

Title:

How Far Is Dubai Tax Free In Reality?

Word Count:

692

Summary:

One of the major reasons why so many travelers fly across Dubai's airspace is the duty free goods they can buy from its international airport. However, contrary to the popular belief, Dubai is not a tax free territory. Learn more about its tax benefits and the various world famous free zones.

Keywords:

dubai apartments, dubai furnished apartments, dubai beach apartments, dubai accommodation, dubai holiday rentals, dubai holiday apartments, dubai holiday homes, dubai self catering, dubai hotel apartments, dubai marina rentals, dubai rental, dubai apartments rental, dubai serviced apartments, dubai furnished villas

Article Body:

One of the major reasons why so many travelers fly across Dubai's airspace is the duty free goods they can buy from its international airport. However, contrary to the popular belief, Dubai is not a tax free territory. It does provide certain tax incentives for various businesses to function and grow economically. The trend of tax benefits began making rounds with the announcement of Jebel Ali Free-trade zone in 1985. Several more have been added into this list since then, until recently. These additions include Maritime City, the Internet and Media Cities, the International Financial Centre and the Airport Free Zone.

Oil revenues were the main segment of Dubai's per capita income in the post oil exploration period of 1960s. This however, transformed dramatically once the free zones began showing dividends. As a result, no longer do they have to rely on the oil reserves for their economic well being. The amount of foreign investment has been going up remarkably in the post free zones period, and makes much of Dubai's commerce boost right now. We will have a quick overview of what these free-trade zones are all about and where they are expected to lead Dubai in the years to follow.

The Jebel Ali Free Zone

The Jebel Ali Free Zone is the largest of its kind in the entire middle east and

one of the most tax friendly across the globe. The administration has spent over \$2.5 billion on its development since its commencement in 1985. Closely linked with the state-of-the-art Jebel Ali Seaport and the cargo village of Dubai international airport, the free trade area provides amazing turnaround for sea-air transportation. It also gives an access to the companies to an estimated consumer market of over 1.5 billion in the countries surrounded by the Gulf and Red sea. Companies are initially allowed to have a 15 year tax exemption period, which is then allowed to be renewed by another 15 years. Over 2000 companies from across the world are functioning at this juncture from this free zone.

Dubai Internet City and Dubai Media City (DIC)

These zones were created in 1990 to address to the growing demands of media and communications companies seeking benefits on a par with the Jebel Ali Free Zone. A fifty year tax exemption is granted initially, and no restrictions of local partnership or sponsors are applicable for the investors in these areas. Leading names such as Microsoft, Canon, McGraw-Hill, Reuters, and CNN are already among the major stake holders of this free trade entity. Benefits for the investors include a highly advanced technical infrastructure for their business operations apart from the general tax booties they could enjoy.

The Dubai International Financial Centre (DIFC)

DIFC was created in 2004 with an intent on providing financial companies with a permanent foothold in the region. This will lead to the strengthening of economic activities in the UAE and the Middle East as a whole. There are no constraints on how long the companies may remain under various tax benefits, thus making investments in this zone far more lucrative. DIFC carries six segments including the Banking Services, Capital Markets, Asset Management & Fund Registration, Reinsurance, Back Office Operations and Islamic Finance.

Dubai Airport Free Zone

Established at the international airport in 1996, the Dubai Airport Free Zone already holds over 460 companies from various sectors. Benefitors enjoy 100% tax exemption, 100% ownership rights, easy access to airport facilities, rapid cargo clearance and an availability of cheap labour. Companies such as Bang & Oulfsen, Boeing and Caterpillar are some of the stake holders in this free trade area.

The Dubai Maritime City

The Dubai Maritime City will be the latest addition to the growing list of free zones in Dubai. An estimated marine area of 2.5 million square meters will be

handed over to the marine and maritime related industries. The zone is expected to be completed before the end of 2006.

As Dubai's administration continues on with their free trade policies, the share of oil revenues in the GDP is bound to go down further with each passing year. The development of free zones was aimed on achieving this miracle for Dubai's populace and they have handsomely succeeded in doing so until this date.