



DOING BUSINESS IN UNITED ARAB EMIRATES



Foreword

Welcome to the world of business possibilities in UAE, a bustling metropolis that attracts entrepreneurs, investors, and dreamers from all over the world. This guide is your compass to smoothly navigate the complex process of starting a business in UAE.

UAE's journey to becoming a major business hub is a result of its forward-thinking leaders, well-planned strategies, and strong commitment to progress. UAE has a great location, modern facilities, and a friendly atmosphere for businesses. Whether you're new to business, have lots of experience, or want to invest, UAE has something for everybody.

Within this guide, we'll be your guide on a journey through the various aspects of setting up a business in UAE. We'll delve into the economic landscape, explore key industries, and reveal the intricate details of legal rules, licensing requirements, and government procedures. Additionally, we'll share valuable insights into the local culture and business etiquette, helping you build successful relationships in the local business environment.

As you explore this guide, envision the boundless opportunities that await you in Dubai. We are confident that the information herein will serve as a beacon to guide you towards a successful and enriching business experience in this dynamic city.

Embrace the spirit of innovation, seize the opportunities, and be part of Dubai's enduring success story.

Welcome to Dubai – Your Gateway to Prosperity!

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Introduction

CHAPTER 1



The United Arab Emirates (UAE) is a dynamic and thriving hub for global business, it has experienced remarkable growth in its business environment over the years. With its awe-inspiring skyscrapers, luxurious lifestyle, and thriving economy, Dubai stands as a testament to visionary leadership and entrepreneurial spirit.

Why UAE? Benefits of Doing Business in UAE

Dubai's impressive growth and success can be attributed to several key factors that make it a magnet for business and investment:



Strategic Location:

Situated at the crossroads of Europe, Asia, and Africa, the UAE enjoys a strategic geographic location that makes it an ideal gateway for business expansion. Its proximity to emerging markets provides access to over two billion people within a few hours flight radius.

Pro-Business Policies:

UAE has a business-friendly environment characterized by pro-business policies and initiatives. It is known for favorable regulatory frameworks that include simplified company formation procedures, tax incentives, intellectual property protection, and liberal foreign ownership regulations.

Economic Stability and Diversity:

UAE boasts a strong and diverse economy that has weathered global economic challenges. It has diversified its revenue streams beyond oil and gas to sectors such as finance, tourism, real estate, logistics, manufacturing and renewable energy.

Free Zones:

One of the UAE's key attractions for businesses is its extensive network of free zones. These designated areas offer numerous advantages, including 100% foreign ownership, zero taxation on personal income, simplified import-export procedures.

Infrastructure and Connectivity:

UAE's state-of-the-art infrastructure is renowned worldwide. The country has invested significantly in modern transportation systems, including world-class airports, seaports, road networks, and a sophisticated telecommunications infrastructure.

Skilled Workforce:

UAE attracts talent from across the globe, providing businesses with access to skilled professionals with a broad range of expertise.

Strong Financial Sector:

The UAE has a well-regulated and stable financial sector. The presence of numerous local and international banks provides businesses with access to reliable financial solutions.

Safety and Security:

The UAE is known for its safe and secure business environment. The government places a high emphasis on ensuring the safety and protection of businesses, providing a stable and secure environment for companies to thrive.



Understanding the UAE Business Landscape

The United Arab Emirates is a captivating, dynamic and diverse nation. Formed in 1971, the UAE is a federation of seven emirates Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah. It is known for its stunning landscapes, vast deserts, pristine beaches, and towering skyscrapers. Its strategic location at the crossroads of Europe, Asia, and Africa positions it as a gateway for trade and business. Over the period, it has become a magnet for tourism and international businesses.

Economic Overview: Exploring UAE's Thriving Economy

UAE's economy is a dynamic and thriving force, known for its diversification and resilience. The emirate has successfully transitioned from an oil-dependent economy to sectors such as trade, tourism, finance, real estate, logistics, and technology playing a significant role in its growth. Understanding the key aspects of UAE economy will help you identify the abundant business opportunities available.

