

JP Chawla & Co. LLP



DOING BUSINESS IN UAE

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**"UAE: Your Gateway to Global
Trade and Prosperity!"**



Foreword

It is time to embrace the wind of business opportunities in UAE, a growing Middle East powerhouse that attracts entrepreneurs, investors, and dreamers from all over the world. The economy of the United Arab Emirates (UAE) is one of the most diversified in the Middle East, driven by robust sectors such as oil and gas, trade, tourism, and financial services. While hydrocarbons remain a significant revenue source, the country has focused on economic diversification through investments in technology, renewable energy, and infrastructure. The UAE's strategic geographic location makes it a global trade and logistics hub. Free Zones and business-friendly policies attract multinational corporations and entrepreneurs alike. Consistently high GDP growth and innovation-driven initiatives position the UAE as a leading destination for global investment and commerce.



UAE's journey in becoming a major business hub is a testament to vision-driven leadership, well-planned strategies, and a strong commitment to progress. The UAE has a great location, modern facilities, progressive regulations, and a friendly atmosphere for businesses. Whether you're a professional or new to the business, have lots of experience, want to thrive, or want to change your country of residence, UAE has something for everybody.

The UAE government's Vision 2030 and other long-term strategies aim to reduce reliance on oil revenues by fostering knowledge-based industries and sustainable development. The country's financial sector is highly advanced, with Dubai and Abu Dhabi serving as major global financial centers. Significant investments in smart cities, artificial intelligence, and renewable energy projects reflect the UAE's commitment to technological leadership.

The United Arab Emirates (UAE) stands as a global business hub, attracting entrepreneurs and investors with its dynamic economy, strategic location, and progressive regulatory environment. In today's interconnected global marketplace, understanding the unique business culture, legal frameworks, and financial landscapes is critical to success.

As you explore this guide, embrace the boundless opportunities that await you in UAE. We are confident that the information herein will serve as a beacon to guide you towards a successful and enriching business experience in this dynamic city. Embrace the spirit of innovation, seize the opportunities, and be part of UAE's enduring success story.

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Founded

1971



President / Vice President

H.H. Highness Sheikh Zayed bin
Sultan Al Nahyan

Political System

Constitutional Federation
(The Members of the Federal Council elect the President)

Geographic Area

84,000 Square KM

Population (2024)

10 million (2024)

GDP

USD 530 bn (2024)

Per Capita Income

USD 53,900

Currency: UAE DIRMAM

(Officially abbreviated "AED", "Dir" or "Dhqr")
The Dirham is pegged to the US Dollar;
1 DIRMAM = 0.27 US DOLLARS

Climate

Average Temp. 19°C (January) To 36°C (August)

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Geography of UAE

- Area (sq km)
- Population (Million)
- Major Industries
- GDP (US\$ billion est.)

Dubai

- Area (sq km)
- Population
- Trade & Finance, Tourism
- GDP (sq km)

Abu Dhabi

- Area (sq km)
- Population
- Oil & Gas, Tourism
- GDP (sq km)

Sharjah

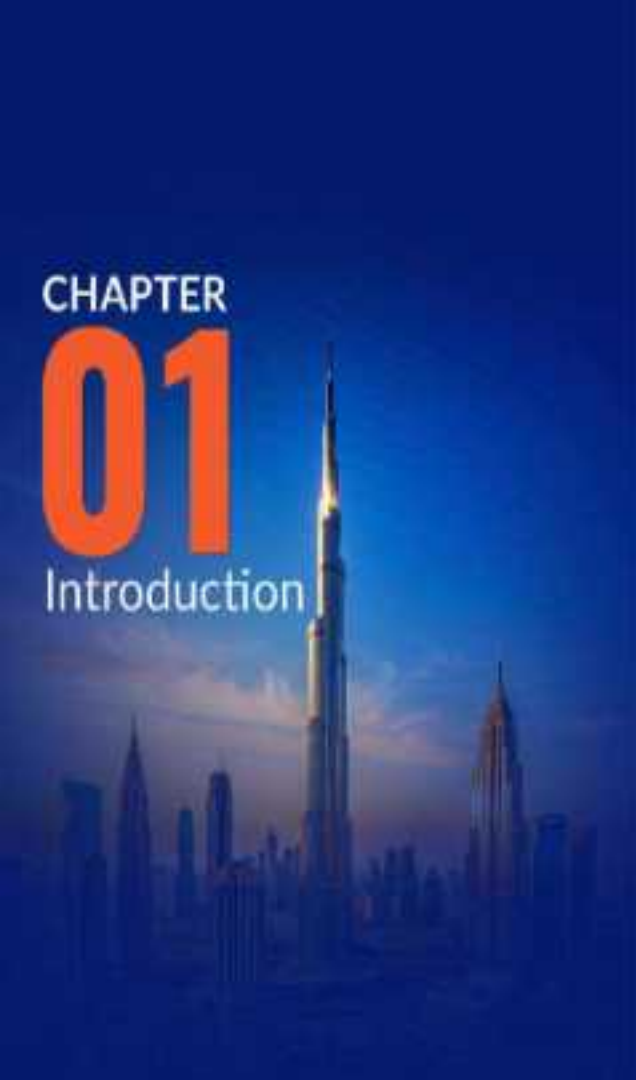
- Area (sq km)
- Population
- Manufacturing, Trade
- GDP (sq km)



CHAPTER

01

Introduction



The United Arab Emirates is a fascinating, dynamic, and diverse nation. Formed in 1971, the UAE is a federation of seven emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah, and Fujairah. It is known for its stunning landscapes, vast deserts, pristine beaches, and towering skyscrapers. Its strategic location at the crossroads of Europe, Asia, and Africa positions it as a gateway for trade and business. Over the period, it has become a magnet for tourism and international businesses.

Why UAE?

The UAE's impressive growth and success can be attributed to several key factors that make it a magnet for business and investment.



Strategic Location:

Situated at the crossroads of Europe, Asia, and Africa, the UAE serves as an ideal gateway for business expansion. Its strategic location provides access to over two billion people within a two-hour flight radius, positioning it perfectly for tapping into emerging markets.

Pro-Business Policies:

The UAE has a business-friendly environment characterized by pro-business policies and initiatives. It is known for favorable regulatory frameworks that include simplified company formation procedures, tax incentives, Free Zones, intellectual property protection, and liberal foreign ownership regulations.

Economic Stability and Diversification

The UAE needs a strong and diverse economy to ensure long-term economic stability. It has diversified its revenue streams beyond oil and gas to sectors such as finance, tourism, real estate, logistics, e-commerce, blockchain, cryptocurrency, manufacturing and renewable energy.

Free Zones

One of the UAE's key business attractions is its extensive network of Free Zones. These designated areas offer numerous advantages, including 100% foreign ownership, zero taxation on personal income, simplified import-export procedures, zero corporate tax for qualifying activities and 100% repatriation for non-qualifying activities.

Infrastructure and Connectivity

The UAE is globally recognized for its state-of-the-art infrastructure. The country has significantly invested in modern transportation systems, such as top-notch airports, seaports, road networks, and a sophisticated telecommunications infrastructure.

Skilled Workforce

UAE attracts talent from across the globe, providing businesses with access to skilled professionals with a broad range of expertise.

Strong Financial Sector

The UAE has a well-regulated and stable financial sector. The presence of numerous local and international banks, private businesses with access to various financial solutions, UAE has robust measures to tackle money laundering and terrorist financing.

Safety and Security

The UAE is known for its safe and secure business environment. The government places a high emphasis on ensuring the safety and protection of businesses, providing a stable and secure environment for companies to thrive.



Understanding the UAE Business Landscape

The United Arab Emirates is a captivating, dynamic, and diverse nation. Formed in 1971, the UAE is a federation of seven emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al-Qaywayn, Ras Al Khaimah, and Fujairah. It is renowned for its stunning landscapes, vast deserts, pristine beaches, and towering skyscrapers. Its strategic location is at the crossroads of Europe, Asia, and Africa, especially the MENA region and positions it as a gateway for trade and business. Over the period, it has become a magnet for tourism, industrial growth and international businesses.

Economic Overview: Exploring UAE's Thriving Economy

The UAE's economy is dynamic and thriving, and it is known for its diversification and resilience. The nation has successfully transitioned from an oil-dependent economy to sectors such as trade, tourism, finance, real estate, logistics, and technology, all of which play a significant role in its growth. Understanding the key aspects of the UAE economy will help you identify the abundant business opportunities available.

Global Economy

The UAE's population is projected to reach 10.6 million in 2031, with around 85% expatriates. The country is ranked first in macroeconomic stability and tops the Middle East Global Entrepreneur Index. Additionally, it is ranked 31st on the World Bank list of the best countries to start a career. Small and medium enterprises (SMEs) are key drivers of the UAE's economy, with over 94% of registered companies being SMEs and contributing to 61% of the UAE's GDP in 2022.

Tourism and Hospitality

The UAE's resilient tourism, top shopping malls, iconic landmarks and the luxury lifestyle and sunny weather attract millions of tourists yearly. Tourism significantly boosts the emirate's economy, supporting hospitality, entertainment, and leisure sectors. For instance, Ras Al Khaimah attracted 1.2 million overnight visitors in 2022, up from 100 million in 2021, with Al Hajar Island playing a pivotal role by offering luxury resorts, cultural events, and activities that even generate income.

Trade and Logistics

The UAE's strategic location makes it a key global trading hub with advanced infrastructure. Major ports like Jebel Ali and Khalifa are among the busiest for cargo, while Port Rashid manages cargo and passengers. Key airports, including Dubai International (DXB) and Ras Al Khaimah International (RKT) and Sharjah International (SHJ) are vital for connectivity. The expanding rail network, including Ras Al Khaimah and Fujairah ports, enhances efficient goods movement.

The UAE Trade Agreements

The UAE, a signatory to the WTO Information Technology Agreement, aims to eliminate 17 product tariffs on goods worth over USD 1 billion annually. In 2021, it signed a Trade and Investment Framework Agreement (TIFA) with the US to boost economic reform and trade cooperation. In 2022, the UAE joined the US-EU Free Trade Agreement, ratified in 2021. As part of the GCC, it shares a common market and customs union with Saudi Arabia, Kuwait, Bahrain, and Oman.

Finance and Banking

The UAE boasts a robust financial sector encompassing local and international banks, investment companies and financial services providers. Furthermore, major financial hubs include Dubai International Financial Centre (DIFC), Abu Dhabi Global System (ADGSI) and the Dubai International Financial Centre (DIFC), each with a favorable regulatory framework for banking, asset management, insurance and Islamic finance.



Real Estate and Construction

The UAE plays a pivotal role in architectural marvels and a booming real estate market. It is home to luxury developments and high rental yields, with landmarks like the Burj Khalifa. Abu Dhabi features major projects such as Yas Viceroy Hotel, which are supported by solid infrastructure. Ras Al Khaima provides affordable options with competitive prices and growing tourism and real estate demand. These emirates are expected to further strengthen the UAE's real estate and construction sectors in the coming years.

Free Zones

The UAE has experienced significant growth in non-oil industries in recent years, largely due to its specialized Free Zones. These zones have been crucial in attracting foreign companies and FDI, boosting the country's net exports and fostering industry-specific innovation. They account for around 40% of the UAE's total exports, including re-exports. Notably, Dubai's Free Zones contribute 60% of the city's goods exports, highlighting their essential role in enhancing trade and economic development. The UAE has created an environment that attracts foreign investment and facilitates seamless trade through these zones.



CHAPTER

02

Key Industries
& Sectors



Key Industries and Sectors: Identifying Profitable Business Opportunities

The UAE's diverse economy provides lucrative business opportunities across various industries and sectors. Familiarising yourself with these sectors will enable you to gauge market needs and pinpoint the domains in which your business can thrive.

Manufacturing Sector

Over the years, the UAE has started implementing various policies and strategies to boost the local government policies and initiatives. However, the region's manufacturing potential is still relatively untapped.

The UAE manufacturing sector is small but pivotal to the UAE's GDP, contributing 2% to the GDP share in 2022. It ranks as the third-largest sector following mining and quarrying - oil and gas (oil) and retail & wholesale trade (25%).

Furthermore, the manufacturing sector's contribution reached USD 16.9 billion in H1 2023 from USD 13.8 billion in H1 2022, reflecting an impressive 23% growth.

During the corresponding period, the manufacturing sector's share in the UAE's GDP increased from 2% to 2.2%.

Figure 1: UAE Manufacturing Sector Output
USD Billions H1 2022 - H1 2023



Source: Global Centre for Comprehensive and Detailed
Economic Analysis (GCC)

Policy & Strategy

Operation 2030

UAE Industry Strategy

Abu Dhabi Industrial Strategy

Under its Operation 2030, the Emirates Development Bank (EDB) has allocated a portfolio of USD 2.5 billion to support priority industrial sectors including aeronautics, oilstock, heavy industries, machinery, electrical appliances, and renewable energy equipment.

Preferred Free Zones

Jebel Ali Free Zone (JAFZA), Dubai Industrial City (DIC), RAK Economic Zone (RAKEZ), Abu Dhabi Ports, Umm al-Qaiwain.

Investment Opportunities

The manufacturing sub-sectors, including automotive, food processing, pharmaceuticals, chemicals, and textiles, are expected to grow at a faster rate due to higher demand and investment.

Renewable Energy and Sustainability

The UAE is implementing innovative renewable energy and energy efficiency programs through its Net Zero by 2050 Strategic Initiative, the first in the Middle East. This initiative aligns with the goals of the Paris Agreement and supports the UAE's development vision, aiming to foster new knowledge, green industries, jobs and job opportunities.

Solar Energy: The UAE hosts one of the world's largest solar plants, including the Abu Dhabi and Ras Al Khaimah, which reduces the nation's carbon footprint by 1 million metric tons annually. And Dubai's Mohammed bin Rashid Al Maktoum Solar Park, which is set to power 800,000 homes by 2030. In 2022, the UAE's solar plants generated over 2,300 MWh of power.

Wind Energy: In October 2022, the UAE launched its first wind power program with a 104 MW project across four locations, expected to power over 250,000 homes and reduce CO₂ emissions by 120,000 tons annually.

Nuclear Energy: The UAE is the first country in the region to operate clean nuclear energy, which will eventually supply 25% of the nation's electricity needs in the upcoming years.

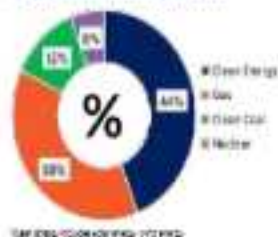
Hydrogen: The UAE is expanding its blue and green hydrogen production. The National Hydrogen Strategy 2030 aims to position the UAE as one of the world's largest hydrogen producers by 2030.

Furthermore, Masdar has set a target to achieve 200 GW of renewable energy capacity and produce 1 million tons of green hydrogen annually by 2030. In July 2022, the UAE unveiled a plan to invest USD 34 billion in renewable energy by 2030 as part of its strategy to achieve net zero emissions by 2050.

UAE Energy Strategy 2050 Goals



UAE Major Renewable Energy Policies



Preferred Free Zones

Dubai Renewable Energy Complex, Master City and Ras Al Khaima Economic Zone

Investment Opportunities

The UAE government has announced a strategy to invest US\$45 billion in renewable energy, target to reach net zero emissions by 2050. This investment is expected to increase the demand for solar modules, energy storage systems, and other renewable technologies, thereby creating opportunities in the solar energy sector.



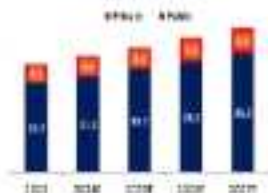
Healthcare and Wellness

The UAE is actively transforming its healthcare system by attracting investments, top medical talent, and state-of-the-art technology. Over 12% of the total population is rural, while 37% reside in the two major cities of Dubai and Abu Dhabi. The UAE has a predominantly young population, with 74% of the population of working age, between 20 and 59 years old.

Public health expenditure in Dubai remains strong.

Dubai aims to cater effectively to its growing Emirati population projected to reach 4.2 million by 2025 from 1.2 million in 2021, by expanding health and education facilities by 35% under the Dubai 2040 Master Plan. The growth aims to enhance local services and solidify its role as a regional hub for specialised medical tourism.

UAE Healthcare Sector Spending Outlook
(in USD Billion, 2021-2025F)



5.2%

Contribution of the healthcare sector to Dubai's GDP H 2021 from July 2022

8%

CAGR of Dubai's healthcare expenditure over 10 years to 2030

343
Health facilities
increased
from 2010

4,600
Health facilities
planned by 2030

Investments in Abu Dhabi Healthcare

In 2022, the Department of Health – Abu Dhabi (DoH) and the Environment and Aqaf Abu Dhabi collaborated to establish a USD 200 million healthcare endowment fund spanning five years.

The initiative aims to support specialised healthcare needs in Abu Dhabi and secure sustainable financing for positive social impact in the healthcare sector.

The UAE envisions a technologically advanced healthcare ecosystem that enhances citizens' health and wellness, a mission shared by all stakeholders. This includes strategies for pharmaceutical self-sufficiency, leveraging medical tourism, and creating a high-quality healthcare system. Initiatives like the UAE 2031, Dubai Economic Agenda (D31) and Dubai Research and Development Programme promote knowledge-driven innovation.

The UAE is well-positioned with foundational digital technologies such as cloud computing, IoT, AI, and automation, which are expected to significantly impact healthcare production, distribution, and medical science advancements.

Referral Free Zones

Dubai Healthcare City, Abu Dhabi Healthcare Free Zone, and Sharjah Healthcare City

Investment Opportunities

Healthcare facilities, hospitals, centers, diagnostic centers, and biotech investments are growing due to rising demand and government incentives in these Free Zones



Tourism and Hospitality

The United Arab Emirates (UAE) has established itself as a leading global destination for tourism and hospitality, attracting millions of visitors annually. In 2022, the travel and tourism sector contributed nearly USD 42.4 billion to the UAE's GDP, representing 9% of the country's total GDP. Additionally, the UAE saw an increase in its hospitality infrastructure, with the number of hotels rising to 1,420 and offering 239,000 hotel rooms.

UAE Hotel Supply



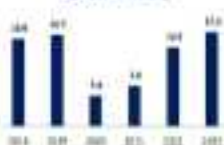
UAE Room Supply



Dubai: The Leading Tourist Destination

Dubai is a premier global tourist destination, offering a captivating blend of luxury, innovation, and cultural experiences. In 2022, the city welcomed over 17.2 million visitors, surpassing over the pre-pandemic numbers.

Dubai's International Tourist Arrivals (in millions)



9%

Contribution of travel and tourism to the GDP in 2022

USD 45.3

Tourism revenues in 2022

USD 10.4

Hotel total revenues in 2022

The UAE's tourism and hospitality sector is expected to thrive in the coming years, supported by robust government initiatives such as the UAE Vision 2030 and the UAE Centennial 2021. In 2023, ongoing efforts include implementing the Dubai Tourism Strategy 2022 and the Dubai Vision 2030, which aim to increase tourist arrivals, enhance visitor experiences, and boost GDP contributions.

