

UAE Business and Tax Opportunities



The UAE is a white listed country that offers business opportunities which exist only in mature industrial and financial centres. International businesses moving to the UAE find themselves in a thriving market with excellent infrastructure.

Special economic zones, free trade zones, and UAE offshore companies offer 100 percent ownership, exemption from income and complete taxes, no wealth taxes, repatriation of profit and a wide network of 80 double tax treaties. Outside economic and free zones, significant incentives are being offered to investors and corporate governance provisions ensure transparency and accountability.

A probusiness government encouraging foreign investment has also developed the country into a cosmopolitan centre welcoming a diverse specialist and competitive workforce. Further, Dubai has emerged as a popular jurisdiction for the relocation of high net worth individuals and a strong alternative to UK, Switzerland, Monaco, Singapore and such countries.

The Global Competitiveness Index 2016-2017 published by the World Economic Forum (WEF) ranks the UAE as the 16th country in the world in terms of competitiveness.

Rank	Country	Value
1	Switzerland	5,81
2	Singapore	5,72
3	United States	5,70
4	Netherlands	5,57
5	Germany	5,57
6	Sweden	5,53
7	United Kingdom	5,49
8	Japan	5,48

Rank	Country	Value
9	Hong Kong	5,48
10	Finland	5,44
11	Norway	5,44
12	Denmark	5,35
13	New Zealand	5,31
14	Taiwan, Republic of China	5,28
15	Canada	5,27
16	United Arab Emirates	5,26



• Economic substance

The UAE has concluded nearly 80 double tax treaties. Some of the treaties are not attractive due to limitation of benefits and liable to tax clauses.

In other treaties, however, especially with European countries, which have adopted the exemption method there are ample opportunities for UAE subsidiaries or regional centres of European holding entities to set-up in free zones, meet substance criteria, become tax efficient and reduce substantially overall group taxation.

The UAE is particularly well positioned to cope with the demands from tax authorities all over the world and satisfy the criteria of "economic substance". Setting up in the UAE, there are now opportunities available, even for small companies, to locate business functions there, realize tax savings and satisfy the economic substance requirements.

• Tax residence

A free zone company in UAE enjoys full exemption from income and corporate taxation, 100 percent foreign ownership, no exchange restrictions, free profit repatriation and tax savings from UAE's nearly 80 double tax treaties.

Free zone entities can issue residence permits and obtain tax residence certificates from the UAE authorities, for their foreign owners and executives. A free zone company, must have physical presence in the UAE.

A residence permit and a tax residence certificate can be useful to foreign owners and executives of entities in free zones who wish to register their tax residence in the UAE. Banking institutions in UAE and outside, consider UAE tax residence certificates as sufficient proof of tax residency in the UAE.

• Redomiciliation

In line with the international practice of permitting companies to change their seat of incorporation, companies are allowed under the laws of RAK free trade zone (RAK FTZ) in the UAE to change their jurisdiction. Redomiciliation enables companies to avoid liquidating the existing company and transfer portfolio of assets to an entity incorporated for that purpose to a new jurisdiction.

Foreign companies can redomicile and enjoy the tax and pertinent benefits provided by the UAE tax free regime and its wide network of double tax treaties.

Companies redomicile in UAE for a variety of reasons including:

- to benefit from a favourable tax environment
- to take advantage of less stringent regulation and scrutiny
- to reduce costs and survive downturn in global markets
- to align their place of registration with their shareholder base
- to move to an international financial centre

• Efficient double tax treaties

The UAE has concluded nearly 80 double tax treaties, many of them with OECD countries.

UAE's extensive double tax treaty network enables investors to reap the tax benefits of using a UAE based entity to hold investments worldwide, while also increasing the attractiveness for foreign investors to set up business in the UAE.

In many treaties which use the exemption method of taxation there are ample opportunities for UAE subsidiaries or regional headquarters of European, American and Asian holding entities to set-up, meet substance criteria, become tax efficient and reduce overall group taxation.

• Relocation and living

With no taxes applied on individuals and companies, no wealth taxes, no capital restrictions and 100 percent repatriation of capital and profits, coupled with political stability, excellent accessibility and sunny weather all around, the UAE is a very attractive proposition as a residency jurisdiction.

In addition, you get excellent modern infrastructure, transport and communications, multi-cultural and vibrant cities, private foreign schools offering the academic curriculum of the UK, the US and other countries, a wide range of western entertainment including clubs, cinema, theatres, desert safaris, sporting facilities, restaurants and hotels.

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