

# Unlock the UAE

Helping you set up and grow your business

2024



# Introduction

Navigating new international markets offers exciting opportunities. With careful consideration and resolution, it can pave the way for success and growth. Our **Unlock the UAE Guide** service is designed to provide expert advice and insights, supporting your expansion journey in the UAE. Whether finding the best location or facilitating setting up a branch or subsidiary, we are committed to providing pragmatic and timely advice, enabling you to focus on achieving your business objectives.

Venturing into global markets is a crucial step. However, by having a dedicated international business adviser who understands your business and customises services to your specific needs, you will gain confidence in effectively managing risks and maximising the potential a new market offers your business.



# The UAE's economic and commercial landscape

The UAE is the number one destination for foreign direct investment in the Middle East. Strategically positioned between Asia, Europe and Africa, it is one of the most tolerant, diverse, and secure countries in the region. With state-of-the-art infrastructure, easy access to smart government services, highly transparent financial services, a tax-efficient business environment, and a vibrant open economy, the UAE is the ideal location to grow your business.

## Market Opportunity

- The UAE is the world's 2nd most economically stable country, with a GDP per capita comparable to top Western European nations. Additionally, it has the most competitive economy in the Arab world.
- The UAE is one of the most fastest growing ecommerce markets in the world.
- Global ecommerce players have expanded to Dubai given its robust focus on an investment as a digital innovation hub.

## Business Friendly Environment

- The UAE is ranked 1st in the Middle East and North Africa Region in the 2020 World Bank "Ease of Doing Business" Rankings and 16th in the world.
- The UAE ranked 10th at the 2023 IMD World Competitiveness Yearbook.
- The UAE is ranked in the top in the Arab States Region on the World Economic Forum's Networked Readiness Index 2023.
- The UAE has a complete VAT system, with most supplies of goods and services being tax at 5%.

## Access to Finance

- Over 40 freezones operate in the UAE each offering 100% foreign ownership, and favourable terms for setup, taxes and leasing.
- SME friendly environment and government policies.
- Home to one-third of region's investors and the highest number of venture capitalists.
- Dubai ranked as 21st in the Global Financial Centre Index 34 and the top regional financial centre, followed by Abu Dhabi.

## Innovation Hub

- The UAE ranked 1st in the MENA region and 31st worldwide in the Global Innovation Index 2022, improving by 2 places from the 2021 ranking.
- As per the UAE National Innovation Strategy 2015, total investments in innovation are estimated at AED 14 billion annually, of which half is allocated to Research and Development.
- The UAE is the regional fintech hub and start-up hub.

## Magnet for Talent

- The UAE ranks in the top 22 worldwide in the INSEAD Global Talent Competitiveness Index 2023.
- A large pool of expatriate labour skills – modern growth in the workforce, from 7.4 million workers in 2018 to 7.7 million workers in 2019.
- Strong investment in education as the economy transitions to a knowledge-based one.

## Quality of Life

- Home to over 200 nationalities, the UAE is a peaceful, diverse, welcoming, and tolerant country.
- One of the world's safest countries – the UAE ranks number 1 in the 2022 MENA region, and 25th globally according to the 2021 travel and tourism index.
- Dubai and Abu Dhabi both rank as cities with the highest quality of living across the Middle East region.



# The UAE's tax landscape

## Value-Added Tax (VAT)

The UAE's Tax framework centers on its VAT system, implemented in January 2018 with a 5% rate, applicable to goods and services.

The mandatory threshold for VAT registration is set at a turnover of AED 375,000, allowing startups the flexibility to establish their operations without immediate VAT obligations, while also offering the option for voluntary registration for businesses with a turnover exceeding AED 187,500, enabling them to reclaim VAT on business expenses. Non-resident businesses must register for VAT regardless of turnover if no other person is obligated to pay the VAT on their supplies in the UAE, ensuring compliance and fairness in the tax system.

Designated zones like Jebel Ali Free Zone are treated as outside the UAE for VAT purposes, under certain conditions, allowing businesses within these zones to benefit from different VAT rules. Additionally, the UAE provides various VAT exemptions and zero-rated supplies, particularly in sectors such as healthcare, education, financial services, exports, transportation and real estate, further reducing the VAT burden on businesses.

The initiatives mentioned above aim to boost the attractiveness of key sectors by reducing VAT implications on their operations, encouraging international businesses to view the UAE as a regional expansion hub. The strategic implementation of VAT not only guarantees a steady revenue stream for public services but also conforms to international taxation best practices.



## Corporate Tax

On 9 December 2022, UAE federal Corporate Tax Law (CT Law) was introduced and applies to taxpayers' financial years starting on or after 1 June 2023. Under the UAE CT regime, all UAE businesses, including UAE branches of non-resident companies or foreign entities managed and controlled from the UAE, that are engaged in commercial activities shall be subject to the UAE CT.