Trade and Commerce

UAE's strategic location between the East and the West has positioned it as a major trading hub. The emirate's advanced infrastructure and efficient logistics services have contributed to its status as a global center for re-export and international trade.

Tourism and Hospitality

UAE's opulent resorts, top-tier shopping malls, iconic attractions such as the Burj Khalifa, and endless sunny days lure millions of tourists every year. The tourism industry is a crucial player in the emirate's economy, opening up avenues for businesses in hospitality, entertainment, and leisure.

Finance and Banking

UAE is home to a robust financial sector housing both local and global banks, investment companies, and financial service providers. The Dubai International Financial Centre (DIFC) takes center stage as a major

financial hub, providing a welcoming regulatory structure for banking, asset management, insurance, and Islamic finance.

Real Estate and Construction

UAE's skyline is synonymous with incredible architectural wonders and ambitious building ventures. The real estate industry in the emirate has seen remarkable expansion, providing chances in property development, construction, and real estate services.



Key Industries & Sectors

CHAPTER 2



Key Industries and Sectors: Identifying Profitable Business Opportunities

UAE's diverse economy provides a range of lucrative business opportunities across various industries and sectors. Familiarizing yourself with these sectors will enable you to gauge market needs and pinpoint the domains in which your business can flourish.

Technology and Innovation: UAE is committed to becoming a global hub for innovation and technology. The city has launched initiatives like Dubai Internet City and Dubai Silicon Oasis to foster the growth of technology startups and attract international tech companies. Opportunities exist in areas such as software development, cybersecurity, e-commerce, and smart city solutions.



Education and Training:

UAE has a strong commitment to education and aims to become a knowledge-based economy. Opportunities exist in establishing schools, vocational training centers, e-learning platforms, and corporate training institutes.

Renewable Energy and Sustainability:

UAE has prioritized sustainability and aims to become a global leader in clean energy. The Dubai Clean Energy Strategy 2050 focuses on increasing the share of clean energy sources and promoting energy efficiency.

Healthcare and Wellness:

With a growing population and increasing demand for quality healthcare services, Dubai offers promising prospects in the healthcare sector. Opportunities exist in medical tourism, specialized clinics, pharmaceuticals, telemedicine, and wellness centers.



Tourism and Hospitality:

UAE has positioned itself as a global tourism destination, attracting millions of visitors each year. The country offers diverse attractions, including luxurious hotels, iconic landmarks, shopping malls, cultural sites, and entertainment facilities.

Logistics and Trade:

UAE's strategic location has positioned it as a major logistics and trade hub, connecting various regions around the world. The country has state-of-the-art ports, airports, and an extensive transportation network, facilitating efficient trade and supply chain management.



Real estate sector:

The UAE's real estate sector is dynamic and influential, characterized by iconic skyscrapers, luxury developments, and a robust market. Dubai and Abu Dhabi lead the way with world-class residential, commercial, and tourism-focused projects. Government regulations and Expo 2020 Dubai have driven investment, making it a prominent global real estate destination.

Legal System and Business Culture:

UAE has a well-established legal system that provides a solid framework for conducting business. The legal system in the UAE follows a civil law legal system with a mix of local legislation and federal laws. The legal framework provides stability and clarity for businesses operating in the country emphasizing justice, equality, and the welfare of the people.

Pillars of Legal Structure:

The legal structure in the UAE is built upon three main pillars: federal laws, local laws, and Sharia law.

The UAE has enacted various laws to govern various aspects of business activities. These include laws related to company formation and registration, foreign ownership, intellectual property rights, competition, and consumer protection. The regulatory framework aims to provide clarity, transparency, and protection for businesses and investors.

UAE also has a robust labor law in place to protect the rights and interests of both employers and employees. The laws prioritize fair treatment and create a balanced working environment.

UAE has also developed specific laws and regulations to govern information technology and e-commerce. These laws cover areas such as data protection, electronic transactions, cybersecurity, and intellectual property rights in the digital sphere.

Businesses operating in the UAE are expected to comply with the legal and regulatory requirements, maintain transparency, and adhere to ethical business practices.

