

# **Business Setup in UAE Free Zones**

Many businesses shy away from investing in the UAE due to the compulsion of having a UAE national as a partner with 51% shares owned by them. Because of this, business setup in UAE free zones is becoming popular. Upon setting up one, you will get 100% foreign ownership.

## **What is a Free zone?**

A free zone is an area with a special tax-free status and low trade barriers. Here goods can be manufactured, imported/ exported, handled, or reconfigured without paying any customs duty. These are generally located in strategic geographical locations like:

1. National borders,
2. International airports
3. Major seaports for maximizing the trading advantages.

The UAE government has set up multiple free zones, each designed for specific business activities. UAE free zones offer lucrative facilities to non-resident corporates like:

1. The convenience of single-window administration,
2. No bureaucratic red tape,
3. And 100% ownership.

There are about 44 free zones in the UAE. These attract foreign direct investment in the form of 200,000 companies contributing to the GDP growth. The free zones vary in their focus, setup costs and paperwork needed, but the basic requirements are the same.

## **List of Free Zones and Authorities for Business Setup in UAE Freezone**

Most of the UAE Emirates have free zones for:

Boosting the economy of the emirate,  
Promoting foreign direct investment (FDI),

Free Zone Authority is the government body responsible for registration and issuing business licenses to foreign ex-pats who want to start a company in the UAE free zone.

The list of free zones established across the UAE are mentioned below:

### **Dubai Free Zone**

Dubai Multi Commodities Centre or Jumeirah Lakes Towers Free Zone

Dubai Car and Automotive City Free Zone (DUCAMZ)

Dubai Biotechnology & Research Park (DuBiotech)

Dubai International Financial Centre (DIFC)

Dubai World Trade Center (DWTC)

Dubai Airport Free Zone (DAFZA)

Dubai Healthcare City (DHCC)

Jebel Ali Free Zone (JAFZA)

Dubai Silicon Oasis (DSO)

Dubai Knowledge Village

Dubai Media City (DMC)

Dubai South Free Zone  
Dubai Academic City  
Dubai Design District  
Dubai Logistics City  
Expo City Dubai  
Dubai Studio City  
Meydan Freezone  
Dubai Techno Park  
Dubai Flower Centre  
Dubai Outsource Zone  
Economic Zones World  
Dubai Internet City (DIC)  
Dubai Industrial City (DIC)  
Dubai Gold and Diamond Park  
International Humanitarian City  
Dubai International Academic City  
International Media Production Zone  
Dubai Technology and Media Free Zone

## **Abu Dhabi**

TwoFour54  
Masdar City Free Zone  
Industrial City of Abu Dhabi  
Abu Dhabi Global Markets (ADGM)  
Abu Dhabi Airport Free Zone (ADAFZ)  
Khalifa Industrial Zone Abu Dhabi (KIZAD)  
Higher Corporation for Specialized Economic Zones (ZonesCorp)  
Abu Dhabi Ports Company (ADPC) – Khalifa Port and Industrial Zone (KPIZ)

## **Sharjah**

Hamriyah Free Zone

Sharjah Media City Free Zone

Sharjah Publishing City Free Zone

Sharjah Airport International Free (SAIF) Zone

U.S.A. Regional Trade Center (USARTC) Free Zone

## **Ajman**

Ajman Free Zone

## **Fujairah**

Fujairah Free zone

International Free Zone Authority (IFZA)

## **Ras Al Khaimah**

Ras Al Khaimah Investment Authority (RAKIA)

Ras Al Khaimah Economic Zone (RAKEZ)

Ras Al Khaimah Media Free Zone

RAK Maritime City

## **Umm Al Quwain**

Umm Al Quwain Free Trade Zone (UAQFTZ)

# **Benefits of Business Setup in UAE Free Zones –**

There are many benefits of a free zone business setup in UAE. However, the UAE free zones offer some additional advantages if an investor decides to set up a business in one of the free zones. They are:

1. 100% free transfer of funds and no foreign exchange controls.
2. Unique industry clustering and purpose-built infrastructure.
3. Inexpensive workforce and easy recruitment procedures.
4. Liberal government policies and legal framework.
5. Exemption from all import and export duties.
6. Freehold offices are available for sale or lease.
7. Easy start-up and licensing procedures.
8. Flexibility to operate 24/7.
9. 100% foreign ownership.
10. Low Freight charges.
11. 3-year UAE residence visa.
12. Abundant and inexpensive energy.
13. No restrictions on hiring expatriates.
14. 100% repatriation of capital and profits.
15. Ready-made offices, factories, and warehouses.
16. The Timely and Streamlined Immigration Process.
17. Sponsorship and visas for an affordable skilled workforce.
18. 100% exemption from corporate, personal and income taxes.
19. Efficient communication procedures and single-window administration.

