WellTax

DOING BUSINESS IN THE UAE

LONDON | DUBAI

TAX | ACCOUNTING | ADVISORY

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ABOUT US

WellTax is a boutique accountancy, advisory, and tax firm with a strong presence in both the UK and the UAE markets. Our integrated team of dedicated professionals brings together a wealth of expertise and experience.

Our firm has cultivated a strong, sustainable, and dynamic environment, where our team is deeply committed to supporting our clients. We take the time to truly understand their unique needs and challenges. By doing so, we are able to provide tailored solutions that empower our clients to make informed decisions about their future with unwavering confidence.

Whether you're a forward-thinking start-up, or a growing SME ready to take the next leap, we recognize the value of your time. At WellTax, we are dedicated to maximizing the efficiency of your operations, freeing you to focus on what you excel at. No matter where you are in your business journey, we are here to support you by streamlining processes and empowering you to thrive.

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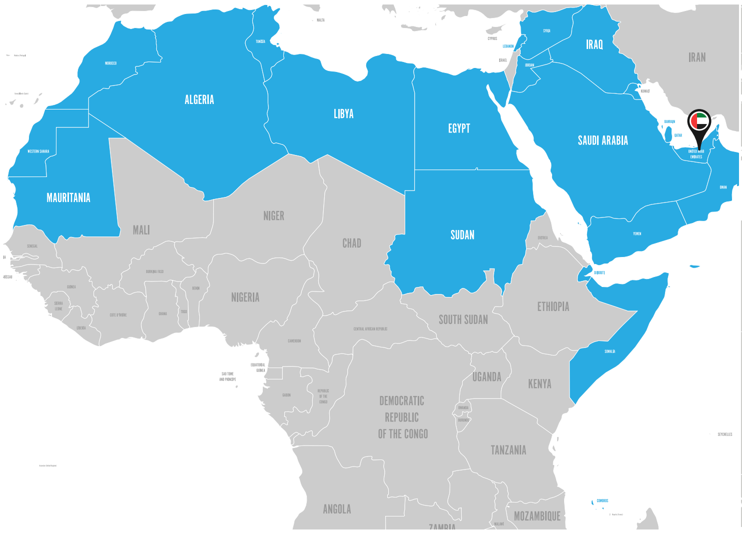
UAE – KEY ASPECTS



Real GDP 2024: approx. 488 billion EUR (+3.6%)

Non-oil sector = 75% of GDP (+4%)

Real estate prices in Dubai have increased by ~20% (~16% adjusted for inflation)

Direct access to 2/3 of the world's population in less than 8 hours

Abu Dhabi was recognized as the safest city in the world, with Dubai ranking 4th

Net influx of millionaires in 2024: 6,700 approx.

ADVANTAGES FOR INVESTORS

0% Personal Income Tax
9% Corporate Tax

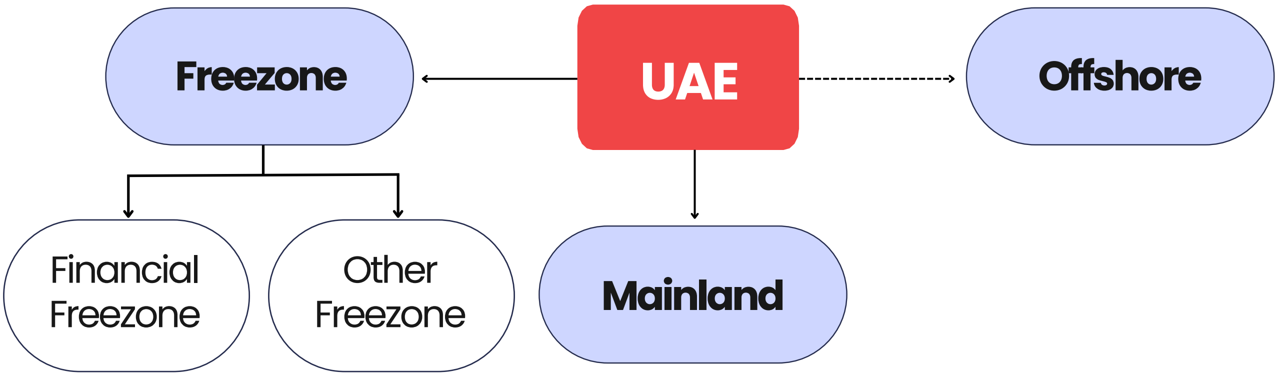
100% Foreign Ownership
Allowed in Most Sectors

