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Advocates & Legal Consultants

للمحاماة والاستشارات القانونية

Taxation Law in the UAE

Company profile

Al Tamimi & Company is the largest independent law firm in the United Arab Emirates, with offices in Dubai, Abu Dhabi, Sharjah, Dubai Internet City and Doha, Qatar.

The Firm acts in the all areas of business law, and provides specialized legal services in the fields of shipping, construction, property, commercial and Islamic banking, project finance, intellectual property, information technology, media law, arbitration and local and foreign litigation matters.

The Al Tamimi & Company team is comprised of qualified and experienced lawyers from the UK, North America, Europe, South Africa, the UAE, Iraq and other Arab countries.

Our clients depend on our proficiency in local and regional laws. Within the UAE we enjoy long established contacts within the public sector, and regularly confer with government departments and ministries, with respect to new legislation and regulations. Such local contacts and regional knowledge greatly assist our private sector clients and the international corporations that represent the majority of our client base.

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TAXATION LAW IN THE UAE

INTRODUCTION

In deciding whether to invest or locate business operations in a territory, a thorough assessment of the local tax regime is vital. This assessment will include an evaluation of the applicable taxes and customs duties, the rates of such taxes and duties and whether exemption or reliefs will be available. Consequently, top quality tax advice is essential with regards to every major investment and transaction. We at Al Tamimi & Company are fully conversant with all the relevant regulations in our home jurisdiction of the United Arab Emirates and have a thorough knowledge of local fiscal practices. We offer advice, which is both commercial and practical, so as to enable an investment or transaction to be structured in the most tax-efficient manner.

The UAE is an attractive location in which to invest or set up business operations, in particular, in light of the relative scarcity of personal and corporate taxes. Most of the taxes, which form the greater part of an individual's or company's fiscal dues in most other jurisdictions, either do not exist or are not levied in the UAE. In addition, only a few industries in the UAE are in fact subject to these taxes. It is not expected that this approach will change in the medium to long term. Further, those taxes of more general application are not onerous and the UAE has entered into numerous double taxation treaties with other countries. These avoid instances of tax being levied against a person in connection with the same matter in the two different countries.

Taxation in the United Arab Emirates

This brochure has been produced by Al Tamimi & Company, a local law firm in United Arab Emirates with offices in Abu Dhabi, Dubai, Sharjah and Dubai Internet City, to give companies, which are operating in UAE as well as international investors a general and brief outline of the laws and treaties in force in the UAE, an overview of the taxation regime in the United Arab Emirates including a summary of the UAE double taxation treaties with other countries.

Every effort has been made to provide a useful summary of taxation in the UAE and the legislation currently in force in the emirates of Abu Dhabi, Dubai and Sharjah.
It does not however, provide comprehensive advice on all legal issues that may arise and therefore, should not be taken as providing legal advice on particular issues.

For further information about UAE taxation and tax treaties, please direct your enquiries to marketing@tamimi.com or visit the Al Tamimi & Company website at www.tamimi.com

The UAE Economy

The UAE Federation was established in 1971. Each individual emirate continues to exercise all powers not assigned to the federation by the federal constitution.

The UAE has an open economy with one of the world's highest per capita income and with a sizeable annual trade surplus. Since 1973 the UAE has undergone a profound transformation to a modern state with a high standard of living.

The UAE membership in international organizations reveals its commitment to open trade policies, market economy and unlimited support for the private sector's role and initiative.

The UAE economy is considered to be among the Gulf's most liberal with no foreign debt, living standards in UAE are amongst the highest in the world with an economy widely credited for being the most diversified in the region.

According to a reference guide produced by *BKR International to the main tax rates at present in force in 15 countries of the European Union, in other European and Middle East countries, UAE is the only country where no taxation is applicable, except to branches of foreign banks, hotels and major oil and gas companies.

**BKR is an association of more than 90 independent firms of accountants, with member firms in most of the major trading nations of the world.*

UAE – A Low Tax Jurisdiction

The UAE has a federal political system. The constitution of the UAE effectively brought together the seven emirates and laid the foundation for the UAE federal government.

Each individual emirate retains its judicial and political power save insofar as otherwise provided by the constitution or by agreements transferring the same to the federal government.

