

Starting a business in Dubai has always been an attractive prospect for investors, particularly in 2023 - here's why.



#### Low cost of living

Dubai ranked #31 in Mercer's Cost of Living Survey for 2022, below some of the world's major expat hubs like Hong Kong (#1), Tel Aviv (#6), New York (#7), Singapore (#8), and London (#15).

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#### Lowest levels of inflation worldwide

With the new price freeze campaign implemented by the UAE government, the UAE has one of the lowest levels of inflation worldwide, making it an attractive destination for businesses and investors.

#### Monetary stability

The UAE dirham is pegged to the US dollar, which provides monetary stability for traders and businesses.



#### Tax exemptions

The UAE has signed <u>137 Double Taxation Treaties</u>, providing businesses with the opportunity to benefit from tax exemptions and reduced taxes.

With the many advantages of doing business in Dubai, it is no wonder why it is becoming an increasingly popular place for entrepreneurs to set up their business. We've simplified the set up process with a guide that covers everything from the company incorporation process, cost of company set up, important government legislation, obtaining capital, as well as countless opportunities to expand your business and network effectively in Dubai.



Once you have chosen Dubai as the location for your new business, it's time to begin the process of setting up your company.

The first step is to make the decision on whether to set up your business in Dubai mainland or one of the free zones. Mainland companies are registered with the Department of Economic Development in each UAE emirate. On the other hand, entrepreneurs can choose to register their company in one of over 20 free zones in Dubai. Here are some of the differences between the two options.

	FREE ZONE COMPANY	MAINLAND COMPANY
FOREIGN OWNERSHIP	100% foreign ownership <b>on all</b> business activities	100% foreign ownership on selected business activities
REPATRIATION OF PROFITS	100% repatriation of profits.	10% of profits every year (subject to a maximum of 50% of capital) have to be transferred to a Statutory Reserve.

	FREE ZONE ENTITY	MAINLAND COMPANY
IMPORT DUTY	Exemption from all import and export duties within the free zone.	5% on most products; however, many are exempt. Alcohol is 50% while tobacco products have a 100% customs duty.
TRADE RESTRICTIONS	Allowed to trade within the free zone and internationally. Trade within the UAE is possible through a local agent/distributor.	Allowed to trade throughout the UAE and internationally.
EMPLOYEE LAWS	No restrictions on hiring foreign employees.	Legally obliged to possess a minimum 2% of UAE nationals to compromise the workforce of companies with 50 + employees.
VISA REQUIREMENTS	Setting up your company in a Dubai free zone automatically makes you eligible for a visa. Visa costs differ per free zone.	Your local service agent must apply for your visa for you.

# DMCC ADVANTAGES



#### Location

DMCC is located in the heart of Dubai.

Learn More



#### Variety of offices

From full floors of fully equipped offices to virtual desks - whatever your particular requirements, DMCC offers a wide range of options and the flexibility to meet your business needs.

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#### **Business activities**

DMCC provides over 1000 business activities and three types of licences: **Trading**, **Services**, and Industrial.



## Ease of business set up

DMCC offers a 100% digital and paperless setup process, with dedicated support all throughout.



#### Credibility, reputation

Over 22,000 companies trust DMCC with their business set up.



## Company set up structures

DMCC offers four types of set up structures: New Company (Individual, Partnership, Joint Venture, Subsidiary), Branch, Transfer of Incorporation (Redomiciliation).



#### Size of the free zone

22,000+ member companies, 87 towers, 80,000+ employees, 100,000+ people living in the community.



## Speed of business set up

Average of two weeks.



#### **Business centres and** coworking centres

DMCC is operating various business centres and coworking spaces.

Learn More



#### Connectivity

DMCC is located along the Sheikh Zayed Road. Dubai is connected through major road, air and sea ways.



#### **Events and education**

Discover our business and community events.

Learn More [4]



#### Living in DMCC / JLT

- **Parks**
- Lakes
- Running tracks
- Sports courts
- Children's playgrounds
- 460 Cafes, restaurants and hotels
- 324 Fitness and beauty locations
- 297 Retail and convenience stores
- 179 Education and childcare centre.

Learn More []



#### Partner network

Supporting member companies with partnerships in insurance, banking, customs consultancy and many more.



