

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.



REDOMICILIATION IN UAE

In line with the international practice of permitting companies to change their seat of incorporation, companies are allowed under the laws of RAK Free Trade Zone ("RAK FTZ") in UAE to change their jurisdiction. Redomiciliation enables companies to avoid liquidating the existing company and transfer portfolio of assets to an entity incorporated for the purpose of the new jurisdiction.

What is Redomiciliation?

As much as a company can change its registered office or registered agent within the same jurisdiction, it can also move to a new jurisdiction. Corporate redomiciliation is the process by which a company moves its domicile (or place of incorporation) from one jurisdiction to another by changing the country under whose laws it is registered or incorporated, whilst maintaining the same legal identity. The ease with which redomiciliation may take place has increased in recent years.

Not all countries allow redomiciliation. Those that do, tend to be Commonwealth common law as opposed to civil law jurisdictions. Notable exceptions are Austria, Hungary, Latvia, Luxembourg and Liechtenstein which are civil law countries but permit redomiciliation.

To redomicile, both the existing jurisdiction (where the company is currently registered) and the target jurisdiction (where it will continue) must be on the list of countries where redomiciliation is possible. There are certain countries (UK, Hong Kong, Singapore, the Netherlands) that one might expect to allow redomiciliation and, in fact, do not. In such cases other solutions can be sought.



Why Redomicile?

Companies redomicile for a variety of reasons including:

- benefit from a favourable tax environment
- take advantage of less stringent regulation and scrutiny
- align their place of registration with their shareholder base
- move to an international financial centre
- access specialist capital markets

Where an existing company migrates or redomiciles to RAK FTZ, the company's existing legal status, goodwill and operational history is preserved. This process will allow for companies who currently operate in more costly, difficult regulatory, high tax and high risk environments in other countries to migrate to RAK FTZ without triggering a disposal of their assets or a diminution in their goodwill or operating history.

The response to the global financial crisis by many OECD countries has been to call for greater regulation, greater scrutiny and ultimately increased taxes. However, this will result in increased costs of doing business in a global business environment where companies must seek to reduce costs to weather and survive the forecast downturn in global markets.

The RAK FTZ registration system allows companies to base their global operations and activities for a fraction of the regulatory costs of being incorporated in and doing business in other countries. Offshore companies can also do business within in the UAE provided appropriate licenses are obtained.

Migrate to UAE

The ability to migrate companies to RAK FTZ opens tax planning dimensions for investors and businessmen. Within UAE, it is also possible to redomicile in DIFC (Dubai International Financial Centre) and DTMFZA (Dubai Technology and Media Free Zone Authority) which are specialized free zone authorities in financial services and technology, respectively.

Foreign companies can redomicile and enjoy the tax and other benefits provided by the UAE tax free regime and its wide network of double tax treaties.

They can also take advantage of a pleasant country which is an International Financial Centre, and a fine place to work and live.

Why RAK FTZ?

- offers a tax free environment
- the government of RAK is pro-business
- ensures secrecy, asset protection
- absence of international exchange of information agreements
- global headquarters centre
- strategic location on the trade routes of East and West
- wide network of double tax treaties

Source: Oneworld MidEast

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

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