

Doing Business

in the UNITED ARAB EMIRATES



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1.

About Andersen Global

Andersen Global

Andersen Global® was established in 2013 as an association of legally separate, independent member firms, with a worldwide presence and comprised of professionals that share a common background and the same vision no matter the location where they are.

Our growth is a byproduct of the outstanding client service delivered by our people, the best professionals in the industry and our objective isn't to be the biggest firm, it is to provide best-in-class client services in seamless fashion across the globe.

Outstanding client service has and will continue to be our top priority.

Our professionals are selected based on quality, like-mindedness, and commitment to client service and each and every one of the professionals that are a part of Andersen Global share our core values.

Andersen Global was established to create an enduring place – ONE FIRM where clients across the globe are afforded the best, most comprehensive tax and legal services provided by skilled staff with the highest standards.

Outstanding client service has and will continue to be our top priority.



2.

Country Highlights

The United Arab Emirates (UAE) is in Asia. It is situated in the south-eastern region of the Asian continent, and in the eastern part of the Arabian Peninsula. It is overlooking the Arabian Gulf on the north and northwest, bordering the Kingdom of Saudi Arabia to the west and south, and the Sultanate of Oman to the southeast. Below we have provided brief outlook about the UAE:

Dimensions	Insights
Total area landmass and other geographical insights	<ul style="list-style-type: none"> • 83,600 square kilometers • The UAE is comprised of seven Emirates and Abu Dhabi is the capital of UAE. • The UAE is said to be the most ideal place for trade and commerce due to its location. • Desert covers most of the UAE, yet it has a diverse natural scene; there is, for example, the Liwa Oasis, which is a natural oasis adorned by palm trees and has high red sand dunes that extend eastward connecting it to Al Ain city, which has a moderate climate and relatively low humidity compared with the other cities of the UAE. There are also steep mountains and vast coastal plains. The international waters of the UAE contain 200 islands varying in size, origins, formation and importance. • The climate of the UAE is subtropical-arid with hot summers and warm winters.
Population	<ul style="list-style-type: none"> • 9.958 million (Information from Federal Competitiveness and Statistics Authority's report on December 31, 2021)
Government	<ul style="list-style-type: none"> • The political system of the UAE has several federal institutions led by the Federal Supreme Council which is the highest constitutional authority. The Council consists of Their Highnesses the Rulers of the seven emirates and is responsible for formulating the general policy of the UAE. • The government also looks into all that contributes to the achievement of the objectives of the Federation and the common interests of the member emirates. Its' responsibilities include electing the president and the Vice President, endorsing federal laws, as well as other responsibilities.
Currency	The United Arab Emirates Dirham (AED) - AED has been pegged to the US Dollar since February 2002. 1 USD = 3.6725 AED
GDP	<ul style="list-style-type: none"> • AED 1,317.9 billion (Information as per Ministry of Economy UAE on December 31, 2021)



Dimensions

Insights

Official Language

- Arabic is the official language of the UAE.
- In the courts, the other five official languages are Chinese, English, French, Hindi and Russian.
- All road and traffic signs and signs on commercial outlets are in Arabic and English.
- Some of the other widely spoken languages include Bengali, Farsi, Malayalam, Turkish and Urdu.

Businesses and Industries

UAE is considered as the global business hub and excels in all major sectors including logistics, IT, real estate, retail and distribution, insurance, and banking.

Special business hubs - Free zones

- Free zones (FZ) are geographically bounded areas within the UAE (fenced or not) allowing 100% foreign ownership and are by and large, may be committed to a particular industry.
- Currently there are more than 40 FZs in the UAE. FZs are incorporated with the main intention to promote foreign investors to invest in the UAE and conduct international trade.