Legal entities incorporated in Free Zones as well as free zone branches of foreign entities are subject to the provisions of the UAE CT Law. However, the UAE CT Law will continue to honour the CT incentives currently being offered to free zone entities ('FRE') provided that certain conditions are met.

The Law is applicable to all UAE business and commercial activities alike (except for certain exempt persons e.g., Government and government-controlled entities, businesses engaged in extractive businesses and other non-extractive businesses, Qualifying Public Benefit entities, Qualifying Investment funds, amongst others).

Moreover, the UAE CT regime does not impose a tax on the personal incomes of natural persons unless such persons are engaged in business activities as defined in the law.

The law has then been followed by a comprehensive explanatory guide which clarifies the general provisions of the law and a number of decisions by the FTA, the Cabinet and the Ministry of Finance ("MoF") in addition to the Corporate Tax Guides which further stipulates specific provisions of the law. We expect further clarifications and decisions to be issued in the near future.



# Business Setup: Freezones

There are more than 45 free zones in the UAE, governed by broadly similar registration requirements, with the main differences being the industry or activity the relevant free zone specialises in and the costs of establishing and maintaining entities within the free zones.

In this guide we will share with you details on some of the popular free zones including Abu Dhabi Global Market (ADGM), Dubai International Financial Centre (DIFC), Dubai Multi Commodities Centre (DMCC), Dubai World Trade Centre Free Zone (DWTC) and Jebel Ali Free Zone Authority (JAFZA).

## About ADGM

ADGM is an Award-winning Business centre located in Al Maryah Island in Abu Dhabi. The ADGM registration authority provides assistance and solutions to help expand and sustain your business in the UAE. ADGM's legal foundation of the direct application of English common law is enshrined in the regulations and supporting rules of the ADGM Courts.

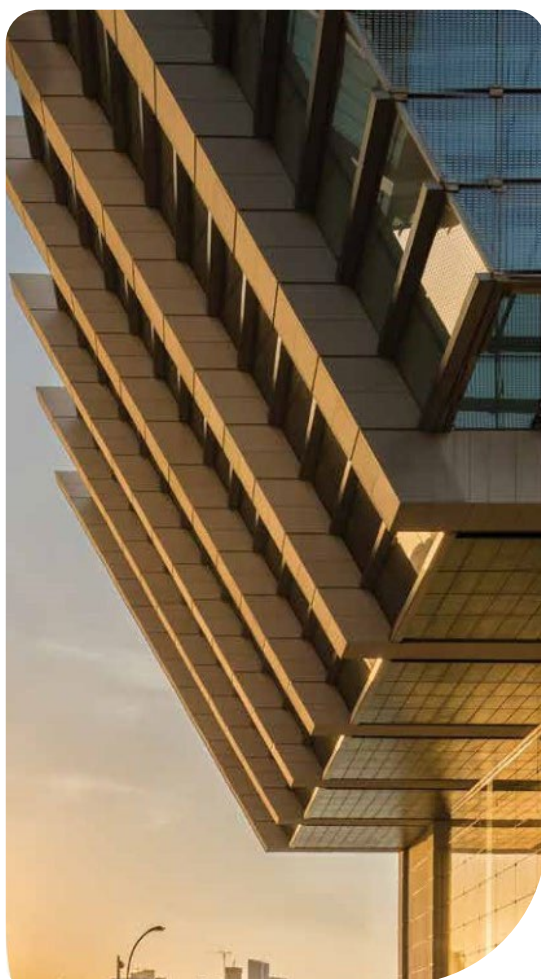
## Types of Vehicles

### 1. Special Purpose Vehicle

Special Purpose Vehicles (SPVs) are passive holding companies established for the purpose of isolating financial and legal risk by ring-fencing certain assets and liabilities.

### 2. Foundation

Foundations are used for a variety of purposes including wealth management, planning and preservation. They are incorporated as a legal entity with their own distinct attributes and legal personality. In this respect, foundations are similar to companies but without shareholders, making them suitable for wealth management across generations.



### 3. Operational Entity

With a huge variety of financial and non-financial activities, ADGM provides a seamless process for incorporation for any operational entity for all clients where the client can add any number of activities to the licence as long as it falls under the same category (financial/non-financial).

### 4. Tech Start-up

The Tech Start-up licence in ADGM allows all entrepreneurs to set up their entities at a very competitive price compared to other jurisdictions.

Having an internationally recognised legal framework, ADGM gives the chance for businesses, especially start-ups, to hit the ground running and have immediate access to ADGM's community, business partners, and supportive team.



