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Doing business in the United Arab Emirates

A BUSINESS AND TAX PROFILE



Contents

Foreword	1
PKF in the UAE	3
Introduction	
• <i>Geography</i>	7
• <i>History</i>	7
• <i>Climate</i>	7
• <i>Political System</i>	8
• <i>Legal System</i>	9
• <i>Population and Social Patterns</i>	10
Economy	
• <i>Financial Sector</i>	13
• <i>Industry</i>	14
• <i>Oil and Gas</i>	14
• <i>Construction</i>	15
• <i>Real Estate</i>	17
• <i>Manufacturing</i>	18
• <i>Information Technology</i>	20
• <i>Tourism</i>	21
• <i>UAE Stock Exchanges</i>	22
• <i>Investment Climate</i>	23
Trade Policy	
• <i>Imports & Exports</i>	25
• <i>Customs Duties</i>	25
• <i>Special Investment Opportunities</i>	26

Structure of Business Entities

• <i>Federal Commercial Companies Law</i>	27
• <i>Public and Private Shareholding Companies</i>	28
• <i>Limited Liability Companies</i>	28
• <i>General Partnerships</i>	29
• <i>Limited Partnerships</i>	29
• <i>Partnerships Limited by Shares</i>	30
• <i>Joint Venture Company</i>	30
• <i>Branch Office of a Foreign Company</i>	30
• <i>Representative Offices of Foreign Companies</i>	31
• <i>Sole Proprietorships</i>	31
• <i>Establishing a Business</i>	31
• <i>Annual Requirements For Businesses</i>	32
• <i>Listing Shares of UAE and Foreign Public Joint Stock Companies</i>	33

Licensing

• <i>Types of Licenses</i>	35
• <i>Completion of Licensing Procedure for Practicing Business Activities</i>	36
• <i>Inscription in The Commercial Register</i>	37

Free Zones in the UAE

• <i>Free Trade Zone Licenses</i>	40
• <i>List of various Free Zones in the UAE</i>	41

Labour Laws

• <i>Federal Labour Law</i>	43
• <i>Working Hours and Holidays</i>	43
• <i>Employee Pension and Social Security Benefits</i>	44
• <i>Special Requirements for Foreign Nationals</i>	45

Taxation

• <i>Taxation of Corporates</i>	47
• <i>Taxation of Individuals</i>	47
• <i>Withholding Taxes</i>	47
• <i>Municipal Taxes</i>	47
• <i>Other Taxes</i>	48
• <i>Tax Treaties</i>	48

Financial Reporting and Auditing

- *Books of Account* 49
- *Method of Accounting* 49
- *Financial Statements* 49
- *Accounting Principles* 50
- *Financial Reporting* 50
- *Accounting Profession* 50

Living in the UAE

- *Entry Visas and Work Permits* 53
- *Emirates ID* 54
- *Business Hours* 54
- *Currency* 55
- *Transportation and Communications* 55
- *Education* 55
- *Medical Facilities* 57
- *Housing* 57
- *Other Attractions Around the UAE* 58

About PKF 61

PKF International 63

PKF UAE Publications 65

Annexures

- *A-Useful Contact Numbers* 67
- *B-List of UAE Tax Treaties* 69

Foreword



Noted scientist and thinker Benjamin Franklin once quoted - “When you’re finished changing, you’re finished”. The vibrantly growing and constantly changing landscape of the United Arab Emirates (UAE) seems to have taken these words to heart, with honest sincerity. The scope and magnitude of how much this country has grown in character, particularly in the last decade is phenomenal, even by global standards.

It is natural therefore that most businessmen with a keen eye on the new hub for ‘world’ economics and trade, are making a beeline for the UAE. Whether it is the lure of consistency, healthy profits or the zero tax carrot or the once booming real estate sector, there is no doubt that conglomerates from both developing and the developed world economies want a piece of the pie.

From being a tiny tear drop on the world map to being the most progressive centre in the world for commerce, trade and tourism, the UAE has come a long way. It is only fair that investors should have a bird’s eye view and then again a bit more of what it takes to be a part of this desert landscape.

Nestled in the following pages is a brief overview of the economic and regulatory landscape of the UAE, along with nuggets of information on some of the pearls on the UAE like the towering Burj Khalifa and the grand Dubai World Central Airport, jostling for space with useful information on what it is like to do business in the UAE.

We, at PKF in the UAE hope this booklet will help in providing readers with an insight on setting up businesses in the UAE.

PKF in the UAE



PKF UAE is a member of PKF International Limited, a network of legally independent member firms. PKF in the UAE operates as a branch of a foreign company providing audit and management assurance, business consulting, regulatory and taxation and corporate finance services. We provide an integrated service spanning multiple disciplines to a large number of local, regional and international clients.

With over 35 years presence in the UAE we have offices at Dubai, Sharjah, Abu Dhabi, Jebel Ali Free Zone, the Dubai Internet City and the Dubai International Financial Centre. Through each of our offices, our clients have access to the expertise and experience of more than 100 qualified professionals including Chartered Accountants, Cost Accountants, Certified Public Accountants, Certified Internal Auditors and MBAs.

Range of Services

PKF professionals in the UAE can provide expert advice on various business issues. Our services include:

Audit and Management Assurance Services

- External audit
- Internal audit
- Internal audit - compliance with the requirements of the Dubai Financial Services Authority
- Organisation reviews and system studies
- Due diligence reviews
- Forensic and other investigations
- Training and consulting on IFRS
- Back office support services - accounting and payroll
- Outsourced accounting and payroll services for companies registered in the Dubai International Financial Centre
- Management information systems

Management Advisory Services

- Business practices (process) assessment
- Business risk identification
- Accounting and procedure manuals
- Market analysis and feasibility studies
- Financial projections
- Information memoranda
- Business & share valuations
- Identification and valuation of intangible assets on a business acquisition
- Corporate structuring, acquisitions and disposals
- Joint ventures and strategic alliances
- Advice on partner/shareholder entry/exit
- Fund raising

Offshore and Free Zone Services

- Entry strategy
- Free Zone and offshore company formation
- Company secretarial services
- Registered agents services
- Taxation

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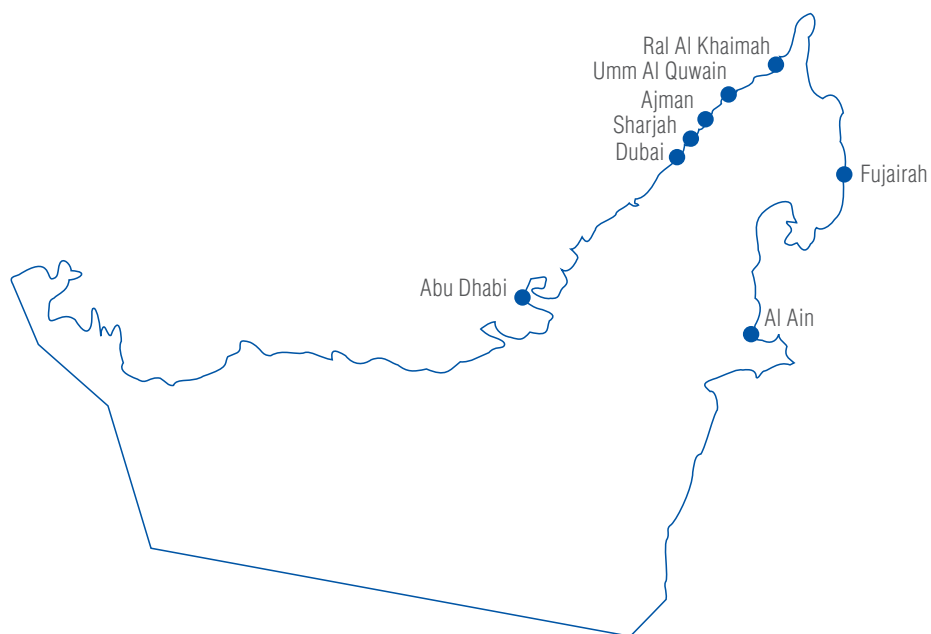
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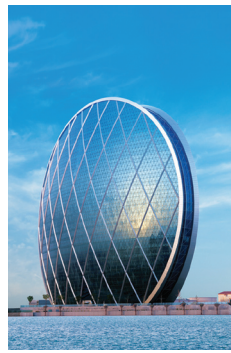
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United Arab Emirates



Introduction



Geography

The United Arab Emirates is situated in the East of the Arab world. It overlooks the Gulf of Oman to the East and the Arabian Gulf to the North. The Arabian Gulf and Gulf of Oman are linked by the Straits of Hormuz. The UAE covers an area of approximately 83,600 square kilometers (32,654 square miles), including numerous islands. The coastal area consists primarily of salt marshes. Inland, the topography is predominantly desert, sand dunes and gravel plains with isolated oases, the largest of which are located at Al Ain and Liwa. The Hajar Mountains lie close to the sea on the East Coast.

The largest of the Emirates is Abu Dhabi, with an area of approximately 67,300 square kilometers (26,290 square miles), followed by Dubai 3,900 square kilometers (1,520 square miles), and Sharjah 2,600 square kilometers (1,015 square miles). The areas of the other Emirates range from 260 to 1,700 square kilometers (102 to 664 square miles).

History

The United Arab Emirates (UAE) was established on 2nd December 1971 and is a federation of seven Emirates, namely: Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah, Umm Al Quwain, Ajman and Fujairah.

From the 1850's until the union of the Emirates in 1971, the British colonial administration maintained influence in the region and each Emirate entered into separate treaties with the British. The Emirates were then collectively known as the Trucial States or Sheikdoms.

Climate

The climate is characterised by hot and humid summers with temperatures reaching 48°C (118°F) and mild winters with minimum rainfall. The average annual temperature is approximately 24°C (75°F).

Political System

There are no legal political parties in the UAE. Power rests with the seven hereditary Sheikhs – also known as Emirs, and hence the area ruled by an Emir is known as an Emirate – who control the seven traditional sheikhdoms (Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah – each Emirate is named after its principal town) and choose a president from among themselves. Since 1971, the ruler of Abu Dhabi, Sheikh Zayed Bin Sultan Al-Nahyan, had been the President. He was re-elected to his fourth consecutive term in late 1991 by his colleagues on the Supreme Council of Rulers – the highest body in the country, which usually meets informally.

Sheikh Khalifa Bin Zayed Al Nahyan was elected as the President after the death of his father – Sheikh Zayed, in November 2004. The Deputy Prime Ministers are Sheikh Saif Bin Zayed Al Nahyan and Sheikh Mansour Bin Zayed Al Nahyan. The Vice President and Prime Minister is the ruler of Dubai, Sheikh Mohammad Bin Rashid Al Maktoum. In 2008, Sheikh Mohammad appointed Sheikh Hamdan Bin Mohammad Bin Rashid Al Maktoum as Dubai Crown Prince and Sheikh Maktoum Bin Mohammad Bin Rashid Al Maktoum as Deputy Ruler of Dubai. There is also a Cabinet of Ministers and its posts are distributed amongst the seven Emirates. The Supreme Commander of the Armed Forces is the President – Sheikh Khalifa. The Minister of Defence is the Prime Minister – Sheikh Mohammed.