#### Community

Discover the Neighbourhood Full of Soul - Jumeirah Lakes Towers.

Learn More



#### Value added services

DMCC members value added services.

Learn More



#### Compliance

DMCC Compliance Hub.

Learn More



# STEP BY STEP PROCESS TO SET UP YOUR BUSINESS IN DUBAI

#### CHOOSE YOUR FREE ZONE OR MAINLAND

There are over 20 free zones in Dubai to choose from. The nature of your business plays an important role to determine which free zone you choose. Some Dubai free zones offer generic activities for all industries, whilst others are sector specific. For instance, Dubai Media City and Dubai Production City are free zones that specialise in content and media production.

DMCC's business activities span a wide range of industries, from trading and professional services to crypto, blockchain and Web3, gaming, e-commerce and more. It is also important to consider the types of licences, facilities and services available in each free zone when choosing the best option for your business.

#### CHOOSE YOUR COMPANY NAME

Naming your business is an important process. You can save time and effort by consulting an expert to help you follow the UAE naming conventions and get your name approved. When choosing your business name, it's important to ensure you refrain from names that include offensive language or can be perceived as offensive to religion or referred to political groups.

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Please refer to each licensing authority's guidelines for company names to ensure that your proposed company name is compliant.

#### DECIDE YOUR BUSINESS ACTIVITY

A wide range of business activities are available to choose from, all falling into different groups within the industrial, commercial, professional, trading and service sectors.

#### APPLY FOR INITIAL APPROVAL

It is mandatory to apply for initial approval to ensure that the Dubai DED has no objections to you starting a business. However, this does not apply to free zones and offshore business set up. You can <u>apply online</u>, in person or through a third party (for example through a law firm).

#### OPEN A CORPORATE BANK ACCOUNT

Once you've been approved and received all the necessary documents, you can now open a corporate bank account. The UAE has many banks, both local and international, to choose from. These include HSBC, Citibank, Standard Chartered, Abu Dhabi Commercial Bank, Commercial Bank of Dubai, Mashreq, WIO and many more.



# DMCC'S BUSINESS SET UP TIMELINE

#### EXPRESS YOUR INTEREST

Decide on your licence type and business activities. After your query, DMCC's representative will create and send you access to your unique portal account, so you can start the online application.

#### SUBMIT YOUR ONLINE APPLICATION

Complete the form and submit your application. DMCC will complete the company name reservation, management and compliance approval.

#### PAY, SIGN & SUBMIT YOUR DOCUMENTS

Next, pay the registration and licence fees and sign the legal documents. DMCC will issue a provisional approval and bank letter (to provide assistance in the process of opening a company bank account).

Company set up can be done from anywhere in the world with our fully digital process. Easily start your business in Dubai without having to visit DMCC.

#### CHOOSE YOUR SUITABLE OFFICE SOLUTION

Finally, sign and submit the relevant documents for your new office space. DMCC will issue your E-Licence, so you will be ready to do business in DMCC.

<sup>\*</sup>The 10-day timeline excludes the corporate bank account set up, which is not controlled by DMCC.

## **BUSINESS SET UP**

Simple Documentation Requirements at DMCC



Online pre-approval application form



#### Copy of your passport

Along with your UAE residence visa and a copy of your Emirates' ID if applicable.



# Proof of residential address in country of residence

Proof of residential address in country of residence.



# Details of an office address in DMCC free zone (JLT)

Required after your company has been registered.



Third-party approvals for certain regulated business activities



## Copies of parent company documents

Required if setting up a subsidiary.

# COST TO SET UP YOUR COMPANY IN DUBAI

Regardless of whether you've chosen to open a company in Dubai's free zones or the mainland, here are the main costs you will incur during your set up process:

#### **COMPANY REGISTRATION FEE**

The company registration fee is a one-time payment to the free zone authority at the early stages of registering your company. The exact fee will be determined according to the company's legal structure, and of course, the chosen free zone.

#### LICENCE FEE

The licence fee will depend on the business licence type you choose. The three most popular business licence types are for trading, services and industrial sectors. Unlike the company registration fee, the licence fee is a recurring cost.