Corporate Aspect

The UAE is proving to be an attractive geography for businesses looking to expand their operations. It is pertinent that the business is aware of the type of legal entities that may be set up. We have listed below the various types of legal forms that an entity may take:

- **Joint Liability Company:** A Joint Liability Company is a company which consists of two or more physical partners, to be severally and jointly liable in all their personal assets for the company's obligations.
- **Limited Partnership Company:** A Limited Partnership Company is a company which consists of one or more joint partners, having the capacity of traders, who shall be liable, severally and jointly, for the partnership's obligations, and one or more silent partners who shall not be liable for the partnership's obligations except to the extent of their contribution to the partnership's capital. Silent partners shall not have the capacity of a trader.
- **Limited Liability Company:** A Limited Liability Company is a company that consists of several partners that is not less than two and not more than 50, and each of them shall only be liable to the

The UAE is proving to be an attractive geography for businesses looking to expand their operations.

extent of his share in the capital. It is permissible for one physical or juristic person to incorporate and own a Limited Liability Company. The owner of the capital thereof shall be liable only for the obligations of the company to the extent of the capital set out in its Memorandum of Association.

A Limited Liability Company shall have a name derived from its object or from the name(s) of one partner or more, provided that the name is followed by the expression "Limited Liability Company" or in short "LLC". In the event of a "Sole Proprietorship", the name of the Company shall be followed by the expression " Limited Liability (Sole Proprietorship)".

- **Public Joint Stock Company:** A Public Joint Stock Company is a company whose capital is divided into equal and negotiable shares. The founders shall subscribe to part of such shares remaining shares shall be offered for Public Subscription.

Every Public Joint Stock Company shall have a trade name and may not carry the name of a physical person unless the company's object is to invest in a patent registered in the name of such person or if the company owns a trade name or has obtained the right to use such name. In all cases, the expression Public Joint Stock Company shall be added to the name of the Company. The shareholder shall be liable only to the extent of his share in the capital of the Company.



- **Private Joint Stock Company:** A Private Joint Stock Company is a company wherein the number of the shareholders is not less than two. The capital of the Company shall be divided into shares of equal nominal value, to be paid in full without offering any shares for Public Subscription and conducted by signing the company's Memorandum of Association. A shareholder shall be liable only to the extent of his share in the capital of the Company. The issued capital of the Company shall not be less than 5 million dirhams and shall be paid in full.
- **Branch Office of a Foreign company:** The branch of a foreign company may carry out the activities as specified in the license issued by the respective authority. No branch of a foreign company (other than foreign companies licensed to conduct their activities in free zones) may conduct an activity inside the UAE or establish an office or branch therein without a license that is issued by the Competent Authority. Issuance of such license is subject to the approval of the Ministry.

4. Payroll Charges and Labor Rights

Employees require work permits from a licensed establishment to be employed in UAE. The Regulation of Employment Relationships is governed by the revised Federal Decree-Law No. (33) of 2021 (Decree Law). Employer obligations, workers entitlements, workers obligations and working terms and conditions are detailed in the Decree Law. The rights stipulated in the Decree Law represents the minimum rights for workers.

Key Highlights

According to Decree Law, it is not permissible to undertake work in the UAE and the employer may not recruit or employ any worker, except after obtaining a work permit from the Ministry as per the provisions of this Decree Law and its Implementing Regulation. Implementing

regulation hereof shall specify the terms, conditions, types of work permit and procedures for granting, renewing and cancelling the same. The employer is prohibited from charging the worker for the fees and costs of recruitment and employment or collecting them from him, whether directly or indirectly.