The federal government however maintains exclusive jurisdiction in a number of areas, such as foreign affairs, defence, health and education while the individual emirates retain exclusive jurisdiction in other matters including those relating to municipal work and natural resources.

Tax credit and tax relief are a significant aspects of every foreign investment decision. Although UAE tax laws are intended to levy taxes, most of the regulations are not enforced in practice. Fiscal practice may differ from the legislation, as is very much the case with corporate tax in the UAE.

There is no federal tax legislation in the UAE, instead each Emirate has its own tax law.

The following taxes are not applicable in the UAE:

- Personal income tax
- Capital gain tax
- Value-added tax
- Withholding tax
- Corporate tax

There are currently legislations in force in the Emirates of Abu Dhabi, Dubai and Sharjah establishing a general corporate taxation regime - the Abu Dhabi income tax decree of 1965 (and its amendments), Sharjah Income Tax Decree of 1968 (and amendments) and Dubai income tax decree of 1969 (and amendments).

In practice however, only oil, gas and petrochemical companies and branch offices of foreign banks are required to pay taxes.

Personal Taxation

There is no personal income tax in the UAE.

Municipality service charges are levied on individuals living and working in the UAE.

Service charge percentages vary among the emirates. A service charge of five to ten per cent is charged on food purchased in restaurants. Hotels charge a ten to fifteen per cent service charge per night on room rates. These charges are usually included in the customer's bill, which the municipality will collect from restaurants and hotels.

Individuals living and working in Dubai for example pay a ten per cent service charge on food purchased in restaurants. Hotels also charge an additional 15% service charge on the services they provide.

Corporate Tax

There is no federal tax legislation on the taxation of corporations in the UAE; instead each emirate has its own tax.

Abu Dhabi

There are no corporate, incomes; withholding, sales or value added taxes are currently imposed in Abu Dhabi other than:

a) taxes on oil and gas companies at rates specified in the relevant concession agreement;
b) flat rate on annual profits of branches of foreign banks; and
c) flat rate service tax on hotel services and entertainment.

However, according to the Abu Dhabi Income Tax Decree of 1965 (as amended by Abu Dhabi Income Tax Decree Number (4) of 1972) every chargeable person who conducts trade or business, including the rendering of any services in Abu Dhabi shall be subject to a sliding scale up to a maximum of 55% as follows:

Income less than Dhs.1 000 000	0%
Income equal to or more than Dhs.1 000 000 but less than Dhs.2 000 000	10%
Income equal to or more than Dhs.2 000 000 but less than Dhs.3 000 000	20%
Income equal to or more than Dhs.3 000 000 but less than Dhs.4 000 000	30%
Income equal to or more than Dhs.4 000 000 but less than Dhs.5 000 000	40%
Income more than Dhs.5 000 000	55%

A “chargeable person” means a body corporate wherever incorporated, or each and every branch thereof, carrying on trade or business at any type during an income tax year through a permanent establishment situated in the Emirate whether directly or through the agency of another body corporate, (and not entitled under an agreement with the Ruler to an exemption from liability to income tax). Two or more such branches of a body corporate so carrying on trade shall each be treated as separate chargeable persons. The fact that a body corporate has a secondary body corporate carrying on trade or business through a permanent establishment in the emirate shall not in itself constitute that parent body corporate as a chargeable person.

“Carrying on trade or business” means:
(a) selling goods or rights in such good in the emirate;
(b) operating any manufacturing, industrial or commercial enterprise in the emirate;
(c) letting any property located in the Emirate; or
(d) rendering services in the emirate, (excluding the mere purchasing of goods, or rights in such goods in the emirate.)

A chargeable person in Abu Dhabi shall be charged taxes on a sliding scale as described above except that the tax so charged shall be reduced by the credit aggregate of oil dealt in for that fiscal year so long as the total of all reductions granted to all chargeable persons in that fiscal year shall not exceed the credit aggregate of oil dealt in for that fiscal year.

Taxable income is computed after the deduction of all costs and expenses incurred by a chargeable person earning such income. Deductible costs and expenses include acquisition cost of goods, the expenses of operating the business, allowances for depreciation, obsolescence and exhaustion of both tangible and intangible assets and losses sustained by the chargeable person in connection with the business.