## About DIFC

DIFC provides a streamlined setup, world-class infrastructure, and diverse office spaces for businesses. There are enormous opportunities for all financial services companies in the Middle East, Africa, and South Asia (MEASA) region. Strong economic and demographic growth, alongside high levels of wealth, give all financial services companies potential to expand existing business and develop new customers.

## Types of Vehicles

### 1. Prescribed Company

A Prescribed Company is a private company that can be established by a Qualifying Applicant or for a Qualifying Purpose according to the DIFC Prescribed Company Regulations.

In the case that the Client qualifies to incorporate a prescribed company, it could be used for the activities of a Holding Company, Managing Office, and/or Proprietary Investment.

### 2. Foundation

A DIFC Foundation is a legal entity established under the DIFC Foundations Law, which provides a legal framework for the establishment and operation of foundations within the DIFC.

The DIFC Foundations can be used for various purposes such as asset protection, succession planning, and charitable purposes.

### 3. Operational Entity

The DIFC is a global hub for corporates and professional services providers of all industries and types including accounting & audit, management & strategy consulting, legal & compliance, risk management, education & training, market information & research, and human resources.

With several legal structures to operate an entity, whether financial or non-financial activities, the DIFC always ensures providing an easy straightforward incorporation process for all its clients.

### 4. Tech Entity

The DIFC Innovation Hub is the largest tech community in the region, where it has more than 700 growth-stage tech entities. The DIFC Innovation Licence is a type of Commercial Licence with a structure open to all technology and innovation firms, enabling growth at any stage. This licence is suitable for firms interested in developing or testing new, novel, or innovative products.



## DMCC

Dubai Multi Commodities Centre (DMCC), is titled the world's no. 1 free zone. The free zone harbors 15,000 companies, with almost 200 joining every month. Hence, it is an ideal option for entrepreneurs looking for a destination booming with opportunities.

### Types of Licences

- General trading licence
- Service licence
- Industrial licence
- Commercial licence

## JAFZA

JAFZA is considered the perfect choice for international investors, since there are no foreign ownership restrictions they can easily establish their companies in the region. Businesses within this zone operates under the independent authority of the free zone that issues operating licence and regulates the activities of all enterprises within the zone.

### Types of Licences

- Trading licence
- General trading licence
- Services licence
- Industrial licence
- Logistics licence

## DWTC

Established more than 40 years ago, Dubai World Trade Centre Free Zones (DTWC) is situated in Dubai's Central Business District making its location very attractive to many businesses.

DWTC provides a wide range of licences for entrepreneurs, startup companies, and established businesses to operate and flourish in a supportive and dynamic environment.

### Types of Licences

- E-commerce licence
- Professional licence
- Commercial licence
- General trading licence





# Business Setup: Mainland

A Mainland company setup in Dubai is an onshore company that will do business in the local sector of Dubai, other Emirates and outside the UAE.

- Under UAE Companies Law, there is no minimum capital required to set up a company, except as what may be required for the purpose of incorporation.
- There is no limitation on the number of visas on mainland licences. However, the eligibility to obtain visas depends upon office space. The larger the office space, the more number of visas you may obtain.
- Mainland companies can trade with other mainland companies in Dubai or UAE. They have the flexibility to do their business in any part of the UAE or beyond. This feature sets them apart from free zones companies because they are restricted to operate their business in their respective free zone.
- Mainland companies are allowed to take on governmental work, unlike free zone companies which are prohibited from undertaking government contracts and are only allowed to carry out private commercial work.

