

Tax Compliance for Unincorporated Partnerships, Foreign Partnerships & Family Foundations

FTA Decision No. 5 of 2025

Effective: 1 July 2025 | Issued: 19 May 2025

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Overview

The UAE Federal Tax Authority (FTA) has issued Decision No. 5 of 2025, laying out mandatory registration, declaration, and tax compliance obligations for:

Unincorporated Partnerships

Foreign Partnerships

Family Foundations

This decision clarifies implementation under Federal Decree-Law No. 47 of 2022 and replaces previous guidance, notably repealing FTA Decision No. 16 of 2023.

Unincorporated Partnerships



Registration as a legal entity

- ✔ Must appoint an Authorized Partner to act on behalf of all partners.

Deadlines:

- Financial Year before 1 July 2025: Apply by 31 August 2025.
- Financial Year after 1 July 2025: Apply within 3 months after the end of the first financial year.

Annual Declaration

- ✔ Filed by the Authorized Partner within 9 months of year-end.
- ✔ Includes income and allocation for each partner.

Transitional Relief:

- For FY ending on or before 31 March 2025, submit by 31 December 2025.

Distributive Shares

- ✔ If undefined in partnership agreement, shares will be equally allocated by default.

Tax Deregistration

- ✔ File within 3 months of business cessation due to dissolution or inactivity.

Elective Treatment as Taxable Person



Option to Elect:

- Partners may apply for the partnership to be taxed as a separate legal entity.
- Apply before financial year ends.
- Transitional Option: Apply before 31 Dec 2025 for retro impact to a tax period ending within 2025.

Tax Return & Payment:

- If treated as a Taxable Person:
 - File Tax Return and pay Corporate Tax by 31 Dec 2025 for periods ending on/before 31 Mar 2025.

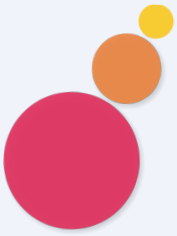
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Foreign Partnerships



UAE-based partners in Foreign Partnerships must:

- Submit an Annual Declaration on behalf of foreign partnerships when filing their own Tax Return.

Family Foundations



Application for Tax Transparency

- ✓ A Family Foundation or entity fully owned and controlled by it may apply to be treated as an Unincorporated Partnership.

Deadlines:

- Before tax period ends.

Transitional Relief:

- Apply by 31 Dec 2025 for retroactive impact in 2025.

Annual Confirmation

- ✓ Submit a confirmation that eligibility conditions are met within 9 months of year-end.
- ✓ For periods ending on/before 31 Mar 2025: Deadline is 31 Dec 2025.

Conclusion:

FTA Decision No. 5 of 2025 introduces a structured and transparent tax compliance framework for unincorporated partnerships, foreign partnerships, and family foundations in the UAE. With clear registration timelines, declaration requirements, and elective options for tax treatment, the decision enhances accountability and aligns with international best practices. Timely action and accurate classification are critical to avoid non-compliance. Entities must act now to ensure they meet the upcoming deadlines and fully leverage transitional relief measures available until 31 December 2025.