



STARTING A BUSINESS IN DUBAI

BUSINESS INFORMATION SERIES OPERATIONS

2012/Vol.1/ No.1

800 CHAMBER
WWW.DUBAICHAMBER.COM

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DUBAI CHAMBER

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Published by:

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P.O. Box 1457, Dubai, United Arab Emirates

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INTRODUCTION

Global firms in the past, irrespective of strong product lines and global expertise, did not capture Gulf opportunities. Today, however, they are destined to succeed due to a number of reforms implemented in Dubai. Dubai is the leading regional trading hub, which offers access to a market of outstanding potential for overseas companies. The key characteristics of this market are:

- Regional economic growth and liberalization that is set to boost demand.
- A strategic location right at the heart of one of the world's richest regions.
- A diversified market with wide import requirements that offers immense opportunities for suppliers of most products. There is a positive relationship between government consumption and growth.
- Dubai offers incoming businesses the advantages of a highly developed economy, since its state of the art infrastructure and services match the highest international standards, facilitating efficiency, and quality.
- Many of the successful organizations that come into Dubai bring the right organizational design, strategies and marketing campaigns and high caliber talent to sustain growth and the evolution of local business.

The benefits of conducting business in Dubai, UAE include:

- A dynamic business culture.
- A highly developed transport infrastructure.
- A developing financial and services sector.
- The best international exhibition and conference venues.
- High quality office and residential accommodations.
- Reliable utilities provision.
- A cosmopolitan lifestyle with first class hotels, hospitals, schools and shops.

1.1 The United Arab Emirates Leads Development

The UAE leads in a number of metrics & policies.

- The UAE continues to lead the Arab region and is ranked 19th globally in the Global Enabling Trade Report 2012 released by the World Economic Forum (WEF).
- The UAE figures among the top 10 nations in Efficiency of Import-Export Procedures.
- The UAE has created a competitive advantage in trade through targeted policies on market access, border administration, transport and telecommunications infrastructure and the business environment, including port, infrastructure investment and innovation in improving the efficiency of its trade process.
- The UAE government provides an environment conducive to foreign direct investments inflows. The UAE is characterized by the ease of establishing projects and businesses. The lack of taxation contributes to the emergence of the UAE as an important global trade hub.

1.2 Dubai Government Foresight

Dubai's government is receptive to bringing change to Dubai, its people and to enhance its business development.

- Dubai facilitates starting a business by trying to improve the economy's regulatory environment for business and allows companies to file the required company documents with the Department for Economic Development, to obtain a trade license.
- The Government is committed to liberal, free market policies through a business environment that is conducive to commercial activity, has no foreign exchange controls, quotas or trade barriers. Import duties are 5% and no corporate tax is levied, exceptions being the banking and oil sectors.

- The recently enacted Law No. 13 of 2011 aims to regulate economic activities in Dubai and create an environment conducive to greater foreign direct investment inflows.
- The Department of Economic Development authorizes free zone companies to set up branches in the wider emirate after gaining the approval.
- Law No.13 of 2011 aims to create a business friendly environment for investment across many economic sectors. It develops a one stop shop structure and a more efficient system for licensing businesses in Dubai.
- Law No. 13 of 2011 sets out new procedures for modification, renewal, suspension of licenses, and disciplinary actions by the DED that result in business closures and license cancellations.
- DED licenses are granted for one year and must be renewed annually.
- Four year licenses are possible but subject to DED approval. The new law clarifies the requirements that allow free zone businesses to conduct business in Dubai.

Law No. 13 of 2011 contains bylaws, dealing with the requirements of economic activity in Dubai. Particular articles of the law are highlighted below:

Article 3

- Regulates economic activities in Dubai, creates an investment-friendly environment in various sectors and sets-up a single portal to deal with investor enquiries on the requirements for doing business.
- Creates an ideal environment for business operations in the emirate, increases economic growth and develops the economic environment by relying on accurate and transparent information.
- Regulates the marketing and promotions by retailers. The Department of Economic Development (DED) will issue permits for promotional and marketing activities.

Article 4

- The DED regulates the issuances of licenses in accordance with laws, co-ordinates with relevant authorities and specifies license duration.
- Handles the registration of commercial establishments in the business registry.
- Classifies economic activities permitted in the emirate in accordance with internationally used systems that are regularly updated.
- Regulates and specifies working hours for businesses.
- Monitors and inspects violations of intellectual property rights and commercial fraud.
- Manages consumer and commercial protection operations.
- Ensures businesses carry out only the activity they are licensed to do.
- No person or corporation can operate in Dubai without an establishment licensed by the DED.
- To be licensed in Dubai, businesses must present the documents required to DED. It will review the licensing request and legal status of a company to make sure it abides by all terms and current legislation in effect.

Article 8

- Licenses are valid for only one year and renewable on an annual basis. Any business may request a license for up to four years with the DED's approval.

Article 9

- Businesses should register with the DED's commercial registrar.
- The business owners cannot modify the legal status of the establishment or license information without the consent of a local or federal establishment that regulates economic activity.

- The DED can change license information at the owner's expense provided this is published at least in one daily newspaper that is distributed in the emirate in accordance with the following conditions:
 - The withdrawal of one of the partners from a partnership, limited partnership or business company.
 - The changing of the commercial name.
 - The cancellation of the license.

Article 13

- A business owner has the right to request the suspension of a license to temporarily halt activities.
- A company will not pay fines or license fees for the non-renewal of a license if the license expires and the company halts economic activity, or if the establishment submits a request that it no longer practices its activity.
- Economic activities are carried out in Dubai through businesses that have specific legal status:
 - A branch of a foreign or national company, or a branch of a company operating in the free zone.
 - Civil Operations/ Works company.
 - A single proprietary firm.
 - A trading company.