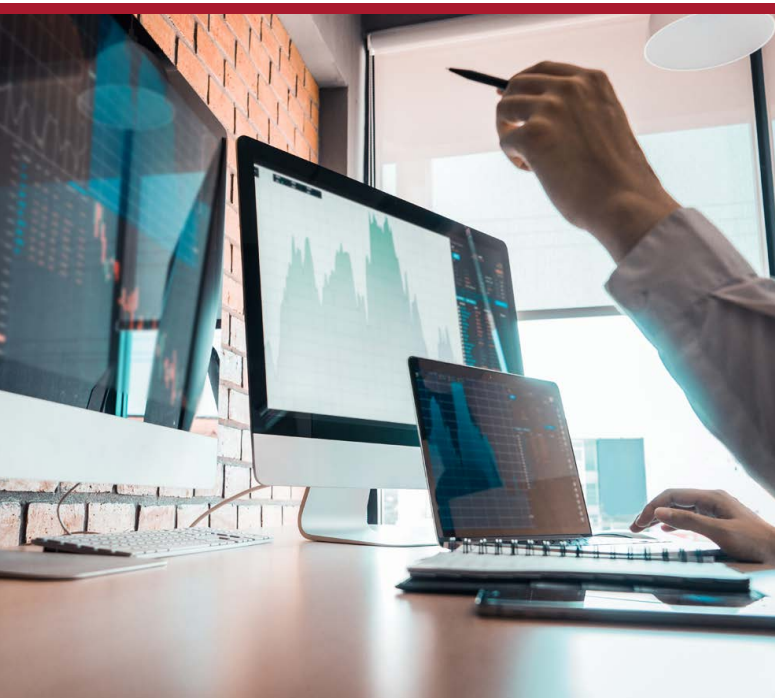
Types of Employment Contracts

As per Article (8) on Employment Contract, the maximum permissible period of an employment contract may be three years and it is permissible, by agreement of both parties, to extend or renew this contract for another similar term or for a shorter term, for once or more.

Types of Visas

The General Directorate of Residency and Foreigners Affairs (GDRFA) issues several types of visas and entry permits based on the purpose of visit. Some of the key categories of visas have been listed below:

- Work visa
- Entrepreneurs visa
- Investors visa
- Golden Visa/Long Term Visa for Investors
- Business visa
- There are other non-employment visas (including tourist visa)





Public Holidays and Leaves

A worker is entitled to official days with full pay on public holidays, which are defined by a resolution of the Cabinet. If work conditions require that the worker work during any of the public holidays, the employer compensates him with another day off for each day, on which he works during the holiday, or pays him the wage for that day according to the prescribed wage established for the normal working. The decree law has introduced various kinds of leaves including:

- Annual Leave: any employee is entitled to an annual leave with full wage of not less than:
 - 30 days for each year of extended service
 - Two days for each month if his service term is more than six months and less than a year
- Maternity leave available for women is as follows:
 - First 45 days with full wage
 - Following 15 days with half wage
- Bereavement leaves of three days following the death of close family members
- Parental leave of five days, to be taken intermittently or consecutively within six months of the birth of a child
- Study leaves of 10 days for an employee who must take exams, provided they have completed two years of work with that employer

5.

UAE Taxes Overview

Taxes are one of the main considerations of businesses across the globe. Tax regulations in the UAE are dynamic and ever changing to accommodate global trends. Globalization and compliance to the requirements of OECD (Organization for Economic Co-operation and Development) requires adapting to the existing practices globally and locally.

The Federal Tax Authority (FTA), the government entity responsible for the

administration, collection, and enforcement of federal taxes, was established in 2016 by the President of the UAE, His Highness Sheikh Khalifa Bin Zayed Al Nahyan, via Federal Decree-Law 13 of 2016. Businesses in UAE have implemented tax engines, tax software and tax bots to manage evolving tax compliances and to cater the requirements of tax audits

Below we have outlined details of tax levies in the UAE in a nutshell.

Compliance Dimensions	Effective Date of Implementation	General Tate of Tax	Other Insights
Customs Duty	January 1, 2002	5%	Customs duties are managed within each Emirate of the UAE by local Customs authorities, coordinated by the Federal Customs Authority.
Value Added Tax (VAT)	January 1, 2018	5%	VAT is levied on supply of goods and services within UAE.
Economic Substance Regulation	Financial years commencing on or from January 1, 2019	Reporting Compliance	ESR requires businesses to have substantial activities in the UAE, taking into account the global standards developed by the OECD and the EU for business taxation to prevent harmful tax practices.
Impending Corporate Tax (CT)	Financial years commencing on or from June 1, 2023	9% on net profits above USD 100,000	Competitive CT regime based on international best practices will cement the UAE's position as a leading global hub for business and investment, and accelerate the UAE's development and transformation to achieve its strategic objectives. Introducing a CT regime reaffirms the UAE's commitment to meeting international standards for tax transparency and preventing harmful tax practices.
Withholding Tax	NA	NA	It is envisaged that UAE withholding tax will not be applicable on domestic and cross-border payments of any nature under the UAE CT regime.