Market Analysis and Opportunities:

UAE offers a vibrant and promising market for businesses looking to expand their reach and tap into new opportunities. It has high purchasing power and a diverse consumer base. The retail, hospitality, and tourism sectors have experienced significant growth due to the UAE's reputation as a global tourism and business destination.

Stable and Growing Economy:

The UAE boasts a stable and growing economy, driven by diversified sectors. The country's commitment to economic diversification and investments in infrastructure make it an attractive market for businesses across various industries.

Strong Consumer Base:

UAE's population comprises a mix of Emiratis and expatriates from around the world. With a high standard of living and disposable income, the UAE offers a strong consumer base that demands a wide range of products and services. This presents opportunities for businesses to cater to diverse consumer preferences and tap into niche markets.

Strategic Location:

UAE's strategic location at the crossroads of Europe, Asia, and Africa provides businesses with access to emerging markets and a gateway for global trade. The country's well-connected infrastructure, including modern airports and seaports, facilitates efficient

logistics and enables businesses to reach customers regionally and internationally.

Growing Tourism Industry:

UAE is a global tourism hotspot, attracting millions of visitors each year. With iconic landmarks, luxurious resorts, world-class shopping, and entertainment options, the tourism industry presents significant opportunities for businesses in hospitality, retail, food and beverage, and leisure sectors.

Infrastructure Development:

UAE has made substantial investments in developing its infrastructure, including transportation networks, smart cities, and sustainable initiatives. This presents opportunities for businesses involved in construction, engineering, technology, and related industries.

Innovation and Technology:

UAE has embraced digital transformation and innovation. The government's initiatives, such as Dubai Internet City and Abu Dhabi's Hub71, support entrepreneurship and offer opportunities for businesses in areas such as fintech, e-commerce, artificial intelligence, and smart city solutions.

Free Zones:

UAE offers numerous free zones, such as DIFC and JAFZA, that provide attractive incentives for businesses, including 100% foreign ownership, tax exemptions, and streamlined business setup processes.

Green and Sustainable Initiatives:

UAE has implemented green initiatives and renewable energy projects. This creates opportunities for businesses involved in clean energy solutions, waste management, sustainable construction, and eco-friendly products and services.

Mainland, Free Zone, or Offshore: What will you choose

CHAPTER 3



UAE Mainland:

Operating within the UAE mainland presents a compelling opportunity for businesses seeking access to the nation's complete domestic market. This includes the ability to engage with government entities, local consumers, and a wide array of potential customers. However, this option comes with specific requirements that set it apart from other business setups in the UAE.

According to the new Law, you do not require a sponsor to establish a company in Dubai Mainland. Earlier one of the defining features of UAE mainland operations was the stipulation that a local Emirati partner must own at least 51% of the business which is not the case. Though this arrangement allows for maximum market reach and access to government contracts, which can be particularly valuable in certain industries.

Nevertheless, conducting business in the UAE mainland necessitates strict adherence to local labor laws and regulatory complexities. These regulations can encompass a wide range of aspects, including employment practices, licensing, permits, and trade restrictions. Navigating this regulatory landscape can be intricate, and it often requires engaging legal and consulting services to ensure full compliance while also optimizing business operations.



UAE Free Zone:

Free zones within the UAE offer an enticing proposition for businesses, especially those with a focus on international trade and specific industries. These zones are meticulously designed to attract foreign investment, providing a host of advantages to enterprises that set up shop within them.

One of the primary advantages of free zones is that they permit 100% foreign ownership. This characteristic allows businesses to maintain complete control over their operations and corporate structure. Furthermore, free zones offer tax exemptions, which can lead to substantial cost savings, and they feature simplified regulatory frameworks, expediting the business setup process.

Free zones cater to a diverse range of industries, including manufacturing, logistics, technology, media, and healthcare, among others. This diversity enables businesses to find an environment that aligns closely with their specific activities and objectives. Additionally, free zones often offer well-developed infrastructure, including modern office spaces, logistics facilities, and connectivity, fostering an environment conducive to growth and innovation.

However, it's essential to note that free zones typically restrict market access within the UAE. They are designed to encourage exports and international trade, so businesses that primarily target the local market may find their growth potential limited by this setup.