Ranked 1st in the region for logistics and transportation

Ranked 16th in the Ease of Doing Business index (World Bank)

BUSINESS SET UP & EXPANSION TO THE UAE

GEOGRAPHICAL FORM



LEGAL FORM

Sole Proprietorship	Limited Liability Company
Civil Company	Public Shareholding Company
Partnership	Private Shareholding Company
Foundation/Trust	Freezone Company
Representative Office	Branch of Foreign Company
Freelancer	Branch of UAE Based Company

7 MAINLAND JURISDICTIONS

~50 FREEZONE JURISDICTIONS

3 OFFSHORE JURISDICTIONS

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BENEFITS

MAINLAND	FREEZONE
Do business anywhere in the UAE	Independent rules and regulations
Do business internationally	Single Window Operation model
Legal contracts with Government entities	Easy access to airport and seaport
More quotas of employment visas	Easy availibilty of facilities
Access to world class infrastructure	Import and export duties exemption

COMPARISON

	MAINLAND	FREE ZONE
Regulations	Federal Law No. 34 of 2021	Different for every Free Zone
100% Owernship	On selected activities	On all activities
Sectors	All	Specialized depending on the activity
Visa	More flexibility	Depend of office space size
Activities	Can do business in the UAE and internationally	Can do business in the Free Zones and internationally
Emiratisation	Mandatory from 20 or more employees	Not required
Wage Protection System (WPS)	Strict regulations	More flexible
Custom Duty	5% applicable	Not applicable for re-export purposes or within the same Free Zone

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OFFSHORE COMPANIES

JAFZA
Jebel Ali Free Zone

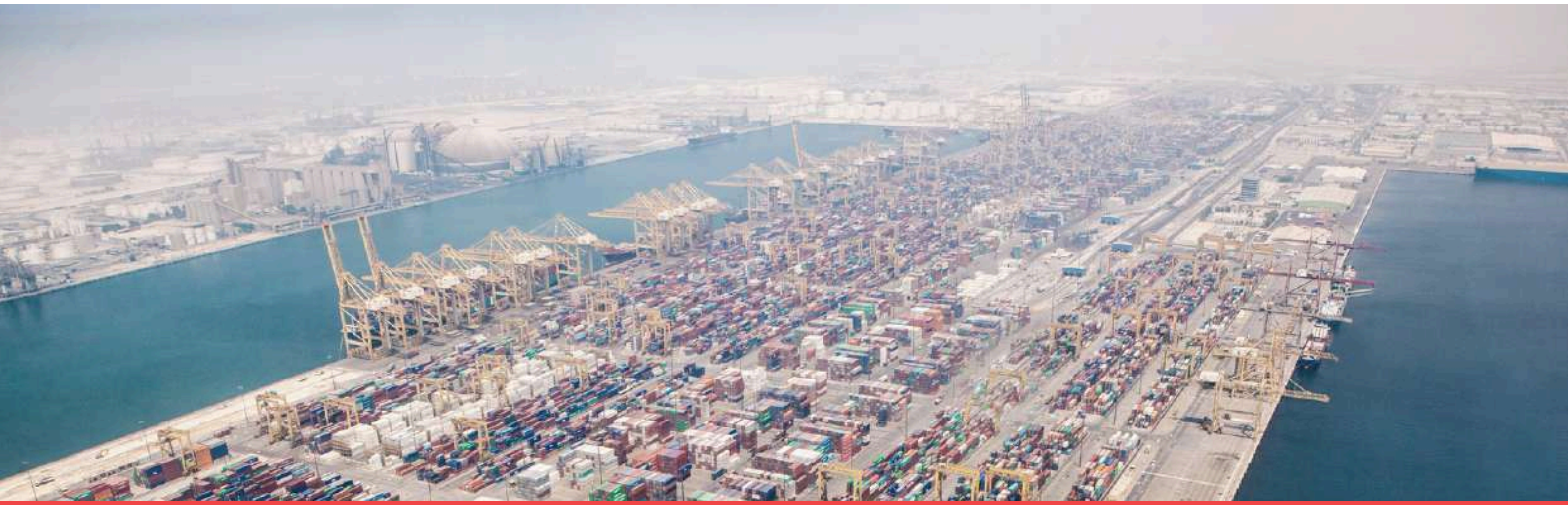
AJMAN
Ajman Free Zone

RAK ICC
RAK International Communication Center

- Not allowed to practice activities in the UAE
- Residence Visa Quota not available
- Need to appoint an agent

