



商業信託
Commercial Trust



Country Profile: Dubai

The Facts

Location	South east of Persian Gulf, in Arabian Desert
Languages	Official – Arabic Spoken – English, Persian, Urdu, Hindi
Nationality	Emirati
Religions	Muslim – 96% Others – 4%
Government	Constitutional Monarchy
Head of Government	Prime Minister
Legislature	Federal National Council
Constitutional Document	Constitution of the United Arab Emirates
Economy	Dubai is the 2 nd largest city in the United Arab Emirates (UAE). It is also one of the safest cities in the world. Dubai has a liberal economy. The economic environment is friendly and the government provides strong incentives to investors, such as no income or corporate tax, no trade barriers, quotas for foreign exchange control and 100% repatriation of capital and profits.
Currency	United Arab Emirate Dirham (AED)
GDP (2010)	Total – AED 620.2 billion Per capita – AED 209,500 (whole UAE) Real GDP growth – +2.4%
Population	1,900,000 (approx.)
Percentage of population	Indian – 35% Emirati – 17% Pakistani – 13.3% Bangladeshi – 7.5% Others – 27.2%
Area	4,110 km ²
Time zone	GST (UCT +4)
Public Holidays	National holidays – 7
Climate	Hot desert climate



Sources: Government of Dubai, Dubai Statistics Center, Reuters, International Monetary Fund

Dubai

Many foreign investors wish to start a business in Dubai, which is often referred to as the financial hub of the United Arab Emirates. And why not! Dubai, collectively with Abu Dhabi, accounts for around 90 percent of the country's GDP. According to 2011 foreign investment survey conducted by the Dubai Statistics Center (DSC), foreign direct investment (FDI) in Dubai grew from AED 79.5 billion in 2009 to AED 91.5 billion in 2010.

Here are some major reasons why more and more foreign investors are planning to start a business in Dubai.

The Dubai Business Climate

- **Steady GDP growth:** According to *Dubai Economic Outlook 2012*, published by Rothschild Australia Limited, the GDP of Dubai increased by 3.5 percent and 5 percent, respectively, in Q3 and Q4 of 2011. With steady growth in the GDP, Dubai is considered one of safest places in the world to invest in a business.
- **Abundance of oil:** According to statistics from the Central Intelligence Agency, the United Arab Emirates (UAE) has the world's seventh largest oil reserves. More than 90 percent of this oil is concentrated in Dubai and Abu Dhabi.
- **State-of-the-art infrastructure :** Dubai attracts foreign investors with its world-class infrastructure. Dubai International Airport is the world's sixth busiest airport, with around 150 international airlines offering services to and from this airport. With wide roads and convenient transport system, Dubai is the perfect place to do business.

A majority of the acclaimed multinational companies have corporate divisions in Dubai. Some examples of such companies include Proctor & Gamble, Sony, Royal Bank of Scotland, Microsoft, HSBC, BBC World, Nokia, and Adidas. Moreover, there is no lack of skilled workforce in Dubai.

Basic Methods for Doing Business in Dubai

Depending upon the nature of the business, target customers and products or services, a foreign company can choose to adopt any one of the following three methods for doing business in Dubai:

- Operating a business indirectly via a local agent without having to relocate to the country
- Operating a business in one of the Free Trade Zones
- Operating a business directly anywhere outside these Free Zones

Now let's take a close look at each of these three business procedures to better understand how foreign investors can do business in Dubai.

- **Doing business through commercial agents:** According to the UAE Commercial Agencies Law, foreign entrepreneurs can govern and operate a business in Dubai through registered commercial agents. However, when conducting a business via commercial agents, a foreign investor should abide by certain rules and regulations.



- **Doing Business in Free Zones:** In 1985, the Dubai government established several Free Trade Zones to make it easy for foreign investors to start a business in Dubai. The government also offers several tax incentives to promote business in the following Free Zones.
 1. **Dubai Health Care City:** This place is restricted for doing healthcare related businesses.
 2. **Dubai Logistics City and Jebel Ali Free Zone:** These are business centers for textiles and logistics
 3. **Dubai Biotechnology & Research Park, Dubai Internet City, and Dubai Media City:** These are 'Free Zones' for doing media and technology related business
 4. **Dubai Multi Commodities Centre and Dubai International Financial Centre:** These centers are restricted for doing business in financial services and commodities.
 5. **Knowledge Village and Academic City:** These Free Zones are restricted for education related ventures, such as setting up college and universities.

Some of the other free zones include Dubai Outsource Zone and Dubai Airport Free Zone.

