

A low-angle, upward-looking photograph of several modern skyscrapers in Dubai, United Arab Emirates. The buildings feature glass facades and curved architectural elements, set against a clear, light blue sky. The perspective creates a sense of height and architectural grandeur.

GLOBAL EXPANSION GUIDEBOOK CORPORATE

United Arab Emirates



Downloaded: 02 May 2025

INTRODUCTION

Welcome to the 2024 edition of DLA Piper's *Global Expansion Guidebook – Corporate*.

GLOBAL EXPANSION GUIDEBOOK SERIES

To compete and be successful today, companies need to develop and scale their businesses globally. Each country presents its own set of unique laws, rules and regulations and business practices that companies must understand to be successful. In order to help clients meet the opportunities and challenges of expanding internationally, we have created a handy set of global guides that cover the basics companies need to know when going into and doing business in new countries. The *Global Expansion Guidebook* series reviews business-relevant corporate, employment, intellectual property and technology, executive compensation, and tax laws in key jurisdictions around the world.

CORPORATE

The *Global Expansion Guidebook – Corporate* has been created based on our research, our experience and feedback we have received from clients in both established and emerging businesses that have expanded internationally. We hope it will be a helpful resource for you.

The *Global Expansion Guidebook – Corporate* covers corporate basics in 54 key jurisdictions across the Americas, Asia Pacific, Europe and the Middle East. We touch on a wide range of corporate issues for companies expanding internationally, including establishing a corporate presence and choice of entity, liability considerations, tax presence and tax filings, capital requirements, the formation process, director, officer and shareholder requirements, registration processes, office lease processes and possible exit strategies.

With more than 600 lawyers, DLA Piper's global Corporate group is one of the largest in the world, with one of the widest geographical footprints of any global law firm and experience across the legal areas companies need as they expand internationally. With both global experience and local knowledge, we partner with our clients wherever they do business to find solutions and manage their risk in relation to their challenges and objectives.

While this guide provides high-level guidance, it is not a substitute for legal advice, and we encourage you to seek advice regarding the specific matters that concern you. If you wish to speak to any of our contributors, you may find their contact details at the end of the guide.

We hope you find this guide valuable, and we welcome your feedback.

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This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

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UNITED ARAB EMIRATES



Last modified 01 July 2024

FORM OF ENTITY

The most commonly adopted legal structures in mainland UAE are a limited liability companies (LLC) and a branch office (Branches). In addition, it is also possible to establish a representative office (also known as a liaison office) which is a legal structure identical to that of a Branch, however its activities are limited to serving as an administrative and marketing center for the parent company (Rep Office).

It is also possible to establish an entity in 1 of the free zones in the UAE. Entities registered in a free zone can be wholly foreign owned and no UAE participation is required. The free zone entity can take the form of a free zone limited liability company (FZ-LLC) or a free zone branch office (FZ-Branch).

LLC

Separate and distinct legal entity with limited liability.

Federal Decree-Law No. 32 of 2021 on Commercial Companies was enacted to replace the previous companies' law and to allow foreign investors to own 100 percent shares in UAE companies without requiring a UAE national partner, except for specific business activities and sectors. Each Emirate's Department of Economic Development has a list of approved business activities for foreign companies.

The UAE actively encourages investment in growing sectors, such as fintech, e-commerce, agritech, healthcare, education, tourism, space, logistics services, ICT, manufacturing, medical tourism, renewable energy, media and entertainment, creative industries, gaming and smart cities. However, full ownership of companies within these sectors is subject to regulations of the respective governing bodies.

Branch

A branch is not regarded as a separate entity but treated as an extension of its parent company. Currently pursuant to the recent changes in the UAE law, a branch no longer requires a UAE national or a company wholly owned by UAE nationals to act as its national agent (colloquially known as a "sponsor" and is not to be confused with a commercial agent).

FZ-LLC

Separate and distinct legal entity with limited liability. No restriction on the nationality of shareholders. Activities restricted to the free zone in which the company is incorporated and those the company is licensed to carry out.

FZ-Branch

A Branch is not regarded as a separate entity but treated as an extension of its parent company.

Dual License Branch

A dual licence branch is a branch of an FZ-LLC registered in mainland UAE. It is not treated as a separate entity but treated as an extension of its parent company. Establishing a dual licence branch is possible in the case of FZ-LLCs registered in certain free zones only. Also, dual licences are only issued for FZ-LLCs conducting professional services – trading activities are not typically included on dual licences. It may operate from the same office as its parent company without the need for a separate registered address.