BENEFITS

OFFSHORE	
Keep wealth and income confidential	Do business internationally
Investors can access banking	Option to choose nominee shareholder
Investors have access to professional services	Investors own assets via an offshore company



SET UP PROCESS

OWNERSHIP BY NATURAL PERSON

1. **BUSINESS ACTIVITY SELECTION** — From the Jurisdiction's Activity List
2. **DEFINE COMPANY NAME** — Approval Required
3. **PREPARE LEGAL DOCUMENTS** — Memorandum of Association
4. **SECURE A BUSINESS ADDRESS** — Ejari or Flexi Desk
5. **LICENSE ISSUANCE**
6. **VISAS & BANK ACCOUNT**

INCORPORATION AVERAGE TIMEFRAME		
MAINLAND	**FREEZONE**	**OFFSHORE**
2 weeks	1 week	2 weeks

OWNERSHIP BY LEGAL PERSON

PARENT COMPANY DOCUMENTS REQUIRED FOR INCORPORATION

- Certificate of Incorporation
- Memorandum/ Articles of Association
- Certificate of Incumbency or Good Standing Certificate
- Board/Shareholder resolution
- Passport copies of UBOs, shareholders and key officials
- Business Plan

INCORPORATION AVERAGE TIMEFRAME*		
MAINLAND	**FREEZONE**	**OFFSHORE**
2-3 weeks	1-2 weeks	2-3 weeks

*After receiving the Parent Company's notarized and UAE-attested documents

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ADDITIONAL DOCUMENTATION REQUIREMENTS

- Audited Financial Statements (last two years) could be required
- These documents (apart from passport copies and business plan) need to be attested by the UAE embassy in the home country of the Parent Company and then by the UAE Ministry of Foreign Affairs

*This list of documents can vary from case to case, depending on the rules applied by the DEDs in the respective emirate or by the Free Zones Authorities

RESIDENCY VISAS

MAIN OPTIONS

PARTNER VISA	GOLDEN VISA
EMPLOYMENT VISA	RESIDENT VISA THROUGH FAMILY

PARTNER VISA

Overview	• Valid for two to three years for private or free zone partners • Can be requested by anyone owning a business or shares of a business in the UAE • Doesn’t require any investment, beside the creation of the company
Eligibility	• Need to be 18+ years old • Own shares in a company • Company must be operating (bank account, VAT registered if needed, office in mainland, etc)

EMPLOYMENT VISA

Overview	• Valid for two years for private or free zone employees • Employer applies for the residence visa and pays for it
Eligibility	• Need to be 18+ years old (except with Juvenile and training work permit) • No maximum age, for workers over the age of 65, the company pays a higher fee • Fit medical test

GOLDEN VISA

Overview	• Lasts 5 or 10 years, renewable • Enables living, working, or studying in the UAE without a sponsor • Allows staying outside the UAE for extended periods without losing visa status • Permits family sponsorship without age limits and unlimited domestic helpers • Family can remain in UAE till visa expiry if the primary visa holder passes away

Eligibility	
Real Estate Investors	• 5 to 10 years visa for property owners with real estate worth AED 2 million or more • Can be multiple properties • Property can be financed by specific local banks • No minimum downpayment required
Investors	• 10-year visa for public investment fund contributors or with a minimum of AED 2 million capital • Partner of a business paying AED 250,000 annual taxes to the government confirmed by the Federal Tax Authority
Entrepreneurs	• 5-year visa for owners of a technical, innovative project worth at least AED 500,000 • Requires approval from a UAE auditor, emirate authorities, and an accredited business incubator
Talents	• Doctors, scientists, creatives in culture and art, inventors, executives, scientific specialists, athletes, doctoral degree holders, and engineering/science experts
Highly Skilled Employees	• Employees earning more than AED 30,000 • Profession level 1 or 2 required • Subject to approval from MoHRE