Freezone Free Zones

Dubai South, Hajar Island, Dubai World Central, The AI Hamrah Economic Zone, and Abu Dhabi Masdar Free Zone

Freezone Free Zones

There is a high demand for luxury hotels, resorts, and entertainment venues. Free Zones offer tax incentives, 100% foreign ownership, and strategic locations.

Ras Al Khaimah is major island and provides business tourism opportunity with luxury Casino and resort being targeted to be operational in early 2020. The region is expected to attract an additional 1 million tourists annually by 2025, rising demand and government incentives in these Free Zones.



Logistics & Trade

The UAE's freight and logistics market is projected to grow at a compound annual growth rate (CAGR) of 2% from 2022 to 2028. This sustained growth is fueled by the burgeoning e-commerce market locally and globally.

Furthermore, the UAE's strategic geographical location enhances its attractiveness for trade, prompting the government to initiate infrastructure and technology development efforts aimed at boosting logistics efficiency and supporting e-commerce. Despite economic challenges in the Gulf region, the logistics sector has shown resilient growth in recent years.

In the first nine months of 2023, Dubai saw 9.6 million square feet of new warehouse demand. The logistics sector led this demand, making up 41% of the new requirements, followed by the manufacturing, industry, and technology sectors.

As of 2023, the logistics sector accounts for approximately 11% of the UAE's gross domestic product. The country is committed to strengthening its logistics infrastructure, with significant investments such as the USD 4.6 billion Al Hamra-Al Thuraykhi road upgrade. This project aims to enhance rail interconnectivity and loads in the eastern UAE, which would improve connectivity and efficiency.

Due to rising investments in the e-commerce sector, the UAE is expected to see a substantial increase in warehouse demand in the coming years, as e-commerce companies expand their operations in the UAE, thus increasing the need for additional warehouse space to accommodate their logistics and fulfillment needs.

Referred Free Zones

Jebel Ali Free Zone (JAFZA), Dubai CommerCity, Dubai South, Dubai Logistics City, Sharjah Airport International Free Zone (SAIF Zone), and Abu Dhabi Ports Free Zone.

Investment Opportunities

High demand exists for logistics hubs, warehousing, and distribution centers, driven by the expansion of e-commerce and growing global trade.

USD 27 billion

estimated value of UAE freight and logistics market by 2028

USD 7 billion

projected value of goods and services foreign trade value over the next decade under OQF

for Dubai-Egypt corridor

Drivers

E-commerce Growth

Free Trade Zones

Crypto:

The UAE is emerging as a hub for cutting-edge development and cryptocurrency transactions. Recent data shows that over a year the Emirate received USD 35 billion from crypto transactions. A significant portion, about 80%, came from institutional investors with more than USD 1 million each. This highlights growing institutional interest and investment in cryptocurrencies within the UAE.

Throughout the UAE, nearly 2,000 organizations of various sizes actively participate in the crypto sector, aiming to establish relevance. About 70% of these are "crypto-native" businesses offering digital asset products, while others provide supportive services crucial to the industry's growth.

The UAE is not just growing, but rapidly expanding as one of the world's fastest-growing markets for digital assets. Research indicates a significant annual increase in daily crypto traders, reflecting a broader trend of regional acceptance. Approximately 20% to 25% of the UAE residents are estimated to have invested in digital assets. Among these investors, nearly three quarters (75%) are reported to have invested in Bitcoin.

Crypto and digital asset legislation timeline

2018: Abu Dhabi Global Markets (ADGM) Financial Services Regulatory Authority (FSRA) introduced cryptocurrency and digital asset guidance, setting a regulatory benchmark.

2018: A DIFC QROD Court case set a new course of financial crime.

2020: January, UAE adopted a penal code to enforce AML rules.

March: RAFF added the UAE to its grey list.

DIFC created the Virtual Asset Regulatory Authority (VARA).

VARA introduced a full market product (FMR) regulatory regime after issuing provisional and minimum viable product (MVP) standards. ADGM revised AML and conducted race to include digital assets.

2021: January, UAE's Cabinet introduced Federal regulation for virtual assets.

April: Abu Dhabi's Hubco, a global tech center housing startups and investors, announced \$2 billion in funding for Web3 startups in 2022 to boost innovation.

May: UAE Central Bank issued AML and counter-terrorism financing guidance for virtual assets.

November: ADGM released Distributed Ledger Technology (DLT) Foundations Regulations, key for DLT foundations and funds.

2022: March: DIFC enacted its Digital Assets Law and related legislative amendments related legislative amendments.

Bank: FATF removed the UAE from its grey list after regulatory improvements.

Refined Free Zone: Dubai Multi Commodities Centre (DMCC), Abu Dhabi Global Market (ADGM) and RAK Digital Asset Zone are key for crypto businesses, offering regulatory clarity and robust infrastructure.

Investment Opportunities: The UAE's crypto-friendly regulations and strategic location make it ideal for blockchain and Web3 investments, attracting global talent and fostering innovation.

E-Commerce

The UAE ranks as the second largest e-commerce market in the GCC, only behind Saudi Arabia. In 2021, the UAE's e-commerce market reached a total of USD 12 billion. This market is projected to exceed USD 22 billion by 2026.

The rapid growth of e-commerce in the UAE is driven by a tech-savvy Gen Z and millennial population, bolstered by strong government support and significant investments in digital infrastructure. In 2021, the top e-commerce verticals by value were consumer electronics, apparel, and food/bev.

Additionally, Free Zones such as Dubai CommerCity and EDCU (Dubai South) are expected to fuel the growth of e-commerce in the country. These zones offer facilities and services specifically designed to assist businesses engaged in digital commerce.

CAAGR of e-commerce in place of CAAGR sector



The UAE's e-commerce industry has experienced impressive growth and is poised for further expansion. This robust outcome is driven by widespread high-speed internet connectivity and favorable policies on developing digital payments and logistics infrastructure.

Preferred Free Zones: Dubai CommerCity, Dubai Internet City (DIC), Dubai Silicon Oasis (DSO), Dubai South, Khalifa Media City (Khalifa), Jebel Ali Free Zone (JAFZA), and Abu Dhabi Free Zone (ADFDZ) offer ideal conditions for e-commerce with their advanced infrastructure and tech focus.

Investment Opportunities: The UAE e-commerce industry includes logistics and warehousing, digital services like e-commerce platforms and payment solutions, and retail technology innovations driven by increasing online growth.

High-end Retail

The UAE is renowned for its outstanding retail environment, featuring world-class malls, luxury boutiques, and upscale dining precincts. The dynamic retail scene has experienced substantial growth, driven by tourism and strong consumer confidence, and continues to thrive into 2023.

Furthermore, consumer spending in the UAE rose by 14% compared to the previous year. This growth was largely fueled by a 14% increase in retail spending, which includes hypermarkets, supermarkets, general retail, leisure, entertainment, and fashion.

The UAE's high-end retail sector is projected to experience robust growth in the coming years, fueled by rising consumer affluence, expanding luxury brands, and continued investment in premium shopping experiences.

Retail Sector Performance Summary: Growth Comparison for 2021

Sector Performance Summary: Retail Sectors	% of total economy spending	% growth against 2020	% growth FY 2021 vs FY 2020	% growth FY 2022 vs FY 2021
Total Retail Economy	11%	14%	8%	1%
Food, general merchandise, mass food, and online channels combined	38%	12%	62%	4%
Automotive/transport	8%	1%	1%	1%
Fashion	10%	9%	12%	2%
Luxury & Designer Goods, Cosmetics, electronics, furniture, home, and other	7%	9%	16%	10%

Preferred Free Zones

For high-end retail, usually physical locations such as the Dubai Mall, The Mall of Emirates, Al Khayal Avenue, and Dubai Marina are recommended. However, among Free Zones, consider Dubai Design District (d3), Jebel Ali Free Zone (JAFZA), Dubai Hub Commodities Centre (DHCC), and Abu Dhabi Al Raha Island. These zones offer prime locations, specialized facilities, and robust infrastructure.

Investment Opportunities

Investment in luxury boutiques and flagship stores is promising due to high consumer demand. Foreign and retail strategic mainland locations are preferred.

Alcoholic Beverages

The UAE has relaxed its restrictions on alcohol beverages, allowing their consumption in most areas while respecting the predominantly Islamic culture in the Gulf. Further eased regulations by removing the 96% tax on alcohol, making it more accessible to residents and tourists. Moreover, the arrival of the Ras Al Khaima Free Zone emerged as manufacturing bases for alcohol production in the UAE.

Trends Influencing Demand

Tourism: The UAE is a major tourist destination, and the demand for alcoholic beverages is often driven by tourists. High-end hotels and resorts frequently cater to international visitors, influencing demand.

Expat Population: The large expatriate community often drives demand for alcohol beverages, as expatriates are accustomed to a variety of alcoholic options.

Economic Factors: The region's overall economic health can affect spending on luxury items, including alcohol.

Cultural Shifts: Changing social norms and attitudes, especially among younger generations, may influence consumption patterns.

Recent Investment in the Alcoholic Beverage Industry

Falcon Brew: The Gulf's first licensed brewery and craft branding project, will begin construction in Ras Al Khaima. The USD 50 million project, spanning 20 acres, will be completed in two phases. Phase 1 includes the construction of a blending and bottling plant and a brewery with an initial combined production

capacity of 500,000 cases per month. Phase 2 will increase this capacity to 900,000 cases. Furthermore, the setup will include building the plant and utilities, with the bottling plant expected to be completed in 12 months and the brewery in 18 months. The project aims for a production capacity of 60% in the first year, increasing to 80% by the second year, with further expansion planned by 2025. This development will enhance local manufacturing, expand product variety, and strengthen the region's position as a hub for premium beverages.

Preferred Free Zones

Ras Al Khaima Economic Zone (RAKEZ): is the foremost location for alcohol beverage investments due to its strategic location and business-friendly regulations.

Key Market Opportunities

Investing in alcoholic beverages in the UAE includes producing, distributing, and retailing premium spirits and wines. These sectors benefit from high demand and expanding consumer markets.



Tobacco & Nicotine

The tobacco industry in the UAE is a significant sector encompassing both manufacturing and trade. It includes traditional tobacco products like cigarettes, as well as newer alternatives such as e-cigarettes and vaping devices. The UAE also serves as a significant hub for the re-exportation of tobacco products, leveraging its strategic location for global trade.

In 2023, the UAE cigarette market was valued at about USD 230 million and is projected to grow at a compound annual growth rate (CAGR) of over 6% from 2023 to 2029. In response to rising health concerns, the UAE government has introduced a 30% excise tax on all tobacco and nicotine-related products to reduce smoking rates among its population.

While Dubai legalized e-cigarettes in 2022, this industry segment has become highly profitable. In 2023, the e-cigarette market generated about USD 50 million in revenue and is projected to grow at a CAGR of 9.4% through 2029.

Despite the government imposed 30% excise tax on the retail and production of tobacco-based products in UAE, leading global players like British American Tobacco, International Tobacco & Cigarettes Co., Alkhorayji, B&W Industries, Qat Tobacco, and Al Fakher Tobacco, among many others are using UAE as a regional manufacturing base for cigarettes for the other regional markets (i.e., GCC, MENA, and Eastern Europe).

Preferred Free Zones

Jebel Ali Free Zone (JAFZA), RAKEZ (Ras Al Khaima Economic Zone), Ajman Free Zone, and Umm Al Quwain Free Zone.

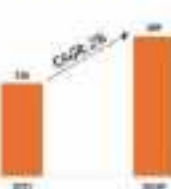
Investment Opportunities

Despite stringent regulations, manufacturing remains a key investment area in the UAE's tobacco industry. Traditional tobacco products hold potential, but more innovative growth lies in alternative nicotine products like heated tobacco, e-cigarettes, and nicotine pouches, driven by shifting consumer preferences and demand for healthier alternatives.

UAE E-Cigarette Market
(USD Million), 2023 & 2029F



UAE Cigarette Market
(USD Million), 2023 & 2029F



CHAPTER

03

UAE's Logistics and
Transportation
Strength



Introduction

The United Arab Emirates (UAE) has positioned itself as a crucial global hub for trade and transportation with its highly advanced logistics infrastructure. Hosting some of the busiest airports and seaports in the world, the UAE is well-equipped to manage the massive volume of cargo passing through the region. With 22 commercial trading ports, including Deyat Port, Mina Rashid, Jebel Ali Port, Khor Fakkan, Container Terminal, Mina Saqr in Ras Al Khaimah, Fujairah Port, and others, the UAE boasts 210 berths. Together, these ports manage an impressive 85 million tonnes of cargo annually.

Furthermore, Dubai's Jebel Ali Port is the largest man-made harbor globally, and Dubai International Airport, a key hub for international passenger traffic, are prime examples of the UAE's strong logistics and supply chain.

The UAE logistics market has experienced substantial expansion, valued at around USD 30 billion in 2022. Projections suggest a compound annual growth rate (CAGR) of approximately 5% from 2023 to 2032. This growth is attributed to the UAE's strategic location, advanced infrastructure, and resilient economic policies.



UAE's Leading Ports

1. Dubai

Dubai is a leading global economic hub, home to three major shipping ports: Jebel Ali Port, Mina Rashid Port, and Al Hamriya Port. These ports handle extensive cargo operations and play a significant role in the region's economy.

Jebel Ali Port

Capacity: 14.1 million Twenty-foot Equivalent Units (TEU)

Key Features: Largest port in the Middle East

stop-over-the-UEP facilities, extensive logistics zones.

Relevance: Major transshipment hub with connectivity to over 100 ports globally.

Port Rashid

Capacity: 1.5 million TEU

Key Features: The historic port is now focused more on cruise operations.

Relevance: Significant for historical trade, now transitioning to cruise and leisure.

3. Al Hamidiyah Port

Capacity: 12,000 TEU

Key Features: Focused on bulk and general cargo, with facilities for warehousing and logistics.

Relevance: Supports the local economy by handling bulk goods and contributing to Dubai's logistics infrastructure.

3. Abu Dhabi

Abu Dhabi's key ports include Khalifa Port, a major container and industrial hub, and Mina Zayed, which handles diverse cargo and international trade. These ports are vital to the region's economic and logistical prowess.

Khalifa Port

Capacity: 16 million TEU

Key Features: Deepwater. The port is a technologically advanced strategic location.

Relevance: Emerging as a key hub, substantial investments in automation and expansion.

Mina Zayed (Khalifa)

Capacity: 200,000 TEU

Key Features: General cargo port handling bulk commodities and general cargo.

Relevance: Essential for diverse cargo types, supporting Abu Dhabi's commercial and logistical needs.

3. Sharjah

Khalid, Hamiyah, Al-Jarrah

Capacity: 9 million TEU (Combined)

Key Features: Multiple ports serving diverse cargo, strategic location for inter-gulf trade.

Relevance: Key for trade with the Indian subcontinent, East Africa, and the Arabian Gulf.

4. Ras Al Khaimah

Ras Port

Capacity: 100 million tons of bulk cargo

Key Features: A key port in the northern UAE, supports diverse cargo, including bulk and break-bulk.

Relevance: Important for construction materials and industrial goods, supporting UAE's industrial sector.

5. Ajman

Ajman Port

Capacity: 1 million TEU

Key Features: Strategically located near the Persian Gulf, facilitating trade and logistics.

Relevance: Supports local trade and economic activity, enhancing Ajman's role in regional commerce.

6. Umm Al-Qaywayn

Umm Al-Qaywayn Port

Capacity: 1 million TEU

Key Features: Focuses on local and regional trade, with cargo handling and storage facilities.

Relevance: Enhances the emirate's maritime connectivity and supports local businesses and industries.

7. Fujairah

Port of Fujairah

Capacity: 20 million TEU

Key Features: Vital for oil and gas shipments, as well as access to international waters outside the Gulf of Hormuz.

Relevance: Emerging as a critical hub, substantial investments in automation and expansion.

UAE Air Logistics

The UAE's air logistics sector is a critical driver of the nation's economy, contributing significantly to its position as a global trade hub. With a combined air cargo capacity exceeding 75 million tons annually across its major airports, the UAE ranks among the top 10 countries worldwide in air freight traffic. Dubai International Airport (DXB) alone handles over 15 million tons of cargo each year, making it one of the busiest cargo airports globally. Supported by state-of-the-art infrastructure, strategic investments, and a rapidly growing e-commerce market—projected to reach USD 27 billion by 2025—the UAE is poised to maintain and expand its role as a leading center for international air logistics.

Major Airports

Dubai International Airport (DXB)

- DXB is the world's busiest airport by international passenger traffic and a major cargo hub, handling over 15 million tons of freight annually.
- The airport has 12 dedicated cargo terminals, with a total cargo capacity of 15 million tons per year.
- DXB is home to Emirates SkyCargo, the freight division of Emirates, which operates a fleet of over 100 wide-body aircraft.

Al Maktoum International Airport (DWC)

- Located in Dubai South, DWC is planned to become the world's largest airport with a projected capacity of 25 million tons of cargo annually.
- The airport currently handles over 1 million tons of cargo each year, with a focus on express cargo and e-commerce shipments.
- DWC is strategically located near Jebel Ali Port, facilitating seamless multimodal logistics operations.

Abu Dhabi International Airport (AUH)

- AUH handles around 250,000 tons of cargo annually, supported by Etihad Cargo, the freight division of Etihad Airways.
- The airport has two cargo terminals with a combined capacity of 1.5 million tons annually.
- Abu Dhabi Airport Free Zone (ADAFZ) is located adjacent to the airport, providing integrated logistics services.

Ras Al Khaima International Airport (RAK)

- RAK is a key cargo hub, handling approximately 200,000 tons of freight annually.
- Air Arabia, the region's leading low-cost carrier, is based at Ras Al Khaima Airport, providing cargo services across the Middle East, Asia, and Africa.



Ethiad Railway Network:

The ETHAD RAIL NETWORK is currently under construction, with 85% of the project completed. Once finished, it will connect Abu Dhabi, Dubai and other emirates, spanning 1,200 km across the UAE from the Saudi border to the Oman border. This network will be a key component of the broader railway infrastructure planned for the GCC region. A recent bilateral agreement between Oman and the UAE aims to link the two countries via a passenger and freight train network.

ETHAD RAIL NETWORK



Upon completion, Ethad Rail will significantly enhance the UAE's logistics sector by improving connectivity between major cities and trade hubs. It will streamline the movement of goods and passengers, reduce transportation costs, and provide a more efficient alternative to road transport. This development will also strengthen the UAE's position as a regional logistics and trade hub, facilitating greater economic integration and regional trade.

UAE Road Network:

The United Arab Emirates (UAE) has developed a world-class road logistics network that plays a crucial role in its position as a global trade and logistics hub. The country's strategic location, coupled with significant investments in infrastructure, has created a highly efficient and reliable road logistics network that supports domestic and international trade.

