

ASA GATEWAY:

Global Expansion Opportunities for Indian Enterprises

UAE At A Glance: Understanding The Federal Structure



7 Emirates, Multiple Strategies

- The UAE comprises 7 emirates, each with distinct economic focus and independent licensing authorities. This federal structure offers strategic flexibility.
- Critical for CAs: Dubai ≠ Abu Dhabi ≠ Sharjah. Each emirate presents unique opportunities and requirements—similar to India's Centre-State relationship but with greater jurisdictional autonomy.
- One country, multiple business strategies requires careful advisory and jurisdiction selection.

Business-Friendly Environment: Speed Meets Certainty



Rapid Incorporation

Company formation completed in days, not months, with streamlined digital processes

Digital Government

Minimal physical interface—licensing, immigration, and tax filings handled through efficient portals

Legal Protection

Strong contract enforcement and robust intellectual property protection frameworks

Competitive Edge

UAE outperforms Mauritius, Singapore, and UK on speed and regulatory certainty



UAE?

- Strategic Geographic Location
- Great Infrastructure
- Long-Term Residency Visa
- Security, Stable & Quality Standard of Living
- Stable Geopolitics
- Access to Multi-Cultural Market
- Access to Legal structures to hold and manage global and local Assets
- India's 3rd Largest Partner
- Indian Diaspora
- Time Zone Advantage
- Neutral Jurisdiction



Strategic Location: Gateway to 2/3 of Global Population

Africa Exports

Prime gateway for accessing rapidly growing African markets with established logistics infrastructure

GCC Distribution

Central hub for Gulf Cooperation Council region with seamless trade agreements

Europe & CIS Trade

Strategic positioning for European and Commonwealth of Independent States markets

Re-Export Model

Jebel Ali Port and Dubai Airport create unmatched global logistics capabilities

UAE reaches 2/3 of the world's population within **8** hours—making it ideal not just as an end-market, but as a powerful distribution and trading hub for Indian enterprises.



Mainland vs. Free Zone vs. Offshore: CA Decision Framework

■ Mainland Companies

Myth clarified: Local sponsor no longer mandatory. Enables UAE local sales, government contracts, retail businesses. VAT and CT implications differ significantly from Free Zones.

■ Free Zone Entities

No local partner required, 100% ownership, customs benefits. Ideal for international trading, holding structures, and service-based operations with global client base.

■ Offshore Structures

Use carefully: Not for active business. Designed for holding shares, asset ownership, family wealth structuring. No visa or physical office. Requires substance compliance.

Critical CA Advisory: Mainland vs. Free Zone profitability analysis requires detailed understanding of business model, VAT implications, Corporate Tax exposure, and operational requirements.

Free Zones: Sector-Focused Strategic Solutions



45+ specialized Free Zones across UAE offering sector-specific advantages and 100% foreign ownership.

Ideal applications: Global trading operations, holding structures, consulting services, and customs-bonded re-export models.

DMCC – Trading

Commodities and global trading operations with extensive banking connectivity

IFZA – Services

Consulting, professional services, and business solutions with flexible licensing

DIFC / ADGM – Financial

Financial services with common law framework and regulatory sophistication

Nature of Business License

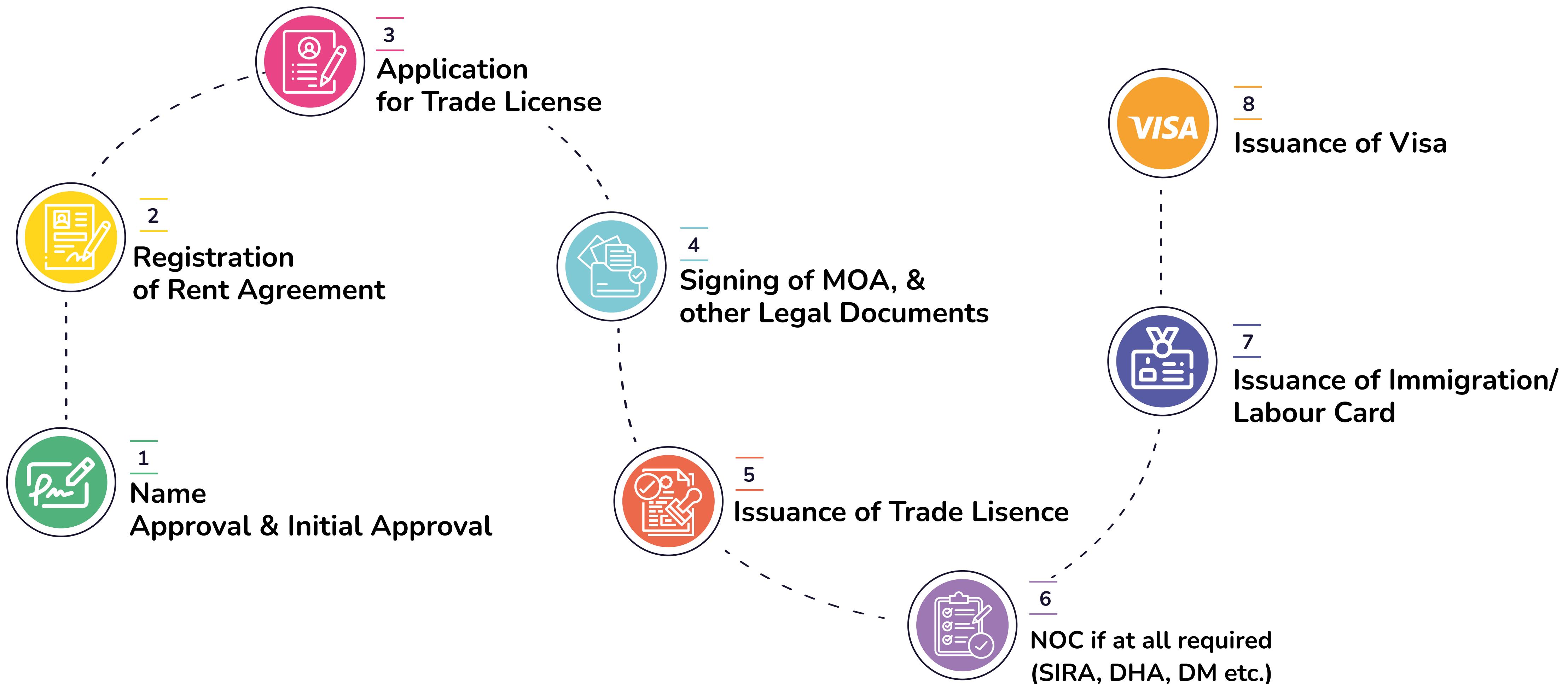
- ◆ The Legal structure of the company can be following type
Corporate Ownership
To setup Branch and subsidiary companies of the foreign companies in UAE
- ◆ **Individual Ownership**
A Single shareholder or Multiple shareholders
- ◆ **Mix Ownership**
Corporate & Individual can be shareholders to the company
- ◆ The Nature of Business License in UAE are segregated into
Commercial License for trading activities
- ◆ **Industrial License** for Manufacturing activities
- ◆ **Professional License** for service activities