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CORPORATE TAX

MANDATORY REGISTRATION WITHIN 3 MONTHS OF COMPANY INCORPORATION

RETURN FILING DEADLINE WITHIN 9 MONTHS OF FISCAL YEAR

TAXABLE PERSONS	0%	9%
Natural Persons and Juridical Persons	On Taxable Income up to and including AED 375,000 (from all Business Activities of a Taxable Person)	On Taxable Income exceeding AED 375,000 (from all Business Activities of a Taxable Person)
Qualifying Free Zone Persons	On Qualifying Income	On Non-Qualifying Income
Non-Residents with a PE or Nexus in the UAE	On Taxable Income up to and including AED 375,000	On Taxable Income exceeding AED 375,000
Non-Residents - Deriving UAE Sourced Income	Withholding Tax of 0% on UAE sourced income not attributable to a PE in the UAE	NA

QUALIFYING FREE ZONE PERSON (QFZP)

A UAE Free Zone juridical person which meets specific eligibility criteria to benefit from **0% Corporate Tax on Qualifying Income**

CONSIDERATIONS	
Holds adequate substance in a Freezone	Derives **Qualifying Income**
Meets the **De Minimis** requirement	Presents audited financial statements
Complies with **Transfer Pricing** rules and documentation	Not eligible to benefit from other reliefs (e.g. Small Business Relief or Tax Grouping Relief)

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QUALIFYING INCOME

CATEGORIES
→ Income from transactions with other FZPs, excluding exempt activities
→ Income derived from transactions with any Persons but only in respect of Qualifying Activities that are not Excluded Activities
→ Other Non Qualifying income where the de minimis requirement is met

QUALIFYING & EXCLUDED ACTIVITIES

QUALIFYING ACTIVITIES	EXCLUDED ACTIVITIES
• Manufacturing and processing of goods or materials • Holding of shares and securities • Ownership, management and operation of ships • Reinsurance, fund management and wealth and investment management • Headquarter, treasury and financing services to Related Parties • Financing and leasing of Aircraft • Distribution of goods or materials in or from a Designated Zone to a customer that resells, processes or alters such goods or materials or parts thereof for the purposes of sale or resale • Logistics services • Ancillary activities to the above activities	• Any transactions with natural persons except transactions in relation to certain Qualifying Activities • Banking activities, insurance and leasing activities • Ownership or exploitation of immovable property other than commercial property located in Free Zone • Ownership or exploitation of intellectual property • Ancillary activities to the above activities

DE MINIMIS THRESHOLD

A QFZP remains eligible for the 0% Corporate Tax rate if its **Non-Qualifying Income** does not exceed either:

5% OF TOTAL REVENUE or **AED 5,000,000**

NON-QUALIFYING INCOME

- Excluded Activities
- Activities that are not Qualifying Activities where the other party to the transaction is a Non-Free Zone Person
- Transactions with a Free Zone Person where such Free Zone Person is not the beneficial Recipient of the relevant services or Goods

NATURAL PERSON RELIEF

- Natural persons who do not engage in business activity in the UAE
- Natural persons who engage in business activity in the UAE generating a turnover not exceeding AED 1 million within the calendar year