The parliament is known as the Federal National Council (FNC). It was established on 13th February 1972 and is considered a landmark in the country's constitutional and legislative process. The FNC advises the Cabinet and the Supreme Council but cannot overrule them. According to the constitution, the FNC consists of 40 members who are drawn proportionately from each of the seven Emirates. Each ruler appoints the members for his Emirate. The council carries out the country's main consultative duties and has both a legislative and supervisory role provided by the constitution.

The UAE was a founding member of the Gulf Cooperation Council (GCC) created at a summit conference in Abu Dhabi in 1981. The members of the GCC comprise Saudi Arabia, Kuwait, Bahrain, Qatar, the Sultanate of Oman as well as the UAE. The country is also a member of the League of Arab States, the Islamic Conference Organisation and the United Nations.

Legal System

The UAE is essentially a civil law jurisdiction heavily influenced by French, Roman and Islamic laws. The increasing presence of international law firms from Common Law jurisdictions has demonstrated the application of Common Law principles in commercial contracts. This, albeit indirectly, has further influenced the UAE legal system.

A number of codified federal laws have been passed to regulate matters such as labour relations, maritime affairs, commercial transactions, commercial agencies, civil transactions, intellectual property and commercial companies. A number of local laws have also been passed in various areas by individual Emirates.

There are two main types of laws in the UAE, federal and local. The federal laws are applicable to the UAE as a whole and are issued either by the legislative body or by the Ministers of each Ministry by virtue of powers conferred upon them. When a Minister passes a law it is known as a Ministerial Order and should theoretically be referred to as a regulation rather than a law.

Although the UAE federal constitution permits each emirate to have its own judicial authority, all emirates other than Dubai and Ras Al Khaimah have brought their judicial systems into the UAE Federal Judicial Authority. Dubai has retained its own independent courts (and judges), which are not a part of the UAE Federal Judicial Authority. Dubai's courts will first apply federal laws, such as the Companies Law or the Civil Code, as well as the laws and decrees enacted by the Ruler of Dubai, where federal law is absent or silent.

Local decrees and orders only apply to a particular Emirate. A local decree is passed by the Ruler or Crown Prince of a particular Emirate and a local order is issued by a member of the Royal Family of that Emirate.

DIFC Courts

Founded in 2004, the Dubai International Financial Centre Courts (the "DIFC Courts") are an independent common law judiciary based in the Dubai International Financial Centre (DIFC) with jurisdiction governing civil and commercial disputes. The DIFC Courts are comprised of international judges from a number of common law

jurisdictions such as England, New Zealand and Malaysia. The DIFC Court's procedural rules are largely modeled on English civil procedure rules and as the official language of the DIFC Courts is English, all proceedings are conducted in English.

In a significant move, the Dubai government recently expanded the jurisdiction of the DIFC Courts which allow any parties, even those not incorporated within the DIFC free zone, to use the DIFC Courts to resolve commercial disputes. Previously, only companies based in the DIFC or those that had an issue related to the DIFC could use the DIFC Courts. Now, parties in the region and internationally can agree to use the DIFC Courts in the event of a dispute. However, the parties should agree to incorporate the jurisdiction of the DIFC Courts into their contracts prior to taking the dispute to the DIFC Courts.

The expansion of DIFC Courts jurisdiction represents an important policy shift and will give the business community an unprecedented access to the DIFC Courts. The move is likely to be welcomed by both the legal and business communities, because international parties may be more likely to wish to resolve their disputes in what may appear to them as, a more familiar forum which uses the common law English model.

Population and Social Patterns

The total population of the UAE as of 2010 was estimated to be 8.26 million (Source: UAE National Bureau of Statistics). The Emirates have a common cultural heritage but the tribal links are very strong within each Emirate. Abu Dhabi is ruled by the Al Nahyan family, which belongs to the Bani Yas tribe. Dubai is ruled by the Al Maktoum family, which belongs to the Al Bu Falasah tribe.

The other Emirates are also ruled by various families, which belong to powerful tribes of the respective regions.

The three most populated Emirates are Abu Dhabi, Dubai and Sharjah; approximately 85% of the total population belongs to these Emirates.

The official language is Arabic, and all communications with the government must be in Arabic, although among the expatriate communities various other tongues can be heard. Foreigners will find that English, Hindi, Urdu and Malayalam are widely understood. English is used for all written communication between businesses.

Economy



Total GDP at current prices for the year 2010 estimated by National Bureau of Statistics, UAE was AED 1,093 billion of which approximately 69% contribution was from the non-oil sector. Real GDP is expected to have grown 3.3 per cent in 2011 with non-oil sectors seeking to provide an attractive business environment. The GDP by sector for 2008, 2009 and 2010 was as follows:

(AED Million/At Current Prices)

SECTORS	2008	2009	2010
The Non-Financial Corporations Sector:	1,085,469	915,611	1,012,939
Agriculture, Live Stock and Fishing	9,585	9,581	9,590
Mining and Quarrying	429,105	288,583	345,368
Manufacturing Industries	99,641	100,345	106,263
Electricity, Gas and Water	20,581	23,818	27,983
Construction	122,242	117,270	127,333
Wholesale, Retail Trade and Repairing Services	147,590	133,555	139,959
Restaurants and Hotels	21,356	20,702	23,116
Transports, Storage and Communication	88,815	92,482	98,978
Real Estate and Business Services	125,697	106,685	108,413
Social and Personal Services	20,859	22,587	25,936
The Financial Corporation Sector	73,185	71,842	74,320
Government Services Sector	38,733	47,809	49,865
Domestic Services of Households	4,158	4,266	4,133
Less: Imputed Bank Services	45,277	46,722	48,143
TOTAL	1,156,267	992,805	1,093,114
Total of Non-Oil Sectors	728,602	705,599	749,182

Petroleum dominates the economy of the UAE. At one time an underdeveloped area, by 1985 the region had the highest per capita income in the world US\$19,120. The immense wealth has been invested in capital improvements and social services in all seven of the Emirates. Petroleum production is centered in Abu Dhabi and Dubai.

To attract investments of expertise and capital, the governments of the individual Emirates seek to provide an attractive business environment. The following are some of the principle features of the economic and business environment in the UAE:

- A coordinated infrastructure that provides all essential utilities to the major centres;
- Excellent communication systems;
- A virtual absence of taxation;
- A well-structured financial sector with no exchange control regulations;
- Free Trade Zones that ensure ease of registration and efficient operating and
- An attractive social environment, including modern educational, medical and recreational facilities.

Economic recovery in the UAE is gaining strength, supported by a favorable global environment, but subject to increased regional political uncertainty coupled with a slowdown in the real estate sector. Although Abu Dhabi and Dubai contribute to most of the country's GDP, the latter has played a greater role in the growth witnessed among the majority of non-oil sectors. Additionally, the UAE wasn't entirely able to avoid the effects of the global financial crisis in the latter parts of 2009 and 2010 as is witnessed by the revenue contraction over these years. Nonetheless, UAE's situation is one of the more endearing stories amongst others in the gulf region.

Despite having short term growth depend largely on how much economic activity expands prospects for the long term health and stability of the economy will depend on the progression of Abu Dhabi's Economic Vision of 2030 and Dubai's Strategic Plan of 2015. Growth trends differ among Emirates as higher oil production and increased infrastructure spending are the main drivers of growth in Abu Dhabi. On the other hand, Dubai is benefitting from its leading position as the regional trade hub, with growing links to Asia and improved competitiveness.

Financial Sector

A total of 51 banks, including 28 locally incorporated foreign banks, have substantially increased aggregate assets, total assets and unclassified assets. In the past, significant growth had also come about in domestic credit and investments, foreign assets, cash and deposits.

The banking sector remains resilient to shocks, backed by solid capital base-including money injected by the government, and strong earnings, despite the doubling of nonperforming loans since the global financial crisis struck home. The Central Bank of the UAE has made important progress in strengthening its financial stability approach, revamping the regulatory framework and developing macro prudential policies.

The UAE Central Bank

Established in 1980, the UAE Central bank is the main regulatory and supervisory body in the banking industry. It has the power to implement banking policy with regard to directing monetary credits taking into account the UAE's general policy.

The UAE's banking and monetary system has made significant progress in recent years due to the Central Bank's increasingly strict control of financial institutions. In particular, 1998 was a year of impressive growth in the banking sector, attributable to some extent to adherence to the guidelines laid down by the Central Bank. Over the years, the Central Bank has played an important role in supervising the banking industry and has contributed in a measurable way to improving the quality of services and performance of a number of banks.

The Central Bank commitment to creating a stable economic framework ensures that prosperity reaches all the residents in the country. Its relentless efforts are largely responsible for the emergence of UAE banks as forces to reckon with in the Gulf Region.

UAE Anti Money Laundering Law

The UAE, in compliance with the 1988 United Nations Convention has promulgated a law making money laundering illegal in the State. The law has identified the illegal acts from which income maybe derived. These include narcotics and psychotropic substances;

kidnapping, piracy and terrorism; offences committed in violation of environmental law; illicit dealing in firearms and ammunition; bribery, embezzlement and damage to public property; fraud, breach of trust and related offences; and any other related offences stated in the international conventions to which the State is a party.

In the recent global stand taken against terrorism, one of the main components is tracking of funds that support terrorist activities. The enactment of this component in the law adopted in the UAE, which includes proceeds to fund terrorist activities, sets the stage for the UAE to assist in the global fight against terrorism.

Industry

The UAE is an important producer of natural gas and oil, ranking seventh globally in total proven reserves of both. The UAE has been able to maintain its proven reserves over the last decade primarily due to enhanced oil recovery (EOR) technologies increasing extraction rates of mature oil projects. However, oil contributes only one-third of the total GDP.

The UAE's ideal location - situated at the crossroads of East and West, its long coastline, its sunny climate, its natural beauty and the literacy level and hospitality of its people all augur well for its continued growth.

The Government is very keen to develop non-oil manufacturing in pursuit of its policy of controlled economic diversification. The establishment of high technology and capital intensive industries manufacturing high value products, while protecting and maintaining the environment, forms the basis of the Government's strategy towards promoting industrial growth.

Diversification has involved a number of highly imaginative and innovative developments aimed at encouraging investors to establish their enterprises in the UAE and at assisting local business people in making the most of what the UAE offers in terms of infrastructure and other support mechanisms.

Oil and Gas

According to Oil & Gas Journal and the Organisation of Petroleum Exporting Countries [OPEC] Annual Statistical Bulletin, the UAE had 97.8 billion barrels as of January 1, 2011,

making up 7 percent of global oil reserves. The UAE has been able to maintain its proven reserves over the last decade primarily due to enhanced oil recovery (EOR) technologies increasing extraction rates of mature oil projects combined with higher oil prices making more reserves commercially viable. Abu Dhabi leads the other emirates with 92 billion barrels, followed by Dubai with 4 billion barrels, Sharjah with 1.5 billion barrels and Ras al Khaimah with 100 million barrels. The UAE oil reserves account for 10 percent of total world reserves, most of which are located in Abu Dhabi. The Zakum oil field is the largest in the country, and the third largest in the Middle East.

UAE also ranks seventh largest in natural gas reserves globally, following Russia, Iran, Qatar, Saudi Arabia, Turkmenistan and the United States. The majority of these reserves are located in Abu Dhabi, with marginal amounts found in Sharjah, Dubai and Ras al-Khaimah.