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#### **OFFICE FEE**

To do business in Dubai, you must have a physical address. Each free zone in Dubai offers a number of physical offices with desk spaces to fit your business needs, including serviced offices, co-working spaces and flexi desks.

#### **SHARE CAPITAL**

The minimum share capital amount differs significantly for each free zone and can range from as little as AED 1,000 to as much as AED 1,000,000 depending on the business activities, type of licence, and whether the business operates in free zones or the mainland. Generally, the average share capital requirement for free zones in Dubai is set at AED 50,000.



# BREAKDOWN OF THE COST TO SET UP YOUR COMPANY IN DMCC

REGISTRATION & LICENCE FEES			
INITIAL APPLICATION FEE		AED 1,035	
REGISTRATION FEE	Trading	AED 9,020	
LICENCE EEE*	Service	AED 20,285	
LICENCE FEE*	Trading	AED 20,285	
ARTICLES OF ASSOCIATION (AOA)		AED 2,020 one-time	
ESTABLISHMENT CARD		AED 1,825 annual fee	

<sup>\*</sup> This cost may vary based on the licence type and activities that you choose for your company.

You can explore our set-up packages here catered to all types of businesses here: https://www.dmcc.ae/business-setup-package

OFFICE SPACE COSTS	
FLEXI DESK	From <b>AED 16,800 Annually</b>
SERVICED DESK	From AED 25,500 Annually
SERVICED OFFICE	From AED 35,000 Annually
PHYSICAL OFFICE/SQFT	Approximately <b>AED 60 per sq/ft</b>

<sup>\*</sup> All lease prices are exclusive of deposits and administrative fees.

SHARE CAPITAL	
MINIMUM SHARE CAPITAL PER COMPANY	AED 50,000

# DMCC: ALL INCLUSIVE BUSINESS SET UP PACKAGES

Starting from: AED 43,780\*

#### JUMP START PACKAGE

Ideal for startups, SMEs and entrepreneurs

#### **INCLUDED**

- ✓ DMCC company licence
- Establishment card
- Standard flexi desk or coworking space (for up to three resident visas)
- Company stamp & commemorative certificate
- One UAE residency visa included.

#### **PLUS**

- Up to 24% discount on your DMCC company set up fees
- Pay in two instalments
- Secure new business with the DMCC business matching hub
- Priority access to networking events
- One, two and three-year package options available
- 100% business ownership and capital repatriation
- Well-connected to local and global markets
- 100% digital and paperless company set up process.

<sup>\*</sup> Includes standard flexi desk. Limited time offer. Advance payment required in full.

Starting from: **AED 38,145\*** 

#### PRIME PLUS PACKAGE

Created for medium and large companies

#### **INCLUDED**

- ✓ DMCC company licence
- Establishment card
- Company stamp & commemorative certificate
- Operational fitness certificate.

#### **PLUS**

- ✓ Discount on company set up fees
- ✓ Pay in two instalments
- Fast track company set up
- Extended provisional approval validity
- Dedicated support with the application submission
- Guaranteed price freeze on licence renewal
- Add shareholders, directors, and licence activities without any additional charges
- 20% discount on additional business activities and licence
- Secure new business with the DMCC business matching hub
- Save up to AED 10,000 on additional services\*
- 100% business ownership and capital repatriation
- 100% digital and paperless company set up process.

<sup>\*</sup> Limited time offer. Advance payment required in full.

#### Starting from: **AED 35,484**\*

#### **BASIC BIZ PACKAGE**

Ideal for individual entrepreneurs

#### **INCLUDED**

- ✓ DMCC company licence
- Establishment card
- Company stamp & commemorative certificate
- Special flexi desk offer (eligible for one resident visa)
- Tailored package for individual shareholders (not for branches and subsidiaries).

#### **PLUS**

- 100% business ownership and capital repatriation
- Access to industry and networking events
- Well-connected to local and global markets
- 100% digital and paperless company set up process.

#### Starting from: AED 29,185\*

#### JLT RESIDENT PACKAGE

Designed exclusively for JLT residents

#### **INCLUDED**

- DMCC company licence
- Most affordable package in DMCC (exclusive for JLT residents).

#### **PLUS**

- ✓ Special flexi-desk option
- 100% business ownership and capital repatriation
- Access to industry and networking events
- Well-connected to local and global markets
- 100% digital and paperless company set up process.