Dubai

In Dubai all companies are required by law to pay tax on their earnings. The rates of tax are on a sliding scale up to a maximum of 55 per cent. In practice however, only oil, gas and petrochemical companies and branch offices of foreign banks are required to pay tax.

The Dubai Income Ordinance of 1969 and Dubai income tax decree (and its amendment 1970) specifies that an organization that conducts trade or business in Dubai shall be subject to taxation as follows:

Income less than Dhs.1 000 000	0%
Income equal to or more than Dhs.1 000 000 but less than Dhs.2 000 000	10%
Income equal to or more than Dhs.2 000 000 but less than Dhs.3 000 000	20%
Income equal to or more than Dhs.3 000 000 but less than Dhs.4 000 000	30%
Income equal to or more than Dhs.4 000 000 but less than Dhs.5 000 000	40%
Income more than Dhs.5 000 000	55%

A "chargeable person" means a body corporate wherever incorporated, or each and every branch thereof, carrying on trade or business at any type during an income tax year through a permanent establishment situated in the Emirate whether directly or through the agency of another body corporate, (and not entitled under an agreement with the Ruler to an exemption from liability to income tax). Two or more such branches of a body corporate so carrying on trade shall each be treated as separate chargeable persons. The fact that a body corporate has a secondary body corporate carrying on trade or business through a permanent establishment in the emirate shall not in itself constitute that parent body corporate as a chargeable person.

"Carrying on trade or business" means:
(a) selling goods or rights in such good in the emirate;
(b) operating any manufacturing, industrial or commercial enterprise in the emirate;
(c) letting any property located in the Emirate; or
(d) rendering services in the emirate, (excluding the mere purchasing of goods, or rights in such goods in the emirate.)

A chargeable person in Dubai shall be charged taxes on a sliding scale as described above except that the tax so charged shall be reduced by the credit aggregate of oil dealt in for that fiscal year so long as the total of all reductions granted to all chargeable persons in that fiscal year shall not exceed the credit aggregate of oil dealt in for that fiscal year.

Taxable income is computed after the deduction of all costs and expenses incurred by a chargeable person earning such income. Deductible costs and expenses include acquisition cost of goods, the expenses of operating the business, allowances for depreciation, obsolescence and exhaustion of both tangible and intangible assets and losses sustained by the chargeable person in connection with the business.

However, with the exception of banks and oil companies no corporate income tax is in practice payable by businesses in Dubai. Oil companies pay up to 55% tax on UAE sourced taxable income and banks pay 20% tax on taxable income (Income tax on branch offices of foreign banks ordinance (No. 2) of 1997). The taxable income of banks is calculated by reference to their audited financial statements whereas that of oil companies is calculated by reference to their concession agreements. Oil companies also pay royalties on production.

Customs duties are very low and there are many exemptions. Goods imported and intended for re-export often benefit from customs duty as do manufacturers on the import of their machinery, raw materials and spare parts used for industrial purposes.

Sharjah

The Sharjah Income Tax Decree 1968 (and its amendments) specifies that there shall be imposed upon the taxable income of every chargeable person for each income tax year ending after the date of this Decree tax at the following scale:

Income less than Dhs.1 000 000	0%
Income equal to or more than Dhs.1 000 000 but less than Dhs.2 000 000	10%
Income equal to or more than Dhs.2 000 000 but less than Dhs.3 000 000	20%
Income equal to or more than Dhs.3 000 000 but less than Dhs.4 000 000	30%
Income equal to or more than Dhs.4 000 000 but less than Dhs.5 000 000	40%
Income more than Dhs.5 000 000	55%

A "chargeable person" means a body corporate wherever incorporated, or each and every branch thereof, carrying on trade or business at any type during an income tax year through a permanent establishment situated in the Emirate whether directly or through the agency of another body corporate, (and not entitled under an agreement with the Ruler to an exemption from liability to income tax). Two or more such branches of a body corporate so carrying on trade shall each be treated as separate chargeable persons. The fact that a body corporate has a secondary body corporate carrying on trade or business through a permanent establishment in the emirate shall not in itself constitute that parent body corporate as a chargeable person.

"Carrying on trade or business" means:
(a) selling goods or rights in such good in the emirate;
(b) operating any manufacturing, industrial or commercial enterprise in the emirate;
(c) letting any property located in the Emirate; or
(d) rendering services in the emirate, (excluding the mere purchasing of goods, or rights in such goods in the emirate.)

