



DOING BUSINESS IN THE UNITED ARAB EMIRATES

KANAAN & ASSOCIATES
AN INDEPENDENT MEMBER FIRM OF BKR INTERNATIONAL

BKR
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PREFACE

1.1. Purpose of this Publication

This publication was written to provide an overview of the history, economy, business entities, finance, taxation, and audit and accounting practices in the United Arab Emirates. It presents a high-level summary of the prominent features of the topics discussed. This information was compiled from sources believed to be accurate and reliable; however, we cannot guarantee the accuracy of such information, as we have not independently verified the accuracy or completeness of such information. Furthermore, this publication is not comprehensive and accordingly, should not be used as a substitute for detailed professional advice. Persons conducting or planning to conduct business in the United Arab Emirates are advised to obtain more detailed information from experienced professionals in the United Arab Emirates.

This publication was written by **Kanaan & Associates Certified Public Accountants** (Dubai) and reflects rules current as of September 2021.

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1/GENERAL INFORMATION

1.1 Geography and Industry

The United Arab Emirates (“UAE”) occupies an area of 83,600 square kilometers along the south-eastern tip of the Arabian Peninsula. The land size of the United Arab Emirates is about the size of the State of Maine in the United States of America. Qatar lies to the northwest, Saudi Arabia to the southwest, the Arabian Gulf to the north, and Oman to the south.

The UAE currently has a diverse economy. Oil revenues have been used over the years to create and develop a world-class infrastructure in order to stimulate economic growth. In addition, government policies have promoted business and free markets by limiting government involvement and reducing red tape. Although a high percentage of government revenues are attributable to non-oil revenues, the UAE remains a major oil and gas producer and exporter.

1.2 History

The UAE is a federation of seven emirates (independent “cities”) as follows:

- Abu-Dhabi;
- Dubai;
- Sharjah;
- Ajman;
- Umm Al Quwain;
- Ras Al Khaimah; and
- Fujairah

The federation was established on December 2, 1971, which is now the annually celebrated National Day of the UAE. On 2 December 2021, the UAE turned 50 years old.

1.3 Government and Legal Systems

Since the establishment of the federation in 1971, the UAE has had a federal political system with each of the seven emirates retaining its judicial identity, unless otherwise provided by the Constitution or laws of the federal government. Arguably, the UAE’s unique political system has been the pillar behind the country’s political success, while maintaining the traditional values and identity of the individual emirates.

During their initial discussions on forming a federation, the rulers of the seven emirates agreed that each of them would be a member of a Supreme Council, the top policy-making body in the new country and that they would elect a President and a Vice President from amongst their number to serve in a five-year, renewable, term of office.

The Ruler of Abu Dhabi, Sheikh Zayed bin Sultan Al Nahyan, was elected as the first President, a post to which he was re-elected at successive five-yearly intervals until his death in November 2004, while the Ruler of Dubai, Sheikh Rashid bin Saeed Al Maktoum, was elected as first Vice President, a post he continued to hold until his death in 1990.

Both were succeeded by the respective Crown Prince, who became rulers of their emirates and were elected by the members of the Federal Supreme Council to become, respectively, the President, for the Ruler of Abu Dhabi, HH Sheikh Khalifa bin Zayed Al Nahyan, and Vice President, for the Ruler of Dubai. Sheikh Rashid’s successor as Vice-President, Sheikh Maktoum, died in early 2006, and was succeeded as ruler by his younger brother and Crown Prince, Sheikh Mohammed bin Rashid, who was then elected as the UAE’s third Vice President. The Federal Supreme Council has both legislative and executive powers. It ratifies federal laws and decrees, plans general policy, approves

the nomination of the Prime Minister and accepts his resignation. It also relieves him of his post on the recommendation of the President. Parallel to, and interlocking with, the federal institutions, each of the seven emirates also has its own local government and control over their respective emirates. All have expanded significantly as a result of the country's growth over the last 50 years, though they differ in complexity from emirate to emirate, depending on factors such as population, area, and degree of development.

1.4 Population

According to the UAE Federal Competitiveness and Statistics Centre, the UAE's total population (nationals and expatriate residents) was 9.3 million in 2020.

