

UAE Free Zone Companies

What is a Free Zone?

Free Zones in the United Arab Emirates (UAE) are intended as international business hubs for companies conducting business outside the UAE, since they are not licensed to operate within the rest of the UAE. Creating a business entity in one of UAE's Free Zones is an attractive option for foreign investors, as Free Zones facilitate business activities and attract companies looking to start-up businesses quickly and easily.

The Free Zone areas in UAE are geographically distinguished sections, and follow laws and regulations vastly different from the laws that govern companies within the UAE. Each Free Zone is governed by an independent Free Zone Authority (FZA) which is responsible for issuing the necessary operating licences. Although Free Zones vary across the Emirates, the basic principles remain the same.

UAE Free Zones offer investors and business start-ups significant incentives for setting up their office in the Free Zones. The main advantages of Free Zones are:

- 100% foreign ownership
- No corporate taxation
- No personal income tax
- Possibility to benefit from Double Tax Treaties
- Possibility to get UAE residence visas for Shareholders, Directors and employees
- Freedom to repatriate capital and profits
- No currency exchange control
- No import duties
- Less bureaucracy
- No recruitment problems
- Modern and efficient communication and infrastructure
- Possibility to lease flexy desk/serviced offices
- Attractive working environment
- Most procedures are in English

There are presently over 40 Free Zones in the United Arab Emirates, all offering different opportunities and advantages to both domestic and foreign investors. If you wish to open an UAE company, then the type of business that is to be set up will dictate which Free Zone should be used.

Most Free Zones are specialised to handle a certain type of business. Although the rules and laws that govern most Free Zones are similar, there will be differences in the business environment and the services they offer.

What are the reasons for setting up a UAE Free Zone Company? How are they used in practice?

Liberal environment

The UAE's multi-cultural community of skilled professionals makes recruitment of staff simple. Alternatively, staff can easily be sent from the previous domicile. There are little social costs, and the wage level is low. Expats enjoy a zero income tax environment with a developed infrastructure such as private schools, high-quality residential areas, and extensive leisure facilities.

Trading

The UAE's strategic location between Asia, Africa and Europe makes them a perfect place for a trading company. Being home of one of the world's largest seaports (Jebel Ali) where goods are handled, Dubai with its Free Zones is the logical place for the trading activities and the administration of a company.

Production

The UAE have several industrial areas. These Free Zones offer extensive infrastructure at a high level, for various types of industries.

Consultancy and other services

The service related industry is fast growing in the UAE. Thanks to the latest telecommunication infrastructure, a full range of services can be offered out of a Free Zone. Emirates and Etihad provide daily flights to the major markets in Europe, Africa and Asia.

Holding companies

Free Zone Companies can play an important role when it comes to structuring of investments worldwide. The absence of regulations such as thin capitalisation rules gives an investor the freedom to design his holding company in accordance with his wishes, or investment requirements. Dividends and interest payments from underlying entities are not taxed and may be reinvested without restrictions. Profits distributed to shareholders do not suffer any withholding taxes. In addition, companies located in Free Zones can benefit from an extensive number of Double Tax Treaties that the UAE have concluded with other countries.

Tax residence certificates can be obtained, whereas certain restrictions apply.

Family offices

All important international banks and law firms are present in the UAE. Internationally oriented professionals provide a good service level to family office types of Free Zone Companies. Companies located in Free Zones can open bank accounts either locally, or abroad, and hold other assets anywhere in the world. The Dubai Multi Commodities Centre, a Free Zone known as DMCC, has implemented single family office legislation which is aiming at families with diversified and multi-jurisdictional investments that look for solutions that relate to managing wealth as well as family support.

Residency

The establishment of a company in a Free Zone allows for a certain number of residence visas. The visa application process is quick and straight forward. Visas are granted to Shareholders, Managers/Directors, and employees of companies, and can be extended to family members. They are valid for 3 years, and can be renewed.

Personal tax residence certificates can be obtained, whereas certain restrictions apply.

Services offered by us

- We preliminarily discuss with you, and render advice on the feasibility of the project and the suitability of the proposed structure
- We identify the suitable Free Zone
- We incorporate the company, or guide you through the incorporation process
- We help to find the right bank for you and your company
- We assist you in finding office space and recruiting staff
- We assist you in obtaining residence visas
- We help to find accommodation for you and your family
- We make sure that all statutory and legal requirements are dealt with (renewal of licences and visas, accounting, audit, etc.)

Upon your request, we also

- act as Managers and/or Directors and/or Shareholders of your company
- act as authorised signatories on the company's bank account
- designate staff members (temporarily or permanently)
- monitor and supervise your employees

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