- The UAE's total road network length is approximately 1,010 kilometers (628 miles), with highways constituting around 1,200 km (746 mi) of this network.
- Al Shamsi Bypass Road: Spanning approximately 150 km (93 mi), it is the longest road in the UAE, connecting Abu Dhabi with Ras Al Khaimah, passing through an arid emirate.
- Ejaz Sheikh Mohammed Bin Zayed Road: This road runs parallel to E11 and covers 120 km (75 mi); it is crucial for inter-emirate freight transport.
- Ejaz Sheikh Road: Extends 110 km (68 mi) and serves as an alternative route for heavy vehicles, reducing congestion on other main roads.

Road Freight and Transportation Services

Key Players

- Agility Logistics: Operates a fleet of over 15,000 vehicles in the UAE, providing comprehensive road freight services.
- Kemner: Handles over 10 million shipments annually across the UAE, with a significant portion delivered via road transport.
- SAC Maf Agency Company: Provides logistics services across the UAE, with a focus on road freight and warehousing, handling over 5 million tons of cargo annually.

Fleet and Vehicle Standards

- The UAE's logistics sector operates a fleet of over 300,000 commercial vehicles, ranging from light trucks to heavy-duty trailers.
- Strict regulatory standards ensure vehicles meet EURO 6 and EURO 5 emission norms, promoting environmental sustainability.

Last-Mile Delivery

- The last-mile delivery segment is growing at an annual rate of 10-15%, driven by the e-commerce boom.
- Companies like Amazon, Noon, and Deliveroo are expanding their delivery fleets to meet the growing demand, with over 10,000 delivery vehicles operating in the UAE.

The UAE road logistics network is set to expand further, supported by ongoing investments in infrastructure, technology, and sustainability. The logistics market is expected to grow at a CAGR of 7-9%, driven by the increasing demand for freight services, last-mile delivery, and cross-border trade.



CHAPTER

04

UAE Free Trade
Agreements
(FTAs)



The United Arab Emirates (UAE) has strategically positioned itself as a global trade hub, leveraging its geographic location, advanced infrastructure, and business-friendly environment. A key component of the UAE's trade strategy is its Free Trade Agreements (FTAs) network, which facilitates market access, reduces tariffs, and promotes economic cooperation with key trading partners. This analysis provides an in-depth overview of the UAE's FTA portfolio, its impact on trade, and prospects.

The UAE joined the General Agreement on Tariffs and Trade (GATT) in 1994 and the World Trade Organization (WTO) in 2006. As a signatory to the WTO's Information Technology Agreement (ITA), it benefits from tariff-free access to IT products valued at over USD 1.2 trillion annually.

In 2022, the UAE signed a Trade and Investment Framework Agreement with the United States to enhance trade and investment through Free Trade Agreement negotiations were not completed. The UAE is also a party to the US-200 Framework Agreement, ratified in 2014.

UAE FTAs

GCC Free Trade Agreements

The GCC, comprising six member states including the UAE, negotiates FTAs as a single bloc. These agreements cover a range of goods and services, aiming to reduce trade barriers and promote economic cooperation within the region and with external partners.

- GCC-Singapore Free Trade Agreement (GSTFA): Effective since 2013, covering 90% of goods, services, and investments.
- GCC-European Free Trade Association (EFTA) FTA: In force since 2017, including Switzerland, Norway, Iceland, and Liechtenstein.
- GCC-New Zealand FTA: Negotiations were concluded but have not yet been ratified.

Bilateral Free Trade Agreements

UAE-India Comprehensive Economic Partnership Agreement (CEPA): This agreement, signed in 2020, focused on tariff reduction, services, and investment.

- UAE-Israel CEPA: Signed in 2020, covering various economic sectors.
- UAE-Turkey CEPA: Signed in 2018, aiming to boost bilateral trade to USD 40 billion within five years.
- UAE-Morocco CEPA: Signed in 2018 to boost bilateral trade to USD 20 billion by 2027.

Regional and Multilateral Agreements

- Greater Arab Free Trade Area (GAFTA): The UAE is a member of this 10-country regional FTA, focused on tariff elimination within the Arab region.
- Pan-Arab Free Trade Area (PAFTA): Another regional agreement to foster trade among Arab countries.

The UAE is also exploring new FTAs with various countries and regions, with negotiations in different stages.

- **UAE-GCC Framework Agreement:** Signed in 2002, this agreement aims to promote trade, economy, investment, and technical cooperation between GCC and UAE.
- **GCC-China FTA:** Under negotiation, focusing on enhancing trade and economic cooperation between the GCC and China.
- **GCC-South Korea FTA:** Negotiations are ongoing to strengthen economic ties with South Korea.
- **GCC-UK FTA:** Discussions are underway to create a post-Brexit FTA between the GCC and the United Kingdom.

The UAE's network of FTAs is extensive and growing, covering a broad spectrum of regions and sectors. These agreements are crucial for expanding the UAE's trade relationships, promoting economic diversification, and enhancing its role as a global trade hub. The country continues to pursue new FTAs while deepening existing ones, reflecting its dynamic approach to global trade.



Free Trade Agreement	Country	Year
Greater Arab Free Trade Area (GAFTA)	Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Jordan	1997
UAE-EFTA Free Trade Agreement	UAE-EFTA Countries Iceland, Liechtenstein, Norway and Switzerland	2004
The GCC-Singapore FTA (GSTA)	Singapore	2008
UAE-India CEPA	UAE & India	2022
UAE-Sri Lanka CEPA	UAE & Sri Lanka	2022
UAE-Indonesia CEPA	UAE & Indonesia	2022
UAE-Turkey CEPA	UAE & Turkey	2023

CHAPTER

05

Mainland
Jurisdictions



What are UAE Mainland Jurisdictions?

The mainland jurisdiction in the UAE refers to areas where businesses can operate under the laws and regulations of the UAE government. The mainland jurisdictions in the UAE include the following emirates:



1. **Dubai Mainland:** Governed by the Dubai Department of Economic Development (DED), Dubai mainland is a prominent business hub with various commercial zones and business districts.
2. **Abu Dhabi Mainland:** The Abu Dhabi mainland is regulated by the Abu Dhabi Department of Economic Development (ADDED) and offers diverse business opportunities in the capital city of the UAE.
3. **Ras Al Khaima:** Ras Al Khaima is regulated by the Ras Al Khaima Economic Development Department (RAKED) and provides a range of business options in the third-largest emirate.
4. **Raj Al Khaimah (RAK) Mainland:** RAK mainland is under the jurisdiction of the Ras Al Khaima Economic Zone Authority (RAKAZA) and offers business opportunities in the northern part of the UAE.
5. **Ajman Mainland:** The Ajman Department of Economic Development (Ajman DED) governs Ajman mainland, providing business-friendly options.
6. **Umm Al Quwain (UAE) Mainland:** UAE mainland falls under the jurisdiction of the Umm Al Quwain Economic Development (UQED) and offers opportunities for businesses in this smaller emirate.
7. **Rajman Mainland:** Offers mainland jurisdictions with a focus on trading, logistics, and benefiting from its strategic location and seaport.

UAE Emirates: A Comparative Analysis

Detail

Strengths

- Tourism Hub:** Dubai is a leading global tourist destination, renowned for attractions such as the Burj Khalifa, Palm Jumeirah, and luxury shopping malls. In the first quarter of 2024, Dubai welcomed 3.57 million overnight visitors.
- Business Environment:** Favorable business climate with numerous Free Zones offering tax benefits and 100% foreign ownership (e.g., Jebel Ali Free Zone).
- Infrastructure:** World-class infrastructure, including Dubai International Airport, one of the busiest airports globally, and Jebel Ali Port, a major global trade hub.
- Diverse Economy:** Dubai's economy is resilient and dynamic, thanks to solid sectors in trade, real estate, finance, tourism, and aviation.



Weaknesses

- Debt Levels:** High debt levels from rapid development pose financial risks and require careful financial management. Furthermore, KIP estimates Dubai's gross general government debt will be grt of GDP (Gross Domestic Product) in 2029.
- Real Estate Market Volatility:** Fluctuations in the real estate market could impact economic stability and investor confidence.

Opportunities

- Tech Innovation:** Growth in tech, AI, and smart city initiatives (e.g., Dubai Smart City) would attract tech investments and enhance digital transformation.
- Trade and Logistics:** Strengthening its position as a global trade hub through initiatives like the Dubai Silk Road Strategy would boost economic activities.

Threats

- Economic Dependency:** Reliance on tourism and real estate sectors makes the economy vulnerable to downturns in these industries.
- Regional Geopolitics:** Impact of Middle Eastern geopolitical tensions can affect security and business confidence.

Abu Dhabi

Strength

1. **Oil Wealth:** Abu Dhabi possesses about 95% of the UAE's oil reserves, providing substantial revenue and economic stability. This wealth funds extensive infrastructure projects and public services.
2. **Economic Diversification:** Investments in tourism (e.g., Yas Viceroy Hotel), renewable energy (Masdar City), and real estate (Dubai International Airport) reduce dependence on oil.
3. **Infrastructure:** High-quality roads, airports (e.g., Abu Dhabi International Airport), and ports (e.g., Khalifa Port) support economic activities and logistics.

Weakness

1. **Oil Dependency:** Despite diversification efforts, the economy remains heavily reliant on oil revenues, making it vulnerable to global oil price fluctuations.
2. **Climate:** Extreme summer heat deters expatriates and tourists, impacting the real estate and tourism sectors.



Opportunities

1. **Renewable Energy:** Expansion into solar (e.g., Mohammed bin Zayed Solar) and wind energy projects align with global sustainability trends and reduce carbon footprint.
2. **Tourism:** Development of cultural (e.g., Louvre Abu Dhabi) and leisure tourism can attract more international visitors and boost the economy.
3. **Innovation:** Investments in technology and innovation sectors, such as AI and fintech, can foster new industries and economic growth.

Threats

1. **Oil Price Fluctuations:** Vulnerability to global oil price changes can impact government revenues and economic stability.
2. **Regional Instability:** Vulnerability to global oil price changes can impact government revenues and economic stability.
3. **Environmental Concerns:** Water scarcity and sustainability issues could affect long-term development and living conditions.

Sharjah

Strength

1. **Lower Costs:** Living and business costs are more affordable than in Dubai and Abu Dhabi, attracting residents and businesses seeking cost-effective alternatives.
2. **Strong Industrial Sector:** Sharjah has a robust industrial and manufacturing base, especially in Free Zones like the Hamriyah Free Zone and Sharjah Airport International Free Zone (SAIF Zone). It hosts 13 industrial zones, 13 marketing and distribution of free zones factories, 433 Ministry in 2023. Sharjah's manufacturing sector saw a significant increase in foreign direct investment (FDI) attracting USD 2.9 million.

Weakness

1. **Less International Exposure:** A lower international profile than Dubai and Abu Dhabi limits global recognition and foreign investment.
2. **Infrastructure Gap:** Further development in some areas is needed to match the infrastructure quality of larger emirates.



Opportunities

1. **Cultural Tourism:** The development of museums, festivals, and cultural tourism can attract international tourists and boost the economy.
2. **Education and Research:** Expansion of educational institutions and research facilities can foster innovation and skilled workforce development.
3. **Industrial Growth:** Further growth in manufacturing and industry, leveraging Free Zones and strategic location.

Threats

1. **Competition:** Competition from other emirates for investment and tourism can limit growth opportunities.
2. **Economic Diversification:** Needs to diversify its economic base further to reduce dependence on specific sectors.

Ajman

Strength:

1. **Cost-Effective:** The lower cost of living and ease of doing business compared to larger emirates make it attractive for startups and small businesses.
2. **Proximity to Dubai & Sharjah:** Its strategic location near Dubai and Sharjah provides easy access to major markets and infrastructure.
3. **Growing Industrial Development:** Growing industrial and real estate sectors, supported by Ajman Free Zone.

Weakness:

1. **Smaller Economy:** A smaller economic base than other emirates (limit its market size and investment appeal).
2. **Limited Resources:** Limited natural resources and industrial base compared to wealthier emirates.



Opportunities:

1. **Real Estate:** Developing affordable housing and commercial properties could attract new residents and businesses. Furthermore, the transactions in the Ajman real estate market witnessed more than 25% compared to last year totaling AED 1.2 billion in Q1 2024.
2. **Tourism:** Growth in tourism and hospitality sectors can diversify the economy and boost employment.
3. **SME Development:** Encouragement of small and medium-sized enterprises through supportive policies and infrastructure.

Threats:

1. **Economic Competition:** Competing with larger emirates for investment and tourism can be challenging.
2. **Infrastructure Needs:** Against ongoing infrastructure improvements to support growth and development.

Umm Al-Qura

Strength

1. **Unrapped Potential:** Opportunity for development and investment in various sectors.
2. **Natural Resources:** Rich in natural beauty and coastline, suitable for tourism and eco-tourism.
3. **Affordable:** Low cost of living and business operations attract residents and entrepreneurs looking for cost-effective solutions.
4. **Lower Cost of Living:** Compared to other emirates, Umm Al-Qura offers a more affordable cost of living, potentially attracting budget-conscious residents and businesses.

Weakness

1. **Underdeveloped:** The infrastructure and economy are less developed than other emirates, requiring substantial investment.
2. **Small Population:** The estimated population was 44,421 in 2020. This small population results in a limited market size, restricting immediate economic opportunities.



Recommendation

1. **Eco-Tourism Development:** Umm Al-Qura could capitalize on its natural beauty by promoting sustainable tourism and eco-friendly activities.
2. **Agriculture:** Investment in agriculture and fisheries can enhance food security and diversify the economy.
3. **Growing Industrial Zones:** Industrial zones should be created to attract businesses and create job opportunities.

Threats

1. **Lack of Awareness:** A lower international profile can limit investment and tourism potential.
2. **Investment Competition:** Competing with more developed emirates for investment requires unique value propositions.

Strength

1. **Industrial & Manufacturing Powerhouse:** The emirate is a major manufacturing hub in the UAE, specializing in ceramics, cement, tobacco, alcoholic beverages, and metal production.
2. **Tourism Potential:** The tourism industry is growing, with natural attractions like Jebel Jais and Al Hadda Island and the opening of the first 4-star mega-resort, Wynn Resorts.
3. **Diverse Economy:** The emirate's economy is diversified, with no sector contributing more than 50% to its overall GDP.
4. **Lower Costs:** Competitive cost of living and business compared to Dubai and Abu Dhabi.

Weakness

1. **Limited Brand Recognition:** Compared to Dubai and Abu Dhabi, Ras Al Khaimah struggles with international recognition, potentially hindering tourism and investment.
2. **Limited Entertainment Options:** Entertainment options may be limited compared to other emirates, potentially affecting some residents and tourists.



Opportunities

1. **Logistics Hub Development:** As a strategic and transportation hub, leveraging its coastal location and port facilities.
2. **Adventure Tourism Development:** The emirate's diverse landscapes are perfect for adventure tourism, offering hiking, mountain biking, and water-sports. Furthermore, Jebel Jais, the UAE's tallest peak at 1,820 meters, is home to the world's longest ziplines, offering a unique thrill-seeking experience. The newly developed Al Hadda Island has also got diverse business potential for growth.

Threats

1. **Economic Fluctuations:** Global economic downturns can impact the emirate's economy, particularly industries reliant on trade and investment.
2. **Competition from other Emirates:** Ras Al Khaimah faces competition from other emirates like Dubai and Abu Dhabi for tourism, investment, and talent.

Fujairah

Strength

1. **Strategic Port:** Fujairah lies on the Gulf of Oman, strategically positioned outside the Strait of Hormuz, a critical shipping lane. This strategic location makes it a vital port and a potential transshipment hub. Additionally, the Port of Fujairah has approved the addition of two more berths to accommodate round-bulk vessels. This expansion will increase handling capacity by approximately 80,000 TEU annually.
2. **Strong Industrial Sector:** The emirate's industrial zones attract businesses in sectors like oil, bunkering, manufacturing, and mineral processing, diversifying its economy.

Weakness

1. **Economic Scale:** Smaller economy compared to major emirates limits investment opportunities.
2. **Development Needs:** Requires further infrastructure and economic development to reach its full potential.



Opportunities

1. **Port Development:** Expansion of port facilities and maritime industries can spur trade and economic growth.
2. **Growing Tourism:** Growth in eco-tourism and adventure tourism can attract niche markets and boost the local economy.

Threats

1. **Competition from other Emirates:** Fujairah faces competition from other emirates like Dubai and Abu Dhabi for tourism, investment, and talent.
2. **Economic Fluctuations:** Global economic downturns could impact the emirate's economy, particularly industries reliant on trade and investment.



CHAPTER

06

UAE Free
Zones



What is a Free Zone?

Free Zones in the UAE are special economic zones that provide customs duty benefits and tax concessions (subject to certain conditions) to investors, operating under their own unique rules and regulations. They are designed to attract foreign investment by offering 100% ownership to all nationalities and stream-lined startup processes, labor and immigration procedures, and various legal services. Furthermore, establishing the Jebel Ali Free Zone in 1980 being the first free zone marked the inception of this transformative approach.

40%

Contribution to UAE's
total exports

45+

Free Zones in
United Arab Emirates

Benefits of UAE Free Zones for Foreign Investors



100% Foreign
Ownership



100% Repatriation of
Capital and Profits



Fast and Easy Business
Setup Procedures



Developed Business
Communities



Numerous Optional
Competitive Costs



100% Exemption from
Corporate and Income Taxes



Easy Regional, Global
Market Access



100% Exemption from
Customs Duty



Modern and Sophisticated
Infrastructure

Major Free Zones in Dubai

1. Dubai Airport Free Zone (DAFZA)

Market Specialisation: Aviation, Commodities, E-commerce, Agriculture, Food & Beverages, Logistics, Tech and ICT, Jewelry, Mechanical engineering, Pharmaceuticals, Telecoms.

Permitted Licences: E-Commerce Licence, General Trading Licence, Industrial Licence, Service Licence, Trade Licence and Dual Licence with DED

Permitted Company Types: Branch of a Foreign or UAE Company, Free Zone Company (FZCO), and Public Limited Company (PLC)

2. Jebel Ali Free Zone (JAFZA)

Market Specialisation: Agriculture, aviation, Commodities, General Food & beverages, Healthcare, Industrial, Logistics, Mechanical engineering, Packaging, Pharmaceuticals, Trade

Permitted Licences: Trading Licence, Industrial Licence, Logistics Licence, Service Licence

Permitted Company Types: Branch of a Foreign Company including offshore company & agent of a UAE Company FZCO, PLC

3. Dubai Multi Commodities Centre (DMCC)

Market Specialisation: Aviation, Commodities, Construction, E-commerce, Education, Energy, Financial services, Agriculture, Food & beverages, Logistics, Healthcare, Hospitality, Media, Tech and ICT, Trade

Permitted Licences: Trading Licence, Industrial Licence, Service Licence, Dual Licence with DED

Permitted Company Types: DMCC Company, Branch of a Foreign and UAE Company

4. Dubai Silicon Oasis (DSO)

Market Specialisation: Construction, Education, Energy, Industrial, Tech and ICT, Real estate, Trade

Permitted Licences: Service Licence, Trading Licence, Industrial Licence, Special Licence

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZCO), Branch of a Foreign and UAE Company

5. Meydan Free Zone

Market Specialisation: Consultancy, Financial services, Trade



Permitted Licences: E-Commerce Licence, Generalising Licence, Industrial Licence, Service Licence, Trade Licence and Dual Licence with DED.

