

Why and how to set up a company in the UAE

Over the last years, the United Arab Emirates have grown to a leading place for business, cross border as well as local investments and international economical relations. Still, many questions, misunderstandings and clichés prevent European entrepreneurs from entering into this market and participating in these opportunities.

Here are some answers, clarifications and impulses for those who as still considering.



The first answer: Yes, taxes in the UAE are low. Much lower than Europeans can imagine. However, if tax optimization is your only motivation, think about it again.

The tax matter needs always to be put in context with the whole international engagement and individual aspects of tax regimes. Exit taxation must also be included in the calculation, as well as the global taxation principal and the appropriateness of reinvesting profits locally. The establishment of a subsidiary is also very different to the formal relocation of the company's headquarter or even transferring the whole business.

The UAE are a safe and well-regulated place to live and do business. Starting and developing business needs the right mixture of reliable rules on one side and opportunities to grow on the other side. While emerging markets do not offer a stable political, social and legal environment, European countries in some aspects suffer over-regulation and slowness of bureaucracy.

The UAE offer a dynamic business environment with modern infrastructure and a multicultural workforce, making it a prime destination for companies seeking to expand in the Middle East. They are a well-regulated and highly secure business-hub, connecting partners from Europe to Middle East, Asia and beyond. Operating from the UAE opens business opportunities, which cannot be reached from Europe. The UAE are politically stable, have strong capital flow, a diversified economy and a favorable tax environment and are a mindful regulated, but highly competitive economy.

Further, the UAE fully comply with all international standards of money laundry and anti-fraud regulations and are recognized partner of all super-national supervisory bodies.

The last years have proven that the development of the UAE is not just a “bubble”. The real estate market continues to grow, the employment rates are constantly rising as the population in general is in the UAE and international investments are attracted as nowhere else.

The UAE became the ideal environment to connect for international business, to develop global strategies and to reach new markets and business partners.

Therefore, there are much more good reasons for starting and expanding business activities in the UAE than only tax matters. As everywhere, the first step is the process of setting up the right kind of company and acquiring the right licenses.

In general, there are two possibilities under which rules to set up the company: “mainland” and “free zone”. Free zones are designated areas that offer business incentives and tax exemptions to foreign individuals and companies to encourage international investment and settlement of business.

Mainland companies have stricter rules for set up and operation but enjoy higher reputation and safety for business partners. They need a certain share of owners which are UAE residents, require a physical office (min. 200 sq. ft.) and various approvals from governmental agencies.

Free zones have their own laws and regulations to registered companies, combined with setup solutions for easier establishment of business. The free zones offer their own incorporation process, which is fast and efficient.

Further, they offer all-inclusive packages, which include – depending on the specific needs of the founders – not only the establishment of the company but also trade licenses, support to open bank accounts and for the visa process. They connect with real estate agents, schools and last but not least with like-minded entrepreneurs. By this, free zones are not only places to register one’s business but also places to develop it.

If aspects as the size of the business, the expected activities and future development - as far as possible to estimate - are considered as well as the financial possibilities and context to other business activities and markets, together with the support of the right tax and legal advisors the business can be set up faster than expected.

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