

Legal and Taxation Aspects of Doing Business in UAE

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Topics

- ▶ Benefits of Setting Up A Business in UAE
- ▶ Main Sectors of Business
- ▶ Types of Companies (Mainland, Free Zone and Offshore)
- ▶ Banking
- ▶ Taxation
- ▶ Q&A

Benefits of Setting Up A Business in UAE

- ▶ Strategic Location
- ▶ Low Taxation
- ▶ Safety and Stability
- ▶ Infrastructure
- ▶ Airports and Sea Ports

Main Sectors of Business

- ▶ Economy of UAE is the second largest in the Middle East (after Saudi Arabia)
- ▶ Traditional Sectors
 - ▶ Petroleum and Natural gas
 - ▶ Tourism and Hospitality
 - ▶ International Trade and Logistics
 - ▶ Construction and Real Estate
 - ▶ Financial Services
 - ▶ E-commerce

Types of Companies in UAE

- ▶ In general, the companies in UAE can be divided into three groups:
 - ▶ Mainland/On-shore Companies;
 - ▶ Free (Economic) Zone Companies;
 - ▶ Offshore Companies

Mainland/On-shore Companies;

- ▶ Mainland companies are also referred to as Onshore companies.
- ▶ They are registered in the mainland area which excludes Free Economic Zones.
- ▶ Generally, if you are an expat, it is required to have:
 - ▶ a local partner for commercial activities, holding min. 51% shares
 - ▶ a local service agent for professional/service activities
- ▶ Types of Legal Entities on the Mainland:
 - ▶ Sole Establishment/Proprietorship
 - ▶ Civil Company
 - ▶ Limited Liability Company
 - ▶ Public or Private Joint Stock Companies

Free (Economic) Zones

- ▶ Free Zone companies are registered in one of the Free Zones. There are more than 40 free zones in the UAE as of today.
- ▶ Free Zones offer:
 - ▶ 100% foreign ownership;
 - ▶ No customs duties for import or export of goods;
 - ▶ Ready-built offices, warehouses and manufacturing facilities;
 - ▶ No requirement to have a local partner or an agent, and
 - ▶ some tax exemptions

Offshore Companies

- ▶ Offshore companies is registered under following Free Zones authorities:
 - ▶ Jebel Ali Free Zone Authority (JAFZA)
 - ▶ RAK International Corporate Centre (RAKICC)
 - ▶ Ajman Free Zone Authority (AFZA)
- ▶ Offshore companies allow 100% foreign ownership.
- ▶ Offshore companies can not do local business except for holding assets in UAE (e.g. shares, real estate, boats etc.).
- ▶ Go for an Offshore Company if you are looking for:
 - ▶ Cost-effective holding company
 - ▶ Company in UAE for international business
 - ▶ Corporate bank account in the UAE
 - ▶ Owning assets under the company's name

Banking in UAE

- ▶ There are four main kind of banks, namely:
 - ▶ Commercial banks;
 - ▶ Merchants/investment banks;
 - ▶ Islamic banks;
 - ▶ Industrial banks.
- ▶ Key advantages of the UAE banks:
 - ▶ No currency exchange control by the state;
 - ▶ Multiple currency accounts available;
 - ▶ Stable and robust economy;
 - ▶ Modern and reliable banking system;
 - ▶ Secure
 - ▶ Nominal fixed fees for banking transactions

Banking Requirements

- ▶ Personal presence for signing bank account opening documents
- ▶ UAE residency permit required for current accounts
- ▶ Saving or call-accounts can be availed by non-residents
- ▶ Thorough compliance check prior to opening the account

Taxation

- ▶ No income tax on individuals
- ▶ No corporate tax on companies, except for oil companies and foreign banks
- ▶ Excise tax is levied on specific goods which are typically harmful to human health or the environment.
 - ▶ Carbonated drinks (50%)
 - ▶ Energy drinks (100%)
 - ▶ Tobacco and tobacco products (100%)
- ▶ Value Added Tax (5%) is levied on a majority of goods and services carried out locally and within GCC.
- ▶ Certain sectors and activities are either exempted from VAT or can charge 0% VAT.

Q & A

▶ Any questions?

Thank You!

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