

Setting Up a Business in the UAE



Company Formation

The United Arab Emirates (UAE) ranks #1 among the countries most attractive to foreign direct investment in the Middle East (ME) and Africa region, because to its strategic location between Asia, Europe, and Africa. Foreign investors who want to establish an official presence in the UAE have two choices:

❖ Mainland Establishments

- ❖ Setting up an LLC where the foreign investor owns up to 49% of share capital.
- ❖ Setting up a Branch of Foreign Company, which doesn't require a local shareholder, however, it is mandatory to appoint a Local Service Agent.

❖ Free Zone Establishments

- ❖ Setting up a company in one of the many free zones where the investor can hold up to 100% of the company while benefiting from other perks such as import duty and VAT exemptions.



Taxation

Although most, if not all, of the seven Emirates have issued local tax decrees, there is currently no federal tax legislation in the UAE. The Emirati decrees are usually not extremely thorough, but they do lay out the groundwork for taxation in the relevant Emirate, including definitions of a taxable person and taxable income, among other things.

❖ Corporate Tax

- ❖ Oil and Gas companies are taxed under the specific terms of the concession agreements signed with the government.
- ❖ Branches of Foreign Banks have a taxable income of 20%. The taxable profit is determined based on the audited branch accounts
- ❖ Capital gains are not taxable, unless derived by a company that is taxable under any of the income tax or banking tax decrees.
- ❖ Tax Incentives are presented as 15–50-year tax holidays, no restrictions on foreign ownership, no restrictions on capital and profit repatriation, and an exemption from import duties on goods brought into the free zone.

❖ Personal Tax

- ❖ There is currently no personal income tax imposed on the income of individuals working in the UAE, and no tax returns need to be filed.

Immigration

Foreign investors interested in establishing a presence in any of the seven emirates, maintain a large degree of independence when managing the immigration process requirements, policies and regulations. While all the Emirates follow the same immigration process governed by the federal authorities, Dubai has more flexible immigration processing regulations and is the home for many Free Zone authorities facilitating the establishment of foreign entities in the country.

THE MULTI FAMILY OFFICE



❖ Work Authorization

- ❖ Foreign nationals who intend to conduct productive, hands-on work activities in the UAE must apply for a work and residence permit.
- ❖ All immigration and labour applications are to be submitted through the relevant jurisdictional/Free Zone authority's online portal.
- ❖ Health insurance requirements are imposed by the government for the sponsorship of employees' work permits.
- ❖ The validity of work authorization and residence permits ranges from 1-3 years and it is renewable.

❖ Short Term Authorization

- ❖ Free Zone: Short-term work authorization is issued in the form of an access card sponsored by the Free Zone entity in which the employer is based.
- ❖ Mainland: A mission visa may be obtained for foreign nationals on short-term work assignments and must be applied for and obtained by the UAE sponsoring company before the foreign nationals travel to the UAE.

❖ Business Visitors

- ❖ Most foreign nationals entering the UAE to conduct ordinary business activities require a business visa.
- ❖ Select nationalities may obtain a visa on arrival issued at the port of entry.
- ❖ If not eligible based on nationality, business visitors may be able to obtain a visit e-visa directly online from the General Directorate of Residency and Foreigners Affairs without sponsor registration prior to arrival.
- ❖ For Free Zone companies, the e-visa is obtained through their immigration portal.

THE MULTI FAMILY OFFICE

ABOUT BKMS

With over a decade worth of experience and a prominent network of international clients, BKMS has established a reputation that speaks for itself. BKMS is covering a broad spectrum of industries, taking into account the required accounting treatment and tax implications as well as the challenging international regulatory framework. Client Trust and loyalty are the very fundament of every commitment undertaken by BKMS. Adherence to a strict policy of professionalism therefore results in continuously successful developments. BKMS is regulated by Cyprus Securities and Exchange Commission Registration No 96/196.



MULTI FAMILY OFFICE SERVICES

- Administrative Services
- Tax Planning
- Wealth Planning
- Corporate Consulting
- Legal Services

BKMS Limited

201 Strovolos Avenue
Off. 201-202, 2nd Floor
2049 Nicosia, Cyprus
info@bkmsgroup.com
Tel. +357 – 22 265 360
Fax. +357 – 22 265 361

The materials provided in this document are issued for general information purposes only and are not designed to provide legal or other professional advice. Hence, we accept no responsibility for any direct, indirect or consequential loss or damage which may arise from reliance on information contained in this document. Readers are advised to seek confirmation of statements made herein before acting upon them; specialist advice should also be sought on your particular cases. Please feel free to contact us at your convenience.