<sup>\*</sup> Limited time offer. Advance payment required in full.

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## WORKING HOURS & LEAVE ENTITLEMENT

- Working hours cannot exceed 48 hours per week
- Working hours are reduced by two hours per day during Ramadan
- Overtime must not go over two hours per day

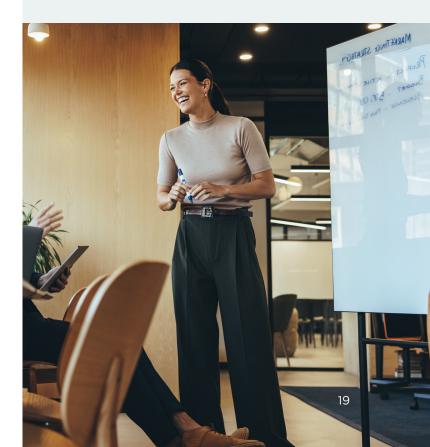
# Employees must be granted two days of leave per month.

(After six months of service and 30 days per annum after one year)

## MEDICAL INSURANCE

In the UAE, it is mandatory for all employers to provide sufficient medical insurance for employees. Insurance coverage must include:

- Cover for urgent and non-urgent care
- Tests, treatments, and examinations.



# 2023 UPDATE - UNEMPLOYMENT INSURANCE SCHEME



The UAE has introduced an **unemployment insurance scheme** to protect those who lose their jobs.



Upon unemployment, residents will be eligible to receive 60% of their base salary of up to AED 20,000 per month.



UAE residents will contribute AED 40 to AED 100 annually into an insurance scheme.



A maximum period of **three months** following the date of unemployment.



The scheme is mandatory for all employees in the private and public sectors who are employed by employers based in mainland UAE while it's optional for free zone employees.



The scheme is irrespective of nationality with the exception of (i) investors; (ii) temporary employees; (iii) juveniles under the age of 18; and (iv) pension receiving retirees who have restarted employment.

Reference - Al Tamimi & Company



# HIRING FOREIGN EMPLOYEES IN DUBAI

Businesses in Dubai are eligible to hire foreign professionals under the condition that they must sponsor all foreign employees' work visas and residency permits in Dubai. The limit to the number of visas that can be issued depends on the size of your office space and will vary depending on each free zone in Dubai. For DMCC, it is as follows:

OFFICE SPACE*	VISA QUOTA	
FLEXI DESK	Up to 3 visas	
SERVICED OFFICE	3 or 5 visas (depends on the size of the serviced office space)	
PHYSICAL SPACE	1 visa for every 9 square metres	
*Clients may be permitted to apply for an increase in their visa quota		

\*Clients may be permitted to apply for an increase in their visa quota.

# END OF SERVICE PAYMENTS

Provided that an employee has worked for over a year under a full time contract, he/she will be entitled to end of service gratuity (ESG) payments upon termination. Payments are calculated based on salary and duration of employment.

#### For example:

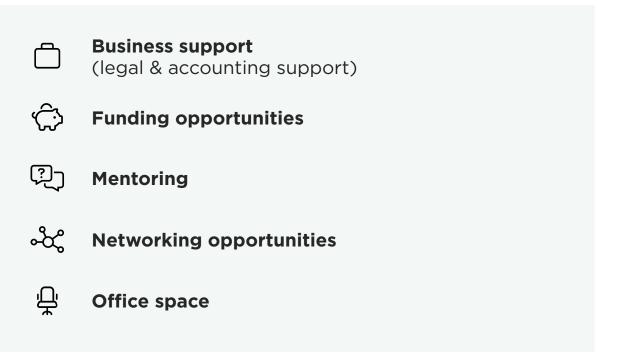
- 21 days pay for each year of service for up to five years
- 30 days pay for each year of service beyond five years.

End of Service Payments cannot exceed the two years' salary.



# BUSINESS INCUBATORS AND ACCELERATORS

Dubai boasts an impressive share of accelerators and incubators. Incubators and accelerators services consist of:



#### **AstroLabs Dubai**

<u>Astrolabs</u> Dubai is a prominent business incubator and accelerator located in the DMCC. As the first tech hub in partnership with Google in Dubai, it offers a range of resources and support for entrepreneurs and startups, including:

- Coding facilities for programmers
- Mobile device development lab
- Training room to host AstroLabs Academy workshops in a range of different areas including analytics, big data, adwords, digital marketing, UX/UI design, startup development and many more.

