

SPENCER ^{*}WEST

GUIDE TO DOING BUSINESS IN THE UNITED ARAB EMIRATES AN OVERVIEW

Prepared by :
Spencer West

Ishtiaq Chechi
Tarek Antaki
José A. Campos Nave
Susan O'Rourke

This comprehensive guide serves as a definitive resource to provide you with general information about legal and business infrastructures in the United Arab Emirates.



SPENCER WEST^{*}

Firm Name : **SPENCER WEST**

Jurisdiction : **UNITED ARAB EMIRATES**

Year : **2026**

Spencer West Middle East LLC is not liable for the accuracy of the contents of this Guide. The Guide is not legal advice and no reliance should be placed on its contents. Specific legal advice needs to be sought on each individual issue in its own context.



Foreword



For decades, the United Arab Emirates (UAE) has stood for progress, stability and economic foresight. Among the seven emirates, Dubai plays a special role: as a global hub for trade, innovation and investment. Our vision has always been clear — to create an environment where ideas grow, businesses thrive and people from all over the world shape the future together.

Today, Dubai is not only a geographical link between East and West, but also a strategic partner for investors seeking sustainable opportunities in a dynamic global economy. Our infrastructure is one of the most modern in the world, our legislation is investor-friendly, and our economic diversification creates long-term stability beyond traditional energy markets.

Europe plays a central role in this. Economic relations between the Emirates and European companies are based on mutual trust, shared values and a deep-rooted openness to innovation. We see European and other foreign investors not only as investors, but as partners who share our vision of a connected, knowledge-based and sustainable future.

At a time when international supply chains need to be reimagined, Dubai has established itself as an indispensable global logistics hub. Our ports and airports are among the most efficient in the world, and our free trade zones allow companies exceptional operational flexibility. Dubai connects markets in Europe, Asia, Africa and the Americas with a speed and reliability that is unparalleled in the world.

Through continuous investment in digitalisation, automation and multimodal logistics solutions, we are creating an ecosystem that helps companies minimise risks and maximise opportunities. In a world where resilience and speed are key competitive advantages, Dubai offers the infrastructure and stability that global supply chains need.

The UAE offers a unique ecosystem that fosters entrepreneurship, creates regulatory clarity, and attracts international talent. From renewable energy and artificial intelligence to logistics, tourism and financial services, our markets are ready for the next phase of global collaboration.

In addition, Dubai's geostrategic location is a central pillar of our economic success. Located at the crossroads of three continents, the United Arab Emirates acts as a bridge between established markets and emerging growth regions. This position makes Dubai a place where geopolitical stability, economic openness and international cooperation come together in a unique way.

Our foreign policy orientation is based on dialogue, partnership and long-term reliability. This creates an environment where companies from Europe and around the world can invest with confidence in a region that is becoming increasingly global.

Alongside all the aforementioned developments, the UAE has significantly intensified its focus on establishing a reliable, world-class legal system. This system is designed to remain at the forefront of global best practices, with a robust and continuously evolving framework that adapts to emerging international trends, while ensuring the highest levels of confidence and protection for international investors.

We invite you to be part of this development and to shape the economic opportunities of tomorrow together with us.

Ahmad Lootah
Managing Partner & Advocate
H&A Hussain Lootah Associates



Foreword



For a long time, the United Arab Emirates, and especially the Emirate of Dubai, were considered regions of the world that were in a twilight state. After the discovery of the cultured pearl, the original pearl fishery could not provide a sustainable basis for the development and nutrition of the local population.

With the oil discoveries in the 70s of the last century and finally with the founding of the United Arab Emirates in 1971, this region awoke and became a hub of world politics and flows of goods, also from a geostrategic point of view. Due to the strategic positioning between Asia, Europe and the Americas, the importance of the United Arab Emirates and the Gulf States grew.

In the development of the economy, it was recognised that the economy of the United Arab Emirates cannot be made solely dependent on oil and the corresponding fluctuations in the price of oil. The Emirate of Dubai, in particular, diversified its economic policy in order to make itself as independent as possible from oil and the oil business.

The sectors of finance, renewables, real estate, AI, e-commerce, crypto-assets, tourism, hospitality, trade fairs and sporting events play a crucial role in this diversification. Significant emphasis is placed on investing in a forward-looking way and diversifying the economy.

Despite this, the economic downturn in the global economy is not bypassing the MENA region. Oil prices are coming under increasing pressure. Geostrategic interests continue to be focused in the Arab world. In addition, the economic developments of the Gulf States are increasingly influenced by geopolitical developments. The UAE has long embraced challenges and obstacles as opportunities for growth and innovation.

The UAE leadership has always pursued a policy of peace, economic stability, and providing opportunities for those wishing to invest in a country that welcomes everyone. They view any challenges facing the UAE as opportunities for development and progress, recognising that a booming real estate market should not lead to stagnation due to oversupply. Furthermore, steady population growth, coupled with the increasing need for social security and essential services, as well as promising future prospects for a large segment of the population, necessitates additional funding sources for the UAE's budget.

This guide provides an insight into the economic, tax and legal foundations of the United Arab Emirates and in particular with regard to Dubai.

The Managing and Founding Partners of SPENCER WEST Middle East

Dubai, London

In April 2026



Foreword



The United Arab Emirates has emerged as one of the most compelling business environments in the world. Built on economic foresight and an outward looking global mindset, the UAE – and Dubai in particular – has become a natural meeting point for international capital, talent and ideas. This reflects not only world class infrastructure and connectivity, but also a deliberate and sustained commitment to diversification and innovation.

At Spencer West, our international footprint has always been guided by a simple principle: to be present where our clients do business, invest and expand across borders. The Middle East sits at the centre of global trade and capital flows, connecting Europe, Asia, Africa and the Americas.

For many years, our partners have advised clients operating

in or through the region on complex, cross border matters that demand both global perspective and deep local insight. This led to the opening of Spencer West Middle East in February 2026.

This 'Guide to Doing Business in the UAE' has been prepared to provide a clear and practical overview of the legal, regulatory and commercial frameworks that underpin the UAE's economy. In a jurisdiction defined by rapid development and continual evolution, access to informed, grounded guidance is critical. The UAE's focus on maintaining a robust, investor friendly and internationally aligned legal system plays a central role in sustaining confidence and long term growth.

The Guide has been authored by our Spencer West Middle East Founding and Managing Partners – Tarek Antaki, Ishtiaq Chechi, José Campos Nave and Susan O'Rourke – whose collective experience spans decades of advising on corporate transactions, infrastructure, finance, real estate, emerging technologies, dispute resolution management and regulatory matters across the region and beyond. Their insights reflect not only their technical legal expertise, but a practical understanding of how business is conducted on the ground in the UAE.

We hope this publication serves as an accessible resource for those looking to understand the opportunities and considerations of doing business in the UAE. More broadly, it reflects our belief that the greatest value is created through strong relationships, collaboration across borders and a shared commitment to excellence.

Simeon Spencer
Antoine West
Co Founders, Spencer West



About the Authors

The Founding Partners of Spencer West Middle East

Spencer West Middle East brings together four Founding and Managing Partners with a combined six decades of international legal experience, including more than twenty-one years in the Middle East. The Partners have practised across the Middle East, Europe, Asia, the United Kingdom, the Russian Federation, Central Asia, Africa and Australia, advising clients on cross-border transactions with a partner-led, commercially focused approach. Their individual profiles follow.



Ishtiaq Nawaz-Chechi

*Founding & Co-Managing Partner, Spencer West Middle East
Founding & Managing Partner, Spencer West Pakistan
Ishtiaq.chechi@spencer-west.com*

Ishtiaq Nawaz-Chechi is a Founding and Co-Managing Partner of Spencer West Middle East and the Founding and Managing Partner of Spencer West Pakistan. He is a multi-jurisdictional qualified lawyer licensed to practise in England and Wales, the DIFC and Pakistan, with over 20 years of post-qualification experience.

Following his qualification as a Solicitor in 2005, Ishtiaq held in-house positions at Tiuta Plc, the University of Surrey and Sovereign Housing Association. In 2008 he established his own practice, Chatham Chambers, in Reading, which he managed until 2020. In 2010 he obtained Higher Rights of Audience and became a Solicitor-Advocate.

Ishtiaq advises across real estate and property, commercial law, civil litigation and dispute resolution, secured lending, intellectual property, sports law, and Islamic finance. He has specialist expertise in Sharia-compliant structures, including Murabaha, Ijara and Diminishing Musharaka facilities, and in cross-border transactions linking the UK, Pakistan, the GCC and wider Asia.

He is a Visiting Fellow and Guest Lecturer at the University of Reading, lecturing on Islamic finance, international arbitration and entrepreneurship in emerging economies. He is a certified Islamic Finance Arbitrator with IICRA and an Associate Member of the CIArb, and is undertaking part-time doctoral studies at Reading on Pakistani finance and insolvency law.





Tarek Antaki

*Founding & Managing Partner
Spencer West Middle East*

tarek.antaki@spencer-west.com

Tarek Antaki is a lawyer and legal consultant practising in the Middle East for more than 20 years and in the UAE for approximately 13 years. Tarek has worked in his own practice and in leading firms in the region as an in-house lawyer for one of the biggest banks in Syria and various holding companies. He has comprehensive knowledge of corporate and litigation matters in Syria and the UAE.

Tarek specialises in connecting all GCC states and supporting his clients in Syria, the UAE and Saudi Arabia. Due to his experience, legal knowledge and language skills, Tarek can advise his European and regional clients on a cross-border basis throughout the Middle East region.

Tarek is also responsible for corporate and tax consulting and litigation matters across civil, commercial, conflicts and arbitration practice areas. His sector experience spans commercial and corporate law, M&A, labour, PPP projects, aviation, tax, compliance, real estate and private equity. Tarek is qualified as an Attorney at Law in Syria and as a Legal Consultant in the UAE, and works in Arabic, English and French.



Dr José A. Campos Nave, EMBA

*Founding & Managing Partner
Spencer West Middle East*

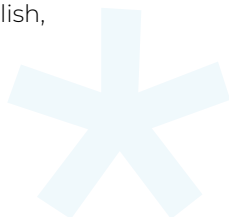
jose.campos-nave@spencer-west.com

Dr José A. Campos Nave is a Founding and Managing Partner of Spencer West Middle East. He is an experienced international lawyer who advises German and multinational clients on mergers and tax, business expansion and cross-border projects, with a focus on Europe, the Middle East and Africa.

José holds a doctorate in law and an Executive MBA in Accounting and Controlling from the University of Münster. He studied law at Frankfurt am Main and Mainz, and began his career in 1996 in New York City with a member firm of the Alliance of European Lawyers. He is a Certified Lawyer for tax, corporate and commercial law, a Certified Consultant for Cryptoassets and Taxes, and a Certified Compliance Officer. In 2017 he was also licensed as a Legal Consultant in Dubai.

Prior to joining Spencer West, José was a Founding and Managing Partner of a Frankfurt-based commercial and tax boutique and served, since 2004, as a Managing Partner and Partner in one of the leading German multidisciplinary law firms. He counsels German and international companies on the establishment and dismantling of structures abroad, international transactions, and cryptoasset-based and -financed transactions, with sector focus on IT, automotive, export, mechanical and plant engineering, infrastructure projects and cryptoassets.

José is a prolific author and speaker on corporate law, tax and compliance, with more than 200 published articles in leading legal and business media, as well as several monographs published by GABLER, WILEY, NWB and HAUFE. He is recognised as a recommended lawyer for M&A in the JUVE Handbook of Commercial Law Firms. He works in English, German, French, Spanish and Portuguese.





Susan O'Rourke

*Founding & Managing Partner
Spencer West Middle East*

susan.o'rourke@spencer-west.com

Susan O'Rourke is a Founding and Managing Partner of Spencer West Middle East. She is an international lawyer with more than 25 years of experience as a Partner in top-tier international law firms in the United Kingdom, Singapore and Australia. She is a UK and Australian-qualified lawyer who is bar registered in the UAE.

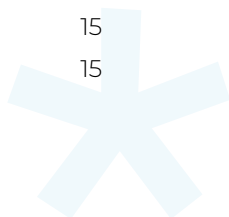
Susan has led and closed deals valued at over US\$65 billion. Her clients have been Russian, Chinese, Middle Eastern, Australian, European, British, American, Singaporean, Japanese and Korean, with a particular focus on the regions of Australia, Asia Pacific, the Middle East and Europe.

Susan specialises in cross-border trade and investment relating to infrastructure, energy (oil and gas, LNG, power and low-carbon technologies), transport and logistics, innovative technology applications to industry and manufacture, petrochemicals, project finance, M&A and joint ventures, private equity, AI infrastructure and sovereign-state issues, high-stakes disputes management, foreign bidder opportunities and sovereign wealth fund investments globally and locally.

Susan is a committed advisor and strategic thinker known for her negotiation skills, knowledge of her client's brief, clever ideas and commercial acumen.

Contents

| | |
|--|----|
| Chapter 1 : Introduction | 02 |
| 1. The Country at a Glance | 02 |
| 1.1 Languages in the UAE | 02 |
| 1.2 Foreign Exchange Rates | 02 |
| 1.3 Geography and Climate of the UAE | 02 |
| 1.5 Cultural Influences in the UAE | 03 |
| 1.6 Religious Influences in the UAE | 03 |
| 1.7 UAE's Developed Infrastructure | 04 |
| 1.8 Ownership of Public Services | 05 |
| Chapter 2 : General Considerations | 08 |
| 2. Investment Policies | 08 |
| 2.1 Economic Overview and Key Indicators | 08 |
| 2.1.1 FDI Legal Framework | 08 |
| 2.1.2 Ownership Structures | 08 |
| 2.1.3 Corporate Tax Framework | 09 |
| 2.1.4 Double Taxation Agreements | 10 |
| 2.1.5 Bilateral Investment Treaties | 10 |
| 2.1.6 Investment Bodies | 10 |
| 2.1.7 Key Business Sectors | 11 |
| 2.1.8 Investment Incentives | 11 |
| 2.2 Diplomatic Relations | 12 |
| 2.2.1 Foreign Policy Framework | 12 |
| 2.2.2 International Memberships | 12 |
| 2.2.3 Key Diplomatic Developments | 12 |
| 2.2.4 Diplomatic Missions | 12 |
| 2.2.5 Visa Regime | 12 |
| 2.3 Government | 13 |
| 2.3.1 Constitutional Framework | 13 |
| 2.3.2 Federal Authorities | 13 |
| 2.3.3 Federal-Local Relations | 13 |
| 2.3.4 Judicial System | 13 |
| 2.3.5 Anti-Money Laundering Framework | 14 |
| 2.4 Environmental Considerations | 15 |
| 2.4.1 Climate Leadership | 15 |
| 2.4.2 Climate Law 2024 | 15 |



| | | |
|-------|------------------------------|----|
| 2.4.3 | Climate Targets | 15 |
| 2.4.4 | Environmental Treaties | 15 |
| 2.5 | Intellectual Property | 15 |
| 2.5.1 | IP Legal Framework | 15 |
| 2.5.2 | IP Protection Types | 16 |
| 2.5.3 | Recent Developments | 16 |
| 2.5.4 | International Treaties | 16 |
| 2.5.5 | Enforcement | 16 |
| 2.6 | Green Energy | 16 |
| 2.6.1 | UAE Energy Strategy 2050 | 16 |
| 2.6.2 | Solar Energy | 16 |
| 2.6.3 | Nuclear Energy | 17 |
| 2.6.4 | Hydrogen Strategy | 17 |
| 2.6.5 | Key Green Energy Initiatives | 17 |
| 2.6.6 | Regulatory Framework | 17 |

Chapter 3 : Financial Facilities and Investor Incentives 19

3. Banking and Financial Facilities 19

| | | |
|-------|--|----|
| 3.1 | Regulatory Framework | 19 |
| 3.1.1 | Banking Sector Overview | 19 |
| 3.1.2 | Banking Services for Businesses | 20 |
| 3.1.3 | Islamic Banking and Finance | 20 |
| 3.1.4 | SME Banking Products | 21 |
| 3.1.5 | Consumer Protection and Dispute Resolution | 22 |
| 3.2 | Aid for Foreign Investors | 23 |
| 3.2.1 | National Investment Strategy 2031 | 23 |
| 3.2.2 | Investment Promotion Bodies | 23 |
| 3.2.3 | NextGenFDI Initiative | 23 |
| 3.2.4 | Funding and Grant Programmes | 23 |
| 3.2.5 | Industrial Incentives | 24 |
| 3.3 | Free Zones and Special Economic Zones | 24 |
| 3.3.1 | Overview | 24 |
| 3.3.2 | Standard Free Zone Benefits | 24 |
| 3.3.3 | Major Free Zones Comparison | 25 |
| 3.3.4 | Selecting the Right Free Zone | 26 |
| 3.3.5 | Company Structures in Free Zones | 26 |
| 3.4 | Tax Incentives for Foreign Investors | 27 |
| 3.4.1 | Corporate Tax Overview | 27 |
| 3.4.2 | Global Minimum Tax (Pillar Two) | 27 |
| 3.4.3 | Value Added Tax (VAT) | 27 |
| 3.4.4 | Excise Tax | 28 |



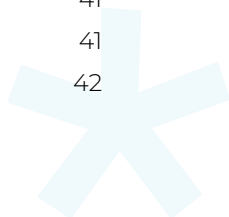
| | | |
|-------|------------------------------------|----|
| 3.5 | Residency Incentives for Investors | 28 |
| 3.5.1 | Golden Visa Programme | 28 |
| 3.5.2 | Blue Residency Visa | 28 |
| 3.5.3 | Green Visa | 28 |
| 3.6 | Key Points for Foreign Investors | 29 |

Chapter 4 : Exchange Trade 31

| | | |
|-------|---|----|
| 4. | Exchange Controls and Trade Regulations | 31 |
| 4.1 | Foreign Exchange Framework | 31 |
| 4.1.1 | Liberal Exchange Regime | 31 |
| 4.1.2 | Regulatory Framework | 31 |
| 4.2 | Money Transfer and Remittances | 32 |
| 4.2.1 | Banking Channels | 32 |
| 4.2.2 | Exchange Houses | 32 |
| 4.2.3 | Cash Declaration Requirements | 32 |
| 4.3 | Investment Controls | 32 |
| 4.3.1 | Capital Repatriation | 32 |
| 4.3.2 | Foreign Ownership | 33 |
| 4.4 | Customs and Import Regulations | 33 |
| 4.4.1 | Regulatory Framework | 33 |
| 4.4.2 | Customs Duties | 33 |
| 4.4.3 | De Minimis Thresholds | 33 |
| 4.4.4 | Import Documentation | 34 |
| 4.4.5 | Harmonised System (HS) Codes | 34 |
| 4.5 | Prohibited and Restricted Goods | 34 |
| 4.5.1 | Prohibited Imports | 34 |
| 4.5.2 | Restricted Imports | 35 |
| 4.6 | Export Regulations | 35 |
| 4.6.1 | Export Control Framework | 35 |
| 4.6.2 | Re-Export Procedures | 35 |
| 4.6.3 | Temporary Export Bans | 35 |
| 4.7 | Free Zone Trade Benefits | 36 |
| 4.8 | Comprehensive Economic Partnership Agreements (CEPAs) | 36 |
| 4.9 | Summary: Key Points for Businesses | 37 |

Chapter 5 : Structures For Doing Business 39

| | | |
|-----|----------------------------------|----|
| 5.1 | Governmental Participation | 39 |
| 5.2 | Joint Ventures | 39 |
| 5.3 | Limited Liability Companies | 40 |
| 5.4 | Liability Companies, Unlimited | 41 |
| 5.5 | Partnerships, General or Limited | 41 |
| 5.6 | Sole Proprietorships | 42 |



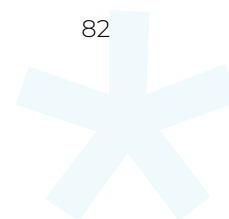
| | | |
|-----|--|----|
| 5.7 | Subsidiaries, Branches, and Representative Offices | 42 |
| 5.8 | Free Zone Structures | 43 |

Chapter 6 : Requirements for the Establishment of a Business 46

| | | |
|-------|--|----|
| 6. | Business Licensing | 46 |
| 6.1 | Licensing Authorities | 46 |
| 6.1.1 | Types of Business Licences | 46 |
| 6.1.2 | Licensing Process | 47 |
| 6.1.3 | Licensing Costs | 48 |
| 6.1.4 | Licence Renewal | 48 |
| 6.2 | Antitrust Laws | 48 |
| 6.2.1 | New Competition Law Framework | 48 |
| 6.2.2 | Prohibited Practices | 48 |
| 6.2.3 | Merger Control | 49 |
| 6.2.4 | Penalties | 49 |
| 6.3 | Environmental Regulations | 49 |
| 6.3.1 | Climate Change Law | 49 |
| 6.3.2 | National Carbon Credit Registry | 50 |
| 6.3.3 | Compliance Deadlines and Penalties | 50 |
| 6.3.4 | Other Environmental Permits | 50 |
| 6.4 | Government Approvals | 51 |
| 6.4.1 | Activities Requiring Special Approvals | 51 |
| 6.4.2 | Restricted Activities | 51 |
| 6.4.3 | Economic Substance Regulations | 51 |
| 6.5 | Ultimate Beneficial Owner (UBO) Registration | 52 |
| 6.5.1 | UBO Requirements | 52 |
| 6.5.2 | UBO Register Requirements | 52 |
| 6.5.3 | Filing and Updates | 52 |
| 6.5.4 | Exemptions | 52 |
| 6.5.5 | Penalties for Non-Compliance | 53 |
| 6.6 | Data Protection | 53 |
| 6.6.1 | Personal Data Protection Law (PDPL) | 53 |
| 6.6.2 | Scope and Application | 53 |
| 6.6.3 | Key Compliance Obligations | 53 |
| 6.6.4 | Data Protection Officer | 54 |
| 6.6.5 | Data Subject Rights | 54 |
| 6.6.6 | Penalties | 54 |
| 6.7 | Anti-Money Laundering Compliance | 54 |
| 6.8 | Emiratisation Requirements | 54 |
| 6.9 | Insurance | 55 |
| 6.9.1 | Mandatory Insurance Requirements | 55 |



| | | |
|--|---|-----------|
| 6.9.2 | Industry-Specific Insurance | 55 |
| 6.9.3 | Insurance Regulatory Framework | 56 |
| 6.10 | Summary: Key Requirements Checklist | 56 |
| Chapter 7 : Operation Of The Business | | 58 |
| 7.1 | Advertising | 58 |
| 7.2 | Legal Practitioners | 59 |
| 7.3 | Bookkeeping Requirements | 59 |
| 7.4 | Business Ethics and Codes | 60 |
| 7.5 | Consumer Protection Laws | 61 |
| 7.6 | Construction | 62 |
| 7.7 | Contracts | 62 |
| 7.8 | Price Controls | 63 |
| 7.9 | Product Registration | 63 |
| 7.10 | Sale of Goods | 64 |
| 7.11 | Trade Associations | 64 |
| Chapter 8 : Cessation Or Termination Of Business | | 67 |
| 8.1 | Dissolution of Partnerships | 67 |
| 8.2 | Modes of Winding Up | 67 |
| 8.3 | Insolvency and Bankruptcy | 69 |
| Chapter 9 : Labour Legislation, Relations, And Supply | | 73 |
| 9.1 | Employer/Employee Relations | 73 |
| 9.2 | Employment Regulations and UAE Labour Law | 73 |
| 9.3 | Employment Contracts | 73 |
| 9.4 | Hiring and Termination Requirements | 74 |
| 9.5 | Labour Availability and Market | 74 |
| 9.6 | Work Permits and Labour Cards | 74 |
| 9.7 | Safety Standards | 75 |
| 9.8 | Emiratisation Requirements | 75 |
| 9.9 | End of Service Benefits | 75 |
| Chapter 10 : Tax On Corporations | | 78 |
| 10.1 | Corporate Tax Framework | 78 |
| 10.2 | Taxable Income and Allowances | 78 |
| 10.3 | Calculation of Taxes | 79 |
| 10.4 | Filing and Payment Requirements | 79 |
| 10.5 | Transfer Pricing | 80 |
| 10.6 | Global Minimum Tax (Pillar Two) | 81 |
| 10.7 | Value Added Tax | 81 |
| 10.8 | Excise Tax | 82 |



| | | |
|-------|---|----|
| 10.9 | Free Zone Tax Benefits | 82 |
| 10.10 | Tax Treaties and Double Taxation Agreements | 83 |
| 10.11 | Territoriality Rules | 83 |
| 10.12 | Treatment of Tax Losses | 83 |
| 10.13 | Withholding Taxes | 84 |

Chapter 11 : Tax On Individuals 86

| | | |
|------|-------------------------------|----|
| 11.1 | Personal Income Tax | 86 |
| 11.2 | Capital Gains Tax | 86 |
| 11.3 | Inheritance and Gift Tax | 87 |
| 11.4 | Real Estate Tax | 87 |
| 11.5 | Social Security Contributions | 88 |
| 11.6 | Tax Residency Rules | 89 |

Chapter 12 : Immigration Requirements 92

| | | |
|------|-------------------------------|----|
| 12.1 | Entry Permits and Visit Visas | 92 |
| 12.2 | Residence Visas | 93 |
| 12.3 | Golden Visa | 94 |
| 12.4 | Green Visa | 94 |
| 12.5 | Blue Visa | 95 |
| 12.6 | Work Permits | 95 |
| 12.7 | Family Sponsorship | 96 |
| 12.8 | Emirates ID | 97 |





CHAPTER 1

Introduction

1. The Country at a Glance

1.1 Languages in the UAE

The official language of the United Arab Emirates is Arabic. English is widely spoken and serves as the primary language of business, commerce, and international communication. The UAE's diverse expatriate population, comprising approximately 88% of residents, has made the country multilingual, with Hindi, Urdu, Tagalog, Bengali, Persian (Farsi), and Malayalam commonly spoken. Government documents and official correspondence are primarily in Arabic, though English translations are generally available for business and legal purposes.