ACTIVITIES NOT CONSIDERED AS A BUSINESS OR BUSINESS ACTIVITY

WAGES	PERSONAL INVESTMENT INCOME	REAL ESTATE INVESTMENT INCOME

WHEN CONDITIONS ARE MET, CORPORATE TAX REGISTRATION IS NOT REQUIRED, AND NO CORPORATE TAX WILL BE PAYABLE

SMALL BUSINESS RELIEF

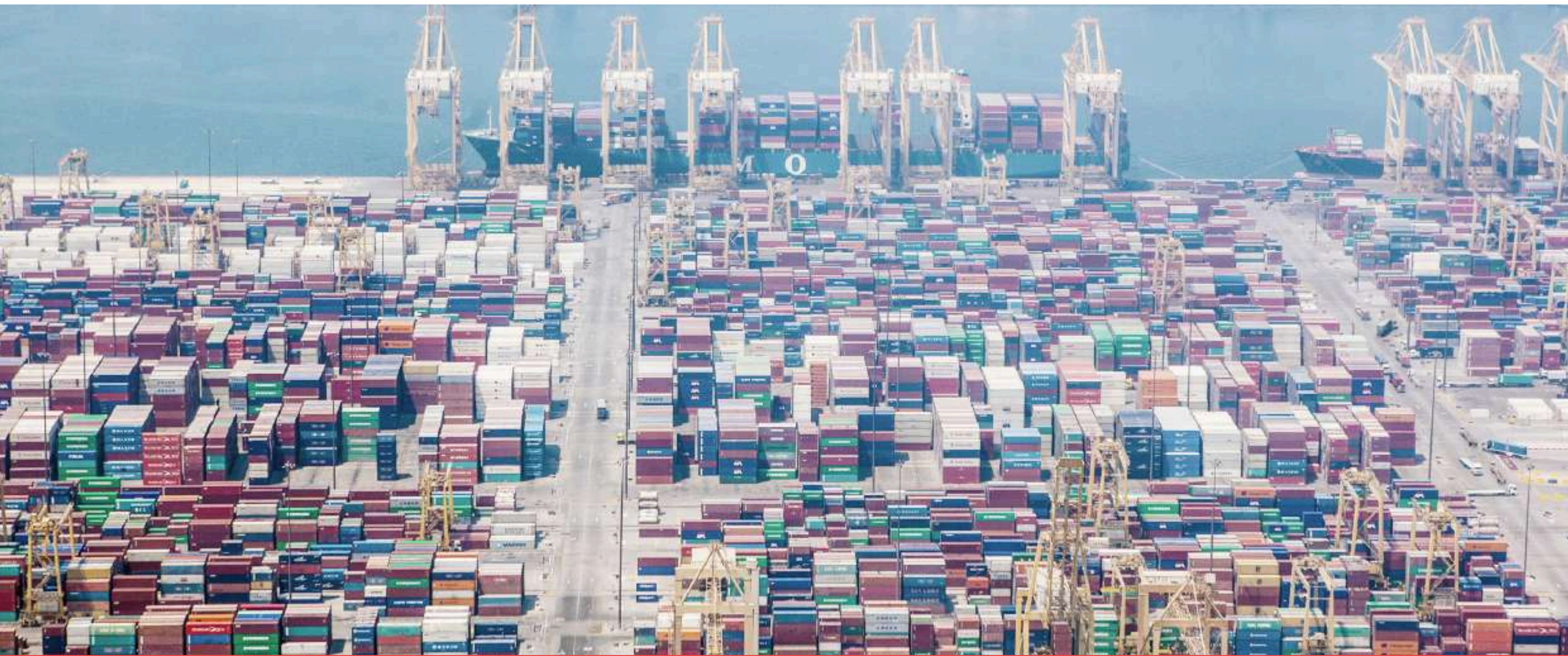
CONSIDERATIONS	
Resident Person (Natural or Juridical)	Election reviewed at each Tax Period
Revenue equal or less than AED 3,000,000 in current and all previous Tax Periods	No transfer pricing documents required, but must follow arm's length principle
Treated as not having any Taxable Income in the tax period	Valid until 2026 included

NOT ELIGIBLE

QUALIFYING FREE ZONE PERSON	MULTINATIONAL GROUP MEMBER WITH REVENUE OVER AED 3.15 BILLION

VAT

Overview	• The standard VAT rate is 5%, applying to most goods and services, while some qualify for 0% VAT or exemptions (subject to specific conditions)
Registration Criteria	• UAE businesses must register for VAT if taxable supplies and imports exceed AED 375,000 in the last 12 months • Non-UAE businesses must register for VAT when making taxable supplies in the UAE, with no minimum threshold • Voluntary registration is allowed when taxable supplies, imports, or expenses exceed AED 187,500
Impact on Individuals	• VAT applies broadly with limited exemptions, potentially increasing living costs • Business must clearly communicate VAT charges to customers
Impact on Businesses	• Must charge VAT on taxable supplies and can reclaim VAT on business expenses • Need to maintain records for government review • Regularly report VAT collected and paid to the government online • Pay the government if collected VAT exceeds paid VAT; reclaim if the opposite occurs



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REGISTERED TAX AGENT IN THE UAE
WHY IS IT CRUCIAL ?

