

HOW TO FORM A COMPANY IN THE UAE



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The United Arab Emirates (UAE) stands out as one of the globe's rapidly burgeoning business hubs.

Thanks to its advantageous geographical position and robust governmental backing, the UAE entices entrepreneurs worldwide, offering a conducive business environment and cutting-edge infrastructure.

The Abu Dhabi Business Centre offers instant online company licensing, eliminating the need for a physical presence in the UAE.

Dubai Government initiatives, like the Dubai Virtual Commercial City Program, enable global entrepreneurs to establish virtual companies in the Emirates, irrespective of residency.

Under the Amending Commercial Companies Law, UAE company incorporation no longer requires 51% local shareholder residency; 100% foreign shareholder LLCs are now permitted.

Requirements for Establishing a Company in the UAE

The UAE is segmented into three distinct economic zones: UAE Mainland, UAE Free Zone, and Offshore. Each zone caters to various industry sectors, with variations in company formation procedures. Despite differences, they broadly adhere to the template established for mainland companies, as detailed below.

Define Business Activities:

Your business activity serves as the cornerstone for selecting the appropriate legal structure and license type, be it commercial, industrial, professional, and more. Six types of licenses are available: industrial, commercial, professional, tourist, agricultural, and occupational. With over 2,000 activities to choose from, companies can engage in multiple business activities within the UAE.



Selecting the Appropriate Legal Framework:

It's crucial to ensure that the chosen legal structure harmonizes with your business operations. Consider one of the following company types, which can be established on the UAE mainland, in a free zone, or offshore:

- General Partnership
- Limited Partnership
- Limited Liability Company (LLC)
- Public Joint Stock Company (PJSC)
- Private Joint Stock Company (PRJC)
- Civil Company
- Local Company Branch
- GCC Company Branch
- Foreign Company Branch
- Free Zone Company Branch
- Sole Establishment
- Holding Company

Choosing Your Business's Trading Name

Your company's name must adhere to the UAE's stringent naming regulations; otherwise, the relevant economic department may reject it. The trade name should:

- Include the appropriate legal form acronym, such as LLC, EST, or PJSC, if applicable.
- Comply with UAE's public morals and order.
- Align with the intended business activity and the legal status of the company or entity.
- Avoid names associated with religions, governing authorities, or external entities' names or logos.
- Not have been previously registered.

The local Department of Economic Development handles trade name registration, while trademark registration falls under the jurisdiction of the Ministry of Economy.

Obtain Initial Approval from Government Authorities:

Securing initial approval doesn't guarantee final authorization but signifies progress toward establishing your UAE business. Consider it as a favorable indication from the UAE



Government, either via the Department of Economic Development or the relevant Free Zone authority, endorsing your company's establishment.

This milestone enables investors to proceed to the next phase of business setup.

Finalize a Memorandum of Association or Local Service Agent Agreement:

For Limited Partnership, Limited Liability Company, Public Joint Stock Company, and Private Joint Stock Company formations, you must finalize and execute a memorandum of association (MoA) or a local service agent agreement (LSA).

These documents can only be prepared and authenticated by UAE-based law firms, courts, and notary publics.

Determine Your Business Location:

Every UAE business must operate from a physical address that complies with the Department of Economic Development's regulations for the respective emirate and local municipality's land planning guidelines.

If you don't own your office and warehouse, you'll need a notarized rental agreement to satisfy certain Emirates' requirements.

Obtain Additional Government Approvals:

Certain business activities require additional approvals from various government entities. For instance, the Ministry of the Interior grants approvals for general transport-related activities like driving schools, fire equipment, alarm systems, and car rental services.

Legal activities fall under the jurisdiction of the Ministry of Justice, while architectural and engineering matters are overseen by the local municipal department.

Travel and tourism affairs, including car clubs and charter air transport, are managed by the Executive Council. Insurance activities are monitored by the Ministry of Economy.

The Telecommunications and Digital Government Regulatory Authority oversees related operations, while architectural and engineering affairs are handled by the Local Municipal Department.



Obtain the Business License:

Foreign investors can now acquire business licenses either in person at the relevant Department of Economic Development service centers or by accessing an online copy.