The UAE consists of seven emirates: Abu Dhabi (the capital), Dubai, Sharjah, Ajman, Umm Al-Quwain, Ras Al Khaimah, and Fujairah. Each emirate has its own local government while the federal government oversees matters of national importance. Gulf Arabic is the predominant dialect spoken by Emirati nationals.

1.2 Foreign Exchange Rates

The UAE Dirham (AED) has been pegged to the United States Dollar at a fixed rate of AED 3.6725 per USD since November 1997. This long-standing peg, maintained by the Central Bank of the UAE, has provided exceptional currency stability for international trade, investment and treasury operations conducted out of the UAE.

Cross-rates against all other currencies — including the Euro, Pound Sterling, Japanese Yen and the principal regional currencies — therefore move in line with the relevant currency's rate against the US Dollar in international markets and fluctuate daily. Indicative cross-rates are published on the website of the Central Bank of the UAE (www.centralbank.ae) and by the principal UAE commercial banks. Investors and businesses should obtain a current quotation from their bank or from the Central Bank's daily rates page before entering into any material transaction; cross-rates quoted in published guides of this kind are necessarily historical and should not be relied upon for transactional purposes.

1.3 Geography and Climate of the UAE

The United Arab Emirates is located in the southeastern region of the Arabian Peninsula, bordered by the Persian Gulf to the north and the Gulf of Oman to the east. Saudi Arabia lies to the south and west, while Oman borders the UAE to the east and southeast. The country's strategic location at the crossroads of Europe, Asia, and Africa has made it a global hub for trade, tourism, and finance.

- * **Total Area:** 83,600 sq km
- * **Land Area:** 83,600 sq km
- * **Coastline:** 1,318 km (Persian Gulf and Gulf of Oman)

- * **Maritime Claims:** Territorial sea of 12 nautical miles; Exclusive economic zone of 200 nautical miles

Elevation Extremes:

- * **Lowest Point:** Persian Gulf, 0 m
- * **Highest Point:** Jabal Yibir (Hajar Mountains), 1,527 m

The UAE has an arid desert climate characterised by two main seasons with two transitional periods:

1. Winter (December to March): Mild and pleasant, with temperatures ranging from 16°C to 24°C. This is the most comfortable season for outdoor activities and tourism.
2. Spring Transition (April to May): Temperatures increase gradually, ranging from 26°C to 33.5°C, with variable weather conditions.
3. Summer (June to September): Extremely hot, with temperatures regularly exceeding 40°C and occasionally reaching 50°C in southern desert regions. High humidity along coastal areas.
4. Autumn Transition (October to November): Temperatures gradually decrease from 35°C to 25°C, marking the return of comfortable outdoor conditions.

The UAE landscape comprises predominantly flat, barren coastal plains merging into rolling sand dunes in the vast desert interior. The Hajar Mountains in the northeast provide dramatic contrast, with cooler temperatures and occasional winter rainfall. Annual rainfall averages between 100-150mm, primarily occurring between November and March.

1.5 Cultural Influences in the UAE

The UAE presents a unique cultural environment where traditional Arab and Islamic values coexist with a cosmopolitan, internationally diverse society. With over 88% of residents being expatriates from across the globe, the country has developed a remarkably tolerant and multicultural atmosphere while maintaining deep respect for local customs and heritage.

Business culture in the UAE reflects this blend of tradition and modernity. While the country is open to international business practices, understanding and respecting local customs significantly enhances business relationships. Key cultural considerations include:

- * **Relationship Building:** Business in the UAE often relies on personal relationships and trust. Face-to-face meetings and hospitality are highly valued.
- * **Hierarchy and Respect:** Acknowledging seniority and showing respect to elders and those in authority is important in both social and business contexts.
- * **Dress Code:** Professional and conservative business attire is expected. Modesty in dress is appreciated, particularly in government and traditional business settings.
- * **Wasta:** The concept of 'wasta' (connections or intermediation) remains significant in business dealings, though formal processes are increasingly prevalent.

1.6 Religious Influences in the UAE

Islam is the official religion of the United Arab Emirates, and its principles profoundly influence the nation's legal framework, culture, and business practices. Pursuant to Article 7 of the UAE Constitution, Islamic Sharia is declared a principal source of legislation. The country operates a dual legal system that integrates civil law (influenced by French, Roman, and Egyptian legal traditions) with Islamic jurisprudence.

While Sharia law primarily applies to personal status matters for Muslims (including marriage, divorce, inheritance, and family disputes), its principles also influence certain aspects of commercial law, particularly in Islamic finance and banking. The UAE has become a global leader in Islamic finance, with Sharia-compliant banking representing approximately 20% of total banking assets.

Religious influences on business operations include:

- * **Ramadan:** During the holy month of Ramadan, working hours are reduced, and business activities may slow. Eating, drinking, and smoking in public during daylight hours is prohibited.
- * **Friday Prayers:** Friday is the Islamic holy day and is typically the weekend, with many businesses operating Thursday-Friday or Friday-Saturday weekends.
- * **Islamic Finance:** Interest (riba) is prohibited under Islamic law. Financial institutions offer Sharia-compliant alternatives such as mudarabah (profit-sharing), musharakah (joint venture), murabaha (cost-plus financing), and ijara (leasing).
- * **Prohibited Activities:** Businesses involving alcohol, gambling, and certain entertainment activities are restricted or require special licensing.

The UAE promotes religious tolerance and has established interfaith initiatives, including the construction of the Abrahamic Family House in Abu Dhabi, which houses a mosque, church, and synagogue on a single site. Non-Muslim residents are free to practice their religions, and numerous churches, temples, and other places of worship operate throughout the country.

1.7 UAE's Developed Infrastructure

The United Arab Emirates boasts world-class infrastructure that supports its position as a global hub for trade, tourism, and finance. Significant government investment has created modern transportation networks, telecommunications systems, and utilities that rival those of any developed nation.

Airports:

The UAE operates multiple international airports serving as major global aviation hubs:

| Airport | IATA Code | Location |
|--------------------------------------|-----------|-------------------|
| Dubai International Airport | DXB | Dubai |
| Zayed International Airport | AUH | Abu Dhabi |
| Sharjah International Airport | SHJ | Sharjah |
| Al Maktoum International Airport | DWC | Dubai (Jebel Ali) |
| Ras Al Khaimah International Airport | RKT | Ras Al Khaimah |
| Fujairah International Airport | FJR | Fujairah |
| Al Ain International Airport | AAN | Al Ain |

Dubai International Airport (DXB) is the world's busiest airport by international passenger traffic, handling over 92 million passengers in 2024. It serves as the primary hub for Emirates airline and connects to over 270 destinations worldwide through more than 100 airlines operating over 8,500 weekly flights.

Seaports:

The UAE has 12 commercial trading ports (excluding oil terminals) with 310 berths and cargo handling capacity exceeding 80 million tonnes annually. Approximately 61% of cargo destined for GCC states arrives via UAE seaports. Major ports include:

- * **Jebel Ali Port (Dubai):** The world's largest man-made harbour and ninth busiest port globally, handling 15.5 million TEUs in 2024. It serves as a critical gateway connecting Asia, Europe, and Africa.
- * **Khalifa Port (Abu Dhabi):** One of the most technologically advanced ports in the region and the first semi-automated container port in MENA, with capacity approaching 10 million TEUs.
- * **Port of Fujairah:** The largest port on UAE's eastern seaboard and the world's second-largest bunkering hub, strategically located outside the Strait of Hormuz.
- * **Mina Rashid (Dubai):** A major cruise terminal and mixed cargo facility in the heart of Dubai.
- * **Khor Fakkan Container Terminal (Sharjah):** The only natural deep-water port in the region.
- * **Port Khalid (Sharjah):** Pioneer port with the first container terminal, free trade terminal, and Ro-Ro facility in the region.

Roads and Railways:

The UAE has an extensive modern road network connecting all seven emirates and linking to neighbouring countries:

- * **Total Road Network:** Approximately 4,080 km of paved roads
- * **Major Highways:** Multi-lane expressways connecting Dubai-Abu Dhabi, Dubai-Sharjah-Ras Al Khaimah, and cross-UAE routes to Fujairah
- * **Dubai Metro:** Automated metro system serving Dubai with Red and Green lines
- * **Etihad Rail:** National railway network under development connecting all emirates and linking to GCC rail network

Telecommunications:

The UAE is a regional leader in telecommunications infrastructure and a top global performer in mobile and broadband connectivity:

- * **Internet Users:** 99% penetration (approximately 10.1 million users)
- * **Mobile Subscriptions:** Over 21 million active subscriptions (approximately 200% penetration)
- * **Average Broadband Speed:** 235.72 Mbps
- * **Average Mobile Internet Speed:** 269.41 Mbps
- * **5G Coverage:** Over 97% population coverage with world's fastest median 5G download speeds (660 Mbps)
- * **Fibre-to-the-Home (FTTH):** 99.5% penetration, highest globally
- * **Country Domain:** .ae

The telecommunications sector is served by two main operators: e& (formerly Etisalat) and du (Emirates Integrated Telecommunications Company). Both are majority government-owned and have deployed extensive 5G networks. The Telecommunications and Digital Government Regulatory Authority (TDRA) oversee the sector and has unveiled a 6G roadmap for implementation by 2030.

1.8 Ownership of Public Services

Public utilities and essential services in the UAE are primarily government-owned, ensuring high standards of reliability and quality:

Water and Electricity:

Each emirate has its own utility provider, with Abu Dhabi's utilities overseen by the Emirates Water and Electricity Company (EWEC), Dubai served by Dubai Electricity and Water Authority (DEWA), and Sharjah by Sharjah Electricity, Water and Gas Authority (SEWA). The Federal Electricity and Water Authority (FEWA) serves the northern emirates of Ajman, Umm Al-Quwain, Ras Al Khaimah, and Fujairah.

Telecommunications:

The telecommunications market operates as a regulated duopoly with e& (formerly Etisalat) and du. Both companies have significant government ownership. The TDRA regulates the sector, ensuring quality standards, managing spectrum allocation, and promoting digital transformation initiatives.

Oil and Gas:

The Abu Dhabi National Oil Company (ADNOC) is the state-owned oil company responsible for the majority of the UAE's hydrocarbon production. The Supreme Petroleum Council oversees the petroleum industry in Abu Dhabi. Dubai's oil and gas operations are managed by the Dubai Petroleum Establishment.

Transportation:

Dubai's Roads and Transport Authority (RTA) manages public transport including the metro, buses, taxis, and marine transport. Abu Dhabi's Integrated Transport Centre (ITC) provides similar services. The Department of Transport in each emirate oversees land, maritime, and aviation transport within their jurisdictions.

Ports:

DP World, a government-owned global port operator headquartered in Dubai, operates Jebel Ali Port and Mina Rashid. AD Ports Group (formerly Abu Dhabi Ports) manages Khalifa Port, Zayed Port, and several other facilities. These entities have driven the UAE's emergence as a global logistics hub.

Aviation:

The General Civil Aviation Authority (GCAA) regulates civil aviation across the UAE. Major airlines include Emirates (owned by The Emirates Group, a subsidiary of Dubai's Investment Corporation of Dubai), Etihad Airways (owned by ADQ, an Abu Dhabi sovereign wealth fund), flydubai (owned by the Government of Dubai), and Air Arabia (based in Sharjah, publicly traded).



CHAPTER 2

General Considerations

2. Investment Policies

2.1 Economic Overview and Key Indicators

The UAE has established itself as one of the world's leading destinations for foreign direct investment and is consistently ranked among the top recipients of FDI globally. The country's strategic location at the crossroads of Europe, Asia and Africa, its open and business-friendly policy environment, its world-class infrastructure and its diversified economy have made it a premier hub for international commerce, capital and talent.

The UAE economy is the second-largest in the Arab world and one of the largest in the wider Middle East and North Africa region. Successive iterations of the federal economic strategy — including the National Investment Strategy 2031, the “We the UAE 2031” vision and the Operation 300bn industrial strategy — have driven a sustained expansion of the non-oil economy, which now accounts for the substantial majority of GDP. The International Monetary Fund and the World Bank both project continued robust growth, supported by strong performances in tourism, transportation and logistics, financial services, real estate, construction, manufacturing and the digital economy.

Headline macroeconomic indicators — nominal GDP, GDP growth, non-oil GDP growth, inflation, FDI inflows and non-oil trade — are published and revised periodically by the UAE Ministry of Economy, the Federal Competitiveness and Statistics Centre, the Central Bank of the UAE, the IMF (in its Article IV consultations and World Economic Outlook), UNCTAD (in its World Investment Report) and the World Bank. Readers requiring the most recent figures are referred to those primary sources, which are updated continuously and are authoritative; the publishers consider it preferable to direct readers to live data than to reproduce a snapshot that will go out of date during the Guide's shelf life.

2.1.1 FDI Legal Framework

The UAE has enacted comprehensive legislation to facilitate and protect foreign investment:

- * **Federal Decree-Law No. 19 of 2018 on Foreign Direct Investment:** Established the initial FDI framework
- * **Federal Decree-Law No. 32 of 2021 on Commercial Companies:** Landmark reform allowing 100% foreign ownership of onshore companies, removing the previous requirement for 51% UAE national ownership
- * **Cabinet Resolution No. 16 of 2020:** Established the Positive List identifying 122 economic activities eligible for up to 100% foreign ownership
- * **National Investment Strategy 2031:** Targets USD 65.3 billion in FDI by 2031

2.1.2 Ownership Structures

Onshore Companies

Following the 2021 reforms, foreign investors may now own 100% of onshore companies in most sectors. However, certain ‘Activities of Strategic Effect’ remain subject to restrictions and require approval

from relevant regulatory authorities. These strategic activities include security and defence services, banking activities, insurance services, telecommunications infrastructure, Hajj and Umrah services, and recruitment of domestic workers.

Free Zones

The UAE maintains over 40 free zones, each offering 100% foreign ownership, customs duty exemptions, and streamlined business setup procedures. Notable free zones include Dubai Multi Commodities Centre (DMCC), Jebel Ali Free Zone (JAFZA), Abu Dhabi Global Market (ADGM), and Dubai International Financial Centre (DIFC).

Financial Free Zones

DIFC and ADGM operate as independent financial centres with their own civil and commercial laws based on English common law, independent court systems with international judges, and separate regulatory frameworks administered by the Dubai Financial Services Authority (DFSA) and Financial Services Regulatory Authority (FSRA) respectively.

2.1.3 Corporate Tax Framework

The UAE introduced its first federal corporate tax regime effective from 1 June 2023 under Federal Decree-Law No. 47 of 2022. This marked a significant shift from the country's previously tax-free status, aligning with international standards and avoiding blacklisting by major trading partners.

Standard Corporate Tax Rates

- * **0%:** On taxable income up to AED 375,000
- * **9%:** On taxable income exceeding AED 375,000

Free Zone Corporate Tax Regime

Qualifying Free Zone Persons (QFZPs) can benefit from a 0% corporate tax rate on 'qualifying income', subject to meeting specific conditions under Cabinet Decision No. 55 of 2023 and Ministerial Decision No. 139 of 2023:

- * Maintaining adequate substance in the UAE (qualified personnel, operating expenditures, assets)
- * Deriving income from qualifying activities with other Free Zone persons or from specified activities
- * Compliance with transfer pricing requirements and maintenance of documentation
- * Not electing to be subject to the standard corporate tax rate

Qualifying Activities

Activities eligible for the 0% Free Zone rate include: manufacturing and processing of goods; holding of shares and securities; ownership, management and operation of ships; reinsurance services; fund management services; wealth and investment management services; headquarter services to related parties; treasury and financing services to related parties; financing and leasing of aircraft; logistics services; and distribution activities within designated zones.

De Minimis Threshold

Free Zone persons may maintain QFZP status if non-qualifying revenue does not exceed the lower of 5% of total revenue or AED 5 million. Failure to meet qualifying conditions results in disqualification for the current tax year plus the following four years, with all income subject to the 9% rate.

2.1.4 Double Taxation Agreements

The UAE has established one of the most extensive networks of Double Taxation Agreements (DTAs) globally. As of 2025, the Ministry of Finance reports that the UAE has concluded 193 DTAs and Bilateral Investment Treaties (BITs) combined, with over 140 DTAs specifically covering income and capital taxation.

Key DTA Partners

The UAE has comprehensive DTAs with major trading partners including the United Kingdom, France, Germany, India, China, Singapore, Canada, the Netherlands, and numerous other countries across Europe, Asia, Africa, and the Americas. Notable recent additions include DTAs with GCC partners Kuwait (ratified 2024), Bahrain (signed 2024), and Qatar (signed 2024).

DTA Benefits

- * Prevention of double taxation on dividends, royalties, interest, and capital gains
- * Tax exemptions for air transport and shipping revenues
- * Tax credits for taxes paid in other jurisdictions
- * Protection for income from immovable property and personal services
- * Exchange of tax information between jurisdictions

Note: The UAE does not currently have a comprehensive income tax treaty with the United States. However, a Model 1 Intergovernmental Agreement (IGA) under the Foreign Account Tax Compliance Act (FATCA) facilitates information exchange between the two countries.

2.1.5 Bilateral Investment Treaties

The UAE has signed over 100 Bilateral Investment Treaties (BITs) with key trade and investment partners worldwide. Approximately 45 BITs are currently in force, including agreements with Egypt, Kenya, India, China, and the United Kingdom.

BIT Protections

UAE BITs typically provide:

- * Protection from non-commercial risks including nationalization, expropriation, sequestration, and asset freezing
- * Fair and equitable treatment of investments
- * Free transfer of profits and returns in freely convertible currency
- * National treatment and most favoured nation treatment
- * Fair and prompt compensation in case of expropriation for public interest
- * Access to international arbitration for dispute settlement

The India-UAE BIT (2024) represents a notable recent development, replacing the previous 2013 agreement with modernized investor protections while balancing host state regulatory authority. The treaty defines clear standards for protection against denial of justice, fundamental breach of due process, targeted discrimination, and manifestly abusive treatment.

2.1.6 Investment Bodies

- * **Ministry of Investment:** Established in July 2023 to unify and coordinate investment policies across the UAE
- * **Abu Dhabi Investment Office (ADIO):** Facilitates investment into Abu Dhabi and provides investor support services
- * **Dubai FDI:** Investment development agency of the Dubai Department of Economy and Tourism
- * **Sharjah FDI:** Promotes foreign direct investment into the Emirate of Sharjah
- * **NextGenFDI Initiative:** Federal programme attracting next-generation companies and innovative businesses

2.1.7 Key Business Sectors

The UAE's economy has successfully diversified beyond its traditional oil and gas base. The following sectors represent the primary areas of business activity and investment opportunity:

| Sector | Key Features |
|-----------------------|--|
| Oil & Gas | 30% of GDP; among world's largest crude oil producers; investment in R&D and unconventional gas resources |
| Financial Services | Over 50 banks; 13% annual growth (2024); total assets exceeding USD 1.17 trillion; major fintech hub |
| Real Estate | Significant contributor to GDP; high-rise developments; freehold ownership for foreigners in designated areas |
| Tourism & Hospitality | Target: 40 million hotel guests annually by 2031; 12% GDP contribution projected; 130+ new hotel sites planned |
| Construction | USD 41 billion market (2024); projected USD 50.4 billion by 2029; smart city and sustainable projects |
| Logistics & Transport | World-class ports (Jebel Ali) and airports (Dubai International); home to Emirates and Etihad Airways |
| E-commerce | USD 11 billion (2024); projected USD 19 billion by 2029; high internet penetration |
| Technology & AI | Major government investment; AI Partnership with USA (2024); focus on digital economy |
| Healthcare | State-of-the-art facilities; medical tourism destination; expanding private sector |
| Renewable Energy | AED 150-200 billion investment by 2030; solar, nuclear, and hydrogen projects |

2.1.8 Investment Incentives

- * **Tax Benefits:** 9% corporate tax (lowest in region); Free Zone QFZPs may maintain 0% on qualifying income; no personal income tax
- * **Customs Exemptions:** Duty-free imports in free zones; reduced tariffs under CEPA agreements
- * **Capital Repatriation:** 100% repatriation of profits and capital permitted
- * **Golden Visa:** 10-year residency for investors, entrepreneurs, specialized talents, and outstanding students (expanded 2024)



- * **Blue Residency:** 10-year visa for sustainability leaders and environmental pioneers (launched May 2025)
- * **Property Ownership:** Freehold ownership available to foreign nationals in designated areas

2.2 Diplomatic Relations

2.2.1 Foreign Policy Framework

The UAE's foreign policy is guided by principles established by the nation's founder, Sheikh Zayed bin Sultan Al Nahyan: justice and fairness in international relations; non-interference in the internal affairs of other states; peaceful resolution of disputes; and support for the United Nations and international law.

The Ministry of Foreign Affairs, established on 9 December 1971, oversees the UAE's diplomatic relations. H.H. Sheikh Abdullah bin Zayed Al Nahyan has served as Minister of Foreign Affairs since 2006.

2.2.2 International Memberships

The UAE is an active member of numerous international organizations:

- * **United Nations:** Member since 1971
- * **Gulf Cooperation Council (GCC):** Founding member
- * **Arab League:** Member
- * **Organisation of Islamic Cooperation (OIC):** Member
- * **OPEC:** Member
- * **World Bank & IMF:** Member since 1972
- * **World Trade Organization (WTO):** Member
- * **Non-Aligned Movement:** Member

2.2.3 Key Diplomatic Developments

- * **Abraham Accords (2020):** The UAE became the first Gulf Arab country to normalize relations with Israel, establishing full diplomatic ties
- * **Comprehensive Economic Partnership Agreements (CEPAs):** The UAE has signed CEPAs with India, Israel, Turkey, and Indonesia to enhance trade and investment
- * **AI Partnership with USA (2024):** Landmark agreement on artificial intelligence cooperation

2.2.4 Diplomatic Missions

The UAE maintains diplomatic relations with over 200 countries. Abu Dhabi hosts approximately 150 foreign embassies in its diplomatic district, while Dubai accommodates around 80 consulates focusing on trade promotion, visa processing, and expatriate services. The other five emirates are served by consular missions based in Dubai.

The UAE maintains its own diplomatic presence globally through 96 embassies and 20 consulates in major capitals worldwide. A full directory of diplomatic missions can be accessed through the Ministry of Foreign Affairs website (www.mofa.gov.ae).

2.2.5 Visa Regime

The UAE operates a progressive visa system with visa-free or visa-on-arrival access for citizens of over 70 countries. Business visitors can access multiple visa options including tourist visas, business visit

visas, and long-term business entry permits. The Golden Visa programme provides 10-year residency for qualifying investors, entrepreneurs, and professionals.

2.3 Government

2.3.1 Constitutional Framework

The United Arab Emirates is a federal constitutional monarchy comprising seven emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah, and Fujairah. Established on 2 December 1971, the federation adopted its provisional constitution, which was made permanent in 1996. Abu Dhabi serves as the federal capital.

2.3.2 Federal Authorities

Article 45 of the Constitution establishes five federal authorities:

Federal Supreme Council

The highest authority in the UAE, comprising the rulers of all seven emirates. The Council elects the President and Vice President for renewable five-year terms. Abu Dhabi and Dubai hold veto power over substantive matters.

President of the UAE

H.H. Sheikh Mohamed bin Zayed Al Nahyan (also Ruler of Abu Dhabi) serves as President. By convention, the President is the Ruler of Abu Dhabi.

Council of Ministers

The executive authority, led by the Prime Minister. H.H. Sheikh Mohammed bin Rashid Al Maktoum (also Ruler of Dubai) serves as Prime Minister and Vice President. By convention, the Prime Minister is the Ruler of Dubai.

Federal National Council

A consultative parliamentary body comprising 40 members: 20 appointed by the rulers and 20 elected by an electoral college. The Council reviews proposed legislation and makes recommendations.

