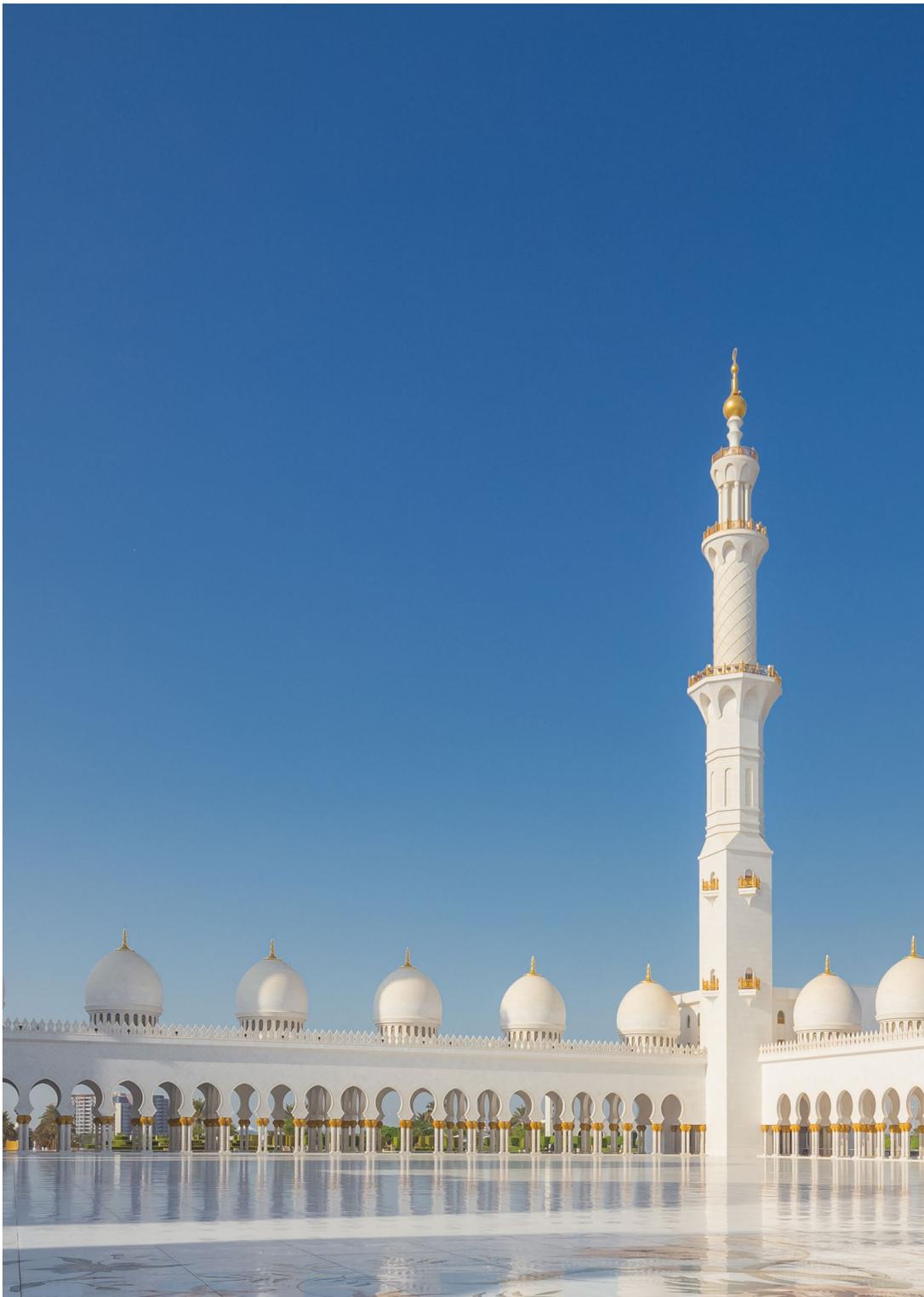


TaylorWessing

# Guide to doing business in the UAE





# Contents

- 5 Introduction
- 6 Corporate business in the UAE
- 7 LLC Ownership and management requirements
- 9 Jurisdictions in the UAE
- 11 Free zones in the UAE
- 12 Employment in the UAE
- 13 Tax in the UAE
- 13 Core contacts in corporate team





# Introduction

## We are pleased to present the Taylor Wessing 'Guide to doing business in UAE'.

For decades, Taylor Wessing has been providing International and Middle Eastern clients with clear, dynamic advice. Our team have both global experience and local knowledge of the UAE. With a focus on corporate, real estate and finance, we provide structured business advice to all our clients.