The Sharjah Income Tax Decree of 1968 as amended provides that income tax is payable by a chargeable person who deriving his income from carrying on trade or business in Sharjah. A chargeable person shall be charged taxes on his profits on a sliding scale for branch offices of foreign banks and oil, gas and petrochemical companies. Taxation is 55 per cent of every Dhs. provided that the tax so charged is reduced by the credit aggregate of oil dealt in for that fiscal year and provided also that the total of reductions allowable to all such chargeable persons shall not exceed the credit aggregate of oil dealt in for that fiscal year.

Taxable income in a given tax year is determined after deducting the costs and expenses wherever incurred by such chargeable person in earning such income, which costs and expenses shall include the acquisition cost of goods, the costs of operating the business, allowances for depreciation, obsolescence and exhaustion of tangible and intangible assets and losses sustained by the chargeable person in connection with the business.

Customs duties are levied on most goods imported into Sharjah at the rate of 5 per cent duty is charged on the CIF (cost, insurance and freight) value of the goods at the UAE port of entry and is payable at the point of clearance of the goods and the provision of the bill of entry

In practice, however, only oil, gas and petrochemical companies and branch offices of foreign banks are required to pay tax on their net profit.

Property Tax

In most of the emirates, tax is payable by residential and commercial tenants by reference to the annual rent of residential property at a rate of 5 per cent and for commercial property at 10 per cent of the annual rent.

A property tax is charged in Abu Dhabi to obtain and renew business licenses. In general, taxes are assessed at around 5 to 10 per cent of the applicant's annual office rental and 5 per cent of the annual rental of the residence of the manager whose name appears on the licence.

In Dubai, all residential properties are subject to an annual property tax payable to the Dubai Municipality. The amount of tax payable depends upon the employment status of the tenant. All professional, managerial and other senior employees in commercial, professional and industrial sectors are charged at the rate of 5 per cent of the annual rent of their property, whereas in the banking sector the percentage is 15 per cent of the annual rent of their property.

Whilst it is the tenant's obligation to pay the property tax, the Dubai Municipality will often collect the tax from the tenant's employer through the Department of Economic Development at the time of issuing or at the annual renewal of the employer's trade licence.

The Dubai Department of Economic Development will collect tax by reference to a list to be submitted by companies applying for the issue or renewal of their trade licences. This list will contain the names and job titles of all of this company's employees and the amount of their rent. Junior employees are charged at a flat rate of Dhs.300. A flat rate of a Dhs.1 000 is payable in the absence of a lease agreement.

In Sharjah, all leased residential properties are subject to an annual property tax payable to the Sharjah Municipality. This tax will be equal to 2 per cent of the annual rent shown in the tenancy agreement, subject to a minimum of Dhs.300 and is payable when the tenant notarises the agreement.

Tax and the Internet

Electronic commerce (e-commerce) has changed the way business is conducted in the twenty-first century. Since the advent of e-commerce distances and national borders have become much less significant and the concept of a global marketplace has become much more of a reality.

Sales can now be made via the Internet thereby increasing the availability of new ranges of products and services worldwide in the so-called global market. Commercial transactions no longer require traditional intermediaries. Government regulatory and tax authorities are therefore finding it much more difficult to track the flow of intangible products and services.

Although taxation is less of an issue in the UAE, it is an issue of concern for many other jurisdictions. The Internet and a market place without boundaries, present complicated administrative challenges for traditional means of levying taxation. The risk is that some jurisdictions may target on-line transactions with new forms of taxation thus increasing the costs of purchasing on-line.

Some international e-commerce transactions may touch numerous national and international taxing jurisdictions and so increase the odds that consumers will be overwhelmed by multiple taxes. The identification of parties involved in the transactions, the applicable jurisdiction of tax liabilities, the risk of double taxation, location of server, location of the bank from which funds for purchase are withdrawn and enforcement of tax laws have prompted the attention of legislators and analysts around the world.