Federal Judiciary

The Federal Supreme Court serves as the apex court. Some emirates (Ajman, Fujairah, Sharjah, Umm Al Quwain) use the federal court system, while Abu Dhabi, Dubai, and Ras Al Khaimah maintain their own independent judicial systems.

2.3.3 Federal-Local Relations

Under Articles 120-121, the federation has exclusive jurisdiction over foreign affairs, defence, nationality, immigration, federal finance, telecommunications, major legislation, and inter-emirate relations. Articles 116 and 122 reserve all matters not explicitly assigned to the federation for the individual emirates, including local economic development, tourism, culture, health services, and real estate regulation.

2.3.4 Judicial System

Onshore Courts

The UAE operates a civil law system based on Egyptian, French, and Islamic law principles. The court structure comprises three tiers: Courts of First Instance, Courts of Appeal, and Courts of Cassation (or the Federal Supreme Court). Proceedings are conducted in Arabic with certified translations required for foreign documents.

DIFC and ADGM Courts

The Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM) operate independent court systems based on English common law. These courts conduct proceedings in English, are staffed by internationally experienced judges, and can hear disputes through opt-in jurisdiction clauses. The DIFC Courts include specialized divisions such as the Small Claims Tribunal and Technology & Construction Division.

Arbitration

The UAE has a well-developed arbitration framework under Federal Law No. 6 of 2018 and acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 2006. Major arbitration institutions include the Dubai International Arbitration Centre (DIAC), DIFC-LCIA Arbitration Centre, ADGM Arbitration Centre, and ArbitrateAD.

Enforcement of Foreign Judgments

The UAE has updated its framework for enforcement of foreign judgments through Federal Decree-Law No. 42 of 2022 (Civil Procedure Law). Bilateral enforcement treaties exist with countries including France. The DIFC Courts have established memoranda of understanding with courts in England and Wales, Singapore, and Australia to facilitate reciprocal enforcement.

2.3.5 Anti-Money Laundering Framework

The UAE has made substantial progress in strengthening its Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework. On 23 February 2024, the Financial Action Task Force (FATF) removed the UAE from its 'grey list' (Jurisdictions under Increased Monitoring), recognizing the country's successful implementation of recommended reforms.

Key Regulatory Developments

The UAE has implemented comprehensive AML/CFT reforms including:

- * Establishment of the Executive Office to Combat Money Laundering and Terrorist Financing (EOCN)
- * Creation of a specialist court for financial crimes prosecution
- * Federal Decree-Law No. 20 of 2018 on Anti-Money Laundering (as amended) and subsequent regulations
- * Law No. 4 of 2022 Regulating Virtual Assets with AML provisions
- * Enhanced guidelines for financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs)
- * Development of the FawriTick automated intelligence platform for financial crime detection

Enforcement Record

The UAE has demonstrated its commitment to AML enforcement through significant actions: fines exceeding AED 115 million for money laundering violations, over 8,000 compliance inspections, and asset seizures of AED 925 million for AML breaches. The UAE has also strengthened bilateral legal assistance treaties and increased suspicious transaction reporting.

Implications for Business

The removal from the FATF grey list enhances the UAE's reputation as a financial hub and is expected to ease due diligence requirements for international transactions, reduce processing costs and delays for cross-border payments, and strengthen investor confidence in the UAE's financial system.

2.4 Environmental Considerations

2.4.1 Climate Leadership

The UAE has emerged as a regional leader on climate action, becoming the first MENA country to commit to Net Zero emissions by 2050. The country hosted COP28 in November-December 2023, demonstrating its commitment to global climate leadership.

2.4.2 Climate Law 2024

Federal Decree-Law No. 11 of 2024 (the Climate Law) came into effect on 30 May 2025, establishing the UAE's comprehensive climate regulatory framework:

- * Mandatory greenhouse gas (GHG) reporting requirements for all entities, including those in free zones
- * Sector-specific carbon neutrality targets
- * Establishment of a National Carbon Credit Registry for carbon offsetting and trading
- * Climate action plans required to align with Net Zero 2050 targets
- * Penalties ranging from AED 50,000 to AED 2,000,000 for non-compliance

2.4.3 Climate Targets

| Target | Timeline |
|--------------------------------------|----------|
| Net Zero Emissions | 2050 |
| 32% Clean Energy in Power Mix | 2030 |
| 47% Emissions Reduction | 2035 |
| 42-45% Energy Efficiency Improvement | 2030 |

2.4.4 Environmental Treaties

The UAE is party to major environmental conventions including: the United Nations Framework Convention on Climate Change (UNFCCC); the Paris Agreement (ratified 2016); the Vienna Convention and Montreal Protocol (ozone protection); the Basel Convention (hazardous waste); CITES (endangered species); and the Stockholm Convention (persistent organic pollutants).

2.5 Intellectual Property

2.5.1 IP Legal Framework

The UAE modernized its intellectual property framework in 2021 with comprehensive new legislation aligned with international standards. The Ministry of Economy serves as the primary authority for IP registration and oversight.

2.5.2 IP Protection Types

| Type | Legislation | Protection Period |
|--------------------|-------------------------|----------------------------------|
| Trademarks | Federal Law No. 36/2021 | 10 years, renewable indefinitely |
| Patents | Federal Law No. 11/2021 | 20 years from filing |
| Copyrights | Federal Law No. 38/2021 | Lifetime + 50 years |
| Industrial Designs | Federal Law No. 11/2021 | 10 years, max 25 years |

2.5.3 Recent Developments

The UAE has established the International Centre for Patent Registration (ICPR) and signed an Accelerated Patent Grant Agreement with the USPTO in July 2025. The country has also introduced Collective Management Organizations (CMOs) for copyright administration, including the first Gulf CMO for literary rights (March 2022) and music rights CMOs EMRA and Music Nation (April 2025).

2.5.4 International Treaties

The UAE is party to major IP treaties including: WIPO Convention; Paris Convention for the Protection of Industrial Property; Berne Convention for the Protection of Literary and Artistic Works; Madrid Protocol (trademark registration); Patent Cooperation Treaty (PCT); TRIPS Agreement; WIPO Copyright Treaty; and the WIPO Performances and Phonograms Treaty.

2.5.5 Enforcement

IP rights are enforced through multiple channels including the Ministry of Economy, Federal Customs Authority, specialized IP courts (including Abu Dhabi Commercial Court), and criminal prosecution. Available remedies include injunctions, damages, seizure of infringing goods, and criminal penalties.

2.6 Green Energy

2.6.1 UAE Energy Strategy 2050

Launched in 2017 and updated in 2023, the UAE Energy Strategy 2050 commits AED 150-200 billion (approximately USD 54 billion) in clean energy investment by 2030. Key targets include 32% clean energy in the power mix by 2030, net-zero emissions from water and energy sectors by 2050, 42-45% improvement in energy efficiency versus 2019 baseline, and creation of 200,000 jobs in solar, battery, and hydrogen sectors.

2.6.2 Solar Energy

- * The UAE has achieved world-record solar energy pricing at 1.35 US cents per kilowatt-hour. Major solar projects include:
- * **Mohammed bin Rashid Al Maktoum Solar Park (Dubai):** World's largest single-site solar park, AED 50 billion investment, 5,000 MW capacity by 2030
- * **Al Dhafra Solar PV (Abu Dhabi):** World's largest single-site solar plant at 2 GW capacity
- * **Noor Abu Dhabi:** 1.2 GW capacity, reducing 1 million metric tons of CO2 annually
- * **Al-Ajban Solar Park (Abu Dhabi):** 1,500 MW AC capacity, powering 160,000 homes

2.6.3 Nuclear Energy

The Barakah Nuclear Energy Plant represents a historic achievement as the first nuclear power plant in the Arab world. All four reactors are now operational, providing approximately 25% of the UAE's electricity needs and significantly reducing the country's carbon emissions.

2.6.4 Hydrogen Strategy

The UAE National Hydrogen Strategy 2050 targets: 1.4 million tonnes per annum (mtpa) by 2031 (comprising 1 mtpa green hydrogen and 0.4 mtpa blue hydrogen); scaling to 14-22 mtpa by 2050; infrastructure development including 15.3 GW solar PV capacity and 8.7 GW electrolyser capacity for green hydrogen production; and 100% emissions reduction in hard-to-abate sectors by 2050.

2.6.5 Key Green Energy Initiatives

- * **Masdar:** Established in 2006, Abu Dhabi's renewable energy company has committed over USD 20 billion globally and targets 1 mtpa green hydrogen production by 2030. Masdar City hosts the International Renewable Energy Agency (IRENA) headquarters.
- * **DEWA Green Hydrogen Project:** The first solar-powered green hydrogen facility in the MENA region, located at the Mohammed bin Rashid Al Maktoum Solar Park.
- * **Alterra Climate Investment Fund:** Launched at COP28 in December 2023 with an initial USD 30 billion commitment to catalyze climate-focused investment.
- * **Dubai Clean Energy Strategy 2050:** Targets 100% clean energy production in Dubai by 2050.

2.6.6 Regulatory Framework

The green energy sector is supported by multiple regulatory initiatives: the Net Zero 2050 Initiative, the Net Zero Governments Charter (signed by all seven emirates), the Climate Law 2024, emirate-level green building regulations (including Barjeel in Ras Al Khaimah, mandatory since 2020), and green banking incentives encouraging sustainable finance.



CHAPTER 3

Financial Facilities and Investor Incentives

3. Banking and Financial Facilities

3.1 Regulatory Framework

The UAE's banking and financial sector is regulated by the Central Bank of the UAE (CBUAE), established under Federal Decree-Law No. 14 of 2018, which has been repealed and replaced by Federal Decree-Law No. 6 of 2025 Regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business (the 'New CBUAE Law'). This new law, effective from 16 September 2025, consolidates the regulation of banks, payment service providers, and insurers under a single legislative framework.

The CBUAE is responsible for:

- * Licensing and regulating commercial banks, investment banks, and Islamic banks
- * Supervising exchange houses and money intermediaries (foreign exchange dealers)
- * Overseeing payment service providers and financial infrastructure systems
- * Regulating insurance and reinsurance activities
- * Promoting financial and monetary stability
- * Implementing anti-money laundering and counter-terrorism financing requirements

3.1.1 Banking Sector Overview

The UAE banking sector comprises over 50 banks, including both locally established institutions and branches of foreign banks. Total banking assets reached AED 4.56 trillion (USD 1.24 trillion) by end of 2024, representing 12% year-on-year growth. This growth has placed the UAE at the forefront of the Middle East in terms of banking assets, with strong fundamentals reflected in high capitalisation levels, robust profitability, sufficient liquidity and stable financial reserves.

| Bank Category | Description |
|-----------------------|---|
| Commercial Banks | Full-service banking including deposits, loans, trade finance, and treasury services |
| Islamic Banks | Sharia-compliant banking; accounts for 24% of total banking assets (AED 1.089 trillion in 2024) |
| Investment Banks | Capital markets, advisory services, and asset management |
| Foreign Bank Branches | Licensed branches of international banks operating in the UAE |

3.1.2 Banking Services for Businesses

Banks operating in the UAE offer comprehensive services to businesses, including:

- * **Corporate Accounts:** Current accounts, savings accounts, and multi-currency accounts
- * **Trade Finance:** Letters of credit, documentary collections, bank guarantees, and trade facilities
- * **Working Capital Finance:** Overdrafts, short-term loans, and receivables financing
- * **Term Loans:** Project financing, equipment financing, and expansion loans
- * **Treasury Services:** Foreign exchange, hedging instruments, and cash management
- * **Digital Banking:** Online banking platforms, mobile banking, and digital payment solutions

3.1.3 Islamic Banking and Finance

Islamic banking has become an integral part of the UAE's financial industry, with the sector projected to grow at a compound annual rate exceeding 9% between 2025 and 2033. The UAE licenses eight to nine fully-fledged Islamic banks (including local and foreign institutions) along with 15-17 conventional banks offering Islamic banking windows. Total assets of UAE Islamic banks reached AED 1.089 trillion (USD 296 billion) by end of 2024, representing 24% of total banking assets (up from 23% in 2022). The UAE advanced from sixth to third place globally in Islamic finance rankings in 2024. Approximately 62% of UAE residents prefer Islamic banking services according to recent surveys.

Key Islamic Finance Principles

Islamic finance operates under Sharia law, prohibiting interest (riba), speculation (gharar), and investment in prohibited industries. All financial contracts must be tied to tangible assets or real services. Key principles include:

- * **Prohibition of Interest (Riba):** Earnings from profit-sharing or trade-based models rather than interest
- * **Asset-Backed Transactions:** All contracts linked to tangible assets or real services
- * **Risk Sharing:** Both parties share in profits and losses
- * **Sharia Supervisory Boards:** Independent scholars review and certify compliance

Islamic Finance Products

| Product | Arabic Term | Description |
|----------------------------|-------------|---|
| Cost-Plus Financing | Murabaha | Bank purchases asset and sells to customer at disclosed markup; payment in instalments |
| Leasing | Ijara | Bank purchases and leases asset to customer for fixed payments; ownership transfers at end or through separate sale |
| Profit-Sharing Partnership | Mudaraba | Bank provides capital, customer provides expertise; profits shared per agreement, losses borne by capital provider |
| Joint Venture | Musharaka | Bank and customer co-invest; profits and losses shared proportionally based on capital contribution |
| Manufacturing Finance | Istisna'a | Contract for manufacturing/construction; customer pays in instalments as work progresses |

| Product | Arabic Term | Description |
|-------------------|-------------|---|
| Islamic Bonds | Sukuk | Asset-backed securities representing ownership in tangible assets; returns from asset performance |
| Islamic Insurance | Takaful | Cooperative insurance where participants contribute to mutual fund for claims |

The UAE real estate sector is a key driver of Islamic finance, with products like Ijara and Murabaha being standard methods for Sharia-compliant property financing. Green sukuk (Islamic bonds) are increasingly used for sustainable development projects, aligning with the UAE's Net Zero 2050 commitment.

3.1.4 SME Banking Products

SMEs represent over 95% of all enterprises in the UAE and employ approximately 86% of the private sector workforce. UAE banks provided AED 81.2 billion (USD 22.1 billion) in loans and financial facilities to SMEs by mid-2024, representing 9.5% of total commercial and industrial sector funding.

Types of SME Financing

| Financing Type | Description |
|------------------------|--|
| Term Loans | Lump sum financing for asset purchases or long-term investments; repayment over several years with regular instalments |
| Working Capital Loans | Short-term financing for everyday expenses (payroll, inventory, rent); duration typically a few months |
| Asset-Backed Financing | Loans secured against company assets (inventory, equipment, real estate, receivables) |
| Trade Finance | Letters of credit, documentary collections, and guarantees for import/export businesses |
| Overdraft Facilities | Flexible credit line for managing cash flow fluctuations; interest charged only on utilized amount |
| Equipment Finance | Dedicated financing for vehicles, machinery, and commercial equipment with asset as collateral |
| Property Loans | Commercial mortgage loans up to AED 20 million for office or commercial property purchase |

Emirates Development Bank (EDB) SME Programmes

Emirates Development Bank (EDB), established as the key financial engine of UAE economic development, provides specialised financing solutions for SMEs with a AED 30 billion mandate (2021-2026) to finance more than 13,500 SMEs and large companies. In 2024, EDB achieved record results with AED 8.7 billion in financing (222% increase year-on-year), contributing AED 4.1 billion to the UAE's industrial GDP and creating over 14,000 jobs in industrial sectors. Total financing since the 2021 strategy launch reached AED 15.7 billion. Key programmes include:

- * **Direct Financing:** Asset-backed financing, business expansion loans, project financing, pre-sale and post-sale financing with competitive rates and flexible terms
- * **Credit Guarantee Scheme:** EDB guarantees up to 50% of loans extended by 11 partner commercial banks (including Emirates NBD, Abu Dhabi Islamic Bank, Ajman Bank, and Emirates Islamic), with maximum of AED 5 million for large SMEs and AED 500,000 for smaller companies. In 2024, AED 758 million was deployed through this scheme.

- * **mSME Financing:** Total financing for micro, small and medium enterprises reached AED 3 billion in 2024, including AED 2.1 billion in direct financing and AED 107 million to SME-Micro projects
- * **Priority Sectors:** Manufacturing, Food Security, Advanced Technology, Healthcare, and Renewables
- * **Startup Financing:** Asset-backed financing and business expansion loans for businesses registered in UAE (51-100% UAE national ownership for some programmes)
- * **YAP Digital Banking:** Partnership providing SMEs with digital banking app, quick account setup (48 hours), and access to lending products

EDB's credit rating was upgraded to AA by S&P Global in 2024, the highest among financial institutions in the UAE and MENA region. The 2025 target is to increase total financing to AED 23 billion.

Other SME Support Programmes

- * **Khalifa Fund:** Interest-free loans up to AED 2 million for UAE national entrepreneurs
- * **Mohammed bin Rashid Innovation Fund:** Government-backed credit guarantees to encourage commercial bank lending; no equity stake required
- * **Dubai SME:** Interest-free seed loans for qualifying Dubai-based startups
- * **Abu Dhabi SME Finance Facilitator Program:** Launched November 2023 to improve access to bank accounts and credit for SMEs

Financial Free Zones

The UAE hosts two major financial free zones with independent regulatory frameworks:

Dubai International Financial Centre (DIFC)

DIFC operates under its own civil and commercial laws based on English common law and is regulated by the Dubai Financial Services Authority (DFSA). The centre has established a AED 367 million FinTech Fund to support innovation. The DFSA operates an Innovation Testing Licence (regulatory sandbox) programme for fintech companies. The DIFC innovation licence offers a subsidised fee structure at USD 1,500 annually with discounts on visas and coworking spaces.

Abu Dhabi Global Market (ADGM)

ADGM is regulated by the Financial Services Regulatory Authority (FSRA) and operates under English common law. It serves as a hub for asset management, private banking, and fintech activities, with a dedicated arbitration centre for financial disputes

3.1.5 Consumer Protection and Dispute Resolution

The New CBUAE Law establishes enhanced consumer protection measures including:

- * Mandatory fraud-prevention and detection systems for licensed financial institutions
- * Minimum security standards for digital and traditional banking services
- * Prohibition on compound interest (charging interest on accrued interest)
- * Deposit protection through specialised stabilisation funds
- * Independent complaints unit ('Sanadak') with binding decisions for disputes up to a monetary threshold

3.2 Aid for Foreign Investors

3.2.1 National Investment Strategy 2031

In March 2025, the UAE Cabinet approved the National Investment Strategy 2031, a comprehensive framework designed to more than double foreign direct investment inflows. Key targets include:

- * Doubling FDI from USD 30.5 billion (2023) to USD 65.3 billion by 2031
- * Achieving total investment volume of USD 354 billion (AED 1.3 trillion) by 2031
- * Tripling cumulative FDI balance to USD 599 billion (AED 2.2 trillion)
- * Focus on innovation and high-technology sectors

3.2.2 Investment Promotion Bodies

| Body | Services and Incentives |
|------------------------------------|---|
| Ministry of Investment | Established July 2023; unifies investment policies across emirates; coordinates national investment strategy |
| Abu Dhabi Investment Office (ADIO) | Manages over USD 500 million in incentives; offers grants, subsidies, direct equity, and co-investment programmes for R&D, tech pilots, and local economic contribution |
| Dubai FDI | Investment development agency; provides business setup assistance, market intelligence, and aftercare services |
| Invest in Sharjah | Streamlined processes and sector-specific incentives; promotes diverse investment opportunities in Sharjah |
| Khalifa Fund | Interest-free loans, subsidised financing, training and mentorship programmes; Ibtikari programme for startups |
| Equipment Finance | Dedicated financing for vehicles, machinery, and commercial equipment with asset as collateral |
| Property Loans | Commercial mortgage loans up to AED 20 million for office or commercial property purchase |

3.2.3 NextGenFDI Initiative

The NextGenFDI initiative targets technology companies and innovative businesses with a package of benefits:

- * Expedited licensing processes
- * Increased issuance of batch visas and Golden Visas
- * Improved banking services for tech companies
- * Commercial and residential rental incentives for relocating businesses

3.2.4 Funding and Grant Programmes

Mohammed bin Rashid Innovation Fund (MBRIF)

With AED 2 billion allocated, MBRIF offers seed financing and loan guarantees for innovative businesses in technology, healthcare, and sustainability. The MBRIF Accelerator provides equity-free business support, connecting founders with mentors, partners, and investors.



Sheraa (Sharjah Entrepreneurship Center)

Provides equity-free seed grants, accelerator programmes, and connections to investors and mentors, supporting startups without requiring equity participation.

Dubai SME

Offers mentorship opportunities through incubators and accelerators, with market access programmes including the Federal Supplier Register allowing SMEs to bid on government contracts.

3.2.5 Industrial Incentives

Operation 300bn

The UAE's industrial strategy includes the In-Country Value (ICV) certification programme, where companies are assessed on their contribution to the UAE economy through local procurement and hiring of Emiratis. Over 3,500 companies were certified in the first half of 2024. A higher ICV score provides competitive advantage in government and semi-government contract tenders.

Make it in the Emirates Accelerator

A six-month programme providing access to advanced production lines, R&D labs, and logistics support for manufacturing businesses establishing operations in the UAE.

3.3 Free Zones and Special Economic Zones

3.3.1 Overview

The UAE was a pioneer in establishing free zones to attract foreign investment, launching its first free zone (JAFZA) in 1985. There are currently 47 free zones operating across all seven emirates, each governed by an independent Free Zone Authority (FZA) responsible for issuing operating licences and assisting companies with establishment. Free zones have proven highly successful, with JAFZA alone hosting over 10,700 companies and contributing more than 160,000 jobs to the UAE economy.

3.3.2 Standard Free Zone Benefits

All UAE free zones provide the following incentives to registered companies:

- * 100% Foreign Ownership: No requirement for local partner or sponsor
- * Tax Benefits: Qualifying Free Zone Persons may maintain 0% corporate tax on qualifying income; corporate tax holidays up to 50 years in some zones
- * Import/Export Exemptions: 100% exemption from import and export taxes
- * Commercial Levy Exemptions: 100% exemption from commercial levies
- * Capital Repatriation: 100% repatriation of capital and profits
- * Infrastructure: Access to ports, airports, buildings, and energy connections (often at subsidised rates)
- * Support Services: Visa sponsorship, worker housing, dining facilities, and physical security
- * Multi-Year Leases: Long-term lease arrangements available

3.3.3 Major Free Zones Comparison

The following table provides a comprehensive comparison of the UAE's major free zones, including setup costs, focus sectors, and key features to help investors select the most appropriate zone for their business needs.

| Free Zone | Emirate | Focus Sectors | Setup Cost (AED) | Legal System | Key Features |
|----------------------------|----------------|--|---|--------------------|--|
| JAFZA | Dubai | Logistics, manufacturing, trading, warehousing | From 15,000 (varies by activity) | UAE Civil Law | Largest FZ; Jebel Ali Port access; 10,700+ companies |
| DMCC | Dubai | Commodities, trading, crypto, general business | From 12,500 (flexi-desk) | UAE Civil Law | World's largest FZ; crypto licences; JLT location |
| DIFC | Dubai | Financial services, banking, fintech, funds | From 8,000 (innovation); standard higher | English Common Law | Own courts; DFSA regulation; FinTech Fund |
| ADGM | Abu Dhabi | Financial services, asset management, fintech | From 10,000 (varies) | English Common Law | Own courts; international arbitration; robust regulation |
| RAKEZ | Ras Al Khaimah | SMEs, manufacturing, trading, services | From 6,000 (zero-visa); 8,240 (with visa) | UAE Civil Law | Lowest costs; 8,000+ companies; SME-focused |
| Dubai Internet City | Dubai | Technology, IT, software, digital services | From 20,000 | UAE Civil Law | 4,000+ companies; Microsoft, Oracle presence |
| DAFZA | Dubai | Aviation, electronics, cargo, logistics | From 15,000 | UAE Civil Law | Adjacent to Dubai International Airport |
| Masdar City | Abu Dhabi | Clean technology, sustainability, renewables | From 12,000 | UAE Civil Law | IRENA HQ; carbon-neutral; green focus |
| Sharjah Media City (Shams) | Sharjah | Media, freelancers, startups, e-commerce | From 5,750 | UAE Civil Law | Budget-friendly; flexi-desk options |
| SAIF Zone | Sharjah | Trading, manufacturing, logistics | From 12,000 | UAE Civil Law | Airport location; fast setup |

| Free Zone | Emirate | Focus Sectors | Setup Cost (AED) | Legal System | Key Features |
|-----------------|---------------|---|------------------|---------------|----------------------------------|
| Hamriyah FZ | Sharjah | Industrial, manufacturing, heavy industry | From 10,000 | UAE Civil Law | 75%+ developed; port access |
| Ajman Free Zone | Ajman | Trading, services, light manufacturing | From 7,500 | UAE Civil Law | Budget-friendly; quick setup |
| UAQ FTZ | Umm Al Quwain | General trading, services | From 5,500 | UAE Civil Law | Lowest cost zone; basic services |
| Fujairah FZ | Fujairah | Trading, oil & gas services, logistics | From 8,000 | UAE Civil Law | East coast; bunkering hub |

Note: Setup costs are approximate and vary based on business activity, office space requirements, and visa allocations. Costs exclude visa fees, office rent, and bank account setup charges. Contact individual free zone authorities for current pricing.

