is not subject to separate taxation. By default, structures without a separate legal entity (e.g., trusts) are considered tax transparent. Legal entities (foundations, companies) may be recognized as tax transparent subject to FTA approval. The key condition is that the entity does not conduct commercial activities.
- **Use of a Limited Liability Company (LLC) as a family foundation**. The Corporate Tax Law gives a broad definition to a "family foundation": it includes foundations, trusts, and "similar structures" meeting the Law's criteria. The FTA clarified that an LLC cannot be considered a family foundation. This in particular impacts the application of tax transparency to LLCs: they can only be transparent if there is an unbroken chain of tax transparent entities above them. This criterion does not apply to family foundations.
- **Taxation of Family Office Services**. The profit of family offices is generally subject to corporate tax. A family office may qualify for a 0% tax rate if it is established in a free zone and its services fall under the list of "qualified" services: for example, wealth management under a special license and supervised by financial regulators (UAE Central Bank or DIFC or ADGM regulators). The family office's remuneration must be at arm's length (market-based).
- **Taxation of Family Members' Income**. As a general rule, investment income received from family wealth management structures is not subject to corporate tax (even if family members are involved in wealth management). Income derived from the commercial activities of these structures will be subject to corporate tax if it exceeds AED 1 million (approximately USD 272,294) per year.

Abu Dhabi

Real Estate Rental and Sale Listings Must Be Registered on Government Portal

The Abu Dhabi Real Estate Centre (ADREC), whose jurisdiction covers mainland Abu Dhabi, has launched the Madhmoun platform for verifying real estate listings for sale and rent within the emirate.

Key rules for listing verification and approval:

- **Advertising Permit**. Before publication, each listing must undergo moderation and receive an advertising permit through Abu Dhabi's government services portal ([DARI](#)).
- **Pre-verification**. To obtain approval, ownership and property specifications must be confirmed. Verification is conducted through the ADREC registry or by presenting a title deed.
- **Broker Limitations**. A property may be advertised by no more than three licensed brokers, or the advertiser may choose to work exclusively with a single broker.
- **Automatic Synchronization**. Approved real estate sale and rental portals are automatically synchronized with the emirate's database, and expired or unapproved listings will be automatically removed.
- **Short-term Rentals**. Currently, the platform does not cover short-term rental listings (defined as leases for less than one year and without government contract registration).

Concurrently, a similar regime has been introduced in ADGM. For properties located on Al Maryah and Al Reem Islands, approvals must be obtained through the [ADGM portal](#). These ADGM approvals are integrated with the ADREC database, thereby extending coverage across the entire emirate

ADGM

ADGM [Issues](#) New Requirements for Professional Services Firms, Including Legal and Tax Consultants

On 16.10.2025 the ADGM Registration Authority (RA) published updated [regulations](#) for licensing professional services firms, including legal and tax consultants

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Key Requirements::

Legal Consultants. A legal firm must appoint a managing partner who is a lawyer who is at least 8 years in practice and holds a qualification validated by a professional body. The firm must maintain a dedicated office within ADGM, secure professional indemnity insurance for a minimum of \$1 million, and submit an annual report to the RA (commencing in 2027). The report must disclose the following information:

- number of clients;
- types of services provided;
- information about employees, their legal qualifications, and membership in professional organizations;
- any other information the RA may request in its subsequent guidance.

Tax Consultants. At least half of the staff in leadership positions must possess a minimum of 5 years of relevant experience and hold a qualification validated by a professional body. The firm must also secure professional indemnity insurance for a minimum of \$1 million.

[ADGM Fines a Company After Its Redomiciliation and Its Directors for Reporting Violations within ADGM](#)

On 9.06.2025, the ADGM Registration Authority (RA) [imposed](#) a fine on Half Moon Investments Limited ("Company") and three of its directors for failing to file financial statements on time, a delay of 3.5 months. The Company received a fine of \$7,500, while each director was fined \$10,000.

Notably, at the time the fine was imposed, the Company's license [had already been terminated](#) due to its redomiciliation to another jurisdiction.