UAE Offshore:

UAE offshore companies provide a unique solution for businesses seeking tax advantages and asset protection. While they are not permitted to conduct business within the UAE, they serve as valuable vehicles for international activities beyond the country's borders.

One of the foremost benefits of offshore entities in the UAE is tax planning. These companies can enjoy tax exemptions and benefits, making them particularly appealing for holding assets, engaging in international investments, and facilitating financial services worldwide.

Furthermore, offshore companies in the UAE can serve as a safeguard for assets, protecting them from various risks, including legal disputes and financial instability in other jurisdictions. This protection is especially valuable for individuals and businesses with global interests and significant assets to manage.

However, it's crucial to recognize the limitations of UAE offshore companies. They are expressly prohibited from conducting business activities within the UAE. This means they cannot participate in the domestic market or engage with local consumers. Their primary purpose is to facilitate international business endeavors, asset protection, and financial planning on a global scale.



Main Land Jurisdictions

The mainland jurisdiction in the UAE refers to areas where businesses can operate under the laws and regulations of the UAE government. The mainland jurisdictions in the UAE include the following emirates:

1. **Dubai Mainland:** Governed by the Dubai Department of Economic Development (DED), Dubai mainland is a prominent business hub with various commercial areas and business districts.
2. **Abu Dhabi Mainland:** The Abu Dhabi mainland is regulated by the Abu Dhabi Department of Economic Development (ADDED) and offers diverse business opportunities in the capital city of the UAE.
3. **Sharjah Mainland:** Sharjah mainland is regulated by the Sharjah Economic Development Department (SEDD) and provides a range of business options in the third-largest emirate.
4. **Ras Al Khaimah (RAK) Mainland:** RAK mainland is under the jurisdiction of the Ras Al Khaimah Economic Zone Authority (RAKEZ) and offers business opportunities in the northern part of the UAE.
5. **Ajman Mainland:** The Ajman Department of Economic Development (Ajman DED) governs Ajman mainland, providing business-friendly options.
6. **Umm Al Quwain (UAQ) Mainland:** UAQ mainland falls under the jurisdiction of the Umm Al Quwain Economic Department (UAQED) and offers opportunities for businesses in this smaller emirate.

7. **Fujairah** Offers mainland jurisdictions with a focus on trading, logistics, and benefiting from its strategic location and seaport.

Free Trade Zone in UAE

The following are the major free trade zones in UAE

1. **Dubai International Financial Centre (DIFC):** DIFC is a financial hub offering a robust regulatory framework, tax benefits, and a world-class business environment for financial and related sectors.
2. **Jebel Ali Free Zone (JAFZA):** JAFZA is one of the largest and oldest FTZs in the UAE, known for its industrial and logistics facilities, providing global connectivity.



3. **Dubai Airport Free Zone (DAFZA):** DAFZA offers premium logistics and aviation-focused services, strategically located near Dubai International Airport, facilitating international trade and commerce.
4. **Ras Al Khaimah Economic Zone (RAKEZ):** RAKEZ provides a diverse business environment, attracting companies across industries with cost-effective options and efficient services.
5. **Abu Dhabi Global Market (ADGM):** ADGM is a financial center offering a competitive legal framework and business-friendly regulations, fostering financial and professional services.
6. **Fujairah Free Zone (FFZA):** FFZA focuses on the maritime and industrial sectors, with a strategic location on the UAE's eastern coast, offering easy access to the Indian Ocean.
7. **Sharjah Airport International Free Zone (SAIF Zone):** SAIF Zone is known for its strategic position and diverse business opportunities, including manufacturing, trading, and services.
8. **Ajman Free Zone (AFZ):** AFZ offers an investor-friendly environment for small and medium-sized enterprises (SMEs), emphasizing cost-effectiveness and ease of business setup.
9. **Hamriyah Free Zone (HFZ):** HFZ is a leading industrial and trade hub in Sharjah, providing a comprehensive range of facilities for businesses in various sectors.
10. **Umm Al Quwain Free Trade Zone (UAQ FTZ):** UAQ FTZ offers cost-effective business solutions and simplified procedures, particularly attractive to SMEs and micro-enterprises.