Permitted Company Types: Branch of a Foreign or UAE Company, Free Zone Company (FZCO) and Public Limited Company (PLC).

6. Dubai Internet City (DIC)

Market Specialization: E-commerce, Tech. and ICT Telecommunications.

Permitted Licences: Commercial Licence.

Permitted Company Types: Branch of a Foreign Company (parent company should be in existence for a minimum of 1 year); Branch of a UAE Company including entities established in other UAE Free Zones (FZ LLC (single Shareholding)).

7. Dubai Media City (DMC)

Market Specialization: E-commerce, Event management, Arts & Entertainment, Marketing, Media, Printing & publishing, Broadcasting, TV & Film production.

Permitted Licences: Commercial Licence.

Permitted Company Types: Branch of a Foreign Company (parent company should be in existence for a minimum of 1 year); Branch of a UAE Company including entities established in other UAE Free Zones (FZ LLC (single Shareholding), FZ LLC (Multiple Shareholding)).

8. Dubai International Financial Centre (DIFC)

Market Specialization: Financial Services.

Permitted Licences: Dual Licence with DED, Operating Licence for NPO and Foundations.

Commercial Licences for Companies and Partnerships, Financial Services / Regulated Licence from Dubai Financial Services Authority (DFSA).

Permitted Company Types: Public Companies (PLC), Private Companies (LTD), and branch offices of pre-existing foreign companies. Recognized Company: A party may also seek to transfer the incorporation of an existing company to the DIFC from another jurisdiction (Continued Company).

9. Dubai Healthcare City (DHCC)

Market Specialization: Education, Healthcare.

Permitted Licences: Commercial Licence.

Permitted Company Types: FZ LLC, Branch of a Foreign Company (parent company should be in existence for a minimum of 1 year) and Branch of a UAE Company including entities established in other UAE Free Zones.

10. Dubai South

Market Specialization: Aviation, E-commerce, Logistics, Real estate, Trade.

Permitted Licences: Aviation Licence, Logistic Licence, Industrial Licence, General Trading Licence, Education Licence, Trading Licence, Service Licence.

Permitted Company Types: DVC LLC (individual Shareholder), DVC LLC (Corporate Shareholder), and DVC Branch.

11. Dubai Knowledge Park (DKP)

Market Specialization: Consultancy, Education, Human resource management, Training & personal development

Permitted Licences: Commercial Licence

Permitted Company Types: FE LLC, Branch of a Foreign Company (parent company should be in existence for a minimum of a year), Branch of a UAE Company including entities established in other UAE Free Zones

12. Dubai Design District (D3)

Market Specialization: E-commerce, Fashion & design

Permitted Licences: Commercial Licence, Free Licence with Dubai Department of Economy and Tourism (DET)

Permitted Company Types: FE LLC, Branch of a Foreign Company (parent company should be in existence for a minimum of a year), and Branch of a UAE Company including entities established in other UAE Free Zones

13. Dubai International Humanities City (IH2)

Market Specialization: Humanities

Permitted Licences: Non-profit Licence, Commercial Licence

Permitted Company Types: FE - LLC, Branch of a Foreign Company, Branch of a UAE Company

14. Dubai Science Park (DSP)

Market Specialization: Biotechnology, Permitted Licences: Commercial Licence

Permitted Company Types: FE - LLC, Branch of a UAE Company including entities established in other UAE Free Zones, and Branch of a Foreign Company (parent company should be in existence for a minimum of a year)

15. Dubai Commerce City

Market Specialization: E-commerce, Construction, Food & Beverages, Education, Financial services, Manufacturing, Mining & quarrying, Insurance

Permitted Licences: Trade Licence, Service Licence, Industrial Licence, Administrative Licence, General Trading Licence, Dual Licence with DET

Permitted Company Types: Free Zone Company (FZC), Branch of a Foreign and UAE Company

16. Dubai International Academic City (DIAC)

Market Specialization: Education

Permitted Licences: Commercial Licence

Permitted Company Types: FE LLC, Branch of a UAE Company including entities established in other UAE Free Zones, and Branch of a Foreign Company (parent company should be in existence for a minimum of a year)

IT/FZA

Market Specialization: IT Services, E-Commerce, Research, and Technology

Permitted Licenses: Professional, commercial, industrial, consultancy and service licenses

Permitted Company Types: Free zone establishment (FZE), free zone company (FZCO), branch of a foreign or local company

apart from the above-mentioned Free Zones, Dubai is also home to several other specialized Free Zones. These include Dubai Production City (formerly known as International Media Production Zone or IMZ), Dubai Outsourcing City, Dubai Media City, Dubai International Academic City (DIAC), Dubai Techno Park, Dubai Auto Zone, Dubai Financial Centre, Dubai Gold and Diamond Park, Dubai Industrial City, and Dubai Knowledge City (Dubai Industrial Park). Each of these Free Zones caters to a variety of industries, providing businesses with unique opportunities and incentives such as 100% foreign ownership, tax exemptions, and specialized infrastructure.



1. Abu Dhabi Industrial Zone Abu Dhabi (ADIZ)

Market Specialization: Manufacturing, logistics, food processing and trade

Permitted Licenses: Trading License, manufacturing License, warehousing License, logistics, assembly, and more

Permitted Company Types: Branch Company and Limited Liability Company

2. Masdar City Free Zone

Market Specialization: Clean technology and renewable energy

Permitted Licenses: Research and development License, clean technology, manufacturing, License, and renewable energy License

Permitted Company Types: A free zone Limited Liability Company (LLC), A branch of a foreign or offshore company, and A branch of a UAE-based company

3. Yas Viceroy Hotel Free Zone (YVHFZ)

Market Specialization: Aviation, services, logistics and travel-related businesses

Permitted Licenses: Trading License, logistics License, aviation business services, travel agencies, and more

Permitted Company Types: Limited Liability Company (LLC), Branch of a Foreign Company, Representative Office

4. Abu Dhabi Global Market Free Zone (ADGM)

Market Specialization: Financial, Banking, and more

Permitted Licenses: Banking, asset management, insurance, financial technology (fintech), consulting, and more

Permitted Company Types: Limited Liability Company (LLC), Branch of a Foreign Company, Representative Office Authority

5. Twickenham Abu Dhabi Media Free Zone Authority

Market Specialization: Media & Entertainment

Permitted Licenses: Film production, music production, television broadcasting, advertising, and more

Permitted Company Types: LLC, Branch of a Foreign Company

In addition to the aforementioned Free Zones, Abu Dhabi is home to other specialized Free Zones such as the International Financial Centre (IFC) and the Higher Corporation for Specialized Economic Zones (HasezCo).



Major Free Zones in Sharjah

Sharjah hosts six strategically positioned Free Zones: Hamriyah Free Zone, SAIF Zone, SHAFS, 68th Port, Sharjah Publishing City, and Sharjah Healthcare City. These zones are located in areas near major transport hubs to efficiently meet investor logistics needs.

1. Sharjah Airport International Free Zone (SAIF Zone)

Market Specialisation: General trading, light manufacturing, industrial, and service sectors.

Permitted Licences: Commercial Licence, Trade Licence, and Industrial Licence.

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZCO), Branch of a Foreign or UAE Company.

2. Hamriyah Free Zone (HAFZA)

Market Specialisation: Heavy industry, manufacturing, logistic, petrochemicals and oil & gas.

Permitted Licences: Industrial Licence, Commercial Licence, Service Licence.

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZCO), Branch of a Foreign and UAE Company.

3. Sharjah Media City (SMAFZ)

Market Specialisation: Media, creative industries, digital marketing, and information technology.

Permitted Licences: Media Licence, Service Licence, Wholesale & Retail Licence.

Permitted Company Types: Sharjah LLC (Limited Liability Company) and Sharjah Branch Office of an existing company.

4. Sharjah Publishing City (SPC)

Market Specialisation: Publishing & Allied Industries and General Trading.

Permitted Licences: Trading Licence, Commercial Licence, Services Licence, E-commerce Licence.

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZCO), Branch Office.

5. Sharjah Healthcare City

Market Specialisation: Healthcare and allied services.

Permitted Licences: Healthcare Licence, Service Licence, Commercial Licence, and Industrial Licence.

Permitted Company Types: Free Zone Limited Liability Company (FZ-LLC), Branch Office.



1. Ras Al Khaima Economic Zone (RAKEZ)

Market Specialization: RAKEZ -served various sectors, including manufacturing, logistics, trading, Alcohol, Tobacco and services.

Permitted Licenses: Trading License, Industrial License, Logistics License and Services License

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZC), Branch of a Foreign Company, Branch of a UAE Company, Freezones.

2. Ras Al Khaima City Free Zone

Market Specialization: Maritime services, logistics, trading, manufacturing

Permitted Licenses: Trading License, Industrial License, consultancy License, service License.

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZC), Branch of a Foreign or UAE Company

3. RAK International Corporate Centre (RAK ICC)

Market Specialization: Corporate services, business consultancy, financial services

Permitted Licenses: Consultancy License, business services License, financial services License

Permitted Company Types: International Business Companies (IBCs), Limited Liability Companies (LLCs), Branches

4. RAK Digital Assets Oasis (RAK DAO)

Market Specialization: Digital assets, blockchain, fintech, digital economy

Permitted Licenses: Digital Asset License, Blockchain License, EMONEY LICENSE

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZC), Branch of a Foreign or UAE Company

5. RAK Media Free Zone

Market Specialization: Media, entertainment, advertising, production

Permitted Licenses: Media License, production License, advertising License

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZC), Branch of a Foreign or UAE Company



Major Free Zones in Egypt

1. Ajlous Free Zone (AFZ)

Market Specialization: Trading, Industrial, services, IT, and e-commerce

Permitted Licenses: Trading License, Industrial License, Professional License, E-commerce License

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZC), Branch of a Foreign and UAE Company

2. Ajlous Media City Free Zone

Market Specialization: Media, marketing, digital and creative industries

Permitted Licenses: Media License, Trading License, Professional License, Resident License

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZC), Branch of a Foreign Company, Branch of a UAE Company, Freelancer

Major Free Zones in United Arab Emirates

1. Jumeirah Al-Qudra Free Trade Zone (JAFZ)

Market Specialization: JAFZ caters to various industries including trading, consultancy, technology and services

Permitted Licenses: The JAFZ Free Trade Zone provides licenses for industrial activities, commercial trading, general trading, research work and other industrial purposes

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZC), Branch of a Foreign or UAE Company



Major Free Zones in Rapproh

1. Tadjah Free Zone (TFZ)

Market Specialization: Retail, Trading, Industrial, services and e-commerce

Permitted Licenses: Media Licence, Professional Licence and E-commerce Licence

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZC), Branch of a Foreign or UAE Company

2. Rapproh Creative City (RCC)

Market Specialization: This zone targets media, entrepreneurship and creative industries

Permitted Licenses: Service Licence, Consultancy Licence, and Commercial Licence

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZC), Branch of a Foreign Company, Branch of a UAE Company, Residence

3. Rapproh Oil Industry Zone (OIZ)

Market Specialization: Oil and gas, petrochemicals, energy

Permitted Licenses: Oil trading Licence, Industrial Licence, energy services Licence

Permitted Company Types: Free Zone Establishment (FZE), Free Zone Company (FZC), Branch of a Foreign Company, Branch of a UAE Company, Residence



JAFZA SWOT Analysis

Strength

1. **Strategic Location:** Jebel Ali in Dubai provides seamless sea, air, and land access to the Arabian Gulf, Indian Subcontinent, CIS, and Africa. DP World's UAE Region offers top-tier connectivity with 80 weekly services to sea gateways, daily regional sailings, and 2-3-day road transit.
2. **World-Class Infrastructure:** DP World's Jebel Ali Free Zone (JAFZA) has upgraded its roads and infrastructure over the last five years, investing approximately USD 500 million in sustainable developments and major construction works to offer top-notch facilities and amenities.

Weakness

1. **High Competition:** The popularity of JAFZA has led to intense competition among businesses. Notably, the number of Indian companies setting up in JAFZA increased by 25% in 2023 compared to 2022.
2. **Limited Diversification:** JAFZA's business development is predominantly dependent on the logistics, manufacturing, and trade sectors. This reliance makes the free zone susceptible to economic fluctuations specific to these industries.



Opportunity

1. **New Sectors:** JAFZA is seeing growth in several emerging sectors, including technology, oil and gas, and food and agriculture.
2. **Multinational Corporations:** Its strategic advantages make JAFZA an attractive location for multinational corporations seeking to expand their operations in the Middle East and beyond.

Threat

1. **Economic Downturns:** Global economic fluctuations, such as recession or systemic downturns, can significantly impact JAFZA's performance. During periods of economic uncertainty, business activity within JAFZA may experience reduced demand for goods and services, leading to lower trade volumes and decreased revenue.
2. **Regulatory Changes:** Shifts in regulations may affect business operations.

Dubai Multi-Commodities Centre SWOT Analysis

Strengths

1. **Global Business Hub:** DMCC is a global hub for business trade and commerce, home to over 25,000 companies, from start-ups to multinational corporations. It features 37 residential and commercial towers and contributes to approximately 11% of Dubai's GDP.
2. **Business-Friendly Environment:** The Free Zone offers numerous incentives such as 100% foreign ownership, zero corporate taxation with 0-40% personal income tax, and full repatriation of profits.

Weaknesses

1. **High Operational Costs:** The high cost of operating in Dubai, including expensive rentals, utilities, and living expenses, can deter some businesses, particularly small and medium-sized enterprises.
2. **Dependence on Key Commodities:** DMCC's heavy reliance on specific commodities such as gold and diamonds can lead to vulnerability due to market volatility and price fluctuations in these sectors.



Opportunities

1. **Potential in Gaming & AI:** Gaming and AI are booming in DMCC, with the gaming center doubling in size in 2023 and reaching nearly 100 members.
2. **Emerging Technology & Sector:** Sustainability is a growing priority, and DMCC actively supports green technology and sustainable practices. Furthermore, the energy sector is thriving, with over 500 new companies joining in 2023, including renewable energy companies, bringing the total energy sector memberships to over 3,000.

Threats

1. **Increasing Competition:** The increasing competition from other Free Zones within the UAE and the GCC region with competitive advantages in cost, infrastructure, and regulatory environment may attract potential businesses away from DMCC and threaten its growth.
2. **Commodity Price Fluctuations:** Significant changes in the prices of key commodities such as gold, diamonds, and other precious metals can affect the profitability of businesses operating in DMCC.

Strengths

1. **Cost Effectiveness:** RAKEZ offers competitive operational costs, including low licensing fees and minimal corporate tax, qualifying activities, making it an attractive option for businesses seeking a budget-friendly location.
2. **Strategic Location & Government Support:** Situated near major transportation hubs and bordering Oman, RAKEZ offers excellent connectivity for regional and international trade. Additionally, the Emirate of Ras Al Khaimah actively supports businesses within RAKEZ by fostering a pro-business environment and providing incentives such as the RAK Government's economic stimulus package.

Weaknesses

1. **Limited Brand Recognition:** Compared to Free Zones in Dubai or Abu Dhabi, RAKEZ may have lower brand recognition globally, potentially hindering initial investment.
2. **Distance from Major City Centers:** Not strategically located, RAKEZ might be further from major city centers than some Free Zones, which some businesses might consider a drawback.



Opportunities

1. **E-Commerce Growth:** The e-commerce market has rapidly grown across the UAE, and RAKEZ is no exception. To attract e-commerce companies, Ras Al Khaimah Economic Zone (RAKEZ) offers a comprehensive package, further strengthening the sector's growth.
2. **Development in EV Ecosystem:** Stakeholders aim to establish a new USD 1.1 Billion battery cell gigafactory in Ras Al Khaimah, with a projected annual production capacity of 40 to 45 GWh. This investment aims to boost manufacturing and advance the electric vehicle (EV) ecosystem.

Threats

1. **Competition from Other Free Zones:** RAKEZ faces competition from well-established Free Zones in Dubai and Abu Dhabi, which offer similar benefits and might have a stronger global presence.
2. **Recessions & Slowdowns:** Global economic recessions or slowdowns can dampen investor confidence, causing potential investors to be more cautious about committing capital to new or existing ventures in RAKEZ.

Hamriyah Free Zone SWOT Analysis

Strength

1. **Easy Access:** Located near Dubai and Sharjah International Airports, along with Hamriyah Port, Hamriyah Free Zone provides convenient and effective access to global markets, making it an ideal location for businesses to thrive.
2. **Extensive Port Facilities:** Hamriyah Free Zone boasts access to extensive port facilities, including two container terminals, two general cargo berths, and specialized handling for petrochemicals and LPG. The main port features a 16-meter deep water port and a 7-meter deep inner harbor, ensuring efficient logistics handling for key industries such as oil & gas, metal, and others.

Weakness

1. **Limited Entertainment Options:** As primarily an industrial zone, HFZA might offer fewer entertainment options for employees than Free Zones in major cities.
2. **Limited Focus on Non-Industrial Sectors:** While HFZA excels in industrial sectors, it might not be as attractive for businesses in areas like technology or finance as Free Zones with a broader focus.



Opportunities

1. **Growth of Specific Industries:** Hamriyah Free Zone would capitalize on the growth of specific industries, such as petrochemicals, oil and gas, and logistics, by offering targeted incentives and developing infrastructure.
2. **E-commerce & Supply Chain Integration:** HFZA can leverage its strategic capabilities to attract e-commerce businesses and offer services for warehousing, fulfillment, and regional distribution.

Threats

1. **Fluctuations in Oil Prices:** Fluctuations in oil prices could have a ripple effect on businesses within HFZA, especially those in energy-intensive industries.
2. **Competition from Other Free Zones:** HFZA faces competition from other industrial Free Zones in the UAE and neighboring regions, all vying for similar industrial investments.

Ajman Free Zone SWOT Analysis

Strengths

1. **Strategic Location:** Ajman Free Zone is strategically located near Ajman Port, Dubai, and Sharjah Airports, making it a prime location to set up a business which benefits from excellent connectivity, streamlined logistics, and access to key markets.
2. **Streamlined Business Setup:** In 2021, the AFE achieved 100% automation and digitization of its services, processing over 200,000 transactions via its free-standing Customer Portal for government digital services. This advancement enables a fast and efficient business setup process, minimizing delays and administrative burdens for companies.

