



Q&A
Dubai



Whitmill
Highly Personalised Expertise



Q&A Dubai

1. What is the real use of an offshore company?

Registration of an offshore company is a recognised and effective tool for tax planning and asset protection.

Registration of an offshore company in the UAE gives foreign shareholders, legal entities and individuals, 100% ownership with full tax exemption.

There are no requirements for minimum share capital, no restrictions on capital and profits repatriation.

The UAE company law and banking regulation offers a reliable mode of confidentiality, and a reliable and efficient banking system.

2. What is the real use of an onshore company in a Free Zone of the UAE?

Registration of an onshore company in a Free Trade Zone of the UAE gives foreign shareholders, legal entities and individuals, 100% ownership with full tax exemption.

Apart from significant tax optimisation, an onshore company in a Free Trade Zone can greatly minimise the cost of production and/or operational control of the operative business in the country.

Due to the absence of corporate tax on most types of business activities, no income taxes and minimal deductions related to the payment of wages, the UAE is a very effective place to do business.

In addition to significant tax advantages, the UAE have well-developed infrastructure, cheap energy and a favourable geographical position in the region between the West and the developing East. The UAE is favoured from other countries in the region by its progressive and friendly legal framework for doing business.

The uniqueness of onshore companies registered in the UAE Free Zones is that there are no taxes other than VAT (due to commence January 2018) despite the fact that a company can have a real working office and actually be managed in the UAE.

On-shore companies registered in the Free Zones of the United Arab Emirates are not offshore, but a full resident company with no taxes (except taxes on the oil industry and tourism).

A company that is registered in a Free Zone allows its owner to get a UAE Residency Visa and to also benefit from the extensive network of double tax treaties available.

3. How long have you been in the business?

Whitmill has been established for 25 years and has several hundred years of joint experience amongst its Directors and key staff members, including expertise in accounting and audit, corporate services management, company secretarial, banking, financial and legal consulting services in the UK, Channel Islands, Switzerland, Gibraltar, Malta, Luxembourg, the Netherlands, Cyprus and the UAE.

4. Why can I not register an offshore company myself?

There are three jurisdictions in the UAE where you can set up an

offshore company (Ras AL Khaimah, Ajman and Jebel Ali) and it is not possible to set up a company in any of these jurisdictions without going through a registered agent.

5. Why would I use Whitmill to set up my onshore company in a Free Zone?

There are more than 30 Free Zones in the United Arab Emirates, where it is possible to register onshore companies for almost any type of business activity. In addition, each Free Zone has its own specifics. When you choose a Free Zone, it is important to understand the purpose of incorporation in order to foresee any mishap, which may subsequently lead to long delays and more importantly, large financial losses. Besides, a dominant number of different issues related to the company activity (including its renewal) can be solved only by personal visit to the relevant authorities, which can be handled by our advisors. In addition, even though you may save on professional services of a consulting company, there is a higher risk that you may not choose the best option for the company, its license type, permitted activities, the number of visas and different expenses. In this case, eventually, there is a higher probability that you will have to pay significantly more and to deal with some unexpected questions and challenges.

6. How quickly can I open a company and a bank account in the UAE?

Time required for the incorporation of offshore companies in the UAE is usually around two to seven working days depending under which Free Zone the company is registered with. RAK IBCs can take as little as one day to register, JAFZA IBCs may take up to seven days, as long as you have all of the required documents to hand.

Time to set up an onshore company in a Free Zone depends on many factors such as the type of business, the activities required on the license, the Free Zone you are setting up in and the speed at which you respond to requests throughout the process. There are also numerous visits required to a Free Zone when setting up a company, so we take as much of this burden away from you as we can.

Opening a bank account on average takes from one to three weeks, depending on how long a bank needs to activate your Internet banking system. Again this can take longer if there are higher risk issues associated with the underlying Company ownership or planned activities.

7. How many days do I need to spend in the UAE to register a company and to open a bank account?

One to two days, the rest of the steps to complete incorporation of your company will be performed by Whitmill.

8. Do I have to come again to renew the company?

Renewal of the company can be carried out by Whitmill on your behalf, so there is no need for you to visit for every year when the Trade License needs renewing.

9. What are the advantages of the UAE compared to other jurisdictions?

Classic offshore companies can often define residence not by the country of its registration, but by country, where the company is actually controlled from. This fact usually entails significant tax risks in relations with tax authorities in different countries.

The question of the actual residence of companies has recently become particularly acute placing particular pressure on ensuring that there are appropriate levels of substance and demonstrable management and control. Consequently business relationships with offshore companies have become very complex, increasingly requiring in depth tax advice and reviews.

UAE offshore companies are more expensive to establish and operate than those in many classic offshore jurisdictions such as the BVI, however the absence of taxes, stability and recognition of this jurisdiction by other countries, effective banking services and availability of Double Tax Treaties outweigh the costs difference.

Onshore companies registered in the Free Zones of the UAE are not considered offshore, but a full resident company, with no tax (except VAT and taxes on the oil industry and tourism).

Unlike classic offshore companies, where any financial flows result in high attention from bank supervisory authorities, companies that are registered in the UAE, usually do not draw in any concern from authorities.