ENTITY SET UP

LLC

- Number of shareholders must not exceed 50 and must not be less than 21.
- Shareholders' liability limited to their share in the capital
- May not engage in the business of insurance, banking or investment on behalf of other parties

Branch office

- Used by foreign companies wishing to establish a business presence in mainland UAE
- Permitted to perform contracts or conduct activities as specified in its license but is prohibited from conducting activities relating to direct trading in tangible goods.
- Legally regarded as part of its parent company (no separate legal identity). Activities limited to those of its parents, as stated in its parent's objects articles of association/bylaws.
- Managed by a sole manager who will operate pursuant to a power of attorney issued by the parent company.
- Required to be registered with the UAE Ministry of Economy (MOE) and to provide a bank guarantee issued by a UAE registered bank in the amount of AED 50,000 that is payable in favor of the MOE and to provide a bank guarantee in the amount of AED 50,000 that is payable in favor of the MOE

Representative office

- Used by foreign companies wishing to establish a business presence in the UAE
- Activities limited to gathering information and soliciting orders and projects to be performed by the parent company's head office

- Serves as an administrative and marketing center for the parent company
- Identical in all respects to a branch office except that it is not permitted to perform contracts or any other activities other than marketing of the parent company's products and services and not allowed to issue invoices in its name.
- Required to be registered with the MOE and to provide a bank guarantee issued by a UAE registered bank in the amount of AED 50,000 that is payable in favour of the MOE.

FZ-LLC

- Can be owned by 1 or more foreign shareholders (individuals or corporate bodies)
- No foreign ownership restrictions
- Used by foreign companies wishing to establish a business presence in the UAE
- As the free zone is deemed to be offshore, it allows for 100 percent foreign ownership
- Shareholders' liability limited to their share in the capital
- No corporate or income tax for a guaranteed 50-year period; 100 percent repatriation of capital possible
- Activities cannot be carried out directly in mainland UAE
- An FZ-LLC wishing to carry out business in mainland UAE should appoint a mainland UAE registered company to act as its distributor. Alternatively, it may set up a branch office in the respective relevant Emirate
- Exemption from customs duty for goods entering the free zone. Customs duties will apply to goods leaving the free zone into the mainland UAE market

FZ-Branch

- Used by foreign companies wishing to establish a business presence in the UAE
- Legally regarded as part of its parent company
- No share capital requirements as it is not a separate legal entity, and
- Can conduct all or some of the operations inherent in the parent company's business

Dual Licensee Branch

- Used by foreign companies wishing to establish a business presence in the UAE and to operate onshore

- It is only an option in certain free zones (such as Dubai International Financial Centre, Dubai Airport Free Zone, Dubai Multi Commodities Centre and in all of the Abu Dhabi free zones)
- Permitted to perform contracts or conduct activities as specified in its licensee but is prohibited from conducting activities relating to direct trading in tangible goods
- Legally regarded as part of its parent company (no separate legal identity). Activities limited to those of its parents, as stated in its parent's articles of association/bylaws – but prohibited to carry out trading activities and only limited to professional services.
- Managed by a sole manager who will operate pursuant to a power of attorney issued by the parent company or the parent company's shareholder(s).
- Can operate out of the same office as its parent company located in the free zone.
- The parent company must not have any other branches in the UAE and cannot itself be a branch.

MINIMUM CAPITAL REQUIREMENT

LLC

The UAE Companies Law does not prescribe any minimum share capital but the entity should have adequate capital to achieve the purposes of its incorporation and the capital shall consist of shares equal in value. Until recently, the generally accepted minimum share capital for an LLC registered in Dubai was AED10,000. Presently, there is no requirement to deposit the share capital in a UAE registered bank. It will suffice to include details of its share capital in the LLC's memorandum of association and to have the same duly notarized by the UAE notary public.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Varies depending on which free zone the company will be registered with and sometimes the proposed activity. For example, in Dubai Media City, the minimum paid-up capital requirement is AED50,000 except for when the proposed activity is within the Broadcasting TV Segment and Radio Segment, which has a minimum capital requirement of AED2.5 million.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

LEGAL LIABILITY

LLC

The shareholders are generally not liable for the debts of the LLC aside from their contribution to the LLC.

Branch

A branch office is legally regarded as part of its parent company and does not have a separate corporate personality or legal identity from that of its parent company. Consequently, the parent company of the branch office is fully responsible for any liability of the branch.