Since the first oil flow from the Umm Al Shaif offshore field in 1962, the country has witnessed tremendous growth and development. Oil revenues are, to a large extent, responsible for the superb transformation of the country and the prosperity it enjoys.

A considerable amount of investment is being allocated to the energy sector to improve production, especially of gas and to develop other related industries.

The UAE's pricing policy, based on a genuine desire to help stabilize the oil market, is formulated through co-operation with fellow Organisation of Petroleum Exporting Countries (OPEC) members, the GCC and Arab countries. Production is limited by quotas agreed within the framework of OPEC.

Construction

The construction industry in the UAE emerged in Dubai in the 1950s, when the ruling Sheikhs of Abu Dhabi and Dubai decided to transform Dubai into a permanent haven for coastal shipping and launched the Dubai Creek Improvement project. A project valued at that point at £ 600,000 funded by Creek Bonds, bought by leading merchants in the region.

In the late 1950s, Sheikh Zayed bin Sultan Al Nahyan, the ruler of Abu Dhabi supported western oil exploration which earned Abu Dhabi around \$ 70 million a year in the 1960s.

As oil revenues increased, Sheikh Zayed undertook massive construction programs, building schools, housing, hospitals and roads.

The industry started to expand during the economic development at the end of the 1990s contributing an average 9% of the GDP.

The ability to attract large overseas investments, notably in the construction industry has raised the UAE's status as a source of funding for the global economy. The dramatic growth in this sector had led to an influx of foreign investors in to the UAE. This sector was one of the principal reasons behind the growth of non oil sectors in the UAE.

Public sector spending had dominated the construction industry in the past. However, as of today, the private sector had emerged as one of the key drivers of the construction industry.

The 2007 recession did not affect the UAE's construction industry till 2009 and it particularly affected Dubai. Dubai's non-oil sector has been most affected due to linkages to global trade and financial markets and by the steep fall in the real estate prices. The global correction in residential real estate markets has generated large decline in house prices and construction activity worldwide - a median annual decline of 7%.

The 2007 financial market collapse affected and still affects the construction industry in the UAE. Projects were delayed, put on hold or cancelled at an unprecedented rate. Companies' confidence declined and organizations began to rethink their strategy and prepare for a dramatically changing landscape by analyzing their micro environment – markets, customers and competitors. Many organizations have experienced problems adapting to the environmental changes and unprepared for a change have adopted a survival strategy rather than a growth strategy.

However, The UAE's construction is expected to bounce back in 2011-12 with the large number of construction projects set to be awarded next year, a study by Dubai Chamber of Commerce and Industry has revealed. Quoting experts' observations, the Dubai Chamber of Commerce and Industry has said projects worth \$714.8 billion (Dh2.6 trillion) are currently either at design stage or underway in the UAE.

The statement said the government has been clear in its mandate to economically diversify the economy and the construction sector has played a critical part in this.

Real Estate

UAE's real estate market had enjoyed an unprecedented boom and was considered the most active of all real estate markets in the Gulf Cooperation Council (GCC) region in the not very distant past. The real estate and business services sector in nominal terms had continued to grow, recording a CAGR of 20% during 2003 - 2007. In 2007, the real estate sector showed a strong growth of 21% year-on-year, with the realty and construction sectors contributing around 8% of GDP. The sector was buoyed by increasing investments in infrastructure, due to the country being positioned as an attractive tourist destination in addition to the increase in residential and non-residential units.

There was significant foreign investment in Dubai's real estate sector compared to other GCC countries supported by the Emirates' greater integration with the rest of the world and abundance of cheap capital. Foreigners accounted for 30% of the transactions in Dubai during 2008, up from an average of 10% between 2001 and 2007. Dubai developers' off-plan sales model led to a booming real estate market and attracted speculative investment.

The U.S. subprime mortgage market collapse led to a global credit crunch. This crisis almost froze credit flow, resulting in a collapse in asset and oil prices. Banks had to rein in soaring credit growth and rebalance their books in the face of falling asset prices and expectations of rising loan defaults. The slowdown in economic activity led to many expatriates leaving the Emirate. This adversely affected housing demand, which had grown above the trend growth in Population. In effect, the Dubai real estate sector witnessed significant price correction and was the most adversely impacted in the GCC, given the higher degree of speculative investment in the Emirate.

The increased interest of GCC nationals to have their second homes in Dubai is boosting the demand of Dubai real estate. Some non-gulf residents especially Chinese and Indians have also been investing in Dubai real estate to make most out of the current situation. On the other hand, the vigilant steps taken by the government to increase the demand of properties like decreased mortgage rates and extension of visa offer are also

contributing to increase the property demand. This slight increase in demand is setting the foot of Dubai real estate sector to move gradually towards stability.

According to a recent ministry report, there is a 37% increase in property transactions in Dubai from 2009 to 2011. Since the beginning of 2011, small spurts of growth have been witnessed on monthly basis. In the third quarter of 2011, minor recovery has been reported in some projects. Despite of this gradual stability, many experts believe in the ratings major - Moody's prediction according to which price recovery cannot be initiated sooner than 2016.

The boom in the real estate prices in Abu Dhabi between 2005 and 2008 was primarily driven by fundamentals - Shortage across sub-segments, coupled with speculative investment demand initially, led to a boom in prices; Despite strong fundamentals, Abu Dhabi's real estate sector could not escape the correction in the regional real estate sector.

The price differentiation between Dubai and Abu Dhabi increased significantly following the steeper correction in Dubai, as prices in Dubai corrected faster than in Abu Dhabi. Thus, the price correction in Abu Dhabi was inevitable.

The newly appointed Real Estate Regulatory Agency (RERA) in Dubai has unveiled a plan to control supply - RERA will not allow developers to construct new projects unless they have sufficient funds to complete them on schedule, RERA is also taking initiatives to help revive stalled projects, RERA has also introduced the Tayseer scheme to fund stalled projects.

Manufacturing

The manufacturing sector is a key component of the UAE's diversification strategy, stimulated by and the need to diversify away from oil sector.

Owing to increased government support and funding, the UAE's manufacturing sector was among the largest non-oil contributor to Dubai's GDP since 2009, according to the Dubai Manufacturing Sector Snapshot report published by Dubai Exports, an agency of the Department of Economic Development (DED), Government of Dubai.

The manufacturing sector ranked as the fourth highest contributor to GDP at 13.2%, after Wholesale Trade, Retail & Repair; Transport/Storage/Communication; and Real Estate & Business activities. The sector also employs 8% of Dubai's total workforce, proportional to its total contribution to GDP – an indication that the sector functions at relatively reasonable levels of productivity.

In addition, based on constant levels of pricing, the manufacturing sector has experienced an average growth of 8% per annum between 2007 and 2010, despite a sharp decline in the curve between 2008 and 2009. In 2010, the manufacturing GDP growth posted 11% as compared to 6.20% in 2009.

Currently, Dubai's annual industrial production is estimated at approximately AED 200 billion, with total exports of AED 68 billion accounting for 34% of the total production. Export of Gold products constituted 60% of the total export value. The growth in the value of direct exports correlated with growth in manufacturing GDP, indicating that exports sustained industrial growth during the financial crisis.

In 2010, Dubai's external trade activity exhibited recovery with increase in direct and Free Zone exports. Direct exports in 2010 posted AED 68 billion, a 24% increase from AED 52 billion in 2009, while Free Zone exports were valued at AED 143 billion as compared to AED 112 billion in 2009, a hike of 28%.

The make-up of the manufacturing sector in 2010 showed that Basic Metal production is the most capital and labour intensive activity, followed by production of Non-Metallic Minerals. The largest number of manufacturing firms are involved in Fabricated Metal & Equipment and Wood Products.

Meanwhile, only 3% of the total industrial firms have investments exceeding AED 50 million and most of these industrial firms are in the Non-Metallic Mineral products and Food & Beverages. The investments are derived primarily from local sources, while foreign investments constitute roughly 8% of the total capital.

In terms of labour strength, the Metal Fabrication segment has the highest number of companies that hires more than 100 employees per firm, including the most firms

to employ 10 people or less, while 84% of industrial firms in various segments have employment strength less than 100 persons.

The Ministry of Economy reports that UAE's 2010 manufacturing sector investments were around USD 10.6 billion. The Ministry report mentioned that at the the end of 2010, the cumulative industrial investment in the country had surged to USD 29.9 billion compared to USD 22 billion at the end of the previous year.

The investments in non metallic mineral products were around USD 18.7 billion, basic mineral products were USD 17 billion and manufactured metallic products, machinery and equipment were USD 13.5 billion.

Information Technology

UAE government's increased focus on attracting global IT firms and its efforts to promote e-governance and provide online services have been key factors in creating exciting employment opportunities in the IT sector. Moreover, the UAE has also been investing in telecommunication and IT infrastructure as well as human resource as part of a strategy to develop the UAE into a premier regional hub for IT, which will help expand the country's economic base by tapping into a potential market of nearly two billion people in Asia and the Middle East.

According to the Dubai Chamber of Commerce and Industry, the UAE IT Sector is expected to grow from \$3.2bn in 2009 to around \$4.7bn in 2013.

The growth of the IT sector in the UAE is dependent on two things: infrastructure development and human resource development. However, expenditure on IT infrastructure has always been one of the priorities of the UAE Government and the private sector and it is now focusing on recruiting world-class IT expertise.

The serious intent of the UAE government is visible through IT and communications intensive initiatives like TECOM Investments. TECOM Investments, based in Dubai, is a subsidiary of Dubai Holding, a global company dedicated to knowledge and life-improving industries. A creator of vibrant knowledge industry clusters, TECOM Investments is currently active in buoyant cutting-edge sectors like ICT, Media, Education, Life Sciences and Clean Technology. A recognized leader in the global knowledge industry, TECOM Investments manages entities like Dubai Internet City,

Dubai Media City, Dubai Knowledge Village, Dubai International Academic City, eHosting DataFort, International Media Production Zone, Dubai Outsource Zone, Dubai Studio City, DuBiotech and Enpark.

Tourism

The sun, sea, beaches, shopping facilities, dramatic scenery, superb hotel accommodation and cuisine, excellent sports and leisure facilities and the warmth and hospitality of its people all combine to make the United Arab Emirates a popular tourist destination.

The country has made substantial investments in this sector and has a fun-filled annual calendar of events. The Dubai Shopping Festival, the Dubai Summer Surprises, the Abu Dhabi Shopping Festival, the Sharjah Ramadan Festival and several other fairs, exhibitions, museums, parks and sporting events all combine to ensure that tourists have a great time. Tourism is no doubt, succeeding in making a significant contribution to the overall diversification programs, having become one of the most important economic sectors in terms of growth.

The UAE is one of the easiest Middle East countries to visit and visas are easily obtained. A very diverse, friendly and helpful population keeps alive the traditional values of generosity and hospitality. Traditional sports such as camel racing, horse racing and boat racing coupled with pearl diving, falconry, camp-outs in the desert, gold souqs, spice souqs and wind towers all offer tourists an Arabian Experience.

Traditional Arab hospitality and a delightful winter climate complemented by a highly sophisticated infrastructure and crime-free environment, have also contributed in recent years to creating an ideal atmosphere for the development of tourism. The UAE is also endowed with an extensive coastline, sandy beaches and varied landscape, where a wide variety of activities can be indulged, ranging from powerboat races to sand-skiing.