In addition to the above:

- The presence in the UAE may open new opportunities for new work within the GCC region.
- Ability to transfer part of the production chain to the Free Zones without any taxes and cheap labour forces.
- Powerful UAE logistic infrastructure can be effectively used when working with international markets.

10. What are the real business advantages of the UAE, including logistics, manufacturing etc.?

When opening a new operational business in the UAE, you can greatly minimize the costs of production and/or operational control of the business. There is no corporate tax on most types of activities and no income tax, combine this with the fact that there are little deductions related to the payment of wages, the UAE is a very effective place to do business.

Along with significant tax advantages, the UAE has an extensive logistic infrastructure and cheap energy. It also has a fortunate geographical position in the region and can be favourably compared with progressive and friendly legal framework for doing business.

11. How to open a bank account in the UAE?

Given the fact that each bank is unique, with different sets of services from classical retail to full corporate or private banking, different documentation requirements and minimum balance, different tariffs, specialisation in certain sectors or countries, etc., the correct choice of bank is the key to continued success of cooperation with it. Taking into consideration the specificity of each bank, it becomes noticeable that opening a bank account abroad is an important step in the structuring of foreign business and tax planning. It requires serious analysis and approach in each case, as well as proper preparation of all necessary documents for the bank.

Based on your preferences (reliability and prestige, the bank's rating, a set of services provided by the bank, the minimum deposit required, the costs of banking services, etc.), Whitmill can provide you with a choice of banks in stable and economically reliable jurisdictions, following a strict privacy policy. We will make all the necessary steps to open accounts in the UAE and will prepare the necessary documents for you. At the same time, if necessary, we will do our best to give you an opportunity to open an account without visiting the bank.

12. Obtaining residence permit in the UAE.

One of the most important factors in the further successful development of Dubai is a liberal policy of the state in relation to foreigners, living, working, or just visiting the country. That is why Dubai has become home to more than 150 nationalities, with the local population currently sitting at around 11%.

13. What are the taxes for companies and individuals?

The UAE has no income tax for individuals. As for the tax on corporate profits, it is charged only from banks and the activities related to oil industry and tourism. VAT is however being introduced into the UAE and GCC from January 2018 at a rate of 5%.

14. How comfortable is it to live and work there?

The United Arab Emirates provides a unique combination of opportunities for business and recreation. Most are certainly amazed by entire business areas, including financial districts with a modern stock exchange, wonderful stadiums, theatres, museums and recreation parks, expanding of the existing airport and construction of another one (the largest in the world), modern logistics and manufacturing facilities in the Free Zones, well-developed business and social infrastructure.

15. What are the living costs in the UAE?

Dubai is very diverse in all aspects of life. This diversity is affordable for people of completely different income and social status. This can be seen in the huge price range. For example, a prestigious restaurant of the highest building in the world, Burj Khalifa, keeps a very high, 'royal' price bracket. At the same time, another restaurant, with spectacular views on the musical 'dancing' fountain, can offer delicious food at very reasonable prices. The same principle is true for each Emirate.

Statistics show that the annual population growth rate is 7%. It points out the dynamic development of the UAE, and that residence in this country becomes more and more comfortable.

A luxurious lifestyle in the UAE can cost much less than in Western or Eastern Europe. For example a luxurious prestige car, selected in a price range from 120 to 150 thousand dollars in Vienna, will cost 80-90 thousand dollars in the UAE. The same formula is valid for the prices in luxurious restaurants and everything that involves the concept of "luxury". A similar difference is applied to the prices of economy class.

In the UAE, great importance is placed on the wellbeing of children, their education and their leisure time. Children's education in the UAE is presented very diversely, with the ability to select from different branches of prestigious schools and universities of the USA, Canada, Australia, Britain, France etc.

16. Language.

The UAE is a multinational country and everybody speaks English. It is perfect if you know English language at advanced level, you know how to write, read, and converse. However, even if you took only a few language courses, you can come to the UAE without any hesitation. People here have got used to different accents, and you will not feel afraid that you might say something wrong.

An important advantage in the UAE is that you can be served by people who speak almost any language of the world at all basic services such as shops, pharmacies, doctors, hairdressers, etc.

17. Confidentiality.

The company's shareholders, who have many years of experience in the banking sector, legal and financial consulting, where confidentiality policy is an indicator of professionalism and an essential part of business, have followed and continue following the regime of maintaining absolute confidentiality of client information.

18. Can you provide a complete back office, including the preparation of accounts, contracts, and other issues?

Whitmill can take on all aspects of your company's administration starting from setting up your company, the maintenance of statutory records as well as preparation of accounts, arranging of an audit if required and dealing with any general administration, as well as providing management advice.

Please note that the information and any commentary on the law or tax related matters contained in this document is only intended as a general statement and is provided for information purposes only and no action should be taken in reliance on it without specific legal or tax advice. Every reasonable effort is made to make the information and commentary accurate and up to date, but no responsibility for its accuracy and correctness, or for any consequence of relying on it, is assumed by the author. Further this factsheet is not intended to amount to legal advice.

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