Benefits of Doing Business in Free Trade Zones

Foreign investors can get a number of benefits by doing business in free trade zones. These zones already have established infrastructure with warehouses, offices and factories. Some of the major advantages of setting up a business in Free Trade Zones are:

- No corporate taxes for the first 15 years
- No import and export taxes
- Full foreign ownership of the business
- No personal income taxes
- Total repatriation of profits
- Minimum official formalities to complete for licensing requirements
- Support in hiring and other official tasks

According to statistics from the Embassy of the United Arab Emirates, there are 21 Free Trade Zones in the country, as of 2012. And more than 20,000 companies are running business in those Free Zones. Some of the largest Free Trade Zones in the UAE are:

- Jebel Ali Free Zone, with around 6,000 companies
- Sharjah Airport International Free Zone, with around 3,900 companies
- Dubai Airport Free Zone, with around 1,300 companies
- Dubai Media City, with around 1,200 companies
- Dubai Internet City, with around 1,000 companies

Doing Business Directly from Outside Free Zones

Foreign companies can also do business directly in UAE in the following two ways.

- **By registering a branch of the company in the UAE:** A foreign entity can set up a branch of their existing business. This doesn't require any UAE participation. However, the foreign company needs to utilize the service of a registered commercial 'local agent' to deal with certain administrative matters. In order to establish a branch, the foreign company should get a license from local authority. The branch office needs to be operated under certain guidelines mentioned in the license.
- **By establishing a limited liability company with a UAE national partner:** This is perhaps the most popular form of business in Dubai. Forming a LLC in Dubai requires a minimum of two and a maximum of 50 equity owners. Following are some other requirements for setting up a LLC in Dubai.
 1. A minimum of 51 percent equity ownership by UAE nationals
 2. A minimum investment of US\$ 81,744 (AED 300,000) by cash or kind
 3. Company shares should be open for public subscriptions
 4. The management of the company should be handled by foreign partners, national partners or third party.

However, foreign investors are not allowed to set a limited liability company for doing business of banking, investment, and/or insurance related products.

Setting up a Business in Dubai

Here are the important steps that you need to complete to establish a new business in Dubai.

- **Getting approval of trade name:** In order to set up a company in Dubai, a foreign entrepreneur should firstly apply for company registration with a proposed trade name to the Department of Economic Development (DED). The documents that will need to be submitted along with the company registration application are:
 1. Application form for license
 2. Application form for trade name
 3. Passport of each individual shareholder, including passports of proposed manager and proposed directors of the company.
 4. When a corporate entity acts as a shareholder, it should submit a certificate of incorporation, a memorandum of association, and board resolution approving the subscription in the LLC.
- **Signing contract of establishment:** After registering trade name, the shareholders of the proposed company should sign the Contract of Establishment. The appointed attorney of the company can also do this on behalf of the shareholders.
- **Opening company's bank account in Dubai:** Once the proposed trade name is approved, the foreign entrepreneur should open a business account in any authorized bank of Dubai. Each shareholder should also deposit the proposed share of capital to the bank account. The proof of this deposit may be required to get a grant on business loan in future.
- **Getting commercial license and DCCI membership:** In order to get a commercial license and Dubai Chamber of Commerce and Industry (DCCI) membership, foreign entrepreneurs should first complete the three abovementioned steps. Then all approval documents obtained upon completing those three steps should be filed to the DED.

Some other major steps towards forming a company in Dubai include obtaining establishment card from the Ministry of Labor, and registering native workers with the General Authority for Pension and Social Security and the Ministry of Labor.



Taxation

Doing business in Dubai doesn't require paying any capital gains tax, personal tax or withholding tax. However, all business entities in Dubai should pay a tax of up to 55 percent of their income.

As mentioned earlier, there are several tax incentives for doing business in Free Trade Zones. Foreign investors who want to do business in Dubai can capitalize of this opportunity to maximize profit.

Immigration and Visa Requirements

Foreign investors who want to visit Dubai for business purposes should have a valid passport and visa. A passport can be valid for a minimum of two months to a maximum of six months.

Expatriate residents of Gulf Cooperation Council (GCC) countries are provided with a visa for 30 days on arrival at Dubai. Citizens of the United States and some other countries, such as France, Switzerland, Ireland, Luxembourg, Italy, Finland, Germany, Belgium, Austria, and the UK are also eligible to obtain this 30 day non-renewable visa-on-arrival. However, they need to apply for a business visa for staying in Dubai for more than one month. They can apply for one of the different types of business visas, such as investor visa, short term visa, long stay business visa, business partner visa, and multiple entry business visas. Following are some important things to submit when applying for a business visa.

- Two passport size color photographs
- Original passport (This needs to shown and not submitted) with copies of the first two and the last two pages of the passport
- Individual application for each applicant
- Visa application form duly filled and signed by the applicant
- Copy of credit card (both front and back)
- Copy of the onward and return EK (Emirates) tickets
- Proof of cash deposits

The application letter should clearly mention the purpose of f visiting Dubai with details of occupation and designation of the applicant.

For those who want to relocate to Dubai for business purpose should get immigration permission. General requirement for immigration include passport, and an approval from a local sponsor in Dubai. With nearly 80 percent of the UAE's population include foreign workers, it is quite obvious that getting a permission of immigration is relatively easy in this country.

Reference

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