

Dubai Chamber of Commerce & Industry

One Stop Information Shop

Document Title: **Guidelines on Setting up Business in Dubai**

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## GUIDELINES ON SETTING UP BUSINESS IN DUBAI

### 1. ESTABLISHING A SOLE PROPRIETORSHIP FIRM (U.A.E, GCC CITIZENS AND FOREIGN INVESTOR)

The law permits the establishment of a sole proprietorship for the UAE nationals or nationals of GCC countries. Since the procedure and conditions differ in every case, the following is a list of conditions applied to each case for establishing sole proprietorship.

#### In case of U.A.E. citizen

The national individual who wishes to practice a business activity may apply to the Dept. of Economic Development on the specified form for obtaining a license to practice the required activity with the following documents:

1. Photocopy of passport
2. No-objection letter from his employer (if he is an employee)
3. No-objection letter from the concerned authority to practice that type of activity of which requires special approval.

#### In case of G.C.C. Citizen

In accordance with the Article 8 of the Unified Economic Agreement in respect of treating all nationals of the Gulf Cooperation Council countries as nationals of any member state without any discrimination in carrying out business activities in the fields of industry, agriculture, livestock, fisheries and contracting.

The natural person who wishes to practice retail or wholesale trade, according to this law must be residing in the U.A.E., must practice the required activity by himself and have a license to practice the activity in his country of origin. However he may not open branches inside the country.

#### The documents required in case of GCC citizen

1. Photocopy of valid passport
2. No-objection letter from the concerned authority to practice that type of activity of which requires special approval.
3. Photocopy of the license issued to him from the concerned authority in his home country under which he practices the activity, if he is a merchant.

#### The documents required In case of foreign investor:

- Photocopy of valid passport
- Photocopy of his local agent's valid passport.
- Photocopy of the agreement with the local agent
- Non objection letter from the concerned authority to practice that type of
- Activity (for the activities, which require special approvals).

#### The documents required In case of a company:

- It should submit a copy of the partnership deed duly authenticated by the Notary Public. In addition to the other supporting documents required for the license in accordance with the legal status of each company.

**If the applicant is a branch of a G.C.C. company, the following documents are required:**

- Photocopy of the trade license issued to him by the concerned authority of the investor's home country.
- Photocopy of the partners' valid passport
- Photocopy of the company's Memorandum of Association in the country of origin.

**If the applicant is a Representative office or branch of foreign company, the following documents are required:**

1. An official certificate from the competent authority in the country where the foreign company is registered which shows that the company is established and registered in that country according to the provisions of applicable laws with a statement of the legal form of the company and its capital.
2. The Board resolution authorizing the opening of a branch or an office to practice the activity in the UAE. In addition to the resolution to authorize the representative of the company with the power to establish a branch in Dubai, provided that the documents be authenticated and legalized by the concerned government authorities.
3. An identical copy of the company's memorandum and articles of association duly attested by the competent government authorities.
4. Last two years' balance sheets coupled with the auditor's report duly attested by the competent government authorities or a duly document attested by the chartered accountant of the company or any other document showing that the financial position of the company is sound.
5. The agency between the foreign company and the local service agent and an identical copy of it.
6. The passport of the local service agent and photocopy of it or his identity card and a photocopy of it if the agent is a natural person. In case the agent is a juridical person (company), a photocopy of the memorandum and articles of association should be attached and attested by the concerned authority as well as a photocopy of its trade license and the certificate of its inscription in the commercial register coupled with photocopies of all these documents.

## 2. ESTABLISHING PARTNERSHIP FIRMS. (L.L.C)

This type of company is the most important for non-national partners. The law provides that the share capital of the limited liability company should not be less than Dhs. 150,000/- however, Dubai made the minimum share capital Dhs. 300,000 (Dirhams Three Hundred Thousand only). The shares of such companies are not open for subscription by the public and are not negotiable. Non-national partners are permitted to hold shares not exceeding 49% of the capital. However, profits may be divided on other ratios agreed upon, taking into consideration efforts of non-national partners in management, provision of technology or expertise. The foreign partner may undertake management of the company.

### Conditions for establishing LLC

1. The number of partners should not be less than two and not more than fifty.
2. The objectives of the company should not include conducting the business of insurance, banking or investment of money for others.
3. The capital should not be less than three hundred thousand Dirhams (Dhs. 300,000) and it should be divided into equal shares whose value is not less than one thousand Dirhams each. This share shall not be represented by negotiable instruments.
4. The shares of the UAE nationals should not be less than 51% of the capital of the company, taking into consideration the business activities reserved for nationals. Incorporation of such a firm shall be according to the following procedures.
5. Approving the name of the Company
6. Preparation of the Memorandum of Association
7. Authentication of the Memorandum of Association
8. Approval of the Memorandum of Association
9. Inscription in the Commercial Register at the Trade Licensing Department
10. Publishing the Data of the Company
11. Obtaining a Trade License.