The UAE is at the vanguard of innovation for economic opportunities in the Middle East region, utilising increased productivity, economic diversification and technological modernisation and this guide has been created to provide an introduction to corporate, employment and tax law for companies interested in conducting business in the UAE.

That said, to set up a business successfully in the UAE market, companies need to consider their business model and suitable options carefully. Mainland (onshore), free zone (over 40) or an offshore jurisdiction are the main three possibilities to choose from to register an entity in the UAE, each having its advantages and disadvantages but most likely only one will be the right way for your business plans.

# Corporate business in the UAE

**There are many different legal structures used in the UAE, some of the most common include:**

- **Limited Liability Companies (LLC):**  
This is the most popular legal form for companies in the UAE. The federal companies law has recently been amended to abolish the mandatory requirements for a UAE national as a majority partner. It is now the task of a specialised Committee to identify areas that shall continue to have some foreign ownership restrictions and for the registration authority in each emirate to determine how investor-friendly they want to design their legislation outside the reserved business sectors.
- **Branches of Foreign Companies:**  
This is a popular business model in the UAE, as they allow 100% foreign ownership. For most branches a local service agent is no longer required. However, this depends on the activities to be conducted.
- **Sole Proprietorships (SP):**  
This structure allows 100% foreign ownership as well and can enable the owner to legally practice professional services in the UAE. There are no initial capital requirements and SPs also require a local service agent to be appointed.

# LLC Ownership and management requirements

**Shareholders: For the creation of a mainland LLCs, a minimum of two shareholders are required and a maximum of 50 are permitted.**

It is permitted under the Companies Law to have single-owner limited liability companies. Any remaining foreign ownership restrictions would however need to be observed.

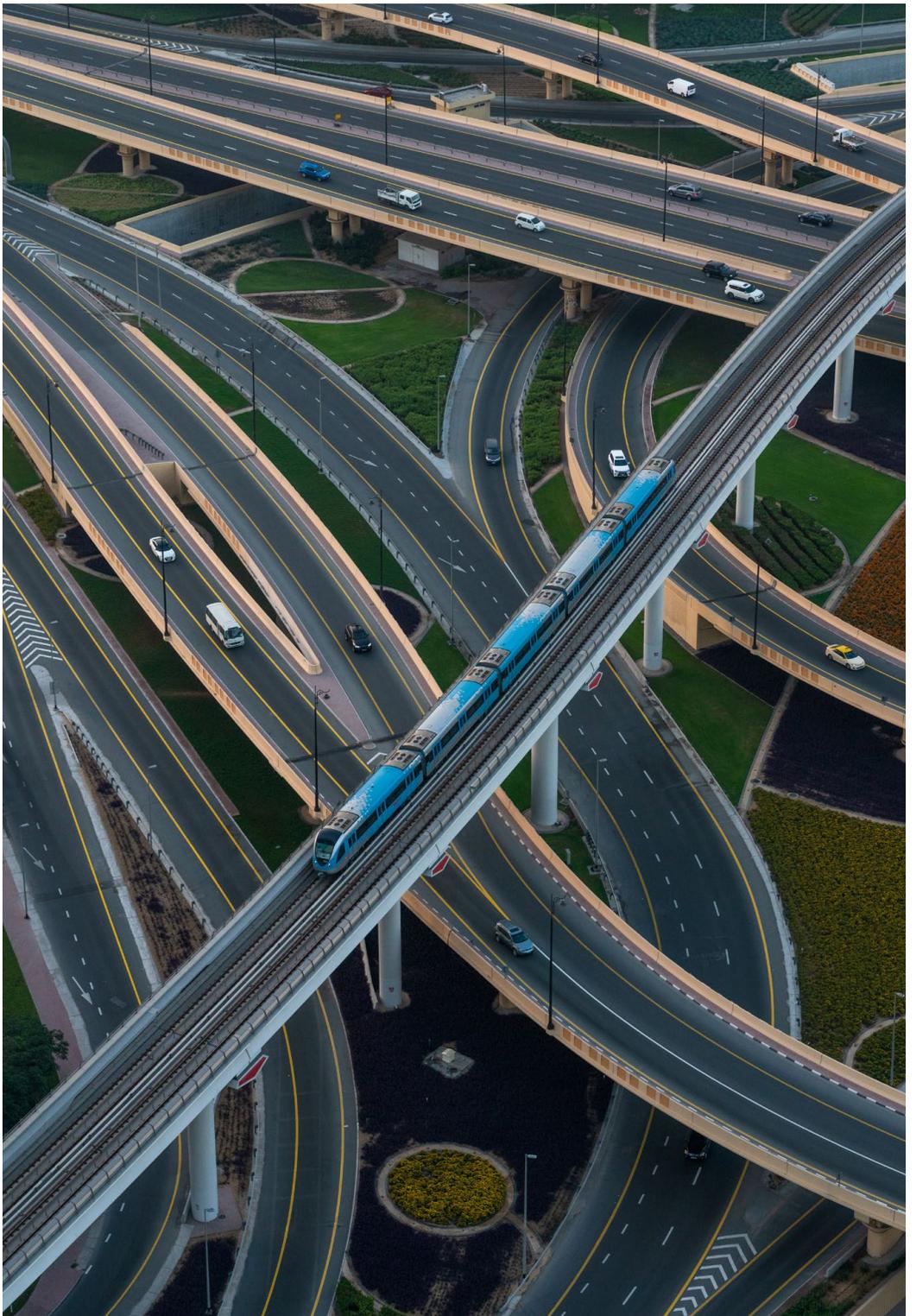
The requirements for Managers of a LLC are set out in the UAE Companies Law of 2021 (Companies Law).