Note: This estimate is based on the results of the last official 2005 census by the UAE government. Updated, but unofficial population estimates, such as that by the IMF, have forecasted that the population of the UAE in 2011 was 5.375 million.

1.5 National Language

Arabic is the national and official language of the UAE and is also the language of government. Official documents such as university diplomas frequently require translation into Arabic; however, English is widely spoken and frequently used in business and commerce between enterprises.



2/BUSINESS ENVIRONMENT

2.1 Economy

On 6 June 1966, prior to the establishment of the UAE, oil was first discovered by the Dubai Petroleum Company at Fateh, approximately 60 miles from Dubai. Since then, the UAE has been working on a long-term vision of economic diversification and has been working on reducing the portion of GDP based on oil and gas output. The country has transformed dramatically from a small trading hub and fishing port to a modern country with a high standard of living. Part of this transformation was driven by the government's spending on job creation, infrastructure development, tourism initiatives, and the government's reduction of red tape to ease the efficiency of commerce. All of this was done in line with the UAE's long-term vision to diversify from oil revenues and become the country of choice for doing business in the Middle East.

One of the most prominent incentives for entrepreneurs and investors to establish in the UAE is the several Free Trade Zones spread throughout the country, which allows 100% foreign ownership with no taxes whatsoever. In addition, relative to the Middle East, there is minimal security and political risk in the UAE which have helped attract many businessmen and their families to the region.

During the period 2005-2008, strong population inflows, high oil prices, housing shortages, and cheap credit led to a surge in asset prices (equity shares and real estate) and consumer inflation. Subsequently, from 2008 to 2010, the country experienced sharp declines in asset prices and a reduction in the growth rate.

The global financial crisis and the resulting tight international credit market and sluggish oil prices have continued to keep asset prices range-bound and general expectations for economic growth for 2012 are half the 4.8% rate growth experienced in

2011. The IMF forecasts the GDP growth rate for 2012 in the UAE to be 2.3%.

Common challenges to continued economic growth of the UAE that have been cited by economists in the region are the country's dependence on oil and on foreign workers to keep the economy growing. The UAE's strategic plan for the next few years focuses on diversification and creating more opportunities for UAE nationals through improved education and increased private sector employment. Furthermore, the UAE is focused on using its oil revenues to create new industries such as aviation and manufacturing to help the economy diversify from its dependence on oil.

Despite the current challenges faced, the UAE Government has had success in developing its strategy to create a business environment that is conducive to economic growth. This has contributed to the world-renowned status of the UAE as an international centre for trade, finance and services, and has attracted numerous multinational global companies to set up their Middle East operations in the UAE. Long-term prospects for the UAE as the premier business and tourism destination remain intact despite the sluggish recovery currently taking place.

2.2 Foreign Investment

The UAE is a trading nation, as witnessed by its high ratio of imports plus exports (of goods and services) to total GDP. The country is also an important participant in global capital markets through several government investment holding companies, including the Abu Dhabi Investment Authority, the Dubai Ports Authority, Dubai Holding, and Abu Dhabi's International Petroleum Investment Company.

The United Arab Emirates has adopted an open-minded approach in attracting foreign investment

on a high-standard, WTO-consistent basis with its trading partners, in recognition of the potential of such agreements to reinforce global trade liberalization and economic growth in the country.

As a committed member of the GCC, the United Arab Emirates has also signed joint trade agreements with some other countries and regional economic blocs. At the GCC level, the EU is the primary trading partner, followed by China, Pakistan, and India.

To avoid conflicts between bilateral under-takings and commitments as a GCC member, the GCC Heads of States have agreed that any new preferential agreement concluded by one of its members will apply “pari-passu to all members, except for agreements with the United States.

2.3 Labour Relations and Conditions

The Ministry of Labour is the main body responsible for the regulation of labour working terms and recruitment guidelines. Many of the procedures a business will need to complete regarding labour matters will, therefore, involve a fair amount of dealings with the Ministry of Labour.

Legally speaking the Ministry of Labour plays an important role in settling labour dispute between employees and their employers. If either of the parties is not satisfied with the ministry recommendations, it may go to the court within two weeks. The Ministry of Labour does not act in a judicial capacity, as it aims to expedite labour related claims by reaching amicable settlements.