FZ-LLC

Same as LLC.

FZ-Branch

Same as Branch.

Dual Licence Branch

Same as Branch.

TAX PRESENCE

LLC

The UAE has long been known as a zero-corporate-tax jurisdiction. This changed with the introduction of a federal corporate income tax (CIT) effective for financial years starting on or after June 1, 2023. As a member of the Inclusive Framework of the Organisation for Economic Cooperation and Development's (OECD), which is committed to implementing the anti-Base Erosion and Profit Shifting (BEPS) initiatives, the UAE is expected to introduce legislation to implement the Global Minimum Tax (GMT) initiative (Pillar Two). This tax aims to establish a minimum effective tax rate of 15 percent on multinational corporations, specifically targeting those with an annual consolidated group revenue exceeding a certain threshold (eg, EUR750 million).

CIT is payable on the net profits of UAE businesses as reported in their financial statements prepared in accordance with internationally acceptable accounting standards (IFRS). CIT is applicable to all businesses and business activities alike. The CIT regime includes exemptions for government entities, government-controlled entities, extractive businesses, non-extractive natural resource businesses, qualifying public benefit entities and qualifying investment funds.

The standard statutory CIT rate will be 9 percent, whereas a 0 percent rate will apply for taxable profits up to AED375,000 to support small businesses and startups. To align with Pillar Two of the global tax initiative, the UAE has implemented a new domestic top-up tax. This tax ensures that multinational corporations, with an annual consolidated group revenue over EUR750 million, are subject to a CIT rate of 15 percent. This measure is specifically designed to bring the tax rate for these large multinational entities in line with the globally agreed minimum.

Some emirates in the UAE impose corporate taxes on companies engaged in the oil and gas sector. These taxes are generally levied at the emirate level because each emirate holds the rights to its own natural resources. The rates and terms of taxation in this sector can vary from 1 emirate to another.

Effective January 1, 2018, the UAE has implemented a Value Added Tax (VAT) at a rate of 5 percent, as recommended by the World Bank and the International Monetary Fund (IMF).

There are some municipality taxes on rent and certain land transfer charges paid when transferring real estate.

Branch

A UAE branch of a non-resident person is deemed to be an extension of the non-resident person and may constitute a 'permanent establishment' of the non-resident person for tax purposes. A non-resident with a UAE permanent establishment will be required to register for CIT purposes and will be subject to tax on any taxable income attributable to the permanent establishment. A branch is required to prepare stand-alone financial statements in accordance with accounting standards accepted in the UAE (IFRS).

FZ-LLC

Free zone companies are eligible for a special tax regime. Under this 'free zone tax regime,' Qualifying Free Zone Persons (QFZPs) can benefit from a 0 percent tax rate on 'qualifying income,' subject to meeting the relevant conditions. Any income that is not qualifying income will be taxed at 9 percent.

Free zone companies that do not meet the relevant criteria to be considered a QFZP will be subject to the standard CIT regime.

Companies located in the free zones are subject to VAT. Special rules apply for transactions involving goods in designated zones, which are specific free zones that comply with criteria set out under VAT legislation. For a list of these designated zones, you can refer to the [website](#) of the UAE's Federal Tax Authority.

FZ-Branch

A branch of a non-resident person registered in a free zone can also benefit from the free zone tax regime, subject to meeting the relevant conditions.

Dual Licence Branch

A QFZP can create a 'domestic permanent establishment' by establishing a branch in UAE mainland. Income attributable to a domestic permanent establishment is subject to tax at 9 percent, whereas qualifying income derived by the QFZP is eligible for a 0 percent tax rate under the free zone tax regime.

INCORPORATION PROCESS

LLC

The licensing procedure involves the following macro steps:

- Reservation with the licensing authority of the trade name of the entity
- Obtaining initial approval from the licensing authority
- In the case of an entity that will be conducting industrial or contracting activities, it will be necessary to obtain special approvals from the relevant Municipality, the MOE and possibly other competent authorities
- Execution of the memorandum of association of the entity before a notary public in the UAE
- Signing of office lease agreement and its registration with the relevant authority and
- Final registration with the licensing authority and issuance of license.

Additional approvals may be required by other government departments depending on the nature of the LLC's activities.

