

An aerial photograph of Dubai, United Arab Emirates, featuring the Burj Al Arab hotel in the foreground on the right, with the city skyline and the Arabian Gulf in the background. The image is overlaid with a semi-transparent blue geometric shape that frames the text.

Free Zone Company Formation Dubai



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The establishment of free trade zones (FTZs) in the UAE has been one of the most significant and promising initiatives taken to attract foreign investment. Dubai was the first emirate to establish a FTZ, with the Jebel Ali FTZ.

The general benefits of being located in a FTZ are set out below:

- 100 percent foreign ownership allowed
- No restrictions on profit repatriation
- No exchange controls
- A guarantee of no corporate and personal income taxes from set up
- Availability of offices, factory premises and warehouses
- Excellent port, airport and road transport infrastructure
- Efficient utilities and modes of communication
- No import or export duties - except from sales from FTZs into the UAE and the GCC
- No recruitment restrictions, and special assistance in obtaining work permits for expatriate staff
- Streamlined procedures: all formalities are typically dealt with through the free zone authorities instead of the various government departments
- Guarantee for 15-50 years against the future imposition of corporation tax
- [Please note the guarantee will not provide exemption against an imposition of VAT, which is due to be imposed across the UAE & GCC from 2018]
- No restrictions on hiring expatriates

In recent years Dubai has seen a dramatic rise in the number FTZs being created, with each zone focused on a particular type of industry.

Some of the many free zones within Dubai are listed below:

- **Jebel Ali Free Zone (JAFZA);**
Specialising in manufacturing, heavy industry and distribution, but also encompasses:
 - the Dubai Cars and Automotive Zone: dealing in the re-export of automobiles
 - the Dubai Gold and Diamond Park: dealing in precious metals and stones
- **Dubai Airport Freezone (DAFZA);**
Dealing in light industry, assembly, distribution, & service industries

- **Dubai International Financial Centre (DIFC);**

This free zone focuses on the financial institutions and financial service firms. This zone is subject to a comprehensive regulatory regime that follows international standards. (The regulatory authority in the DIFC is the Dubai Financial Services Authority)

Other FTZs in Dubai include:

- Dubai Aid and Humanitarian City
- Dubai Techno Park
- Dubai Auto Parts City
- Dubai Textile City, Heavy Equipment and Trucks Free Zone
- Dubai Flower Centre Free Zone
- Dubai Carpet Free Zone
- Dubai Outsource Zone
- Dubai Design District
- Dubai Healthcare City
- Dubai International Academic City
- Dubai Internet City
- Dubai Knowledge Village
- Dubai Media City
- Dubai Multi Commodities Centre (DMCC)
- Dubai Silicon Oasis
- International Media Production Zone
- Dubai Production City
- Dubai World Central (Dubai South)
- Dubai Studio City

The main disadvantages as compared to operating as a local business are that due to being restricted to only being able to lease real estate in the Free Zone where your business is incorporated, rent often becomes more expensive than outside the free zones and it is not possible to supply goods directly to the local market.

Goods can be supplied to the local market through a local commercial agency, which has to be majority owned by a UAE national and after paying the import duty (usually 5 percent). The practice is to allow the provision of services through a free zone entity to the local market as long as a significant proportion of the turnover is realised abroad.

The free zones each have their own free zone authority. They are profit-making entities, where their main source of income derives from renting office space, collecting license fees, and providing services to the companies operating in the free zone.

All share the features outlined previously, but differ along the following lines:

- The focus of the free zone company formation - free zones often focus on attracting businesses from a particular sector or industry and therefore choice of free zone is restricted accordingly (although there is still considerable flexibility, as some free zones do not have a particular focus)
- Most licenses have a minimum office space requirement, which usually depends on the amount of visas required
- Support facilities are generally provided by the free zone
- Trade license fees have to be renewed annually
- The paperwork involved in forming the business can be demanding
- Minimum capital requirements must be met in certain circumstances

Although financial statements don't necessarily need to be submitted to all of the free zone authorities annually, with the implementation of VAT being introduced in January 2018 and a threshold of US\$ 100,000, financial statements will have to be submitted for this purpose anyway.

Whitmill Middle East DMCC (Whitmill) is in a position to offer clients a comprehensive company formation and management service.

The Whitmill Group has decades of experience in providing formation, domiciliary and management services.

Clients can trust Whitmill to:

Guide them through the pre-approval, registration and incorporation.

Deal with all secretarial issues of client companies including day to day corporate administration, bookkeeping and maintenance of statutory records. If required, Whitmill can also appoint corporate or physical directors to represent client interests and registered agent arrangements in popular offshore jurisdictions such as RAKEZ (Ras al Khaimah) and JAFZA (Jebel Ali), to provide representation for client companies, arranging the submission of necessary documentation such as amendments of company constitutions, board resolutions, change in shareholding etc.

Whitmill can also facilitate an introduction to one of the many banks we work with. We can assist clients in the preparation of the necessary paperwork to establish a bank account and help them affect this in a timely manner.

Based on your preferences (reliability and prestige, the banks' rating, a set of services provided by the bank, the minimum deposit required, the costs of banking services, etc.), Whitmill will provide you with a choice of reliable banks in stable and economically developed countries, following a strict privacy policy. We have excellent links with a number of banks in the region including local as well as international banks.

If required, we can take all the necessary steps to open accounts in the UAE and will prepare the necessary documents on your behalf.

Should you choose, it can be arranged in such a way as to give you the ability to open an account without visiting the bank. Our officers can act as signatories of a client business bank account and administer the account under a clients' instruction.

We are also able to draft Power of Attorney agreements to enable Whitmill to deal directly with your finances under your instruction and administer company and personal accounts and assets held.

With expertise in the legal, accountancy and chartered company secretarial sector we are able to offer our services on an annual retainer basis to include company management services, accounts preparation and management reporting services to include the timely renewal of annual trade licenses.

Benefits of this are:

- Tailor-made services to accommodate clients' specific requirements
- Assisting with bank accounts, raising of sale invoices, preparation of contracts, keeping of accounting records, preparation of monthly management accounts
- Applications for work/residence permits and renewals
- Introduction to business centre offices and conference rooms equipped with furniture and business communication facilities

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