



## DUBAI

The UAE offers unrivalled business and tax planning opportunities to international businesses, zero corporation and income taxes for most activities, an impressive network of double tax treaties, no withholding tax on dividends and interest paid and no levy on capital gains.

It is an established International Financial Centre (IFC)!

The Global Competitiveness Report 2010-2011 issued by the World Economic Forum (WEF) ranks UAE amongst the top 25 countries in the world for competitiveness.

Special economic zones, free zones, and UAE offshore companies offer 100 percent ownership, repatriation of profit and capital as well as exemption from taxes. Outside of these areas, significant incentives are being offered to investors and corporate governance provisions ensuring transparency and accountability are being enforced. Corporate taxes are reserved only for branches of foreign banks and oil producing companies. A mere 5 percent tariff is imposed on goods imported from non-GCC countries.

The UAE is a white listed onshore jurisdiction that offers offshore jurisdiction services as well as opportunities that exist only in mature industrial and financial hubs. International businesses moving to the UAE find themselves in a thriving market with excellent infrastructure between the West and the developing East able to generate new business. A pro-business government encouraging foreign investment, has developed the country into a cosmopolitan centre welcoming a diverse specialist and competitive workforce.

### LEGAL ENTITIES IN UAE

The UAE comprises of a federation of seven emirates - namely, Dubai, Abu Dhabi, Sharjah, Fujairah, Ras Al Khaimah, Umm Al Quwain and Ajman - which have their own rules and regulations.

The UAE has a vibrant free economy with a significant proportion of its revenues arising from exports of oil and gas. Successful efforts have been made to diversify away from dependence on hydrocarbons and a solid industrial base has been created, together with a strong services sector.

The UAE is an attractive hub for investors to locate their business interests for the following reasons:

- no corporate and income taxes, no exchange control restrictions and possible to have unrestricted repatriation of income and capital
- amongst the most liberal trade regimes in the Gulf region and attracts strong capital flows from across the region
- focused on economic diversification in trade, logistics, banking, tourism, real estate and manufacturing and provides opportunities in various industries



- has a well-established infrastructure, strong banking system and a stable political system
- provides a favourable tax environment for most industries
- a high number of expatriate workers at all levels of the economy such that expatriates account for over 80 percent of the work force
- culture is driven by Islamic traditions, however, with over 150 nationalities, expatriates are able to practice their own cultures, and
- provides a safe and secure family environment with one of the lowest crime rates in the world



## LEGAL ENTITIES

Under UAE federal law, foreign businesses have three main entities to choose from in order to conduct business in the UAE: a local limited liability company (“LLC”), a free zone entity (“FZE”), and an international business company (“IBC”).

Companies can also operate by setting up a branch of a foreign company, a representative office of a foreign company, a private or public joint stock company, a general or simple limited liability partnership, a joint venture or providing services as a professional or a consultant through a civil company.

### Limited Liability Companies (LLCs)

A LLC can be formed with a minimum of two and a maximum of 50 persons whose liability is limited to their shares in the company’s capital. Companies with expatriate partners typically opt for this form of company. The voting rights in the company may not exceed 49 percent profit and loss distribution, and the share in allocation of liquidation proceeds can be mutually agreed upon. LLCs can sell directly to the local market.

### Free Zones Entities (FZEs)

If there is no need to sell goods directly to the local market, but office space and local staff are required, then setting up in a free zone is often more attractive than using a local company. Free zone companies also meet the growing necessity in international tax planning of having necessary substance. This is often impossible to deliver from the traditional offshore jurisdictions since they typically only offer an IBC regime.

**The main advantages of setting up in one of the free zones in the UAE are as follows:**

- 100 percent foreign ownership is allowed
- guarantee for 15-50 years against the future imposition of corporation tax
- import of goods duty free, provided the goods are not supplied to the local market
- streamlined procedures: all formalities are typically dealt with through the free zone authorities
- no restrictions on hiring expatriates

### International Business Companies (IBCs)

Dubai, through its Jebel Ali Free Zone, and Ras al Khaimah, through the RAKIA Free Zone and the RAK Free Trade Zone, offer an International Business Company (IBC) regime. These companies are ideal for any type of business that does not require a local office. This includes any passive investment activity eg holding shares in local or free zone companies, holding UAE real estate, or trading activities outside the UAE. IBCs cannot rent office space nor can they apply for staff visas and they are not allowed to trade with parties inside the UAE.

RAK IBCs have the following attractive features:

- not necessary for the owner or manager to visit the UAE in person
- no requirement to deposit capital in a bank account
- the only data on public record is the name of the company and date of incorporation
- no requirement to submit financial statements

As with local and free zone companies, offshore companies can benefit from some of the tax treaties concluded by the UAE, by setting up a free zone branch.

### Branch

Foreign companies can establish a branch office in the UAE. A branch office may not carry out any commercial activity in its own name, it may only negotiate and enter into contracts on behalf of the parent company, and if goods and services are required to fulfill that contract, they have to come directly from the parent. Support activities by the branch are allowed.

## WHAT CAN DUBAI OFFER

- Pro-business government regulations
- Secrecy, asset protection and no international exchange of information agreements
- Global headquarters centre
- Distinguished and unique lifestyle
- Best retail hub and experience
- Talented and diverse labour pool
- World class logistics and IT infrastructure
- Strategic location on the trade routes of East and West
- Wide network of 60 Double Tax Treaties
- Tax free environment  
NO income tax  
NO corporate tax  
NO limit on repatriation of profit



## UAE: AN OASIS FOR BUSINESS

Business friendly policies on taxes, foreign investment and trade make the UAE an attractive destination for international companies seeking a headquarters location.

The UAE already hosts global or regional headquarter sites for a large number of multinational corporations, including Halliburton, Mitsubishi and Hitachi Data Systems.

The number of multinationals choosing the UAE, particularly for their regional headquarters, continues to grow. The country benefits from a stable political environment, along with an emerging reputation as a central hub for trade, financial services, the media and tourism in the Gulf region.

High per capital wealth levels offer an attractive local consumer market, while an abundance of foreign workers, almost 80% of the workforce, reinforces the country's openness and diversity.

As home to approximately 8% of the world's proven oil reserves, the UAE enjoys prosperity as an oil rich nation, while plans to diversify the economy and encourage growth of its non-oil revenues should cushion the country from commodity price volatility and expand investment opportunities in other areas, such as infrastructure.

**PLEASE FEEL FREE TO CONTACT US WITH ANY QUESTIONS OR QUERIES.**

TRUST 4 TRUST GROUP

EMAIL: [INFO@TRUST4TRUST.COM](mailto:INFO@TRUST4TRUST.COM)

PH.: +41 91 220 4710

FAX: +41 91 220 4711