Branch

The registration procedure involves the following macro steps:

- Reservation with the licensing authority of the trade name of the branch
- Obtaining initial approval from the licensing authority
- Obtaining initial approval from the MOE
- Signing of office lease agreement and its registration with the relevant authority
- Final registration with the licensing authority and issuance of license and
- Submission of bank guarantee to the MOE and issuance of the final commercial registration certificate.

Additional approvals may be required by other government departments depending on the nature of the LLC's activities.

FZ-LLC

The licensing procedure involves the following macro steps:

- Submission of initial application to the relevant free zone and obtaining its initial approval

- Execution of the memorandum and articles of association of the entity before the concerned free zone official
- Signing of office lease agreement and its registration with the relevant free zone
- Opening of bank account and depositing relevant share capital (varies from 1 free zone to another) this is not applicable in most free zones, but is applicable in some) and
- Final registration with the registration and licensing authority of the free zone and issuance of license.

Additional approvals may be required by other government departments depending on the nature of the FZ-LLC's activities.

FZ-Branch

The registration procedure involves the following macro steps:

- Submission of initial application to the relevant free zone and obtaining its initial approval
- Signing of office lease agreement and its registration with the relevant free zone and
- Final registration with the registration and licensing authority of the free zone and issuance of license.

Additional approvals may be required by other government departments depending on the nature of the FZ-branch's activities.

Dual Licensee Branch

The licensing procedure involves the following macro steps:

- Obtaining a no-objection letter from the free zone in which the parent company is registered
- Submission of initial application to the licensing authority
- Signing of office lease agreement and its registration with the relevant authority (optional) and
- Final registration with the licensing authority and issuance of licence.

Additional approvals may be required by other government departments depending on the nature of the FZ-LLC's activities.

BUSINESS RECOGNITION

LLC

Well regarded and widely used.

Branch

Well regarded and widely used.

FZ-LLC

Well regarded and widely used.

FZ-Branch

Well regarded and widely used.

Dual Licensee Branch

Relatively new development and gaining popularity.

SHAREHOLDER MEETING REQUIREMENTS

LLC

General assembly composed of all partners convened once a year during the 4 months following the end of the financial year (unless the company only has 1 shareholder). Decisions of the general assembly shall not be valid unless passed by the majority of the shareholders present in person and those represented at the meeting (unless the company memorandum states a larger majority).

Branch

Not applicable for this jurisdiction.

FZ-LLC

General meeting shall be convened at least once in every calendar year (unless the company only has 1 shareholder). Resolutions require simple majority of votes (or by such majority as prescribed in the memorandum and articles of association of the company).

FZ-Branch

Not applicable for this jurisdiction.

Dual Licensee Branch

Not applicable for this jurisdiction.

BOARD OF DIRECTOR MEETING REQUIREMENTS

LLC

If there is a board of directors/managers appointed, then the meeting requirements should be in accordance with that stated in the company's memorandum of association.

Branch

Not applicable for this jurisdiction.

FZ-LLC

With the exception of a sole director appointed, the meeting of the board of directors should be in accordance with that stated in the company's articles of association.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

ANNUAL COMPANY TAX RETURNS

LLC

Taxable persons should pay CIT and file their CIT return within 9 months from the end of the relevant tax period. For example, a taxable person with a financial year ending on December 31 is required to file their tax return and pay CIT on or before September 31 of the following year.

Branch

Non-resident persons are required to register for CIT and file a CIT return if they have a UAE branch which constitutes a permanent establishment. A branch of a resident person will not be required to file a separate tax return.

FZ-LLC

Same as LLC.

FZ-Branch

Non-resident persons are required to register for CIT and file a CIT return if they have a free zone branch which constitutes a permanent establishment.

Dual Licensee Branch

A branch of a free zone entity will not be required to file a separate tax return.

BUSINESS REGISTRATION FILING REQUIREMENTS

LLC

Various documents required to be submitted to the DED licensing authority, including the application form for reservation of the trade name of the company and the application form for initial license approval, the board resolutions and corporate documents of the corporate shareholder, passport copies of the individual shareholders and the officers (directors/manager and general manager).

Branch

Various documents required to be submitted to the DED licensing authority, including the application form for reservation of the trade name of the branch and the application form for initial license approval, the board resolutions and corporate documents of the parent company, and the passport copies of the general manager together with a copy of their last UAE visa.

FZ-LLC

Various documents required to be submitted to the relevant free zone authority, including a business plan, applications for registration and license, the board resolutions and corporate documents of the corporate shareholder, passport copies of the individual shareholders and the officers (directors and manager) and the specimen signatures of the officers.