## 3. ESTABLISHING BRANCH OFFICE OF FOREIGN FIRMS.

The company which chooses to open a branch in the U.A.E. May freely carry out the activities indicated in the trade license it obtains. However, licensing is governed by legal rules and regulations. According to the Law, there are certain activities, which can only be carried out by UAE nationals such as banks, finance, insurance and commercial agencies. There are also other licensing procedures and conditions governing the work of the Department of Economic Development, which issues from time to time certain regulations and administrative decrees. A foreign company, which opens a representative office in UAE, may launch promotional campaigns for its products and services. The office may also facilitate contracts between the company and its local clients. However, the office is not licensed to conduct business operation of whatsoever kind such as obtaining credit facilities, making offers, etc.

### a) Appointing a "Service Agent".

It is conditional for offices and branches of foreign companies to appoint a local service agent. Such an agent, as already explained in the chapter on commercial agencies, is not an agent in the proper sense of the word. Article 314 of the Commercial Companies Law, defines the legal status of the legal service agent. According to this article, such an agent shall have no responsibility towards the company's financial dealings and shall not interfere in its management.

### b) Responsibilities of "Service Agents"

The role of a service agent is confined to providing services such as obtaining visas and residence permits for the staff, licensing procedure with the Department of Economic Development and formalities for obtaining the certificates of the Chamber of Commerce. Also the agent may undertake other services related to government departments such as submission to tender documents, keeping the foreign company informed about tender notices, follow up the company's affairs and activities and notifying it with the outcome.

### c) The remuneration of "Service Agents"

In consideration of his services, the agent is usually paid an agreed lump sum amount from the foreign company. If the agent is body corporate, it should be a private proprietorship or company wholly owned by UAE nationals.

### d) Procedures to obtain a license

It is not permitted for foreign companies licensed to operate in the UAE to start their activities before obtaining the Trade License from the Department of Economic Development. Setting up a branch of a foreign company shall be according to the following steps:

1. The application shall be submitted to the Department of Commercial Affairs of the office of the Ministry of Economy & Commerce in Dubai. The application should include the following data:
  1. Name, type of company and address of its main office in the original country.
  2. Type of activity, specialization or type of operations required to be practiced in Dubai.
  3. Main operations carried out by the company and its previous expertise in the field of activity, which is required to be practiced in Dubai.
  4. Name of the local service agent in Dubai and his address if he is a juridical person (company, then the legal form, capital, names of the shareholders (or partners if it is a firm), their nationalities and addresses should be stated provided that all of them are UAE nationals.
  5. The Department of Commercial Affairs at the Ministry of Economy & Commerce after registering the application giving it a number and making sure that the required documents are complete, shall refer it to the Department of Economic Development.
2. If the application is rejected, it shall be returned to the Department of Commercial Affairs to be kept there and the concerned parties shall be notified of the rejection.
3. If accepted, the application shall be referred to the Committee of Foreign Companies in the
4. Ministry for approving the content of the application and to determine activity. This committee shall prepare its recommendations and refer them to the Minister of Economy & Commerce for issuing his decree. The Dept. of Commercial Affairs at the Ministry shall then issue the documents of the license.  
Completion of inscription procedures in the commercial register at the Dept. of Economic Development according to the usual procedure for licensing.
4. Registration of the company's branch with the Dubai Chamber of Commerce & Industry in accordance with the accepted procedure.

#### **4. ESTABLISHING PROFESSIONAL FIRMS.**

The professional firm is any firm which relies on practising its activities by physical or mental efforts. Therefore, the professional firms are the ones which consist of professionals and practitioners and practice non-commercial activities. Professional licenses are issued under which the natural or juridical person is licensed to practice a profession in which he depends on his physical or mental efforts rather than depending on a cash capital. The firms, which are registered as professional companies or firms may only practice specific activities and not extend that to any commercial business. These activities include the following services:

- Legal practice and consultancy
- Auditing, Organizing and keeping accounting records and books
- Civil engineering and architecture consultancies.
- Managerial and economic consultancies and studies
- Technical services
- Medical and curative services
- Educational services

#### **Procedures for licensing the practice of the work:**

1. Organizing the partnership agreement between the partners according to the applicable procedure.
2. Authentication of the agreement according to the law.
3. Applying to the Dept. of Economic Development for obtaining the license on the form
4. Specified for such purpose.

For selecting a desired business activities, please refer to Standard Classification of Economic Activities published jointly by the Chamber and Dept. of Economic Development.