Article 16

- The local service agent does not have any civil responsibility or financial obligations related to the business. The agent's obligation is to ensure the company is able to practice its business.
- The relation between both parties is to be regulated by an Agency contract modeled by the DED and certified by the notary public.

Article 19

- Businesses must inform the DED of any modifications or changes in the data or documents that were presented for the issuance of the license. Businesses have 10 days to inform DED about the changes.
- These changes must also be in line with current bylaws of legislation in the UAE. The company must retain the commercial name mentioned in the license in all its dealings.
- It must also allow licensed DED employees to inspect company documents and registers and provide any information, statistics or reports that DED requires.

Article 20

- The law will establish a single portal such as a services center for licensing establishments. It will handle dealings with investors and accept licensing applications.
- DED issues instant trade licenses to investors under a new 120 day hassle free license to simplify investment & business registration process.

Information on the government authorities concerned with license issuance is provided in Table 2 section 5.4.

2. SETTING-UP

a Business in Dubai

A trade license is obtained from the Dubai Department of Economic Development prior to commencement of your business commencing commercial activities. The DED acts as a one stop shop and coordinates with other ministries in terms of additional required approvals. Certain business sectors also require additional approvals from various ministries for example, banks and financial institutions from the Central Bank of the UAE; insurance companies and related agencies from the Ministry of Economy and Commerce; manufacturing from the Ministry of Finance and Industry; and pharmaceutical and medical products from the Ministry of Health. Certain commercial activities are restricted to UAE nationals or companies fully owned by UAE nationals. For example, real estate agency and real estate brokerage activities are restricted to UAE nationals or companies fully owned by UAE nationals. Only UAE Nationals or companies wholly owned by UAE Nationals are entitled to carry out commercial agency activities in the UAE.

In order to operate a business in Dubai, you must undertake a few steps in order to meet the legal requirements of government authorities and to guarantee maximum commercial benefit for you as a business owner:

- Select the category/categories of your business activity/activities (commercial, industrial professional) that you intend to practice, and determine all the related business activities that you can include within each business license, subject to a maximum of ten activities per license. These can be obtained from a joint publication of the Dubai Chamber of Commerce and Industry and the Department of Economic Development, more specifically, The Standard Classification of Economic Activities. This publication is readily available from the Dubai Chamber One-Stop Shop on the ground floor of the Dubai Chamber Headquarters.

- Determine the business legal structure, that is, the legal form that dictates operations, taxation and liability for your business and take into consideration the business activity/activities you desire and the number and nationalities of the business owners.
- Confirm all the requirements of the license to be issued from the Department of Economic Development. The requirements can be confirmed by inquiring within the DED's various branches, its business registration windows and desks and its various agencies such as for exports or investments. These are also readily available online from the DED's website.
- Determine the trade name of your business.
- Submit an application to the Department of Economic Development (DED) for an Initial Approval and register your trade name.
- After you get the Initial Approval, you can lease premises after you first contact the Planning Department of the Dubai Municipality so that you verify that the premise you selected is suitable for your business before signing a lease.
- Prepare all the required documents and submit an application to the Department of Economic Development or one of its external branches, paying the required fees for the final license.
- Submit an application to the Department of Economic Development for a signboard permit for a business trade name as required by the commercial regulations.

2.1 Procedures, Time, Cost of Business Set-Up

The table below presents the procedures, time to complete transaction and the costs involved.

Table 1- Procedures, Time Costs of Business Set-Up

Procedure	Time Required to Complete	Costs
Submit the company registration application and the proposed company name to the Department of Economic Development (DED) at one of the office desks in the relevant DED agencies within DED.	1 day	AED 100 fee for the initial approval
Notarize the company's Memorandum of Association in DED at the foreign direct investment office.	1 day	0.25% of the capital (for 3 copies of the Memorandum of Association), AED 5 for each page of the additional copy.
File company documents with the Department for Economic Development (DED) and obtain trade license and the Dubai Chamber of Commerce and Industry (DCCI) membership at the DED and the DCCI respectively.	6 days	5 % of the value of the lease agreement + AED 1,000-3,000 waste fees + AED 480 for company registration + AED 500 fees for signboard approval + AED 1,200 for Chamber of Commerce membership registration.
Make a name board when the company receives clearance on the use of the office premises. Prepare a name board in English and Arabic. The office premises will then be inspected by the fire and civil defense authorities and by the DED Licensing Department.	2 days	AED 1,000
Apply for establishment card at the Ministry of Labor.	1 day	AED 2,000
Register native workers with the Ministry of Labor.	1 day	no charge
Register native workers with the General Authority for Pension and Social Security.	1 day	no charge

Source: <http://www.doingbusiness.org/data/exploreeconomies/united-arab-emirates>

2.2 United Arab Emirates Nationals

United Arab Emirates nationals can operate all commercial, professional and industrial activities through the following legal structures:

- Individual Establishment.
- Limited / Joint Liability Company.
- Private / Public Shareholding Company.
- Civil Business Company.

The main difference among the various categories of prospective business owners' structures being the joint liability company. Each structure will be further explored, in section III of this guide.

2.3 Nationals of Gulf Cooperation Council Countries (GCCC)

GCCC nationals can conduct business activities through any of the following legal structures:

- Individual Establishment.
- Limited Liability Company comprised of two or more GCCC nationals may establish a Limited Liability firm.
- Private / Public Shareholding Company, where three or more GCCC nationals establish a private shareholding company to practice a specific commercial activity. However, if there are one or more partners who are not GCCC nationals then, one or more UAE national partner(s) is/are required, with a shareholding of 51% of the paid-up capital. For Example, a GCCC partner, and a foreign partner, must have at least one partner who is a United Arab Emirates national.
- Civil Business Company, where two or more GCCC nationals can establish a civil business company to practice a specific profession without a Local Service Agent. However, if there are any partners who are not GCCC nationals, a Local Services Agent who is a UAE national must be appointed and/or included as a partner.