Choosing the Right Business Structure

CHAPTER 4



Choosing the Right Business Structure

When establishing a business in the United Arab Emirates (UAE), it is essential to understand the different business structures available. The UAE offers various options to suit the specific needs and requirements of entrepreneurs and investors. Here is an overview of the common business structures in the UAE:

Limited Liability Company (LLC): An LLC is a popular choice for businesses in the UAE. It requires a minimum of two shareholders and allows for a combination of local and foreign ownership. LLCs provide limited liability protection to shareholders, separating personal and business assets. They are subject to UAE commercial law.

Free Zone Company: The UAE has numerous free zones that offer attractive business setups for both local and foreign investors. Free zone companies provide 100% ownership to the shareholders, exemption from personal income taxes, and simplified business

registration processes. They are ideal for businesses focusing on international trade, manufacturing and logistics. Operations are restricted to the specific free zone where the company is registered.

Civil Company:

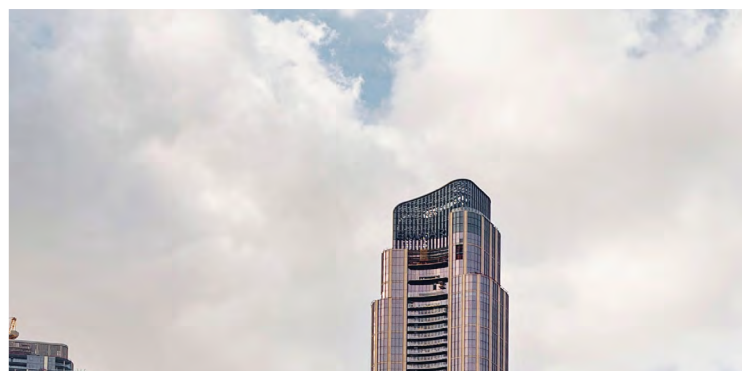
A civil company in the UAE is a business structure designed for licensed professionals, such as doctors, lawyers, and engineers. It allows 100% foreign ownership, enabling professionals to offer their services within the UAE. While they retain full ownership, a local service agent is typically required to assist with regulatory matters.

Representative Office: A representative office is suitable for companies seeking to conduct market research, promote their products/services, or engage in non-commercial activities in the UAE. Representative offices are not allowed to generate direct revenue but can facilitate business relationships and provide support to the parent company.



Joint Venture: Joint ventures involve a partnership between two or more entities to undertake a specific project or business activity. Joint ventures can be established between local and foreign entities, combining resources, expertise, and market knowledge. They are governed by a contractual agreement outlining the rights, responsibilities, and profit-sharing arrangements of the partners.

A Public Joint Stock Company (PJSC) is a business structure well-suited for significant enterprises in the UAE. It involves offering shares to the public, allowing external investment. Additionally, a PJSC must meet a minimum share capital requirement, ensuring the financial stability and viability of the enterprise.



A Private Joint Stock Company (PrJSC) in the UAE shares similarities with a PJSC but features more stringent regulations concerning shareholders and the transfer of shares. PrJSCs are often chosen for businesses seeking the advantages of a joint-stock structure while maintaining tighter control over ownership and shareholding.

Branch Office : A Branch Office is a means for foreign companies to establish themselves in the UAE, effectively extending the operations of the parent company. Notably, a UAE national is typically designated as a local service agent, facilitating regulatory compliance and liaising with local authorities on behalf of the branch.

Taxes

CHAPTER 5



Corporate tax

The UAE is known for its lack of personal income tax and has historically relied on non-tax sources like petroleum sales. To diversify revenue, the government introduced consumption taxes, including excise tax and a value-added tax (VAT) in 2018. In 2023, the UAE Ministry of Finance announced the introduction of a federal corporate tax (CT) to align with international standards and promote a fair business environment. The CT will be applicable nationwide, imposing a direct tax on corporations' net income. To ensure compliance and transparency, the

UAE has also introduced Transfer Pricing (TP) regulations and documentation requirements. The Federal Tax Authority (FTA) oversees the administration, collection, and enforcement of the UAE CT and other federal taxes. The UAE CT Law grants the Cabinet the power to define various aspects, while the Ministry of Finance retains its role as the "competent authority" for tax agreements and international information exchange. This balance of power fosters effective implementation, regulation, and international cooperation in taxation.