Difficulties that face legislators around the world are, for example, how to identify the parties to e-commerce transactions and how to determine which jurisdiction(s) ought to tax such transactions. In determining which jurisdiction ought to tax e-commerce transactions, relevant considerations include whether the appropriate jurisdiction should be where particular servers are located or where the bank from which funds are paid in the transaction is located and the avoidance of inappropriate double taxation.

Taxing authorities are concerned that e-commerce will erode their tax base and some urge quick action to impose taxes on e-commerce.

The taxation of e-commerce remains a thorny issue, as countries seek to ensure that traditional taxation is not avoided, while at the same time avoiding the imposition of levies that might impede the development of e-commerce. A number of countries and organizations are studying ways to resolve these issues.

Double Taxation

The UAE has signed double taxation treaties with a number of countries including:

No.	Date Of The Official Gazette	Official Gazette No	Name of The Agreement	Decree No
1	26/4/1975	27	Agreement on avoidance of double taxation & evasion of taxes between the Arab Council of Economic Unity	25/1987
2	29/8/1989	203	Agreement on avoidance of double taxation on income resulting from air transport between the UAE & India	76/1989
3	29/11/1989	207	Agreement on avoidance of double taxation on income between the UAE & France	83/1989
4	31/3/1990	211	Agreement on taxation depending on incomeresulting from air transport between the UAE & Singapore	5/1990
5	27/4/1992	238	Agreement on avoidance of double taxation on income & profits resulting from international air transport between the UAE & Holland	24/1992
6	27/4/1992	238	Agreement on avoidance of double taxation on Income resulting from air transport between the UAE & Switzerland	36/1992
7	31/8/1993	254	Agreement on avoidance of double taxation on income & capital between the UAE & India	39/1993
8	31/8/1993	254	Agreement on avoidance of double taxation on income resulting from air transport between the UAE & Sri Lanka	41/1993
9	24/1/1994	262	Agreement on avoidance of double taxation on income between the UAE & Pakistan	3/1994
10	24/1/1994	262	Agreement on avoidance of double taxation on income between the UAE & Poland	7/1994
11	19/6/1994	266	Agreement on avoidance of double taxation and evasion of taxes on income its attached protocol between the UAE & China	38/1994
12	4/12/1995	178	Agreement on avoidance of double taxation capital and evasion of taxes between the UAE & Romania	60/1995
13	4/12/1995	278	Agreement on avoidance of double taxation on income & evasion of taxes between the UAE& Italy	62/1995
14	31/3/1996	291	Agreement on avoidance of double taxation on income & capital between the UAE & Germany.	21/1996
15	30/6/1996	294	Agreement on avoidance of double taxation on income , capital & evasion of taxes between the UAE & Singapore.	34/1996
16	30/6/1996	294	Agreement on avoidance of double taxation on income & capital between the UAE & Malaysia	35/1996
17	30/6/1996	294	Agreement on avoidance of double taxation on income & evasion of taxes between the UAE & Indonesia	36/1996
18	27/2/1997	302	Agreement on avoidance of double taxation on income , capital & evasion of taxes between the UAE & Finland	23/1997

19	27/2/1997	302	Agreement on avoidance of double taxation on income & capital between the UAE & Tunisia	25/1997
20	29/6/1997	306	Agreement on avoidance of double taxation on Income & evasion of taxes on Income & capital between the UAE & Belgium	83/1997
21	15/11/1998	326	Agreement on avoidance of double taxation and evasion of taxes on income its attached protocol between the UAE & Lebanon	106/1998
22	29/9/1999	339	Agreement on avoidance of double taxation on income, capital & evasion of taxes between the UAE & Morocco	90/1999
23	30/11/1999	342	Agreement on avoidance of double taxation & evasion of taxes on income & capital between the UAE & Turkmenistan	108/1999
24	28/6/2000	249	Agreement on avoidance of double taxation & evasion of taxes on income & capital between the UAE & Syria	72/2000
25	29/11/2000	255	Agreement on avoidance of double taxation and evasion of taxes on income between the UAE & Thailand	105/2000

There are plans to sign agreements with other countries, including Mongolia, Algeria, Egypt, Sudan, Yemen and Canada, Jordan, Kuwait, New Zealand, Belarus, Turkey and the Philippines.

Double taxation agreements prevent those individuals and corporations from being susceptible to tax on the same item din the same time period. These agreements, determine which of the two states concerned should levy tax in a particular case.