Salaries and employees packages tend to vary from industry to industry, as there is no maximum or minimum salary requirement. Unlike some countries, pay packages in the UAE are divided into basic salary and other allowances. Typical allowances include transportation and housing

allowances. The legal significance between the basic and allowances is that the legally-mandated “Employee End-of-Service Gratuity Benefit” is calculated using the basic component of the total salary only. All employees in the UAE that are working under a UAE-based company are required by the UAE Labour Law to pay this Employee End-of-Service Gratuity benefit.

The working hours for local businesses are usually split by 2 shifts, one from 8am to 1pm and then from 4pm to 7pm. However, there has been a growing trend in the past 5 years, particularly among multi-national firms, to operate on a single 8 hour shift.

The weekend generally starts on Thursday at 1pm with Friday as the only complete day off.

Again, however, there has been a growing trend to move to a two-day weekend on Fridays and Saturdays.

2.4 Education

All schools in the UAE are supervised and regulated by the Ministry of Education, which regularly inspects schools to verify that rules and regulations are being complied with.

There are a number of private schools in the UAE that have adopted a variety of educational systems, such as the British, French, Indian, and American educational curriculums. There are also several universities and colleges in the UAE with American, Australian, and European affiliates offering degree and diploma courses. Universities and colleges are regulated by the Ministry of Higher Education and Scientific Research.

Several educational institutions have opted to set up in Knowledge Village, which is part of a free zone based in Dubai and was founded in 2002. Knowledge Village seeks to accelerate the

development of the region's human capital by providing an infrastructure and environment for a variety of educational institutions to create and disseminate knowledge.

2.5 Living Conditions

Living conditions in the UAE are among the best in the Middle East. In addition to 24 hour electricity, water supply, and sewage, there are top notch supermarkets and traffic congestion is typically limited to the morning and evening rush hours. Relative to the Middle East, public safety is also comparable to that of Europe and the United States. There are also numerous leisure activities due to the availability of several:

- Shopping malls and souks;
- Golf courses;
- Water sports and desert safaris;
- Top rated hotels and fine dining; and
- Nightclubs and bars.

Recently, there have been the additions of several unique projects to the landscape, such as: Burj Khalifa, the world's tallest tower in Dubai at 2,723 feet or 830 meters; Dubai Mall, the world's largest shopping mall in Dubai (based on total area); and Burj Al Arab, the world's third tallest hotel in the world at 1,053 feet or 321 meters.

2.6 Transportation

The UAE has developed a modern infrastructure with wide freeways, bridges, and pedestrian crossings that has allowed for several different modes of transport. Most visitors and tourists frequently rely on the relatively low-cost network of taxis that are easily found on streets or that can be reserved via telephone in advance.

Recently, however, there has been an increasing usage of automated metros by visitors and residents alike, though currently only available in Dubai.

The Dubai International Airport and Abu-Dhabi International Airport are often cited as one of the fastest growing in the world. The location of the UAE in the center of Europe/US and Asia has made the UAE's airlines, Emirates Airlines and Etihad Airlines, successful in establishing the UAE as a hub for the Middle East. The UAE has an open sky policy which has allowed the UAE to be served by 90 airlines flying to and from over 120 destinations worldwide.

2.7 Incentives for Investing in the UAE

The UAE is strategically located at the crossroads of trade and commerce between Europe/US and Asia. In addition, the UAE is within a short plane ride to the heavily populated countries of India, Pakistan, & Russia, allowing for close proximity to these markets.

On top of the geographic advantage of the UAE, the free market economy and minimal red tape of the government towards business has created the optimal environment for business and entrepreneurs to thrive. There is no doubt that the UAE's laissez faire economic policy has proved attractive to investors, domestic, regional, and international, alike.

The UAE also benefits from a good selection of talented and skilled labor in the country, who have shifted from Europe, the United States, and Asia for more attractive pay packages and benefits. This, coupled with a tax-free environment, has made the UAE the location of choice for setting up operations in the UAE.