According to the company registrar for companies registered in the UAE mainland, the Department of Economic Development (DED), there is no requirement for a Manager to be a UAE resident.

However, for companies incorporated in some of the free zones, the relevant registrar requires the manager mentioned on the license to be a UAE resident.

Additionally, UAE banks will not open a current account and issue a cheque book for a legal entity unless the Manager has obtained a UAE residency visa.

This point may also be taken into account in connection with compliance with the UAE's Economic Substance Regulation (if applicable).



# Jurisdictions in the UAE

## There are three place of registration in the UAE where companies can conduct business:

- Mainland (onshore) legal entities are registered with and licenced by the Department of Economic Development (DED) for the Emirate where they are based.
- Free Zones are economic areas where businesses can maintain full foreign ownership without any requirement to have a UAE national shareholder or local agent. In general companies registered in free zone are permitted to undertake business within such free zone. However, in many cases there are additional license options to expand the area where a free zone entity is permitted to conduct business.
- Offshore companies are mainly established as holding companies, they are not permitted to have office space in the UAE, should not conduct business with partners inside the UAE and are generally operated and managed outside the UAE.



# Free zones in the UAE

## Selected free zone's by industry specialisation

### Financial

- Abu Dhabi Global Market – ADGM
- Dubai International Financial Centre – DIFC

### Media and creative

- Dubai Media City
- Creative City Fujairah
- Sharjah Media City
- International Media Production Zone – IMPZ, Dubai
- Twofour54 Free Zone Abu Dhabi

### Import Export and International Trade

- Jebel Ali Free Zone
- Dubai World Central
- Dubai Multi-Commodities Centre – DMCC
- Sharjah Airport International Free Zone
- Dubai Airport Free Zone
- RAK Economic Zone

### Technology

- Dubai Internet City
- Dubai techno park
- Dubai Biotechnology & Research Park (pharmaceutical and medical research, implementation and development of cutting-edge technology)
- Dubai Silicon Oasis (microelectronics and new technologies)

### Health

- Dubai Healthcare City
- Sharjah Healthcare City

# Employment in the UAE

- All foreign national employees require a work permit and UAE residency visa, these are typically arranged under the sponsorship from the employer as locally licensed entity. Following recent changes there are now several alternatives to obtain a residency visa.
- Employment law matters for onshore legal entities in the UAE and most free zones are governed by Federal Law no. 33 of 2021.
- Standard employment agreements need to be completed when applying for work permits and residency visas for non-UAE national employees.
- These agreements are usually supplemented by another enhanced commercial terms employment contract for senior level employees.
- The old labour law differentiated between limited term and unlimited term employment agreements. Under the new employment law from 2021 all employment agreements are to be concluded as limited term agreements (existing unlimited term agreements have to be adjusted).
- Companies exceeding 50 members of staff are also required to have a prescribed percentage of UAE nationals employed, depending on the sector.