The rationale for these agreements is to promote trade in goods and services and the flow of capital, technology and persons without on the one hand the burden of double taxation and on the other the prevention of fiscal evasion through the cooperation of administrative and taxation authorities in each contracting state.

With respect to direct taxes double taxation agreements are intended to avoid double taxation of income and gains where a resident of one country has taxable income arising in the other country. Generally, the agreement will provide that the income will either be taxed solely in one country or, if it remains taxable in both, that the tax- payer's country of residence will grant a credit for the tax paid in the other country.

The agreement usually provide for lower withholding taxes in both countries and for the exchange of relevant information between the authorities of each country. These agreements are intended to prevent discrimination between tax- payers in different countries and provide an element of legal and fiscal certainty within a legal framework.

The absence of taxes in the UAE for foreign companies is only beneficial insofar as the profits earned in the UAE are not subject to taxation abroad.

Foreign companies with a presence in the UAE can gain considerable competitive advantages and benefits compared with competitors abroad by reason of the tax regime in the UAE and other investments incentives offered in the UAE to foreign investors. For this to occur rights under the double taxation treaties must be exercised and an appropriate tax-efficient business structure must be put in place.

Tax Disputes

World business tax experts have called on governments to accept compulsory international arbitration to resolve cross-border tax disputes, particularly those arising from conflicting interpretations of double taxation treaties.

The taxation commission of the International Chamber of Commerce recommended that compulsory, binding arbitration in international tax disputes should be adopted in bilateral or multilateral tax treaties. These include not only the cost-effective and equitable resolution of tax disputes but also the enhancement of global economic growth and development through the elimination of unintended double taxation.

UAE TAX FREE ZONES

The UAE has enjoyed substantial economic benefits and significant industrial growth as a result of its flourishing free zones. Financial incentives to establish manufacturing industries in the UAE are primarily focused on exemption from all taxes and duties levied on profits or production, with the exception of licensing fees. Furthermore, there are no restrictions on profit transfer or capital repatriation. Customs duties may also be exempted for qualifying projects established in the special industrial zones. In addition, nationally produced products are accorded a 10 per cent price advantage in government purchases over imported goods.
The Abu Dhabi Free Zone
On the 11th of July 1996, HH Sheikh Hazaa Bin Zayed Al-Nahyan announced the approval of plans for the establishment of a three billion dollar Abu Dhabi free zone to include facilities for warehousing, precious metals and food.
Financial Incentives

- 100 per cent import and export tax exemptions
- 100 per cent repatriation of capital and profits
- No corporate taxes for 15 years, renewable for an additional 15 years
- No personal income taxes

The Dubai Free Zones

The Dubai free zones offer attractive concessions and investment incentives to foreign investors including superb manufacturing and commercial facilities.

- Jebel Ali Free Zone (JAFZ).
- Dubai Airport Free Zone.
- Dubai Technology.
- E- Commerce and Media Free Zone.
- Dubai Cars and Automotive Zone.
- Dubai Gold and Diamond Park.

Jebel Ali Free Zone (JAFZ)

Jebel Ali Freezone (JAFZ) was founded in 1985 with the intentions for the international companies to enjoy benefits and opportunities of the free trade.

JAFZ is located 40 kms from Dubai International Airport. It offers 100% foreign ownership. The company formation period is 5-20 days subject to availability to facility requested and submission of necessary legal documents.

Financial Incentives

- No corporate taxes for at least 15 years, renewable for an additional 15 years.
- No restrictions on the repatriation of capital and profits
- No personal income taxes
- No currency restrictions

The Dubai Airport Free Zone (DAFZ)

Complementing rather than competing against the Jebel Ali free zone, the DAFZ provides similar yet diverse incentives to both the local and foreign investor, in particular in view of its location close to Dubai airport.

Financial Incentives
- No Corporate tax up to 15 years, renewable for a similar period
- Freedom to move capital including dividends and profit
- Exemption from import duties
- No personal income tax
- Full repatriation of both capital and profits
- No currency restrictions

The Dubai Technology E-commerce and Media Free Zone
The new Dubai Technology, E-Commerce and Media Free Zone ("TECOM") encompasses the Dubai Internet City ("DIC"), Dubai Media City ("DMC") and the Knowledge Village ("KV") offer attractive concessions and investment incentives to foreign investors, including superb manufacturing and commercial facilities.