Following this, the following documents are to be submitted:

- Initial approval receipt and previously submitted documents
- Copy of the lease contract, attested by Dubai's Real Estate Regulatory Agency (RERA)
- Memorandum of association or local service agent agreement
- Any further official approvals are required.

Payment for your trade license must be made within 30 days of receiving the demand; otherwise, your application will be considered void.

Regarding the cost of company setup in the UAE, it is advisable to budget between AED20,000 and 30,000 (Emirati Dirhams, approximately US\$5,450–8,200). Costs vary based on specific requirements, such as a foreign trade name or additional approval from a governing entity, which may increase the overall expense.

Establishing a Business in the UAE

Despite the ongoing appeal of the UAE's low corporate tax rate, the country's tax-free status has gradually waned, starting with the introduction of a 5% value-added tax and subsequently a 9% tax for certain corporations.

Initially, when the UAE implemented a 9% corporate tax, assurances were given that it would primarily affect onshore companies conducting local business, with free-zone companies largely exempt. While the UAE indicated some restrictions, it assured that the process of qualifying for zero tax would be straightforward.

However, with the recent clarification of regulations, it has become apparent that a complex set of criteria applies to free-zone companies, leading some to be subject to the 9% tax rate.

How to Register a Crypto Business in Dubai?



The registration process for a crypto business in Dubai entails several steps, yet fortunately, it is relatively straightforward. Initially, you must determine the legal status of your business, whether it's established in various free zones or as an offshore entity. Opting for free zones offers benefits such as tax exemptions, regulatory flexibility, and full ownership rights, while an onshore company allows access to clients in traditional Dubai and other parts of the Emirate.

After selecting a legal entity, proceed to acquire a business name and obtain approval from the relevant registration authorities. This involves preparing essential documents like the Memorandum of Association, shareholder agreements, and copies of shareholders' passports. Additionally, you'll need to develop a comprehensive business plan covering various aspects such as operations, target markets, and financial projections.

Required Documents for Establishing a Crypto Business in Dubai

Outlined below are the documents necessary for initiating a crypto business in Dubai:

1. **Passport Copies:** Copies of passports for all shareholders and directors involved in the business.
2. **Proof of Address:** Utility bills or bank statements verifying your residential address.
3. **Bank Reference Letter:** A letter from your bank affirming your financial standing and stability.
4. **Police Clearance Certificate:** Certification indicating a clean criminal record.
5. **Business Plan:** A detailed plan delineating your company's goals, target audience, financial forecasts, and marketing approach.
6. **Memorandum of Association:** A legal document outlining the company's structure, shareholders, and operations.
7. **Shareholder Agreements:** Contracts between shareholders defining their respective rights and obligations.

Varieties of Cryptocurrency Licenses in Dubai

The Dubai Multi Commodities Centre (DMCC) free zone provides two distinct classifications of crypto licenses designed for diverse business endeavors:

DMCC Crypto License:



Within the DMCC (Dubai Multi Commodities Center), a free economic zone fosters cryptocurrency enterprises in the UAE.

Available are two types of licenses: Cryptocurrency Trading and Distributed Registry License.

IFZA Crypto License:

The International Free Zone Authority (IFZA) in Fujairah facilitates cryptocurrency ventures. IFZA permits commercial activities involving crypto assets, including exchanges and storage.

DAFZA Crypto License:

DAFZA (Dubai Airport Free Zone Authority) permits cryptocurrency trading and associated services.

It offers adaptable legislative backing and regulatory structures for cryptocurrency trade.

ADGM Crypto License:

Abu Dhabi Global Markets (ADGM) operates as a financial-free zone with comprehensive regulations governing cryptocurrency dealings.

ADGM's license encompasses activities such as cryptocurrency exchange, storage, buying, selling, and asset management.

DWTC Crypto License:

Dubai World Trade Center (DWTC), a free zone dedicated to virtual assets and blockchain sectors, collaborates with the Virtual Asset Regulatory Authority (VARA) and partners with Binance to establish a regional cryptocurrency hub.

Each zone provides specific licensing solutions tailored to the requirements of cryptocurrency enterprises operating within the UAE.

