

# SETTING UP BUSINESS IN UAE



## General Aspect

**Capital:** Abu Dhabi

**Currency:** United Arab Emirates dirham

**National anthem:** Ischy Bilady

**Population:** 9.346 million (2013) World Bank

**Ruler:** Sheikh Khalifa bin Zayed Al Nahyan

**Prime minister:** Sheikh Mohammed bin Rashid Al Maktoum

The United Arab Emirates is located in the Middle East region of Asia. It is at the tip of the Arabian Peninsula, having borders with Saudi Arabia and Oman and is one of the GCC (Gulf Co-operation Council) States. It consists of seven emirates, which include Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah, and Fujairah. It contains 200 islands, covers an area of 83,600 square kilometers (32,400 square miles) and is located at 23° 49 North, 54° 20 East.

The United Arab Emirates is considered as one of the foremost business hub around the world. It is known for its diversified Market with high global demand for Imports and Exports. Easy Access and Global Connectivity with over 90 airlines and 170 shipping lines. The best part of all is that there is no income tax on business profits.

## Legal Forms of Business Entities

Legal types	Details	Features
<b>1. Free zone company</b>	<ul style="list-style-type: none"><li>• Considered to be most sought after location to setup a company.</li><li>• An independent Free Zone Authority (FZA) governs each free zone and responsible for issuing License and assisting companies with establishing their business in the FTZ.</li><li>• Investors can establish their company in any Free Zone either as a Free Zone Establishment (FZE), Free Zone Company (FZCO) or as a branch of their parent company based within the UAE or abroad. Such companies can be solely owned by the foreign investors with no involvement of a UAE National or sponsor. Some activities may require prior approvals from the competent authorities depending on the product / activity required by the investor</li><li>• 30+ Free zone authorities are in UAE to choose from.</li></ul>	<ul style="list-style-type: none"><li>• 100% foreign ownership</li><li>• Exemption from all import and export duties</li><li>• 100% exemptions from income tax</li></ul>

<b>2. Offshore company</b>	<ul style="list-style-type: none"> <li>• An offshore company can be owned by individuals or corporate bodies and is a business entity which does not carry out any substantial business activity in its country of origin. Also known as non-resident company, an offshore company cannot occupy an office space in the UAE.</li> <li>• The major difference is that the offshore company does not have to pay tax on its profits, nor does it have to pay inheritance tax when it is passed on to heirs.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% income tax exemption</li> <li>• 100% foreign ownership</li> <li>• Ability to maintain corporate bank account ( multiple current account)in UAE</li> <li>• Absolute privacy, confidentiality and protection of assets and Information.</li> <li>• Can own an International Company and take advantage of more than 47 UAE double tax treaties</li> <li>• No visa is available for this type of company</li> </ul>
<b>3. Main land company</b>	<ul style="list-style-type: none"> <li>• Mainland companies are regulated by the UAE legal structure and government policies and are located within the limitation of commercialized geographical areas falling under the jurisdiction of the Emirates government.</li> </ul>	
<b>3.1 LLC</b>	<ul style="list-style-type: none"> <li>• LLC can be established with a minimum of 2 and a maximum of 50 partners.</li> <li>• Here foreign investors are permitted to hold up to 49%equity ownership in UAE companies, whereas 51% of equity must be owned by UAE National.</li> <li>• Depending upon the activity chosen the minimum capital varies eg: for general trading activity capital required is Dirham 3,000,000.</li> <li>• Individual shares should have a minimum face value of AED 1,000</li> </ul>	<ul style="list-style-type: none"> <li>• Most common form of business in UAE</li> <li>• Can have partners from 2 to 50.</li> </ul>
<b>3.2 Professional License</b>	<ul style="list-style-type: none"> <li>• 100% foreign ownership is generally permitted however certain sectors and activities are restricted to either UAE national or have UAE national shareholding requirement.</li> <li>• Professional firms may be in the form of a sole proprietorship or a civil company.</li> <li>• A UAE national must be appointed as local partner for sole proprietorship, but she/he has no direct involvement in the business. The role of the local partner is, among other things, to assist in obtaining licenses, visas and labour cards.</li> </ul>	<ul style="list-style-type: none"> <li>• Good start for Foreign individuals to start business</li> </ul>

### 3.3 Branch & Representative Offices of Foreign Companies

- Foreign companies are permitted to establish wholly owned branch and representative offices in the UAE.
- Branch office may only be engaged in activities similar to those of its parent company and it is not permitted to carry on the business of importing the products of its parent company, a function reserved for local trade agents.
- A representative office, on the other hand, is limited to promoting its parent company's activities, i.e. to gathering information and soliciting orders and projects to be performed by the company's head office. Representative offices are also restricted as to the number of employees they can sponsor and as a result, representative offices tend to act as administrative and marketing centres for their foreign parent company's head office.
- Provided that approval is received from the Ministry of Economy and the DED, and the appropriate trade license is obtained, a company may establish a branch or representative office in the UAE. The office must be registered on the Registry of Foreign Companies at the Ministry of Economy before it commences trading.
- A UAE national must be appointed as a 'service agent' for the branch or representative office.

## Other Details

<b>Bank Account</b>	Can open account in any Major Bank in UAE. Foreign banks like HSBC, Citi Bank, Standard Chartered, Barclays etc have operations in UAE.
<b>Chamber</b>	Abu Dhabi Chamber of Commerce Dubai Chamber of Commerce Sharjah Chamber of Commerce
<b>Governing Law</b>	All companies are subjected to UAE Laws
<b>Meetings</b>	Periodic meetings & Board meetings can be conducted in UAE
<b>Taxation</b>	No taxes are levied by government on capital gain profits etc
<b>Visa Eligibility</b>	Eligibility depends upon the company type

## Tax Residence Certificate

It is also known as Tax Domicile Certificate, which issued by the Ministry of Finance of UAE. It is issued to take away the advantage of the double Taxation avoidance agreements signed between the foreign jurisdictions and UAE. Double Taxation treaty is a bilateral agreement which is entered between two countries. If two countries have signed a tax treaty it becomes mandatory by tax authority to produce a tax residence certificate to claim the treaty benefit. Almost 70 countries have signed the treaty with UAE.

Eligibility	Not Eligible
<ul style="list-style-type: none"><li>• Company operating in UAE Mainland</li><li>• Free Zone Company</li><li>• An Individual business owner</li></ul>	<ul style="list-style-type: none"><li>• Offshore Companies</li></ul>



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