Weaknesses

1. **Limited Space:** As a smaller free zone than others in the UAE, there is less space for expansion and large-scale operations, hindering its growth in the coming years.
2. **Infrastructure:** Although improving, the infrastructure in Ajman may not be as advanced or extensive as other Free Zones such as DMCC and JAFZA.



Opportunities

1. **IT & E-commerce:** In 2021, the free zone saw steady growth in company registrations, primarily SMEs in IT, digital, consultancies, marketing, freelancing, industry, storage, and SPO sectors. To support this growth, new academic clusters and SPO hubs are also being planned.
2. **Opportunities in Higher Education:** In 2021, the Ministry of Education (MoE) and Ajman Free Zone signed a memorandum of understanding (MoU) to support higher education institutions (HEIs) in Ajman. This initiative aims to enhance educational opportunities, attract educational investments, and foster a thriving educational business environment in the region.

Threats

1. **Competition from Other Free Zones:** The growing competition from neighboring Free Zones, such as Hamriyah Free Zone, could divert potential businesses away from Ajman Free Zone.

Dubai South Free Zone SWOT Analysis

Strengths

1. **Advanced Infrastructure:** Modern and well-developed infrastructure, including state-of-the-art facilities for businesses across various sectors such as infrastructure ready plots for development, flexible warehousing options, and multimodal transportation network.
2. **Diverse Business Ecosystem:** Dubai South Free Zone offers diverse professional services and streamlined business setup processes, creating a cohesive environment where companies can operate effectively within a dynamic free zone setting.

Weaknesses

1. **Development Dependency:** The success of the Dubai South is heavily dependent on the full operational readiness of Al Maktoum International Airport, which is currently undergoing development, with the full phase projected to be operational by 2030.
2. **Limited Residential Density:** Residential options within Dubai South might be limited, potentially affecting the availability of local talent or attracting employees seeking a vibrant environment.



Opportunities

1. **Boosting E-commerce:** Dubai South could capitalize on the booming e-commerce sector by offering fulfillment centers, streamlined customs procedures, and services tailored for online businesses.
2. **Global Connectivity:** It has the potential to become a key global hub for trade and business, leveraging its strategic location and integrated infrastructure.

Threats

1. **Project Delays or Cost Overruns:** Large-scale infrastructure projects in Dubai South, like Al Maktoum International Airport, are prone to delays or cost overruns, which can affect budgets and potentially discourage potential investors.

KEZAD SWOT Analysis

Strengths

1. **Strategic Location:** Khalifa Economic Zone Abu Dhabi (KEZAD) boasts a prime location between Dubai and Abu Dhabi, offering easy access to major transportation hubs like Khalifa Port, the world's first semi-automated container port. This facilitates efficient import, export, and regional distribution.
2. **Access to Skilled Workforce:** Abu Dhabi's diverse workforce benefits KEZAD by easing the recruitment of qualified personnel. KEZAD also partners with educational institutions to offer specialized programs, ensuring a steady supply of trained workers.

Weakness

1. **Dependency on Oil:** The Abu Dhabi economy still relies heavily on oil and gas. Economic diversification within KEZAD can mitigate the impact of potential fluctuations in these sectors.
2. **Slower Development:** Compared to established free zones, KEZAD is a relatively new development. Potential investors might require more evidence of its long-term success.



Opportunities

1. **Growth of Non-Oil Sectors:** The UAE's focus on economic diversification presents significant opportunities for KEZAD to attract businesses in emerging sectors such as manufacturing, food processing, renewable energy, and logistics. Additionally, UAE-based Tesla Lithium has signed an agreement to set up a \$1.2B lithium lithium processing plant.
2. **Investment in Warehousing:** KEZAD has significantly invested in warehousing infrastructure to boost its industrial and logistics activities. This included adding approximately 500,000 square meters of new warehousing capacity, with a total investment of USD 350 million.

Threats

1. **Geopolitical Instability:** The region could be subject to geopolitical tensions. KEZAD must mitigate these risks by highlighting its stability and secure operating environment.
2. **Fluctuations in Oil Prices:** Oil price volatility can impact the broader UAE economy, potentially affecting business activity within KEZAD.

RAK ICC SWOT Analysis

Strengths

1. **Premium Positioning & Reputation:** RAK ICC has positioned itself as a premium international jurisdiction by offering a full suite of offshore services that are competitive with those of other global jurisdictions.
2. **Global Reach & Flexible Services:** RAK ICC's network of UAE Register's Agents, many with international reach, ensures a global presence while offering flexible business models including international trade, investment, holding, and securitisation options for shareholders.

Weaknesses

1. **Lesser Global Brand Recognition:** Despite its advantages, RAK ICC may not be as globally recognised as other jurisdictions like Ajman Free Zone and JAFZA, which are more prominent among investors.
2. **Limited Focus on Local Market:** The nature of international business companies (IBCs), which operate outside of the UAE, may limit their ability to engage directly with local markets, possibly deterring investors looking for UAE-based opportunities.



Opportunities

1. **Increased Demand for Offshore Services and Reregistration:** With evolving client priorities and the need for high-quality, well-regulated jurisdictions, RAK ICC is witnessing more companies migrating from traditional offshore centers. This trend offers growth potential for RAK ICC, especially with its compliance with EBR.
2. **Expansion into New Markets:** RAK ICC can expand into high-growth markets such as China and the Far East, building on its established presence in Shanghai and targeting businesses shifting away from Caribbean jurisdictions.

Threats

1. **Competition from other Free Zones:** RAK ICC faces strong competition from UAE Free Zones like Ajman Free Zone and JAFZA, which also offers offshore services at competitive costs. This competition may limit RAK ICC's ability to attract international businesses, particularly those seeking local market access and advanced infrastructure.

Abu Dhabi Global Market (ADGM) SWOT Analysis

Strengths

1. **Strategic Location:** ADGM is in the heart of the Middle East, providing easy access to Eastern and Western markets. This geographical advantage is a cornerstone of its appeal.
2. **Regulatory Framework:** ADGM has created a strong, internationally aligned regulatory framework that supports a favorable business environment. According to a recent survey of the ADGM community, 95% of respondents value the robust regulatory environment, with up to 60% highlighting its strategic location as a gateway to the MENA region.

Weaknesses

1. **High Costs:** Operating within ADGM can involve high costs related to office space, legal compliance, and other regulatory requirements, which may deter smaller enterprises or startups.
2. **Competitive Market:** Other free zones and financial centers in the UAE, such as DIFC, create intense competition for businesses seeking a base in this region.



Opportunities

1. **Expanding Financial Sector:** Emerging sectors such as fintech, blockchain, and digital assets have growth potential, presenting opportunities for ADGM to attract innovative firms.
2. **Regional Integration:** Increased economic integration within the GCC and broader Middle Eastern region can drive demand for ADGM's services and establish its role as a regional financial hub.

Threats

1. **Dependence on Global Market Conditions:** As a financial hub, ADGM's performance could be influenced by global economic fluctuations and market conditions.

Dubai International Finance Centre (DIFC) SWOT Analysis

Strengths

1. **Strategic Location:** Situated in the heart of Dubai, a global business and financial hub, DIFC benefits from excellent connectivity and access to a diverse talent pool.
2. **Robust Financial Ecosystem:** The centre hosts a diverse range of financial services, including banking, asset management, insurance, and legal services, fostering a comprehensive financial ecosystem.
3. **Talent Pool:** DIFC attracts diverse, skilled professionals worldwide, creating a dynamic and competitive business environment.

Weaknesses

1. **High Costs:** Setting up and operating within DIFC could be high, including office space rental and service fees, which might be a barrier for smaller businesses or startups.
2. **Limited Local Market:** DIFC's focus on international business might limit its engagement with the local market, potentially affecting its growth in domestic financial activities.



Opportunities

1. **Expansion of Financial Services:** There is potential for expanding into new financial services and technologies, such as fintech, blockchain, and digital banking.
2. **Increased Regional Integration:** Strengthening ties with regional markets and investment hubs can boost DIFC's role as a gateway for capital flows and business opportunities.

Threats

1. **Economic Fluctuations:** Global economic volatility and downturns can impact the financial sector and DIFC's business activities.
2. **Regulatory Changes:** Changes in international regulations or financial standards could affect DIFC's operational model or attractiveness to foreign investors.

Umm Al Quwain (UAQ) Free Zone SWOT Analysis

Strengths

1. **Strategic Location:** UAQ benefits from its coastal position, providing access to the Arabian Gulf and the Gulf of Oman. This strategic location is advantageous for trade and transportation.
2. **Strong Tourism:** The emirate has invested in developing its tourism infrastructure, including beaches, resorts, and recreational facilities, attracting a growing number of international tourists.
3. **Cost-Effective Business Environment:** Compared to some other emirates, UAQ offers lower operational costs, making it an attractive destination for businesses.

Weaknesses

1. **Smaller Population:** Compared to other emirates, UAQ has a smaller population, which can limit the local market size.
2. **Limited Infrastructure:** While improving, UAQ's infrastructure might still have gaps compared to larger emirates like Dubai or Abu Dhabi.



Opportunities

1. **Tourism Expansion:** There is potential to further develop the tourism sector by focusing on niche segments like ecotourism, adventure tourism, and family tourism.
2. **Real Estate Development:** The real estate sector has potential for growth, especially in the mid-market segment, which caters to both residents and tourists.

Threats

1. **Competition from Other Emirates:** Competition from neighboring emirates for investment, tourists, and businesses can be challenging.
2. **Economic Fluctuations:** Global economic downturns can impact UAQ's economy, particularly in sectors like tourism and trade.

Dubai Commerce City SWOT Analysis

Strengths

1. **Robust Infrastructure:** Equipped with state-of-the-art infrastructure, including warehouses, logistics facilities, and high-speed internet, supporting e-commerce operations.
2. **Regulatory Framework:** Provides a supportive regulatory environment for e-commerce businesses, including customs procedures and licensing.
3. **Talent Pool:** Access to a skilled workforce with e-commerce, logistics, and technology expertise.

Weaknesses

1. **Market Maturity:** The e-commerce ecosystem in Dubai is still developing compared to mature markets like the US or China.
2. **Real Estate Costs:** Commercial real estate costs within Dubai Commerce City might be relatively higher than other locations.



Opportunities

1. **E-commerce Growth:** The growing e-commerce market in the MENA region presents significant growth opportunities for businesses in Dubai Commerce City.
2. **Cross-Border Trade:** Strategically located to facilitate cross-border trade and serve as a regional distribution hub.

Threats

1. **Economic Downturns:** Global economic fluctuations can impact consumer spending and e-commerce growth.
2. **Cybersecurity Risks:** E-commerce businesses face increasing cybersecurity threats, requiring robust protection measures.

IFZA SWOT Analysis

Strengths

1. **Global Connectivity:** Dubai has a multi-national community that allows you to connect with a global business community.
2. **Regulatory Framework:** IFZA allows you to undertake various business activities.
3. **Time-efficient and Simple Registration Process:** The entire process of acquiring a license is fairly swift and easy. The investors also conveniently access IFZA's business formation and administration services.

Weakness

1. **Limited Brand Recognition:** Compared to Free Zones in Dubai or Abu Dhabi, IFZA may have lower global recognition, potentially hindering initial investment.
2. **Limited Infrastructure in Some Areas:** While infrastructure is developing, some areas within IFZA might not be as advanced as other Free Zones.



Opportunities

1. **Focus on Digital Transformation:** Increasing demand for digital solutions and technological services opens up new revenue streams and growth.
2. **Diversification:** Attracting businesses from various sectors, including tech, logistics, and retail, expanding the free zones market presence.

Threats

1. **Market Volatility:** Economic fluctuations and instability can impact business performance and investment attractiveness.
2. **Technological Disruptions:** Rapid technological changes and disruptions in the e-commerce sector may challenge businesses to keep up.

Haydan Free Zone SWOT Analysis

Strengths

1. **Strategic Location:** Haydan Free Zone is ideally situated in Dubai, just 15 minutes from the International Airport and Dubai Ports and 10 minutes from downtown. Its prime location offers excellent global connectivity and easy access to key markets.
2. **Diverse Business Activities:** The free zone supports various business activities, including trading, logistics, and services, catering to various industries.
3. **Proximity to Major Developments:** It is near key developments such as Haydan City and the Dubai World Trade Centre, which can provide additional business opportunities and synergies.

Weaknesses

1. **Relatively New Free Zone:** Compared to well-established Free Zones like Jebel Ali and Dubai International Financial Centre (DIFC), the Haydan Free Zone is relatively new. This might lead to brand recognition.
2. **Limited Industrial Focus:** Haydan Free Zone might have a narrower focus on specific businesses as compared to other Free Zones that offer a broader range of business activities.



Opportunities

1. **Focus on Lifestyle and Entertainment:** Haydan Free Zones emphasis on luxury living, hospitality, and entertainment creates a unique selling point and attracts a specific clientele.
2. **Development of Residential and Commercial Properties:** Creating a mixed-use environment with residential and commercial spaces can enhance the free zone's appeal.

Threats

1. **Competition from Other Free Zones:** Competition from established Free Zones within Dubai and the region might pose challenges.
2. **Regulatory Changes:** Changes in government policies and regulations can impact the business environment within the free zone.



A background image of the Dubai skyline at dusk, featuring the Burj Khalifa and other skyscrapers, with a blue gradient overlay.

CHAPTER

07

UAE Offshore
Jurisdiction

The United Arab Emirates has emerged as a dynamic and thriving landscape for global enterprises seeking strategic expansion and operational efficiency. Beyond its iconic skyline and luxurious lifestyle, the UAE offers a compelling blend of economic stability, world-class infrastructure, and a business-friendly environment that has captivated investors worldwide. One of the most prominent sectors for such ventures is the UAE's thriving offshore industry, which provides fertile ground for investors to protect their global investments with confidentiality. This chapter will delve into the UAE's most sought-after offshore destinations, highlighting their unique advantages and the opportunities they present for global entities.

What is Offshore Jurisdiction?

An offshore jurisdiction refers to a territory that offers favorable financial, legal, and tax advantages for foreign businesses and individuals. These jurisdictions typically have low or zero tax rates, flexible regulations, and privacy protections. Offshore jurisdictions are commonly used for asset protection, tax planning, and maintaining confidentiality.



UAE's Diverse Offshore Destinations

The UAE offers three offshore jurisdictions, each catering to specific business needs and preferences.

Ras Al Khaima International Corporate Centre (RAK ICC)

- A cost-effective and efficient option for businesses seeking a streamlined incorporation process, minimal reporting requirements, and a flexible corporate structure.
- Attracts a wide range of industries, from Crypto, Family offices, trading and consulting to technology and media. It's primarily used as a holding company jurisdiction, wealth management and tax planning.
- RAK ICC offers a supportive environment for businesses of all sizes, with a focus on providing exceptional customer service and administrative efficiency.
- Tax Advantages: RAK ICC offers zero corporate, income, and capital gains taxes, making it an attractive option for businesses seeking tax efficiency and cost-effective international structuring.
- Confidentiality: RAK ICC provides strong privacy protection for company owners and directors with no public disclosure of beneficial ownership, ensuring confidentiality and asset protection for international investors.
- Flexibility and Global Reach: RAK ICC allows 100% foreign ownership, flexible corporate structuring, and access to international markets without residency requirements, catering to global entrepreneurs and investors seeking efficient operations.

Established in 2007, AJFZA Offshore offers a flexible offshore company formation environment with various benefits including:

1. **Tax Benefits:** Companies registered in AJFZA Offshore enjoy zero corporate tax, income tax, and capital gains tax, offering an advantageous tax regime for international business.
2. **Full Foreign Ownership:** Offshore companies can be fully owned by foreign nationals or corporations, making it a suitable option for global investors.
3. **Privacy:** AJFZA Offshore provides a high level of confidentiality, with no public disclosure of shareholders or directors, ensuring the privacy of business owners.

AJFZA Offshore is often used for holding companies, international trading, asset protection, and property ownership in the UAE.

Ajman Free Zone Offshore:

Ajman Offshore was established to offer companies and investors a flexible and cost-effective solution for offshore business formation. It offers various benefits including:

1. **Tax Benefits:** Ajman Offshore companies are exempt from corporate tax, income tax, and value-added tax (VAT), making it appealing for international tax planning.
2. **Full Foreign Ownership:** Offshore companies in Ajman can be 100% owned by foreign nationals or corporations, without the need for a local sponsor.
3. **Confidentiality:** Ajman Offshore provides privacy to its shareholders and directors, with minimal public disclosure requirements, ensuring business confidentiality.

Ajman Offshore is widely used for international business, holding companies, asset protection, and global trading.





CHAPTER

08

Mainland,
Free Zone,
or Offshore:-
Business Setup



UAE Mainland

Operating within the UAE mainland presents a compelling opportunity for businesses seeking access to the nation's domestic market. This includes engaging with government entities, local consumers, and potential customers. However, this option comes with specific requirements that set it apart from other business setups in the UAE.

According to the new UAE law, you no longer require a sponsor to establish a company in UAE mainland. Earlier, one of the defining features of UAE mainland operations was the stipulation that a local Emirati partner must own at least 51% of the business, which is not the case now for most business sectors and activities.

Nevertheless, conducting business in the UAE mainland necessitates strict adherence to local labor laws and regulatory complexities. These regulations can encompass a wide range of aspects, including employment practices, licensing, permits, and trade restrictions. Navigating this regulatory landscape can be intricate, and it often requires engaging legal and consulting services to ensure full compliance while also streamlining business operations.

How to start business in the mainland

Step 1

Identify the nature of Business to identify the type of Trade License required.

- Sole Establishment
- Branch of GCC company
- Off Company
- Branch of Local Company
- Limited Liability Company
- Holding company
- Public Joint Stock Company
- Representative office of Foreign Company
- Private Joint Stock Company

Step 2

Determine the structure of your business which will depend on your needs and will further determine regulatory requirements for the chosen entity structure. The entity structure generally available for business in mainland are



Step 3

Register the unique Trade Name subject to certain conditions which will be approved by the Department of Economy & Tourism and UAE Ministry of Economy. Trade Name names are subject to renewal. Here you must also determine which kind of trade license you shall require i.e. Professional Trade License, Commercial trade license or industrial trade license or a tourism trade license or certain licenses such as legal.

Step 4

This step involves no objection from UAE government for your business through an approval from Department of Economic Development (DED).

Step 5

MCA and Local Service Agent For civil companies, limited liability companies and public or private shareholding companies, a Memorandum of Association (MOA) is required. Additionally, a local service agent is required for sole proprietorships.

Step 6

Choosing Business Location & Sign Tenancy Agreement: Emirate authorities require business to have a physical office as per the conditions & regulations of the emirate in which such office is located. The tenancy agreement of the office or warehouse should be registered through the emirate's Ejar Portal.

Step 7

Additional approvals may be required depending on your business activity from relevant ministries or departments such as ministry of interior, ministry of justice, ministry of telecommunication and digital government's authority, Executive Council, Municipal Authority, Ministry of Finance and Industry, Ministry of Health, Supreme Petroleum Council etc.