The UAE has also become a much sought after venue for conferences, regional and international exhibitions and major sports events such as the Dubai World Cup, the Dubai Duty Free Tennis Championship, the Dubai Desert Classic Golf Tournament and polo and cricket competitions.

According to the World Tourism and Travel Council (WTTC) the UAE ranked 18th in the world in terms of international tourism competitiveness which is benchmarked against the following criteria: safety and security, health and hygiene, infrastructure, information and communication, technology, price competitiveness, human capital, cultural and natural resources, air and ground transport, preordination of tourism and policy rules and regulations.

The positive effects of the tourism sector on the UAE's economy are reflected in the fact that one in every 8.5 percent of jobs is travel and tourism related. This is expected to increase to 9.1 percent by 2016. The UAE and especially Dubai are now beginning to reap the benefits of investing in tourism, a policy which began with the establishment of the Dubai Tourism and Commerce Marketing department in 1997, followed by the launching of Burj Al-Arab in 1999 and the flood of hotels, resorts and entertainment facilities which came online since then.

Abu Dhabi is also leading the tourism thrust in the region where over the coming 10 years some US\$10 billion will be invested in the sector. According to official Tourism Ministry figures, Abu Dhabi's hotels generated around AED 8.6 billion in 2006 from 1.35 million hotel guests with an average spend of AED 6,429 per visitor.

UAE Stock Exchanges

UAE has three official stock exchanges viz; The Dubai Financial Market established in March 2000 and the Abu Dhabi Securities Market established later on in November 2000 and the Dubai International Financial Exchange [DIFX] which commenced business in 2004. The first two exchanges operate as a secondary market for trading of securities issued by the public shareholding companies, bonds issued by the local or the federal government, public institutions and financial and investment institutions. The main objective of the exchanges is to create a fair, efficient and transparent market place that serves the interest of the national economy.

Both the exchanges are fully integrated and have automated systems, which ensure speed and accuracy in the transfer of share ownership. The individuals and firms, who have been authorized by the UAE Central Bank to carry out brokerage services, can apply for a license at the stock exchanges. Currently there are more than 120 companies listed and traded on the stock exchanges.

NASDAQ Dubai [Formerly known as The Dubai International Financial Exchange (DIFX)]

The NASDAQ Dubai [DIFX] is located in the Dubai International Financial Centre (DIFC), a financial free zone. The DIFC opened for business in 2004. Financial activities in the DIFC are governed to international standards by an independent regulator, the Dubai Financial Services Authority (DFSA). The NASDAQ Dubai has a license from the DFSA to operate an exchange. The President of the DIFC is His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the UAE Vice President, Prime Minister and Ruler of Dubai. It opened in September 2005.

The exchange opened with four member banks – CSFB, Deutsche Bank, HSBC and UBS. It currently has 22 member firms including market heavy weights like Citigroup, ABN AMRO, Barclays, JP Morgan Securities and Morgan Stanley. For international investors, the DIFX is the main gateway to opportunities in the Gulf Cooperation Council states and the rest of the Middle East and North Africa, as well as, South Africa, Turkey, Central Asia and the Indian sub-continent.

For issuers of shares and other securities in these areas, the exchange offers increased market visibility, unprecedented access to regional and global capital and the ability to sustain fair valuation. The trading hours of the DIFX are from 2pm to 5pm (10am to 1pm GMT) from Monday to Friday. There are 15 scripts currently listed on the NASDAQ Dubai.

The NASDAQ Dubai intends to become the platform of choice in its region for a range of:

- Equities
- Bonds
- Funds
- Islamic Products
- Index Products
- Derivatives

Investment Climate

In general, the government seeks to provide a free-market economy with minimal regulatory restrictions. To attract foreign and local investment, the federal government and the governments of the individual Emirates have developed a modern and sophisticated infrastructure and provide a business environment largely free of taxation and exchange controls. In addition, the UAE in recent years has signed double tax and investment protection treaties with several countries.

Currently, there are four major laws affecting foreign investment in the UAE: the UAE Commercial Companies Law, the UAE Commercial Agencies Law, the UAE Industry Law, and the Government Tenders Law. These laws, especially the Commercial Companies Law, are seen as the largest obstacles to foreign direct investment in the UAE.

However, the laws and regulations governing foreign investment in the United Arab Emirates are conducive to foreign investment. Although important tariffs in the UAE stand at 5%, over 75% of imports still enter the UAE duty-free and there are no tariffs on exports. Each Emirate has its own customs authority, while a national committee formulates general policies.

UAE's Foreign Investment Law, which is being drafted by the Ministry of Economy as per the mandate given by the Cabinet, will seek to promote investment climate and create more job opportunities. The UAE has made significant strides in foreign direct investment performance over the last several years. As one of the lowest taxed countries in the world, with no corporate or income taxes and no sales tax, the UAE has become a lucrative location for FDI vis-a-vis other regional and international countries.

Foreign companies investing in the UAE can benefit from cost efficiencies, in power, gas and water. Low tariffs, low currency risk, extremely low financial risk, no restrictions on repatriation of profits or capital and numerous double taxation agreements are the attractive features of the UAE as an FDI destination.

Trade Policy



Imports and Exports

Imports are quota free but must be licensed by the Ministry of Commerce and Industry. Customs duties are administered by the Department of Customs. In the case of companies an import license is granted only when the UAE owned share capital is not less than 51%. There is 100% import duty on alcoholic beverages and 50% import duty on tobacco products. Most foodstuff items and books are exempted. Machinery, equipment and raw materials may also be exempted under the Law for Organisation of Encouragement of Industry or when imported by the companies engaged in activities designated as Economic Development Projects. All imports must be handled by registered UAE agents.

There are no restrictions on exports, except for items of historical value, which are subject to permission from the Ministry of Culture and Heritage. There are no export duties.

Oil accounts for nearly half of UAE export shipments to the rest of the world. Other leading UAE export commodities include natural gas, dried fish and dates. Principal UAE imports are machinery and transportation equipment, chemicals and food.

Trade with Israel is prohibited.

Customs Duties

Customs (import) duties are levied generally at a rate of 5% but there are many items which are duty exempt, such as medicines, most food products, capital goods and raw material for industries etc. Imports by free zone companies are also exempted unless products move outside the zone. If the products are moved outside the zone, customs duty is levied at 5%.

After the introduction of the new uniform customs tariff on 1 January 2003, all non-Gulf Co-operation Council (GCC) products, except for those exempted, are subject to 5% customs duty, while the product of GCC countries shall enter into each others' markets free of customs duties. Products are considered as originating in a GCC country if the value added to such product in the said country is more than 40% of the value of the product in question and if the factory that manufactured the product is at least 51% owned by GCC nationals.

In the event of re-export to non-GCC countries, a customs deposit has to be made and this will be refunded when proof of re-export is given to the authorities. In the event of re-export to GCC countries, customs duty at 5% will be levied at the first point of entry. The provisions of the GCC Customs Union have applied since 1 January 2003.

Special Investment Opportunities

The UAE imposes virtually no foreign exchange restrictions. Equity capital, debt capital, interest, dividends, branch profits, royalties, management and technical service fees and personal savings may be freely remitted abroad.

The government does not impose debt-to-equity ratio requirements on corporations. The UAE has created several free trade zones. Foreign companies establishing businesses in the free trade zones are offered special concessions, including exemption from the requirement of having local ownership or a local sponsor.

Structure of Business Entities



Federal Commercial Companies Law

Until 1984, the UAE did not have a federal commercial company Law. Instead, the government of each Emirate formulated practices and procedures concerning the establishment of business organizations within its Emirate.

As a result of the absence of codified commercial legislation, Federal Commercial Companies Law No. 8 of 1984 was promulgated and implemented in full in early 1993.

Under the Commercial Companies Law, Federal Law No. 8 of 1984, UAE nationals must own a minimum of 51% of all public and private shareholding companies and limited liability companies. In practice, many public and private shareholding companies, especially those engaged in insurance and banking, are expected to be wholly owned by UAE nationals and defines seven categories of business organisation, which can be established in the UAE. It sets out the requirements in terms of shareholders, directors, minimum capital levels and incorporation procedures. It further lays down provisions governing conversion, merger and dissolution of companies.

The various categories of business organisation defined by the law are:

- Public Shareholding Company
- Private Shareholding Company
- Limited Liability Company
- General Partnership Company
- Limited Partnership Companies
- Partnership Limited by shares
- Partnership-en-commandite
- Joint Ventures
- Sole Proprietorships
- Branches of Foreign Companies
- Representative Offices of Foreign Companies

Partnership companies are limited to UAE nationals only. The Dubai government does not presently encourage the establishment of partnerships-en-commandite or share partnership companies.

The Commercial Agencies Law restricts commercial agencies to UAE nationals or companies owned wholly by UAE nationals.

Public and Private Shareholding Companies

The law stipulates that companies engaging in banking, insurance or financial activities should be run as public shareholding companies. Foreign banks, insurance and financial companies, however, can establish a presence in Dubai by opening a branch or representative office.

Shareholding companies are suitable primarily for large projects or operations, since the minimum capital required is AED 10 million (US\$ 2.725 million) for a public company and AED 2 million (US\$ 0.545 million) for a private shareholding company. Minimum capital required to form a Public Shareholding Company for a banking entity it is AED 40 million and insurance and investment companies is AED 25 million. The chairman and a majority of directors in either of these entities must be UAE nationals and there is less flexibility of profit distribution than is permissible in the case of limited liability companies.

A PJSC must have at least 10 founder members and its management should be vested in a board of directors consisting of a minimum of three to a maximum of fifteen persons whose term of office may not exceed three years. In addition at least 51% of the shares of the PJSC should be held by UAE nationals. The founder members may only hold 45% of the share capital, as 65% is required to be offered to the public. The Law stipulates that the companies engaged in banking, insurance or financial activities should be run as public share holding companies.

Limited Liability Companies

A popular and frequently, the most appropriate method of establishing a business in the UAE by foreign investors is to form a limited liability company (LLC).

A limited liability company can be formed by a minimum of two and a maximum of fifty persons whose liability is limited to their shares in the company's capital. Such companies are recognized as offering a suitable structure for organizations interested in developing a long-term relationship in the local market.

For a LLC in the UAE, the minimum share capital was fixed AED 150,000 [US\$ 40,000]. [AED 300,000 or US\$ 80,000 in Dubai]. However, as per a recent amendment in the UAE Commercial Company Law, the minimum capital requirement has been abolished and the capital level can be fixed depending on each business' individual requirements.

While foreign equity in the company may not exceed 49%, profit and loss distribution can be prescribed. Responsibility for the management of a limited liability company can be vested in the foreign or national partners or a third party.

No LLC may engage in insurance or banking or investment of money on behalf of others. The names and holdings of all shareholders are a matter of public record.

General Partnerships

A general partnership is formed by two or more UAE nationals who are jointly and severally liable for the partnership's debts. No names other than those of the actual partners may be included in a partnership's name.

A partnership interest may be transferred only with the approval of all partners or in accordance with conditions stated in the partnership agreement. The management of the partnership must rest with one or more managers who must be natural persons and who may or may not be partners.

A partnership is dissolved on the death, insanity, bankruptcy or withdrawal of one of its partners, unless the remaining partners decide unanimously to continue the partnership and their decision is registered in the commercial register.