#### Nook

<u>Nook</u> provides a range of flexible workspace solutions in the heart of one of the world's fastest-growing business hubs. It provides members with a space to work, collaborate, and connect with other professionals.

What sets Nook apart is its exclusive partnership with DMCC, offering members of its co-working space access to unparalleled benefits. These benefits include visa processing, business set up and renewal services, and more.

#### **DMCC Crypto Centre**

The DMCC Crypto Centre is a world-class, purpose-built facility located in the DMCC. It offers a range of services and support to businesses operating in the crypto, blockchain and Web3 space, such as regulatory advice, access to capital, mentorship and many more. It provides a secure, reliable, and regulatory compliant environment to launch and grow crypto businesses.

#### **DMCC Gaming Centre**

The DMCC Gaming Centre in Dubai is a hub for the gaming industry, offering a range of services from gaming-related business registration and licensing to industry events and networking opportunities. It is designed to provide the necessary support for gaming businesses to launch and grow.



#### **Dubai Future Accelerators**

<u>Dubai Future Accelerators</u> is an initiative of the Dubai Future Foundation that encourages collaboration between the public and private sectors to develop innovative solutions for global challenges. The programme provides mentorship and resources to Startups, entrepreneurs, and innovators to create disruptive solutions to address challenges in the areas of education, transportation, energy, health, and more.

#### Area 2071

Area 2071 is a large space that consists of workspaces, event halls, educational labs and all the resources needed to bring out the best in talented individuals. People from all walks of life come together to benefit from the tools and opportunities available and create strategic collaborations.

#### **Dubai Angel Investors**

<u>DAI</u> is member-managed and comprises over 100 investors that come together to bring their ideas to life. They typically invest in promising early-stage technology companies and help by providing capital to support growth.





# OBTAINING CAPITAL THROUGH BANK LOANS IN DUBAI

Obtaining sufficient capital to finance your new business is a crucial step towards setting up a business in Dubai. You may opt to apply for various types of business loans. Securing funding is an important step towards successfully starting a business in Dubai and ensuring its survival.

# Eligibility criteria for applying for a business loan

The specific eligibility criteria to apply for a business loan will differ from bank to bank in the UAE.

However, all banks have these minimum requirements:

- The business must be running for at least two years
- Minimum annual turnover (amount varies per bank)
- Business or personal bank statements for the last 6 to 12 months.

# Choosing which type of business loan to apply for

#### A STANDARD BUSINESS LOAN

- Fixed monthly repayments over an extended period of time
- Payment terms are typically fixed unless the loan is under a variable rate.

#### FRIENDS AND FAMILY LOAN

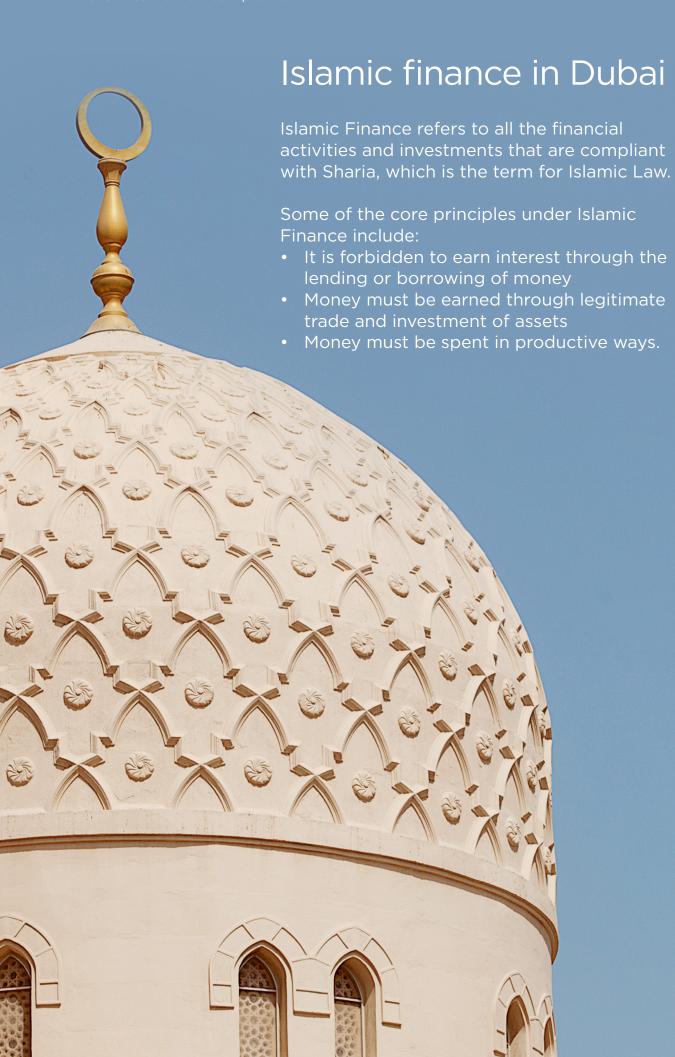
- Directly approaching friends and family for a loan
- Payment terms are more flexible and can be amended easily.