A further stimulus to growth has been provided by the Free Zones in the UAE. Free Zones are basically compounds within a city that offers attractive concessions and investment incentives to foreign investors, including superb manufacturing and commercial facilities, advanced communications, minimal government interference, 100% foreign ownership, competitive fees, and a tax-free environment.



3/FORMS OF BUSINESS ENTITIES

Carrying on any business activity, whether in a trading or professional capacity, should always be embarked upon after receiving competent professional advice on the appropriate formal designation and status for the proposed business venture. It follows that compliance is a paramount requirement for the relevant authorities to be able to issue licenses for carrying on various activities, and engage in the trading and legal transactions.

As a consequence of this, choosing the correct legal form of the proposed establishment is subject to many considerations which should be studied so that the business enterprise may conduct its business in the manner as envisaged in its setting-up, thus maintaining the continuity of the business. The following are some of the consideration that should be analyzed in selecting the legal form of the new business:

- Compliance with the legislation regulating civil and commercial dealings and observing their provisions and rules, as there are certain types of trading companies which are not allowed to practice specific types of activity. For instance, limited liability companies are not allowed to engage in the business of insurance and money exchange. Also, there are certain activities that may not be practiced except in certain legal forms: for example, firms specializing in legal consultancy and accounting services cannot function except through certain specific legal forms;
- Consideration should be given to the amount of the invested capital which should be employed in performing the business activity, which depends either on the personal capacity of the investor to provide the required capital, or his ability to legally raise funds from varying sources of finance. For projects whose execution necessitates the provision of significant funds, it is advisable to consider the option of a Public Shareholding Company in order to ensure availability of the required capital;

- Scope of the firm's activities and whether it is planning to carry on its activities on the local, regional or international level; and
- The nationality of the investor, as a local investor may practice most types of business activity as a sole proprietor or through any of the legal forms of companies through entering into partnership with others. However if the investor is not a local, then he needs, in most cases, to have a local partner in order to be able to practice certain business activities, except for special cases where the law does not dictate such requirement, namely in the UAE's numerous Free Zones, which are detailed below.

3.1 Individual

The law permits the establishment of a sole proprietorship for UAE nationals and nationals of the Gulf Co-operation Council ("GCC"). Since the procedure and conditions may differ in each case, the following is a list of conditions governing each individual application for the establishment of a sole proprietorship:

- In the event that the investor is a UAE national individual who wishes to engage in a business activity may apply to the Department of Economic Development in order to obtain the requisite license for carrying on such an activity; and
- In the case where the investor is a citizen of one of the Gulf Co-operation Council countries, the beneficiary of such a license in the UAE should actually be conducting the activity for which he is licensed in compliance with the provisions of article 10 of the executive regulations of the Federal Law no. 2 of 1979.

Pursuant to the Federal Law no. 2 of 1989 which allows citizens of the Gulf Co-operation Council





countries to engage in retail or wholesale trade in the country, the first article of this law states that it is permissible for the nationals of the Gulf Co-operation Council countries, whether they be laymen or juridical persons, to practice retail and wholesale trade in the UAE according to the rules and regulations stipulated by Cabinet Resolution.

It is conditional for an investor, according to this law, to be a natural person resident in the UAE and be carrying on the relevant activity personally. He should also possess a license to practice this activity in his country of origin. However, he may not open branches within the country.

In case the investor is a person wishing to conduct retail or wholesale trade according to this law, the investor must form a company, which the share owned by the UAE nationals may not be less than 50% of the capital. As for the ratio of legal shares concerning any activities for which no executive decisions have been issued in the country, the provisions for Article 22 of the Federal Law no.8 for 1984 concerning commercial companies stated that “observing the commercial activities confined to nationals and prescribed by this law, each company to be established in the country should have one or more nationals whose share is not less than 51% of the capital.”

3.2 Trusts

Historically, the UAE did not recognise trusts until the development of the Dubai International Financial Centre (“DIFC”) in 2005, which created a common-law system that is exempt from the UAE’s civil and commercial laws. The DIFC Trust Law Number 11 of 2005 was created in 2005 and is considered to be a modern trust law, enabling a trust to be created that provides for the vesting of beneficial ownership rights in several types of assets.

3.3 General Partnership, Limited Partnership, and Joint Venture

Federal Law no. 8 of 1984 concerning partnerships, amended by Law no. 13 of 1988 sets out the rules regulating the establishment of partnerships.