2.4 Nationals of Other Countries

Nationals of other Arab or foreign countries may carry on economic activities through any of the following structures:

- An Individual Establishment can be established to practice any professional activity, by appointing a Local Services Agent who is a UAE national selected from among the partners or outside party.
- A Limited Liability Company can be established to carry on any commercial or industrial activity, including one or more UAE partners whose shareholding is 51% of the paid-up capital.
- A Private Shareholding Company can be established to carry on any commercial or industrial activity, including one or more UAE national partners whose shareholding is 51% of the paid-up capital.
- Civil Business Company can be established by two or more persons to practice a profession, provided that a Local Services Agent who is a UAE national is appointed or included as a partner.

The main differences being the number of participating parties allowed within each business venture's structure, who may or may not be a local services agents or who may be a partner respectively.

2.5 Foreign Companies

The companies that are incorporated outside the United Arab Emirates can operate commercial, industrial or professional activities by setting up:

- A Branch of a Foreign Company can carry out those activities indicated in the trade license it obtains. However, licensing is governed by legal rules and regulations.

- According to Commercial Company Law, there are certain activities, which can only be carried out by UAE nationals such as banks, finance, insurance and commercial agencies.
- There are also other licensing procedures and conditions governing the work of the Department of Economic Development, which issues from time to time certain regulations and administrative decrees.
- A foreign company, which opens a representative office in the UAE, can launch promotional campaigns for its products and services.
- It is not permitted for foreign companies licensed to operate in the UAE to start their activities before obtaining the Trade License from the Department of Economic Development.
- Setting up a branch of a foreign company can be accomplished by an application submitted to the Department of Commercial Affairs of the office of the Ministry of Economy & Commerce in Dubai.
- It is conditional for offices and branches of foreign companies to appoint a local service agent. Such an agent is not an agent in the proper sense of the word.
- Article 314 of the Commercial Companies Law, defines the legal status of the legal service agent.
- According to Article 314, the agent does not have responsibility towards the company's financial dealings and should not interfere in its management.
- A Limited Liability Company, to operate any commercial or industrial activity that includes one or more UAE national partners whose shares are 51% of the paid-up capital.
- A Private/Public Shareholding Company, to operate any commercial or industrial activity, including one or more UAE national partners whose shares are 51% of the paid-up capital.

3. LEGAL BUSINESS

Structures of Commercial Companies

There are seven business structures stipulated by Federal Law No. 8 of 1984 concerning commercial companies and amended by the Companies Law, Federal Law No. 15 of 1990.

3.1 General Partnership

A general partnership is an arrangement between two or more partners whereby each of the partners is jointly liable to the extent of all their assets for the company's liabilities.

- Only UAE nationals are allowed to be partners in a general partnership.
- The name of the company shall be made up of the name of all partners.
- All partners are considered dealers, and the bankruptcy of any one partner leads to the bankruptcy of all partners.
- The company shares cannot be represented in negotiable certificates.
- Partners are responsible for the company's obligations and any agreement to the contrary cannot be made against third parties.
- The company administration is undertaken by all partners, unless the company contract or an independent contract assigns the administration to a partner or to a non-partner party.

3.2 Simple Limited Partnership

A simple limited partnership is a company formed by one or more general partners liable for the company liabilities to the extent of all their assets, and their respective shares. The limited partners are liable only to the extent of their personal contributions. In a limited partnership, the law states that there shall be at least one general partner who is liable to the extent of his separate properties.

- Only UAE nationals are allowed to be general partners.

- The name of the company is made up of the name of one or more of the limited partners. In addition, the company may have a special commercial name. Two names are allowed, one reflecting the partners' names or one reflecting the nature of the business activity.
- The simple limited partnership is a partnership of the partners and is subject to the rules of partnerships, which are based on:
 - A simple liability contract that includes the name of each limited partner, his surname, nationality, date of birth, country, capital share, and the paid in amount.
 - The limited partner is only liable towards the company's debts to the extent of his capital share.
 - A limited partner may not intervene in the company's administration-related issues. He could require a copy of the loss / profit accounts and the balance sheet and check the validity of the data by reviewing company records and documents himself or by a representative.
 - The limited partner may be held responsible for all of the company's obligations if the business administration he carries out leads others to believe that he is one of the actual partners, in which case then the rules and regulations of the actual partners apply to the limited partner in question.
 - If the limited partners carry out any of the restricted administration based upon an explicit or implicit authorization from the partners, then the partners are held responsible with him/her for the obligations resulting from these actions.

3.3 Private Joint Stock Company

Shares in a PJSC must be offered for public subscription and the subscription notices must be published in two local daily Arabic newspapers. The founders are obliged to subscribe for a minimum of 20 per cent of the share capital but no more than 45 per cent of the share capital. Article 153 of the Companies Law prevents shares being issued which have differing rights.

A PJSC is required to have between three and 15 directors, who are elected for three year terms. The chairman and a majority of the board of directors must be UAE nationals.

- A number of founders, usually three, may establish a Private Joint Stock Company.
- The shares of a Private Joint Stock Company cannot be offered to the public or for public subscription.
- The founders must subscribe all capital and the minimum requirement for such capital is AED two million.
- A Private Joint Stock Company could be converted into a Public Joint Stock Company, when the following conditions are met:
 - A period of at least two financial years has expired.
 - During the two years preceding the application for conversion, the company has achieved net profits, distributable to the shareholders whose average comprises 10% of capital.
 - A resolution for the conversion of the company is adopted by a majority of three-quarters of the company capital holders.

3.4 Limited Liability Company (LLC)

The limited liability company (LLC) is the most widely used commercial entity for companies with a non-UAE national element wishing to conduct commercial activities in Dubai. An LLC is a private company whose shares are not offered to the public.