FZ-Branch

Various documents required to be submitted to the relevant free zone authority, including a business plan, applications for registration and license, the board resolutions and corporate documents of the parent company, passport copies of the individual shareholders and the general manager and the specimen signatures of the general manager.

Dual Licensee Branch

Various documents required to be submitted to the DED, including the no-objection letter obtained from the relevant free zone, the application form for initial license approval, the board resolutions and corporate documents of the parent company, and a passport copy of the general manager together with a copy of their last UAE visa.

BUSINESS EXPANSION

LLC

License and memorandum of association are required to be updated. For this purpose, approval(s) from the DED licensing authority and possibly other competent authorities will be necessary.

Branch

License is required to be updated. For this purpose, approval(s) from the DED licensing authority and possibly other competent authorities will be necessary.

FZ-LLC

License required to be updated. For this purpose, approval from the relevant free zone authority will be necessary.

FZ-Branch

Same as FZ-LLC.

Dual Licensee Branch

License is required to be updated. For this purpose, approval from the DED and relevant free zone authority will be necessary and also from the relevant free zone authority.

EXIT STRATEGY

LLC

Internal procedures to be followed, such as unanimous shareholder approvals and undertakings that the company has met its debts and obligations. The dissolution must be registered with the commercial register and published in 2 local daily newspapers in the Arabic language. An auditing firm registered in the UAE should be appointed to act as the liquidator of the company and instructed to prepare the liquidation report.

Branch

Internal procedures to be followed, such as passing board resolutions of the parent company and undertakings that the branch has met its debts and obligations. The dissolution must be registered with the commercial register and published in 2 local daily newspapers in the Arabic language.

FZ-LLC

Same as LLC.

FZ-Branch

Same as branch.

Dual Licensee Branch

Same as branch.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

UAE LLC

- Annual general assembly.
- Annual maintenance of register containing details of ultimate beneficial ownership and filing with competent authorities.

Branch

Annual maintenance of register containing details of ultimate beneficial ownership and filing with competent authorities.

FZ-LLC

- Annual general assembly.
- Annual maintenance of register containing details of ultimate beneficial ownership and filing with competent authorities (only applicable for non-financial free zones).

FZ-Branch

Annual maintenance of register containing details of ultimate beneficial ownership and filing with competent authorities (only applicable for non-financial free zones).

Dual Licensee Branch

Annual maintenance of register containing details of ultimate beneficial ownership and filing with competent authorities.

DIRECTOR / OFFICER REQUIREMENTS

LLC

At least 1 director/manager to be appointed by the shareholders.

Branch

1 general manager to be appointed by the parent company.

FZ-LLC

At least 1 manager, director and secretary to be appointed (1 individual may in certain free zones hold the office of a manager, director and secretary).

FZ-Branch

Same as branch.

Dual Licence Branch

Same as branch.

LOCAL CORPORATE SECRETARY REQUIREMENT

LLC

Not required.

Branch

Not required.

FZ-LLC

Required in most free zones (but optional in some), must be an individual secretary and not a body corporate.

FZ-Branch

Not required.

Dual Licence Branch

Not required.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

LLC

None beyond the required director/officer requirements.

Branch

None beyond the required general manager requirement.

FZ-LLC

None beyond the required director/officer requirements.

FZ-Branch

None beyond the required general manager requirement.

Dual Licensee Branch

None beyond the general manager requirement.

LOCAL OFFICE LEASE REQUIREMENT

LLC

Yes, an owned or rented physical office space is required.

Branch

Same as LLC.

FZ-LLC

Generally, a rented physical office (rented/owned) is required in the relevant free zone (possibly including offices from private landlords in the free zone area as approved by the relevant free zone – this depends on the concerned free zone).

FZ-LLC

Same as FZ-LLC

Dual Licence Branch

There is no requirement to lease a separate office and it will be permitted to operate out of the same office space as the parent company. A separate office space is optional.

OTHER PHYSICAL PRESENCE REQUIREMENTS

UAE LLC

No other express provisions.

Branch

Same as LLC.

FZ-LLC

No other express provisions.

FZ-Branch

Same as FZ-LLC.

Dual Licensee Branch

Same as LLC.

SUFFICIENCY OF VIRTUAL OFFICE

LLC

Not sufficient. An owned or rented physical office space is required.

Branch

Same as LLC.