## Types of Licences

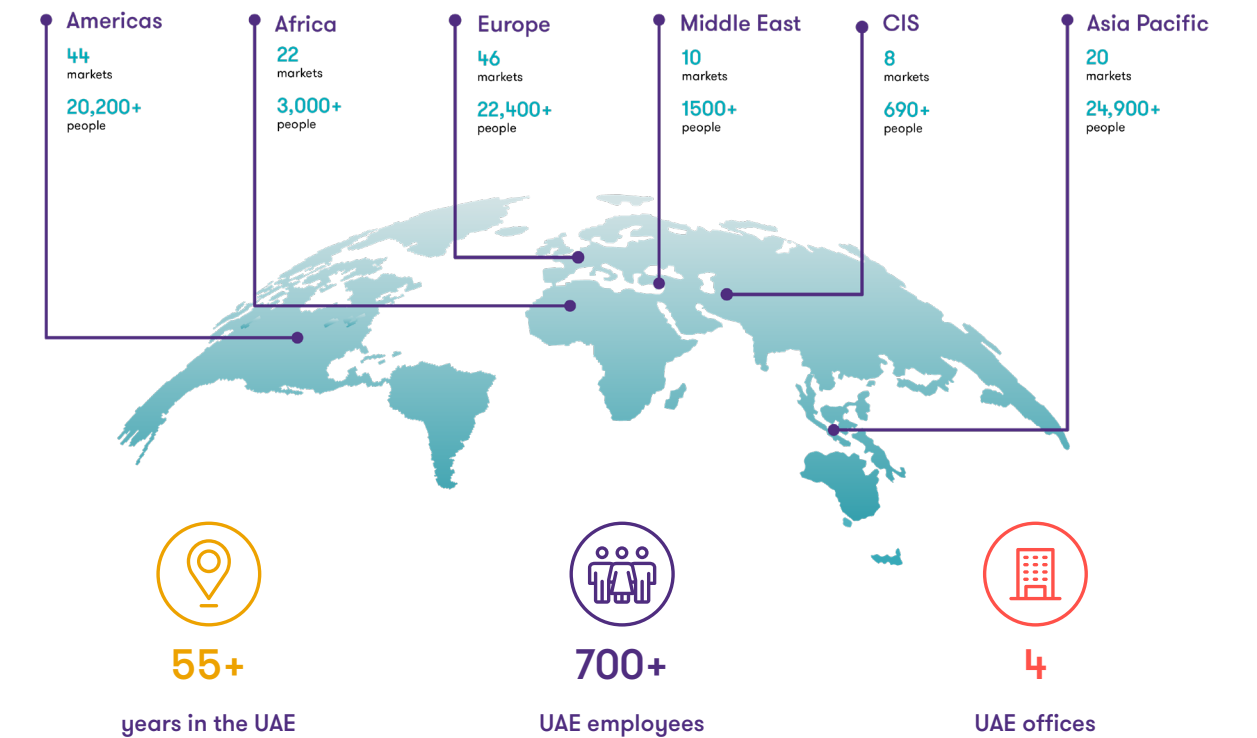
- Limited Liability Company (LLC)
- Branch of Commercial Entities
- Representative Office of Foreign Commercial Entities
- Professional Service License/Civil Company



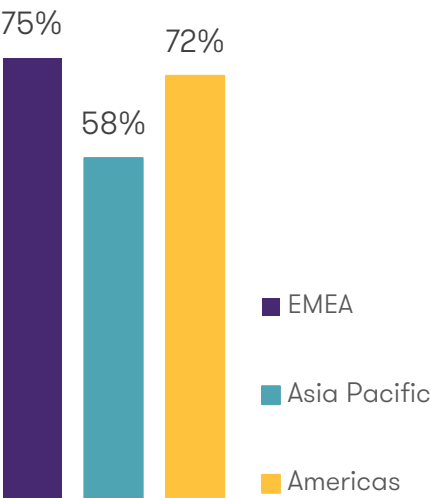
# About Grant Thornton

We are a global network with over 73,000 professionals in member firms across 150 markets, with one common goal — to help you realise your ambitions in any environment and enable sustainable growth for your business.

Our team of experts take a hands-on and practical approach to provide you with the advice and support required to suit your evolving requirements in a fast-changing business landscape.



Percentage of Fortune 500 companies served by Grant Thornton member firms Regionally



Percentage of Forbes 100 companies served by Grant Thornton member firms



93%

of Forbes 100 companies are clients of Grant Thornton member firms

55%

of Fortune Global 500 companies are clients of Grant Thornton members firms



# Our services

Whether you are growing in one market or many, transforming your business, looking to operate more effectively, managing risk and compliance, or realising stakeholder value, Grant Thornton has the right experts to meet your needs.



## Audit:

Our audit practice is equipped with specialists who understand the individual requirements of your business as well as the increasing demand for greater transparency and disclosure in a rapidly changing environment.

- Statutory audit
- Limited review
- Agreed upon procedures

## Advisory:

Dynamic organisations need a broad range of advisory services to support their ambition and growth. As your business grows, our advisory services are designed to help you achieve your goals.

- Business Consulting
- Business Risk Services
- Regulatory Advisory Services
- M&A and Transactions Advisory
- Restructuring Advisory
- Technology Advisory & Cybersecurity
- ESG Services
- Forensics

## Tax:

We combine our strong technical capabilities with integrated services leveraging global and local industry insights to help you identify the right tax strategies for your business and comply with tax requirements.

- Corporate Tax
- VAT
- Transfer Pricing
- International Tax and Tax Due Diligence
- Economic Substance Requirements
- Customs and International Trade
- Excise Tax

## Business Process Solutions:

Our team offers comprehensive and cost effective Business Process Solutions, enabling stakeholders and business owners to focus on their core business goals.

- Incorporation and PRO
- HR and Payroll Services
- Outsourcing Advisory Services

# Contact our Experts



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