3.3.4 Selecting the Right Free Zone

When choosing a free zone, consider the following factors:

| Factor | Recommendation |
|----------------------|--|
| Industry Focus | DIFC/ADGM for finance; JAFZA for trade/logistics; DIC for technology; RAKEZ for manufacturing |
| Budget | Low-cost: Shams, UAQ FTZ, Ajman FZ. Mid-range: RAKEZ, Fujairah. Premium: DIFC, DMCC, ADGM |
| Legal Framework | DIFC/ADGM for English common law (financial services, international arbitration) |
| Location | JAFZA/DAFZA for port/airport access; DMCC for central Dubai; RAKEZ for cost-effective northern location |
| Visa Requirements | DMCC, RAKEZ, JAFZA offer high visa quotas per company; some zones allow multiple visas without physical office |
| Bank Account Opening | DMCC, DIFC, RAKEZ have strong banking relationships; some zones face occasional bank rejections |
| Setup Speed | JAFZA, DMCC: 1-2 weeks. DIFC, ADGM: 2-4 weeks (regulated activities). Meydan, IFZA: 3-5 days |

3.3.5 Company Structures in Free Zones

Investors can establish presence in free zones through:

- * Free Zone Establishment (FZE): Single shareholder limited liability company
- * Free Zone Company (FZ-LLC): Multiple shareholder (2-50) limited liability company
- * Branch Office: Branch of existing UAE or foreign company
- * Representative Office: Non-trading presence for market research or liaison

Some free zones (including ADGM, JAFZA, DMCC, RAK FTZ) allow inward redomiciliation of foreign companies, enabling transfer of corporate seat from abroad to the UAE free zone. As of 2025, Dubai

Executive Council Resolution No. 11 allows free zone entities to expand into mainland Dubai through new licensing options.

3.4 Tax Incentives for Foreign Investors

3.4.1 Corporate Tax Overview

The UAE introduced federal corporate tax effective 1 June 2023 under Federal Decree-Law No. 47 of 2022. The regime represents one of the most competitive tax environments globally:

| Tax Type | Rate |
|-----------------------------------|-----------------------------|
| Corporate Tax (up to AED 375,000) | 0% |
| Corporate Tax (above AED 375,000) | 9% |
| Free Zone (Qualifying Income) | 0% |
| Personal Income Tax | 0% (no personal income tax) |
| Capital Gains Tax | 0% (no capital gains tax) |
| Withholding Tax | 0% |
| Customs Duty (most goods) | 5% (0% in free zones) |

3.4.2 Global Minimum Tax (Pillar Two)

Following Cabinet Decision No. 142 of 2024, a Domestic Minimum Top-up Tax (DMTT) came into effect for fiscal years starting on or after 1 January 2025. This aligns the UAE with the OECD/G20 global minimum tax framework by imposing a top-up tax on multinational enterprises (MNEs) operating in the UAE if their effective tax rate falls below 15%.

3.4.3 Value Added Tax (VAT)

VAT was introduced in the UAE on 1 January 2018 at a standard rate of 5% under Federal Decree-Law No. 8 of 2017. The system includes three tiers:

Standard Rate (5%)

Applies to most goods and services supplied within the UAE, including electronics, clothing, dining, and professional services. Businesses must register for VAT if taxable supplies and imports exceed AED 375,000 annually. Voluntary registration is available for businesses exceeding AED 187,500.

Zero-Rated Supplies (0%)

Supplies taxable at 0%, with input VAT recoverable. Categories include:

- * Exports of goods and services outside the GCC
- * International transportation of passengers and goods
- * Certain means of transport (trains, trams, vessels, aircraft)
- * First sale or lease of residential buildings (within 3 years of completion)
- * Investment-grade precious metals (99% purity or higher)
- * Certain healthcare services and related goods
- * Certain educational services at government-recognised institutions

Exempt Supplies

No VAT charged and input VAT not recoverable. Categories include:

- * Certain financial services (without explicit fees)
- * Life insurance and reinsurance of life insurance
- * Residential property (sale or lease, except zero-rated first supply)
- * Bare land without buildings
- * Local passenger transport

3.4.4 Excise Tax

Excise tax applies to specific goods deemed harmful to health or the environment:

- * Tobacco products: 100%
- * Energy drinks: 100%
- * Carbonated drinks: 50%
- * Sweetened beverages: 50%
- * Electronic smoking devices and liquids: 100%

3.5 Residency Incentives for Investors

3.5.1 Golden Visa Programme

The UAE Golden Visa provides 10-year residency to qualifying investors, entrepreneurs, and talented individuals. Eligibility categories include:

- * Investors: Real estate investment of AED 2 million or more; public investments of AED 2 million or more
- * Entrepreneurs: Owners of approved startup projects or previous successful exit with value of AED 7 million or more
- * Exceptional Talents: Scientists, professionals, creative individuals, and outstanding students
- * Specialised Workers: Highly skilled professionals in priority sectors with advanced qualifications

3.5.2 Blue Residency Visa

Launched in May 2025, the Blue Residency is a 10-year visa for sustainability leaders and environmental pioneers who have made exceptional contributions to environmental protection. This visa supports the UAE's Net Zero 2050 commitment by attracting global talent in sustainability.

3.5.3 Green Visa

The Green Visa provides 5-year residency without employer sponsorship for:

- * Skilled employees meeting minimum salary and educational requirements
- * Freelancers and self-employed individuals
- * Investors and partners in commercial establishments

3.6 Key Points for Foreign Investors

| Feature | UAE Position |
|----------------------|--|
| Foreign Ownership | 100% permitted in most sectors (onshore and free zones) |
| Capital Repatriation | 100% permitted; no restrictions |
| Personal Income Tax | None |
| Corporate Tax | 9% (above AED 375,000); 0% in free zones on qualifying income |
| Currency | AED pegged to USD (1 USD = 3.6725 AED); freely convertible |
| Investment Treaties | 193 DTAs and BITs combined; protection from expropriation |
| Islamic Finance | 24% of banking assets (AED 1.089 trillion); UAE ranked 3rd globally; full range of Sharia-compliant products |
| SME Support | AED 81.2B in SME lending (H1 2024); EDB AED 8.7B financing in 2024; 11-bank credit guarantee scheme |
| Residency | Golden Visa (10 years); Green Visa (5 years); Blue Residency (10 years) |



Falhrudin
Properties

Amjad City
STARS

AMANA

CE

CHAPTER 4

Exchange Trade

4. Exchange Controls and Trade Regulations

The United Arab Emirates maintains one of the most liberal foreign exchange and trade regimes in the world. The country imposes no foreign exchange controls, allowing free movement of capital and currency. This chapter covers the regulatory framework for currency exchange, money transfers, investment controls, and import/export regulations.

4.1 Foreign Exchange Framework

4.1.1 Liberal Exchange Regime

The UAE maintains no restrictions on foreign exchange transactions. This liberal approach is a cornerstone of the country's attractiveness to foreign investors and businesses. Key features include:

- * No foreign exchange controls or restrictions on payments
- * Free convertibility of the UAE Dirham
- * No restrictions on the repatriation of capital, profits, dividends, interest, or royalties
- * Residents and non-residents may hold fully convertible bank accounts in Dirhams or foreign currency
- * No limitations on the amount of foreign currency that can be brought into or taken out of the country (subject to declaration requirements)

The UAE Dirham (AED) has been pegged to the US Dollar at a fixed rate of AED 3.6725 per USD since 1997. The Central Bank of the UAE (CBUAE) maintains this peg by automatically intervening in the foreign exchange market, purchasing inflows and providing foreign currency to match outflows. The intervention rates are USD/AED 3.672 when buying US Dollars and USD/AED 3.673 when selling.

4.1.2 Regulatory Framework

The Central Bank of the UAE regulates exchange business activities under the Exchange Business Regulation (C 7/2025), which came into effect on 16 June 2025, replacing the 2014 regulatory framework. The regulation governs:

- * Currency exchange (buying and selling of local and foreign currencies)
- * Remittance operations in local and foreign currencies
- * Salary processing through the Wage Protection System (WPS)
- * Special products as approved by the Central Bank

Exchange houses operating in the UAE must obtain appropriate licences from the Central Bank and comply with anti-money laundering (AML) requirements, consumer protection regulations, and security standards.

4.2 Money Transfer and Remittances

4.2.1 Banking Channels

The UAE's banking sector provides comprehensive money transfer services through multiple channels:

- * SWIFT transfers for international transactions
- * UAE Funds Transfer System (UAEFTS) - the real-time gross settlement (RTGS) system for retail and large-value payments
- * International Bank Account Numbers (IBAN) system mandated by CBUAE
- * UAE SWITCH scheme connecting ATMs across all major banks
- * Digital payment platforms including Apple Pay, Google Pay, Samsung Pay, and local wallets

4.2.2 Exchange Houses

Licensed exchange houses provide currency exchange and remittance services to individuals and businesses. They operate under strict Central Bank supervision and must:

- * Maintain appropriate capital requirements and bank guarantees
- * Implement comprehensive AML/CFT policies and procedures
- * Comply with consumer protection regulations
- * Obtain Letters of No Objection for foreign bank accounts used for remittances

4.2.3 Cash Declaration Requirements

While there are no limits on the amount of currency that can be brought into or taken out of the UAE, declaration requirements apply:

- * Any person entering or exiting the UAE with cash, financial instruments, precious metals, or valuable stones exceeding AED 60,000 (or equivalent in foreign currency) must declare it to customs authorities
- * Declaration can be made through the Federal Authority for Identity, Citizenship, Customs & Ports Security (ICP) website or the Afseh app
- * For passengers under 18 years, amounts in their possession are added to the permitted limit of their parent/guardian
- * Failure to declare can result in fines and confiscation of funds

4.3 Investment Controls

4.3.1 Capital Repatriation

The UAE places no restrictions on the repatriation of capital. Foreign investors can freely:

- * Repatriate 100% of capital and profits without restrictions
- * Transfer dividends to foreign parent companies without foreign exchange requirements
- * Remit interest, royalties, and management fees
- * Liquidate investments and transfer proceeds abroad

Free zone companies enjoy particular advantages, with 100% repatriation of capital and profits explicitly guaranteed as a standard benefit. Mainland companies likewise face no regulatory barriers to fund repatriation.

4.3.2 Foreign Ownership

Recent legislative reforms have significantly liberalised foreign ownership rules:

- * Free Zones: 100% foreign ownership permitted in all UAE free zones
- * Mainland (Onshore): Up to 100% foreign ownership now permitted for many business activities following the 2020-2021 amendments to the Commercial Companies Law
- * Strategic Sectors: Certain activities remain subject to ownership restrictions or require Emirati partners

The Ministry of Economy maintains a 'Positive List' of activities eligible for 100% foreign ownership on the mainland. Activities not on this list may still require a minimum 51% Emirati shareholding.

4.4 Customs and Import Regulations

4.4.1 Regulatory Framework

The UAE's customs regime is governed by the Common Customs Law of the Gulf Cooperation Council (GCC), establishing harmonised customs procedures across the region. Key regulatory bodies include:

- * Federal Authority for Identity, Citizenship, Customs and Port Security (ICP) - federal customs policy
- * Emirate-level customs authorities (Dubai Customs, Abu Dhabi Customs, Sharjah Customs, etc.)
- * Emirates Authority for Standardization and Metrology (ESMA) - product standards
- * Ministry of Climate Change and Environment (MOCCA) - agricultural and environmental controls

4.4.2 Customs Duties

The UAE applies the GCC Common External Tariff. Customs duties are calculated on the Cost, Insurance, and Freight (CIF) value of imports:

| Product Category | Customs Duty Rate |
|---|-----------------------|
| Standard rate (most goods) | 5% of CIF value |
| Alcoholic beverages | 50% |
| Tobacco and cigarettes | 100% |
| E-smoking devices | 100% |
| Many electronics and medical equipment | 0% (duty-free) |
| GCC-origin goods (40%+ local content) | 0% (treated as local) |
| Free Zone imports (for use within zone) | 0% (exempt) |

The UAE also imposes anti-dumping duties on imports of certain goods such as car batteries, ceramic tiles, and hydraulic cement. These rates vary depending on the HS code and country of origin, reaching up to 67.5% of CIF value in some cases.

4.4.3 De Minimis Thresholds

As of 2025, the customs de minimis thresholds differ between emirates:

- * Dubai: Shipments valued at AED 300 or below are exempt from customs duties (VAT may still apply)
- * Abu Dhabi: Shipments valued at AED 1,000 or below are exempt from customs duties
- * Shipments above these thresholds are assessed the standard 5% customs duty plus 5% VAT.

4.4.4 Import Documentation

To import goods into the UAE, businesses must hold a valid trade licence from the relevant Department of Economic Development or free zone authority. Standard import documentation includes:

- * Commercial invoice from the exporting company (with quantity, description, and value)
- * Bill of Lading (sea), Airway Bill (air), or Road Manifest (land)
- * Packing list
- * Certificate of Origin
- * Customs Import Declaration (submitted via UAE Single Window platform)

Additional documentation may be required depending on the product:

- * Import permits for restricted goods (chemicals, military equipment, certain pharmaceuticals)
- * Duty Exemption Letter from the Ministry of Finance (for industrial equipment)
- * Health certificates for food products
- * Veterinary certificates for live animals
- * ESMA conformity certificates for regulated products

4.4.5 Harmonised System (HS) Codes

The UAE uses the Harmonised System (HS) for goods classification, aligned with GCC standards. Important updates include:

- * January 2024: Implementation of HS 2022 updates with new and revised codes
- * January 2025: Transition to 12-digit HS code format (up from 8 digits), expanding tariff lines from approximately 7,800 to over 13,400
- * August 2025 - January 2026: Six-month transition period accepting both formats

Incorrect HS code classification can result in penalties. Dubai Customs imposes a fine of AED 500 for incorrect codes that do not affect duty amounts, plus recovery of any underpaid duties.

4.5 Prohibited and Restricted Goods

4.5.1 Prohibited Imports

The following items are strictly prohibited from import into the UAE:

- * Narcotic drugs and controlled substances
- * Counterfeit currency and goods
- * Gambling tools and equipment
- * Publications, artwork, and media conflicting with Islamic values or public morals
- * Pirated and counterfeit intellectual property
- * Radioactive materials (without authorisation)
- * Weapons, ammunition, and explosives (without authorisation)
- * Products from countries under UAE or international sanctions

4.5.2 Restricted Imports

Certain goods require prior approval from relevant authorities before import:

- * Pharmaceuticals and medical devices (Ministry of Health and Prevention)
- * Chemicals and hazardous materials (competent authorities)
- * Live animals and plants (MOCCAЕ)
- * Telecommunications equipment (Telecommunications and Digital Government Regulatory Authority)
- * Food products (relevant municipality and MOCCAЕ)
- * Alcohol (licensed importers only)
- * Used vehicles older than five years (generally prohibited for road use)

4.6 Export Regulations

4.6.1 Export Control Framework

The UAE's export control regime is governed by the Export Control Law and its Implementing Regulations (Cabinet Resolution No. 97 of 2024), administered by the Executive Office for Control and Non-Proliferation. The framework covers:

- * Dual-use goods that could be used in weapons of mass destruction
- * Defence and military items
- * Items subject to international non-proliferation regimes
- * Goods destined for sanctioned entities or countries

Exporters must obtain permits from the Executive Office for controlled items. Penalties for violations include imprisonment and fines ranging from AED 100,000 to AED 1 million.

4.6.2 Re-Export Procedures

The UAE is a major re-export hub, with approximately 61% of cargo destined for GCC states arriving via UAE seaports. Re-export procedures include:

- * Re-exports from Free Trade Zones to destinations outside the GCC are exempt from customs duty
- * Goods imported for re-export require a deposit or guarantee equivalent to the applicable duty
- * Appropriate customs declaration type must be used ('Import for Re-Export to Local from ROW')
- * Re-exports to other GCC countries are subject to customs duties under the Common Customs Law

4.6.3 Temporary Export Bans

The UAE periodically implements temporary export bans to protect domestic industries and ensure local supply. Recent examples include:

- * Ferrous scrap metals - periodic bans to support domestic steel production
- * Certain agricultural products during supply shortages
- * Strategic materials during international crises

These bans are typically extended in six-month increments and announced through official government channels.

4.7 Free Zone Trade Benefits

The UAE's 45+ free zones offer significant trade advantages:

- * 100% exemption from import and export duties for goods within the zone
- * 100% exemption from commercial levies
- * 100% repatriation of capital and profits
- * Simplified customs procedures
- * No currency restrictions

However, when goods move from a free zone to the UAE mainland for local sale, standard customs duties apply. Free zone businesses conducting trade with mainland UAE are also subject to corporate tax from June 2023.

4.8 Comprehensive Economic Partnership Agreements (CEPAs)

The UAE has aggressively pursued bilateral trade agreements to expand market access and reduce trade barriers. As of 2025, the UAE has signed 27 Comprehensive Economic Partnership Agreements (CEPAs), with 10 currently in force and operational:

| Country | In Force | Key Benefits |
|------------|------------|---|
| India | May 2022 | 80%+ tariff elimination; 20.5% trade growth; UAE exports up 75% |
| Israel | April 2023 | Target: \$10B bilateral trade by 2030 |
| Indonesia | Sept 2023 | Target: \$10B non-oil trade by 2027 |
| Turkey | Sept 2023 | Target: \$40B trade by 2028 |
| Cambodia | Jan 2024 | 92%+ tariff elimination; target \$1B by 2030 |
| Georgia | 2024 | Reduced tariffs; investment facilitation |
| Costa Rica | April 2025 | 27.5% trade growth YoY in 2024 |
| Mauritius | April 2025 | Potential 1.2% UAE GDP boost by 2031 |
| Serbia | 2024 | Part of \$1T total trade goal by 2031 |
| Jordan | May 2025 | 0% duties on 98%+ tariff items; target \$8B by 2032 |

Additional CEPAs signed but pending implementation include agreements with Australia, South Korea, Malaysia, New Zealand, Chile, Colombia, Kenya, Ukraine, Vietnam, and others. The UAE aims to reach AED 4 trillion (approximately \$1.1 trillion) in non-oil foreign trade by 2031.

CEPAs contributed AED 135 billion to the UAE's non-oil trade with partner nations in 2024, a 42% increase year-on-year. Businesses exporting to CEPA partner countries should verify applicable preferential tariff rates and ensure compliance with Rules of Origin requirements to benefit from reduced duties.

4.9 Summary: Key Points for Businesses

| Area | Key Points |
|-----------------------|---|
| Foreign Exchange | No controls; AED pegged to USD at 3.6725; free repatriation |
| Cash Declaration | Required for amounts exceeding AED 60,000 |
| Capital Repatriation | 100% permitted; no restrictions on dividends, profits, or capital |
| Standard Customs Duty | 5% CIF value (most goods); 50% alcohol; 100% tobacco |
| Free Zone Benefits | 100% duty exemption within zones; duties apply on mainland transfer |
| GCC Origin Goods | Treated as local goods if 40%+ GCC content; no duties |
| Trade Agreements | 27 CEPAs signed; preferential tariffs with India, Turkey, Indonesia, etc. |
| HS Codes | Transitioning to 12-digit format by Jan 2026; accurate classification essential |



CHAPTER 5

Structures For Doing Business

The UAE offers a variety of business structures to accommodate different investor needs, ranging from sole proprietorships for individual entrepreneurs to joint stock companies for large-scale ventures. The legal framework is primarily governed by Federal Decree-Law No. 32 of 2021 on Commercial Companies (the 'Commercial Companies Law' or 'CCL'), which replaced Federal Law No. 2 of 2015. Recent amendments in 2024 have further modernised the framework, including new provisions for private joint stock companies and enhanced flexibility for business restructuring.

A landmark reform allows 100% foreign ownership for most business activities on the UAE mainland, eliminating the previous requirement for 51% UAE national ownership in most sectors. However, certain strategic activities may still require local participation as determined by the relevant authorities.

5.1 Governmental Participation

While the UAE generally encourages private enterprise, certain strategic sectors involve governmental participation or require specific approvals.

Strategic Activities

The Cabinet may designate certain activities as having strategic impact, requiring specific controls for licensing companies engaged in such activities. These typically include oil and gas exploration, defence and military equipment, banking and insurance (where only public joint stock companies may conduct these activities), and other sectors deemed essential to national interests.

Government-Owned Companies

Companies wholly owned by federal or local government, or their institutions, subsidiaries, and agencies, may be exempted from certain provisions of the Commercial Companies Law if specified in their memorandum of association. Such companies often operate in utilities, infrastructure, and strategic industries.

Public-Private Partnerships

The UAE actively encourages public-private partnerships (PPPs) for infrastructure development and public services. These arrangements allow private sector expertise and capital to complement government resources in delivering public projects.

5.2 Joint Ventures

Joint ventures provide a flexible mechanism for businesses to collaborate on specific projects or ongoing operations while maintaining separate legal identities.

Contractual Joint Ventures

A contractual joint venture is an arrangement governed by a joint venture agreement between parties who agree to work together on a specific project or business activity. No separate legal entity is created. Each party retains its own legal identity and is responsible for its own obligations. These are commonly used for construction projects, technology development, and time-limited collaborations.

Incorporated Joint Ventures

Parties may establish a separate company (typically an LLC or joint stock company) to conduct joint venture activities. The joint venture company has its own legal personality distinct from its shareholders. Recent amendments to Article 14 of the Commercial Companies Law provide statutory recognition for common joint venture mechanics including drag-along and tag-along rights, and provisions for compulsory share transfers when predetermined conditions are met.

Free Zone Joint Ventures

Free Zone Company (FZCO) structures are particularly suitable for joint ventures between foreign partners, as they allow multiple shareholders (typically 2-50) with 100% foreign ownership. Free zone authorities actively support joint ventures with streamlined processes and business-friendly regulations.

5.3 Limited Liability Companies

The Limited Liability Company (LLC) is the most common business structure in the UAE, combining the flexibility of partnerships with limited liability protection. As of 2025, over 1.4 million companies operate in the UAE, with approximately 250,000 new companies established in 2025 alone.

Key Features

An LLC is formed by a minimum of 1 shareholder (single-person company or 'One Person Company' - OPC) and a maximum of 50 shareholders. Shareholders' liability is limited to their capital contribution; personal assets are protected from business debts. The company has a separate legal personality from its owners. LLCs can engage in virtually any lawful business activity (commercial, industrial, professional, tourism, real estate, e-commerce, and more), though banking and insurance activities require a public joint stock company structure.

Foreign Ownership

Foreign investors can now own 100% of an LLC for most business activities under recent reforms. The previous requirement for 51% UAE national ownership has been removed for most sectors, though certain strategic activities may still require local participation. GCC nationals are treated as UAE nationals for the purpose of practising commercial activities under Cabinet Resolution No. 23 of 2024.

Capital Requirements

There is no statutory minimum share capital requirement for LLCs. Founders have freedom to determine the company's share capital based on business needs. Capital may consist of cash contributions or in-kind contributions (valued in accordance with regulations). Some activities may have specific capital requirements imposed by regulatory authorities.

Management

LLCs are managed by one or more managers who may or may not be shareholders. Managers may be individuals or corporate entities. The memorandum of association specifies management powers,

authorities, and any limitations. The company may establish delegation of authority policies for contractual and financial matters.

Formation Process

The formation process involves: selecting and reserving a trade name; drafting the memorandum of association; obtaining initial approvals from the Department of Economic Development (DED) or relevant authority; securing any required regulatory approvals for specific activities; registering with the commercial register; obtaining the trade licence; and registering for corporate tax and VAT where applicable. The entire process can typically be completed within 3-5 business days for straightforward applications.

5.4 Liability Companies, Unlimited

While the LLC is predominant, the UAE legal framework also recognises structures with unlimited liability, primarily through partnership arrangements.

General Partnerships

In a general partnership, all partners are jointly and severally liable for the partnership's debts and obligations to the extent of their personal assets. Partners share management responsibilities and decision-making. This structure is primarily used in professional services and family businesses where partners are willing to accept unlimited liability in exchange for operational flexibility.

Civil Companies

Civil companies are designed for licensed professionals (such as engineers, doctors, lawyers, and consultants) who wish to work in partnership. Partners in a civil company may have unlimited liability for professional obligations. Some professional activities may still require a UAE national partner, though this requirement has been relaxed for many activities.

5.5 Partnerships, General or Limited

The Commercial Companies Law recognises partnership structures that offer different levels of liability and management participation.