FZ-LLC

Not possible in some free zones but possible in other free zones.

FZ-Branch

Same as FZ-LLC.

Dual Licensee Branch

Sufficient.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

LLC

Not sufficient.

Branch

Same as LLC.

FZ-LLC

Not sufficient.

FZ-Branch

Same as FZ-LLC.

Dual Licensee Branch

Same as Branch.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

LLC

No express provision.

Branch

Not applicable for this jurisdiction.

FZ-LLC

No express provision.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licensee Branch

Not applicable for this jurisdiction.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

LLC

A UAE national or a company wholly owned by UAE nationals must hold at least 51 percent of the shares (with the exception of single-shareholder companies with GCC ownership and exemptions under FDI). No more nationality restrictions are applicable to shareholders except for activities falling within the strategic list. No nationality restrictions when appointing a manager/director/officer. As noted earlier, this requirement is subject to the implementation.

Branch

Not applicable. No nationality restrictions when appointing a general manager.

FZ-LLC

No nationality restrictions. In most free zones, at least the manager (who is named on the license of the company) should have a UAE visa issued through the company (although it is not mandatory that he/she should reside in the UAE but they will need to visit at least once in 6 months to maintain the validity of his visa). In some free zones, there is no requirement for the manager to have a UAE visa.

FZ-Branch

Not applicable. In most free zones, the general manager (who is named on the license of the company) should have a UAE visa issued through the branch (although it is not mandatory that they should reside in the UAE but they will need to visit at least once in 6 months to maintain the validity of his visa). In some free zones, there is no requirement for the manager to have a UAE visa.

Dual Licensee Branch

Same as Branch.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

LLC

No express provision. The concepts of "trust" and "beneficial owner" are not recognized as a matter of law under the UAE law. The UAE Concealment Law makes "side" arrangements illegal and imposes penalties that can include jail sentences on the parties involved. Although the said law is in force, the ministerial implementing regulations have not yet been issued. Therefore, the enforcement of such law remains uncertain.

Branch

Not applicable for this jurisdiction.

FZ-LLC

No express provision.

Dual Licence Branch

Same as branch.

FZ-Branch

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

LLC

The directors/managers have full authority to manage the business of the LLC and their actions are binding. Note that this does not cover all activities, such as opening bank accounts, signing checks etc., which require explicit mention in any appointment mandate. It is possible to limit the authorities of the general manager by including limited authorities in the memorandum of association or by issuing a limited power of attorney in their favor.

Branch

The general manager has authority to manage the business of the branch and his actions are binding. Note that this does not cover all activities, such as opening bank accounts and signing checks, which require explicit mention in any appointment mandate. The parent company can however limit the authorities of the general manager by issuing a limited power of attorney in their favor.

FZ-LLC

The directors have the full authority to manage the business of the company and their actions are binding. It is possible to limit the authorities of the manager by issuing a limited power of attorney in their favor.

FZ-Branch

The general manager has the authority to manage the business of the company and his actions are binding. It is possible to limit the authorities of the general manager by issuing a limited power of attorney in their favor.

Dual Licensee Branch

The general manager has authority to manage the business of the branch and his actions are binding. Note that this does not cover all activities, such as opening bank accounts and signing checks, which require explicit mention in any appointment mandate. The parent company can, however, limit the authorities of the general manager by issuing a limited power of attorney in their favor.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

LLC

No.

Branch

No.

FZ-LLC

With the exception of the Dubai International Financial Centre and Abu Dhabi Global Market free zones, there is no public disclosure of this nature.

FZ-Branch

With the exception of the Dubai International Financial Centre and Abu Dhabi Global Market free zones, there is no public disclosure of this nature. Same as FZ-LLC.

Dual Licensee Branch

No. Same as FZ-LLC.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

LLC

Minimum number of directors/managers is 1. No maximum number.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Minimum 1 director is required. The maximum varies from 1 free zone to another.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licensee Branch

Not applicable for this jurisdiction.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

LLC

Maximum 50. Minimum 21. There is an exception for single-shareholder companies with GCC ownership.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Minimum is 1. The maximum varies from 1 free zone to another.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licensee Branch

Not applicable for this jurisdiction.

REMOVAL OF DIRECTORS OR OFFICERS

LLC

If appointed for a limited term in office, the director/manager shall remain for the duration unless the memorandum provides that they may be dismissed, and such dismissal must be by the same majority required for amendment of the company memorandum (unless stated differently in the memorandum). If the memorandum is silent, a unanimous vote of the partners, or a court order where serious causes so justify, can lead to dismissal.