Considerations Before Launching Your Crypto Business in Dubai, UAE

Before embarking on the launch of your cryptocurrency business in Dubai, UAE, take note of the following factors:

Regulatory Compliance:

Ensure adherence to regulations set by VARA under the Dubai World Trade Centre (DWTC) for all crypto-related ventures. This includes representative offices, data mining firms, and consultancies. Seek guidance from regulatory authorities to comprehend the legal framework governing cryptocurrency businesses in the Emirates.

DIFC Establishment Requirements:



For establishing a crypto business in the Dubai International Financial Centre (DIFC), the company must have a minimum of 5 years of legal presence in the cryptocurrency domain in another country. Alternatively, consider incorporating a company through a representative office in Dubai, which may offer a more viable option.

Exclusive Licensing from DMCC:

The Dubai Multi Commodities Centre (DMCC) offers a unique self-proprietary cryptocurrency license, facilitating investments in crypto assets.

Data Mining Firm Setup:

If your plan involves opening a data-mining firm for your crypto-related business in Dubai, apply for an IT company trading license. Additionally, obtain necessary approvals for cryptocurrency business operations, if required.

Cryptocurrency Consultancy Business:

Entrepreneurs aiming to establish a consultancy enterprise for cryptocurrency businesses in Dubai have the opportunity to do so.

By considering these key aspects, you can effectively navigate the regulatory landscape and lay the groundwork for a successful cryptocurrency venture in Dubai.

How to Obtain a Crypto License in Dubai

Here are the steps to acquire a cryptocurrency license in Dubai:

Step 1: Establishing Your Cryptocurrency Business in Dubai: Legal Entity Registration and Business Naming

Commence by registering a legal entity and selecting a suitable business name for your cryptocurrency venture in Dubai. Pre-registering a legal entity within the region and choosing a unique company name are essential steps.

Step 2: Selecting a Jurisdiction and Evaluating Licensing Criteria for a Cryptocurrency Business in Dubai

After registering a legal entity and choosing a business name, the next step involves selecting an appropriate jurisdiction and evaluating licensing requirements. Decide whether to establish a representative office in a free zone or on the mainland. Considering the Dubai Multi Commodities Centre (DMCC) as a preferred free zone for obtaining a crypto license is advisable. Our team will assist you in obtaining a cryptocurrency license in the UAE once the jurisdiction is determined.



Step 3: Initiating the Corporate Bank Account Opening Process

Simultaneously with the previous step, it is essential to begin the process of opening a corporate bank account and depositing the minimum authorized capital required for obtaining a cryptocurrency license in the UAE.

Step 4: Gathering Required Documentation

As part of the cryptocurrency business licensing procedure, your company must compile necessary documents, including a business plan, financial plan, certified founder documents, AML/CFT policies, and any other documentation required by the local regulatory authority.

Step 5: Acquiring a Cryptocurrency License in the UAE

Obtaining a cryptocurrency license in the UAE requires adherence to stipulated processes and regulations set forth by regulatory bodies such as the Financial Services Regulatory Authority (FSRA), the Dubai Financial Services Authority (DFSA), and the Securities and Commodities Authority (SCA).

Cryptocurrency Regulations and Risks in the UAE

Outlined below are the Cryptocurrency regulations and Risks in the UAE:

Crypto Asset Risks:

1. Identified Risks

- Financial laundering
- Sponsorship of terrorism

2. Compliance Requirements

- Develop corporate and customer-oriented rules aligned with UAE laws, ADGM guidelines, and FATF best practices.
- Ensure adherence to global risk mitigation and transparency standards.

3. Management Principles



- Conduct business risk analysis.
- Implement Quality Assurance Systems (QAS), Anti-Money Laundering (AML) measures, and system controls.
- Maintain oversight over management and enterprise systems.
- Mandatory reporting and record-keeping.

Regulations:

1. Regulatory Bodies

- Securities and Commodities Authority (SCA): Enforces regulations for various cryptocurrency-related activities.
- UAE Central Bank: Regulates payment tokens (stable coins) and stored value funds.
- Financial Services Regulatory Authority (FSRA): Oversees ADGM operations, ensuring compliance with its own set of rules and guidelines.

2. Licensing

- SCA oversees crypto licenses issued by DAFZA.
- ADGM Free Zone follows SCA regulations, with the FSRA directly regulating ADGM operations.

3. Monitoring

- Authorities actively monitor businesses offering cryptocurrency and blockchain services to prevent money laundering and illicit activities.

