

FAQ - Company Formation In Dubai \ JLT \ RAK \ Azman, UAE

Country – Dubai, UAE

Point

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1. Advantage of Business Setup in Dubai, UAE

- Well planned, developed & growing economy
- Part of fast growing economy in GCC country
- Strong and well balance country with business growth
- Well developed banking and financial hub
- Secured and safe business environment
- Basic business rule and policy in line with international business standard
- Well developed infrastructure, port, transport facility
- Liberal Immigration policy
- Well cultured and educated work force
- Well connected with GCC, Europe, Africa and Asian Market
- Major hub for MNCs, Trading house and Investment banker

2. Preferred Business Destination

As per the business study and Government data, major businesses in Dubai, UAE are:

- Trading hub – Electronic, Electrical, Computer, Garments & FMCG products
- Investment banker, Assets Management Companies & Private Equity Funds
- International banking and financial Hub
- Shipper and Forwarding Agent, onwards exports and Shipment
- Gold, Gems and Jewelry, Diamond studded ornaments
- Tourism, oil, power, automobiles and EPC contracts
- Garments, Food grain, Pharma, Perfumes and healthcare products
- Major Trade with GGC, Asian, African and EU Market

3. Type of Business entity

- Limited Liability Company – LLC Company
- Free Trade Zone Company – FZC
- Free Trade Zone Enterprises – FZE
- Offshore Company

Limited Liability Company – LLC

We generally recommend the LLC Company considering the nature of business plan in UAE. It is also commonly known as LLC Company and having separate legal entity. In this LLC, as per norms you need to give 51% shares to local UAE resident Partner. However, you will have full liberty and freedom to do business and day to day banking. UAE partner shall play very limited role in day to day and business policy decision.

Major benefits of LLC Company

- It has separate Legal entity in law
- Shareholders are not liable for company's debts beyond the own share capital
- Residence visa available for owners, employees and his family members
- No Tax filing and no need to maintain any book of account
- Suitable when plan to do local business in UAE and GCC countries
- 51 % equity share with UAE Local resident, hence no legal issue in home country

Free Trade Zone Company – FZC & FZE

We strongly recommend the Free Trade Zone Company considering the nature of business plan in GCC and overseas market. It is also commonly known as FZC Company and having separate legal entity. In this company, as per norms you will have 100% ownership with you and no need to have any local UAE resident Partner. You will have full liberty and freedom to do business and day to day banking.

There are several Free Trade Zones in UAE. Zones are developed considering the location, business focus and priority of the nation's business policy. Few names are – Jabel Ali FTZ, JLT FZC, SAIF Zone, Azman FZC, Hamaria FZC, RAK FZC and many more.

Formation, License fees & time frame varies as per zone policy. Hence depends upon the business plan and products, we shall recommend the suitable zone for you to set up.

FZC - formed company with more than 2 shareholders and directors.

FZE - formed company with 1 shareholder and director (both are same)

Offshore Company

Offshore company shall be formed when you are not planning to stay in UAE and do business and investment in any part of world. This is suitable to carry out trading, investment and overseas business. Resident visa is not available to owners.

Formation & time frame varies as per zone policy. Hence depends upon the business plan and products, we shall recommend the suitable zone for you to set up.

4. Advantage of company having Company in UAE

Advantage of LLC Company

- 49 % ownership allowed in Company by Foreigners and 51% with UAE Local Resident
- Zero tax on profit , income, gain and full repatriation allowed
- Normally 2 or more resident visas are available to stay in UAE for owners \ employees.
- Any individual can incorporate a UAE company.
- Company can do wide range of business & investment with less restrictions
- Local office \ shop \ manufacturing facility can be developed
- Undertake work contract, Infra projects and real estate developments
- Have business set up in any part of UAE and no restriction to do business

Advantage of FZC \ FZE

- 100 % ownership allowed in Company by Foreigners.
- Zero tax on profit, income, gain and full repatriation allowed
- Normally 2 resident visas are available to stay in UAE for owners \ employees.
- Any individual or corporate body (overseas) may incorporate a UAE company.
- Easy to form and run the business, ware housing & manufacturing in UAE.
- Minimum One director required to form company and can have more if required
- No Local Shareholder & Director required to form and manage the company
- No major restrictions on the type of business activities that a company can engage in.
- No special approvals are required by foreigner means they are at par with locals.
- No Restriction or obligation for local employment of work force.
- Minimum paid up capital requirement for a UAE company. The usual authorized share capital is AED 150,000.
- Company can issue Ordinary shares
- Local Registered office required – provided by Free Trade Zone.
- Your presence is compulsory to form FZC company and open the bank account

Advantage of Offshore Company

- 100 % ownership allowed in Company by Foreigners.
- Zero tax on profit, income, gain and full repatriation allowed
- No need to take resident visas to stay in UAE.
- Your presence is not required to form company
- No audit required at the time of renewal of company
- Any individual or corporate body (overseas) may incorporate a UAE company.
- Easy to form and run the business in UAE and any part of the world
- Minimum One director required to form company and can have more if required

- No Local Shareholder & Director required to form and manage the company
- No major restrictions on the type of business activities that a company can engage in.
- No special approvals are required by foreigner means they are at par with locals.
- No Restriction or obligation for local employment of work force.
- Minimum paid up capital requirement for a UAE company. The usual authorized share capital is AED 100,000 to AED 200,000.
- Company can issue Ordinary shares
- Local Registered virtual office required – provided by Zone.

To Form the company in UAE, you need to appoint professional firm for assistance and complete the formalities of formation of company. We shall provide the same.