**THE ACTIVITIES WHICH REQUIRE SPECIAL APPROVALS**

Activity	Depts. from which the Special Approvals are required
Pharmacy, medical clinics	Ministry of Health PO Box 1853, Dubai, Fax 3965666 Tel. (9714) 3966000 <a href="http://www.uae.gov.ae">www.uae.gov.ae</a>
Advertising agency, bookshops, Audio/video shops, etc.	Ministry of Information & Culture P.O. Box 5053 Dubai, Tel. 2615500 Fax 2615648 <a href="http://www.uae.gov.ae">www.uae.gov.ae</a>
Explosives & Arms	Ministry of Defence PO Box 2383, Dubai Tel.3532330 Fax 3531974, <a href="http://www.uae.gov.ae">www.uae.gov.ae</a>
Financial investments companies, banking, financial investment consultancies. Money exchangers, banks	UAE Central Bank PO Box 448, Dubai Tel. 3939777 Fax 3939933 <a href="http://www.uae.gov.ae">www.uae.gov.ae</a>
Private Clinics	Dept. of Health & Medical Services, P.O. Box 4545, Dubai Tel 3370031 , Fax 3374563, <a href="http://www.dohms.gov.ae">www.dohms.gov.ae</a>
Contracting cos., engineering consultants & Technical services related thereto and laboratories	Dubai Municipality, PO Box 67, Dubai, Tel. 2215555 Fax 2246666. <a href="http://www.dm.gov.ae">www.dm.gov.ae</a>
Travel Agents	Civil Aviation Dept, PO Box 2525 Dubai, Tel. 2062525, Fax 2244067, <a href="http://www.dubaiairport.com">www.dubaiairport.com</a>
Advocates & legal consultants Gas stations	Ruler's Court, PO Box 207, Dubai Tel. 3533333, Fax 3532151
Private Schools	Ministry of Education (Private Education Dept) PO Box 3962 Dubai, Tel. 2994100, Fax 2994064, <a href="http://www.education.gov.ae">www.education.gov.ae</a>
New Industrial projects and expansions	Ministry of Finance & Industry, PO Box 1565, Dubai Tel. 3939000, Fax 3939738, <a href="http://www.fedfin.gov.ae">www.fedfin.gov.ae</a>
Chartered accountants & auditors	Ministry of Economy & Commerce, PO Box 3625 Dubai Tel. 2954000, Fax 2951991, <a href="http://www.economy.gov.ae">www.economy.gov.ae</a>
Sea cargo, freight forwarding & cargo clearing offices	Dept. of Ports & Customs, PO Box 63, Dubai Tel.3455555, Fax 3450460, <a href="http://www.dxbcustoms.gov.ae">www.dxbcustoms.gov.ae</a>
Children Nurseries, Recruitment Agencies	Ministry of Labour & Social Affairs, PO Box 5025, Dubai, Tel.2691666, fax 2668967, <a href="http://www.uae.gov.ae">www.uae.gov.ae</a>

## INITIAL REGISTRATION REQUIREMENTS

1	A typed application for "New License"
2	A typed application for "Commercial Names"
3	Passport photocopy of the Director (plus and proof of naturalization for UAE nationals.)
4	Passport photocopy of the national partner(s) and proof of naturalization
5	Passport photocopy of foreign partner(s).
6	Photocopy of the "Commercial Registration" in case of GCC nationalities
7	If national agent is company, it has to be 100% UAE national and must be submitted with : 1. Copy of the articles of Incorporation 2. Copy of the trade license. 3. Copy of the commercial registration

## Documents required after obtaining the Initial Approval

8	Tenancy contract for the proposed "Office"
9	A typed application forms for "Civil Defence"
10	An official notarized partnership agreement & two copies thereof
11	The certificate issued by a local bank
12	A letter appointing an "auditor"
13	Photocopy of the auditor's license.
14	Auditor's certificate & one copy
15	Photocopy of the registration of the auditor in the Accountants Record.
16	Capital payment confirmation letter
17	Submit a typed commercial registration forms.
18	Submit a typed application form of the Chamber of Commerce membership

## Dubai Chamber of Commerce & Industry Contact

PO Box 1457 Dubai, UAE

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email: [info.dataresearch@dubaichamber.ae](mailto:info.dataresearch@dubaichamber.ae) website: [www.DubaiChamber.ae](http://www.DubaiChamber.ae)

## Department of Economic Development Contact

For applying for the license you have to contact the below address for more information:

Licensing Authority in Dubai: Department of Economic Development

P.O. Box 13223, Dubai, U.A.E.

Telephone (9714) 2229922 or call 700040000

Fax (9714) 2225577

Website: [www.dubaied.gov.ae](http://www.dubaied.gov.ae)