



Cabinet Decision No. (1) of 2026 on Exempting Certain Sports Entities from Corporate Tax

On 9 February 2026, the Ministry of Finance announced the issuance of Cabinet Decision No. (1) of 2026, which introduces a Corporate Tax exemption for certain sports-related entities.

The exemption is implemented through Article 4 of Federal Decree-Law No. 47 of 2022, which sets out a list of Exempt Persons and expressly allows for additional categories to be designated by the Cabinet. The Decision applies retroactively from 1 June 2023.

Scope of Exempt Entities

The exemption applies to the following categories of Taxable Persons, provided all statutory conditions are met:

- International Sports Entities – international or regional governing or coordinating bodies for one or more sports, recognised by the Ministry of Sports, the Competent Authority, or specified international sports organisations (including the International Olympic Committee and similar bodies).
- Sports Entities – A juridical person that is wholly owned and controlled, directly or indirectly, by an International Sports Entity, and whose principal objective is the promotion, administration or development of one or more sports, and is recognized by or registered with the Ministry of Sports or the Competent Authority.
- Ancillary Entities – juridical persons wholly owned and controlled, directly or indirectly, by an International Sports Entity, established solely to carry out activities ancillary to the objectives of the International Sports Entity or its Sports Entities.

Conditions for Corporate Tax Exemption

An International Sports Entity, Sports Entity, or Ancillary Entity shall be exempt from Corporate Tax only if all of the following conditions are satisfied:

- the entity does not conduct a Business or Business Activity other than activities directly related to achieving its principal or sole objectives (promotion, administration, or development of one or more sports);
- its income and assets are used exclusively to further those objectives or to pay necessary and reasonable associated expenditure;
- no part of its income or assets is payable to, or otherwise available for, the private benefit of any shareholder, member, founder, trustee, or settlor, except where such benefit accrues to specific qualifying entities listed in the Decision (including government entities, qualifying public benefit entities, or other qualifying sports entities);
- any additional conditions prescribed by a decision of the Minister are complied with.

Verification and Loss of Exempt Status

The Competent Authority may request information, data, and documents to verify compliance with the definitions and exemption conditions. Where an exempt sports entity fails to meet the relevant conditions or ceases to fall within the prescribed definitions during a Tax Period, it will lose its exempt status from the beginning of that Tax Period, subject to limited exceptions under the Corporate Tax Law.

Effective Date

The The Decision is effective retrospectively from 1 June 2023.



Why This Matters for You

The introduction of a specific Corporate Tax exemption for sports-related entities reflects the UAE's policy intent to support the sports ecosystem. However, the exemption remains conditional and narrowly framed, requiring careful analysis of activities, income and expense streams, and ownership structures.

In this context, entities that consider themselves exempt should not rely solely on a formal classification, but should develop a structured system for substantiating compliance with the exemption conditions for each relevant Tax Period, supported by appropriate internal controls and documentary evidence.

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Best regards,

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