Some key benefits of using our UAE Corporate tax services are mentioned below:

Accurate Calculation and Filing of Taxes: Corporate tax regulations can be complex and are subject to change. Professional tax services ensure accurate calculation and timely filing of taxes, reducing the risk of errors that might lead to penalties or legal issues.

Minimization of Tax Liability: Tax planning involves strategizing to legally reduce your tax liability. Professional tax services can help you identify deductions, credits, and incentives that can significantly lower your overall tax burden, allowing you to retain more of your earnings.

Compliance with Tax Laws and Regulations:

Tax laws and regulations can be intricate and vary from jurisdiction to jurisdiction. Having tax experts on your side ensures that you remain compliant with all relevant laws and regulations, avoiding potential legal and financial consequences.

Avoidance of Penalties for Non-Compliance:

Failing to comply with tax laws can result in substantial penalties. Professional tax services help you stay up-to-date with regulatory changes and ensure that your tax submissions are accurate and submitted on time, mitigating the risk of penalties

Access to Professional Advice:

Tax services often come with access to experienced tax professionals who can provide expert advice tailored to your business needs. This can include guidance on tax-efficient business structures, investment decisions, and long-term financial planning.

Time and Resource Savings:

Managing taxes can be time-consuming, especially for businesses with intricate financial operations. Outsourcing tax services frees up your time and internal resources, allowing you to focus on core business activities.

Confidentiality and Security:

Reputable tax service providers prioritize the security and confidentiality of your financial information, providing peace of mind that sensitive data is handled with care.

Remember, while the benefits of using corporate tax services are numerous, it's essential to choose a reliable and well-established service provider.

CT Chargeability and Tax rates

According to UAE Corporate Tax (CT) Law, CT will be levied on a Taxable Person based on their Taxable Income during a Tax Period, as per the rates specified under the CT Law.

The CT rates differ based on the classification of the taxpayer:

QUALIFYING FREE ZONE	TAX RATES
For Qualifying Income	0%
For Non-Qualifying Income	9%
Other than Qualifying Free zone	Tax rates
If the Taxable Income does not exceed AED 375,000	0%
If the Taxable Income exceeds AED 375,000	9%

These tax rates determine the percentage of tax payable by corporations and businesses operating in the UAE based on their income level and classification. It is important for taxpayers to accurately assess their income, understand their qualifying status, and comply with the relevant tax regulations to determine their tax liability correctly.

Corporate tax registration

For corporate tax (CT) in the UAE, every taxable person is required to electronically register with the Federal Tax Authority (FTA) within a specified timeframe and obtain a Tax Registration Number. There is no registration threshold for UAE CT, meaning that all taxpayers, regardless of their income level, must register before filing their first CT return. Additionally, certain persons who are eligible to claim exemptions from CT, may still be required to register for CT and obtain a Tax Registration Number. These include:

- a. Qualifying Public Benefit Entity,
- b. Qualifying Investment Fund,
- c. Pension or Social Security Fund (that is subject to regulatory oversight of the competent authority in the UAE and that meets any other conditions that may be prescribed by the Minister);
- d. A Juridical Person incorporated in the UAE that is wholly owned and controlled by an exempt Govt. Entity, a Govt. Controlled Entity, a Qualifying Investment Fund, or a Pension or Social Security Fund meeting the conditions specified as above;
- e. Any other Person as may be determined by a Cabinet Decision.

Corporate tax Base

RESIDENT PERSON	TAX BASE
Juridical person in UAE (including a Free zone entity)	Worldwide Income
A foreign juridical person that is effectively managed and controlled in the UAE	Worldwide Income
A natural person/individual who conducts a business or businesses activity in the UAE	Worldwide Taxable Income (w.r.t. Business or Business Activity conducted in UAE)

NON-RESIDENT PERSON	TAX BASE
Has Permanent Establishment (PE) in UAE	Taxable income attributable to the PE
Derives UAE Sourced income	UAE Sourced income
Has a nexus in the UAE	Taxable income attributable to the nexus in UAE

Tax Returns

Article 53 of the Corporate Tax regime states the importance of Tax Returns and related disclosures for the efficient administration and enforcement of taxes. Here are the key points outlined in the article:

Filing Requirement: Every Taxable Person, which refers to any individual or entity subject to corporate tax, is required to file a Tax Return for each Tax Period. The Tax Period is typically the financial year of the entity.