Step 8

This step involves submission of all the above documents to the Department of Economic Development.

Step 9

In Mainland the company must be registered with emirate's chamber of commerce and industry for example Dubai Chamber of Commerce and Industry.

Step 10

Establishment Card

The entity shall require obtaining an Establishment Card through filing an application along with set of documents with designated carder.

Documents required:

- Copy of Trade License
- Copy of Certificate Deed
- Copy of MOA of UAE Entity
- Copy of Charter Document of Parent Company (If any)
- Copy of Passport along passport size Photo

Please Note: Documents may be required to be attested from Total Embassy and Ministry of External Affairs of Home Country followed by Ministry of Foreign Affairs in Dubai.

Step 11

Emirate ID & Visa

Apply for Residence Visa: Submit your trade license, passport copies and other required documents. Once approved, you'll get your residence visa.

Obtain Emirate ID

- Medical Check-up: Complete a medical fitness test.
- Biometrics: Provide biometric data (fingerprints and photo).
- Submit Documents: Hand in your residence visa, passport and medical results.

Step 12

The necessary application shall be filed with the designated Center for obtaining of Labor card and E-Signature Card

- Documents required
- Copy of Trade License
- Copy of Establishment Card
- Copy of BSN
- Copy of MOA of LLC/Entity
- Copy of Old tax Document of Parent Company, if any
- Copy of Passport of Investors along passport size photo
- Emirates ID of investors in Original to be placed

An agreement shall be required to be executed between the Company and employee and shall be reported through designated center. Post opening of Bank Account directions be given to the Bank for processing of Salary of an Employee through Wage Protection System (WPS).

Step 13

Bank Account Opening

In UAE, there are two different kinds of bank accounts: digital and traditional.

- The first step in the process is selecting an appropriate bank.
- Submission of relevant company set up related documentation, including the Authorized Signatory's KYC and trade license.
- Completion of Domestic KYC, if required.
- Opening a bank account after the examination of all documents.
- Minimum capital transfer to the bank account, if required.

Please Note: Each bank has its own rules and regulations.

Step 14

Corporate Tax Registration & VAT Registration

Under the Federal Decree Law 47 as mandated by the Federal Tax Authority (FTA), all entities subject to corporate tax must obtain a Corporate Tax Registration Number.

The online application shall require to be submitted through a government portal.

VAT Registration: Subject to certain conditions VAT registration is required.





UAE Free Zone

Free Zones within the UAE offer an enticing proposition for businesses, especially those with a focus on international trade and specific industries. These zones are meticulously designed to attract foreign investment, providing a host of advantages to enterprises that set up shop within them.

There are two types of Free Zones for VAT purposes i.e. Designated and non-designated Free zone. Generally speaking, in Designated Free zone there is no VAT for intra-freezone sales of goods.

The Designated freezones are in all emirates, examples of such freezones are:

- Dubai: Jebel Ali Free zone, Dubai Textile city, Dubai Cars and Automotive zone, Dubai Aviation city
- Abu Dhabi: Free Trade zone of Khalifa Port (Ras Al Khaima industrial zone)
- Sharjah: Hamriyah Free Zone
- Ajman: Ajman Free Zone
- Umm Al Quwain: Umm Al Quwain Free trade Zone in Ahmed Bin Rashid Port, Umm Al Quwain Free Trade Zone in Shams Mohammed Bin Sayid Road
- Ras Al Khaima: Ras Free Trade Zone, RAK Maritime City Freezone
- Fujairah: Fujairah Free zone, Fujairah oil industry zone

Free Zones permit 100% foreign ownership. This characteristic allows businesses to maintain complete control over their operations and corporate structure. Furthermore, Free Zones offer corporate tax exemptions for qualifying activities, which can lead to substantial cost savings, and they feature simplified regulatory frameworks, expediting the business setup process.

Free Zones cater to a diverse range of industries, including manufacturing, logistics, E-Commerce, technology, media, and healthcare, among others. This diversity enables businesses to find an environment that aligns closely with their specific activities and objectives. Additionally, Free Zones often offer well-developed infrastructure, including modern office spaces, logistics facilities, and connectivity, fostering an environment conducive to growth and innovation.

How to Start a business in Free Zone

Step 1

Determine the nature of Business Activity

Various Business Licenses are available for investors on the basis of Business Activity. For instance, following licenses are available:

- Commercial Trade
- Consultancy/ Professional Services
- Real Estate
- Offices
- Industrial and others

Step 2

Determine the legal structure of your business which will depend on your needs and will further determine regulatory requirements for the chosen entity structure. The entity structure generally available for business in freezone are:

- Free Zone Limited Liability company
- Free Zone Company
- Free Zone Establishment

Step 3

Register the unique Trade Name subject to certain conditions.

Step 4

Select a Business Location, there are more than 30 Free Zones in UAE, you can choose the Free Zones based on your needs. There is ample land and office space. Some can be leased, and some can be bought at will.

Step 5

Get initial approval

To open a new company, all requirements need to be completed with complete submission of documents. Additional approvals may be required depending on your business activity from relevant ministries or departments, for example health or tourism. Few of the documents are:

- Completed Application form
- Business Plan
- Passport copies
- Letter of intent certifying the investment idea
- 2 years audited balance sheet and Bank reference certificate if required

Step 6

Registration and Fee payment

Depending on license the fee is calculated and accordingly has to be paid. Few of the documents to be submitted at this stage are:

- Completed registration application form
- Board Resolutions and Power of Attorney
- MOA and AOA
- Passport Size Photographs

Please note that documents may be required to be attested from Dual Embassy and Ministry of external Affairs of home Country followed by through MoFA in UAE.

Step 7

Visa and Immigration

Each Freezone has its own process for Visa. Adequate Investor and employee Visas are available subject to a certain fee. Certain medical test will be conducted for issuance of Resident Permits.

Step 8

Bank Account

In UAE, there are two different kinds of bank accounts (digital and traditional).

- The first step in the process is selecting an appropriate bank.
- Submission of relevant company set up related documentation, including the authorized signatories and trade license.
- Completion of Biometric (if required)
- Opening a bank account after the verification of all documents
- Minimum balance transfers to the bank account

Please Note: Each bank has its own rules and regulations



UAE offshore companies provide a unique solution for businesses seeking tax advantages and asset protection. While they are not permitted to conduct business within the UAE, they serve as valuable vehicles for international activities beyond the country's borders.

One of the foremost benefits of offshore entities in the UAE is investment protection and tax planning. These companies can enjoy tax exemptions and benefits, making them particularly appealing for holding assets, engaging in international investments, and facilitating financial services worldwide.

Offshore companies can be suitably used as:

- Holding vehicles for investments in the UAE and internationally
- Holding shares in UAE LLCs and Free Zone companies
- Holding household properties located in the Emirates
- Conducting international trading activities

Offshore companies in the UAE can serve as a safeguard for assets, protecting them from various risks, including legal disputes and financial instability in other jurisdictions. This protection is especially valuable for individuals and businesses with global interests and significant assets to manage.

There are three offshore locations in the UAE:

- Jebel Ali Freezone Authority (JAFZA)
- Ras Al Khaimah International Corporate Centre Authority (RAKICC)
- Ajman Freezone Authority (Ajfco)

Step 1

Complete the online application form, obtain name approval and make the payment.

Step 2

Obtain pre-approval. The fee will be sent to immigration for approval.

Step 3

Once approved, the shareholder/prospectors can visit the Freezone to sign the incorporation documents including Memorandum and Articles of Association.

Step 4

Certificate of incorporation will be issued along with the duly stamped Memorandum and Articles of Association.

Step 5

Handing over the complete set of incorporation documents along with company stamp.

Step 6

Bank Account

Few options are available when it comes to the bank accounts of offshore companies. Negative list countries are excluded.

CHAPTER

09

UAE Anti
Money
Laundering
Regulations



The United Arab Emirates (UAE) has established robust money laundering (AML) regulations to combat financial crimes and maintain the integrity of its financial system. The UAE's AML framework is primarily governed by Federal Decree-Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism, along with various supplementary regulations and guidelines issued by relevant authorities.

Key provisions of the AML law include the requirement for financial institutions and designated non-financial businesses and professions (DNFBPs) to implement stringent customer due diligence (CDD) measures. These measures include identifying and verifying the identity of customers, monitoring transactions and reporting suspicious activities to the Financial

Intelligence Unit (FIU).

The UAE Central Bank, along with other supervisory authorities such as the Securities and Commodities Authority (SCA) and the Dubai Financial Services Authority (DFSA), plays a critical role in enforcing AML regulations. They conduct regular inspections, impose penalties for non-compliance, and ensure that institutions are adhering to the prescribed AML standards.

The UAE is also a member of the Financial Action Task Force (FATF) and it actively collaborates with international bodies to enhance its AML regime. Amendments to the AML law have further strengthened the legal framework by increasing penalties for violations and enhancing the scope of regulations to include emerging financial technologies.



The Luxembourg Law concerning AML regulations aim to detect money laundering terrorist financing and high financial activities. These regulations require financial institutions and the designated non-financial businesses (e.g., real estate, precious metals traders) to implement robust compliance measures.

As a business key obligations include customer due diligence, transaction monitoring, reporting suspicious activity to the Financial Intelligence Unit (FIU), and maintaining proper records. The UAE has established strong penalties for non-compliance, including fines and imprisonment. The regulations align with global standards, such as those of the Financial Action Task Force (FATF), reinforcing the UAE's commitment to financial transparency.

In August 2024, the UAE introduced key amendments to its Anti-Money Laundering (AML) regulations. The new Federal Decree-Law enhances the national legal framework by establishing the National Committee for AML, Combating the Financing of Terrorism (CFT), and the Financing of Illegal Organizations. It also creates a Supreme Committee for oversight tasked with monitoring the effectiveness of AML strategies across the country. These amendments aim to further align the UAE with international standards and foster strengthening coordination among authorities to combat financial crimes and protect the global financial ecosystem.

UAE has also introduced for a Legal person a Beneficial owner declaration and maintenance of beneficial owner records regulations. The beneficial owner is defined as an individual person who exercises ultimate control over a legal person, through shares or stocks of direct or indirect ownership by 25% or more of the legal persons capital, or has the right to vote in it by 25% or more, including holding that ownership through a chain of ownership or control, or through control by any other means, such as the right to appoint or dismiss the majority of their Directors.

Overall, the UAE AML regulations reflect its commitment to preventing financial crimes and aligning with global standards in the fight against money laundering and terrorist financing.





CHAPTER

10

Legal System
in UAE



Introduction

UAE has a well-established legal system that provides a solid framework for conducting business. The legal system in the UAE follows a civil law system based on codified laws unlike common law with a mix of local legislation and federal laws. The UAE legal framework combines at least three legal systems: Islamic law, French law and Common law.

The UAE Constitution divides legislative and administrative responsibility between the Federal government and the seven Emirate governments.

UAE Federal government has exclusive legislative and administrative authority over foreign affairs, defense, international security, currency, immigration and federalization and exclusive legislative authority while sharing administrative authority with the Emirates, over labor relations, real estate, banks, insurance, civil and commercial transactions, intellectual property protection, printing, publishing and finance. Abu Dhabi.

The legal framework provides stability and clarity for businesses operating in the country and ensuring justice, equity and the welfare of the people.

Federal Statutes

The UAE has enacted various laws to govern various aspects of business activities. These include laws related to company formation and registration, foreign ownership, intellectual property rights, competition, and consumer protection. The regulatory framework aims to provide clarity, transparency and protection for businesses and investors. UAE also has robust labor laws designed to protect the rights and interests of both employers and employees. The laws prioritize fair treatment and create a balanced working environment. UAE has also developed specific laws and regulations to govern information technology and e-commerce. These laws cover areas such as data protection, electronic transactions, cybersecurity, and intellectual property rights in the digital sphere. Businesses operating in the UAE are expected to comply with the legal and regulatory requirements, maintain transparency, and adhere to ethical business practices.

Major Federal laws are:

- The Civil Code: Deals with Contract Formation, Contract of Sale, Principal & Agent etc.
- The Commercial Code: Deals with various commercial cases and Banking Operations
- Company Law: Deals with type of corporate Entities, Corporate formation & Governance. Companies Law now allows joint foreign ownership. It has Negative List for activities of strategic effect. The law allows wholly foreign owned branch offices. There is no longer a requirement to have a sponsor. It also exempts companies set up in Free Zones, which have their own regulations.
- The Commercial Agency Law: Deals with distributorships and agencies
- The Labor Law: Deals with worker rights and employer obligations
- The Penal Code: Deals with various crimes
- The Anti Cyber Crime Law: Deals with various crimes related to computer systems, the internet and social media

- Value-added Tax: Deals with issues added for Levy and collection
- Corporate Income Tax: Deals with corporate Income Tax and collection
- The Arbitration Law: Regulated Arbitration in UAE
- The Bankruptcy Law: Deals with regulations of Bankruptcy in UAE
- The Competition Law: Addresses Antitrust issues
- The Consumer Protection Law: Creates Consumer Protection rights
- The UAE Trademark Law: Deals with protection of Trade names
- The UAE Copyright Law: Deals with protection of Copyrights of Computer Software
- The UAE Patent Law: Deals with protection of Patent, Know-how and other industrial Intellectual property
- The UAE Property Law: Deals with protection of right of ownership, leasing, right to use, right to buy and right to dispose. Under the UAE Constitution, the UAE Federal government has exclusive legislative authority over real estate laws. However, the individual Emirates such as Dubai and Abu Dhabi have in recent years asserted control over rapid developments in the real estate sector

Emirates Level Legislation

- Free Zone Regulation
- Real Estate / Property Regulations
- Sector Specific Regulations - Such as Water & Electricity Sector's Real Property Regulations etc.

Court System & Dispute Resolution in UAE

UAE culture strongly favors conciliation/mediation, but has a court system as follows:

C. Arabic language Courts

1. Federal Court System
2. Emirate Level Court Systems
 - Dubai

- Ras Al Khaimah
- Abu Dhabi

In case of Arabic language courts, the cases are usually decided on written pleadings and documentary evidence - few opportunities to present live testimony by witnesses. Pleadings exchanged at brief hearings separated by gaps of time to file video or longer audio documents and evidence must be in Arabic and Courts often refer cases to 'experts' and there is relative ease of access to higher courts.

i. Federal courts are divided into:

- Court of First instance: located in major cities and towns throughout the UAE except for Dubai and Abu Dhabi. They have three major divisions - Civil section, Criminal section and Shari'a Section
- Court of Appeals
- Federal Supreme Court

ii. Abu Dhabi Courts are divided into:

- Abu Dhabi Courts of First Instance: are located in Abu Dhabi Al Ain and elsewhere. It has four major divisions:
 - Civil section
 - Commercial section
 - Criminal section
 - Personal status section
- Courts of Appeals located in Abu Dhabi, Al Ain and Madinat Zayed
- Abu Dhabi Court of Cassation

iii. Dubai Courts are divided into:

- Dubai Courts of First Instance - there are six major divisions are located in Abu Dhabi, Al Ain and elsewhere. It has five major divisions:
 - Civil section
 - Commercial section
 - Criminal section
 - Personal status section

- Labor section
- Real estate section
- Personal status section
- Court of Appeal
- Dubai Court of Cassation

b. Ras Al Khaima

- Ras Al Khaima Court of First Instance
- Ras Al Khaima Court of Appeal
- Ras Al Khaima Court of Cassation

c. English Language Courts

1. DIFC Court
2. ADGM Court

DIFC Court -

Parties can "opt-in" to DIFC Court jurisdiction. Rules of the DIFC Court have broadly interpreted the courts jurisdiction.

There are two-tier court system in DIFC

- DIFC Court of First Instance
- DIFC Court of Appeal

DIFC Court of Appeal judgments are not applicable also as documents and proceedings must be in English. DIFC Court applies DIFC law unless the parties choose a different law in their contract. DIFC law is written in English and applies only inside the DIFC and it is different from Dubai law outside the DIFC and for parties not covered by DIFC law, the DIFC Court will look to the laws of England and Wales. DIFC rules controllable oral witness testimony and follow Common-law procedures rules.

ADGM Court -

The ADGM Court has Two-tier court system. There are two-tier court system in DIFC.

- ADGM Court of First Instance
- ADGM Court of Appeal

It is generally for cross-border proceedings. Also, all documents and proceedings must be in English. There is direct application of English law in the ADGM and similar to DIFC parties can opt-in to jurisdiction of arbitral court jurisdiction.

Mediation

Certain examples of comments like Dubai chamber of commerce also helps in commercial mediation. UAE also has mediation law in form of federal decree law number 20 of 2012, which governs mediation and conciliation in UAE.



CHAPTER

11

Choosing the
Right Business
Structure



When establishing a business in the United Arab Emirates (UAE), it is essential to understand the different business structures available. The UAE offers various options to suit the specific needs and requirements of entrepreneurs and investors. The following steps are suggested for investors when deciding the right structure for your business in UAE:

- Commitment towards business in UAE
- Define your USP for UAE market
- Create Business Plan with Goals
- Identify right professional Partner/s
- Have the right team
- Understand the interplay between home country and UAE - in terms of Business and Tax

The most common business entity are sole proprietorships, free zone companies, limited liability companies and corporations. Here is an overview of the common business structures in the UAE:

Sole Proprietorship: This is the simplest and single individual owned business but requires having a residential permit and has unlimited liability towards the owner.

Professional sole proprietor can be opened by any nationality, but for commercial sole proprietor please needs to UAE or GCC national. Non-UAE nationals will also be required to appoint a local service agent (LSA). There is no minimum capital requirement.

Limited Liability Company (LLC) aka Ltd: is a popular choice for businesses in the UAE. It requires a minimum of two partners & maximum of 50 partners and allows for a combination of local and foreign ownership. LLCs provide limited liability protection to partners, separating personal and business assets. They are subject to UAE commercial law. It requires a UAE accredited auditor and requires a general manager.

Free Zone Company: The UAE has numerous Free Zones that offer attractive business setups for both local and foreign investors. Free zone companies provide 100% ownership to the shareholders, exemption from personal income taxes, and simplified business registration processes. They are ideal for all kinds of businesses, especially focusing on international trade, manufacturing and logistics. Operations are restricted to the specific free zone where the company is registered. They can either be Free Zone incorporation, Free zone company and Free zone PSC and offshore company. The Freezone companies can be subsidiary of parent company or can be a branch office as well as governed rules of Free Zones.

Cost Company: A cost company in the UAE is a business structure designed for specialist professionals such as doctors, lawyers and engineers. It allows local foreign investing, enabling professionals offer their services within the UAE. While they retain full ownership, a local service agent is typically required to assist with regulatory matters. For engineering, local UAE national with 51% ownership is required.