Compliance Dimensions	Effective Date of Implementation	General Rate of Tax	Other Insights
Personal Income Tax	NA	NA	<ul style="list-style-type: none"> • UAE CT will not apply on an individual's salary and other employment income (whether received from the public or private sector) • The investment in real estate by individuals in their personal capacity should not be subject to UAE CT provided the individual is not required to obtain a commercial license or permit to carry out such activity in the UAE • Individuals will not be subject to UAE CT on dividends, capital gains and other income earned from owning shares or other securities in their personal capacity • UAE CT will generally apply to income earned from activities carried out under a freelance license/ permit, albeit no CT will be payable unless the annual net income of the freelance professional exceeds USD 100,000
Other Insights			<ul style="list-style-type: none"> • Businesses engaged in the extraction of natural resources are subject to Emirate level corporate taxation and be outside the scope of the UAE CT. • Branches of foreign banks are governed by special banking tax decrees in the UAE, under which they are taxed at 20% of their adjusted taxable income. • Anti-Money Laundering and Countering the Financing of Terrorism was issued to develop the legislative and legal structure of the nation to ensure compliance with international standards on anti-money laundering and countering the financing of terrorism. • It may be noted that there are other specific businesses compliances including submission of Country-by-Country Reporting, submission of FATCA and CRS.

6.

Corporate Income Taxes

51 years after the independent, sovereign state was formed, the year 2022 marked the historic day since the announcement of corporate tax sprouted. The Ministry of Finance announced that the UAE will impose corporate tax on adjusted accounting net profits for financial years beginning on or after June 1, 2023.

The CIT aims to achieve the following:

- Meeting international standards for tax transparency
- Preventing harmful tax practices
- Cementing the UAE's position as a world-leading hub for business and investment
- Accelerating the UAE's development and transformation to achieve its strategic objectives

The standard statutory tax rate for CIT will be 9% for taxable profits above AED 375,000. A different tax rate shall apply for multinationals that fall within the scope of Pillar 2 of the OECD Base Erosion and Profit shifting project.

For businesses established in the Free-zones, separate guidelines have been issued. There shall be no withholding tax on domestic and cross-border payments.



Businesses that are subject to CIT shall be required to file one return annually. The Federal tax authority will be responsible for the administration, collection, and enforcement of the new corporate tax regime.

The companies shall be allowed to form a fiscal units (tax group), provided they fulfill the conditions set out in the regulations. The tax losses of one group company can be offset against the income. The group companies are allowed to transfer their losses, provided they are 75% commonly owned and are not benefitting from the 0% tax rate.

Custom Duty

The UAE has adopted a GCC common tariff, and customs duties are fixed at 5% of the CIF value for most of the products. However, carbonated and sweetened beverages products have a 50% duty and energy drinks, e-smoking devices (tools and liquids used in them) and tobacco products are assessed at a 100% customs duty. Certain goods such as pharmaceuticals and agricultural products are exempt from customs duties.

The UAE levies import custom duties on goods depending on:

- Whether the business is registered onshore or in a Free Trade Zone
- Nature of goods being moved
- Source and destination of the goods being moved
- Trade agreements between the UAE and exporting country
- Any other applicable laws

It may be noted that UAE has set up several Free Trade Zones (FTZs), where there are certain benefits related to tariffs and customs requirements. Goods taken out from the free zones and duty-free shops into the local markets are subject to the customs tariff effective at that time.

Value Added Tax (VAT)

VAT was introduced in the UAE on January 1, 2018 with a standard taxable rate of five percent. VAT is an indirect tax on consumption or use of the goods and services levied at each point of supply. The end consumer bears the cost, and the tax is collected on behalf of the FTA by the businesses, and which is remitted while filing the vat returns.