Limited Partnerships

A limited partnership comprises one or more general partners who are jointly and severally liable for the partnership's debts and one or more limited partners whose

liability for the partnership's debts is limited to their contribution to the partnership's capital. No minimum capital contribution is required by the law. All general partners must be UAE nationals. A limited partner may not participate in the management or act in the name of the partnership. The death, insanity, bankruptcy, withdrawal or dismissal of a limited partner does not result in the dissolution of the partnership unless otherwise provided in the partnership agreement.

Partnership Limited by Shares

A partnership limited by shares is a company that has both general partners with unlimited liability and partners whose liability is limited by the value of the share capital for which they have subscribed. The company must have a minimum capital of AED 500,000 (now subject to review by the DE). General partners in partnerships limited by shares must be UAE nationals. An annual audit is required.

Joint Venture Company

A joint venture is a contractual agreement between a foreign party and a local party licensed to engage in the desired activity. The local equity participation in the joint venture must be at least 51%, but the profit and loss distribution can be prescribed. There is no need to license the joint venture or publish the agreement. The foreign partner deals with third parties under the name of the local partner who - unless the agreement is publicized - bears all liability. In practice, joint ventures are seen as offering a suitable structure for companies working together on specific projects.

Branch Office of a Foreign Company

A very popular way for foreign companies to benefit from 100% foreign ownership is to open a branch office of the parent company. A branch office is legally regarded as part of its parent company and does not have a separate legal identity from that of its parent company. Therefore, the name of the branch office will be the same as that of the parent company.

Branch offices are nevertheless required to have a UAE national as a local agent. Only UAE nationals or companies 100% owned by UAE nationals may be appointed as local agents (which should not be confused with the term "commercial agent"). Local agents

are not involved in the operations of the company but assist in obtaining visas, labour cards, etc and are paid a lump sum and/or a percentage of profits or turnover.

One of the conditions for establishing a branch office in the UAE is that it may only be engaged in activities similar to those of the parent company. It is important to note that a branch office is permitted to carry on the business of importing products of its parent company, provided that the parent company is involved in the manufacture of such products.

Representative Offices of Foreign Companies

A representative office of a foreign company is legally distinct from the branch office in that the former is only allowed to promote its parent company's activities. Therefore, if a parent company deals in the sale and / or production of certain products, if it opens a representative office in the UAE, the office will only be able to promote the sale or production of such products and facilitate contacts in the UAE, as distinct from a branch office, which can conduct their sale or production itself.

In addition to the above limitations, representative offices have other restrictions in that they are not allowed to obtain credit facilities or put forward offers.

As in the case of a branch office, it is necessary when establishing a representative office to appoint a local service agent.

Sole Proprietorships

In setting up a professional firm, 100% foreign ownership, sole proprietorships or civil companies are permitted. Such firms may engage in professional or artisan activities but the number of staff members that may be employed is limited. A UAE national must be appointed as local service agent but he has no direct involvement in the business and is paid a lump sum and/or percentage of profits or turnover. The role of the local service agent is to assist in obtaining licenses, visas, labour cards, etc.

Establishing a Business

A business must be registered with the municipality or the relevant Economic Department and the Chamber of Commerce of each Emirate in which activities of the

business are conducted and with the ministry of Economy and Commerce. In addition, the following businesses require approval from the specified federal ministries and agencies:

- Banks, financial institutions and exchange companies must obtain approval from the Central Bank
- Insurance Companies and related agencies must obtain approval from the Commissioner of Insurance at the Ministry of Economy and Commerce
- Manufacturing businesses must be approved by the Ministry of Finance and Industry
- Medicinal products must be approved by the Ministry of Health and Department of Health and Medical Services
- Printing, Publishing & Broadcasting activities must be approved by the Ministry of Information & Culture
- Educational activities are governed by the Ministry of Education

Special procedures apply in each Emirate regarding registration of businesses engaged in oil and gas production and related industries.

The requirements for registering a company, including the time required, fees payable, number of shareholders and minimum capital depend on the particular type of business entity being established.

Annual Requirements for Businesses

All companies must renew their registration with the Ministry of Economy, Municipality or Economic Department and the Chamber of Commerce annually. Registration fees are levied and vary according to the type of entity being registered and the government authority concerned.

Companies engaged in the oil, gas and petrochemical sector and banks are the only entities required to file tax returns. However, the following businesses must have their accounts audited annually:

- Banks (local banks and branches of foreign banks)
- Insurance companies and agencies

- Public and private shareholding companies
- Limited liability companies
- Branches of foreign companies
- Partnerships limited by shares
- Other companies whose articles require annual audits

Listing Shares of UAE and Foreign public joint stock companies

To list shares of a public joint stock company incorporated in the UAE or a foreign public joint stock company for trading in the UAE, the company should be licensed by the Emirates Securities and Commodities Authority (ESCA). It shall then choose a stock market in the UAE and apply for listing on it. The listing requirements are contained in the ESCA's listing rules and then subsequently in the respective stock market's requirements.

For locally incorporated companies - the company should have been incorporated for not less than two years with financial statements issued for each year and audited by an auditor registered in the schedule of working auditors and authorized to audit the accounts of joint stock companies. The Paid-Up Capital should not be less than 50% of Shareholders' Equity, which may not be less than AED 20 million. The Shareholders' Equity, for each category of shares the company issues, shall be equal. The Shareholders' Equity may not be less than the Paid Up capital upon applying for listing.

For foreign joint stock companies - the company issuing the securities shall be compliant with all the provisions of its country Federal Law. It should be a public joint stock company. The company should be listed in the stock exchange of its mother country, or it is working under the umbrella of an authority that has similar responsibilities of ESCA. The company should have been incorporated for not less than two years with financial statements issued for each year and audited by approved auditor. The company should have a minimum Paid up Capital of AED 40 million and number of shareholders should be at least 100. The net assets of the company shall be more than 120% of its Paid up Capital or it should have realized net profits which can be distributed to its shareholders at a minimum average of 5% of the Paid up Capital, during the two years prior to the submitting of the listing application.

In either type of company, whether locally incorporated or a foreign company, it must satisfy any additional requirements and regulations and furnish any additional documents and/or information that ESCA or the respective stock market may require. The company that fails to abide by the ESCA and/ or stock market's rules and regulations may be suspended or de-listed after due process.

Licensing



Types of Licenses

The basic requirement to conduct business activity in the UAE is to obtain one of the following three categories of licenses:

Trade Licenses

Are the licenses under which the natural or juridical person is licensed to practice any trade activity for the purpose of profit making through buying and selling of goods and services. These licenses are given to (for example) wholesale or retail trade enterprises, financial consulting offices, banks, insurance companies, contractors, hotels, transport and storing establishments.

Industrial Licenses

Are the licenses under which the natural or juridical person is licensed to practice any investment activity the object of which is to discover natural resources or to transform raw materials in terms of its structure or appearance into manufactured or semi-manufactured products, or to transform the semi-manufactured products into fully manufactured products by using mechanical power, and segregate the products, filling, assembling or packing them.

Professional Licenses

Are the licenses under which the natural or juridical person is licensed to practice any profession in which he depends on his physical or mental efforts rather than depending on a cash capital. This license is given to practice some professions such as auditing, consultancy services and studies, business, medical and educational services as well as other personal services.

These licenses are all issued by the Economic Department or similar nominated Department of the respective Emirate. However, licenses for some categories of business require approval from certain ministries and other authorities: for example, banks and financial institutions from the Central Bank of the UAE; insurance companies and related agencies from the Ministry of Economy; manufacturing from the Ministry of Finance and Industry; pharmaceutical and medical products from the Ministry of Health / Department of Health and Medical Services.

More detailed procedures apply to businesses engaged in oil or gas production and related industries.

Practicing some trade activities (e.g. jewellery and insurance) requires the submission of a financial guarantee issued by a bank operating in the UAE.

Completion of Licensing Procedure for Practicing Business Activities

Licensing procedures for business projects involve the following:

A. Selection of the Legal Form

Suitable for the business project as per the type of business activity, which will be practiced, the amount of invested capital and other important considerations already referred to in this section in the light of which the firm's deed is prepared, signed by the concerned parties and attested by the Notary Public.

B. Obtaining Special Approval

This applies to certain activities, which require obtaining special approvals from some competent authorities. If the required activity is conducting ordinary business, procedure of licensing may be started without the need for obtaining any such special approval.

C. Submission of License Application

The applicant, whether an individual or representative of a company under incorporation, shall submit to the Department of Economic Development the application duly filled in

with all the particulars indicated in the required forms. The necessary documents should also be attached to the application as per the legal form to be assumed by the firm. The procedure in the Department involves a lot of measures, which may be summarized as follows:

Receipt of the application, checking of the same, initial approval, preparation of business site, technical inspection, checking and fees payment. The applicant shall then be given two sealed copies of the license, one to be used for inscription in the Commercial Register and the other for registration with the Dubai Chamber of Commerce & Industry.

Inscription in the Commercial Register

Articles 2 & 5 of Federal Law No. 5 of 1975 concerning the Commercial Register stipulate that every merchant, branch manager, managers of commercial companies and the agents of foreign companies must inscribe their companies in the Commercial Register in accordance with the terms and conditions determined by the law.

Here is a statement of the types of activities, which must be inscribed in the Register and those, which are not subject to this inscription.

A. Firms which must be Inscribed in the Commercial Register

These are the companies which practice business activities such as agricultural works, fishing, discovery of natural resources, industry related activities, activities related to electricity production, gas and water, construction, building and contracting activities, wholesale and retail traders, supermarkets, department stores, trade related services, machines and equipment hiring, hotels, showrooms, transport, storage and communication, finance, insurance and real estate.

B. Firms not subject to Inscription in the Commercial Register

These are the firms which practice professional activities such as services, legal consultants, accountants, engineering, architectural and technical consultants, administrative and economic services and consultations, other services such as

photocopying, translation, shorthand, advertising, companies management, secretarial, exhibition organizers, public cleaning services, social services, education and social welfare, medical and health services, veterinary services, cultural and recreational services as well as personal and domestic services.

Free Zones in the UAE



Establishing a business entity in one of the UAE's Free Trade Zones (FTZs) can be an attractive option for foreign investors. To date the free zones have been successful in attracting a large number of companies and foreign direct investment, as well as expanding net non-oil exports.

In the absence of tax incentive opportunities, the UAE free zones have been among the strong pillars of government incentives and the country's economic performance attracting much foreign investments, creating thousands of jobs and facilitating the needed technology into the country. Together, the free zones account for more than half of the country's non-oil exports and underpin the UAE's ranking as the third most important re-export centre in the world.

The major advantages in setting up in a free zone include:

100% foreign ownership	Full repatriation of capital & profits
100% tax exemption	Extended leases
Quick approval procedures	Abundant & inexpensive energy

An independent Free Zone Authority (FZA) governs each free zone and is the agency responsible for issuing FTZ operating licenses and assisting companies with establishing their business in the FTZ.