Representative: A representative is suitable for companies seeking to promote their products/services in the UAE, and the foreign entity wishes to sell goods or services within the UAE and is Unable or unwilling to make an equity investment in the sales and service infrastructure needed to deliver the goods or services to the customer. Foreign entity contracts with a local business to sell the goods or provide the services on behalf of the foreign entity. These contracts can be for agent, distributor, franchise or reseller.

Joint Venture: Joint ventures involve a partnership between two or more entities to undertake a specific project or business activity. Joint ventures can be established between local and foreign entities combining resources, expertise, and market insights. They are governed by a contractual agreement outlining the rights, responsibilities, and profit-sharing arrangements of the partners.

A Public Joint Stock Company (PJSC): A PJSC is a business structure well-suited for significant enterprises in the UAE. It involves offering shares to the public, allowing external investment. Additionally, a PJSC must meet a minimum share capital requirement ensuring the financial stability and viability of the enterprise. Can engage in industrial, commercial, and professional Business activities following Department of Economy and Tourism regulations. The company can be subsidiary of parent company. A PJSC has Board of Directors they are subject to UAE commercial law and required a UAE approved auditor.



Comparison between Mainland, Free Zone and Offshore companies:

Parameters	Free Zone	Mainland	Offshore
Regulatory Body	Free zone is a special economic zone providing regional benefits. Free zone is monitored by independent governmental or non-governmental free zone authorities and zones.	Mainland is an economic zone monitored by the Department of Economic Development (DED). The Department of Economic Development is a governmental body.	It is a Special Zone Entity and is registered outside UAE but considered located in UAE for legal, privacy and tax purposes.
Ownership	Guarantee status in free zone offers 100% foreign ownership.	Mainland company formation offers complete control over your business. However 100% foreign ownership is allowed in specific sectors as per the latest regulations. Otherwise, a local partner with 51% ownership is required.	100% Foreign ownership is allowed.
Area of Business	Companies in free zone is allowed to do business only within the free zone or outside the country. Free zone companies are also restricted in terms of the area they could do business.	Mainland companies have no restrictions and are allowed to do business anywhere in the UAE and across the globe.	They are used for international trade, wealth protection and investment activities.
Control on Business	Free zone companies may enjoy 100% ownership but the jurisdiction is controlled by private free zone entities that may change the rules applied to the free zone anytime.	Mainland companies are controlled by legal governmental bodies that protect you and your company. Mainland companies are formed in accordance with the legal contract terms with DED.	100% Foreign ownership but negative list countries are not allowed to form such companies.
Licensing	Getting a free zone license is done through a single window system. A business set up in a free zone may require certifications from various local bodies. However the process is managed by an independent free zone authority. An entity may apply for multiple business activities under a single license.	Getting a mainland license requires assessed documents and certifications. The process involves administrative authorities. An entity can have a single or varied business activity under a single license.	Licensing, etc. and incorporation process is required to be followed.

a Private Joint Stock Company (PJSC) in the UAE starts coincides with a KRAA not feature more stringent regulations concerning shareholders and the transfer of shares. PJSCs are often chosen for businesses seeking the advantages of a joint-stock structure while maintaining tighter control over ownership and shareholding. Minimum two shareholders are required and is suitable for all types of commercial & industrial activities other than Professional. Can have multiple branches. The company can be subsidiary of parent company. A PJSC has Board of Directors. They are subjected UAE commercial law and requires a UAE accredited auditor.

Partnerships: There are two types of partnerships in UAE i.e. a General partnership and Limited Partnership.

A General Partnership is a Company which consists of two or more partners who are natural persons and are jointly and severally liable to the extent of all their property for the liabilities of the Company.

A Limited Partnership is a Company which consists of one or more General Partners who are jointly and severally liable for the obligations of the Company and act in the capacity of a trader in addition to one or more Limited Partners who are held liable for the obligations of the Company only to the extent of their respective capital contributions and do not act in the capacity of a trader.

There are differing rules on foreign ownership. UAE nationals can only be general partners in limited partnerships. Limited partners are not allowed to be involved in management or affairs of General partners.

Branch office of a foreign company: A Branch office is a means for foreign companies to establish themselves in the UAE effectively extending the operations of the parent company. It operates under the same name and ownership of foreign company. No UAE ownership required. 100% foreign. Branching required at Federal and Emirate level.





CHAPTER

12

Trade Licences



In UAE, you cannot conduct your business till you have a trade license. Mainland and Free Zones both have their trade license regime.

Mainland Trade License

There are three types of trade licenses in mainland

1. Professional License

In the UAE, businesses and entrepreneurs are required to obtain a professional trade license from the Department of Economic Development (DED) in order to offer professional services to clients within Dubai mainland.

The purpose of the professional license is to verify that the individual or business possesses the qualifications necessary to provide services in a specific profession. Applicants typically need to demonstrate relevant skills or training.

All professionals, consultants, engineers, and artists intending to establish a company in Dubai mainland must obtain a professional trade license.

2. Commercial Trade License

Mainland companies involved in buying, selling, or trading goods and commodities, or conducting any form of trade, require a commercial trade license to operate in the UAE. This license is vital for the formation of a Limited Liability Company (LLC) or a Sole Establishment, enabling both to conduct a full range of trading activities within the UAE.

There are different types of commercial trade licenses available in the UAE. When navigating the company formation process, it is essential to apply for the appropriate type of commercial trade license that aligns with the specific trading activities of the business.



3. Industrial Trade License

Businesses intending to engage in industrial or manufacturing activities in the UAE must obtain an industrial trade license. This license permits activities related to the transformation of natural materials or the integration of natural resources into final products.

The DED issues the industrial trade license, but depending on the nature of the industrial activity, additional approvals may be required from authorities such as the Ministry of Finance, Ministry of Economy, Ministry of Energy and Infrastructure, and others.

Free Zone Trade License

There are generally six type of trade licenses in Free Zones.

Industrial License

An industrial license is required for industrial activities such as manufacturing & production of machinery products etc.

Commercial License

A commercial license is required for trading activities, import export, warehousing and distribution.

Professional License

Professional license is required for services such as consulting, accounting, legal and creative services of interior design and architecture etc.

Tourism License

This license is required of tourism sector such as hotels, tour operators and travel agencies.

Freelance Permit

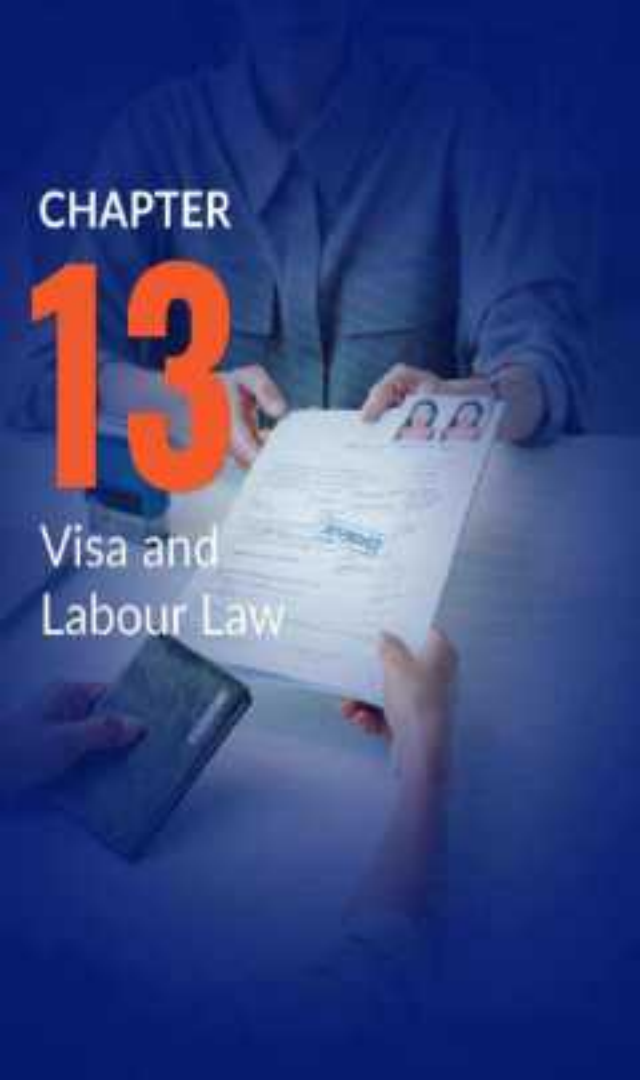
This license is designed for individuals who work as independent contractors rather than employees of the company.

E-commerce License

This license is required for businesses in online trading and ecommerce activities and online sales of goods.







CHAPTER

13

Visa and
Labour Law

Several Residence visas in the UAE based on business include:

- **Golden Visa.** This Business Visa is for foreign nationals who've invested in property and/or businesses in the UAE.
- **Green Visa.** The Green Visa is a type of residence visa that allows holder to self sponsor for five years.
- **Standard work visa (sponsored by the company)**
 - An employee in the private sector can get a normal employment visa valid for two years.
 - Renewable after two years.
 - Sponsored by an employer.
 - Allows employees to work for the sponsoring employer only.



The gashati process involves:

Step 1:

Entry Permit

Allows you to enter for upto 30 days and remain in UAE for 90 days. Avoid leaving the country during the Visa Process.

Step 2:

Status Change

In-country change or out country change. In country change happens when passport is submitted to immigration with a visit stamp and activate your visa and out country change happens if you present your passport for immigration on arrival to UAE.

Step 3

Medical Check and Emirates ID

The person has to go for blood test, chest X-ray, fitness test and Bio metrics, once everything is done official Emirates ID card is available.

Labour Law

The United Arab Emirates (UAE) had issued Federal Law No. 33 of 2021, The New Labour Law, which took effect Feb. 2, 2022. The Labour Law applies to all companies and employees in the private sector in the UAE, including its Free Zones, save for the Dubai International Financial Centre and the Abu Dhabi Global Market, which implement their own employment laws.

The UAE labour law deals with:

- Protections Against Discrimination
- Protection Against Harassment
- Equal Pay for Women
- Fixed-Term Employment Contracts
- Flexible Working Models
- Termination of Employment - Pre-Probation and Post-Probation and on Notice
- Notice Periods- Minimum and Maximum
- Suspension
- Internal Policy and Procedures
- Gratuity
- Maternity pay & leave
- Paternity leave
- Various Leaves and Holidays
- Deduction
- Non-Compete clause
- Overtime
- Recognition
- Retention of Employee Records
- Fines for Non-Compliance





CHAPTER

14

Banking in UAE



With more than 30 local & international banks operating in UAE, opening of bank account can take some time as each bank has its own internal methodology. The UAE banks provide following advantages:



- Online & Data Security
- Multi-Currency Accounts
- Cash Flow Management
- Payment for Tax Liabilities
- Business Loans and credit cards
- Privacy

Types of Banking

The type of Business Banking in UAE comes around the following:

- **Corporate Banking**- Generally for Large companies with UAE & 100M+ turnover and a lot of employees having need of complex transactions
- **Commercial Banking**- Mostly for medium to small sizes of companies requiring borrowing and complex cash management needs
- **Business Banking**- Small companies \$1m to \$5m in revenue, few employees, simple borrowing and cash management needs
- **Digital Bank**- For Startups requiring zero balance account and almost instantaneous opening of bank account.

General Process to open a Bank Account

Step 1

Start the required application process (Business Plan is generally required)

Step 2

Organize Legal & Corporate documents

Step 3

Select a bank as per your needs

Step 4

Check bank's requirements for proof of residence (with certain banks)

Step 5

Submit application

Step 6

Wait for application approval

Step 7

Background Check

Step 8

Interview by Bank officials (Required in certain cases)



CHAPTER

15

UAE Tax



UAE Tax

The UAE is known for its lack of personal income tax and has historically relied on oil-tax revenues. The petroleum sector. To diversify revenue, the government introduced consumption taxes (including excise taxes and a value-added tax (VAT) in 2018). In 2023, the UAE Ministry of Finance announced the introduction of a federal corporate tax (CT) to align with international standards and promote a fair business environment. The CT is applicable nationwide, imposing a direct tax on corporations' net income. To ensure compliance and transparency, the UAE has also introduced transfer pricing (TP) regulations and documentation requirements. The Federal Tax Authority (FTA) oversees the administration, collection, and enforcement of the UAE CT and other federal taxes. The UAE CT Law grants the Cabinet the power to define various aspects, while the Ministry of Finance retains its role as the "competent authority" for tax agreements and international information exchange. This balance of power fosters effective implementation, regulation, and international cooperation in taxation.



CT (Corporate Tax) and Tax Rates

According to UAE Corporate Tax (CT) Law, CT is levied on a Taxable Person based on their Taxable Income during a Tax Period, as per the rates specified under the CT Law.

The CT rates differ based on the classification of the taxpayer:

Free zone	Tax rates
For Qualifying Income	0%
For Non-Qualifying Income	9%
Other than Free zone	Tax rates
If the Taxable Income does not exceed AED 375,000	0%
If the Taxable Income exceeds AED 375,000	9%

These tax rates determine the percentage of tax payable by corporations and businesses operating in the UAE based on their income level and classification. It is important for taxpayers to accurately assess their income, understand their qualifying status, and comply with the relevant tax regulations to determine their tax liability correctly.

4.1 Withholding tax

Certain types of UAE-sourced income paid to non-residents without a permanent establishment in the UAE may be subject to a 5% withholding tax under Article 15. Due to the 0% rate, no withholding tax will be due. Consequently, UAE businesses and foreign recipients of UAE-sourced income will have no withholding tax-related registration or filing obligations. Additionally, withholding tax does not apply to transactions between UAE resident persons.

4.2 Corporate tax registration

For corporate tax (CT) in the UAE, every taxable person is required to electronically register with the Federal Tax Authority (FTA) within a specified timeframe and obtain a Tax Registration Number. There is no registration threshold for UAE CT, meaning that all taxpayers, regardless of their income level, must register before filing their CT return. Additionally, certain persons who are eligible to claim exemptions from CT may still be required to register for CT and obtain a Tax Registration Number. These include:

- Qualifying Public Benefit Entity;
- Qualifying Investment Fund;
- Entities or Social Security Funds that are subject to regulatory oversight of the competent authority in the UAE and that meet any other conditions that may be prescribed by the FTA;

- a Juridical Person incorporated in the UAE that is wholly owned and controlled by an exempt Govt. Entity, a Govt. Controlled Entity, a Qualifying Investment Fund, or a Pension or Social Security Fund meeting the conditions specified as above;
- any other Person as may be determined by a Central Decision.

4.3 Tax Residency for Juridical Persons in the UAE

Corporate tax is imposed on a taxable person. Taxable people include Juridical Person and Natural Persons conducting business or business activities.

Resident/juridical person

Resident juridical person is considered a tax resident in the UAE under any of the following conditions:

- UAE Incorporation:** The entity is a juridical legal person incorporated, established, or recognized under UAE law, including Free Zone entities & Companies incorporated in the UAE with a legal identity distinct from their owners, founders, and directors. This includes entities such as Joint Liability Companies, Limited Partnership Companies, United Liability Companies (ULC), Public Joint Stock Companies (PJSC), as well as foundations and trusts established under UAE mainland legislation or Free Zone regulations.
- Foreign Entities Managed in the UAE:** A juridical person incorporated, established, or recognized under the laws of a foreign jurisdiction, but effectively managed and controlled in the UAE. For such entities, if their Place of Effective Management and Control (PEMC) is in the UAE, they are considered UAE tax residents.

The Place of Effective Management (POEM) refers to the location where key management and commercial decisions essential to the business of a juridical person are made in substance. This is typically where the company's board of directors resides and makes strategic decisions. If the POEM is in the UAE, the foreign juridical person is considered a resident taxable person in the UAE.

- He has a permanent place of residence in UAE; or
- He is employed in UAE or has a business in UAE.

For natural persons, physical residence in the UAE—whether through ownership or a residency visa—is not the determining factor for Corporate Tax purposes or for assessing the taxability of their income. Instead, the determination is based on the following criteria:

1. If a natural person resides in the UAE and conducts business or business activities in the UAE, they are considered a Resident Person and, therefore, a Taxable Person for Corporate Tax purposes.
2. If a natural person resides outside the UAE—such as having their home in another country—without the presence of a Double Tax Agreement (DTA) with such person conducting business or business activities in the UAE will be deemed a Resident Person for Corporate Tax purposes.

Therefore, in the absence of a DTA, any natural person conducting business or business activities in the UAE is considered both a Taxable Person and a Resident Person as defined by the Corporate Tax Decree Law.

A natural person is subject to Corporate Tax on their business or business activities only if the total turnover derived from these activities in the UAE exceeds AED 1 million within a Gregorian calendar year. This AED 1 million threshold includes:

- Revenue generated by business activities
- Investment income earned from business investments
- Proceeds from the sale of business assets
- Any other revenue attributable to the business

Non-Resident Juridical person

A non-resident legal entity (juridical person) is an entity that does not fulfill the criteria for being a resident legal entity and meets at least one of the following conditions:

- Has a permanent establishment in the UAE
- Derived income from sourced within the UAE
- Has a branch in the UAE

Tax residency of Resident Natural Persons in UAE

Resident natural person

Resident natural person shall be considered a tax resident in UAE in either of the following cases:

- a. If his usual or primary place of residence and the center of his financial and personal interests are in UAE; or
- b. If he has been physically present in UAE for a period of (120) one hundred and eighty-three days or more, within the relevant last twelve consecutive months; or
- c. If he has been physically present in the State for a period of (90) ninety days or more, within the relevant last twelve consecutive months, and he is a UAE national, holds a valid Residents Permit in the State or holds the nationality of any member state of the Gulf Cooperation Council (GCC) and meets any of the following

For a natural person, income from the following categories is not considered as arising from a business or business activity, and is therefore excluded when determining turnover and not subject to Corporate Tax, regardless of the amount:

- Wages
- Personal investment income
- Real estate investment income

Non-Resident Natural Person

If a natural person resides in a country that has an applicable Double Taxation Agreement (DTA) with the UAE and, as a result of the application of that DTA, is not considered a resident in the UAE, they are classified as a Non-Resident Person. Consequently, they would be taxed as a non-resident on the income earned in the UAE.