Registration: Business must mandatorily register for VAT if its taxable supplies and imports exceed AED 375,000 per annum (i.e. USD 100,000), while it is optional for businesses whose supplies and imports exceed AED 187,500 per annum.

VAT Compliance: Upon registration, monthly or quarterly tax periods are allotted by the FTA. At the end of each tax period, the taxable person's must submit a VAT return within 28 days of the end of tax period to the FTA. A VAT return summarizes the value of the supplies and purchases a taxable person has made during the tax period, and shows the taxable person's net payable VAT liability, i.e. Output tax less eligible than input tax. For the instances wherein input tax exceeds the output tax, a taxable person will have the excess input tax recovered and will be entitled to set this off against subsequent payment due to FTA or claim the refund of the same.

Designated Zones for VAT Purposes: The UAE Cabinet defines certain free zones as

designated zone. This area must be treated as outside the UAE for tax purposes. The transfer of goods between and within designated zones are tax-free. However, if the UAE Designated Zone company supplies goods to a UAE mainland company, then VAT under Reverse Charge Mechanism is required to be paid and accounted basis the Incoterms of the supply.

Excise Tax

Excise tax is an indirect tax introduced in October 2017 and is levied on specific goods referred to as excise goods, which are generally considered to be harmful for human and environment.

Any person engaged in the below, must register for excise tax in the UAE:

- Import of excise goods into UAE
- Production of excise goods in UAE
- Releasing of excise goods from designated zone into free circulation in UAE market
- Stockpiling of excise goods

We have outlined below categories of excise goods along with the excise tax rates and effective date of implementation:

Excise Goods	Tax Rate	Effective Date of Implementation
Carbonated Drinks	50% of excise price	October 1, 2017
Energy Drinks	100% of excise price	October 1, 2017
Tobacco and Tobacco Products	100% of excise price	October 1, 2017
Electronic Smoking Devices and Tools	100% of excise price	December 1, 2019
Liquids used in Electronic Smoking Devices and Tools	100% of excise price	December 1, 2019
Sweetened Drinks	50% of excise price	December 1, 2019

Excise Tax Compliance

Excise tax returns are required to be filed monthly and tax payments needs to be processed within 15 days following the end of the tax period.

Excise Tax Designated Zone

Designated zone is the name given within the excise tax law to an area which is treated as being outside the territory of the UAE for

the purposes of excise tax. In excise tax jurisdictions, such areas can often be known as excise warehouses. Every designated zone in the UAE will have an appointed warehouse keeper who is responsible for overseeing the operation of the designated zone and ensuring the conditions and security imposed over the designated zone are maintained. Once the excise goods are released from the Designated Zones, then the same will be subject to excise tax.



8. Other Cash Repatriation Alternatives

- There are no conditions with respect to repatriation of profits/capitals by business from UAE to jurisdictions outside UAE, provided that the respective bank accounts are of a nature that allow remission and receipt of funds from outside UAE.
- In relation to regulations around receipt of funds in any other jurisdiction, the same needs to be validated with the laws of the recipient jurisdiction.
- It is imperative to note that money trail and supporting documentation should be maintained by businesses. In certain cases, bank may enquire the source of funds and in a scenario that they consider the source as suspicious, the same may be reported to the Central Bank of UAE by the respective banks through prescribed channels. Therefore, repatriation of funds may trigger queries from Central Bank of UAE.
- With respect to transfer of funds by individuals, the NRE funds can be repatriated only to the customers' own/self-account abroad. The beneficiary's name must be the same as the name of the account holder.

It is imperative to note that money trail and supporting documentation should be maintained by businesses.

- The introduction of Anti Money Laundering law vide the Federal Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations, business must ensure to monitor the source of funds that is deposited in the bank accounts in the UAE, along with maintaining substantial proofs to evident the source.

9.

