



## DUBAI IS BETTER THAN ANY TAX HAVEN

### **TRADITIONAL TAX HAVENS**

Although the name “tax haven” describes in short what it does, it also conjures up shady connotations which, at best, are seen as dodgy or even illegal. We can use a less invoking, more technical term such as zero tax jurisdictions. Some examples of traditional tax havens are such places as the British Virgin Islands (BVI), Seychelles, Belize and Panama. If your geography is any good you would understand from the short list above the type of places where the majority of tax havens are located. Small countries or islands usually not too far from the equator with nice sunny climates and not much in the way of high rise buildings.

### **WHY USE TAX HAVENS**

So what is it that attracts international business to set up in one of these remote, less than prime, business locations? The biggest attraction for international companies to set up in tax havens are the tax advantages. After all nobody would say no to 0 percent tax rate. Having stated this, it is not the only reason. Tax haven entities tend to be cheaper and easier to set up, so for many companies or individuals that are on a budget, tax havens can be a good option at least in the first years of starting a business.

### **DISADVANTAGES OF TAX HAVENS**

The 1980's and 1990's were times when not much was regulated and, consequently, tax havens worked well. In today's global economy and especially after the recent financial problems and scandals, the spotlight has focused on international groups and companies, especially bigger ones, where they pay their taxes. With the governments of the world needing to increase their own revenue and with a public outcry of double standards and unfairness, the large economies of the world have started to close the loopholes that these international companies are using, therefore making it more difficult to operate out of a traditional tax haven. Another issue brought about by internet is reputation. No decent upstanding international company wants to be seen with one of those shady looking law havens as a business address. The question is: would you want to buy, for example, merchandise from a company that is based in some tropical island renowned for lax standards of financial supervision, even money laundering? Whilst we are talking about reputation, it is definitely worth knowing that many traditional tax havens are on black lists, making things like banking much more difficult.

### **THE ALTERNATIVE**

If we were to say to you that you could have, as an alternative, an international company based in one of the world's prime business cities, with nearly 400 high rise office buildings, and in the middle of a global business hub, all this whilst keeping all the tax advantages that you would expect of a traditional tax haven, you probably would not believe this. The alternative we talk about is the UAE, in particular Dubai and Ras Al-Khaimah (RAK)!



### **ADVANTAGES OF DUBAI**

Geographically it is situated in the middle of Europe, Asia, the Middle East and Africa. This means it is never more than a few hours in front or behind your time zone. It is a world renowned international financial centre with a great reputation and does not appear on any black list, therefore making work with the financial industry much easier. Regulations and controls are in place to ensure that whilst attracting international businesses and making a name in international financial services they have reputable standards. Dubai is a modern, vibrant city with great infrastructure including massive international airports, seaports, rail system and high speed internet connections. It also has very strict privacy laws. Government paper work that is required, is simple and straight forward and, in most cases swift. If visas are required, the process is also straight forward and relatively simple. It has a booming property market. It also boasts a wide variety of options for renting office space. It is a true cosmopolitan jurisdiction with many nationalities making up the local population and English is widely spoken. The law is civil law. And 0 percent tax, no corporate tax, no personal tax, no limits on repatriation of capital or profits.

### **DUBAI/RAK INTERNATIONAL BUSINESS COMPANIES (IBCs)**

Dubai, through its Jebel Ali Free Zone, and Ras al Khaimah (RAK), through the RAKIA Free Zone and the RAK Free Trade Zone, offer international business company (IBC) regimes. 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 inside the UAE. RAK IBCs have the following attractive features: not necessary for the owner or manager to visit Dubai 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. If a local corporate bank account is required, for instance in order to benefit from the strong client confidentiality rules applicable in the UAE, then an offshore company from another jurisdiction is simply not a feasible option. There are very few banks in the UAE that even allow foreign entities to open bank accounts, and for the ones that do, the attestation fees are very high.

TRUST 4 TRUST GROUP	
EMAIL:	INFO@TRUST4TRUST.COM
PH.:	+41 91 220 4710
FAX:	+41 91 220 4711