The Companies Law requires that 51% of the shares in an LLC be held by UAE nationals. However, the law permits profits and losses to be distributed disproportionately to the shareholding ratio; determined in its Memorandum of Association. When naming an LLC, it is required that the LLC's name is derived from either its purpose or from the name of one or more of its shareholders.

- There are no nationality restrictions regarding the management of an LLC.
- The minimum number of directors is one, and the maximum permitted by the Companies Law is five directors.
- Article 218 of the Companies Law regulates the composition of an LLC. An LLC requires a minimum of two shareholders, while the maximum permitted is 50 shareholders.
- Article 227 of the Companies Law (applies throughout the UAE) stipulates that the minimum share capital of the company is AED 150,000; Individual shares should have a minimum face value of AED 1,000. The shares need to be "equal shares", that is, in an equal manner or degree in equal shares or proportion. Shares of an LLC may not be bearer shares (Articles 218 and 221) and the Companies Law does not allow different classes of share to be issued. All shares must be fully paid up and distributed among the shareholders (Article 222). Thus, the law does not recognize the concept of authorized but unissued shares, which is the case in many other jurisdictions.
- An LLC may not conduct the business of insurance, banking or the investment of money on behalf of third parties.

Administrative tasks to be completed before the LLC's incorporation takes effect include the approval of the LLC's name and memorandum of association by the DED. Article 219 of the Companies Law sets out various requirements that must be followed when naming an LLC for example, set the LLC's name from either its purpose or from the name of one or more of its shareholders. The DED provides a standard form of memorandum of association and will review an

LLC's memorandum to ensure compliance with local requirements. The DED must also be provided proof that the minimum share capital of the LLC has been deposited with a bank operating in Dubai before it will allow the LLC to be incorporated.

3.5 Professional Companies

- In setting up a professional firm, 100% foreign ownership is permitted, however certain sectors and activities are restricted to either UAE nationals or have an UAE national shareholding requirement such as the 51% required for a UAE national.
- Professional firms are either sole proprietorships or civil companies. Such firms engage in professional or artistic activities but the number of persons employed by such firms is limited.
- Where there are two or more partners, the legal structure is a Civil Works Company whereby there must be a UAE national shareholding of at least 20%.
- A UAE national must be appointed as a local partner in sole proprietorships, and is not directly involved in the business. The local national partner is paid a lump sum and/or percentage of profits or turnover. The role of the local partner is to assist in obtaining licenses, visas and labor cards.
- Individuals involved in professional companies are required to have relevant University level qualifications in the relevant field of business.

3.6 Partnership Limited with Shares (PLS)

- A Partnership Limited with Shares is a company formed by general partners who are jointly liable to the extent of all their shares for the company liabilities and participating partners are liable to the extent of their capital shares.
- For the general partners, the company is a general partnership, and the general partner is a dealer even if he did not enjoy such capacity before entering the company. All general partners must be UAE nationals.

- The capital of Partnerships Limited with Shares shall be divided into negotiable equal shares. The partners whose liability is unlimited must be UAE nationals. The minimum share capital requirement for limited partnership is AED 500, 000.
- The company is named after the name of one or more of the general partners. Its name may be added to another innovative name or a name indicating its purpose, thus two ways of naming firms are possible.
- The rules related to the incorporation of limited liability partnerships apply to partnerships limited with shares, according to the following:
 - All general partners and other founding parties sign the MOA and its regulations, and their resolutions are as effective and valid as the founders of the limited liability companies.
 - Names of the general partners, their surnames, nationalities, and countries are stated in the company contract and its regulations.
 - The minimum share capital requirement for limited partnership is AED 500,000.
 - The documents issued by partnerships limited with shares are subject to the same rules as those issued by limited liability partnerships.

3.7 Foreign Companies

Article 314 of the Companies Law regulates the operation of branch and representative offices of foreign companies in the UAE. These could be owned by a foreign entity, provided that a UAE national is appointed as the local partner.

- The role of a local partner for a branch or representative office is to assist with bureaucratic aspects such as obtaining visas, licenses and dealing with local authorities. The local partner is generally paid a fixed fee and does not have a right to participate in any profits from the branch or representative office.

- A branch office carries out activities similar to those of the parent company. Certain activities are restricted to UAE nationals, for example, importing goods.
- A representative office promotes the foreign parent company's activities through, for example, gathering information and soliciting orders and projects to be performed by the company's head office. Representative offices are restricted as to the number of employees, typically, they can sponsor three to four employees and as a result, representative offices tend to act as administrative and marketing centers for the foreign parent company's head office.
- Provided approval is received from the Ministry of Economy and the DED, and the appropriate trade license is obtained, a company establishes a branch or representative office in the UAE. The office is registered on the Registry of Foreign Companies at the Ministry of Economy before it starts conducting business.

Many companies conduct business in the UAE through a dealer network and have a branch or representative office in Dubai to oversee their marketing operations and provide the necessary support.

4. DOCUMENTS

Required

A number of documents are required in the process of setting up in Dubai.

4.1 Documents required for an Initial Approval

For the initial approval you need to submit the following:

- Registration and licensing application, and proof of reserved trade name.
- Photocopy of applicant's passport and residence permit / visa details for non-GCC nationals.
- Photocopy of applicant's naturalization identification for UAE nationals.
- No-objection letter from the applicant's current sponsor for non-GCC nationals.
- Photocopy of the director's passport, and no-objection letter from the director's current sponsor.
- Permission from the courts to practice business, for applicants under 21 years.
- Approval issued by other Government authorities depending on the type of activity undertaken in which instance depending upon the activity on a case by case basis, the DED would indicate to the prospective business owner what other approvals are required.

4.2 Documents required after an Initial Approval

After the initial approval you need to submit the following:

- Initial Approval receipt.
- All documents submitted before in order to get the Initial Approval as proof that these were indeed submitted as required initially.
- Photocopy of office lease including the plot number.
- Appointment contract of Local Services Agent duly authenticated by the Notary Public.