Significantly, the RA considered both matters – the imposition of the fine and the redomiciliation – in parallel:

- 30.09.2024: The initial deadline for submitting 2023 financial statements expired; the RA granted the Company an extension.
- 11.12.2024: The Company submitted its application for redomiciliation.
- 24.12.2024: The extended deadline for submitting financial statements expired.

- 15.04.2025: The RA issued a warning notice to the Company and commenced administrative enforcement proceedings.
- 16.04.2025: The Company submitted its financial statements.
- 2.06.2025: The RA approved the redomiciliation application and terminated the Company's license.
- 9.06.2025: The RA issued its decision to impose the fine, which could be appealed to the ADGM Courts.
- 15.07.2025: The RA issued its final decision on the imposition of the fine.

The redomiciliation is not mentioned at all in the fine decision. It is unknown whether the RA considered the administrative proceedings when approving the redomiciliation.

[ADGM Court Confirms Competence to Issue Anti-Suit Injunctions in Support of Arbitration Agreements](#)

A dispute in the ADGM Court concerned the payment of insurance compensation due to damage to oil extraction equipment off the coast of Saudi Arabia. The equipment owner company filed claims against the insurance company and received a payment of approximately \$14.5 million. Subsequently, the insurance company filed a claim regarding the equipment damage against two companies in the Abu Dhabi State Court (mainland). The companies ("Applicants"), in turn, applied to the ADGM Court for an injunction preventing the insurance company from continuing the proceedings in the mainland court, as the dispute was related to a contract between one of the Applicants and the equipment owner, which contained an arbitration clause.

The insurance company, in turn, argued that the Court lacked jurisdiction to issue an anti-suit injunction.

The ADGM Court ruled that it possesses the competence to issue anti-suit injunctions. The Court's [Regulations](#) grant it the ability to apply any interim measures necessary in the interests of justice. This includes an anti-suit injunction. Furthermore, such an injunction can be granted in support of an arbitration agreement (as per English court practice).

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In resolving the question of whether an anti-suit injunction was justified in the present case, the Court also applied a test derived from English court practice:

- the injunction is necessary in the interests of justice;
- the Court must issue injunctions with caution;
- the applicant must prove that there is a “high probability” of a valid arbitration agreement existing;
- if such a “high probability” is established, the respondent must prove that there are “strong reasons” not to grant the injunction.

As a result, the Court denied the injunction because a “high probability” of a valid arbitration agreement existing was not proven.

Real Estate Market Routine: ADGM Court [Examines Property Dispute Where the Agent Forged Signatures of Both Parties](#)

The ADGM Court recently heard a dispute concerning a failed apartment sale in Abu Dhabi's Al Reem Island (within ADGM jurisdiction). In April 2024, a Venezuelan couple (“the Buyers”) intended to purchase an apartment owned by Khaled Ahras (“the Seller”). However, the transaction did not proceed as the parties referred to different Memoranda of Understanding (“MoUs”): the Buyers cited an MoU dated 8.04.2024, with a price of AED 2.1 million; the Seller referred to an MoU dated 23.04.2024, with a price of AED 2.5 million. Both parties accused each other of forging signatures on the MoUs.

The exchange of MoUs was arranged by the agent facilitating the transaction, Seven Eye Real Estate. The agent's commission was supposed to be AED 62,000 (though the amount differed in various MoU versions) plus 2% of the transaction value. Ultimately, the agent received only AED 31,500 from the Buyers and subsequently ceased communication.

The Buyers approached the ADGM Court, demanding that the Seller be compelled to sell the apartment at a price of AED 2.1 million. The Seller did not file a counterclaim, stating that he lacked sufficient funds to cover legal expenses. During the dispute, the Seller received pro bono legal assistance.

The Court ordered a forensic handwriting examination. After reviewing the expert's conclusion and witness testimonies, the Court determined that the signatures of the opposing parties on both MoUs were, most likely, forged by the agent.

The Court ruled in favor of the Buyers, recognizing the apartment's price as AED 2.1 million. The Court concluded that although the Seller believed the agreed price was AED 2.5 million, he had several reasons to reasonably doubt this figure. Specifically, the AED 2.1 million price was featured in the developer's consent for the apartment transfer, as well as in the valuation from FAB bank, which provided the Buyers' loan. As the Seller was aware of these documents, he was deemed bound by the AED 2.1 million price.