General Partnership

A general partnership consists of two or more partners who are jointly and personally liable for all partnership obligations. All general partners must be UAE nationals. Key characteristics include: partners' liability extends to their personal assets; the partnership name must include the name of one or more partners; management is typically shared unless otherwise agreed; a partner may withdraw by written agreement or court order (with 60 days' notice); and withdrawing partners remain liable for debts incurred before withdrawal until properly announced.

Limited Partnership

A limited partnership includes both general partners (who have unlimited liability and manage the business) and limited partners (who contribute capital but do not participate in management). General partners must be UAE nationals with unlimited joint and several liability. Limited partners' liability is limited to their capital contribution. If a limited partner participates in management, they may become liable as a general partner. This structure is often used for professional services and family-owned businesses.

5.6 Sole Proprietorships

A sole proprietorship (also known as a sole establishment) is a business owned and operated by a single individual. The trade licence is issued in the owner's name, and the business has no separate legal identity from the owner.

Key Features

The owner has complete control over all business decisions. There are no shareholders or partners to consult. All profits belong to the owner. The business is generally exempt from the Commercial Companies Law unless engaged in commercial (as opposed to professional) activities. Setup costs are typically lower than corporate structures. The owner bears unlimited personal liability for all business debts and obligations.

Foreign Ownership

Foreign nationals may establish sole proprietorships for professional activities (such as consultancy, IT services, engineering, and creative work) with 100% ownership. For certain activities, a Local Service Agent (LSA) may be required for administrative purposes. The LSA holds no ownership stake and is typically paid a fixed annual fee. UAE and GCC nationals can operate sole establishments for a wider range of commercial and professional activities.

Suitable For

Sole proprietorships are ideal for: individual professionals and consultants; freelancers and independent contractors; small service businesses with minimal capital requirements; entrepreneurs testing the market before scaling up; and businesses where complete control and quick decision-making are priorities.

Limitations

Sole proprietorships face certain limitations: growth is constrained as new partners or shareholders cannot be admitted; the business cannot acquire real estate in its own name; attracting investors or external funding is more difficult; unlimited liability exposes personal assets to business risks; and the structure may not be suitable for higher-risk commercial activities.

5.7 Subsidiaries, Branches, and Representative Offices

Foreign companies seeking to establish a presence in the UAE have several options, each with different levels of operational capability and legal status.

Subsidiaries

A subsidiary is a separate UAE legal entity (typically an LLC) owned by a foreign parent company. The subsidiary has its own legal personality distinct from its parent. It can engage in the full range of activities permitted under its licence. The parent company's liability is generally limited to its capital contribution. This structure is suitable for foreign companies seeking a substantial, independent presence in the UAE market.

Branch Offices

A branch office is an extension of the foreign parent company and shares the same legal identity. The branch conducts business under the name of its parent company. Activities are generally limited to those similar to the parent company's activities. The parent company bears full liability for the branch's

obligations. Branch registration is governed by Ministerial Decision No. 138 of 2024 on Controls and Procedures for Registering Branches and Representative Offices of Foreign Companies. Branches are suitable for foreign companies wanting to maintain direct control while operating in the UAE.

Representative Offices

A representative office is not a revenue-generating entity. It may only promote the foreign parent company's products or services and cannot engage in commercial transactions. This structure is low-risk and ideal for foreign companies testing the UAE market before committing to a full commercial presence. The parent company remains fully liable for the representative office's activities.

Dual Licensing

Companies established in UAE free zones (including DIFC and ADGM) may establish branches and representative offices on the mainland if permitted under their free zone legislation. Such mainland branches are subject to the Commercial Companies Law. This 'dual licence' regime has been codified in recent amendments, and companies in free zones are confirmed to carry UAE nationality.

5.8 Free Zone Structures

The UAE's numerous free zones offer distinct business structures with attractive benefits including 100% foreign ownership, tax advantages, and streamlined setup processes. Each free zone operates as a distinct jurisdiction with its own regulatory framework.

Free Zone Establishment (FZE)

An FZE is a single-shareholder company established within a UAE free zone. The shareholder can be an individual or a corporate entity. FZEs offer limited liability protection (personal assets protected from business debts), 100% foreign ownership, full repatriation of profits, and simplified setup and management. They are ideal for solo entrepreneurs, individual investors, small trading or consultancy businesses, and those wanting complete control. Historically, FZEs had minimum capital requirements (often AED 150,000 or more), but many free zones have reduced or eliminated these requirements.

Free Zone Company (FZCO)

An FZCO allows multiple shareholders (typically 2-50, varying by free zone). Shareholders can be individuals, corporate entities, or a combination. FZCOs offer limited liability for all shareholders, flexibility for partnerships and joint ventures, scalability for growth and investor attraction, and suitability for businesses with multiple partners or co-investors. The Memorandum of Association outlines shareholder rights, responsibilities, and profit-sharing arrangements.

FZE vs FZCO Comparison

| Feature | FZE | FZCO |
|-------------------|---------------------------|-------------------------|
| Shareholders | 1 only | 2-50 (varies by zone) |
| Foreign Ownership | 100% | 100% |
| Liability | Limited to capital | Limited to capital |
| Scalability | Limited (convert to FZCO) | High (add shareholders) |
| Best For | Solo entrepreneurs | Partnerships, JVs |

Free Zone Benefits



Free zone companies enjoy numerous advantages: 0% corporate tax on qualifying income (subject to Economic Substance Regulations); exemption from customs duties on imports and exports; no personal income tax; full profit repatriation; streamlined company formation (typically 1-2 weeks); flexible office solutions (physical offices, flexi-desks, or virtual offices); and access to specialised infrastructure and industry clusters.

Mainland Trading Restrictions

Free zone entities generally cannot trade directly within the UAE mainland market without involving a local distributor or agent, or establishing a separate mainland entity. Some free zones offer specific licensing options for limited mainland access. For businesses planning extensive mainland operations, a mainland LLC may be more appropriate.

Major Free Zones

Key free zones include: DMCC (Dubai Multi Commodities Centre) for trading, fintech, and crypto activities; JAFZA (Jebel Ali Free Zone) for logistics, shipping, and manufacturing; DAFZA (Dubai Airport Free Zone) for aviation and technology; Dubai Silicon Oasis for technology companies; Dubai Internet City and Dubai Media City for IT and media businesses; and DIFC and ADGM as financial free zones with their own common law legal frameworks.

Comparison of Business Structures

| Structure | Owners | Liability | Foreign Own. | Best For |
|---------------------|------------|---------------|------------------------|--------------------------|
| Sole Establishment | 1 | Unlimited | 100% (professional) | Freelancers, consultants |
| LLC | 1-50 | Limited | 100% (most activities) | Most businesses |
| General Partnership | 2+ | Unlimited | UAE nationals only | Family businesses |
| Limited Partnership | 2+ | Mixed | Limited partners only | Professional services |
| Private JSC | 2-200 | Limited | 100% | Larger ventures |
| Branch Office | Parent co. | Parent liable | 100% | Foreign expansion |
| FZE | 1 | Limited | 100% | Solo FZ business |
| FZCO | 2-50 | Limited | 100% | FZ partnerships |

Sources: Federal Decree-Law No. 32 of 2021 (Commercial Companies) and 2024 amendments; Ministerial Decision No. 137 of 2024 (Private Joint Stock Companies); Ministerial Decision No. 138 of 2024 (Branches and Representative Offices); Cabinet Resolution No. 23 of 2024 (GCC National Treatment); Ministry of Economy; Department of Economy and Tourism; various free zone authorities.



CHAPTER 6

Requirements for the Establishment of a Business

Establishing a business in the UAE involves a structured process of licensing, approvals, and regulatory compliance. The UAE has streamlined many procedures through digital platforms, with some businesses now able to obtain licences within 15 minutes online. This chapter outlines the key requirements for business establishment, covering licensing, competition law, environmental regulations, government approvals, and insurance obligations.

6. Business Licensing

6.1 Licensing Authorities

Business licences in the UAE are issued by different authorities depending on the chosen business location:

- * **Mainland:** Department of Economic Development (DED) in each emirate
- * **Free Zones:** Respective Free Zone Authority (e.g., JAFZA, DMCC, ADGM, DIFC)
- * **Offshore:** Approved offshore authorities (JAFZA Offshore, RAK ICC, AFZA)

Each emirate maintains its own DED, and businesses must register with the DED of the emirate where they intend to operate. Key DEDs include Dubai DED (now Department of Economy and Tourism), Abu Dhabi DED (ADDED), Sharjah Economic Development Department, and equivalent authorities in the northern emirates.

6.1.1 Types of Business Licences

The UAE issues six primary types of business licences, each designed for specific economic activities:

| Licence Type | Applicable Activities |
|--------------|--|
| Commercial | Trading, buying and selling goods, import/export, retail, e-commerce, general trading, construction supplies |
| Professional | Services, consultancy, legal, engineering, IT, healthcare, media, education, accounting |
| Industrial | Manufacturing, processing, assembly, production of goods |
| Tourism | Travel agencies, tour operators, hotels, tourism services |

| Licence Type | Applicable Activities |
|--------------|--|
| Agricultural | Farming, livestock, fishing, agricultural services |
| Crafts | Skilled trades, artisan work, manual crafts |

A single licence may include multiple business activities, provided they are logically related. The UAE offers over 2,000 registered economic activities across these categories.

6.1.2 Licensing Process

The standard business licensing process involves the following steps:

Step 1: Determine Business Activity and Legal Form

- * Select appropriate economic activity from the approved list
- * Choose legal form (LLC, branch, sole establishment, etc.) - see Chapter 5 for details
- * Determine location (mainland, free zone, or offshore)

Step 2: Trade Name Registration

- * Reserve trade name through DED or free zone authority
- * Name must comply with UAE naming conventions
- * Name must include legal form abbreviation (e.g., 'LLC')
- * Cannot include improper words, names of Allah, government entities, or third-party trademarks
- * Must be available and not already registered

Step 3: Obtain Initial Approval

- * Submit application to DED or free zone authority
- * Foreign investors must obtain approval from General Directorate of Residency and Foreigners Affairs (GDRFA)
- * Initial approval fee: approximately AED 120
- * Processing time: typically 10-15 minutes online
- * Initial approval indicates government has no objection but does not authorise operations

Step 4: Prepare Legal Documentation

- * Draft and notarise Memorandum of Association (MOA) for partnerships/LLCs
- * Obtain any required special approvals (see Section 6.4)
- * Secure commercial premises lease contract

Step 5: Obtain Business Licence

- * Submit all documents to DED or free zone authority
- * Pay applicable licence fees
- * Receive business licence (valid for one year)

Step 6: Post-Licensing Requirements

- * Register with Chamber of Commerce (often mandatory)
- * Register for VAT if taxable supplies exceed AED 375,000 threshold

- * Register for Corporate Tax with Federal Tax Authority
- * Open corporate bank account
- * Apply for employee visas as needed

6.1.3 Licensing Costs

Business licensing costs vary significantly based on emirate, activity type, and location:

| Cost Category | Estimated Range (AED) |
|----------------------------------|--|
| Free Zone (without visa package) | 6,000 - 15,000 per year |
| Free Zone (with visa package) | 10,000 - 25,000 per year |
| Mainland Licence | 15,000 - 50,000 per year |
| Visa Processing (per person) | 3,500 - 8,000 |
| Office Space (annual) | 15,000 - 100,000+ (varies by location) |

Note: Some emirates offer 'Instant Licences' for certain service-based activities, allowing rapid setup without prior approvals. Dubai's 'Tajer' licence permits operation without a physical lease for up to three years.

6.1.4 Licence Renewal

Business licences must be renewed annually before expiry. Late renewal attracts penalties and may result in:

- * Fines for late renewal
- * Visa processing blocks for employees
- * Potential licence suspension
- * Inability to conduct certain business transactions

Renewal requirements include valid tenancy contract (at least one month remaining), payment of all applicable fees, and submission of updated documentation where required.

6.2 Antitrust Laws

6.2.1 New Competition Law Framework

The UAE's competition regime underwent significant reform with the enactment of Federal Decree-Law No. 36 of 2023 on the Regulation of Competition (the 'New Competition Law'), which replaced the 2012 competition law and came into effect in December 2023. The implementing regulations under Ministerial Decree No. 3 of 2025 became effective on 31 March 2025.

The New Competition Law is administered by the Ministry of Economy's Competition Department and a newly established Competition Regulation Committee. It brings the UAE regime closer to international standards, particularly EU competition law principles.

6.2.2 Prohibited Practices

The New Competition Law prohibits three main categories of anti-competitive conduct:

Anti-Competitive Agreements (Article 5)

- * Price fixing between competitors
- * Market sharing or customer allocation
- * Bid rigging in tenders
- * Production or supply limitations
- * Agreements that restrict competition

Abuse of Dominant Position (Article 6)

- * Imposing unfair purchase or selling prices
- * Limiting production, markets, or technical development
- * Applying dissimilar conditions to equivalent transactions
- * Creating artificial scarcity or abundance of commodities

A dominant position exists when a business holds a market share exceeding 40% of total sales in the relevant market, whether acting alone or with other businesses.

6.2.3 Merger Control

The New Competition Law introduced a mandatory and suspensory merger control regime. 'Economic Concentrations' (mergers, acquisitions, and certain joint ventures) must be notified to the Ministry of Economy if they exceed either threshold:

- * **Market Share Threshold:** Combined market share exceeding 40% in the relevant UAE market
- * **Turnover Threshold:** Combined UAE turnover exceeding the prescribed amount (set by Ministerial Decree No. 3 of 2025)

Transactions meeting either threshold cannot close without prior clearance from the Competition Department. The notification must be filed at least 30 days before the proposed completion date.

6.2.4 Penalties

Non-compliance with the New Competition Law carries significant penalties:

- * Failure to notify a notifiable transaction: Fines ranging from 2% to 10% of annual UAE revenue from relevant goods/services in the last fiscal year
- * Anti-competitive agreements: Substantial fines and potential criminal liability
- * Abuse of dominant position: Fines calculated based on revenue

The Ministry of Economy is expected to increase enforcement activity following the implementation of the new regime. Businesses are advised to seek early antitrust counsel for any M&A transactions with UAE nexus.

6.3 Environmental Regulations

6.3.1 Climate Change Law

The UAE enacted Federal Decree-Law No. 11 of 2024 on the Reduction of Climate Change Effects, which came into force on 30 May 2025. This landmark legislation represents the first legally binding climate framework in the MENA region and applies to all public and private entities in the UAE, including those in free zones.

Key obligations under the Climate Change Law include:

- * **Measurement, Reporting, and Verification (MRV):** All businesses must measure, report, and verify their Scope 1 and Scope 2 greenhouse gas (GHG) emissions
- * **Emissions Reduction Plans:** Companies must implement concrete emission reduction measures
- * **Climate Risk Assessments:** Sector-specific adaptation plans must be developed
- * **Record Keeping:** Emissions records must be maintained for at least five years

6.3.2 National Carbon Credit Registry

Cabinet Resolution No. 67 of 2024 established the National Register for Carbon Credits (NRCC), effective from 28 December 2024. Key provisions include:

Entities of Huge Carbon Emissions (annual emissions ≥ 0.5 million metric tons CO₂ equivalent):

- * Must register with MOCCAЕ by 28 June 2025
- * Required to establish MRV systems aligned with international standards
- * Must submit annual verified emissions reports
- * Can purchase carbon credits to offset unavoidable emissions

Voluntary Participating Entities (emissions below 0.5 million tons):

- * May voluntarily register with the NRCC
- * Can sell approved carbon credits on licensed trading platforms
- * Subject to same MRV and reporting requirements

Carbon credits are treated as financial instruments and can be traded on Securities and Commodities Authority (SCA)-licensed platforms.

6.3.3 Compliance Deadlines and Penalties

| Deadline | Requirement |
|--------------|---|
| 30 May 2025 | Climate Change Law comes into force |
| 28 June 2025 | Large emitters (≥ 0.5 M tons CO ₂ e) must register with NRCC |
| 30 May 2026 | Full compliance required for all entities |

Penalties for non-compliance:

- * Fines: AED 50,000 to AED 2,000,000
- * Repeat violations within two years: Penalties may be doubled
- * Severe non-compliance: Licence suspension, restrictions on operations
- * NRCC violations: Fines up to AED 1,000,000 and potential trading licence suspension

6.3.4 Other Environmental Permits

Depending on business activities, additional environmental permits may be required from:

- * **Ministry of Climate Change and Environment (MOCCAЕ):** Environmental impact assessments, waste management permits
- * **Environment Agency - Abu Dhabi (EAD):** Emirate-level environmental permits in Abu Dhabi

- * **Dubai Environment and Climate Change Authority (DECCA):** Local environmental compliance in Dubai
- * **Relevant municipality:** Construction and industrial environmental permits

6.4 Government Approvals

6.4.1 Activities Requiring Special Approvals

Certain business activities require prior approval from specific government authorities before licensing can be completed:

| Approving Authority | Activities Requiring Approval |
|---------------------------------------|--|
| Ministry of Interior | Transportation services, driving centres, security systems, alarm equipment, fire extinguishing, used car dealerships, car rentals |
| Ministry of Justice | Legal activities, law firms, legal consultancy |
| Ministry of Health / Health Authority | Healthcare services, hospitals, clinics, pharmacies, medical equipment, pharmaceuticals |
| Securities and Commodities Authority | Financial services, securities trading, investment funds, brokerage |
| Central Bank of UAE | Banking, insurance, exchange houses, finance companies |
| TDRA (Telecom Regulatory) | Telecommunications services, e-commerce, digital services |
| Municipality / DED | Engineering, architecture, construction, food services |
| Real Estate Regulatory Agency | Real estate brokerage, property management, developers |
| Ministry of Economy | Private joint stock companies, auditors, commercial agencies |
| Executive Council | Tourism, travel agencies, shipping agencies, branches of foreign companies, air transport |

6.4.2 Restricted Activities

Certain sectors remain restricted or require specific approvals regardless of foreign ownership reforms:

- * Banking and financial services (Central Bank licensing)
- * Insurance (Insurance Authority licensing)
- * Oil and gas exploration (government partnerships typically required)
- * Defence and military equipment
- * Telecommunications services (TDRA licensing)
- * Recruitment and labour supply (MOHRE approval)

6.4.3 Economic Substance Regulations

UAE businesses engaged in certain 'Relevant Activities' must comply with Economic Substance Regulations (ESR), demonstrating adequate economic substance in the UAE. Relevant activities include banking, insurance, investment fund management, lease-finance, headquarters, shipping, holding

company, intellectual property, distribution, and service centre businesses. See Chapter 10 for detailed ESR compliance requirements and penalties.

6.5 Ultimate Beneficial Owner (UBO) Registration

6.5.1 UBO Requirements

The UAE requires all businesses to identify, record, and report their Ultimate Beneficial Owners under Cabinet Decision No. 109 of 2023, which replaced the earlier Cabinet Decision No. 58 of 2020. This regulation aligns with FATF recommendations and international AML/CFT standards.

An Ultimate Beneficial Owner (UBO) is defined as any natural person who:

- * Directly or indirectly owns 25% or more of the company's shares or capital
- * Controls 25% or more of the voting rights
- * Exercises ultimate control or significant influence over the company
- * Benefits from the business even without direct ownership

If no UBO can be identified under the above criteria, the natural person holding the position of Senior Management Official is deemed the UBO.

6.5.2 UBO Register Requirements

All companies licensed in mainland UAE or commercial free zones must maintain a UBO Register containing:

- * Full name, nationality, date and place of birth of each UBO
- * Residential address and temporary address (if applicable)
- * Passport/ID number with issuance and expiry dates
- * Ownership percentage and method of control
- * Date of becoming a UBO (and date of ceasing, if applicable)
- * Reason for UBO classification

Companies must also maintain a Register of Partners/Shareholders and a Register of Nominee Board Members where applicable.

6.5.3 Filing and Updates

- * **New companies:** Must file UBO information within 15 days of incorporation
- * **Existing companies:** Must update the Registrar within 15 days of any ownership change
- * Appoint a UAE-resident contact person authorised to communicate with the Registrar
- * UBO data is kept confidential and shared only with competent authorities

6.5.4 Exemptions

The following entities are exempt from UBO requirements:

- * Companies in financial free zones (DIFC, ADGM) - subject to their own UBO regimes
- * Companies wholly owned by federal or local government
- * Companies listed on recognised stock exchanges with adequate disclosure requirements

6.5.5 Penalties for Non-Compliance

Under Cabinet Decision No. 132 of 2023, penalties for UBO non-compliance include:

- * Fines: AED 50,000 to AED 100,000 for inaccurate or missing records
- * Fines up to AED 1,000,000 for serious or repeated violations
- * Business licence suspension
- * Legal action for continued non-compliance

6.6 Data Protection

6.6.1 Personal Data Protection Law (PDPL)

The UAE's first comprehensive federal data protection legislation, Federal Decree-Law No. 45 of 2021 on the Protection of Personal Data (PDPL), came into effect on 2 January 2022. The PDPL establishes the UAE Data Office as the federal data protection authority.

Note: As of late 2025, the Executive Regulations for the PDPL have not yet been issued. Once issued, organisations will have six months to achieve full compliance. However, businesses are advised to prepare now, as the PDPL's core principles are enforceable.

6.6.2 Scope and Application

The PDPL applies to:

- * All data controllers and processors within the UAE
- * Entities outside the UAE processing personal data of individuals located in the UAE
- * All natural persons (citizens, residents, and visitors)

The PDPL does not apply to entities in DIFC and ADGM, which have their own data protection regimes modelled on EU GDPR.

6.6.3 Key Compliance Obligations

Businesses processing personal data must:

- * **Obtain valid consent:** Consent must be specific, informed, unambiguous, and documented
- * **Purpose limitation:** Collect data only for legitimate, specified purposes
- * **Data minimisation:** Limit collection to what is necessary
- * **Accuracy:** Keep personal data accurate and up-to-date
- * **Storage limitation:** Retain data only as long as necessary
- * **Security:** Implement technical and organisational safeguards
- * **Cross-border transfers:** Ensure adequate protection for international transfers

Data Protection Impact Assessments (DPIAs) are required for high-risk processing, including:

- * Use of emerging technologies
- * Large-scale processing of sensitive personal data
- * Automated decision-making and profiling

6.6.4 Data Protection Officer

Appointment of a Data Protection Officer (DPO) is required when processing involves high-risk activities such as extensive profiling or systematic processing of sensitive data. The DPO monitors compliance, advises on data protection matters, and serves as the contact point with the UAE Data Office.

6.6.5 Data Subject Rights

Individuals have the right to:

- * Access their personal data held by organisations
- * Request correction of inaccurate data
- * Request deletion of data (right to be forgotten)
- * Object to processing
- * Data portability
- * Withdraw consent

6.6.6 Penalties

Once Executive Regulations are issued, penalties for PDPL non-compliance may include fines ranging from AED 50,000 to AED 5,000,000. Businesses should proactively align with PDPL principles to avoid enforcement action when regulations take effect.

6.7 Anti-Money Laundering Compliance

Following the UAE's removal from the FATF grey list in February 2024, AML/CFT compliance remains a priority. Key requirements for businesses include:

- * **goAML Registration:** Certain businesses (Designated Non-Financial Businesses and Professions - DNFBPs) must register with the Financial Intelligence Unit's goAML platform
- * **Customer Due Diligence (CDD):** Implement Know Your Customer (KYC) procedures
- * **Suspicious Activity Reporting:** Report suspicious transactions through goAML
- * **Record Keeping:** Maintain transaction records for minimum 5 years
- * **AML Compliance Officer:** Appoint a designated compliance officer

DNFBPs include real estate agents, dealers in precious metals and stones, lawyers, notaries, accountants, and trust and company service providers. See Chapter 2.13 for detailed AML framework overview.

6.8 Emiratisation Requirements

Emiratisation is the UAE's policy to increase employment of UAE nationals in the private sector. Key requirements as of 2025:

- * **Companies with 50+ employees:** Must increase Emirati workforce in skilled positions by 2% annually
- * **Companies with 20-49 employees:** Must hire at least one UAE national (increasing to two)
- * **Penalties:** AED 108,000 per unfilled position for quota breaches
- * **Sectors:** Initially focused on banking, insurance, and telecommunications; expanding to other sectors

The Ministry of Human Resources and Emiratisation (MOHRE) monitors compliance. See Chapter 9 for detailed labour legislation requirements.