4.3 Public and Private Shareholding Companies

Following are the documents required for registration and licensing:

- Documents required for getting the pre-approval:
 - Application for registration and licensing and trade name reservation (can be performed online).
 - List of trade name(s).
 - Two copies of the company's memorandum and articles of association duly authenticated.
 - Two copies of the business plan/feasibility study.
 - Approval issued by other government authorities according to the type of activity. Check the activities that require the approval of other Government authorities by calling + 971 4 445 55 55 (Department of Economic Development).
- Documents required after getting the pre-approval:
 - Pre-approval receipt.
 - All documents submitted before in order to get the pre-approval.
 - Approval of the Ministry of Economy.
 - Photocopy of office lease contract including the plot number.
 - It is suggested to call the Planning Management window of the Dubai Municipality on phone number + 971 4 206 3772 before leasing the location in order to determine if it is an appropriate site for your specific economic activity.
 - No objection letter issued by the Land Department in case of leasing a land that is leased by the said Department or practicing business on a land granted by the government.

- List of directors' names, dates and places of birth, occupation, and a sample of the directors' signatures. Provide original documents plus one copy of each.
- A written declaration by each member of the Board of Directors of accepting the appointment.

4.4 Civil Works companies

Civil companies like most companies' structures require certain documents in the pre-approval and post-approval process of setting up in Dubai.

- Documents required for Pre-approval:
 - Apply for the registration and licensing application as well as proof of reserved trade name online.
 - List of trade name(s).
 - Photocopy of applicant's passport together with the residence permit and visa details for non-GCC states nationals.
 - No obligation letter from the applicant's current sponsor for non-GCC nationals.
 - Photocopy of applicant's naturalization identification for UAE nationals for those who have not been issued a license before.
 - Curriculum vitae for the activities that require educational degrees and practical experience of the applicant or the responsible director such as consultation licenses.
 - Approval issued by other government authorities according to the type of activity. Check activities that require approvals from other government authorities by calling + 971 4 445 55 55 (Department of Economic Development).

- Documents required after the pre-approval:

- The pre-approval receipt.
- All documents submitted before in order to get the pre-approval as required. Photocopy of office lease contract including the plot number. Call the Dubai Municipality's Planning Management section at +971 4202 0105 or +971 4206 3788 before leasing in order to determine if the location is appropriate for your specific economic activity.
- A no objection letter issued by the Land Department in case of leasing land leased by the Department or practicing business on a land granted by the government.
- Contract of professional business company duly authenticated by the Notary Public in the Emirate.
- Appointment of contract of a local services agent duly authenticated by the Notary Public in the Emirate for professional licenses of non-GCC nationals.

4.5 Foreign Company Branch

- Documents Required for Pre-Approval:

- Application for the registration and licensing application and proof of reservation of trade name online.
- List of trade name(s).
- Approval from the Ministry of Economy for industrial and commercial licenses.
- Power of attorney issued in favor of the director for companies not registered in the Ministry of Economy.
- Photocopy of the national agent's passport and UAE naturalization identification for those not issued a license before.

- Photocopy of the director's passport.
- Main company's memorandum of association for companies not registered in the Ministry of Economy.
- The company's board of directors' resolution authorizing opening of the branch in Dubai duly translated into Arabic for companies not registered in the Ministry of Economy.
- Photocopy of the main company's certificate of incorporation duly translated into Arabic.
- Approval issued by other government authorities according to the type of activity. Check by calling + 971 4 445 55 55 (Department of Economic Development).
- Documents required after getting the pre-approval:
 - Pre-approval receipt.
 - All documents submitted before in order to get the pre-approval as required. Photocopy of office lease contract including the plot number. Call the Dubai Municipality's Planning Management section at 202 0105 and/or 206 3788 to determine if you can practice your economic activity within your selected location before leasing.
 - No objection letter issued by the Land Department in case of leasing a land that is leased by the said department or practicing business on a land granted by the government.
 - The original appointment contract of national agent duly authenticated by the Notary Public.
 - Branch of partnership company/limited liability company/public and private shareholding companies registered in Emirate of Dubai.
- Photocopy of the new director's passport of the branch.
- Naturalization identification certificate in the original trade register in case the headquarters are registered in Dubai.
- Letter from the responsible director or resolution of the board of directors to open a branch and appointing the new director of the branch.
- Approval issued by other government authorities according to the type of activity. Check the activities that require the approval of other government authorities by calling + 971 4 445 55 55 (Department of Economic Development).
- Photocopy of trade register certificate as proof of the increase in the capital of the company according to activities requirements in Dubai in the event the parent is registered in another country and its capital is less than the capital limit in Dubai.
- Photocopy of office lease contract including the plot number. Check with the Dubai Municipality at the Planning Management section to determine if the economic activity could be practiced at the location selected before leasing by calling + 971 4 206 3772.
- No objection letter issued by the Land Department in case of leasing a land that is leased by the said department or practicing business on land granted by the government.
- Amendments to the contract duly authenticated from the Public Notary in Dubai in case the memorandum of association does not stipulate opening branches of the company or the required activity.

4.6 Businessmen's Community Center

- Documents required for pre-approval:
 - Application for the registration and licensing application and proof of reserved trade name online.
 - Photocopy of the director's passport and no objection letter from the director's current sponsor.
 - A letter issued by the founding members declaring the objectives of the forum.
 - Approval from the Dubai Chamber of Commerce and Industry.
- Documents required after the pre-approval:
 - Pre-approval receipt.
 - All documents submitted before in order to get the pre-approval.
 - Photocopy of office lease including the plot number.
 - The founding members' articles of association.
 - A letter issued by every member company declaring the approval of joining such a group and naming the representative of the group.