Import of Goods

The UAE's favorable geographical location entails it to become one of the most important trading hubs in the Middle East. The UAE has its trade partners from all over the world including Japan, India, Saudi Arabia, Singapore, France, Italy, etc.

The UAE is the greatest importer of gold, pearls, transport vehicles, equipment's, diamond, refined petroleum, etc. The UAE has a competitive Import duty of five percent on general products with some exemptions. There are no major imports or export restrictions except for some minor customs and administrative duties.

We have outlined below import clearance procedure in the UAE:

The procedure to import goods in the UAE has been simplified and below is the list of documents that needs to be provided to clear the goods from the customs.

- Bill of landing (for sea shipment)/Airway Bill (Air shipments)
- Commercial invoice
- Packaging list
- Delivery order
- Certificate of origin
- Trade Agreement of UAE

The UAE has entered into several multilateral and bilateral trade agreements with Saudi Arabia, Kuwait, Bahrain, Oman, Qatar, Egypt, Jordan, Iraq, Yemen, etc. The UAE has signed free trade agreement with Singapore and New Zealand. It has also entered into several agreements on the protection, promotion of investment and the prevention of double taxation.

The UAE became a contracting party to the General Agreement on Tariffs and Trade in 1994, and subsequently became a member of the World Trade Organization (WTO) in April of 1996.



10. Transfer Pricing

The UAE became an OECD member in 2014 and during May 2018, UAE joined the OECD Inclusive Framework on Base Erosion Profit Shifting (BEPS) and committed to implementing the following four BEPS minimum standards which included the below Action plans:

- Action 5 (Countering harmful tax practices)
- Action 6 (Countering tax treaty abuse)
- Action 13 (Country by country reporting)
- Action 14 (Improving dispute resolution mechanism)

Transfer pricing rules seek to ensure that transactions between related parties are carried out on arm's length terms (i.e., as if the transaction was carried out between independent parties). The UAE currently has no specific local Transfer Pricing (TP) rules in place. TP documentation, including maintenance of Local File and Master File, are not specifically required in the UAE.

Practically, for transfer pricing methods, OECD guidance are to be followed in principle in absence of specific guidance on transfer pricing methods. OECD Guidelines discuss five transfer pricing methods that may be used to examine the arm's-length nature of controlled transactions. Three of these methods are traditional transaction methods, while the remaining two are transactional profit methods.

CIT implementation, backed up with the correct transfer pricing policy and documentation, will be of immense importance going forward.

- Traditional transaction methods:
 - CUP method
 - Resale price method
 - Cost plus method
- Transactional profit methods:
 - Transactional net margin method (TNMM)
 - Transactional profit split method.

As the UAE awaits the publication of corporate tax (CT) law after the official announcement and given the fact that corporate tax and transfer pricing disciplines are intertwined with each other, it is expected that the proposed UAE CT regime will cover the introduction of formal TP rules and guidance would be included on TP documentation requirements in line with the TP Guidelines issued by the Organization for Economic Cooperation and Development (OECD TP Guidelines). As per the current guidance available on public domain,

UAE businesses will need to comply with transfer pricing rules and documentation requirements set with reference to the OECD Transfer Pricing Guidelines.

CIT implementation, backed up with the correct transfer pricing policy and documentation, will be of immense importance going forward. It could be construed that the UAE is ramping up its skill set to be able to assess the transfer pricing position of its taxpayers. It is now essential for MNEs to have international tax advisors by its side going forward.

As a mechanism to assess high-level transfer pricing risk, CBC (Country by Country) reporting a part of Action 13 of the Base Erosion and Profit Shifting (BEPS) was introduced with effective date of January 1, 2019 in the UAE.

Advance Pricing Agreements: Advance Pricing Agreement (APA) is a procedural agreement between one or more taxpayers and one or more tax authorities that aims to avoid any transfer pricing disputes, by determining in a set of criteria to apply for ensuring their compliance with the arm's length principle. Currently, no APAs, dispute avoidance and resolution guidance are existent in the UAE. In the past few years, there has been a surge in TP audits and disputes in many countries in the MENA region, which have caught many MNEs by surprise, especially in countries where formal TP regulations are not in place yet.