The law makes it conditional that the companies are wholly owned by UAE nationals, or that UAE nationals own at least 51% of its share capital, whilst the remaining 49% may be owned by foreigners.

The law stipulates that partnerships established in the UAE must conform to one of the following legal entities.

3.3.1 General Partnership

This is a firm, which consists of two or more partners who are jointly and severally responsible for all the firms’ liabilities. This type of firm is confined to UAE nationals or to persons given the same treatment as nationals.

This type of company is confined to UAE nationals because partners are responsible for the liabilities of the firm with all their assets, which condition cannot be applied to foreigners as their assets usually remain abroad.

3.3.2 Limited Partnership

This is a firm consisting of one or more joint partners who will be liable for all liabilities of the firm and another or several other partners who will not be responsible for the liabilities of the firm except to the value of their share in the capital.

According to the law, all joint partners in such type of firms should be nationals of the UAE.

3.3.3 Joint Venture

This is a partnership made between two or more partners to share in the profits and losses of a business operated by one (or more) of the partners in his own name. The firm would confine itself to the relationship between the partners and would not extend to third parties. Such a firm is not inscribed in the Commercial Register, and its incorporation deed is neither published nor declared.

A Joint Venture is in fact a clandestine company confined to the relationship between the partners for the execution of specific projects in the name of one partner (e.g. the owner of the license, while the other partner undertakes the management of

the company). Ordinarily no special license will be issued in the name of the company, but the license belonging to the original partner will be sufficient for the execution of a given project with the collaboration of the other partner who will participate in the running of the company.

Although the name of the company may not be entered in the Commercial Register and not be declared to the public, yet it operates as per bona fide agreements which are legally binding on the concerned partners and may be attested before the Notary Public.

3.4 Limited Liability Company

A limited liability company should consist of no less than two and no more than fifty shareholders. Such a company may not engage in the business of insurance, banking, or investment of funds on behalf of others. There is no stipulated minimum capital requirement; however, the capital base should be divided into equal shares, the value of each of which should not amount to less than one thousand United Arab Emirates Dirhams ("AED"). These shares may not be represented by negotiable instruments. If a corporate body is to be a shareholder in a Limited Liability Company under incorporation, then the capital of the Limited Liability Company must amount to double the capital of the company wishing to become a shareholder. If non-nationals hold shares in such a company, the UAE national should be awarded shares amounting to not less than 51% of the capital (taking into consideration those business activities which are confined to nationals).

3.5 Public Shareholding Company

This is a company with a capital divided into equal negotiable shares. In such companies a shareholder's liability is limited by the number of shares which he holds. It is condition that the capital must be sufficient for carrying out the objects of the company; however, it must not amount to less than AED ten million. As such, a company that issues negotiable shares will be

subject to the appropriate control procedure required in this regard.

Incorporation of a public shareholding company involves a long and complicated procedure as detailed in the law. For instance, the shareholders must prepare a memorandum and articles of association and the minimum number of shareholders must be ten. Only after approval for incorporation has been granted by the Department of Economic Development may subscription to the shares begin. Subscribers may then be invited to a General Meeting, which shall elect members of the Board of Directors and declare the incorporation of the company. Following this, the founders shall submit an application to the Minister of Economy and Commerce to declare formally the incorporation of the company in addition to other procedures.

3.6 Private Shareholding Company

This is a company incorporated by a group numbering no less than three persons. Such a company may not invite the public to subscribe in its shares with the founding shareholders subscribing in full to the paid-up capital, which should not amount to less than AED one million.

Typically all of the provisions which apply to public shareholding companies will also apply to private shareholding companies, and the incorporation of such a company will be in accordance with the same procedure and conditions except for the provision for public subscription in the company shares.

3.7 Free Zone Company

With the relatively recent establishment of various free zones throughout the United Arab Emirates, investors and entrepreneurs have increasingly chosen free zones as the destination of choice in which to establish operations.