4.7 Limited Liability Company (LLC)

- Document requirements for pre-approval:
 - Apply for the registration and application and provide proof of a reserved trade name online.
 - List of trade names.
 - Photocopy of applicant's passport along with residence permit and visa details for non-GCC nationals. A photocopy of applicant's naturalization identification for UAE nationals only for those who haven't been issued a license before.
 - No objection letter from the applicant's current sponsor for non-GCC nationals.
- Photocopy of the director's passport in case he is not one of the partners.
- The company's board of directors resolution to subscribe to the new company if the partner is an existing corporate entity in UAE or abroad to be attested by UAE embassy/consulate or by a GCC country embassy/consulate and UAE Ministry of Foreign Affairs and duly translated into Arabic.
- Approval issued by other government authorities according to the type of activity by calling + 971 4 445 55 55 (Department of Economic Development).
- Documents required after the pre-approval:
 - All documents submitted for the pre-approval.
 - Photocopy of office lease contract including the office lease contract including the plot number.
 - Check with the Dubai Municipality Planning Management section at + 971 4 206 3772.
 - A no objection letter issued by the Land Department in case of leasing land leased by the Department or practicing business on a land granted by the government.
 - Original photocopy of the Memorandum of association duly authenticated by the notary public.
 - Certificate signed by the company director.
 - Certificate from the auditors.
 - Original certificate of capital deposit issued by one of the operating banks in the Emirate.
 - Photocopy of auditing office license which is licensed by the Emirate and naturalization identification in the accountants' register.

4.8 Joint Venture Company

- Documents required for the pre-approval:
 - Apply for the registration and licensing application as well as proof of a reserved trade name online.
 - Photocopy of applicant's passport.
 - Photocopy of applicant's naturalization identification.
 - Permission from the courts to practice business, for applicants under 21 years.
 - Approval issued by other government entities according to the type of activity.
- Documents required after the pre-approval:
 - Pre-approval receipt.
 - All documents submitted for the pre-approval.
 - Photocopy of office lease contract including the plot number. Check with the Dubai Municipality's Planning Management section by calling + 971 4 206 3772 before leasing a location in order to check if is appropriate to exercise the selected activity in it.
 - No objection letter issued by the Land Department in case of leasing land leased by the Department or practicing business on a land granted by the government.
 - Original copy of the Memorandum of Association duly authenticated by the notary public.

4.9 Representative Office

- Documents required for pre-approval:
 - Registration and licensing application.
 - List of trade names.
 - Photocopy of all partners passports.
 - Photocopy of the director's passport.

- Main company's Memorandum of Association.
- The company's Board of Directors' Resolution authorizing opening of the branch in Dubai, duly translated in Arabic.
- Power of attorney issued in favor of the director.
- Photocopy of the main company's certificate of incorporation duly translated in Arabic.
- Approval from the Ministry of Economy.
- Approval issued by the central bank for financial/banking liaison offices.
- Documents required after the pre-approval:
 - Pre-approval receipt.
 - All documents submitted before in order to get the preliminary approval.
 - Photocopy of office lease contract including the plot number. Check by calling the Dubai Municipality's planning management section before leasing the location to determine if it is appropriate to exercise your business activity in it by calling + 971 4 206 3772.
 - No objection letter issued by the Land Department in case of leasing a land leased by the Department or practicing business on land granted by the government and the original appointment contract of the national agent duly authenticated for Commercial liaison offices.

4.10 Individual Establishment

- Documents Required for Pre-Approval:
 - Registration and licensing application.
 - List of trade names.
 - Photocopy of applicant's passport with residence permit/visa details for non-GCC states nationals.
 - Photocopy of the applicant's naturalization identification for UAE nationals only.

- No objection letter from the applicant's current sponsor for non GCC nationals.
- Photocopy of the director's passport, if any.
- Permission from the courts to practice business, for applicants under 21 years.
- Approval issued by other government authorities according to the type of activity. Check by calling + 971 4 445 55 55 (Department of Economic Development).
- Documents required after the Pre-Approval:
 - Preliminary approval receipt.
 - All documents submitted before in order to get the Preliminary Approval.
 - Photocopy of office lease contract including the plot number. Check with the Dubai Municipality's planning management section on whether you can exercise your business activity within the location selected before leasing the location by calling + 971 4 206 3772.
 - No objection letter issued by the Land Department in case of leasing a land leased by the Department or practicing business on land granted by the government and the original appointment contract of the national agent duly authenticated for Commercial liaison offices.
 - Appointment contact of Local Services Agent duly authenticated by the Notary Public in the Emirate for professional licenses of non GCC nationals.
 - Original certificate of capital deposit issued by one of the operating banks in the Emirate to the investment activity in commercial, industrial and agricultural projects.

4.11 License Renewal

- The procedures apply to most legal forms of different business licenses.
- Form for Registration and Licensing Application declaring the telephone number, the fax, the P.O. Box and the e-mail address.
- Photocopy of the license.
- A letter from the Ministry of Economy for the renewal for branches of foreign companies and offices of commercial registration registered only with the Ministry.
- Photocopy of shop or office lease contract.
- Photocopy of the lease contract of the warehouse, if any.
- No objection letter issued by the Department of Lands and Properties of the sublease in case of leasing from the Department or practicing business on land granted by the government.
- Approval of renewal issued by other government authorities according to the type of activity by referring to former renewal which will indicate if required by your license. For additional information call + 971 4 445 55 55 (Department of Economic Development).

5. THE FREE ZONES

Article 314 of the Companies Law regulates the operation of branch and representative offices of foreign companies in the UAE. These may be wholly owned by a foreign entity, provided that a UAE national is appointed as a local agent.

