

QUICK GUIDE

UAE OFFSHORE COMPANY

In the UAE, an Offshore Company is a legally recognized company, permitted to enter into contracts and other legal transactions, but which does not have a physical corporate presence such as an office. Its address is that of its registered agent, which is appointed to represent the Offshore Company before the Offshore Company's regulatory authority.

This guide discusses some of the factors to consider when establishing an Offshore Company in the UAE, at the Jebel Ali Free Zone Authority and the Ras Al Khaimah Investment Authority. We describe some of the advantages and disadvantages of establishing an Offshore Company, and briefly set out the formation procedures. This guide is general, is not exhaustive, and is not regularly updated; therefore, it should not be relied upon as legal advice.

Advantages:

- **Cost Effective:** An Offshore Company is a low cost means of establishing and operating a corporate entity.
- **Efficient Establishment and Registration Procedures:** Offshore Companies governed by the Ras Al Khaimah Free Zone Authority require on average 1 week to complete the establishment procedures, whilst Jebel Ali Free Zone Authority Offshore Companies require approximately 2 to 3 weeks.
- **No taxes:** The UAE government authorities do not impose taxes or duties on Offshore Companies, unless the company is engaged in the trade of restricted goods.
- **100% Foreign Ownership:** Individuals and companies which are not UAE nationals may own all the shares in an Offshore Company.
- **No Minimum Share Capital:** Investors may determine the appropriate share capital and equity investment in the Offshore Company.

Disadvantages:

- **No Commercial Operations within the UAE:** Offshore companies may not engage in any commercial activities in the UAE or any of its free zones.
- **Prohibited Activities:** Offshore companies may not engage in certain activities such as banking, insurance and the provision of financial services.
- **Ownership of Real Estate in the UAE:** Offshore Companies may own and invest in real estate in the UAE; however, only within permitted areas in the UAE.
- **Banking Operations:** UAE Banks have differing policies in relation to Offshore Companies. They may allow Offshore Companies to open and operate bank accounts, but



they typically do not grant them access to credit facilities or permit their use of financial instruments.

- **No Visas:** An Offshore Company cannot employ persons in the UAE and provide them with residency visas.

Formation Procedures Overview:

Kanaan Advocates & Legal Consultants is a registered agent at both the Jebel Ali Free Zone Authority and the Ras Al Khaimah Investment Authority. We are licensed to establish Offshore Companies in the UAE, and represent them before their regulatory authority.

To establish an Offshore Company we will require documentation identifying the prospective shareholders, such as passport copies of the shareholders and directors, corporate documents, and certificates of good standing. We will also require declarations and resolutions which express the prospective shareholders' desire to establish the Offshore Company, and which appoint the registered agent with the necessary authorities. These documents must be notarized and authenticated in accordance with the recognized procedures in the UAE.

Any application for the establishment of an Offshore Company must include the full names and addresses of the prospective shareholders, the number of shares and the value of the shareholdings. In addition the application form must include the names and addresses of the directors, the company secretary, and the name and addresses of the registered agents. Finally, the application form should also include the Offshore Company's proposed memorandum and articles of association.

The registered agent may establish the Offshore Company on behalf the applicants. As such, there is no requirement for the prospective shareholder to enter the UAE to establish the Offshore Company if the applicants provide the registered agent with the necessary authorities. However, the approval of the establishment of all Offshore Companies is subject to the discretion of the regulatory authorities, and the authorities may seek additional assurances and requirements once they have reviewed the application.