A list of free zones is shown below (not an exhaustive list):

Name of Free Zone	Area of Focus
Jebel Ali Free Zone	Manufacturing
Dubai International Financial Centre	Financial Services
Dubai Airport Free Zone	Logistics/General
Dubai Multi Commodities Centre	Commodities/Mixed Use
Jumeirah Lake Towers	Services/Trading
Dubai Media City	Media and Communications
Dubai Investment Park	Industrials
Dubai Internet City	Technology

Benefits of establishing a company in one of the United Arab Emirates free zones, include the following.

3.7.1 Ready Made Facilities

Since the free zones utilize some of the most advanced facilities and efficient services, any operation here becomes extremely cost effective. These facilities include air-conditioned warehouses, the Middle East's largest cold stores, and an ultramodern container freight station. These are backed up by experienced staff, computer monitoring and control systems, computerised inventory control, modern narrow-aisle racking and cargo handling equipment, supported by extensive services which include promotional repacking, co-packing and shrink wrapping.

3.7.2 Superb Communications

The communications available are second to none. Modern telephone, internet, and mobile network services are on hand with direct dialing to over 154 countries. Major international courier firms are well represented and provide services at competitive rates.

3.7.3 Excellent Support Services

Dubai Ports, comprising the terminals of Port Rashid and Jebel Ali, provide efficient cargo handling facilities enabling Dubai to rank as the

16th busiest container port in the world, patronized by over 100 shipping lines. Dubai International Airport is capable of handling 250,000 tons of cargo per year. Clearance procedure at both sea and airport is well organized and delays in obtaining cargo, often experienced in other countries, are non-existent in Dubai.

3.7.4 100% Foreign Ownership

The difficulties encountered by foreign individuals and companies in view of the restrictions stipulating operating with UAE nationals as partners have been solved by the creation of the various free zones, which have allowed for 100% foreign ownership.

3.7.5 Recruitment Problems

Many of the problems and difficulties of employing expatriate staff are alleviated because the free zone authority itself acts as a nominal employer of staff whom companies wish to hire. Companies can recruit themselves or, if they wish, the free zone authority will supply employees to the company's specification.

3.7.6 100% Repatriation of Capital and Profits

There are no restrictions on the repatriation of capital and profits in the UAE's free zones.

3.7.7 Value Added Taxes and Excise Taxes

A major tax currently in effect since 1 January 2018 is Value-Added Taxes ("VAT"), which is applicable to most services and goods supplied, including imported, in the UAE at a rate of 5%. However, there are certain specific circumstances in which transactions are outside the scope of UAE VAT, such as the sale of goods within a Designated Zone that are subject to special rules under the tax law and regulations.

Excise Duties are also in effect in the UAE at rates of 50% and 100% exist on carbonated drinks, tobacco, energy drinks, and related products.

3.7.8. No Corporate Taxes

Companies and individuals operating in the free zones are exempt from personal and corporate taxes. There is no income tax and units operating within the free zones are also exempt from import and export duties is held within certain designated zones.

4/

FINANCE

4.1 Currency

The currency of the United Arab Emirates is the United Arab Emirates Dirham, commonly abbreviated as “AED”. The AED’s value has been fixed to the US Dollar since 1980 at the rate of 1 USD to AED 3.678.

4.2 Stock Exchanges

The three major stock exchanges in the United Arab Emirates are the Dubai Financial Market (“DFM”), Abu-Dhabi Stock Exchange (“ADX”), and Nasdaq Dubai. All three markets trade primarily the equities of Middle-Eastern-based companies and limited availability of bonds. Currently, there are no publicly-traded derivatives traded on any of the three financial markets in the United Arab Emirates. An investor wishing to trade in derivatives with underlying local shares may obtain these through private negotiations with the numerous international investment banks located throughout the UAE.

4.3 Commodity Exchanges

The Dubai Mercantile Exchange (“DME”), located in the Dubai International Financial Centre, is the primary commodity exchange in the United Arab Emirates. The DME trades its flagship futures contract, the DME Oman Crude Oil Futures Contract. This oil futures contract was launched in 2007 and the volume has been increasing significantly ever since.







5/ACCOUNTING & AUDITING

5.1 Which Entities are Audited?

As a condition for the annual renewal of the trade license, all entities in the United Arab Emirates need to submit audited financial statements to the government, such as the Free Zone Authorities or the Department of Economic Development. There are certain exceptions to the rule for various legal forms, such as sole establishments. Additionally, nearly all entities that request bank facilities will need to submit audited financial statements to the bank.