5.1 Setting up a business in a Free Zone

- Dubai has a number of free zones or industry clusters. Companies incorporated and operating within the free zones are not subject to many of the restrictions imposed by the Companies Law and other UAE laws and regulations. Entities operating within the free zone may be 100 per cent foreign owned and benefit from a guarantee that tax will not be applied for a specified period of time, notwithstanding any subsequent change to federal or local laws.
- Depending on the type of business to be set up, the appropriate free zone should be selected by the business. Refer to section 5.4 for list. For example, DAFZA is intended for businesses that import and export goods and the business activities permitted in TECOM include 'design, development, use and maintenance of everything relevant to Information Technology, E-commerce and Media'.

5.2 Types of operating licenses issued by the free zones

- Trade license-This license is available to companies that wish to import, export, sell, distribute or store items identified on their license. Sales cannot be made directly to the UAE. Any company wishing to sell goods from the JAFZ into the UAE appoints a distributor or agent in the UAE who is selected by the business owner(s) in order to distribute on the mainland. Furthermore, this agent could also be a business partner if a business is ultimately set up on the mainland.

- Industrial license-Industrial licenses are for companies with manufacturing activities. Restrictions on selling products into UAE apply to industrial licensees and a distributor or agent must be appointed in the UAE in order to sell products into the UAE. The specifics of this relationship can be determined with the assistance of legal expertise.
- Service license-A service license permits the licensee to provide services within the free zone. Services provided by the free zone licensee must be the same as those stipulated in the parent company's license in the UAE or abroad.
- National Industrial license: A national industrial license permits the holder to import raw materials, manufacture specified products and export the finished products. However, a minimum 51 per cent of the shareholding must be owned by Gulf Co-operation Council (GCC) nationals. A minimum 40 per cent of the value of the final product must be added in the free zone.
- A license holder can operate outside the free zone using its free zone license provided permission is granted by DED and the respective free zone. A distributor or agent must be appointed within the UAE if operating within another Emirate. Potential customers from the UAE may visit the premises of the license holder to view the goods.

5.3 Special Authorizations

Some business activities require special authorizations in pursuance to federal laws such as:

- Ministry of Education & Youth.
 - Private schools, nursery schools, cultural institutions, sports cities.
- Ministry of Higher Education and Scientific Research.
 - Private Universities, Universities Services.

- Ministry of Justice and Islamic Affairs.
 - Organizing Hajj and Umrah trips, Quran Centers and Lawyers.
- Ministry of Awqaf and Islamic Affairs.
 - Organizing Hajj and Umrah trips, Quran centers.
- Ministry of Agriculture.
 - Plants nurseries, farms, livestock and birds' trade, fish and aquarium trade, seeds and fertilizers trade.
- Ministry of Labor & Social Affairs.
 - Nursery schools, bringing workforce.
- Ministry of Industry.
 - All industrial licenses.
- Ministry of Health.
 - Hospitals, private clinics, medical laboratories, laboratories, medical centers, medical clinics, pharmacies, factories and medicine stores, eyeglasses and lens, medicine and medical herbs trade and import companies, massage centers.
- Ministry of Economy.
 - Auditing and foreign companies branches.
- Ministry of Culture and Information.
 - Prints, videos and cassettes stores, bookstores, propaganda and advertisements, artistic and TV production, cinemas, organizing concerts, journals and magazines distribution, media, export of journals, magazines, computer programs production and selling, theatre production, photography, videotaping, press services offices, satellite dishes and TV codes devices, internet cafes, entertainment contractors, internet services, exhibitions organization, copying centers, codes devices and satellite dishes agents

- in the States, companies that broadcast its satellite channels in the state, hand writing and free hand.
- The Central Bank.
 - Money and banking, banking business, representation offices, financing companies, investment companies, financial and monetary intermediation, money and banking consultation.
- Securities Commission.
 - Stock trading companies, stock exchange.
- Ministry of Environment and Water.
 - Farms, fodder trade, saplings and micro fertilizers, domestic vultures and extinct animals, veterinary clinics, new imported and exported fish trade.
- Ministry of the Interior.
 - Gold trading, banks and exchange offices, seals & keys industry, Fixing weapons, imports & selling of old guns, explosives and fireworks, hotels, night clubs, medicine factories, furnished apartments.
- Police Department.
 - Private security companies, electronic games centers, shooting clubs, Jet Ski, diving lessons, mobiles, rent a car.
- Traffic and Licensing Department.
 - Driving lessons, schools for men and women renting cars, transportation.
- Civil Defense.
 - Companies of extinguishers equipment, tools and materials, factories, bakeries, furniture, carpentry, oil and diesel stations, extinguishing consultation services.

- Ministry of Culture, Youth and Social Development.
 - Sports training centers, sports services companies, billiards, new fitness centers for both men and women.
- Ministry of Finance and Industry.
 - All industrial installations that exceeds AED 300,000.
- Official Postal Authority.
 - Documents transfer, letters post, transfers of all packages, express mail.
- Department of Civil Aviation.
 - Travelling, tourism, internal tourism, air cargo companies, flight training, air surveys, plane rentals, travel agents, planes maintenance.
- Chamber of Commerce and Industry.
 - Organizing exhibitions.

Source: www.economy.ae United Arab Emirates Ministry of Economy.