Branch

The parent company can at any time remove the general manager of the branch.

FZ-LLC

The shareholders of a company can remove a director, at a special general meeting called for such purpose, by ordinary resolution, provided the notice requirements are complied with or by a written unanimous resolution of the shareholders.

FZ-Branch

Same as branch.

Dual Licensee Branch

Same as branch.

REQUIRED AND OPTIONAL OFFICERS

LLC

No other officers strictly required.

Branch

Same as LLC.

FZ-LLC

No other officers strictly required.

FZ-Branch

Same as FZ-LLC.

Dual Licensee Branch

Same as branch.

BOARD MEETING REQUIREMENTS

LLC

As stated in the LLC's memorandum.

Branch

Not applicable for this jurisdiction.

FZ-LLC

As stated in the FZ-LLC's articles of association.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licensee Branch

Not applicable for this jurisdiction.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

LLC

The quorum for the general assembly shall not be valid unless 1 or more partners holding at least 75 percent of the share capital are present. If the said quorum is not present at the first general assembly, the partners shall be invited to another meeting to be held within 14 days from the date of the first meeting, provided that partners holding at least 50 percent of the share capital are present. If the required quorum is not present at the second meeting, then the partners shall be invited to a third meeting to be held upon the expiry of 30 days from the date of the second meeting. The quorum at the third meeting shall be valid irrespective of the partners present at the meeting.

Branch

Not applicable for this jurisdiction.

FZ-LLC

As set out in the memorandum and articles of association of the company (aside from the first shareholders' meeting to confirm election of directors, which shall be a majority of the shareholders of the company, present in person or by proxy).

FZ-Branch

Not applicable for this jurisdiction.

Dual Licensee Branch

Not applicable for this jurisdiction.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

LLC

No. A bank account is not required to be opened prior to incorporation but only after the LLC is established, when it becomes a requirement to open a local bank account with a bank registered in the UAE (international or local bank). There is no need to deposit the share capital in the bank account. The UAE's Wage Protection System (WPS) requires salaries of employees to be paid into their bank accounts in the UAE, so in order to comply with the WPS requirements, the LLC should have a bank account.

Branch

Yes, as part of the registration process, it is necessary to submit a bank guarantee to the MOE which should be issued by a local bank. For this purpose, it is necessary to open a bank account in the name of the branch. It is also necessary to have a bank account to comply with WPS.

FZ-LLC

Yes, in most free zones (but not all), it is a requirement to open a bank account as part of the formation process of the FZ-LLC. This is because an amount representing the minimum share capital must be deposited for the benefit of the company in a bank account held with a bank in the UAE. WPS is applicable in some free zones and is not applicable in others.

Dual Licensee Branch

No, it is not a requirement to open a bank account as part of the formation registration process for a Dual License Branch. It may, however, be required to open a bank account in the event that approval is required by the MOE for conducting the branch's activities.

Branch

No. Please note that WPS is applicable in some free zones.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

LLC

Auditor(s) shall be selected by the general assembly. Must be accredited in the UAE. Financial statements shall be audited and laid before the general meeting along with the auditor's report. There is no filing requirement with the DED, but the license of the UAE LLC must be renewed on an annual basis. Company's books must be kept in the UAE LLC's office.

Branch

Auditor(s) to be selected to audit the financial statements of the branch. It is mandatory to submit audited financial statements and auditor's report to the MOE for the purposes of renewal of the commercial registration certificate. The branch should have separate accounts which should be prepared by an auditing firm that is registered in the UAE (if based abroad, then its registered office in the UAE will need to be engaged by the branch for that purpose).

FZ-LLC

Yes, auditor(s) (accredited in the UAE) shall be appointed by the general meeting. Financial statements shall be audited and laid before the general meeting along with the auditor's report. In some free zones, audited accounts are required to be submitted for the purpose of renewing the license of the FZ-LLC but this is not a requirement in other free zones. Updated books of the FZ-LLC must be kept its registered office.

FZ-Branch

Yes, audited accounts prepared by an auditor (accredited in the UAE) are required to be submitted for the purpose of renewing the license of the branch. A branch office may choose to submit the consolidated audited financial accounts of its parent or a stand-alone extract of the financials of the branch office operation.

Dual Licensee Branch

There is no requirement to submit audited financial statements for the Dual License Branch. If the dual license branch is registered with the MOE, it may be required to provide financial statements and an auditor's report to the MOE.