Investors can either register a new company in the form of a Free Zone Establishment (FZE) / Free Zone Company (FZCO) or simply establish a branch or representative office of their existing or parent company based within the UAE or abroad. An FZE is a limited liability establishment, incorporated in a Free Zone, owned by one natural or juridical person, whereas an FZCO is a limited liability company incorporated in a Free Zone by more than one shareholder, generally up to five. FZE/FZCOs are governed by the rules and regulations of the Free Zone in which they are established. There is a minimum capital requirement for an FZE/FZCO ranging from AED 150,000 to AED 1,000,000

depending upon the selected Free Zone. Under Federal Law No. 15 of 1998, except for acquiring nationality in the UAE, the provisions of the Commercial Company Law do not apply to FZEs / FZCOs, provided that the Free Zones have special provisions regulating such companies.

Free Trade Zone Licenses

Once a legal presence has been established in the Free Zone, the business will need to lease premises or land and acquire an operating license from the FZA. Different types of licenses apply in the different types of free zones, however, in general companies with trade and industrial licenses can only conduct business within the Free Zone or abroad. To sell their products in the UAE, a UAE official agent is required. Services and products can be obtained from and within the UAE without an agent.

Other types of license available are service licenses (e.g. banking, insurance, air shipment etc) and national industrial licenses. For the former the services offered must be the same as those stipulated in the parent company's license in the UAE or abroad. The share capital of a company applying for a national industrial license must be at least 51% GCC and 40 % of the sale value of the product must be value-added in the UAE.

These licenses can be renewed annually as long as a lease agreement is in force with the FTZ.

The procedures for establishing a business in any Free Trade Zone are a specialized process. An investor is required to fill out a questionnaire from the relevant Free Zone Authority, which will assist in assessing the company's requirements.

Having submitted the questionnaire, the authorities will give a license application, planning documents and a consumer request for electricity. Provisional approval is given along with a specimen lease agreement. After the company representative and the authority have met and finalized details of the project, the actual documents, which will include company or personal details, are speedily processed.

List of various Free Zones in the UAE

Given hereunder is a list of the more important free zones in the UAE. The first list contains the various Free Zones established in the Emirate of Dubai:

1. Jebel Ali Free Zone	14. Dubai Multi Commodities Center
2. Dubai Cars & Automotive Zone	15. Jumeirah Lake Towers
3. Gold & Diamond Park	16. Dubai Flower City
4. Techno Park	17. Dubai Airport Free Zone
5. Dubai Internet City - Tecom	18. Dubai Healthcare City
6. Dubai Media City - Tecom	19. Dubai Silicon Oasis
7. Dubai Studio City - Tecom	20. Dubai International Financial Center
8. Int'l Media Production Zone - Tecom	21. International Humanitarian City
9. Knowledge Village - Tecom	22. Dubai Logistics City
10. Dubai International Academic City - Tecom	23. Dubai Maritime City
11. Dubai Outsource Zone - Tecom	24. Dubai Textile City
12. Energy & Environment Park - Tecom	25. Heavy Equipment & Trucks City
13. Dubai Biotechnology & Research Park - Tecom	26. Dubai Auto Parts City

Given hereunder are the various Free Zones established in the Emirate of Sharjah and the Northern Emirates:-

1. Sharjah Airport Free Zone	6. Ahmed Bin Rashid Free Zone (Umm Al Quwain)
2. Hamriyah Free Zone	7. Ras Al Khaimah Free Trade Zone (RAKFTZ)
3. Ajman Free Zone	8. Ras Al Khaimah Investment Authority (RAKIA)
4. Fujairah Free Zone	9. Ras Al Khaimah Media Free Zone (RAKMFZ)
5. Fujairah Media Zone/Creative City	

Given hereunder are the various Free Zones established in the Emirate of Abu Dhabi:-

1. Abu Dhabi Airport Free Zone	3. Two Four 54
2. Free Trade and Logistics Zone (Taweelah)	

A separate booklet - Free Zones in the UAE - gives a deeper insight into setting up businesses in the various free zones in the UAE.

Labour Laws



Federal Labour Law

The Labour Law of the United Arab Emirates is mainly contained in Federal Law No. 8 of 1980 on Regulating Labour Relations, as amended. In addition, there are several Ministerial orders and Cabinet decisions, which provide regulations pertaining to the Labour Law. These collectively cover all aspects regarding employer / employee relations in the UAE and are essential reading for any person wishing to set up business in the UAE.

The Labour Law governs most aspects of employer/employee relations, such as hours of work, leave, termination rights, medical benefits and repatriation. It is protective of employees in general and overrides conflicting contractual provisions agreed under another jurisdiction, unless they are beneficial to the employee. The Ministry issues a model form of labour contract in Arabic which is widely used, but other forms of contract are enforceable, provided they comply with the Labour Law.

Trade unions do not exist. In the case of a dispute between employer and employee, or in interpretation of the Labour Law, the Ministry of Labour and Social Affairs will initially act as an adjudicator, in an effort to resolve matters. If a party wishes to appeal any such decision it can take its case to court. Strikes and lockouts are forbidden.

Working Hours and Holidays

The normal maximum working hours are eight hours per day or forty-eight hours per week. However, these hours may be increased to nine hours daily for people working in the retail trade, hotels, restaurants and other such establishments. Similarly, daily working hours may be reduced for difficult or dangerous jobs. Many businesses work on a two-shift system (for example, 8am – 1pm and 4pm – 7pm). As in all Muslim countries, Friday is the weekly day of rest. In practice, commercial and professional firms work 40–45 hours a week and government ministries about 35. The weekend for office workers

was traditionally Thursday afternoon and Friday, but a number of organizations have changed over to a five-day week with Friday and Saturday as the weekend. During the Muslim holy month of Ramadan, normal working hours are reduced by two hours per day.

There are 10 days of public holidays (paid) in any year. The employee's annual leave is two days for every month if his service is more than six months and less than a year. In every completed year of service after the first, an employee is entitled to 30 days annual paid leave. This is in addition to public holidays, maternity leave for women and sick leave. Overtime is used extensively and additional pay is required for manual and lower ranking staff.

Employee Pension and Social Security Benefits

The Pensions & Social Securities Law, Federal Law No. 7 of 1999, concerns nationals employed in both the public and private sectors. It contains 79 Articles and provides (amongst other things) for certain contributions to be made by the employee and the employer to the Public Authority of Pensions and Social securities. For a person employed in the public sector these contributions are equivalent to 5% of the contributory pension salary to be paid by the employee and 15% of the contributory pension salary payable by the employer. As for the private sector, the Government shall bear 2.5% of the (15%) share payable by the employer as contributions to the Authority.

The Law also provides for the amount to be paid as a pension to eligible nationals on reaching the retirement age of sixty, or disability pension in the case of an employee becoming disabled and thereby unable to work. It further covers the amount of pension payable to beneficiaries on the demise of a secured person.

Under the UAE Labour Law, any employee (national or expatriate) who completes one year or more in continuous service shall be entitled to gratuity at the end of the service. The gratuity is calculated at 21 day's wages for each year of the first five years or 30 day's wages for each additional year on condition that the total of the gratuity shall not exceed the wages of two years. (Except in the Jebel Ali Free Zone, where the gratuity calculation basis is 7 days instead of 21 days).

Special Requirements for Foreign Nationals

In order to employ any expatriate employee in the UAE, an application must be made to the Ministry of Labour & Social Affairs. The application has to be approved by the Ministry prior to the employee entering the UAE. It should be noted that new businesses are required to register or open a file with the Ministry before they can recruit staff. In addition to obtaining the Ministry's approval to employ non-UAE nationals, certain immigration procedures need to be followed as explained below. After an employer obtains the Ministry's approval to employ an expatriate the following four steps need to be taken:

- (1) The sponsor (employer) obtains an employment visa for the employee's entry into the UAE
- (2) The employee undergoes a medical test.
- (3) A labour card for the employee is obtained from the Ministry of Labour and Social Affairs
- (4) A residence permit for the employee is obtained.

Residence permits were usually granted for a period of three years, however recently the labour law was amended to allow residence permits only for two years. However, employees under free zone companies' visas would continue to enjoy three year residence permits.

Where the intended employee is a UAE national, an employment contract may be entered into at any time. Employment contracts for non-nationals must be drawn in the format approved by the Ministry on an application made by the employer. Employment contracts for national employees need not, however, be in writing and the terms and conditions of employment may be proved by any means of proof admissible by law. A labour permit for an expatriate employee will not be issued by the Ministry of Labour unless a formal written labour contract is filed with the Ministry.

Taxation



Taxation of Corporates

Each Emirate has its own decrees on business taxation.

With the exception of banks and oil companies, no tax is payable by businesses in the UAE, whatever their legal structure. Oil companies pay up to 55% tax on UAE sourced taxable income whereas banks pay 20% tax on taxable income. The taxable income of banks is as per the audited financial statements whereas that of oil companies is as per the concession agreement. Oil companies also pay royalties on production.

Taxation of Individuals

Individual Income tax is not levied in the UAE.

Withholding Taxes

Withholding taxes are not levied in the UAE.

Municipal Taxes

Municipal taxes are locally known as municipal fees. Municipal fees are charged in some of the Emirates. In Dubai a 10% municipal fees is charged on hotel revenues and entertainment. In all the Emirates, except Abu Dhabi, Income from renting commercial premises is taxed at a rate of 10% and from renting residential premises at a rate of 5%. Abu Dhabi does not levy a municipality fee on rented premises, but landlords are required to pay certain annual license fees. Housing fee is included in water and electricity bills for Dubai residents by the Dubai Municipality. It is calculated as 5% of the yearly rental charges.

Other Taxes

There is no transfer pricing regime or other federal or state taxes in the UAE other than those mentioned in the foregoing section.

Tax Treaties

In order to increase economic development of the country by encouraging cross border transactions, the Government of the UAE has entered into Double Taxation Avoidance Agreements (DTAAs) with several countries including Canada, China, Egypt, France, Germany, India, Pakistan, Poland, Turkey and New Zealand. This would enable the foreign entities to reduce the tax incidence on the UAE sourced income.

UAE has entered into double taxation avoidance agreements (DTAAs) with 55 countries and is in negotiations with at least a dozen more countries. A list of Countries with whom the UAE has signed DTAAs is given in Annexure B.

Financial Reporting and Auditing



Books of Account

The commercial transactions law (federal Law No. 18 of 1993) provides that a business enterprise must keep such commercial books as the nature and scope of its business requires this. The books of account are to give a true and fair view of the state of affairs of the company.

Method of Accounting

UAE companies are required to maintain their books of account on an accrual basis.

Financial Statements

The following businesses must have their accounts audited annually:

- Banks (local banks and branches of foreign banks)
- Insurance companies and agencies
- Public and private shareholding companies
- Limited liability companies
- Branches of foreign companies
- Partnerships limited by shares
- Other companies whose articles require annual audits

For public shareholding companies, the board of directors is responsible for preparing annual accounts and reports on the activities of the companies during the financial year. A company's accounts and report on activities must be signed by the chairman and presented by the board of directors at the general meeting. The general meeting must be held within four months after the end of the company's financial year.

A company's financial year must be specified in its articles of association.

Accounting Principles

The fundamental accounting concepts include going concern, consistency, prudence, matching and the historical convention.

Accounting practices and principles are not codified in the UAE. Companies generally follow the International Financial Reporting Standards (IFRS) and best industry practices for financial reporting.

Financial Reporting

Federal Commercial Companies Law No. 8 of 1984, together with certain ministerial decisions, requires that public and private shareholding companies, limited liability companies and branches of foreign companies file annual audited financial statements with the Ministry of Economy and Commerce. In certain Emirates, limited liability companies and branches of foreign companies may be required to file audited accounts to renew their trade licenses.