#### **CREDIT CARD LOAN**

- In the form of advance funds through a credit card
- Typically charges very high-interest rates, approximately up to 3% monthly.

#### SMALL BUSINESS ASSOCIATION (SBA) BACKED LOAN

- Supported by the government
- This is a good option when your bank loan applications have been unsuccessful
- If payment terms are not met, the government may impose harsh penalties.



# Documentation requirements

Preparing the necessary documents to get a business loan in advance can streamline the application process.

Here are the common documents banks require when applying for a business loan:

- Bank statements from the past 6-12 months
- Completed bank application form
- Article of Association
   / Memorandum of
   Association (MOA) /
   Power of Attorney (POA) /
   Partnership agreement
- Copy of your trade licence and the original document for validation
- Copy of loan applicant's passport.

Apart from the necessary document, it will be helpful to have the following additional documents on hand as well:

- Owners Home Residence Tenancy Contract or Sharing Accommodation Letter
- High Volume Transaction invoices
- VAT Certificate
- Audit Report
- List of employees obtained from Ministry of Labour
- Lading Bill (if applicable)
- Trade Licence.

## NETWORKING OPPORTUNITIES

Dubai is full of entrepreneurs, which also means plenty of networking opportunities. Here are some of the best ways to network with like-minded entrepreneurs:



### Trade shows & exhibitions

This is one of the best ways to network in the Middle East. Thousands of entrepreneurs and important individuals congregate at these events year after year to socialise and build new connections. Always be aware of all the <u>different events that are held throughout the year</u>.

## DMCC's Knowledge Series programme

DMCC has a regular programme called <u>The Knowledge Series</u>. Here, professionals across different sectors will find regular updates on the current upcoming events, workshops, lectures and seminars they may be interested in. This is a great way to find relevant events quickly and stay up to date with a wide variety of networking events all year round.



## Co-working spaces

Co-working spaces are a great resource for entrepreneurs, providing an opportunity to build connections with like-minded individuals in a natural setting. The relaxed atmosphere of a co-working space allows for easy networking and the gradual formation of valuable connections. Here are some of the top co-working spaces in Dubai where you can take advantage of this opportunity:





















## Online networking events

Today, there are limitless networking opportunities, particularly online. Online websites such as Meetup.com, Ryze.com, Tweetups (Twitter), LinkedIn, Eventbrite and even Facebook have groups, events and gatherings that are open to the public all year round.

#### **MEETUP.COM**

Meetup is a global platform with thousands of social and networking groups formed based on likes, hobbies and common interests. There are countless groups for business professionals to easily join.

#### **DMCC EVENTS**

The DMCC events website is regularly updated with new events, spanning across various industries and sectors. From trade shows to training programmes, there are countless opportunities for members to build strong and relevant connections.

#### **EVENTBRITE**

Eventbrite is a global platform that allows users to easily set up and post events available to the public. Users can easily search for events based on their location, interests and specific preferences.

# ARE YOU INTERESTED IN SETTING UP A BUSINESS IN DUBAI?

Apply now for DMCC's exclusive business set up package.

FIND OUT MORE