5. Minimum requirements for registration of a UAE company

- **Shareholder either individuals \ Limited entity**
 - **Know your client - KYC Norms** For individual: Copy of passport, overseas residential address proof, and other KYC information such as personal and business profile, etc.
 - If the shareholder is a corporate entity (in FZC) : Copy of registration documents such as Certificate of Incorporation and Memorandum & Articles of Association and Board Resolution.
- **Director**
 - The minimum number of directors is one, who may be a natural person or a body corporate. Directors may be of any nationality. Corporate directors are permitted in FZC.
 - Copy of passport and overseas residential address proof
- **Local Director \ Shareholder**
 - FZC \ FZE \ offshore Company does not require local UAE resident person.
- **Registered office in UAE**

Company need to have registered office in UAE. Free Trade Zone Authority shall provide the registered office address. Post Box No. is allowed to utilize as registered office. In case of LLC company, rented premises shall be used for business and as registered office.

Upon receipt of the signed incorporation and supporting documents from you, we will proceed to incorporate the company.

6. Foreign Company Registration Options

Foreign company plans to have presence in UAE, have the choice of setting up business unit as branch office, subsidiary, or representative office in UAE.

- **LLC \ FZC\ Overseas Company** - A separate company formed by shareholder and director of the company. It shall have independent identity. Foreign company shall become shareholder and control it.
- **Subsidiary Company.** A subsidiary company is a FZC \ Offshore company incorporated in UAE with the parent company as its majority shareholder. For small to mid-size foreign businesses, a subsidiary company is the most preferred choice of registration in UAE.
- **Branch Office.** A branch office is registered in UAE as an extension of its parent company and not as a separately incorporated entity. The liabilities of a branch office extend to its parent company.
- **Representative Office.** A representative office is registered in UAE as a temporary arrangement for conducting marketing research activities. A representative office does not have any legal status and cannot be engaged in any profit yielding activities.

7. Business trade License & Banking

A UAE Company has all the powers of a natural person. Government shall provide Business Trade License to carry on the business. It is valid for one year and will be renewed on yearly basis. With this license company can do business in trading, manufacturing, consultancy, investment, marketing and liaison work, commission agent, sourcing agent and other major business as permissible under law.

In UAE there are generally four type of Business Trade License. License fees are varies according to the type of license.

- General Trade License – Company can do business in all type of products and services
- Specific Trade License – Company can do business in 2-4 type of products ranges
- Service License – Company can provide consultancy and services. No trading allowed.
- Manufacturing and Warehousing License – Company can do manufacturing, processing, packing and repacking, warehousing and logistic.

The nature of the actual business activity could be subjected to control and regulation by other Government authorities. Cannot undertake banking or real estate or insurance activities or solicit funds from or sell its shares to the Public.

Depending on your company's business activities, you may need to obtain one or more business licenses after you have incorporated your company but before you can commence your business operations.

Bank account opening

After successful registration of your UAE Company, you can open a corporate bank account in any of the major banks in UAE such as RAK bank, ADCB bank, HSBC, Standard Chartered, Citibank, Emirate NBD Bank etc. Many of the banks in UAE these days require physical presence of the company principals as part of the account opening procedure.

While visit to UAE, you have a wider choice of banks to choose from. In this case, you can explore the features and facilities provided by different banks and decide on the bank that best suits your needs.

While opening the bank account, clients should bring the following documents

- Original Passport & residence address proof of director & share holder
- Original UAE company formation documents & Trade License
- Business profile of director & shareholder
- Proposed Business plan of the company
- Bank Reference letter \ statement from existing banker of director – optional

8. Income Tax, Dividend and other Benefits

In UAE, there is Zero Tax on profit, income, gain and dividend. It is allowed to repatriate full profit.

LLC and Offshore company no need to maintain books and file audited account to any authority at time of renewal of Trade license.

FZC \ FZE needs to do audit of accounts and file the copy of financial to Free Trade Zone Authority every year. However there is zero tax on Income.

Other Information

Business Trade License Renewal

Business Trade License renewal is compulsory every year and need to pay government charges for the same. Any delay shall attract penalty and freeze of bank account after grace period. Even delay may have impact on your resident visa.

For More detail please visit website of Free Trade Zone few are as follows

www.jafza.ae / www.rakftz.com / www.saif-zone.com / www.dmcc.ae / www.afz.gov.in

9. Documents Required For Company Incorporation

Director and shareholder – When Individual

- Copy of passport; and
- Copy of residential address proof such as a recent utility bill \ phone bill

Director and shareholder – When Corporate Bodies

- Copy of registration documents such as Certificate of Incorporation and Memorandum & Articles of Association of parent company and
- Board Resolution for investment with proposed business plan

Please note the following:

- Presence of shareholder and directors is compulsory for company formation except in case of Offshore company
- All documents must be in English or officially translated in English;
- All copies of documents must be certified true copies by a notary public or self certifying or you must bring the originals for sighting;
- You can email us the scanned copies of documents so we can proceed with preparing the necessary incorporation documents. However we must receive the certified true copies before we can incorporate the company.
- Our compliance department may ask for additional information if necessary.
- Duly filled Company Formation Request Form

10. Company registration procedure and timeline

Company registration procedure in UAE is fully computerized. As a result, the incorporation process is quick and efficient. Under normal circumstance, the company can be incorporated in 3-7 working days.

There are two distinct steps involved in the UAE company setup procedure: a) Company Name Approval and; b) Company Registration. Both steps can be accomplished on the same time.

Further the Business Trade License shall be obtained from Government Authority. The said license is valid for one year and renewed thereafter.

Details of directors and shareholders public information in UAE

Directors and shareholders information is not public information in UAE.