



Doing Business in the UAE

This is a brief, practical guide designed to assist overseas entities interested in doing business in the United Arab Emirates (UAE). We advise and assist on setting up and operating businesses in the UAE and more generally in the GCC region.

Setting up in the UAE

The UAE is a federation of seven Emirates – Abu Dhabi, Dubai, Ras Al Khaimah, Fujairah, Sharjah, Ajman and Umm Al Quwain. The authority of the federal government and the local governments are dictated by the UAE Constitution. Company formation is an area where both the individual Emirates and the Federal Authorities play important roles.

Choice of Entity

The choice of entity includes the following:

- **Limited Liability Company** – Usually the preferred onshore vehicle for corporate activity. Flexible management structure, protection for minority shareholders and easy to incorporate. They require majority local participation.
- **Branch or Representative Office** – Federally registered trading or non-trading branches of a foreign entity, requiring a local sponsor. In Dubai local legislation also enables a local branch to be established to provide professional services. Local participation is required.
- **Free Zone Entity** – There are a number of free zones in the UAE, mainly located in the Emirate of Dubai. The most prominent industrial free zone is the Jebel Ali Free Zone which is home to over 6400 companies. The Dubai International Financial Centre is a major financial free zone located in Dubai, governed by its own regulatory framework and supervised by an independent regulator, the Dubai Financial Services Authority. Other free zones include the Dubai Airport Free Zone and TECOM in Dubai, Saadiyat Free Zone in Abu Dhabi, RAKIA in Ras Al Khaimah and the Sharjah Airport Industrial Free Zone in Sharjah. Free Zone entities do not require any local participation.

Work Permits and Residence Visas

A non-UAE national is required to hold a valid work permit issued by the Ministry of Labour and a residence visa issued by the Department of Immigration to work and live in the UAE. Residence visas are usually valid for a period of three years.

It is possible to obtain a multiple-entry visa through ownership of freehold property, but this visa is of limited duration and there are a number of pre-conditions. However, one should note that regulations in relation to that type of visa are subject to change.

Employment

Each expatriate must enter into an employment contract with his or her employer. Such contract must be registered with the Ministry of Labour and Social Affairs and is governed by the Federal Labour Law that imposes certain minimum conditions on such matters as:

- Working hours
- Termination
- Minimum wages
- End of service benefits
- Vacation

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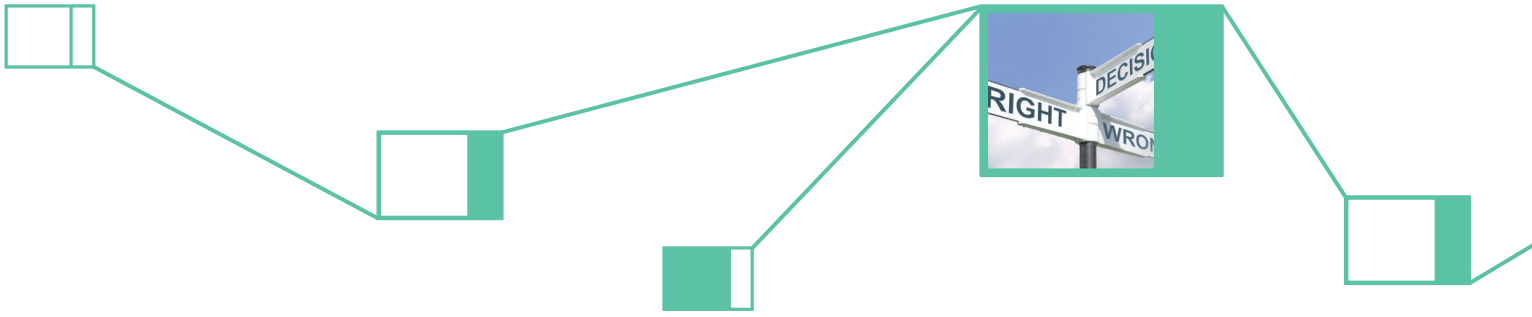
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Intellectual Property

Intellectual property rights are protected in the UAE through federal legislation and international conventions. The Federal Trade Marks Law, the Federal Patents Law and the Federal Copyright Law afford protection to owners of marks and works through the imposition of sanctions and penalties such as fines, imprisonment and confiscation or destruction of goods. Moreover, the UAE is a party to many international conventions such as the Paris Convention for the Protection of Industrial Property, the TRIPS convention and the Patent Cooperation Treaty.

Real Estate

It is possible for foreign individuals and entities to purchase freehold residential and commercial property in certain designated areas. Individuals and entities of all nationalities can lease residential and commercial premises across the UAE.

Taxation

There is no federal legislation imposing corporate or personal income taxes. There are local corporate tax decrees in the Emirates of Dubai, Abu Dhabi and Sharjah. In practice however these decrees are not enforced except in respect of banks, oil companies and certain related service industries.

Agencies and Distributors

Many foreign companies choose to offer their goods and services to consumers in the UAE through local agents and distributors.

Local agents and distributors who are UAE nationals or UAE companies wholly owned by UAE nationals benefit from a protective regime put in place by the Agency Law, subject to the commercial agency being registered with the Ministry of Economy. The statutory protections flowing from registration include restrictions on the foreign party's right to terminate or withhold renewal of the relationship, and the right to receive compensation on termination or non-renewal of the relationship. It is worth noting that a 'material reason' is currently required to terminate an agency agreement, even on the expiry of a fixed term.

Franchising

Franchising is increasingly popular in the UAE. For example most of the major fast-food chains or known retailers have entered the UAE market through franchise relationships.

“ Taylor Wessing ‘has deep local roots and the lawyers are true UAE practitioners who understand the culture and region very well’. ”

Legal 500

Our Clients include:

Abbott
The Carlyle Group
Amlak
Google Inc.
Burberry
Versace
AON
Heron
AXA
Hugo Boss
Hapag-Lloyd
Brioni
Japan Tobacco International
Symantec
Ferrero
Sony Music Entertainment