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Doing Business in Dubai from a Swiss Perspective "Made for Trade Series"

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Agenda

- The UAE in a Nutshell
- Dubai, the Business Hub in the Middle East
- Setting up Business in Dubai
- Emiratization
- Swiss/Emirati Relations
- UAE Corporate Tax

The UAE in a Nutshell (1)

Key Fact and Numbers

- ✓ Independence from the United Kingdom (**2 December 1971**, admitted to the United Nations on 9 December 1971)
- ✓ The United Arab Emirates is an **elective monarchy** formed from a federation of **7 Emirates**: Abu Dhabi (capital), Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah, and Umm Al Quwain
- ✓ Member state of **Gulf Cooperation Council (GCC)**
- ✓ **10m residents** (approx. 90% foreigners)
- ✓ Business, trade and financial hub for MENA, Subcontinent and Central Asia
- ✓ **2bn people** live within a flight range of 4 to 5 hours

The UAE in a Nutshell (2)

Importance in the
Gulf Region

- ✓ **Third largest re-exporter** after Hong Kong and Singapore
- ✓ **4.24m barrels of oil** per day (4% share in world total)
- ✓ 48% of world proven oil / 43% of gas **reserves**
- ✓ UAE economy will grow by an **estimated 3.0% in 2023**, after a strong 7.9% gain in 2022. The slowdown will be largely due to OPEC's recent decision to cut production of crude oil.
- ✓ UAE is **2nd largest economy in the GCC**

The UAE in a Nutshell (3)

Legal System

The legal system in the UAE (outside of the Dubai International Finance Centre ("DIFC") and the Abu Dhabi Global Market ("ADGM")), is based on both **civil code and on the Islamic Sharia Law principles** (also prevailing as public policy/order).

DIFC Courts are operating within a **common law framework** to ensure the highest international standards of legal procedure and dispute resolution.

ADGM Courts' regulations and supporting rules enshrine ADGM's legal framework of the **direct application of English Common Law**.

Dubai | Business Hub in the Middle East (1)

Infrastructure

- ✓ **Dubai International Airport (DXB)** is the fastest-growing aviation hub in the world
 - ✓ services and manages **connections between 260 destinations worldwide.**
 - ✓ more than **100 airlines.**
- ✓ **Port of Jebel Ali**
 - ✓ world's **ninth busiest port**;
 - ✓ the **largest man-made** harbour;
 - ✓ and the biggest and by far the busiest port in the **Middle-East**

Dubai | Business Hub in the Middle East (2)

Key Players

- ✓ **DP World**
 - ✓ handles 80 million TEUs (roughly 10% of global TEUs traffic present in over 40 countries)
- ✓ **Emirates Airlines**
 - ✓ One of the world's largest international airline, flying to 158 destinations in 85 countries.
 - ✓ operates 269 aircraft and is the world's largest operator of the Airbus A380 and Boeing 777 family of aircraft.

Setting up Business in the UAE

" Local"
UAE Setup

FYI - In most Gulf countries foreign ownership in companies is not allowed.

The UAE offer basically **three types of company setups**:

- ✓ **Local (main land) companies**
 - ✓ Since June 2021, around 1,000 of the listed business activities (mostly commercial, trading and industrial activities) in Emirate Level can now be conducted under **100% full foreign ownership**.
- ✓ **Free Zone Companies (onshore)**
- ✓ **Free Zone Companies (offshore)**
- ✓ Professional Licenses, branches of foreign or free zone companies and Sole Proprietorship companies, can be directly registered in the UAE without the need to appoint a local service agent, as previously required.

Emiratisation

Integration of
Emirati
workforce

Currently, companies regulated by the Ministry of Human Resources and Emiratization (MOHRE) and employing at least **50 employees** are obligated to increase the number of UAE nationals under their employment at the rate of 2% per year (not applicable to free zone companies).

Companies that meet the following criteria will be required to hire **one Emirati national before 31 December 2024**, and an additional Emirati national before 31 December 2025:

- ✓ **Companies that employ between 20-49 employees**
- ✓ **Engage in any of the following activities:**
Information and Communications, Financial and Insurance activities, Property / Real Estate, Scientific and Technical activities, Administrative and Support Services activities, Education and others.

Swiss/Emirati Relations

Treaties and International Commitments

- ✓ **Double taxation agreement** between Switzerland and the United Arab Emirates (21 October 2012), as amended in November 2022
- ✓ The EFTA States signed a **Free Trade Agreement** with the Gulf Cooperation Council (GCC) (entered into force on 1 July 2014)
- ✓ **Financial Dialogue** between Switzerland and United Arab Emirates (5th dialogue in May 2023) discussing means of bolstering strategic relations and bilateral cooperation in various development, economic and financial fields of common interest
- ✓ In 2022, Switzerland was on 4th place for **FDI** into the Emirate of Dubai (4% of all FDI)

UAE Corporate Tax

Federal Decree-Law
No. 47 of 2022 on
the Taxation of
Corporations and
Businesses

- ✓ On 31 January 2022, the Ministry of Finance (MoF) announced the introduction of Corporate Tax in the United Arab Emirates. The UAE CT regime became **effective for financial years starting on or after 1 June 2023**.
- ✓ **General:** Corporate tax rates will be 0% on taxable income up to AED 375,000 and 9% on taxable income over AED 375,000.
- ✓ **Special regime for Qualifying Free Zone Person**
- ✓ Related:
 - ✓ Base Erosion and Profit Shifting (**Economic Substance Regulations**)
 - ✓ (Tax) Transparency and Exchange of Information (**UBO Regulations**)
 - ✓ International AML/CFT Standards (**FATF Recommendations**)

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Questions & Answers



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