REGULATORY COMPLIANCE

The UAE's tax landscape is continuously evolving, with regular updates to VAT laws, corporate tax regulations, and economic substance requirements. WellTax ensures that businesses stay compliant with the latest legal changes, avoiding unintentional breaches and helping navigate complex rules seamlessly.

REPRESENTATION BEFORE THE FTA

In case of audits, disputes, or clarifications, a registered tax agent can directly liaise with the FTA on behalf of the business. Their expertise and formal representation rights allow for smoother communication with tax authorities, ensuring the business's interests are professionally defended.

PREVENTION OF FINES

Errors in tax filings or late submissions can result in hefty fines from the Federal Tax Authority (FTA). Tax agents ensure accuracy and timeliness, maintaining proper records and double-checking all filings to mitigate the risk of penalties and safeguard the company's reputation.

OPTIMIZATION OF TAX LIABILITIES

A tax agent doesn't just ensure compliance — they help minimize tax liabilities through smart corporate structuring and planning. This can include advising on legal deductions, structuring cross-border transactions, and ensuring businesses leverage all available benefits under UAE's tax laws and double tax treaties.

REDUCTION OF ADMINISTRATIVE BURDEN

Managing tax-related tasks — from preparing returns to maintaining records — can be time-consuming. WellTax will take on this burden, allowing business owners and management to concentrate on strategic initiatives, innovation, and scaling their operations without being bogged down by paperwork.

TRANSFER PRICING

Businesses looking to invest in the UAE by establishing a **subsidiary**, and engaging in transactions exceeding a specified threshold within the group, must submit a **Disclosure Form** to the **Federal Tax Authority (FTA)** along with their annual **Tax Return.**

These transactions must follow the **Arm's Length Principle**, ensuring prices align with market rates that independent third parties would apply.

RELATED PARTIES

The form must be completed if transactions with Related Parties exceed:

AED 40 MILLION IN TOTAL AGGREGATE VALUE or **AED 4 MILLION PER TRANSACTION CATEGORY**

CATEGORIES OF TRANSACTIONS TO BE REPORTED					
Goods	Services	Intellectual Property	Interest	Assets and Liabilities	OTHER

INFORMATION TO BE REPORTED	
Related Party Name and Tax Reference Number	Related Party Country of Residence
Gross income received or expenses incurred	Transfer Pricing method used
Arm's Length value of the transaction	Any applicable Tax Adjustments

CONNECTED PERSONS

A **Connected Person** is anyone who directly or indirectly owns, controls, or holds an interest in the taxable person, including **directors, officers, partners in an unincorporated partnership, and related parties of any of the above.**

The form must be completed only if the Total Aggregate Value of transactions with Connected Persons (including Related Parties) **exceeds AED 500,000.**

CONNECTED PERSON'S COMPENSATION

TAX TREATMENT

Payments or benefits provided by a taxable person to a **Connected Person** must reflect **market value.** Payments (including salaries and bonuses) must be reasonable, necessary, and aligned with market benchmarks to prevent tax avoidance.

- → Remuneration exceeding standard market rates for directors, owners, or related parties is **not deductible**
- → Remuneration within the standard market rate is considered **deductible**
- → Management fees paid to a parent company or related party must align with the **Arm's Length price**

CONSIDERATIONS

A correct remuneration is determined based on genuine business needs, ensuring alignment with the company's goals and strategic objectives, while also reflecting industry benchmarks and market practices

THE IMPORTANCE OF A DETAILED ANALYSIS

The analysis benchmarks salaries against **industry standards**, company size, profitability, and director responsibilities to ensure compliance with UAE tax regulations.

EXAMPLE: IF A DIRECTOR'S REMUNERATION EXCEEDS AED 500,000 IT MUST BE DISCLOSED IN THE COMPANY'S FINANCIAL STATEMENTS

WITHHOLDING TAX

A **0% withholding tax** applies to certain UAE-sourced income for non-residents, except when linked to a Permanent Establishment (PE) in the UAE.