5.2 Appointment of Auditors

The appointment of the auditors is by the owners of the firm in the case of a private company and by the Board of Directors in the case of Public Shareholding Companies. For free zone based companies, the auditor should be on the list of "Approved Auditors" in order to appoint that auditor.



5.3 Accounting Profession

The accounting profession in the UAE is relatively new, which is regulated under the Federal Law Number 22 of 1995. The accounting profession is regulated at the Federal level, which is responsible for the licensing and granting of federal auditor licenses. There are currently no peer review requirements for renewal of an auditor license; however, work is underway to create a new and modern Auditor's Law which will promulgate peer review requirements, CPE requirements, and audit standards, similar to those in the United States and the United Kingdom, as a condition for renewal of an auditor's license.

5.4 Taxation

One of the key competitive advantages of the United Arab Emirates is its tax free environment. There are no personal or corporate income taxes payable

in the United Arab Emirates with a few certain exceptions. Examples include:

- There is a UAE Value Added Tax of 5% in effect since 1 January 2018. This was introduced as part of the Common VAT Agreement of the GCC States.
- There is a 10% Municipality Tax on food, alcohol, & beverages purchased in hotels; note that it is also common practice for most hotels to charge an additional 15% service charge on the services and on the room rate;
- There is currently a property transfer fee of 4% in the Emirate of Dubai.
- Excise Duties at rates of 50% and 100% exist on carbonated drinks, tobacco, energy drinks, and related products.
- Certain taxes are levied on oil companies and branches of foreign banks; and
- There are currently no withholding taxes in the UAE;

6 / ABOUT BKR INTERNATIONAL

BKR International is one of the world's largest accounting association of more than 135 leading-edge accounting firms located in over 350 cities throughout the world.

The International Accounting Bulletin ("IAB") has ranked BKR International #8 worldwide, after the Big 4, with more than US \$1.4 billion in annual revenue.

BKR International was formed in 1989 as the result of a merger of the U.S.-based National CPA Group and certain members of DHR International, an association comprised primarily of European accounting firms.

The Power of the BKR Association (a top 10 public accounting association)

BKR firms combine resources and share information to increase their competitive advantages, improve the quality and range of their work, and better serve their clients. Members are part of a large team, and have expertise available to them in virtually every area of practice.

Through BKR International, various committees exist, such as the Technical Committee based in London, to provide member firms with technical resources, guidance, and practical experience to help our clients solve problems on a daily basis.

For more information about us, please visit:

www.bkr.com

www.bkreamea.com

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7/ WORLDWIDE LOCATIONS

BKR International currently has over 300 offices in over 70 countries around the world. Partners in member firms are experts in accounting and business advisory of their own, and consider direct partner contact with clients to be the key to successful professional relationships.

Our firms have offices in each of the following countries to enable a seamless client service experience across borders. With a BKR member firm, you can rest assured that your best interests are taken care of.

A light blue, semi-transparent world map is visible in the background of the page, showing the outlines of continents and major landmasses.

Albania	El Salvador	Macedonia	Saudi Arabia
Argentina	FYR Macedonia	Malaysia	Serbia
Australia	France	Malta	Singapore
Austria	Germany	Mexico	South Africa
Belgium	Greece	Montenegro	Spain
Brazil	Guatemala	Morocco	Sweden
Bulgaria	Honduras	Nepal	Switzerland
Canada	India	Netherlands	Taiwan
Cayman Islands	Indonesia	New Zealand	Togo
Channel Islands	Ireland	Nigeria	Tunisia
Chile	Israel	Norway	Turkey
China	Italy	Pakistan	Ukraine
Colombia	Japan	Palestine	United Arab Emirates
Cyprus	Jordan	Poland	United Kingdom
Czech Republic	Korea	Portugal	United States of America
Denmark	Kuwait	Puerto Rico	Uruguay
Dominican Republic	Lebanon	Romania	Venezuela
Ecuador	Liechtenstein	Russia	Vietnam
Egypt	Luxembourg		