Within three months of their year-end, banks must file with the Central Bank their audited accounts, together with certain other forms and returns as specified by the Central Bank. Insurance companies and agencies must file their audited accounts with the Commissioner of Insurance at the Ministry of Economy and Commerce within four months from the end of their financial year.

The local authorities prescribe that all companies must present their financial statements in accordance with the International Financial Reporting Standards (IFRS).

Accounting Profession

The accounting profession is well represented in the UAE, with most of the large international accounting firms being present in the major centers. The registration of accountants and auditors is governed by Federal Law No. 22 of 1995. The audits required by statute may be undertaken only by auditors who are registered in the Federal Register of Accountants and Auditors.

The Accountants & Auditors Association was established to cope with the overall economic development in the UAE; particularly in the field of commerce and industry which is manifested in the issuance of all economic legislations. The main objective of the association is to undertake the necessary measures for developing and consolidating the rules and standards for the practice of the profession of accounting and auditing in the country in general.

Living in the UAE



Entry Visas and Work Permits

The laws governing immigration requirements are mainly contained in Federal Law No. 6 of 1973 regarding the Entry and Residence of Expatriates as amended by Federal Law No. 13 of 1996, the immigration Law.

The general rule regarding foreign visitors to the UAE is that all visitors, except transit passengers who do not leave the airport, citizens of the GCC countries (Qatar, Kuwait, Saudi Arabia, Bahrain and Oman) and other specified countries, need to obtain a visa in order to enter the UAE. Citizens of the following specified countries (eligible to get a visit visa issued upon arrival) are exempt from this regulation and may leave and re-enter the UAE any time. – Andorra, Australia, Austria, Belgium, Brunei, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Malaysia, Monaco, Netherlands (Holland), New Zealand, Norway, Portugal, San Marino, Singapore, South Korea, Spain, Sweden, Switzerland, United Kingdom, United States and Vatican City.

In order to apply for any visa or permit, it is necessary to obtain the sponsorship of either a UAE resident (who maybe a foreigner) or other legal entities in Dubai such as companies or hotels.

There are several types of visas and permits one may apply for, ranging from tourist visas for 30 days to residency visas for two years (three years for free zone residency visas). The type that a person will need will primarily depend on the individual's purpose of entry into the UAE. Each permit or visa has its own requirements and procedures.

However, there are general conditions which all applicants must satisfy in order to obtain a visa or permit, as listed below:

- The applicant must hold a valid passport or document allowing him to enter the country and return to his country of residence

- The official authorities have approved his entry for the purpose sought
- The applicant has a foreign or local sponsor who is resident in the UAE
- The applicant is not banned from entering the UAE
- The applicant has not previously been deported from the UAE, unless special permission has been obtained for his entry.

Emirates ID

Emirates ID card (also called the National Identity Card) is an identification card, issued by the Emirates Identity Authority (EIDA), that all UAE citizens (optional for diplomats) and residents are required to obtain. It will soon be mandatory to produce the Emirates ID card to use UAE government services. This will be the social security number of the individuals and will determine the identity for any services, including residency, labour, social security, immigration and healthcare, among others. The ID card is targeted to replace all other identification cards including the labour card and the e-gate cards and will be linked to the country's immigration, labour, healthcare, law enforcing agencies. The card is renewable every three years, depending on the validity of the person's visa.

Business Hours

The official weekend is on Fridays and Saturdays. However, most of the smaller private companies only close on Friday, although Saturday may be a half-day.

Government offices open at 7.30 a.m. and close at 2.30 p.m. Private offices tend to keep longer hours, many coming back to work in the evening after an extended mid-day break whilst others are open from 8 a.m. to 6 p.m. Shop hours are similar in their opening times, but remain open until 9-10pm. Department stores, boutiques, the souks and many food shops remain open on a Friday, apart from Prayer Times (11.30-1.30), while larger shops re-open on a Friday afternoon around 4pm.

During Ramadan most work is accomplished in the early hours of the morning or much later in the evening after the day's fast is broken (at sunset).

Currency

The monetary unit of the Emirates is the Dirham (Dh or AED), which is divided into 100 fils. Dirham notes are generally issued in denominations of 1000, 500, 200, 100, 50, 20, 10 and 5 while coins are issued in denominations of 1 Dirham and 50, 25, 10 and 5 fils. The Dirham is closely linked to the US Dollar via IMF Special Drawing Rights. For the past several years the government has fixed the UAE Dirham to the US Dollar at a rate of approximately 3.67 UAE Dirhams to 1 US Dollar.

Transportation and Communications

Taxis are the main source of public transportation, although extensive local bus services exist in some Emirates like Dubai, Abu Dhabi and Sharjah. Rental cars are available, including rental from internal car rental companies. A temporary driving license, which may be obtained through the car rental company, is required.

The Dubai Metro launched its Red Line on 9 September 2009, and has swiftly become the lifeline of thousands of daily commuters in Dubai. The Green Line was launched in 2011. The Dubai RTA has also initiated the water taxi system to provide alternative means of transport to the general public.

The UAE has four international airports, the principal ones located in Abu Dhabi and Dubai. Excellent connections are available to other Middle Eastern countries and most international centres.

Telecommunications and postal facilities provide efficient telephone, facsimile, telex and mail services.

Education

All schools in the UAE are regulated by the Ministry of Education in association with the Knowledge and Human Development Authority (KHDA). There are private and government run or public schools in the UAE. The major urban centers have private English and American schools staffed by expatriate teachers. In addition, German, French, Japanese and Dutch schools are available. These schools generally provide kindergarten and primary education; although some of the English and American schools provide secondary education as well.

The main university in the UAE is the UAE University in Al Ain. Established in 1977, it offers a wide range of courses taught in the Arabic language.

Other universities in the UAE are the Ajman University, the American University in Dubai and Sharjah. In addition to these universities, there are a number of educational establishments and polytechnics, which offer higher diploma courses and degrees, which are normally taught in the English language, such as the Dubai Polytechnic and Aviation College.

Other knowledge centers in and around the Emirate of Dubai are given in brief below:

Dubai Knowledge Village

Dubai Knowledge Village [DKV or KV] is a Free Zone in Dubai which focuses on educational organizations with a range of companies and services from consultants to universities and training institutes. DKV was launched in September 2003 and has grown rapidly since then. There are universities from a number of countries with a branch in DKV, including Australia, Belgium, Canada, India, Iran, Ireland, Pakistan, Russia and UK; providing educational facilities for students from all nationalities.

Dubai Academic City (DAC)

Dubai Academic City [DAC] was established after the successful development of Knowledge Village [DKV / KV] near Dubai Internet City. Its official launch was in May 2006. The Academic City is a base for schools, colleges and universities, while Knowledge Village houses training institutes and educational service organizations. The DAC area is expected to cover 129 million sq.ft. and be completed by 2012.

Dubai International Academic City

The Dubai International Academic City [DIAC] is contained within DAC. DIAC is the free zone for tertiary institutes. By 2015, DIAC expects to have almost 40,000 students attending 40 different institutes. The DIAC located in the Dubai Academic City is the world's only Free Zone dedicated to higher education. A regional base for premier international higher education institutions, DIAC is the world's first dedicated tertiary cluster development. Spread across an area of 25 million square feet, the DIAC campus

provides an intellectually inspiring environment for students and faculty. There are currently 32 international universities of higher learning from diverse regions including USA, Australia, India, Pakistan, Iran, Russia, Belgium, UK and France operating out of DIAC, catering to over 12,000 students.

Eventually, Dubai Academic City will be the place for schools, universities and colleges while Dubai Knowledge Village will be more focused on training institutes and academic support services.

Medical Facilities

Health care in the UAE is very advanced and the services provided by both public and private medical establishments are of high standards. As the medical profession is regulated by the Department of Health and Medical Services (DOHMS), the quality of medical staff has been maintained at a high level. The country provides a subsidized national health service to all its residents who hold a medical card.

Housing

Various types of housing accommodation are available, including spacious villas set in their own grounds, villa and bungalow developments located in compounds and high quality one, two and three bedroom apartments. Many compounds have swimming and sports facilities, and all accommodation has either centralized or individual unit air-conditioning.

Villas appropriate for mid-level executives generally rent for between US\$30,000 and US\$ 70,000 per year. High-quality apartments between US\$50,000 and US\$100,000 per year, depending on the size and location. Property rates – both rentals and freehold, have taken a beating in recent years, making housing more affordable.

Each Emirate has its own policies regarding the ownership of real estate by non-UAE nationals. In Abu Dhabi, for instance, only UAE nationals are permitted to own real estate, whereas Sharjah allows some foreign nationalities such ownership. However, companies incorporated in the UAE can generally own real estate provided they are 100% locally owned.

Nevertheless, expatriates may rent or lease property, although long-term leases do not generally exceed a term of 50 years.

Other attractions around the UAE

Burj Khalifa

Burj Khalifa is a skyscraper in Dubai and is currently the tallest man made free standing structure in the world at 828 m (2,717 ft) and more than 160 floors. The total cost for the project was about US\$ 1.5 billion. Burj Khalifa holds the following records:

- Tallest building in the world
- Tallest free-standing structure in the world
- Highest number of storeys in the world
- Highest occupied floor in the world
- Highest outdoor observation deck in the world
- Elevator with the longest travel distance in the world
- Tallest service elevator in the world

The Burj Khalifa was designed to be the centerpiece of a large-scale, mixed-use development that will include 30,000 homes, nine hotels such as the Burj Dubai Lake Hotel & Serviced Apartments. 0.03 km² (0.01 sq.mi) of parkland, at least 19 residential towers, the Dubai Mall and the 0.12 km² (0.05 sq.mi) man-made Burj Khalifa Lake.

The Silvery glass-sheathed concrete building gives the title of Earth's tallest free-standing structure to the Middle East – a title not held by the region since 1311 AD when Lincoln Cathedral in England surpassed the height of the Great Pyramid of Giza, which had held the title for almost four millennia.

Dubai Mall

The Dubai Mall, one of the world's largest shopping and entertainment destinations, developed by Emaar Properties PJSC and located in the AED 73 billion mega-project Downtown Burj Dubai, is putting finishing touches to several retail and entertainment concepts that are a first for the region. The Dubai Mall is the flagship project of Emaar Malls Group, the shopping mall subsidiary of Emaar Properties.

The Dubai Mall, with a total site area in excess of 12.1 million sq.ft. has set a new dimension in mall development with its various construction components truly epic in proportion and scale. The structural steel used in The Dubai Mall is double that deployed for the Eiffel Tower (7,300 tonnes). The net leasable floor area is equivalent to the size of 50 football fields put together.

Dubai World Central International Airport

Dubai World Central International Airport is a colossal new airport near Jebel Ali, South of Dubai, in the United Arab Emirates. Previous working names have included “Jebel Ali International Airport” and “Jebel Ali Airport City”. It will be officially known as Al Maktoum International Airport. It has been named after the late Sheikh Maktoum Bin Rashid Al Maktoum, the former ruler of Dubai. It will be the main part of Dubai World Central, a planned residential, commercial and logistics complex scheme. World Central is the world's first truly integrated logistics platform, with all transport modes, logistics and value added services, including manufacturing and assembly, in a single bonded and Free Zone environment.

