

# My Space



**KARTEEKKA TYAGGI** is a Dubai based corporate and commercial lawyer with international experience of having worked in jurisdictions around the globe. Karteekka has worked with leading law firms in India before moving to UAE, where she worked with various corporate houses. She advises clients on International business and risk strategy, claims management, cross-border investments, acquisitions, joint ventures and commercial & regulatory issues.

## The UAE Dream

**E**ntrepreneurs and businessmen world over are always on the lookout for favourable business environments and economies that can provide a free and vibrant atmosphere for their businesses. When it comes to a free, vibrant, welcoming and convivial business environment, the only name that comes to one's mind is that of the UAE.

From the days of clock towers and desert homes to those of busy highways and the world's tallest structures, UAE has certainly come a long way. There are various factors which make the UAE the preferred business destination and some of them are:

- A Robust, open and competing economy;
- Political stability, which is unequalled in the region;
- Close proximity and easy access to the 1.5 billion consumer markets situated in Asia, Africa, Europe, India and China;
- A Tax-efficient environment;
- Intellectual property, including patents and trademarks, is legally protected in the UAE;
- A solid infrastructure;
- Availability of multi-national human resource population;
- Efficient government services.

There are two ways to establish presence in the UAE-

- 1) A company in the approved legal form with a national Emirati partner or an Emirati Local Service Agent;

### 2) A 100% foreign owned Free Zone Company

Companies established outside the Free Zone area are governed by the rules and regulations stipulated in the Commercial Companies Law (CCL) and the prevailing laws in the relevant emirate. While the Companies established within a Free Zone Area are governed by the rules and regulations of the relevant free zone authority.

Legal Forms of Companies under the CCL

- Partnership Company
- Limited Partnership Company
- Joint-Venture Company
- Public Shareholding Company
- Private Shareholding Company
- Limited Liability Company
- Partnership Limited with shares
- Business Foreign Company

Licensing Conditions for Companies outside the Free Zones:

- UAE Nationals: are allowed to exercise all economic, Professional and craftsmen activities.
- GCC Nationals: they are treated as UAE nationals concerning the exercise of economic and Professional activities.
- Other Countries' Nationals have the right to exercise Professional activities provided that they shall appoint local services agent holding UAE nationality. As for the other kinds of companies, they can establish provided that one of the partners is UAE nationals holding not less than 51% of the paid capital.

- For all professional services licenses, the applicants must also hold a degree evidencing that they are competent enough to exercise the relevant professional activity.
- There are certain activities which require the relevant Ministry's approval such as nursery schools, private universities, audit offices, lawyers, healthcare professionals, hospitals etc.

### UAE FREE ZONES:

The Free Zones have been designed to complement and contribute to UAE's growth and development but their legal status is extremely unique with the companies operating in them being legally treated as foreign companies or companies operating outside the UAE. The choice of doing business in free zones is very suitable for companies interested in taking advantage of UAE as a regional manufacturing or distribution area, as most of the sales of such companies will be exported without any tax being imposed. Today there are about 40+ free zones within the various emirates of the UAE.

Advantages of Free Zones

- 100% ownership of an enterprise;
- 100 % repatriation of capital and profits;
- no minimum capital investment (except a few free zones);
- no corporate or personal tax and no need for a local partner;
- ready-made offices, flexi-desk options, factories, warehouses;
- easy start-up and licensing procedures.