## **Things to Keep in Mind about a Freezone Company in UAE**

Keep the following in mind during the UAE free zone company setup:

1. Physical presence is not required in some free zones during the company formation, and it's only required during the visa process
2. Cannot easily work with Government agencies directly
3. Value Added Tax is not applicable for business outside the country
4. The corporate tax that was starting from June 2023 is not applicable to Freezone companies
5. The business type could be B2B anywhere in UAE and B2C in the free zone and internationally.

## **Types of Entities Allowed for Free Zone Company Formation UAE**

There are mainly 3 types of entities you can set up in the UAE free zones. These are:

1. Free Zone Establishment (FZE), with a single shareholder
2. Free Zone Company (FZC), with 2 to 5 shareholders
3. Branch of a foreign or local company

## **Types of Licenses for the UAE Free Zones -**

Business setup in UAE free zones is incomplete without procuring a business license.

The following types of business licenses you can get:

### **General Trading License**

Allows investors to trade in all kinds of products.

## **Trading/ Commercial License**

Grants a time-limited authorization to perform industrial, commercial, or consulting activities.

## **Service License**

Allows law firms, accounting firms, and business consultancy firms to operate.

## **Industrial License**

Permits importing raw materials, manufacturing goods, and exporting finished products across global boundaries.

## **Warehousing License**

Investors can avail of this license to avail warehousing facilities on lease for distribution, packaging, and storage of goods.

## **Manufacturing License**

Permits applicants to manufacture products.

## **What is the Process for Business Setup in UAE Free zones?**

Business setup in UAE free zones is not subject to the commercial company's law. Free Zones in the UAE are outside the UAE's jurisdiction. And have rules and regulations set by concerned free zone authorities.

These free zones offer an excellent opportunity for investors from all around the world and provide a liberal working environment and easy company setup procedures. The procedure is plain and simple.

### **1. Determine the type of legal entity**

Determine which type of entity you want to set up in any of the free zones. The capital requirement for such an entity depends upon the particular free zone where you will build your company.

For example: There is no minimum capital requirement for setting up a business in twofour54, whereas in Dubai Airport Free Zone (DAFZ) you are supposed to have a minimum share capital requirement of D 150,000.

### **2. Choose a Trade Name**

After deciding on the type of legal entity, choose a trade name for your company. Note that you ought to cross-check with the respective free zone authority about the permitted trade names. And whether the intended name has already been registered.

### **3. Apply for a Business License**

After choosing the trade name and registering it in the Free Zone authority's portal, you have to apply for the business license. The list of the different business licenses issued by the free zone authorities has been stated above.



The type of business license depends on the primary activity of your business. You need to submit the supporting documents while applying for the license.

#### **4. Choose an Office Space**

Free zone authorities provide flex-desk office service to support start-ups. You can either buy or lease office spaces in free zones. Office requirements depend on the number of employees and your company's business activity.

#### **5. Get Pre-Approval, register your business, and get the license**

Get the initial approval and the business-related approvals from the specific authorities. Register your business at the portal and get your license. It will not take more than 2-4 weeks to get done with this process. Once you get the license, you are good to start your business.

## **UAE Freezone Company Setup Requirements -**

To start the UAE Freezone company setup process, you must gather the following documents:

1. Copy of business plan
2. Visa with UAE entry stamp
3. Duly filled application license form
4. Business card of the contact person
5. Passport copies of all the shareholders
6. Address proofs (dated within 3 months)
7. Passport copies of the partners and business managers

8. Notarised and attested Memorandum of Association (MOA) and Articles of Association (AOA)
9. Original bank reference letters and license of the partner's existing company, if applicable

### **Documents for Consultancy License**

A copy of the degree or diploma certificate mentioning the desired activities, or the experience certificate [any of these documents is a must]

### **Documents for Industrial License**

1. Existing company profile
2. Business feasibility study
3. Duly filled form for the investor's project profile

### **Documents for Branch of Companies**

1. Attested copy of the registration certificate, incorporation certificate, and the Memorandum and Articles of Association (MAA).
2. Original Board Resolution that guarantees the financial commitment of the branch.
3. Original Power of Attorney of a legal representative and their passport copy.
4. Last 3 months' bank statements of the parent company.

## **Types of Activities for Company Formation in UAE**

### **Freezone –**

Read the list below:

1. Music production and recording
2. Performing arts and theatre
3. Corporate film production
4. Corporate Print Material
5. Digital content creation
6. Software development
7. Gaming development
8. Publishing company
9. Television channels
10. Event management
11. Graphic Designing
12. Branding agency
13. Content Creation
14. Public relations
15. Web Designing
16. Mobile Media
17. Photography
18. Film making
19. Advertising
20. Illustration
21. Animation
22. Marketing
23. NGO

## **End Note**

Setting up your business in a UAE-free zone is rewarding.

1. With tax exemptions,
2. Lower establishment overheads,
3. Business-friendly government policies,
4. And hassle-free administration for businesses.

If you are in search of expert help for easing the free zone company set-up process for UAE, [get in touch](#) with Octawiz to book a consultation call with us. Here we will answer all your queries.