Financial Incentives
- No corporate taxes for at least 15 years, renewable for an additional 15 years.
- No restrictions on the repatriation of capital and profits
- No personal income taxes
- No currency restrictions

Dubai Cars and Automotive Zone
The Dubai Cars and Automotive Zone ("DUCAMZ") has been established with the objective of facilitating the re-export of automotive vehicles to the Africa, Asia and Middle East markets and comes under the administration of JAFZA it is therefore governed by JAFZ rules and regulations.

The Sharjah Free Zones

<u>Sharjah Airport International Free Zone (SAIF- Zone)</u>

Sharjah Airport International Free Zone is the world's first ISO certified airport free zone. Established adjacent to Sharjah International Airport, SAIF- Zone represents a unique opportunity for importers and exporters utilizing air or sea transport.

<u>Financial Incentives</u>
- 100 per cent exemption from corporate and personal income taxes, for companies, investors and their employees.

<u>Hamriyah Free- Zone</u>

Hamriyah Free Zone offers attractive concessions and investment incentives to foreign investors including superb manufacturing and commercial facilities. It is considered as one of the most advanced free zones in the Middle East

Financial Incentives
- 100% import and export tax exemption
- 100% repatriation of capital and profits allowed
- No corporate profits tax
- No personal income tax

<u>Exemption</u>

It is possible for companies or their branches carrying on a trade or business in the UAE to enter into an agreement with the ruler of a particular emirate whereby it will be exempt from any liability to taxation on its income.

Conclusion

As a leading regional commercial hub with a state-of-the-art infrastructure and a world-class business environment, investing or setting up business operations in the UAE can make sound commercial sense. This is compounded by the fact that there is very little personal or corporate taxation in the UAE. The UAE is a party to numerous international double taxation treaties, which are aimed at avoiding instances of tax being payable by a person in connection with the same matter in the UAE and other jurisdictions.

We are able to advise our clients on all aspects of taxation payable within the UAE and have a working knowledge of the practices of our local tax and customs authority. In addition, we can assist from a practical perspective with applications for reliefs and exemptions and thereby offer a complete tax and customs consultancy service.
For further information about UAE taxation and tax treaties, please direct your enquiries to marketing@tamimi.com or visit the Al Tamimi & Company website at www.tamimi.com

PUBLICATIONS PRODUCED BY AL TAMIMI & COMPANY

The informative brochures listed below are available free of charge from the lobby of any of our offices in the UAE. We would also be happy to send them to you by post if you contact our Dubai office reception. Alternatively, the text of the brochures may be accessed on our website at *www.tamimi.com*

Arbitration: Theory and Practice in the United Arab Emirates

Laws Regulating Insurance in the United Arab Emirates

Summary of International Agreements signed between the UAE and other countries

UAE Immigration Laws and proceedures in Dubai

E-Commerce and the UAE Law

Bankruptcy in the United Arab Emirates- Laws and Proceedures

UAE Labour Law

Companies under the UAE Commercial Companies Law

Schedule of Trademark Charges

Registration of Industrial Patents, Drawings and Designs in the United Arab Emirates

The Copyright Law in the United Arab Emirates

UAE Construction Law and Dispute Resolution

Media Query- Setting up in Dubai Media City

IT Query - E-Commerce and the UAE Law

Framework for Litigation in the United Arab Emirates

Islamic Finance- A UAE Legal Perspective

Banking and Security law in the UAE

Establishing Offshore Companies in the Jebel Ali Free Zone

The GCC Economic Agreement & Customs Law

Standards & Classifications in the UAE

Taxation Law in the UAE

Al Tamimi & Company also has a free monthly newsletter called Law Update which provides readers with the latest news on legal and commercial developments in the region. To subscribe please send an email to: *marketing@tamimi.com* or call +971 4 3317090 or Fax: +971 4 3313177.

visit us at
www.tamimi.com

"The UAE is an attractive location in which to invest or set up business operations, in particular in light of the relative scarcity of personal and corporate taxes, as exemplified by the tremendous growth along Sheikh Zayed Road, Dubai from the 1970's photograph above to the 2004 picture on the cover."

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