# Tax in the UAE

- VAT is applicable to any taxable person (individual or corporation) who provides goods or services in the UAE with a value in excess of AED 375,000.
- The standard rate of VAT is currently set at 5% on any supply or import of goods or services.
- There has been an announcement in early 2022 for a federal corporate tax at a standard rate of 9% to be introduced for FYs starting on or after 1 June 2023. There are also already a few existing tax applicable to specific industries such as banking, hospitality and oil/gas
- There are a number of goods and services which are zero rated (including exports outside the GCC, newly constructed residential properties, education services and healthcare services), for which VAT will be charged at 0%, and others which are exempt entirely (including healthcare services).

## Core contacts in corporate team



**Ronald Graham**

Managing Partner, Dubai

+97 14 309 1001

[r.graham@taylorwessing.com](mailto:r.graham@taylorwessing.com)



**Abdullah Mutawi**

Partner, Dubai

+97 14 309 1031

[a.mutawi@taylorwessing.com](mailto:a.mutawi@taylorwessing.com)

# About us

**Taylor Wessing is a global law firm that serves the world's most innovative people and businesses. Deeply embedded within our sectors, we work closely together with our clients to crack complex problems, enabling ideas and aspirations to thrive. Together we challenge expectation and create extraordinary results.**

By shaping the conversation in our sectors, we enable our clients to unlock growth, protect innovation and accelerate ambition.



**Technology, Media & Communications**



**Private Wealth**



**Real Estate, Infrastructure & Energy**



**Life Sciences & Healthcare**

- Aerospace & Defence
- Business & Professional Services
- Consumer & Retail
- Hotels, Hospitality & Leisure
- Manufacturing & Industrials
- Automotive & Mobility
- Chemicals
- Financial Institutions & Insurance
- Logistics & Transport
- Public Services & Education



**2000+ people**  
**1100+ lawyers**  
**300+ partners**  
**29 offices**  
**17 jurisdictions**

### **Challenge expectation, together**

With our team based across Europe, the Middle East, US and Asia, we work with clients wherever they want to do business. We blend the best of local commercial, industry and cultural knowledge with international experience to provide proactive, integrated solutions across the full range of service areas.

**2000+ people 1100+ lawyers 300+ partners 29 offices 17 jurisdictions**

<b>Austria</b>	Klagenfurt   Vienna
<b>Belgium</b>	Brussels
<b>China</b>	Beijing   Hong Kong   Shanghai
<b>Czech Republic</b>	Brno   Prague
<b>France</b>	Paris
<b>Germany</b>	Berlin   Düsseldorf   Frankfurt   Hamburg   Munich
<b>Hungary</b>	Budapest
<b>Netherlands</b>	Amsterdam   Eindhoven
<b>Poland</b>	Warsaw
<b>Republic of Ireland</b>	Dublin
<b>Slovakia</b>	Bratislava
<b>South Korea</b>	Seoul*
<b>UAE</b>	Dubai
<b>Ukraine</b>	Kyiv
<b>United Kingdom</b>	Cambridge   Liverpool   London   London TechFocus
<b>USA</b>	New York   Silicon Valley

\* In association with DR & AJU LLC

© Taylor Wessing LLP 2022 | 2102-001557-12

Taylor Wessing statistics published are correct as of 1 September 2021.

This publication is not intended to constitute legal advice. Taylor Wessing entities operate under one brand but are legally distinct, either being or affiliated to a member of Taylor Wessing Verein. Taylor Wessing Verein does not itself provide legal or other services. Further information can be found on our regulatory page at:

[taylorwessing.com](https://taylorwessing.com)

**TaylorWessing**