Corporate tax Base

Resident taxable person	Tax base
JURIDICAL person in UAE (including a free zone entity)	Worldwide income
A foreign juridical person that is effectively managed and controlled in the UAE	Worldwide income
A natural person/individual who conducts a business or business activity in the UAE	Worldwide Taxable income i.e. Business or Business Activity conducted in UAE

Non-Resident taxable person	Tax base
Not Permanent Establishment (PE) in UAE	Taxable income attributable to the PE in case of non-resident natural persons only on business or business activity conducted from the UAE PE and only if the Turnover attributable to the Permanent Establishment exceeds AED 3 million within a Gregorian calendar year.
Derives UAE Sourced income	UAE Sourced income not attributable to the UAE permanent establishment
Has a nexus in the UAE	Taxable income attributable to the nexus in UAE

Exempt income

The following types of income and their related expenditures are not considered when determining taxable income for Corporate Tax purposes:

1. Dividends and other profit distributions received from a Resident Person. Dividends received from a juridical person that is a Resident Person are always considered Exempt income for Corporate Tax purposes, with no additional conditions.
2. Dividends and other profit distributions received from a Participating Interest in a foreign juridical person. A foreign dividend which is a dividend received from a foreign juridical person that is a Non-Resident Person, is considered Exempt income for Corporate Tax purposes if two conditions of the Participation Exemption are met:
 - a. Gains or losses from the transfer, sale, or other disposition of a Participating interest by part thereof;
 - b. Foreign exchange gains or losses;
 - c. Impairment gain or losses.
3. Income of a Foreign Permanent Establishment that meets the conditions in Decree-Law. Income from a Foreign Permanent Establishment is considered Exempt income if it meets specific conditions outlined.
4. Income derived by a Non-Resident Person from operating aircraft or ships in international transportation that meets the conditions in Decree-Law. Income from the operation of aircraft or ships in international transport by a Non-Resident Person is Exempt income if the conditions specified.

These categories of Exempt income are excluded from the calculation of Taxable income for Corporate tax purposes.

Small Business Relief

Small Business Relief is available to small businesses resident in the UAE for Corporate Tax purposes to simplify their transition to the Corporate Tax regime. This relief aims to reduce the compliance burden for small businesses during the initial stages of the Corporate Tax regime, mainly by exempting them from the requirement to calculate and pay Corporate Tax.

Any eligible Taxable Person (either a Natural Person or a Juridical Person that is a Resident Taxable Person) and has revenue defined as the total gross income derived during a Tax Period, including exempt income of AED 500,000 or less in a relevant Tax Period beginning on or after June 1, 2023, and for all previous Tax Periods ending on or before December 31, 2028, can choose to be treated as having no Taxable income for that period. Such persons will not be required to calculate their Taxable income or complete a tax tax return.

Financial Records and Corporate Tax Law

Financial statements play a critical role in reflecting a business's financial performance and are essential for compliance with Corporate Tax Law. The Accounting Income (profit or loss) reported in these Financial Statements serves as the foundation for calculating Taxable income.

Accounting Methods:

- **Cash Basis Accounting:** Taxable Persons with Revenue not exceeding AED 5,000,000 in a Tax Period may use this method.
- **Accrual Basis Accounting:** Once Revenue surpasses AED 5,000,000 in a Tax Period, Financial Statements must be prepared using the Accrual Basis, unless exceptional circumstances are approved by the Federal Tax Authority (FTA).

Compliance with Standards:

- **IFRS Compliance:** Financial Statements must be prepared in accordance with International Financial Reporting Standards (IFRS).
- **IFRS for SMEs:** Taxable Persons with Revenue under AED 50,000,000 may opt for IFRS for Small and Medium-sized Entities (SMEs), ensuring consistency across various business types and industries.

FTA's Authority:

The FTA may require a Taxable Person to submit their Financial Statements to determine their Taxable Income. If a Taxable Person is a partner in an Unincorporated Partnership, the FTA can also request Financial Statements that detail the partnership's overall financials, as well as the partner's distributable share.

Audit Requirements:

The following entities must maintain audited Financial Statements:

- Taxable Persons with Revenue exceeding AED 50,000,000 during the relevant Tax Period.
- Qualifying Free Zone Persons.

Tax Returns:

Corporate Tax regime states the importance of Tax Returns and related disclosures for the efficient administration and enforcement of taxes.

Filing Requirement: Every Taxable Person, which refers to any individual or entity subject to corporate tax, is required to file a Tax Return for each Tax Period. The Tax Period is typically the financial year of the entity.

Filing Deadline: Tax Returns must be filed with the Authority within nine months from the end of the relevant Tax Period.

Free Zone Persons:

Free Zones are a vital component of the UAE economy, playing a key role in promoting economic growth and transformation both domestically and internationally. These zones provide businesses with several benefits, including relaxed foreign ownership restrictions, streamlined administrative procedures, modern infrastructure, well-developed business communities, and access to additional legal entity forms and commercial activities.

To acknowledge the ongoing significance of Free Zones, the UAE Corporate Tax rules allow Free Zone companies and branches that meet specific conditions to benefit from a 0% Corporate Tax rate on certain qualifying activities and transactions. Similarly, the Corporate Tax rules for Free Zones are designed to provide a 0% Corporate Tax rate on qualifying income from:

- Transactions between Qualifying Free Zone Persons (QFZPs) and Free Zone Persons, where the Free Zone Person is the beneficial recipient of these transactions.

- Cannot conduct carried out within the designated geographical areas of a Free Zone specifically for distribution activities.

Qualifying Free Zone Person Requirements

A Qualifying Free Zone Person must meet all of the following criteria:

- **Maintains adequate substance:** This includes having core income-generating activities within the Free Zone, adequate assets, an adequate number of qualified employees and incurring an adequate amount of operating expenditures.
- **Derives qualifying income:** The entity must generate income that is considered qualifying under the relevant regulations.
- **Has not elected to be subject to Corporate Tax (CT):** The entity must choose not to be subject to CT in respect of the CT tax rate.
- **Complies with the Anti-Large Principals and Beneficial Ownership documentation requirements:** Transactions must be conducted at market value as if the parties were unrelated, and proper transfer pricing documentation must be maintained.
- **Meets any other conditions as prescribed by the Minister.**

Additional Free Zone Requirements

- **Non-qualifying revenues do not exceed the 25 percent threshold:** The amount of non-qualifying revenues must not surpass the set limit.
- **Prepares audited financial statements in accordance with the law:** The entity must maintain audited financial statements that comply with legal requirements.

Adequate Substance Requirements

- **Core income-generating activities (CIGAs) within the Free Zone:**
- **Adequate assets:** Sufficient assets must be maintained to support the business activities.
- **Adequate number of qualified employees:** The entity must have a sufficient number of skilled employees.
- **Adequate operating expenditures:** The entity must incur enough operating expenditures to carry out its business activities.

Note:

- CIGA activities can be outsourced to a party located in a Free Zone Entity (FZE), provided that the Free Zone Person maintains adequate supervision over the outsourced activities.
- CIGA exceeds Qualifying Intellectual Property can be outsourced to another person where the UAE or to a non-related party outside the UAE, provided the Qualifying Free Zone Person adequately supervises the outsourced activities.

Qualifying Income

Qualifying Income is defined in relation to the following categories of income:

- transactions with a Free Zone Person who is the Beneficial Recipient of the transaction (except Revenue from Excluded Activities).
- transactions in respect of Qualifying activities (except Revenue from Excluded Activities).
- Qualifying income from Qualifying Intellectual Property and
- other sources (including Revenue from Excluded Activities) if the QZP satisfies the substance requirements.

However, Revenue from the following sources will not give rise to Qualifying income, even if it falls within the items listed above:

- Revenue attributable to a Foreign Permanent Establishment;
- Revenue attributable to a Domestic Permanent Establishment;
- Revenue in respect of immovable property other than Commercial Property located in a Free Zone when the income arises from a transaction with a Free Zone Person; and
- Revenue from the licensing or exploitation of intellectual property other than Qualifying income from Qualifying Intellectual Property.

List of Qualifying activities:

A Qualifying Free Zone Person (QFZP) can benefit from a 0% Corporate Tax rate on income derived from selling services or goods (excluding those related to Excluded Activities) to other Free Zone Persons provided those persons are the beneficial recipients of the services or goods.

Additionally, if a QFZP sells services or goods to Non-Free Zone Persons, it can still qualify for the 0% Corporate Tax rate, as long as the income is derived from transactions related to the following Qualifying Activities:

- Manufacturing of goods or materials
- Processing of goods or materials
- Trading of Qualifying Commodities
- Holding of shares and other securities for investment purposes
- Ownership, management, and operation of ships
- Restaurant services
- Fund management services
- Wealth and investment management services
- Providing headquarters services to Related Parties
- Offering treasury and financing services to Related Parties
- Leasing and letting of aircraft
- Distribution of goods or materials, in or from a Designated Zone
- Logistics services

These conditions enable QFZPs to take advantage of the 0% Corporate Tax rate by engaging in specific business activities as outlined under UAE Corporate Tax regulations for Free Zones.

Excluded activities

Revenue from Excluded Activities is considered non-qualifying revenue for the purposes of meeting the minimum requirements, unless the revenue is attributable to a Free Zone Person's Foreign Permanent Establishment, Domestic Permanent Establishment, or pertains to immovable property, in a Free Zone that does not generate Qualifying income.

The following activities are classified as Excluded Activities:

- Any transactions with natural persons, except for transactions related to:
 - Ownership, management, and operation of ships
 - Fund management services that are under the regulatory oversight of the Competent Authority in the UAE
 - Wealth and investment management services that are under the regulatory oversight of the Competent Authority in the UAE
 - Financing and leasing of aircraft including engines and rotatable components
- Banking activities
- Insurance activities, except for:
 - Reinsurance services
 - Exported insurance activities that are part of headquarter services to Related Parties
- Finance and leasing activities, except for:
 - Ownership, management, and operation of ships
 - Treasury and financing services to Related Parties
 - Financing and leasing of aircraft including engines and rotatable components
- Ownership or exploitation of immovable property, except for commercial property located in a Free Zone where transactions related to such commercial property are conducted with other Free Zone Persons.



Understanding VAT in the UAE

Introduction to VAT

Value Added Tax (VAT) is a consumption tax levied on the value added to goods and services at each stage of production or distribution. In the United Arab Emirates (UAE), VAT was introduced on January 1, 2018, as part of the government's efforts to diversify revenue sources and reduce dependency on oil-related income.

Designated and Non-Designated Zones

In the UAE VAT system, a Designated Zone refers to specific areas that are treated as outside the UAE for VAT purposes, meaning certain supplies within these zones are not subject to VAT, particularly for goods as long as specific conditions are met (such as the goods not being consumed within the UAE). There is no exemption for services other than if the service is exported, or in other words made to an individual who is a resident and located outside the GCC states, then the services may be considered as zero-rated supplies.

In contrast, Non-Designated Zones are areas within the UAE that do not have this special treatment, meaning VAT applies to goods and services as per the standard rules (5%).

The primary distinction lies in the tax treatment, with Designated Zones offering some tax relief in accordance with strict rules.

Designated zones in UAE

Abu Dhabi

- Free Trade Zone of Khalifa Port
- Abu Dhabi Airport Free Zone
- Khalifa Industrial Zone
- Al Ain International Airport Free Zone
- Al Batain International Airport Free Zone

Sharjah

- Hamriyah Free Zone
- Sharjah Airport International Free Zone

Ajman

- Ajman Free Zone

Ras Al

- Jebel Ali Free Zone (North-South)
- Dubai Cars and Automotive Zone (DUCAMZ)
- Dubai Textile City
- Free Zone Area in Al Qudra
- Free Zone Area in Al Qudra
- Dubai Aviation City
- Dubai Airport Free Zone
- International Humanitarian City - Jebel Ali

Umm Al Quwain

- Umm Al Quwain Free Trade Zone in Ahmad Bin Rashid Port
- Umm Al Quwain Free Trade Zone on Sheikh Mohammed Bin Zayed Road

Special Economic Zones

- RAK Free Trade Zone
- RAK Maritime City Free Zone
- RAK Airport Free Zone

Fujairah

- Fujairah Free Zone
- Fujairah Off-Industry Zone (FOIZ)

Place of Supply

Under UAE VAT law the place of supply determines where a transaction is taxed and depends on the nature of the supply: goods or services. Here are the key rules:

1. Supply of Goods

- **Within UAE:** If the goods are located within the UAE at the time of supply and are not exported, the place of supply is the UAE and VAT is applicable.
- **Import of Goods:** The place of supply is the UAE if goods are imported into the UAE and VAT is payable by the importer.
- **Export of Goods:** The place of supply for goods exported from the UAE is considered outside the UAE, and these supplies are typically zero-rated.

2. Supply of Services

- **Standard Rule:** For services the place of supply is usually where the supplier's fixed establishment or residence is located.
- **Special Cases:**
 - **Real Estate Services:** The place of supply for services related to real estate (e.g., leasing, selling, construction) is the location of the real estate.
 - **Transportation Services:** The place of supply for transportation services is where the transportation begins.

3. Cross-Border Supplies of Services

- If services are provided to a non-resident and the recipient is located outside the UAE, the place of supply is considered outside the UAE, and the services may be zero-rated.

4. Electronic Services

- For electronic services the place of supply is where the recipient of the service is located, regardless of the location of the supplier.

These rules are designed to ensure that VAT is applied consistently to both domestic and international transactions. There are certain exemptions for designated Free Zones.



VAT Rates

The standard VAT rate in the UAE is 5%, making it one of the lowest rates globally. Some goods and services, however, may be subject to a zero-rate (0%) or be exempt from VAT.

Registration

Businesses with an annual turnover exceeding AED 375,000 (approximately USD 102,000) are required to register for VAT. Voluntary registration is also allowed for businesses below this threshold. Failure to register can result in penalties.

VAT Invoicing

Registered businesses must issue VAT invoices for taxable supplies. These invoices must include specific details such as the VAT amount, VAT registration number, and other relevant information.

Input and Output VAT

Businesses collect VAT on behalf of the government (output VAT) and can deduct VAT paid on their expenses (input VAT). The difference is remitted to the government.

Filing and Payment

VAT returns must be filed regularly, typically quarterly, and payments made accordingly. Penalties for late filings or non-compliance can be substantial.

Exemptions and Zero-Rated Supplies

Certain goods and activities are exempt or zero-rated under UAE VAT law. Examples of zero-rated supplies include exports, healthcare, education, and certain real estate transactions.

Impact on Consumers

VAT has led to a modest increase in the cost of living and doing business in the UAE. However, the government has taken steps to mitigate its impact on lower-income individuals.





CHAPTER

16

Requirements for
Establishing Business
in UAE



Regulatory requirements for establishing business in UAE

1. **Business License:** Depending on your business activity and location (mainland or free zone), you'll need to obtain the appropriate business license from the relevant authority. This license authorizes you to operate legally within the UAE.
2. **Incorporating a Business Entity:** Incorporating a business entity in the United Arab Emirates (UAE) involves choosing a legal structure, selecting a unique business name, registering with the relevant UAE government authority, appointing directors or managers, and complying with local regulations. The process also requires drafting formation documents.
3. **Trade Name Registration:** Register your business name with the DCD or the relevant free zone authority. The chosen name must comply with UAE naming rules.
4. **Office Space:** You need to lease an office space that meets the requirements of the relevant authority. The space will serve as your company's official address. Virtual space is possible in Free zones.
5. **Approvals and Permits:** Depending on your business activity, you may require specific approvals or permits from government departments or ministries. For example, certain industries like healthcare and education have additional regulatory requirements.
6. **Visa and Employment Permits:** If you plan to employ expatriates, you'll need to obtain employment visas and work permits for them. This process typically involves medical tests and background checks. If dear you need Visa, please decide.
7. **Corporate & Value Added Tax (VAT) Registration:** If your business is liable for VAT, you must register with the Federal Tax Authority (FTA) for VAT purposes and comply with VAT regulations. For corporate tax (CT) in the UAE, every taxable person is required to electronically register with the Federal Tax Authority (FTA) within a specified timeframe and obtain a Tax Registration Number.
8. **Compliance with Labor Laws:** Ensure compliance with UAE labor laws, including the drafting of labor contracts, employee benefits, and adherence to working hours and conditions.
9. **Environmental Compliance:** Certain industries may need to meet environmental regulations, including waste disposal and emissions standards.
10. **Intellectual Property Protection:** Consider protecting your intellectual property by registering trademarks, copyrights, and patents if necessary.
11. **AML Regulations:** Depending on your industry, you may be required to perform customer due diligence, transaction monitoring, reporting suspicious activity to the Financial Intelligence Unit (FIU), and maintaining proper records.
12. **Health and Safety Standards:** Adhere to health and safety standards applicable to your business, which may involve safety inspections and compliance with occupational health guidelines.
13. **Free Trade Agreements:** The UAE has established several Free Trade Agreements (FTAs) to enhance economic cooperation and expand trade opportunities globally. These agreements allow the UAE to negotiate lower trade barriers, increased market access, and ongoing investment opportunities. You may want to check FTA establish best cost scenario for your export / import business.
14. **Customs and Import/Export Regulations:** If your business involves importing or exporting goods, be aware of customs regulations and obtain the necessary permits and clearances.

CHAPTER

17

Conclusion



Establishing a business in the United Arab Emirates (UAE) involves several key steps, which may vary slightly depending on the emirate and the type of business activity. Nevertheless, UAE is Your Gateway to success.

Opportunities: UAE offers a vibrant and promising market for businesses looking to expand their reach and tap into new opportunities. It has high purchasing power and a diverse consumer base. The retail, hospitality, and tourism sectors have experienced significant growth due to the UAE's reputation as a global tourism and business destination.

Stable and Growing Economy: The UAE boasts a stable and growing economy driven by diversification efforts. The country's commitment to economic diversification and investments in infrastructure make it an attractive market for businesses across various industries.

Strong Consumer Base: UAE's population comprises a mix of Emiratis and expatriates from around the world. With a high standard of living and disposable income, the UAE offers a strong consumer base that demands a wide range of products and services. This presents opportunities for businesses to cater to diverse consumer preferences and tap into high-value markets.

Strategic Location: UAE's strategic location at the crossroads of Europe, Asia, and Africa, especially the northern region provides businesses with access to emerging markets and a gateway for global trade. The country's well-connected infrastructure, including modern airports and seaports, facilitates efficient logistics and enables businesses to reach customers regionally and internationally.

Growing Tourism Industry: UAE is a global tourism hotspot, attracting millions of visitors each year. With iconic landmarks, luxurious resorts, water parks, shopping, and entertainment options, the

tourism industry presents significant opportunities for businesses in hospitality, retail, food, and beverage, and leisure sectors.

Infrastructure Development: UAE has made substantial investments in developing its infrastructure, including transportation networks, smart cities, and sustainable initiatives. This presents opportunities for businesses involved in construction, engineering, technology, and related industries.

Innovation and Technology: UAE has embraced digital transformation and innovation. The government's initiatives, such as Dubai Internet City and Abu Dhabi Hub, support entrepreneurship and offer opportunities for businesses in sectors such as fintech, e-commerce, artificial intelligence, and smart city solutions.

Free Zones: UAE offers numerous Free Zones such as RAKEZ, DFC, IFZA, Hayat, CommerCity, Hamdan and JAFZA, etc. that provide attractive incentives for businesses, including 100% foreign ownership, tax exemptions, and streamlined business setup processes. These Free Zones can be gateway for import and export business activity for MENA region, Europe and USA.

Green and Sustainable Initiatives: UAE has implemented green initiatives and renewable energy projects. This creates opportunities for businesses involved in clean energy solutions, waste management, sustainable construction, and eco-friendly products and services.

JP Chawla & Co. LLP

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