Filing Deadline: Tax Returns must be filed with the Authority within nine months from the end of the relevant Tax Period.

Understanding VAT in the UAE

Introduction to VAT

Value Added Tax (VAT) is a consumption tax levied on the value added to goods and services at each stage of production or distribution. In the United Arab Emirates (UAE), VAT was introduced on January 1, 2018, as part of the government's efforts to diversify revenue sources and reduce dependency on oil-related income.

VAT Rate

The standard VAT rate in the UAE is 5%, making it one of the lowest rates globally. Some goods and services, however, may be subject to a zero-rate (0%) or be exempt from VAT.

Registration

Businesses with an annual turnover exceeding AED 375,000 (approximately USD 100,000) are required to register for VAT. Voluntary registration is also allowed for businesses below this threshold. Failure to register can result in penalties.

VAT Invoice

Registered businesses must issue VAT invoices for taxable supplies. These invoices must include specific details such as the VAT amount, VAT registration number, and other relevant information.

Input and Output VAT

Businesses collect VAT on behalf of the government (output VAT) and can deduct VAT paid on their expenses (input VAT). The difference is remitted to the government.

Filing and Payment

VAT returns must be filed regularly, typically quarterly, and payments made accordingly. Penalties for late filings or non-compliance can be substantial.

Exemptions and Zero-Rated Supplies

Certain sectors and activities are exempt or zero-rated under UAE VAT law. Examples of zero-rated supplies include exports, healthcare, education, and certain real estate transactions.

Impact on Consumers

VAT has led to a modest increase in the cost of living and doing business in the UAE. However, the government has taken steps to mitigate its impact on lower-income individuals.



Regulatory requirements for establishing business in UAE

CHAPTER 6



Regulatory requirements for establishing business in UAE

Establishing a business in the United Arab Emirates (UAE) requires compliance with various regulatory, licensing, and compliance requirements. These requirements may vary depending on the emirate, the type of business activity, and the chosen business structure (mainland or free zone). Here are some of the key regulatory, compliance, and licensing requirements:



- 1. Business License:** Depending on your business activity and location (mainland or free zone), you'll need to obtain the appropriate business license from the relevant authority. This license authorizes you to operate legally within the UAE.
 - 2. Incorporating a business entity:** Incorporating a business entity in the United Arab Emirates (UAE) involves choosing a legal structure, selecting a
 - 3. Trade Name Registration:** Register your business name with the DED or the relevant free zone authority. The chosen name must comply with UAE naming rules.
- unique business name, registering with the relevant UAE government authority, appointing directors or managers, and complying with local regulations. The process also requires drafting formation documents.

4. **Office Space:** You'll need to lease an office space that meets the requirements of the relevant authority. This space will serve as your company's official address.
5. **Approvals and Permits:** Depending on your business activity, you may require specific approvals or permits from government departments or ministries. For example, certain industries like healthcare and education have additional regulatory requirements.
6. **Visa and Employment Permits:** If you plan to employ expatriates, you'll need to obtain employment visas and work permits for them. This process typically involves medical tests and background checks. In case you need Visa , please decide.
7. **Corporate & Value Added Tax (VAT) Registration:** If your business is liable for VAT, you must register with the Federal Tax Authority (FTA) for VAT purposes and comply with VAT regulations. For corporate tax (CT) in the UAE, every taxable person is required to electronically register with the Federal Tax Authority (FTA) within a specified timeframe and obtain a Tax Registration Number.
8. **Compliance with Labor Laws:** Ensure compliance with UAE labor laws, including the drafting of labor contracts, employee benefits, and adherence to working hours and conditions.
9. **Environmental Compliance:** Certain industries may need to meet environmental regulations, including waste disposal and emissions standards.
10. **Intellectual Property Protection:** Consider protecting your intellectual property by registering trademarks, copyrights, and patents if necessary.
11. **Regulatory Approvals (if applicable):** Depending on your industry, you may require industry-specific regulatory approvals. For example, financial services companies must obtain approvals from the UAE Central Bank.
12. **Health and Safety Standards:** Adhere to health and safety standards applicable to your business, which may involve safety inspections and compliance with occupational health guidelines.
13. **Customs and Import/Export Regulations:** If your business involves importing or exporting goods, be aware of customs regulations, and obtain the necessary permits and clearances.