It will be the world's largest passenger and cargo hub, ten times larger than Dubai International Airport and Dubai Cargo Village combined. The airport will have an annual cargo capacity of 12 million tons, more than three times that of Memphis, today's largest cargo hub, and a passenger capacity of more than 120 million – almost 30% more than Atlanta, currently the world's busiest passenger airport.

The region's biggest airport, Dubai World Central will include:

- 6 parallel runways, 4.5 km in length, each separated by a distance of 800 meters.
- Three passenger terminals including two luxury facilities one dedicated to airlines of the Emirates Group, the second to other carriers, and the third dedicated to low cost carriers.
- Multiple concourses
- 16 cargo terminals with a 12 million ton capacity
- Executive and Royal jet centers
- Hotels and shopping malls

Yas Island

Yas Island is an island in Abu Dhabi. The island is the site of a US\$36 billion development project by Aldar Properties. It occupies a total land area of 2,500 hectares. The island holds the Yas Island Circuit, which hosts the Formula One Abu Dhabi Grand Prix since 2009. It also feature attractions such as Ferrari World, hotels including Yas Marina Hotel, a water park and Yas Mall, the Abu Dhabi destination retail development of 300,000 sq m retail area; links and parkland golf courses, lagoon hotels, marinas, polo clubs, apartments, villas and food and beverage outlets that has created a new tourist destination. Yas Island was named the World's leading tourism project at the World Travel Awards in November 2009.

Ferrari World is a Ferrari themed amusement park. The park is situated under a 200,000 sq .m. roof making it the largest indoor amusement park in the world. The theme park is home to Formula Rossa, the world's fastest roller coaster. The Yas Marina Circuit is the venue for the Abu Dhabi Grand Prix. Yas Marina is the second Formula One track in the Middle East, with the first being in Bahrain.

About PKF



PKF International

PKF International is among the top international business advisory networks, measured by turnover and quality. The present International organisation was formed in 1969 and originally consisted of four member firms: Australia, Canada, the United Kingdom and United States. Added to the sustained growth in the number of PKF member firms, this solidity has provided the foundations for the global sharing of expertise, experience and skills and the development of services that meet the evolving needs of all types of clients, from the individual up to the transnational company. At present it has 245 legally independent firms in 440 locations in around 125 countries with an estimated aggregate fee income of US\$ 2.4 billion.

The mission of PKF is to provide the highest quality professional services to all clients by:

- Having a close network of member firms each firmly established and respected in its own country, providing an international perspective but delivering services with a local focus
- Ensuring that there is a member firm in each mature and emerging market
- Providing appropriate technical guidance and support to enable member firms to excel
- Taking responsibility for the speedy dissemination of information and advice to all members
- Adopting compatible information systems and technology
- Making it easy for member firms to access the expertise of others
- Encouraging the free interchange of staff
- Guaranteeing a seamless and consistent service for all clients with transnational needs

PKF International



AFRICA

Algeria, Angola, Cameroon, Cote D'ivoire, Egypt, Gambia, Ghana, Kenya, Liberia, Mauritius, Mozambique, Morocco, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Tanzania, Togo, Tunisia, Uganda, Zimbabwe

ASIA

China, Fiji, India, Indonesia, Japan, South Korea, Malaysia, Pakistan, Papua New Guinea, Philippines, Russia, Singapore, Taiwan, Thailand, Uzbekistan, Vietnam

AUSTRALIA

Australia, New Zealand

CARIBBEAN AND WEST INDIES

Antigua, Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Dominican Republic, Grenada, Guyana, Jamaica, Nevis, Puerto Rico, St. Kitts, St. Lucia, Trinidad & Tobago, Turks and Caicos Islands

EUROPE

Austria, Belarus, Belgium, Bosnia and Herzegovnia, Channel Islands, Cyprus, Czech Republic, Denmark, Estonia, France, Georgia, Germany, Greece, Hungary, Ireland, Isle Of Man, Italy, Kazakhstan, Latvia, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom

MIDDLE EAST

Bahrain, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen

NORTH AMERICA

Canada, Mexico, United States of America

CENTRAL AMERICA

Belize, Costa Rica, El Salvador, Guatemala, Honduras, Panama

SOUTH AMERICA

Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela

PKF UAE Publications



As part of the firm's continuing service to clients, PKF-UAE has produced a number of publications for their information and benefit. These are as follows:

Practice Profile

A profile of PKF in the UAE

Statement of Credentials

Details of the firm, clients, services and the team

Doing business in the UAE

A guide to the UAE including economic and social background; the regulatory environment; basic business structures; grants and incentives (including free zones); taxation; and employment

Free Zones in the UAE

A guide to the major Free Zones in the United Arab Emirates including the salient features and costs

PKF Update

A quarterly newsletter detailing news from PKF-UAE and matters of interest in the region

All the foregoing publications can be obtained from any of the UAE offices

ANNEXURE



ANNEXURE A

Useful Contact Numbers

P.O. Box

Telephone

ABU DHABI

Government Departments

Chamber of Commerce

662

(2) 621 4000

Economic Department

853

(2) 672 7200

Federal Government Ministries

Economy

901

(2) 613 1111

Finance and Industry

433

(2) 672 6000

UAE Central Bank

854

(2) 665 2220

UAE Offset Group

908

(2) 626 8037

DUBAI

Government Departments

Chamber of Commerce & Industry

1457

(4) 228 0000

Department of Tourism & Commerce Marketing

594

(4) 223 0000

Department of Economic Development

13223

(4) 222 9922

Federal Government Ministries

Economy

3625

(4) 314 1555

Finance & Industry

1565

(4) 393 9000

UAE Central Bank

448

(4) 393 9777

Jebel Ali Free Zone

17000

(4) 881 3000

Dubai Airport Free Zone

2525

(4) 299 5555

Dubai Internet City

73000

(4) 391 1111

Dubai Media City

53777

(4) 391 4555

Dubai Commodities Centre

48800

(4) 390 3899

AJMAN

Chamber of Commerce

Economic Department	662	(6) 742 2177
Ajman Free Zone	870	(6) 744 6244
	932	(6) 701 1555

SHARJAH

Government Departments

Chamber of Commerce and Industry	580	(6) 530 2222
Economic Department	829	(6) 512 2222

Federal Government Ministries

Economy	3803	(6) 528 6663
UAE Central Bank	645	(6) 559 2592
Sharjah Airport International Free Zone (SAIF Zone)	8000	(6) 557 0000
Hamriya Free Zone	1377	(6) 526 3333

FUJAIRAH

Chamber of Commerce and Industry and Agriculture	738	(9) 222 2400
Fujairah Free Zone	1133	(9) 222 8000

RAS AL KHAIMAH

Chamber of Commerce and Industry and Agriculture	87	(7) 233 3511
Economic Department	10510	(7) 227 1222
UAE Central Bank	5000	(7) 228 4444
Ras Al Khaimah Free Zone	10055	(7) 204 1111

UMM AL QUWAIN

Chamber of Commerce and Industry and Agriculture	436	(6) 765 1111
Ahmed Bin Rashid Free Zone	279	(6) 765 5882

ANNEXURE B

List of UAE Tax Treaties

The Government of the United Arab Emirates has signed an Agreement for the Avoidance of Double Taxation and The Prevention of Fiscal Evasion with respect to Taxes on Income with several countries including:

- The Government of the Republic of France, 1989
- The Government of the Republic of India, 1992
- The Government of the Democratic Socialist Republic of Sri Lanka, 1992
- The Government of the People's Republic of China, 1993
- The Islamic Republic of Pakistan, 1993
- The Government of the Republic of Poland, 1993
- The Government of the Republic of Turkey, 1993
- The Government of Romania, 1993
- The Government of the Republic of Egypt, 1994
- The Government of the Republic of Italy, 1995
- The Federal Republic of Germany, 1995
- The Government of the Republic of Singapore, 1995
- The Government of the Republic of Indonesia, 1995
- The Government of the Republic of Tajikistan, 1995
- The Kingdom of Belgium, 1996
- The Government of the Republic of Finland, 1996
- The Government of the Czech Republic, 1996
- The Government of Tunis Republic, 1996
- The Government of the Republic of Malaysia, 1996
- The Government of Canada, 1998
- The Government of Turkmenistan, 1998
- The Government of Lebanon, 1998
- The Government of the Kingdom of Morocco, 1999
- The Government of the Republic of Syria, 2000
- The Government of the Russian Federation, 2000
- The Royal Government of Thailand, 2000
- The Government of the Peoples Democratic Republic of Algeria, 2001
- The Government of Yemen Arab Republic, 2001

- The Government of the Republic of Sudan, 2001
- The Government of Mongolia, 2001
- The Government of the Republic of Korea, 2003
- The Government of the Republic of New Zealand, 2003
- The Government of the Republic of Ukraine, 2003
- The Government of the Republic of Austria, 2003
- The Government of the Republic of Philippines, 2003
- The Government of the Republic of Mozambique, 2004
- The Government of the Republic of Armenia, 2004
- The Government of the Grand Duchy of Luxembourg, 2005
- The Government of the Republic of Mauritius, 2006
- The Government of the Republic of Seychelles, 2006
- The Government of Bosnia and Herzegovina, 2006
- The Government of the Republic of Azerbaijan, 2006
- The Government of the Kingdom of Spain, 2006
- The Government of the Republic of Malta, 2006
- The Government of the Kingdom of Netherlands, 2007
- The Government of the Republic of Bulgaria, 2007
- The Government of the Republic of Uzbekistan, 2007
- The Government of Kazakhstan 2008
- The Government of Republic of Vietnam, 2009
- The Government of Greece, 2010
- The Government of Venezuela, 2010
- The Government of Ireland, 2010
- The Government of Georgia, 2010
- The Government of Cyprus, 2011
- The Government of Portugal, 2011

The Government of the United Arab Emirates has signed an Agreement for the Promotion and Protection of Investments with several countries including:

- The Government of the Republic of Azerbaijan
- The Government of Jordan
- The Government of Armenia
- The Government of Czech Republic
- The Government of Algeria

- The Government of Kingdom of Sweden
- The Government of the People's Republic of China
- The Government of the Federal Republic of Germany
- The Government of Morocco
- The Government of Austria
- The Government of Yemen
- The Government of Uzbekistan
- The Government of Ukraine
- The Government of Italy
- The Government of Pakistan
- The Government of the United Kingdom
- The Government of Belgium
- The Government of Poland
- The Government of Belarus
- The Government of Turkmenistan
- The Government of Turkey
- The Government of Tunisia
- The Government of Romania
- The Government of Sudan
- The Government of Syria
- The Government of Switzerland
- The Government of Tajikistan
- The Government of France
- The Government of Finland
- The Government of Vietnam
- The Government of Korea
- The Government of Lebanon
- The Government of Malaysia
- The Government of Egypt
- The Government of Mongolia

Notes

This booklet has been prepared as a general guide. It is not a substitute for professional advice, which would necessarily have to take account of particular circumstances. The information and opinions given are liable to change without notice. Neither PKF nor its partners or employees make any representation regarding the completeness or accuracy thereof, and they accept no responsibility for any loss or damage incurred as a result of any user acting or refraining from acting upon anything contained in this booklet or upon its omission therefrom.

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