6.9 Insurance

6.9.1 Mandatory Insurance Requirements

Several types of insurance are mandatory for UAE businesses:

Workmen's Compensation Insurance

- * Required in most UAE free zones as a licensing condition
- * Mainland employers must either hold workmen's compensation insurance or provide a bank guarantee
- * Covers work-related injuries, occupational diseases, and death
- * Minimum compensation: AED 18,000; Maximum: AED 35,000 (basic cover)
- * Employers can extend cover with Employer's Liability Extension

Under Federal Decree-Law No. 33 of 2021 (UAE Labour Law), employers must provide:

- * Full medical treatment costs until recovery or disability determination
- * Full salary for six months during recovery
- * Half salary for up to another six months if needed
- * Compensation for permanent disability or death (24 months' salary for death)
- * Unemployment Insurance
- * Mandatory since 1 January 2023 under Federal Decree-Law No. 13 of 2022
- * Applies to all private sector and federal government employees
- * Compensation: Up to 60% of basic salary for maximum 3 months
- * See Chapter 9 for detailed eligibility and contribution requirements
- * Health Insurance
- * Mandatory in Abu Dhabi for all residents since 2006
- * Mandatory in Dubai for all residents since 2014
- * Employers must provide health insurance for employees
- * Extended nationwide with requirements varying by emirate

6.9.2 Industry-Specific Insurance

Additional insurance requirements apply to specific industries:

- * **Motor Third-Party Liability:** Mandatory for all vehicles (unlimited bodily injury coverage, AED 250,000 property damage)
- * **Professional Indemnity Insurance:** Required for legal professionals, auditors, medical practitioners, engineers, and architects
- * **Construction Insurance:** Contractor's All Risks (CAR) policies typically required for construction projects
- * **Marine Cargo Insurance:** Required for import/export businesses

6.9.3 Insurance Regulatory Framework

Insurance in the UAE is regulated by the Central Bank of the UAE (CBUAE), which assumed regulatory functions from the former Insurance Authority in 2021. All insurance companies operating in the UAE must be licensed by the CBUAE.

6.10 Summary: Key Requirements Checklist

| Requirement | Key Points |
|------------------------|--|
| Business Licence | Required for all activities; issued by DED or free zone; annual renewal |
| Trade Name | Must be registered and comply with naming conventions |
| Competition Law | Merger notification required for >40% market share; effective March 2025 |
| Climate Compliance | GHG reporting mandatory; large emitters register by June 2025 |
| Special Approvals | Required for healthcare, legal, financial, telecom activities |
| UBO Registration | Mandatory for all entities; update within 15 days of changes |
| Data Protection (PDPL) | In effect; Executive Regulations pending; prepare now |
| AML Compliance | goAML registration for DNFBPs; KYC/CDD required |
| Emiratization | 2% annual increase for companies with 50+ employees |
| Workmen's Compensation | Mandatory in most free zones; employer liability on mainland |
| Unemployment Insurance | Mandatory since January 2023 for all employees |
| Health Insurance | Mandatory in Abu Dhabi and Dubai; employer-provided |
| Tax Registration | Corporate Tax and VAT registration with FTA required |



CHAPTER 7

Operation Of The Business

7.1 Advertising

The UAE has established a comprehensive regulatory framework governing advertising and promotional activities, administered primarily by the UAE Media Council under Federal Decree-Law No. 55 of 2023 on Media Regulation, which came into force on 1 December 2023 with Executive Regulations effective from 31 October 2024.

Regulatory Framework

The UAE Media Council serves as the primary regulatory authority for advertising activities, with additional oversight from the Telecommunications and Digital Government Regulatory Authority (TDRA) for digital and telecommunications advertising, Dubai Municipality for outdoor and local campaigns, and the respective Department of Economy and Tourism in each emirate.

Licensing Requirements

All businesses engaging in advertising activities require a trade licence from the relevant Department of Economic Development or free zone authority that includes media activities. Additionally, a media licence or permit from the UAE Media Council is required, which has a one-year validity period and must be renewed within a 30-day window before expiration. Content approval is required for new types of advertising content.

Advertiser Permit (Mu'lin)

From 2025, the UAE introduced the Advertiser Permit (known as 'Mu'lin') which is required for all promotional content on social media platforms, including both paid and unpaid content. This applies to all major platforms including TikTok, Instagram, YouTube, LinkedIn, and Facebook. UAE residents and citizens benefit from a three-year fee holiday for this permit. The system incorporates AI-driven monitoring for real-time compliance verification, and advertisers must link their permit to their social media accounts.

Content Standards

All advertising content must respect Islamic beliefs, UAE sovereignty, and national identity. Prohibited content includes advertising for alcohol, tobacco, narcotics, astrology services, and witchcraft or occult practices. Language requirements mandate the use of Standard Arabic or Emirati dialect in advertising materials, though other languages may be used alongside Arabic. Advertisements must not contain misleading claims, unfounded comparative statements, or deceptive content. Age rating compliance is mandatory for content targeting specific demographics.

Data Protection in Advertising

Under Federal Decree-Law No. 45 of 2021 (the Personal Data Protection Law), unapproved use of browsing data, cookies, and personal information for targeted advertising without explicit consumer consent is prohibited. Advertisers must obtain clear consent before collecting or using personal data for marketing purposes.

Penalties

Violations of advertising regulations can result in penalties of up to AED 1,000,000 for serious breaches. Non-compliance may also result in suspension of advertising activities and licence revocation.

7.2 Legal Practitioners

The legal profession in the UAE is regulated at both federal and emirate levels, with specific requirements for both UAE nationals and foreign lawyers seeking to practice law.

Licensing of UAE National Lawyers

UAE nationals wishing to practice law must hold a law degree from an accredited university, complete mandatory training requirements, pass the relevant bar examination, and register with the Ministry of Justice. They must also maintain professional indemnity insurance and comply with continuing professional development requirements.

Foreign Legal Consultants

Foreign lawyers may practice in the UAE as legal consultants, typically operating through law firms registered in free zones such as DIFC or ADGM, or through mainland firms as advisers on foreign law matters. Foreign legal consultants are generally prohibited from appearing before UAE courts (except in DIFC and ADGM courts for matters within their jurisdiction) and must work in association with locally licensed advocates for litigation matters.

Free Zone Legal Practice

DIFC and ADGM operate their own legal regulatory frameworks. Lawyers registered with these jurisdictions may appear before their respective courts and advise on matters governed by their common law frameworks. These free zones have attracted numerous international law firms establishing regional offices.

7.3 Bookkeeping Requirements

The UAE mandates comprehensive bookkeeping and accounting requirements for all businesses, governed primarily by Federal Law No. 2 of 2015 on Commercial Companies and Federal Decree-Law No. 47 of 2022 (the Corporate Tax Law).

Mandatory Requirements

All businesses operating in the UAE must maintain accurate and up-to-date accounting records. Bookkeeping is mandatory under Federal Tax Authority (FTA) regulations. Records must be retained for a minimum of five years from the end of the relevant financial year. Penalties for non-compliance can reach up to AED 50,000 for recurring violations.

Required Records

Businesses must maintain the following records: balance sheets showing the company's financial position; income statements recording revenues, expenses, and net income or loss; cash flow statements detailing operating, investing, and financing activities; sales invoices and expense receipts; purchase orders and supplier contracts; payroll records and employee-related documentation; VAT return copies and supporting schedules; utility bills and operational expenses; and bank and card statements with reconciliations.

Accounting Standards

International Financial Reporting Standards (IFRS) are mandatory for all UAE companies. Businesses must prepare financial statements in accordance with IFRS principles. Qualified accountants must maintain books in compliance with local laws and IFRS requirements.

Audit Requirements

Annual audits are mandatory for certain company types, including public joint stock companies, private joint stock companies, and LLCs meeting specific thresholds. Auditors must be registered with the Ministry of Economy and maintain independence from the companies they audit.

Corporate Tax Compliance

Since the introduction of corporate tax in 2023, taxable persons must assess and file accurate financial results based on their accounting records. Robust bookkeeping practices are essential for corporate tax compliance. Monthly financial statement preparation is recommended, along with regular bank account reconciliation.

7.4 Business Ethics and Codes

The UAE promotes high standards of business ethics and corporate governance, supported by various legal frameworks and industry codes of conduct.

Anti-Corruption Framework

The UAE has comprehensive anti-corruption laws, including Federal Decree-Law No. 31 of 2021 on the Issuance of the Crimes and Penalties Law. Bribery of public officials is a serious criminal offence carrying substantial penalties including imprisonment. Private sector corruption is also addressed through various provisions.

Corporate Governance

Listed companies must comply with corporate governance regulations issued by the Securities and Commodities Authority. These require establishment of audit committees, independent directors, and transparent disclosure practices. Many free zones also impose governance requirements on licensed entities.

Industry Codes

Various industries have established codes of conduct and professional ethics standards. Banks and financial institutions must comply with Central Bank of UAE ethical guidelines. Healthcare providers follow standards set by the Department of Health. Professional services firms are subject to their respective regulatory bodies' ethical requirements.

7.5 Consumer Protection Laws

The UAE has established a robust consumer protection framework through Federal Law No. 15 of 2020 on Consumer Protection, as amended by Federal Decree-Law No. 5 of 2023, with Executive Regulations (Cabinet Decision No. 66 of 2023) effective from 14 October 2023.

Scope and Application

The law applies to all goods and services sold or provided by suppliers, advertisers, and commercial agents across the UAE's mainland and free zones. It covers goods sold through e-commerce platforms registered in the UAE. The law does not apply to e-commerce activities conducted between UAE customers and businesses registered outside the UAE.

Consumer Rights

Consumers are entitled to: obtain goods and services of standard quality at declared prices; receive correct information about products they purchase or use; an appropriate and safe environment when purchasing goods or receiving services; protection of privacy and security of their data; education and awareness regarding their rights and obligations; and freedom to choose products and services according to their preferences.

Supplier Obligations

Suppliers must provide clear information and labelling in Arabic (other languages may be added). They must provide dated invoices including trade name, address, type of goods or service, price, and quantity. Suppliers must implement all warranties, provide required spare parts and maintenance, and replace goods or refund monetary value as appropriate. Consumer data must not be used for promotional or marketing purposes without consent.

E-Commerce Requirements

E-commerce businesses registered in the UAE must provide consumers and authorities with details about their licensing entity, information in Arabic about products or services, specifications, terms of contract, payment methods, warranty information, and other relevant data.

Telemarketing Regulations

Cabinet Resolution No. 56 of 2024 regulates telemarketing activities, organising the marketing of products or services through telephone communications to maintain economic and social stability and protect consumer privacy.

Penalties

Suppliers who fail to provide clear information and labelling, advertise misleading prices, provide false data, or fail to repair or replace defective products face imprisonment of up to two years and fines up to AED 2,000,000. Penalties are doubled for repeat violations. Administrative sanctions include fines up to AED 1,000,000, suspension of activity for up to 90 days, or licence revocation.

Supreme Committee for Consumer Protection

A Supreme Committee for Consumer Protection has been established by Cabinet decision, chaired by the Minister of Economy. The Committee oversees consumer protection policy and coordinates between the Ministry and relevant authorities. The Ministry of Economy handles consumer complaints through established procedures.

7.6 Construction

The UAE construction sector is one of the most dynamic in the region, governed by a combination of federal laws, local regulations, and industry standards.

Regulatory Framework

Construction activities are regulated through building codes and permits issued by local municipal authorities. Key regulations include Dubai Building Code, Abu Dhabi International Building Code, and similar frameworks in other emirates. Federal Law No. 8 of 2017 on Value Added Tax applies to construction services, with specific provisions for new residential construction.

Licensing Requirements

Construction companies require appropriate trade licences with approved activities, contractor classification from the relevant municipal authority, and specific approvals for structural works, MEP (mechanical, electrical, plumbing) services, and specialised construction activities.

Standard Contract Forms

FIDIC (International Federation of Consulting Engineers) contract forms are widely used in the UAE construction industry. Local authorities have also developed standard contract forms for public projects. These contracts typically address payment terms, variations, extensions of time, and dispute resolution.

Real Estate Development

Off-plan property sales are regulated through escrow account requirements. In Dubai, Law No. 8 of 2007 and its amendments govern escrow accounts for real estate development. Developers must register projects with the Real Estate Regulatory Agency (RERA) and maintain separate escrow accounts for each project.

7.7 Contracts

Contract law in the UAE is governed primarily by Federal Law No. 5 of 1985 (the Civil Code), as amended, which provides comprehensive rules on the formation, validity, and enforcement of contracts.

Contract Formation

A valid contract requires offer and acceptance, legal capacity of the parties, lawful subject matter, and lawful consideration. Contracts may be oral or written, though certain types must be in writing to be enforceable. The principle of good faith applies to contract formation and performance.

Key Provisions

The UAE Civil Code addresses: performance and breach of contract; remedies including specific performance and damages; force majeure and impossibility; assignment of contractual rights and obligations; and termination and discharge of contracts. Courts have discretion to reduce excessive penalty clauses to reflect actual damages suffered.

Commercial Contracts

Federal Law No. 50 of 2022 (the Commercial Transactions Law) governs commercial contracts and relationships. It addresses commercial agency, brokerage, transportation, banking, and other commercial matters. Commercial contracts are subject to more flexible interpretation than civil contracts.

Choice of Law and Jurisdiction

Parties generally have freedom to choose governing law and dispute resolution mechanisms. UAE courts will generally respect choice of law clauses for international contracts. Arbitration clauses are enforceable, with the UAE being a signatory to the New York Convention. DIFC and ADGM courts apply common law principles and may be chosen for dispute resolution.

7.8 Price Controls

The UAE generally operates a free market economy without widespread price controls. However, the government retains authority to intervene in pricing during exceptional circumstances.

Regulatory Authority

Under Federal Law No. 15 of 2020 on Consumer Protection, the Minister of Economy may issue decisions specifying selling prices of goods during crises, emergency circumstances, or unusual market conditions. Cabinet Decision No. 120 of 2022 provides rules and controls for pricing consumer goods.

Regulated Sectors

Certain sectors have regulated pricing: fuel prices are set monthly by the Ministry of Energy and Infrastructure; electricity and water tariffs are determined by local utility authorities; some pharmaceutical products have controlled pricing; and rent increase limits apply in certain emirates (e.g., Dubai's rent calculator).

Anti-Price Gouging

The Consumer Protection Law prohibits suppliers from engaging in monopolistic practices or artificially raising prices during crises. Violations can result in administrative penalties including fines up to AED 1,000,000.

7.9 Product Registration

Various product categories require registration with UAE authorities before they can be sold in the market. Requirements vary depending on the product type and applicable regulations.

Food Products

Food products must be registered with local food safety authorities (e.g., Dubai Municipality, Abu Dhabi Agriculture and Food Safety Authority). Products must comply with GCC Standardization Organization (GSO) standards and UAE.S (Emirates Standards). Halal certification is required for meat products. Labels must include Arabic text with nutritional information and ingredient lists.

Pharmaceuticals and Medical Devices

The Ministry of Health and Prevention (MOHAP) regulates pharmaceuticals and medical devices. Products require registration through the Emirates Drug Establishment (EDE). Clinical trials require separate approval. Medical devices must obtain conformity certificates.

Cosmetics

Cosmetic products must be registered with the Emirates Authority for Standardization and Metrology (ESMA). Products must comply with GSO cosmetic regulations. Testing and safety documentation are required.

Product Safety

Federal Law No. 10 of 2018 on Product Safety establishes requirements for products sold in the UAE. Products must meet applicable safety standards. Non-compliant products may be subject to recall orders. Suppliers are liable for damages caused by defective products.

7.10 Sale of Goods

The sale of goods in the UAE is governed by the Civil Code and Commercial Transactions Law, with specific consumer protection provisions applicable to retail sales.

Formation of Sale Contracts

A sale contract is formed when parties agree on the goods and price. Ownership transfers upon delivery unless otherwise agreed. Risk of loss generally passes with ownership. Specific rules apply to sales on approval, sale or return, and instalment sales.

Warranties

Sellers warrant that goods are free from defects that diminish their value or fitness for purpose. Hidden defects discovered within a reasonable time entitle buyers to rescind the sale or seek price reduction. The Consumer Protection Law provides additional warranty rights for consumer purchases.

Used and Renovated Goods

Under the Consumer Protection Executive Regulations, suppliers offering used, renovated, or defective goods must clearly advertise the condition of the goods on the product and at the place of sale. The condition must be described in the contract or invoice. This ensures consumers are not misled about the nature of their purchase.

7.11 Trade Associations

The UAE has numerous trade associations and chambers of commerce that support business activities and represent various industry sectors.

Chambers of Commerce

Each emirate has its own Chamber of Commerce and Industry: Dubai Chamber of Commerce and Industry, Abu Dhabi Chamber of Commerce and Industry, Sharjah Chamber of Commerce and Industry, and similar bodies in other emirates. The Federation of UAE Chambers of Commerce and Industry coordinates at the national level. Chambers provide services including trade documentation, business matching, market intelligence, and representation on policy matters.

Industry Associations

Numerous industry-specific associations operate in the UAE, including the UAE Banks Federation, Emirates Insurance Association, UAE Contractors Association, Dubai Association of Tourism Agents (DATA), and various professional bodies. These associations provide networking opportunities, advocacy, training, and industry standards development.

Business Councils

Bilateral business councils facilitate trade between the UAE and other countries. Examples include the UAE-UK Business Council, American Business Council Dubai, and German-Emirati Joint Council for

Industry and Commerce. These councils promote bilateral trade and investment, facilitate networking between businesses, and advocate for improved business conditions.

Sources: Federal Decree-Law No. 55 of 2023 (Media Regulation); Federal Law No. 15 of 2020 (Consumer Protection) as amended by Federal Decree-Law No. 5 of 2023; Cabinet Decision No. 66 of 2023 (Executive Regulations for Consumer Protection); Federal Law No. 2 of 2015 (Commercial Companies); Federal Decree-Law No. 47 of 2022 (Corporate Tax); Federal Law No. 5 of 1985 (Civil Code); Federal Law No. 50 of 2022 (Commercial Transactions); Federal Decree-Law No. 45 of 2021 (Personal Data Protection); Federal Law No. 10 of 2018 (Product Safety); UAE Media Council; Ministry of Economy; Federal Tax Authority.



CHAPTER 8

Cessation Or Termination Of Business

When a business decides to cease operations in the UAE, there are specific legal procedures that must be followed depending on the business structure and whether the closure is voluntary or compulsory. The primary legal framework is provided by Federal Decree-Law No. 32 of 2021 on Commercial Companies, with additional provisions under Federal Decree-Law No. 51 of 2023 on Financial Restructuring and Bankruptcy (effective from 1 May 2024).

8.1 Dissolution of Partnerships

The dissolution of partnerships in the UAE follows specific procedures depending on the type of partnership structure.

Grounds for Dissolution

A partnership may be dissolved due to: expiry of the partnership term specified in the partnership agreement; achievement of the purpose for which the partnership was established; agreement of all partners to dissolve; death, bankruptcy, or incapacity of a partner (unless the agreement provides for continuation); withdrawal of a partner in circumstances where continuation is not feasible; a court order issued on application by a partner due to material breach by another partner; or the partnership becoming unlawful or impossible to continue.

Dissolution Procedure

The partners must pass a resolution approving the dissolution, which should be notarised. A liquidator is typically appointed to wind up the partnership affairs. The dissolution must be registered with the relevant licensing authority. Creditors must be notified, and debts must be settled before assets are distributed to partners. A final liquidation report must be prepared and submitted to the authorities.

Partner Liability

In general partnerships, partners have unlimited joint and several liability for partnership debts. In limited partnerships, general partners have unlimited liability while limited partners' liability is restricted to their capital contribution. Partners remain liable for partnership obligations incurred before dissolution until such obligations are discharged.

8.2 Modes of Winding Up

The UAE recognises two primary routes for closing a company: deregistration (licence cancellation) and formal liquidation. The appropriate route depends on the company's circumstances and the requirements of the licensing authority.

Deregistration (Licence Cancellation)

Deregistration is a practical procedure introduced by licensing authorities for solvent companies that wish to close quickly. It is faster and less stringent than formal liquidation. No liquidator appointment is required, and there is no mandatory creditor notification period. This route is suitable for companies with no outstanding liabilities, all employees terminated and dues settled, no pending legal disputes, and a clean compliance record with all government entities.

Deregistration Procedure (Mainland)

For mainland companies registered with the Department of Economy and Tourism (DET) or equivalent authority: shareholders must pass a formal resolution approving closure and licence cancellation; the Memorandum of Association must be cancelled; all employee visas must be cancelled and end of service benefits paid; the firm card must be cancelled with the Ministry of Human Resources and Emiratisation; VAT deregistration must be completed with the Federal Tax Authority; utility accounts and bank accounts must be closed; all government entity approvals must be obtained; and the application with required documents and fees must be submitted to DET. Upon approval, a deregistration certificate is issued confirming licence cancellation.

Deregistration Procedure (Free Zone)

Each free zone authority has specific procedures, but common steps include: board resolution declaring intention to liquidate (notarised if shareholders are abroad); submission of deregistration application to the free zone; cancellation of employee visas and settlement of all employee dues; obtaining clearance certificates from the free zone; audit report preparation if required; and submission of final liquidation documentation. The timeline and specific requirements vary between free zones.

Formal Liquidation

Formal liquidation under the Commercial Companies Law is the standard legal method for closing companies, particularly where there are creditors to notify or where the deregistration route is not available. Liquidation may be voluntary (initiated by shareholders) or compulsory (ordered by court).

Voluntary Liquidation Procedure

The shareholders pass a resolution to liquidate the company and appoint a liquidator. The resolution must specify the liquidator's powers and remuneration. A licensed audit firm is typically appointed as liquidator. A liquidation notice must be published in two local newspapers (one in Arabic) inviting creditors to submit claims within at least 45 days. The liquidator collects the company's assets, settles debts in order of priority, and prepares a final liquidation report. Upon completion, the liquidator submits the report to the licensing authority for issuance of a liquidation certificate.

Compulsory Liquidation

Compulsory liquidation occurs when a court orders the winding up of a company, typically on petition by creditors due to the company's inability to pay debts. The court appoints a liquidator to manage the process. This route is subject to the provisions of the bankruptcy law where the company is insolvent.

Timeline and Costs

Deregistration can typically be completed within 2-4 weeks if all requirements are met. Formal liquidation takes a minimum of 2-3 months due to the 45-day creditor notice period. Costs vary depending on the licensing jurisdiction but typically range from AED 10,000 to AED 25,000 or more, including liquidator fees, government charges, newspaper publication costs, and any outstanding liabilities.

Licence Freezing (Alternative)

In Dubai, companies may opt to freeze their trade licence for up to three years by paying a freezing fee, rather than cancelling it entirely. This option preserves the company structure for potential future use. However, the duration cannot be extended beyond three years, and the company cannot conduct any business activities during the freeze period.

8.3 Insolvency and Bankruptcy

The UAE's insolvency regime underwent significant reform with the enactment of Federal Decree-Law No. 51 of 2023 on Financial Restructuring and Bankruptcy (the 'Bankruptcy Law'), which came into force on 1 May 2024, replacing the previous Federal Decree-Law No. 9 of 2016. The implementing regulations were issued under Cabinet Resolution No. 94 of 2024.

Scope of Application

The Bankruptcy Law applies to: companies subject to Federal Decree-Law No. 32 of 2021 on Commercial Companies; companies established in free zone areas (excluding ADGM and DIFC, which have their own insolvency regimes); individuals engaged in commercial activities (those with merchant status); and licensed civil companies of a professional nature. The law does not follow the UNCITRAL Model Law on Cross-Border Insolvency, meaning recognition of UAE bankruptcy proceedings abroad must be pursued through other means.

Bankruptcy Court

A significant development under the Bankruptcy Law is the establishment of a dedicated Bankruptcy Court with jurisdiction over bankruptcy matters. A Bankruptcy Administration has also been established to support the court in managing routine processes and helping decide cases. Judgments rendered by the Bankruptcy Court are immediately enforceable without requirement for service, operating as writs of execution.

Preventive Settlement

The Bankruptcy Law introduces a new Preventive Settlement procedure for lighter-touch restructurings. Debtors and creditors may reach a settlement under judicial supervision. There is no requirement to file within a prescribed period (unlike the previous law which required filing within 30 days of ceasing payments). An automatic three-month moratorium on creditor claims begins upon the initiation decision, which may be extended up to six months with Bankruptcy Court approval. This procedure is intended to help financially distressed companies avoid formal bankruptcy.

Restructuring

Where a company is in financial distress, it may apply for restructuring. The court may appoint a trustee for management or permit the debtor to continue running its business while developing a restructuring plan. The plan may involve selling assets, finding new funding, or other measures. All legal actions are halted until the plan is approved or the court rules that restructuring has failed. The moratorium extends from the initiation decision until the plan's ratification, with no predefined time limit.

Bankruptcy (Liquidation)

If restructuring is not viable, the company proceeds to bankruptcy. The trustee creates a liquidation plan subject to creditor approval, with the goal of maximising value recovered from the bankruptcy estate. The law allows debtor assets to be sold as a going concern, ensuring future investment returns are

factored into asset valuation. Creditor claims are ranked according to legal priority, with secured creditors having priority over unsecured creditors.

