



## TAX RESIDENCE IN UAQ, UAE

A free trade zone (FTZ) entity in UAE offers many tax and business possibilities.

For a start, a FTZ company enjoys full exemption from income and corporate taxation, can have 100 percent foreign ownership, no exchange restrictions, free profit repatriation and avails to tax benefits accruing from UAE's nearly 80 double tax treaties.

A further possibility is to apply and obtain tax residence status and certificates from the UAE authorities for its foreign shareholders and executives.

Umm Al Quwain Free Trade Zone ("UAQ FTZ") is considered a premium investment opportunity in the UAE today, offering excellent working environment in a pleasant location at affordable rates, where an expatriate can work and live comfortably with his family.

The benefits of licensing a company in UAQ FTZ:

- ensures economic substance
- enjoys double tax treaties benefits of UAE with 80 other countries
- 100 percent foreign ownership
- zero corporate and personal income taxes
- 100 percent capital repatriation
- allows up to 50 shareholders
- full range of business activities permitted
- 100 percent import and export tax exemption within the FTZ
- fast registration process with licensing taking one week
- ideal location for SMEs and micro businesses
- proximity to two international airports, Dubai and Sharjah, and major sea ports
- special concessions at UAQ's sea port
- no restrictions on hiring foreign employees
- modern and investors friendly rules and regulations

There are several options when it comes to establishing a business within UAQ FTZ:

- a free zone establishment (FZE), which is suitable for a single shareholder
- a free zone company (FZC), which is for two and up to 50 shareholders
- a branch of an existing company

Licenses offered:

- Commercial license (3 different product lines or 10 similar product lines)
- General trading license
- Consultancy license
- Service license
- Freelance permit
- Industrial license



Obtaining a residence permit is the primary condition for being considered as resident in the UAE.

A UAE residence permit and a tax residence certificate can be useful to many foreign owners and executives of FTZs who wish to register tax residency in the UAE. It is worth noting, that banking institutions in UAE and outside consider UAE tax residence certificates as sufficient proof of tax residency in the UAE.

As world markets become increasingly intertwined, taxpayers need to be ever more aware of cross border considerations. This is especially important in the current environment, where focus on the disclosure, reporting, and taxation of foreign assets has sharpened. Rules are introduced continuously and the focus on anti-avoidance rules is building up.

Whilst domicile in the UAE may not be possible depending on the laws of the home country, certainly with a renewable residence visa that is issued to persons or associates of a FTZ, individuals may reduce home country taxation. If they also obtain a tax residence certificate in UAE they can claim tax residency which they can reinforce, by having a private accommodation and maintaining a local bank account.

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

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