CREDIT FOR WITHHOLDING TAX PAID IN THE UAE

If a person has a withholding tax credit, it may be deducted at the time of tax payment, provided they are a taxable person in the UAE

NO REGISTRATION OR REPORTING IS REQUIRED

The maximum Withholding Tax is the lesser of:

- The amount of Withholding Tax taken
- The Corporate Tax due

ANY EXCESS WITHHOLDING TAX CAN BE REFUNDED TO THE TAXABLE PERSON

PARTICIPATION EXEMPTION

Allows certain types of income (e.g. dividends, capital gains) to be **excluded from Corporate Tax** if a taxable person maintains a significant long-term ownership interest in a company.

CONDITIONS TO QUALIFY
Hold at least 5% of shares or invest a minimum of AED 4 million
Shares must be held for at least 12 months or with the intention to do so
Ownership must entitle at least 5% of profits, unless investment exceeds AED 4 million
The company must be in a jurisdiction with a corporate tax rate of at least 9%
For Holding Companies which are Related Parties, 50% of total assets should be investments rather than operational costs

Both Resident and Non-Resident taxable persons can benefit from the Participation Exemption if all conditions are met

Not Covered:

- Management fees
- Interest or royalty income from UAE or foreign subsidiaries

Automatic Application:

- If all conditions are met, the Participation Exemption applies automatically, providing tax relief on qualifying income

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GET IN TOUCH

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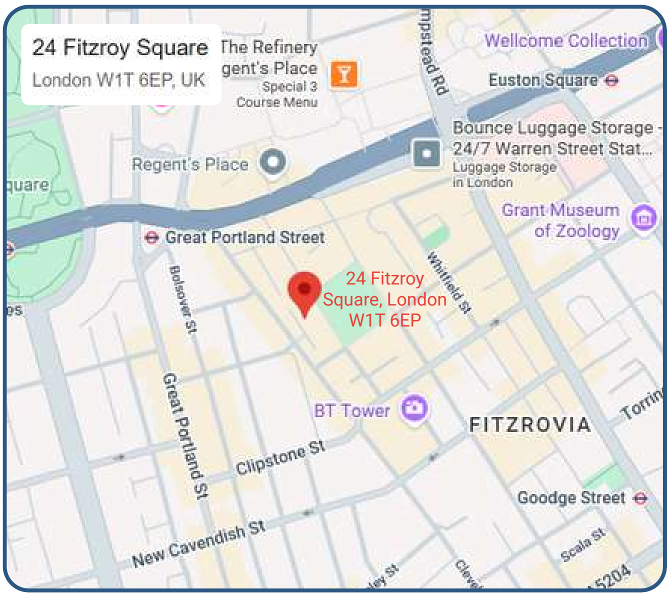

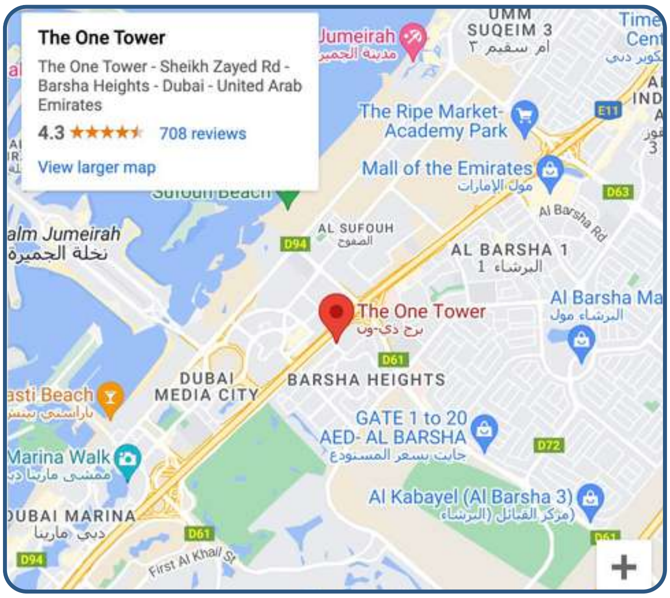

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