

Company formation in the United Arab Emirates (UAE)

Market participants are always looking for the **optimal economic conditions** for their activities.

These conditions are currently the most favorable in the **United Arab Emirates (UAE)**.

This is mainly due to the **financial conditions – comprehensive tax exemption, low tariffs, anonymity and safe finances** – but also the favorable administrative environment, which proves that 90% of the companies in the UAE are small and medium-sized enterprises.

That is why it **is recommended to set up a** so-called FreeZone company - but essentially "offshore" - **company there.**

Our law firm deals with tax law optimization as one of its focal points and has already gone through this process itself, so that it **offers its clients the company formation service in the UAE as a well thought-out business model.**

As part of asset management, we take over the assets entrusted to us and **invest the assets after consultation** with our clients.

The following overview helps with the first decision – **the competent specialist lawyers of our law firm and our experienced partner accounting office help to work out the details and implement them!**

- **For what activities are these companies founded?**

These offshore companies operate in the UAE's - mostly specialized - free trade and investment zones and conduct their activities outside of the UAE – i.e. H. they have no commercial relationship with customers in the UAE.

The company is suitable for **investments in holding companies or for conducting global trading / economic activities** (e.g. e-commerce, marketing) with its headquarters in the UAE.

- **What specific advantages do companies enjoy?**

These **companies enjoy benefits that encompass the entire activity** and are extremely attractive:

- **Corporate income tax exemption**
- **Exemption from withholding tax**
- **Income Tax Exemption** - UAE and Hungary have an agreement to avoid double taxation
- Duty is only 4% and there are many duty exemptions
- Exemption from preparing an annual report
- Exemption from the obligation to keep accounts in some free trade zones

- **no exchange of information between UAE and foreign authorities**
- **no trading restrictions and currency restrictions**
- **Opening a bank account in the UAE**
- UAE is not considered a tax haven
- **Returns well above the European average** can be achieved when **investing in residential real estate**
- Real estate investments by offshore companies can be financed at **low interest rates**
- The local currency is pegged to the USD, so **the exchange rate risk is also low**
- **Invested funds are safe** and can be moved 100% freely at any time

- Is a settlement/personal presence necessary?

Personal entry to UAE is not required for incorporation, only for visa application and bank account opening.

A branch is also not required for the operation of the company (management can be carried out from abroad), the company **only has to maintain an office** at its registered office.

A visa is required for personal stay – investor visa for opening a bank account - which can be obtained through the company.

- How long does it take to start/maintain a business and what are the costs involved?

The registration of the company itself is fast, it takes only 3-5 days.

Opening a bank account, on the other hand, is more time-consuming and **requires expert knowledge**.

The costs of setting up a company vary and depend heavily on the location (free zone), the activity and the type of company and are from EUR 4,500 (incl. fee), as well as our fee for **opening a bank account** by separate agreement.

In addition, there are **the other necessary costs** approx. EUR 2000 (investor visa, UAE ID card and the necessary medical examination).

If you want to start a company and / or need advice on the conditions under which it is worth starting a business in the UAE for your economic activity, please contact us!

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