Conclusion

CHAPTER 7



Establishing a business in the United Arab Emirates (UAE) involves several key steps, which may vary slightly depending on the emirate and the type of business activity. Here is a general outline of the process:



- 1. Choose the Business Activity and Legal Structure:** Determine the nature of your business activity and select the most suitable legal structure (LLC, free zone company, branch, etc.).
- 2. Select the Business Location:** Decide whether you want to operate in a free zone or on the UAE mainland.
- 3. Choose the Business Name:** Select a unique and approved name for your company that complies with UAE naming rules.
- 4. Appoint Local Sponsor or Partner (if required):** If operating on the mainland and you require a local partner as per your business activity, identify a local Emirati sponsor or partner, as per the UAE's ownership regulations.
- 5. Draft the Memorandum of Association (MOA):** Prepare the MOA, outlining the company's details, ownership structure, and business activities. This document is crucial for LLCs.
- 6. Apply for Initial Approvals:** Submit your business documents to the relevant authorities, such as the Department of Economic Development (DED) or free zone authority, to obtain initial approvals.

7. Register the Trade Name: Register the trade name and get approval from the DED or the free zone authority.

8. Lease Office Space: Arrange for a physical office space, as required by UAE regulations.

9. Apply for the Business License: Depending on the type of business activity, apply for the necessary licenses and permits.

10. Obtain Additional Approvals (if needed): Certain business activities may require specific approvals from government departments or ministries.

11. Submit Documents and Pay Fees: Compile all required documents, pay the relevant fees, and submit your application to the appropriate authority.

12. Obtain Approvals and Sign the MOA: Once your application is approved, sign the MOA and complete any other necessary paperwork.

13. Get Initial Approval and License: Receive the initial approval and business license from the DED or free zone authority.

14. Register for VAT (if applicable): If your business is liable for Value Added Tax (VAT), register for VAT with the Federal Tax Authority (FTA).

15. Register for Corporate tax The Corporate Tax Law provides the legislative basis for imposing a federal tax on corporations and Business profits ("Corporate Tax") in the UAE. Most Taxable Persons will be required to register. There is however

an exception to this for Non-Resident Persons that derive only State Sourced Income without having a Permanent Establishment in the UAE. These Persons will not have to register.

16. Open a Corporate Bank Account: Open a corporate bank account with a UAE bank.

17. Visa Processing (if needed): If you plan to employ expatriates, apply for their employment visas or if you want to move plan your Visa's.

18. Comply with Labor Laws: Ensure compliance with UAE labor laws, including labor contracts and work permits.

19. Start Business Operations: Once all approvals are in place, you can commence your business operations

It's essential to engage with legal and business consultants who are familiar with UAE regulations to guide you through the specific requirements and procedures based on your business activity and chosen emirate. Each emirate may have its own nuances in the business setup process, so thorough research and due diligence are critical.



A nighttime photograph of the Burj Khalifa, the world's tallest skyscraper, illuminated in blue and white. The building is set against a dark blue sky. In the foreground, there are other illuminated buildings and a complex highway interchange with multiple overpasses and ramps, lit with warm yellow lights. The overall scene is a vibrant cityscape at night.

ABOUT STRATRICH

At Stratrigh, we bring unrivalled expertise in providing top-notch Doing Business in UAE Services. As a leading business consulting firm, we understand the intricacies of your corporate needs and offer tailored solutions to optimize your business strategy.

WE OFFER FOLLOWING SERVICES:

- UAE Market Entry

- Entity formation

- Corporate Services

- Recruitment Services

- Infrastructure Support

- PEO Services