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Doing Business In UAE

Business as we know it can be traced back 3000 years to India and China, where companies with structures resembling sole proprietorship, partnerships and corporation. At this time, they began entering into contracts and owning property, essentially, setting up the basic frameworks of business that we use today.

However, with the emerging of new countries and cities as major hubs for businesses, things changed and shaped differently the way people think about business.

UAE, and mainly Dubai, are the most recent examples of those emerging markets that could within a short time divert all major businesses to have interests in setting up their platform within this fast-paced conglomerate and upscale their business models to its highest level compared to others.

UAE is one of the most liberal trade regimes in the region, and focused on economic diversification in trade. UAE has a well-established infrastructure, strong banking framework, and definitely a stable political system.

Even though the UAE laws were restricting the 100% ownership of companies for foreigners, free zones were established in order to present to the investors a high challenging environment, yet safe and easy from an administrative perspective. Recent updates of the law allowed foreigners to own 100% of their businesses without a local sponsor in specific sectors that upscaled the UAE market to be ranked within the top tier business hubs.

Despite the VAT tax amounting to 5% applied since 2018, and the upcoming corporate tax amounting to 9% as standard statutory rate which will be applied on all corporates with its financial year to start on or after June 1st, 2023, the UAE provides a favorable tax environment for most industries. Whereas, no exchange control restrictions and is possible to freely repatriate income and capital.

With the introduction of multiple amendments to the applicable laws, such as and without limitation, the personal status law, the UAE is providing a safe and secure family environment, add to it the privilege of having the lowest crime rate in the world.

The foreigner investors in UAE will have the choice between establishing Limited Liability Companies (LLC), Branch, Representative Office, International Business Companies and definitely invest in Public Joint Stock Companies (PJSC) up to 40% of the share capital.

Under UAE constitution, the Legal system is constituted by a Federal system with a Federal Authority and seven Local Authorities representing the seven Emirates of the federal UAE.

The federal laws have supremacy over the local laws of each emirates; the UAE Legal System is founded upon 1) the civil law, and 2) the Shari'a Law.

There is no system of precedents in UAE, however judgment of the Court of Cassation/Supreme Court are of persuasive impact, and lower courts uphold such decisions.

The Judicial system is based on a combination of Federal and Local courts, however the structure in both systems comprises of First Instance Courts, Courts of Appeal and Courts of Cassation (Supreme Court).

Additional Jurisdictions under Dubai International Financial Center (DIFC-Dubai) and Abu Dhabi Global Market (ADGM-Abu Dhabi) were implemented to ease the commercial disputes under the said two free zones established and modeled on the

English Judicial System.

Arbitration and mediation, as alternative dispute resolution, are covering a big chunk of commercial disputes in UAE, definitely under DIFC, ADGM and Dubai International Arbitration Centre (DIAC).

Data Protection, Intellectual Property and Anti-Money Laundering, are at the forefront line of the UAE authorities interest as to its positive impact on attracting new businesses for a sustainable and secured trading environment.

Real Estate market in UAE, and mainly in Dubai, played always a tremendous role in shaping the trends and the sentiment of markets in UAE. Investing in Real Estate in UAE can go from a leasehold rights to a freehold rights, as leasehold is transferring a long term lease to the lessee and which may reach 99 years, and a freehold offers a full, final and unchallengeable ownership and rights over the said property.

The residency scheme, extended to cover all kind of investors, from a long term residency visa (Golden Visa) to the five years residency, investor residency and the virtual residency visa, which allows its holder to manage its business from outside the UAE while having it established onshore, alongside with all the incentives this open market is granting to the investors is, once again, taking this young country to the highest level of competition on being ranked as no:1 investment hub, not only for the region but definitely internationally.

This short snapshot on the facts of doing business in the UAE, is showing the strength of the UAE market in being a well-established business destination, and moreover, it shows how determination can lead to create the most powerful, successful and sustainable commercial, investment and living environment.

For your enquiries and assistance, kindly call Grata International, UAE.

Mr. Issam Dahman

Managing Partner

GRATA International, UAE

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Locations



Key contacts



Issam Dahman

Managing Partner

 Dubai, UAE

 +971 56 656 4745

 idahman@gratanet.com