Director Obligations and Liability

Directors are expected to act early when a company becomes cash-flow insolvent. Once a company cannot meet its debts as they fall due, directors have 30 days to file with the court. Missing this window can trigger personal liability, particularly if the company continues trading while unable to pay debts. Courts examine when directors knew or should have known of the company's inability to meet obligations.

The Bankruptcy Law extends liability to managers and any person responsible for actual management (similar to shadow director liability). If a person, in the two-year period before insolvency: takes undue risks in company affairs; disposes of assets at undervalue; or enters into preference transactions with creditors, that person may be liable to pay amounts to put the company in the same position as if the act had not occurred.

Reviewable Transactions

The Bankruptcy Law takes a vigilant approach to potentially prejudicial transactions. Transactions within six months preceding cessation of payment (extending up to two years before the initiation decision) may be voided if they involve: transactions significantly unbalanced against the company; prepayment of debts before due date; payment of debts in consideration other than agreed; or granting security for existing debts without commercial justification.

For transactions with insiders or related parties, the examination period extends to two years before cessation of payment (up to four years before initiation). The law also introduces 'commercial considerations' as a valid justification for certain transactions, indicating a business-oriented perspective.

Set-Off Provisions

Set-off of debts is prohibited after initiation of insolvency proceedings, unless based on implementation of a preventive settlement, restructuring plan, or bankruptcy court decision. Set-off agreements are considered final and effective in accordance with their terms. The provisions of Federal Law No. 10 of 2018 on Netting apply to matters not addressed in the Bankruptcy Law.

Secured Creditor Rights

Creditors with secured debts may, with permission of the Bankruptcy Court, initiate enforcement proceedings against secured assets even after bankruptcy proceedings have commenced. The sale of assets is conducted through the trustee, eliminating the need for separate proceedings.

Small Debtor Provisions

The Bankruptcy Law includes specific provisions for small debtors, ensuring that small enterprises can access the bankruptcy regime without prohibitive cost or complexity. There are also provisions addressing proceedings during emergency financial crises.

DIFC and ADGM Regimes

The DIFC and ADGM maintain their own insolvency frameworks. DIFC insolvency is governed by Insolvency Law DIFC Law No. 1 of 2019, while ADGM operates under the Insolvency Regulations 2022 (updated in January 2025). Both jurisdictions follow the UNCITRAL Model Law on Cross-Border

Insolvency, facilitating international recognition of proceedings. Companies established in these free zones are not subject to the federal Bankruptcy Law.

Sources: Federal Decree-Law No. 32 of 2021 (Commercial Companies); Federal Decree-Law No. 51 of 2023 (Financial Restructuring and Bankruptcy); Cabinet Resolution No. 94 of 2024 (Bankruptcy Executive Regulations); DIFC Insolvency Law No. 1 of 2019; ADGM Insolvency Regulations 2022; Ministry of Economy; Department of *Economy and Tourism*; *various free zone authorities*.



CHAPTER 9

Labour Legislation, Relations, And Supply

The UAE's labour market is governed by Federal Decree-Law No. 33 of 2021 Regarding the Regulation of Employment Relationships (the 'Labour Law'), which came into force on 2 February 2022. The Labour Law has been amended by Federal Decree-Law No. 14 of 2022, Federal Decree-Law No. 20 of 2023, and Federal Decree-Law No. 9 of 2024, with the latest amendments effective from 31 August 2024.

9.1 Employer/Employee Relations

The Labour Law establishes a framework for fair and balanced employment relationships, prohibiting forced labour and discrimination on the basis of gender, race, colour, sex, religion, national or social origin, or disability. Employers must provide equal pay for work of equal value regardless of gender. The law prohibits all forms of harassment, bullying, and violence against employees.

The Ministry of Human Resources and Emiratization (MoHRE) is the competent authority responsible for regulating labour relations. Under the 2024 amendments, MoHRE decisions now constitute 'writs of execution' enforceable without separate court proceedings.

9.2 Employment Regulations and UAE Labour Law

Scope of Application

The Labour Law applies to all employees in the UAE private sector, both nationals and expatriates. It does not apply to federal and local government employees, armed forces, police, security services, or domestic workers (covered by separate legislation). DIFC and ADGM have their own employment regulations.

Key 2024 Amendments

The August 2024 amendments introduced enhanced penalties (AED 100,000 to AED 1,000,000), salary continuation during labour disputes, strengthened MoHRE enforcement powers, and penalties for sham employment contracts.

9.3 Employment Contracts

Fixed-Term Contracts Only

All employment contracts must be fixed-term (limited) contracts. Unlimited-term contracts have been abolished. Maximum term is three years, renewable by agreement. Legacy unlimited contracts were required to convert by 31 December 2023.

Mandatory Contract Terms

Contracts must include: identity of parties; commencement date; nature and location of work; contract duration; remuneration and payment frequency; leave entitlements; notice period; and any probationary period. The probationary period may not exceed six months.

Flexible Work Arrangements

The Labour Law accommodates full-time, part-time, temporary/project-based, flexible, and remote work arrangements. Part-time and flexible workers receive pro-rated benefits.

9.4 Hiring and Termination Requirements

Hiring Requirements

Employers must obtain a labour card from MoHRE before recruiting. Expatriates require work permits, entry permits, medical examinations, residence visas, and Emirates ID. Minimum employment age is 15 years.

Notice Periods

Minimum notice period is 30 days, maximum three months. During notice, employees may take one unpaid day per week to seek new employment.

Summary Dismissal

Employers may dismiss without notice for: false identity or documents; acts causing substantial loss; safety violations causing damage; absence without valid reason exceeding 20 non-consecutive or 7 consecutive days per year; confidential information disclosure; intoxication or drug use at work; assault on employer or colleagues; or conviction of crimes involving honour or morals.

Non-Compete Clauses

Non-compete clauses must be written, limited to protecting legitimate interests, and maximum two years. They may be unenforceable if the employer terminates unlawfully.

9.5 Labour Availability and Market

The UAE population is approximately 11.4 million with 88% foreign nationals. The workforce comprises approximately 85% expatriates from India, Pakistan, Bangladesh, Philippines, and Arab nations. There is no universal minimum wage, though skilled Emiratis must receive at least AED 4,000 monthly. The Wage Protection System (WPS) ensures timely salary payments.

9.6 Work Permits and Labour Cards

Employers must obtain an establishment card from MoHRE before recruiting. Expatriate employees require work permits (typically valid for two years), entry permits, medical examination, residence visas, and Emirates ID. Various permit types exist including standard, mission, temporary, and part-time permits. Golden Visa holders may work without employer sponsorship.

9.7 Safety Standards

Employer Obligations

Employers must provide safe working environments including adequate ventilation, lighting, sanitation, protective equipment, safety training, equipment maintenance, first aid, and emergency procedures.

Working Hours

Standard hours are 8 per day or 48 per week (reduced by 2 hours during Ramadan for Muslims). One weekly rest day required. Overtime maximum 2 hours per day, compensated at 125% (150% between 9pm-4am). Outdoor work prohibited 12:30pm-3:00pm from 15 June to 15 September.

Leave Entitlements

Annual leave: 2 days/month for 6 months to 1 year service; 30 days/year thereafter. Maternity leave: 60 days (45 full pay, 15 half pay). Paternity leave: 5 working days. Parental leave: 5 working days within 6 months of birth. Sick leave: 90 days/year (15 full pay, 30 half pay, 45 unpaid). Bereavement: 5 days (spouse) or 3 days (close relatives). Hajj: 30 days once (unpaid).

9.8 Emiratisation Requirements

Companies with 50+ Employees

Must increase Emirati skilled workforce by 2% annually. Targets: 6% by end 2024; 8% by end 2025; 10% by end 2026. Compliance verified at mid-year and year-end.

Companies with 20-49 Employees

In 14 designated sectors: at least one Emirati by end 2024; at least two by end 2025. Sectors include IT, finance, real estate, professional services, construction, retail, healthcare, and education.

Penalties

Non-compliance: AED 96,000 per Emirati not hired in 2024; AED 108,000 per Emirati not hired in 2025. Fake Emiratisation: AED 20,000-100,000 per violation. Two-month grace period applies if an Emirati resigns (from May 2025). Free zone companies are exempt from mandatory quotas.

9.9 End of Service Benefits

Eligibility

Employees with at least one year of continuous service are eligible. Based on last basic salary, excluding allowances. Days of absence without pay are excluded from service calculation.

Calculation Formula

21 calendar days' basic salary per year for first five years; 30 calendar days' basic salary per year beyond five years. Pro-rata for fractions of a year. Maximum cap: two years' remuneration.

| Service Period | Days per Year | Notes |
|------------------|---------------|-----------------------|
| Less than 1 year | 0 | Not eligible |
| 1 to 5 years | 21 days | Per completed year |
| Beyond 5 years | 30 days | For years exceeding 5 |



Calculation Example

For an employee with 7 years of service and AED 10,000 basic monthly salary:

Daily salary = AED 10,000 / 30 = AED 333.33

First 5 years: $21 \times 333.33 \times 5 = \text{AED } 35,000$

Years 6-7: $30 \times 333.33 \times 2 = \text{AED } 20,000$

Total gratuity: AED 55,000

Payment Timeline

Gratuity must be paid within 14 days from the contract's ending date. Employers may deduct any amounts owed by the employee. For part-time workers, gratuity is calculated proportionally based on hours worked.

Voluntary Savings Scheme

The UAE has introduced a voluntary end of service benefits savings scheme, approved by the Securities and Commodities Authority, to enhance financial security for private sector employees. This allows employers to deposit gratuity payments into regulated financial accounts during employment, ensuring timely payouts and better financial planning.

Statute of Limitations

Under the 2024 amendments, the statute of limitations for labour claims is two years. Employees must file disputes within this period or lose their right to sue regardless of the claim's merits.

Sources: Federal Decree-Law No. 33 of 2021 (Regulation of Employment Relationships) as amended by Federal Decree-Law No. 9 of 2024; Cabinet Resolution No. 1 of 2022 (Executive Regulations); Ministerial Resolutions on Emiratisation (2022-2025); Ministry of Human Resources and Emiratisation; NAFIS Programme; UAE Government Portal.



CHAPTER 10

Tax On Corporations

The UAE introduced federal Corporate Tax (CT) effective for financial years starting on or after 1 June 2023, marking a significant shift from its historically tax-free business environment. The corporate tax regime is governed by Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, as amended by Federal Decree-Law No. 60 of 2023 and Federal Decree-Law No. 40 of 2024. The tax applies uniformly across all seven emirates.

10.1 Corporate Tax Framework

Tax Rates

The UAE applies a tiered corporate tax rate structure:

| Taxable Income | Tax Rate |
|---|-------------|
| Up to AED 375,000 | 0% |
| Above AED 375,000 | 9% |
| Qualifying Free Zone Person (qualifying income) | 0% |
| Large MNEs (DMTT - from 1 Jan 2025) | Minimum 15% |

Taxable Persons

Corporate tax applies to UAE companies and other juridical persons incorporated or managed and controlled in the UAE; foreign juridical persons with a permanent establishment in the UAE; foreign juridical persons deriving UAE-sourced income; natural persons (individuals) conducting business in the UAE with annual revenue exceeding AED 1 million; and free zone persons (subject to the QFZP regime for qualifying income).

Exempt Persons

Certain persons are exempt from corporate tax, including government entities and government-controlled entities engaged in mandated activities; qualifying public benefit entities and charities; qualifying investment funds meeting specified conditions; public and private pension and social security funds; and persons engaged in extractive businesses subject to emirate-level taxation.

10.2 Taxable Income and Allowances

Determination of Taxable Income

Taxable income is calculated starting from accounting income (net profit or loss) prepared in accordance with International Financial Reporting Standards (IFRS) or applicable accounting standards, then adjusted for items specified in the Corporate Tax Law. The accounting income is subject to add-backs (increasing taxable income) and deductions (decreasing taxable income) to arrive at the final taxable income figure.

Exempt Income

Certain income is exempt from corporate tax, including dividends and other profit distributions from UAE resident companies; dividends from foreign companies where the UAE shareholder holds at least 5% ownership for 12 months (participation exemption); capital gains from disposal of qualifying shareholdings meeting the participation exemption conditions; and income from a foreign permanent establishment where an election to exempt is made.

Deductible Expenses

Expenses are generally deductible if incurred wholly and exclusively for business purposes. Deductible items include employee costs (salaries, benefits, end of service gratuity); rent and utilities; professional fees; depreciation and amortisation (in accordance with tax depreciation rules); interest expenses (subject to limitations); and bad debts meeting specified conditions.

Non-Deductible Expenses

Certain expenses are specifically non-deductible for corporate tax purposes. These include bribes, fines, and penalties; donations (unless to qualifying public benefit entities); entertainment expenditure exceeding prescribed limits; expenses not incurred for business purposes; 50% of expenditure with dual business and personal use; and amounts that do not meet the arm's length standard in related party transactions.

Interest Limitation Rules

Net interest expenditure exceeding AED 12 million is limited to 30% of EBITDA (earnings before interest, tax, depreciation, and amortisation). Disallowed interest can be carried forward for up to 10 years. Specific rules apply to related party financing arrangements.

10.3 Calculation of Taxes

The corporate tax calculation follows a structured approach: start with accounting net profit as per audited financial statements; add back non-deductible expenses and disallowed items; deduct exempt income and available reliefs; apply tax loss offsets (where available); arrive at taxable income; and apply the relevant tax rate (0% up to AED 375,000, then 9% on the excess).

Practical Example

If a business has taxable income of AED 500,000, the calculation would be: first AED 375,000 at 0% = AED 0; remaining AED 125,000 at 9% = AED 11,250. Total corporate tax payable would be AED 11,250.

Small Business Relief

A temporary relief is available until 31 December 2026 for small businesses. Tax resident persons may elect to be treated as having no taxable income where revenue for the relevant and previous tax periods does not exceed AED 3 million in each year. If elected, certain provisions of the Corporate Tax Law do not apply, including exempt income rules, various reliefs, deductions, tax loss relief, and transfer pricing compliance requirements.

10.4 Filing and Payment Requirements

Registration

All taxable persons must register for corporate tax with the Federal Tax Authority (FTA), even if already registered for VAT. Registration deadlines are set out in FTA Decision No. 3 of 2024. Late registration may

trigger a penalty of AED 10,000 (as per Cabinet Decision No. 75 of 2023, amended by Cabinet Decision No. 10 of 2024).

Tax Returns

Corporate tax returns must be filed within 9 months of the end of the relevant tax period. Only one annual return is required per financial year. For a company with a financial year ending 31 December 2024, the corporate tax return is due by 30 September 2025. Returns are filed electronically through the FTA portal.

Payment

Corporate tax is payable at the same time as the return filing deadline (within 9 months of year end). Payment is made electronically to the FTA. Overpayments may be refunded upon application with supporting documentation, or credited against future liabilities.

Audited Financial Statements

Under Ministerial Decision No. 84 of 2025, effective for tax periods commencing on or after 1 January 2025, audited financial statements are required for tax groups (special-purpose financial statements regardless of revenue); standalone entities with revenue exceeding AED 50 million; and all Qualifying Free Zone Persons claiming QFZP benefits.

Penalties

Penalties apply for non-compliance. Late registration attracts AED 10,000. Late filing and payment penalties are calculated based on the tax due. Incorrect returns may result in tax-geared penalties. Failure to maintain proper records can result in fixed penalties.

10.5 Transfer Pricing

Arm's Length Principle

All transactions between Related Parties and Connected Persons must be conducted at arm's length (fair market value). The UAE transfer pricing rules are set out in Articles 34-36 of the Corporate Tax Law and align with OECD Guidelines. Ministerial Decision No. 97 of 2023 provides detailed requirements for maintaining transfer pricing documentation.

Documentation Requirements

Transfer pricing documentation requirements are triggered by specific thresholds:

| Document | Threshold |
|----------------------------------|--|
| Disclosure Form (with CT return) | Aggregate related party transactions > AED 40 million and per category > AED 4 million |
| Connected Persons Schedule | Aggregate transactions with any one Connected Person > AED 500,000 |
| Master File and Local File | UAE revenue > AED 200 million, OR part of MNE group with consolidated revenue > AED 3.15 billion |
| Country-by-Country Report | MNE group consolidated revenue > AED 3.15 billion |

Advance Pricing Agreements

FTA Decision No. 4 of 2024 outlines the framework for Advance Pricing Agreements (APAs). Applications for unilateral APAs will be received from the fourth quarter of 2025. Bilateral APAs may be introduced subsequently. APAs allow taxpayers to obtain certainty on the transfer pricing treatment of proposed or existing arrangements.

10.6 Global Minimum Tax (Pillar Two)

Federal Decree-Law No. 60 of 2023 introduced the Domestic Minimum Top-up Tax (DMTT), effective for financial years starting on or after 1 January 2025. Cabinet Decision No. 142 of 2024 provides detailed implementing regulations.

Scope

The DMTT applies to multinational enterprise (MNE) groups with consolidated global revenues of EUR 750 million or more in at least two of the four financial years immediately preceding the relevant year. The UAE's implementation closely aligns with the OECD's GloBE (Global Anti-Base Erosion) Model Rules.

Effect

The DMTT ensures that in-scope MNEs pay a minimum effective tax rate of 15% on profits earned in the UAE. Where the effective tax rate on UAE profits falls below 15%, a top-up tax is applied to bring the effective rate to 15%. By implementing the DMTT, the UAE ensures that any top-up tax is collected domestically rather than by other jurisdictions under the Income Inclusion Rule (IIR).

10.7 Value Added Tax

Value Added Tax (VAT) was introduced on 1 January 2018 under Federal Decree-Law No. 8 of 2017. VAT is a consumption tax applied to most goods and services at each stage of the supply chain, with the final burden borne by the end consumer.

VAT Rates

| Rate | Application | Examples |
|-----------------|---|---|
| 5% (Standard) | Most goods and services | Commercial sales, professional services, imports |
| 0% (Zero-rated) | Specific categories (input VAT recoverable) | Exports, international transport, first sale of residential property, qualifying healthcare and education |
| Exempt | No VAT charged, no input VAT recovery | Certain financial services, subsequent residential property sales, bare land, local passenger transport |

Registration Thresholds

Mandatory registration is required when taxable supplies and imports exceed AED 375,000 in the preceding 12 months, or are expected to exceed this threshold in the next 30 days. Voluntary registration is available when taxable supplies, imports, or taxable expenses exceed AED 187,500. Non-resident businesses making taxable supplies in the UAE must register regardless of value and must appoint a tax agent.

Filing and Payment

VAT returns are filed quarterly for most businesses, or monthly for larger businesses as determined by the FTA. Returns and payments are due by the 28th of the month following the end of the tax period. Filing is done electronically through the FTA portal. VAT-registered businesses must issue tax invoices and maintain records for at least 5 years.

E-Invoicing

Federal Decree-Law No. 16 of 2024 amended the VAT Law to provide legal recognition for e-invoices. Mandatory e-invoicing is being implemented in phases, with full implementation expected by 1 July 2026. E-invoices must be generated, transmitted, and stored in structured digital formats (XML/JSON) and exchanged via Accredited Service Providers using the Peppol model.

10.8 Excise Tax

Excise Tax was introduced in October 2017 under Federal Decree-Law No. 7 of 2017 to discourage consumption of products harmful to health or the environment. The tax is levied once, at the point of import, production, or release from a designated zone.

Excise Tax Rates

| Product Category | Rate |
|---|------|
| Tobacco and tobacco products | 100% |
| Energy drinks | 100% |
| Electronic smoking devices and liquids | 100% |
| Carbonated drinks (excluding sparkling water) | 50% |
| Sweetened drinks (with added sugar or sweeteners) | 50% |

2025-2026 Changes

Cabinet Decision No. 197 of 2025 introduces a tiered volumetric model for sweetened drinks based on sugar content, effective from early 2026. This replaces the flat 50% rate with bands determined by sugar content per 100ml. Products with less than 5 grams of sugar per 100ml will attract lower rates. The change aims to incentivise manufacturers to reduce sugar content.

10.9 Free Zone Tax Benefits

Free Zone Persons are subject to corporate tax but may benefit from a 0% rate on qualifying income if they meet the conditions to be a Qualifying Free Zone Person (QFZP). The regime is governed by the Corporate Tax Law and detailed in Ministerial Decisions No. 229 and No. 230 of 2025 (replacing earlier decisions and applying retroactively from 1 June 2023).

QFZP Conditions

To qualify as a QFZP and benefit from the 0% rate on qualifying income, a Free Zone Person must be incorporated, established, or registered in a Free Zone; maintain adequate substance in the Free Zone (adequate assets, qualified employees, and operating expenditure commensurate with activities); derive qualifying income from qualifying activities; comply with transfer pricing requirements; prepare audited financial statements (from 2025); and not have elected to be subject to the standard corporate tax regime.

Qualifying Activities

Qualifying activities include manufacturing or processing of goods or materials; holding of shares and other securities; ownership, management, and operation of ships; reinsurance; fund management; wealth and investment management; headquarter services to related parties; treasury and financing services to related parties; financing and leasing of aircraft; distribution of goods from a designated zone; and logistics services.

Excluded Activities

Certain activities cannot benefit from the 0% rate even if performed in a Free Zone. These include transactions with natural persons (with limited exceptions); regulated banking, leasing, or insurance (except reinsurance); intellectual property exploitation not meeting qualifying IP criteria; and ownership or exploitation of immovable property outside Free Zone-to-Free Zone commercial dealings.

De Minimis Rules

A QFZP may have incidental non-qualifying income up to the lower of AED 5 million or 5% of total revenue without losing QFZP status. If this de minimis threshold is exceeded, QFZP status is lost for the current year and the following 4 years. The entity may retest QFZP status in the sixth year.

10.10 Tax Treaties and Double Taxation Agreements

The UAE has an extensive network of Double Taxation Agreements (DTAs) with over 130 countries. These treaties provide relief from double taxation on cross-border income and may reduce or eliminate withholding taxes on dividends, interest, and royalties. DTAs also provide mechanisms for resolving tax disputes through the Mutual Agreement Procedure (MAP).

The Ministry of Finance issued MAP guidance in June 2025 outlining circumstances for requesting MAP relief, including cases of actual or potential double taxation and disputes concerning treaty interpretation. UAE MAP requests must be submitted within three years from the date the taxpayer becomes aware of the issue.

10.11 Territoriality Rules

UAE corporate tax applies on a territorial basis with residence elements. UAE resident persons are subject to tax on worldwide income (subject to exemptions). Non-resident persons are taxed only on UAE-sourced income or income attributable to a UAE permanent establishment.

Foreign Permanent Establishment Exemption

A UAE resident person may elect to exempt the income and losses of its foreign permanent establishments from UAE corporate tax. If this election is made, no foreign tax credit is available for taxes paid in the foreign jurisdiction. The election provides flexibility for groups to manage their global tax position.

10.12 Treatment of Tax Losses

Tax losses may be carried forward indefinitely to offset against future taxable income. However, the offset in any year is limited to 75% of taxable income (ensuring at least 25% of profits are taxed). Losses cannot be carried back to prior periods.

Loss Transfer

Tax losses may be transferred between group companies that are at least 75% commonly owned and meet other qualifying conditions. Losses of a Qualifying Free Zone Person relating to qualifying income cannot be offset against taxable income and cannot be transferred to other entities.

10.13 Withholding Taxes

The UAE Corporate Tax Law includes provisions for withholding tax on certain payments to non-residents. However, the current withholding tax rate is 0%. This position may be subject to change through future Cabinet Decisions.

Foreign Tax Credit

Where a UAE taxable person has paid tax in a foreign jurisdiction on income that is also subject to UAE corporate tax, a foreign tax credit may be available. The credit is limited to the lower of the foreign tax paid and the UAE corporate tax payable on that income. Excess foreign tax credits cannot be carried forward or refunded.

Emirate-Level Banking Tax

Dubai Law No. 1 of 2024 imposes a 20% emirate-level tax on foreign banks operating in Dubai (DIFC-licensed activities are excluded). Federal corporate tax remains payable but is credited against the Dubai liability. Administrative Resolution No. 107 of 2024 provides implementation mechanics.

Important Notes

The UAE tax landscape continues to evolve with regular updates to legislation and guidance. Taxpayers should monitor FTA announcements and consult professional advisors for specific situations. Key deadlines for 2025 include corporate tax return filing by 30 September 2025 for calendar year 2024 taxpayers, and ongoing VAT compliance obligations.

Note: This chapter provides general information current as of January 2025. Tax laws and regulations are subject to change. Professional tax advice should be sought for specific circumstances.



CHAPTER 11

Tax On Individuals

The UAE maintains one of the most attractive tax environments globally for individuals. There is no federal or emirate-level personal income tax, capital gains tax, wealth tax, or inheritance tax imposed on individuals. This chapter examines the tax position of individuals in the UAE, including the limited circumstances where taxation may apply and the social security obligations for UAE and GCC nationals.