Free Zones Tax Suspension Area

Free zones (FZ) are geographically bounded areas within the UAE (fenced or not) allowing 100% foreign ownership and are by and large, may be committed to a particular industry. Currently there are more than 40 FZs in UAE. FZs are incorporated with the main intention to international trade.

- FZ have been excluded from the territorial scope of the UAE. Investors in free zones have benefits/ concessions from tax perspective and have less regulations in repatriation of funds.
- FZs are considered as economic zones that offer customs duty benefits as they are each governed by a special framework of rules and regulations.

FZs and Corporate Tax (CT)

- As per the impending CT guidance, FZ businesses will be subject to UAE CT, but the UAE CT regime will continue to honor the CT incentives currently being offered to FZ businesses that comply with all regulatory requirements and that do not conduct business with mainland UAE.

FZs and Value Added Tax (VAT)

- For VAT purposes, FZs listed in a Cabinet Decision qualify for special VAT treatment and that special VAT treatment has certain limitations. These nominated FZs are known as Designated Zones (DZ) for VAT purposes. Typically, DZ are areas which are approved by the ministry.

- DZ are tax suspension areas, wherein the payment VAT liability triggers only when goods are moved outside DZ. However, service centric businesses will have VAT implications.
- Businesses established in FZs may still need to register for VAT, provided the criteria for registration is met. We have provided in a nutshell the VAT benefits enjoyed by businesses located in DZ:
 - VAT liability does not trigger when goods are imported into DZ
 - VAT liability does not trigger when goods are moved from on DZ to another
 - VAT liability does not trigger when the ownership in goods is transferred within DZ
 - VAT liability does not trigger when goods exported from DZ to a place outside UAE

Holding Company Analysis

Holding Company can be registered as either an onshore holding company or offshore holding company.

To register an onshore holding company, a foreign investor must have a local partner who will own 51% of the company. Holding companies in Dubai free zones, however, are allowed to have 100% foreign ownership.

Activities of holding companies include only holding the assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity is owning the group. Holding companies in this class do not provide any other service to the businesses in which the equity is held, i.e., they do not administer or manage other units.

Alternatively, we have seen special purpose vehicles being setup, which covers the additional functions:

- Issuing investments
- Redeeming or terminating or repurchasing, whether with a view to re issue or to cancellation, an issue, in whole or part, of investments
- Entering transactions or terminating transactions involving investments in connection with the issue, redemption, termination or re purchase of Investments; and has been explicitly established for the purpose of securitizing assets or investing in real property

The UAE Companies Law does not prescribe any minimum share capital, but the entity should have adequate capital to achieve the purposes of its incorporation and the capital shall consist of shares equal in value. Until recently, the generally accepted minimum share capital for an LLC registered holding Company is AED 100,000. However, in regard to the holding company in free zone, the share capital may vary depending on which free zone the company will be registered.

To register an onshore holding company, a foreign investor must have a local partner who will own 51% of the company.



Tax Authorities

- The Federal Tax Authority (FTA) is the tax administrator in the UAE for VAT and Excise Tax. FTA is the governing authority who sets the rules to be followed for the correct adoption of the tax laws and regulations.
- Federal Customs Authority looks after the administration of custom regulations in the UAE. The said authority has the right to levy penalties in case of non-compliance or any respective tax offence.

It may be noted that all major tax offences and non-compliances are subject to administrative penalties. However, the tax authorities have rationalized the administrative penalties in the recent past to support genuine businesses.

We have outlined few non-compliances which may trigger administrative penalties:

- Failure to apply for registration and deregistration before tax authorities
- Failure to submit the tax returns or filing of incorrect return/declaration before tax authorities
- Non-payment or late payment of taxes
- Failure to keep the required records / information
- Failure to submit required documents and data before the authorities
- Other penalties for non-compliances/ tax offences

Genuine taxpayers/ businesses may request tax authorities to reconsider the administrative penalties.



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