REQUIREMENT REGARDING PAR VALUE OF STOCK

LLC

No express provision.

Branch

Not applicable for this jurisdiction.

FZ-LLC

No express provision.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licensee Branch

Not applicable for this jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

LLC

Technically, approval of partners representing 75 percent of the capital is required, unless the LLC's memorandum provides for an additional numerical majority of partners. In practice, unanimous approval of LLC's partners is required by the DED licensing authority.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Authorization by an ordinary resolution and by the FZ-LLC's memorandum and articles of association required.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licensee Branch

Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

LLC

No restrictions. Funds can be repatriated freely subject to complying with the applicable legal reserve (10 percent of the LLC's net profits).

Branch

Not applicable for this jurisdiction.

FZ-LLC

No restrictions. Funds can be repatriated freely.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

LLC

Must at all times comply with the foreign ownership restrictions. Approval is required from the DED licensing authority and share transfer documents must be signed before a UAE notary and filed with the authorities to obtain an amended licence reflecting the revised shareholding pattern. Additional approvals from other regulators /competent authorities may be required depending on the nature of activities of the LLC.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Subject to the provisions and restrictions contained in the memorandum and articles of association of the company. Proper instrument of transfer required to be delivered to the company and share transfer must be accepted for registration by the relevant free zone. There is a share transfer restriction applicable in some free zones that will not allow more than 1 share transfer in a year (this may not be applicable in all the free zones).

FZ-Branch

Not applicable for this jurisdiction.

Dual Licensee Branch

Not applicable for this jurisdiction.

OBTAINING A NAME AND NAMING REQUIREMENTS

LLC

The trade name reservation is done online, and the relevant payment is made for the DED licensing authority to issue the Trade Name Reservation certificate. Certain restrictions apply when obtaining a name; for example, a name may not contain the word "Dubai," "UAE" or the names of countries or offensive or religious words.

Branch

Same as LLC. Please note that the branch should have the same name as its parent, followed by the name of the Emirate in which the branch is established – for example, a branch in Dubai will have the suffix "Dubai Branch."

FZ-LLC

Certain restrictions apply when obtaining a name; for example, a name may not contain the word "Dubai" and must contain the word FZ-LLC (or other suffixes as may be applicable in the relevant free zones).

FZ-Branch

An FZ-Branch should have the same name as its parent.

Dual Licensee Branch

A Dual Licence Branch must have the same name as its parent.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

LLC

Strict requirements for banks, money exchange houses, finance companies and financial institutions operating in the UAE to follow "know your customer" guidelines to prevent money laundering. In accordance with the UAE Central Bank regulations, the banks are required to trace the details of the ultimate beneficial shareholder owning 5 percent or more of the shares in the company. The DED only requires details of the immediate shareholders of the company and will not request for details of the ultimate beneficial shareholders.

Branch

Same as the LLC.

FZ-LLC

Strict requirements for banks, money exchange houses, finance companies and financial institutions operating in the UAE to follow “know your customer” guidelines to prevent money laundering. Most free zones require compliance with this requirement and want to trace details of the ultimate beneficial shareholder owning 5 percent or more of the shares in the FZ-LLC.

FZ-Branch

Same as FZ-LLC.

Dual Licensee Branch

Same as branch.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

LLC

Technically, approval of partners representing 75 percent of the capital is required to amend the LLC's memorandum, unless the memorandum provides for an additional numerical majority of partners. In practice, unanimous approval of the partners is required by the DED licensing authority.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Special resolution (majority of not less than 75 percent of the shareholders entitled to vote) required to amend the provisions of the memorandum and articles of association of the FZ-LLC but such amendment shall only take effect when accepted for registration by the relevant free zone.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licensee Branch

Not applicable for this jurisdiction.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

LLC

Licence required from the DED licensing authority. Additional approvals may be required from other competent authorities depending on the nature of activities.

Branch

Same as LLC.

FZ-LLC

License required to carry on a business in the relevant free zone. Additional approvals may be required from other competent authorities depending on the nature of activities.

FZ-Branch

Same as LLC.

Dual Licensee Branch

Same as branch.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

LLC

The concept of a shelf company is not recognized in the UAE.

Branch

Not applicable for this jurisdiction.

FZ-LLC

The concept of a shelf company is not recognized in the free zones.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licensee Branch

Not applicable for this jurisdiction.

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