11.1 Personal Income Tax

No Personal Income Tax

The UAE does not levy personal income tax on individuals. This fundamental principle applies consistently across all seven emirates and to all sources of individual income, including salaries and wages from employment; bonuses, commissions, and other employment benefits; pension income; dividend income from investments; interest income from bank deposits and bonds; rental income from personal property investments; and professional fees and consultancy income (below corporate tax thresholds).

The UAE government reaffirmed in 2024 that there are no plans to introduce personal income tax, providing certainty for residents and expatriates planning their financial affairs.

No Income Tax Filing Requirements

With no personal income tax liability, individuals in the UAE have no obligation to register with the Federal Tax Authority (FTA) for income tax purposes, file annual income tax returns, or maintain records specifically for income tax compliance. This significantly reduces the administrative burden on individuals compared to most other jurisdictions.

Corporate Tax for Individuals Conducting Business

While there is no personal income tax, natural persons (individuals) who conduct a business or business activity in the UAE may be subject to corporate tax under Federal Decree-Law No. 47 of 2022. This applies where the total turnover from business activities exceeds AED 1 million in a calendar year. Importantly, the following income sources are excluded from the turnover calculation: wages and salary from employment; personal investment income (dividends, interest, capital gains from personal investments); and real estate investment income earned in a personal capacity.

Where the AED 1 million threshold is exceeded, the individual must register for corporate tax and will be subject to tax at 9% on taxable income exceeding AED 375,000. Natural persons conducting business were required to register by 31 March 2025 for the 2024 calendar year, with returns due by 30 September 2025. Late registration incurs a penalty of AED 10,000.

11.2 Capital Gains Tax

The UAE does not impose capital gains tax on individuals. Gains realised by individuals from the disposal of personal assets are not subject to taxation. This includes gains from sale of shares and securities; sale of real estate held in a personal capacity; sale of business interests (where not conducted as a business

activity); cryptocurrency and digital asset disposals; and other capital assets such as art, collectibles, and precious metals.

The absence of capital gains tax makes the UAE particularly attractive for investors and high-net-worth individuals. However, individuals should be aware that capital gains may be taxable in their country of citizenship or tax residence elsewhere, depending on that country's tax rules and any applicable double taxation agreements.

11.3 Inheritance and Gift Tax

The UAE does not impose inheritance tax, estate tax, or gift tax on individuals. Assets can be transferred between generations or gifted to family members and others without triggering UAE tax liability. This applies to transfers of real estate; shares and securities; business interests; cash and bank balances; and other personal property.

Succession Planning Considerations

While there is no inheritance tax, succession planning remains important for UAE residents. Non-Muslim expatriates may register a will with the DIFC Wills Service Centre or the Abu Dhabi Judicial Department to ensure their assets are distributed according to their wishes rather than under Sharia principles. Muslim residents' estates are generally governed by Sharia inheritance rules unless specific provisions apply.

Cross-border considerations are also relevant where the deceased held assets in multiple jurisdictions, as inheritance tax may apply in other countries where assets are located or where the beneficiaries are tax resident.

11.4 Real Estate Tax

No Annual Property Tax

The UAE does not impose annual property tax on the value of real estate owned by individuals. Property owners do not pay recurring taxes based on the market value or assessed value of their properties, unlike many other jurisdictions. This absence of annual property tax contributes to the attractiveness of UAE real estate investment.

Property Transfer Fees

While there is no annual property tax, one-time transfer fees apply when property changes hands:

| Emirate | Transfer Fee | Typical Split |
|-----------|------------------------|---------------------|
| Dubai | 4% of property value | 2% buyer, 2% seller |
| Abu Dhabi | 2% of property value | 1% buyer, 1% seller |
| Sharjah | 2-4% of property value | As agreed |

Municipality Housing Fees

Municipality fees apply to rental properties, typically payable by tenants through utility bills. These are not taxes on property ownership but charges for municipal services:

| Emirate | Housing Fee (% of Annual Rent) |
|---------------------|--------------------------------|
| Dubai - Residential | 5% (paid by tenant via DEWA) |
| Dubai - Commercial | 5% (paid by property owner) |
| Abu Dhabi | 3% |
| Sharjah | 2% |

No Tax on Rental Income

Rental income earned by individuals from property held in a personal capacity is not subject to income tax in the UAE. However, if rental activities are conducted through a company or constitute a business activity exceeding the corporate tax thresholds, corporate tax may apply to the entity conducting the activity.

11.5 Social Security Contributions

The UAE operates a social security system for UAE nationals and GCC nationals working in the UAE. Non-GCC expatriates are not subject to social security contributions but receive end-of-service gratuity benefits under UAE Labour Law.

UAE Nationals - GPSSA

The General Pension and Social Security Authority (GPSSA) administers the pension scheme for UAE nationals working in federal government entities and the private sector across most emirates (Abu Dhabi has a separate scheme). Under Federal Decree-Law No. 57 of 2023, which applies to new employees joining from October 2023, contribution rates are as follows:

| Contributor | Rate (% of Pensionable Salary) |
|--------------------------------------|---|
| Employee | 11% |
| Employer | 15% |
| Government (private sector support)* | 2.5% |
| Total | 26% (or 28.5% with government support) |

*Government contributes 2.5% for private sector UAE national employees with pensionable salary below AED 20,000.

For UAE nationals who joined employment before October 2023 (under Federal Law No. 7 of 1999), the contribution rate is 20% (5% employee, 12.5% employer, 2.5% government). Employers must register eligible employees with GPSSA within one month of joining.

Abu Dhabi Pension Fund (ADPF)

UAE nationals working in Abu Dhabi are covered by the Abu Dhabi Pension Fund rather than GPSSA. Contribution rates may vary depending on the employee's joining date. Employers in Abu Dhabi must register their UAE national employees with ADPF.

GCC Nationals

GCC nationals working in the UAE are subject to social security contributions under the GCC Social Security Extension Scheme. Contributions are made according to the social security laws of the employee's home country. UAE employers are liable for contributions up to the amount they would pay

for a UAE national employee, with employees bearing any difference. GCC nationals receive pension benefits from their home country's social security system.

Non-GCC Expatriates

Non-GCC expatriates are not subject to UAE social security contributions. Instead, they are entitled to end-of-service gratuity under UAE Labour Law, calculated as 21 days' basic salary for each of the first five years of service and 30 days' basic salary for each subsequent year. The UAE has introduced a voluntary Alternative End-of-Service Benefits Scheme allowing employers to invest gratuity contributions in approved investment funds.

11.6 Tax Residency Rules

Although the UAE does not impose personal income tax, establishing UAE tax residency is important for individuals seeking to benefit from the UAE's network of double taxation agreements and to demonstrate their tax status to authorities in other jurisdictions. Cabinet Resolution No. 85 of 2022 established formal statutory rules for determining tax residency, effective from 1 March 2023.

Tax Residency Criteria for Individuals

An individual is considered a UAE tax resident if they meet any of the following criteria:

- * **Route 1 - 183 Days Test:** The individual has been physically present in the UAE for 183 days or more within a consecutive 12-month period. Any day or part day counts as a full day of presence.
- * **Route 2 - 90 Days Test:** The individual has been physically present in the UAE for 90 days or more within a consecutive 12-month period AND is a UAE national, holds a valid UAE residence permit, or is a GCC national; AND has a permanent place of residence in the UAE (owned or rented property continuously available) or carries on employment or business in the UAE.
- * **Route 3 - Centre of Interests Test:** The individual's usual or primary place of residence and centre of financial and personal interests is in the UAE. This is a subjective test based on factors such as location of family, primary home, bank accounts, business interests, and social connections.

Tax Residency Certificate (TRC)

Individuals can apply to the Federal Tax Authority for a Tax Residency Certificate to formally confirm their UAE tax residency status. A TRC is particularly useful for claiming benefits under double taxation agreements with other countries; demonstrating tax status to foreign tax authorities; and satisfying compliance requirements in other jurisdictions.

The FTA's October 2024 Tax Procedures Guide (TPGTR1) updated the TRC application requirements. For individuals meeting the 183-day test, required documents include proof of UAE residency (Emirates ID and residence visa, or passport with entry/exit report). Bank statements are no longer required for DTA-purpose TRCs. For individuals relying on the 90-day test, additional documentation proving permanent residence or employment/business in the UAE is required.

TRC Application Process and Fees

TRC applications are submitted through the FTA's EmaraTax portal. Processing time is typically 5 business days. Fees include a submission fee of AED 50, plus processing fees of AED 500 (with Corporate Tax TRN), AED 1,000 (individual without TRN), or AED 1,750 (company without TRN). An additional AED 250 applies for a hard copy certificate.

International Tax Considerations

Individuals should be aware that establishing UAE tax residency does not automatically exempt them from tax obligations in other countries. Many countries tax their citizens or long-term residents on worldwide income regardless of where they reside. For example, US citizens remain subject to US tax on worldwide income and must file annual returns regardless of UAE residency. Individuals with connections to multiple countries should seek professional advice on their global tax position.

Summary: Tax Position of Individuals in the UAE

| Tax Type | Position in UAE |
|-------------------------------------|-------------------------------------|
| Personal Income Tax | 0% - No personal income tax |
| Capital Gains Tax | 0% - No capital gains tax |
| Inheritance/Estate Tax | 0% - No inheritance or estate tax |
| Gift Tax | 0% - No gift tax |
| Wealth Tax | 0% - No wealth tax |
| Annual Property Tax | 0% - No annual property tax |
| Social Security (UAE/GCC nationals) | 11% employee contribution (new law) |
| Social Security (Non-GCC) | Not applicable - gratuity instead |
| VAT (on consumption) | 5% on most goods and services |

Note: This chapter provides general information current as of January 2025. Tax laws and regulations are subject to change. Individuals with connections to multiple jurisdictions should seek professional tax advice for their specific circumstances.



CHAPTER 12

Immigration Requirements

The UAE has developed a comprehensive and modernised immigration framework designed to attract global talent, investors, and entrepreneurs while maintaining efficient border controls. This chapter examines the various categories of entry permits, residence visas, and work authorisations available to foreign nationals, along with the procedures for obtaining and maintaining legal status in the UAE.

12.1 Entry Permits and Visit Visas

Visa-Free Entry

Citizens of Gulf Cooperation Council (GCC) countries (Bahrain, Kuwait, Oman, Qatar, and Saudi Arabia) do not require a visa to enter the UAE. They may enter by presenting a valid passport or national identity card issued by their home country.

Citizens of numerous other countries receive automatic visa-on-arrival for either 30 or 90 days, depending on nationality. Countries whose citizens receive 90-day multiple-entry visas on arrival include most European Union member states, the United Kingdom, the United States, Canada, Australia, New Zealand, Japan, South Korea, Singapore, and others. Citizens of additional countries receive 30-day single-entry visas on arrival.

Visa-on-Arrival for Indian Nationals

Indian nationals holding ordinary passports with valid for at least six months may obtain a 14-day single-entry visa on arrival if they hold a valid visa, residence permit, or Green Card from the United States; a valid visa or residence permit from the United Kingdom or any EU member state; or a valid residence permit (with at least six months validity) from Australia, Canada, Japan, New Zealand, South Korea, or Singapore. This expanded eligibility was introduced in February 2025.

Visit Visa Categories

For nationals requiring pre-arranged visas, several categories are available:

| Visa Type | Duration | Key Features |
|-----------------------------|--------------------|---|
| Tourist Visa (Short) | 30, 60, or 90 days | Single entry; extendable twice for 30 days each |
| Tourist Visa (Long) | 5 years | Multiple entry; 90 days per visit (extendable by 90 days); max 180 days/year |
| Visit Visa (Family/Friends) | 30-90 days | Sponsor income requirements apply based on relationship |
| Business Exploration | 60-90 days | Requires proof of financial capacity or overseas business ownership |
| Job Seeker Visa | 120 days | No sponsor required; min AED 14,700 bank balance; for graduates/skilled professionals |

New Visit Visa Categories (2025)

The Federal Authority for Identity, Citizenship, Customs and Port Security (ICP) introduced four new visit visa categories in September 2025: AI Specialists Visa for single or multiple entry based on sponsorship by a licensed AI entity; Entertainment Visa for temporary cultural, artistic, and tourism activities; Events Visa for attendance at festivals, exhibitions, conferences, seminars, and similar activities; and Maritime Tourism Visa for multiple-entry permits for cruise ship and leisure boat passengers.

Sponsorship for Visit Visas

UAE residents may sponsor visit visas for relatives and friends, subject to income requirements based on the degree of relationship:

| Relationship | Minimum Monthly Income |
|---|------------------------|
| First-degree (spouse, children, parents) | AED 4,000 |
| Second-degree (siblings, grandparents, grandchildren) | AED 8,000 |
| Third-degree (uncles, aunts, cousins) | AED 8,000 |
| Friends (non-relatives) | AED 15,000 |

Overstay Penalties

The UAE has standardised overstay fines at AED 50 per day for all visa types. The previous 10-day grace period for tourist visas has been eliminated. Visitors must exit or extend their visa before expiry to avoid fines, potential deportation, or re-entry bans.

12.2 Residence Visas

A residence visa permits foreign nationals to live in the UAE for an extended period. The visa is typically linked to employment, investment, family sponsorship, or self-sponsorship under specific categories. All residence visa holders must obtain an Emirates ID card.

Standard Employment Visa

The standard employment residence visa is sponsored by the employer and permits the holder to live and work in the UAE. Validity is typically two to three years, depending on the employment contract, and is renewable. The process involves employer obtaining work permit approval from MOHRE; issuance of entry permit for the employee; medical fitness test upon arrival; biometric registration and Emirates ID application; and residence visa stamping in passport.

Grace Periods

Upon visa expiry or cancellation, grace periods apply depending on visa category. Standard residence visa holders have 30 days; Golden Visa and Green Visa holders have up to 6 months; dependents have 6 months to obtain new sponsorship. During the grace period, individuals must renew their visa, transfer to a new sponsor, or leave the country.

Absence from UAE

Standard residence visas are automatically cancelled if the holder remains outside the UAE for more than 180 consecutive days. Exceptions apply for those sent abroad for medical treatment with approved documentation; employees sent abroad for training or work by their employers; and students studying abroad. Golden Visa and Green Visa holders may remain outside the UAE for extended periods without their visa being cancelled, as long as the visa remains valid.

12.3 Golden Visa

The Golden Visa is a long-term residence visa (5 or 10 years) that enables foreign nationals to live, work, or study in the UAE without a local sponsor. Introduced in 2019 under Cabinet Resolution No. 56 of 2018, the programme has been progressively expanded to attract investors, entrepreneurs, and exceptional talent.

Key Benefits

Golden Visa holders enjoy a 10-year renewable residence (5 years for some categories); no requirement for a local sponsor or employer; extended stays outside the UAE without visa cancellation; ability to sponsor family members (spouse, children of any age, domestic staff); 6-month multiple-entry visa for processing residency; and access to government loyalty programmes and emergency services abroad.

Eligibility Categories

| Category | Requirements |
|-------------------------------|---|
| Investors (Public) | Deposit of AED 2 million in UAE investment fund; OR company capital of AED 2 million; OR annual federal tax payment of AED 250,000+ |
| Real Estate Investors | Property ownership worth AED 2 million+; 50% down payment if mortgaged through approved UAE banks; 5-year visa |
| Entrepreneurs | Owner of innovative/tech project worth AED 500,000+; approval from accredited incubator or relevant authority |
| Executive Directors | Minimum salary AED 50,000/month; attested degree; 5+ years experience; valid employment contract |
| Scientists/Researchers | Recommendation from Emirates Scientists Council; scientific excellence award; or significant research contributions |
| Medical Professionals | Doctors: approval from Ministry of Health; Nurses: 15+ years service at Dubai Health (from May 2025) |
| Educators | Private school teachers, early childhood educators, university staff demonstrating excellence (from Oct 2024) |
| Creative Professionals | Approval from Ministry of Culture and Youth; digital content creators via Creators HQ programme |
| Outstanding Students | High school: min 95% grade; University: min 3.5 GPA from top 100 global universities or A/B-class UAE universities |
| Gaming Professionals | Age 25+; accreditation from Dubai Culture; under Dubai Gaming Programme 2033 |

Application Process and Costs

Applications are submitted through the ICP or GDRFA online portals (EmaraTax/GDRFA Smart Services). Processing typically takes 2-6 weeks. Costs vary by category but generally range from AED 2,800 to AED 4,500 for government fees, plus medical testing and Emirates ID. The total application cost is approximately AED 10,400 including all fees.

12.4 Green Visa

The Green Visa is a 5-year self-sponsored residence visa introduced under the 2022-2025 immigration reforms. It provides greater flexibility for skilled professionals, freelancers, and investors who wish to live and work in the UAE without employer or family sponsorship.

Key Benefits

Green Visa holders enjoy a 5-year renewable residence without sponsor; extended 6-month grace period upon expiry or cancellation; ability to sponsor first-degree family members (spouse, children up to age 25); and freedom to change employers without requiring new visa application.

Eligibility Categories

| Category | Requirements |
|---------------------------|--|
| Freelancers/Self-Employed | Freelance permit from MOHRE or free zone; bachelor's degree or specialised diploma; annual income AED 360,000+ (past 2 years) or proof of financial solvency |
| Skilled Employees | Valid employment contract; MOHRE occupational level 1, 2, or 3; bachelor's degree or equivalent; minimum salary AED 15,000/month |
| Investors | Proof of investment or ownership stake in UAE company; valid commercial or industrial licence; proof of capital investment |

Application Costs

Green Visa application fees range from AED 2,000 to AED 2,500, plus Emirates ID fee (AED 575), medical services fee (AED 320), and entry permit fee (AED 1,250 if applying from outside the UAE).

12.5 Blue Visa

The Blue Residence Visa is a 10-year residence permit granted to individuals who have made significant contributions to environmental sustainability. This visa recognises UAE nationals and foreign nationals engaged in environmental activism, research, conservation, marine life preservation, climate change mitigation, or renewable energy projects.

Applicants may self-nominate or be nominated by appropriate authorities. Requirements include a verified record of environmental work and recommendation letters. The primary fee is AED 350 (nomination fee), plus entry permit fee if applicable.

12.6 Work Permits

Under Federal Decree-Law No. 33 of 2021 (UAE Labour Law), it is illegal to work in the UAE without a valid work permit issued by the Ministry of Human Resources and Emiratization (MOHRE). The employer is responsible for obtaining the work permit and associated residence visa.

Types of Work Permits

MOHRE issues 13 types of work permits depending on the nature of employment:

| Permit Type | Purpose |
|----------------------------|---|
| New Recruitment (Overseas) | Hiring employees from outside UAE; 2-year validity |
| Transfer Permit | Transfer foreign worker between UAE establishments; 2-year validity |
| Family Sponsorship Permit | Employ resident on family visa |
| Temporary Work Permit | Short-term/project-based employment (up to 6 months) |
| One-Mission Permit | Recruit from abroad for specific project/temporary job |



| Permit Type | Purpose |
|---------------------------|--|
| Part-Time Permit | Part-time contract with reduced hours |
| Juvenile Permit | Employ persons aged 15-18 |
| Student Training Permit | Students aged 15+ already in UAE |
| UAE/GCC National Permit | Employ UAE or GCC nationals |
| Golden Visa Holder Permit | Employ Golden Visa holders |
| Private Teacher Permit | Private tutoring (free of charge; 2-year validity) |

Work Permit Process

The standard work permit process involves employer obtaining quota approval from MOHRE; submission of work permit application with required documents; issuance of entry permit (pink visa) allowing employee to enter UAE; employee enters UAE and undergoes medical fitness test; biometric registration and Emirates ID application; and residence visa stamping in passport. Processing time is typically 2-4 weeks with proper documentation.

Work Permit Costs

Work permit costs depend on the employer's MOHRE classification (A, B, or C category based on compliance). Fees range from AED 250 to AED 3,450 for issuance or renewal. The Work Bundle platform introduced in 2024 consolidates multiple procedures into a single service, reducing processing time from 30 days to approximately 5 days.

12.7 Family Sponsorship

UAE residents may sponsor residence visas for immediate family members, enabling them to live legally in the UAE. Recent reforms have eliminated profession-based restrictions, allowing any foreign worker meeting minimum salary thresholds to sponsor family.

Eligibility Requirements

| Requirement | Details |
|----------------------------------|---|
| Minimum Salary (Male Sponsors) | AED 4,000/month (or AED 3,000 + accommodation) |
| Minimum Salary (Female Sponsors) | AED 8,000-10,000/month (varies by emirate) |
| Housing | Valid tenancy contract (Ejari/Tawtheeq registered) |
| Health Insurance | Mandatory for all dependents (required in Dubai, Abu Dhabi) |
| Documentation | Attested marriage/birth certificates; salary certificate |

Who Can Be Sponsored

Sponsors may bring their spouse (attested marriage certificate required; Muslim residents may sponsor two wives under specific conditions); sons up to age 25 (or up to 21 if studying; sons of determination have no age limit); unmarried daughters of any age; and parents (subject to higher salary requirements of AED 20,000/month or AED 19,000 plus two-bedroom accommodation, refundable deposit, and mandatory medical insurance).

Application Process

The family visa application process involves applying for entry permit through GDRFA (Dubai) or ICA (other emirates); dependent enters UAE on entry permit within 60 days; medical fitness test at approved health centre (for those 18+); Emirates ID application and biometric capture; and residence visa stamping. Total processing time is typically 2-4 weeks. Costs range from AED 3,000 to AED 5,000 per person, including medical tests, Emirates ID, and visa fees.

12.8 Emirates ID

The Emirates ID is a mandatory national identification card for all UAE residents, issued by the Federal Authority for Identity, Citizenship, Customs and Port Security (ICP). It is linked to the residence visa and serves as the primary identification document for accessing government services, banking, healthcare, and other essential services.

The Emirates ID application is processed concurrently with the residence visa. Applicants must provide biometric data (fingerprints, photograph) at an authorised service centre. The card is typically delivered within 7-10 working days. Emirates ID validity matches the residence visa validity. Renewal must be completed before expiry to avoid fines and service disruptions.

Summary: UAE Visa Categories Comparison

| Visa Type | Duration | Sponsor | Key Feature |
|---------------------|------------|----------------|-----------------------------|
| Standard Employment | 2-3 years | Employer | Most common work visa |
| Golden Visa | 5-10 years | Self-sponsored | Long-term; investors/talent |
| Green Visa | 5 years | Self-sponsored | Freelancers/skilled workers |
| Blue Visa | 10 years | Self-nominated | Environmental contributors |
| Family/Dependent | 1-3 years | Family member | Spouse/children/parents |

Note: This chapter provides general information current as of January 2025. Immigration rules are subject to change. Applicants should verify current requirements with official government portals (ICP, GDRFA, MOHRE) before applying.

SPENCER WEST

Spencer West is a full-service international law firm with over 360 partners globally, in 25 jurisdictions. Known for its innovative, collaborative, and partner-led approach, Spencer West combines global reach with local expertise – delivering exceptional legal solutions across corporate, commercial, real estate, litigation, dispute resolution, and private client matters and supporting communities worldwide through grants from its Foundation. Founder funded and lawyer-led, Spencer West is built on trust, integrity, and a commitment to empowering lawyers to restore their positivity and enjoyment of the practice.

The purpose of this communication is to provide information as to developments in the law. It has been prepared by Spencer West LLP for marketing and general information purposes, and is not intended to be regarded as legal or tax advice. It does not contain a full analysis of the law, nor does it constitute an opinion of any Spencer West LLP entity on the points of law discussed. You must take specific legal advice on any particular matter which concerns you.

© Spencer West

Global Headquarters:

Longbow House
20 Chiswell Street
London EC1Y 4TW

+44 (0)20 7925 8080
info@spencer-west.com
www.spencer-west.com

Contact:

Ishtiaq Chechi

Solicitor-Advocate LL.B, LPC, LL.M, PgDip, FCI Arb
Founding & Managing Partner (Spencer West Middle East LLC)
T: +44 (0)20 7925 8080 M: UK +44 (0)7899 915 436 F: +44 (0)20 7681 2600
E-mail: ishtiaq.chechi@spencer-west.com

Tarek Antaki

Founding & Managing Partner (Spencer West Middle East LLC)
T: +971555107544
E-mail: tarek.antaki@spencer-west.com

Dr. José A. Campos Nave, EMBA (Accounting & Controlling)

Founding & Managing Partner (Spencer West Middle East LLC)
Partner – Germany
T: +49-174-9218333
E-mail: jose.campos-nave@spencer-west.com

Susan O'Rourke

England & Wales and Australian qualified Solicitor, UAE bar registered
LLB (Honours), B Econ. and Harvard negotiation graduate
Founding & Managing Partner Spencer West Middle East LLC
T: +61411680268 T: +971585417450
E-mail: susan.o'rourke@spencer-west.com

[x.com/SpencerWestUK](https://www.linkedin.com/company/spencer-west)
[linkedin.com/company/spencer-west](https://www.linkedin.com/company/spencer-west)