5.4 Table 2- Government Authorities Concerned with License Issuance

Government Entity	Website	Telephone
The Official Portal of Dubai Government	www.dubai.ae	7000 40 000
Central Bank of UAE	www.centralbank.ae	+ 971 2 665 2220
Dubai Airport Free Zone Authority	www.dafza.ae	+ 971 4 299 5555
Dubai Chamber of Commerce and Industry	www.dubaichamber.com	800 CHAMBER (800 242 6237)
Dubai Customs	www.dxbcustoms.gov.ae	+ 971 4 417 7777
Department of Economic Development	www.dubaided.gov.ae	+ 971 4 222 9922
Dubai Financial Market	www.dfm.ae	+ 971 4 305 5555
Department Health Authority	www.dha.gov.ae	800342 (800DHA)
Dubai Industrial City	www.dubaiindustrialcity.ae	+ 971 4 364 3400
Dubai International Financial Center	www.difc.ae	+ 971 4 362 2222
Dubai Investment Park	www.dipark.com	+ 971 4 812 2100
Dubai Internet City	www.dic.ae	+ 971 4 391 1111
Dubai International Airport	www.dubaiairport.com	
Dubai Logistics City	www.uaefreezones.com	+ 971 5544 79550
Dubai Land Department	www.dubailand.gov.ae	+ 971 4 222 2253
Dubai Maritime City	www.dubaimaritimecity.com	+ 971 4 324 2424
Dubai Media City	www.dubaamediacity.com	+ 971 4 391 4555
Dubai Motor City	www.motorcity.ae	+ 971 4 885 1555
Dubai Multi-Commodities Center	www.dmcc.ae	+ 971 4 424 9600
Dubai Municipality	http://login.dm.gov.ae	+ 971 4 221 5555
Dubai Port World	www.dpworld.com	+ 971 4 881 1110
Dubai Silicon Oasis	www.dso.com	+ 971 4 501 5000
Dubai Sport City	www.dubaisportscity.ae	+ 971 4 425 1111
Dubai Textile City	www.texmas.com	+ 971 4 353 1551
Department of Tourism Commerce Marketing	www.dubaitourism.ae	+ 971 4 282 1111
Gold & Diamond Park	www.goldanddiamondpark.com	+ 971 4 362 7777
Ministry of Economy	www.economy.gov.ae	+ 971 4 314 1555
Ministry of Education	www.moe.gov.ae	+ 971 800 51115
Ministry of Finance	www.mof.gov.ae	+ 971 4 393 9000
Ministry of Health	www.moh.gov.ae	+ 971 4 230 1000
Ministry of Environment & Water	www.moew.gov.ae	+ 971 4 214 8444
NASDAQ Dubai (Dubai International Financial Stock Exchange)	www.nasdaqdubai.com	+ 971 4 305 5481
National Transport Authority (former Ministry of Communication)	www.nta.ae	+ 971 2 418 2222
Roads & Transport Authority	www.rta.ae	+ 971 4 284 4444
Techno Park	www.technopark.ae	+ 971 4 881 4888

CONCLUSION

Companies may choose from alternative business structures to conduct business activities in Dubai. There are both federal and Emirates specific laws and regulations with multiple regulatory authorities within both the federal and Emirate level.

There are a number of options available to foreign companies looking to establish a presence in the UAE. The most popular corporate structures usually adopted by foreign companies include:

- UAE (non-free zone) based companies. The most common type is the limited liability company.
- Free zone based entities.
- Branch offices of foreign companies.

Pursuant to the UAE Companies Law, the maximum foreign ownership permitted in UAE limited liability companies is 49%. Currently, the new Companies Law which the UAE Cabinet approved on December 4, 2011 affords them the opportunity to specify sectors/types of businesses where not the case. The companies which are established in UAE free zones are permitted to be 100% foreign owned but are subject to certain trading restrictions of which investors should be aware.

In order to sell its products and provide its services outside of the free zone, a free zone company must appoint a locally licensed commercial agent or distributor or get permission from the Executive Council to operate independently. Therefore, free zones are well suited to foreign companies using the UAE as a regional manufacturing, distribution or service base particularly where all of their business is based outside the UAE.

If a foreign company does not wish to establish a physical presence in the UAE but would rather trade its products in the UAE then it simply appoints a local commercial agent or distributor to do this whose duties are similar to those in Europe and the United States. Thus, a representative office is similar in nature to a branch with the main difference being that a representative office is not permitted to trade or earn revenues.

Finally, business can be affected by many factors therefore, it is important to determine the targeted customer base, the nature of the products or services to be offered before deciding on the appropriate business structure.

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APPENDIX

Definitions of Types of Companies

Individual Establishment

- An individual establishment is an establishment that is owned by a sole proprietor and operates an economic activity (commercial, professional, industrial, agricultural or real property. The establishment's financial liability is linked to the proprietor who bears full responsibility for all its financial obligations.

Civil Companies

- A Civil Company is an entity that undertakes a profession and its partners depend for their earnings on the practiced activities which entail the use or investment of intellectual faculties instead of speculation, materials, or others' work.
- Local Order No. 63 of 1991 on licensing professionals and tradesmen in Dubai allows for a number of individuals to practice a service or professional activity in a business partnership in accordance with rules (683 to 690) of the Federal Civil Dealings Law. Professional companies can be 100% foreign owned, when a local service agent is appointed.
- The obligations of the local service agent towards his principal and third parties is restricted and regulated by an agency.

Partnership Company

- A Partnership Company is owned by two or more individuals, who are assumed to be liable for the company's obligations with all their assets.

Limited Partnership Company

- A General partner or more who is responsible, with all of his assets, and a limited partner or more who shall not be liable for the company's obligations except for the extent of their capital contribution to the partnership.

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 a 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. Joint ventures are suitable structures for companies working on a project basis.

Public Shareholding Company

- Capital of this type of company shall be divided into equal value negotiable shares in which a partner is only liable up to the extent of his share in the capital. The capital shall not be less than 10 million AED. Shares shall be floated to the public subscription after the consent of the founder.

Private Shareholding Company

- Number of not less than three founding members incorporate among themselves a private shareholding company who must fully paid up to the total capital whose share must be floated and shall be liable to the extent of their share in the capital.

Limited Liability Company

- Number of partners may not exceed 50 partners and shall not be less than two. Each partner shall only be liable to the extent of their share in the capital.

Partnership Limited with shares

- It consists of general partners who are jointly liable to the extent of all their assets for the company liabilities, and participating partners who are only liable to the extent of their shares in the capital.



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