Key Questions to Address for Starting a Company in the UAE

- ✓ Nature of Business Activity to be carried under Trade License
- ✓ Will the product or services sold within UAE or sold through UAE
- ✓ How many Residency Visa would you require (Share Holders + Employee)?
- ✓ What is the requirement of office space/warehouse space?
- ✓ External/additional Approvals from respective authority to do regulated business activity in UAE
- ✓ Identifying the best organizational and legal structure considering rights and responsibilities
- ✓ Impact of VAT, Excise and customs while executing business from UAE and business in UAE

Process of Company Setup

The Process to incorporate company can differ depending on the Authority. The standard process is as follows





Residency, Substance & Banking Realities

Tax Residency Requirements

Corporate tax residency requires more than visa—physical office, qualified employees, and local decision-making. Individual TRC follows 183-day rule or 90-day presence with UAE home and UAE-sourced income. Authorities increasingly scrutinize substance.

Golden Visa Benefits

10-year residency for investors (minimum AED 2M property or business), entrepreneurs, and specialized professionals. Enables family relocation, global mobility, and succession planning. UAE becoming lifestyle destination beyond business hub.

Banking Challenges

Banking is the real hurdle—not licensing. Strict KYC and AML norms require comprehensive documentation. Multi-currency accounts need FEMA compliance for Indian promoters. CA role crucial in banking readiness: proper substance documentation ensures smooth account opening.

UAE Corporate Tax: New Era of Compliance

Introduced June 2023: OECD-Aligned, Globally Compliant

9%

Standard Rate

Competitive global corporate tax rate

0%

Lower Slab

Zero percent for qualifying income brackets

Free Zone Benefits

Free Zones remain attractive but now require substance compliance, genuine economic activity, and adherence to qualifying conditions.

Paradigm Shift

The UAE is no longer marketed as "tax-free"—it's now positioned as a **low-tax, high-credibility jurisdiction** aligned with international standards.

CA Opportunity: Corporate Tax advisory, transfer pricing documentation, substance requirements, and BEPS compliance represent significant service expansion areas.

VAT, Customs & Indirect Taxes



VAT @ 5%

Simple rate structure but strict enforcement. Registration mandatory for taxable supplies exceeding AED 375,000 annually. Input tax recovery available for business expenses. Penalties for non-compliance are significant—misreporting can result in fines up to 300% of tax due.

Customs Duty

Generally 5% on CIF value of imported goods. Free zones offer duty deferment advantages. Excise tax applies to specific products: 100% on tobacco, 50% on carbonated drinks, 100% on energy drinks. Supply chain structuring through free zones can optimize duty costs.

Strategic Compliance

Proper VAT classification, timely filing, and reverse charge mechanism understanding are essential. Incorrect planning leads to cash flow issues and penalties. CAs must ensure clients maintain robust documentation and reconciliation systems.

India–UAE DTAA: Strategic Tax Planning



Deep Advisory Opportunities

The India–UAE Double Taxation Avoidance Agreement eliminates double taxation while requiring genuine substance. Key planning areas include dividend repatriation, capital gains structuring, and service income allocation.

UAE Tax Residency Certificates (TRC) now require demonstrable economic presence—offices, employees, and operational substance. Brass plate structures no longer qualify for treaty benefits.



CA's Critical Role

- Aligning DTAA provisions with UAE Corporate Tax and Indian Income Tax Act
- Structuring holding companies for optimal tax efficiency
- Documenting substance requirements comprehensively
- Managing transfer pricing for inter-company transactions
- Ensuring POEM (Place of Effective Management) compliance

Case Studies: Real-World Applications

Indian Trader Expanding to Africa

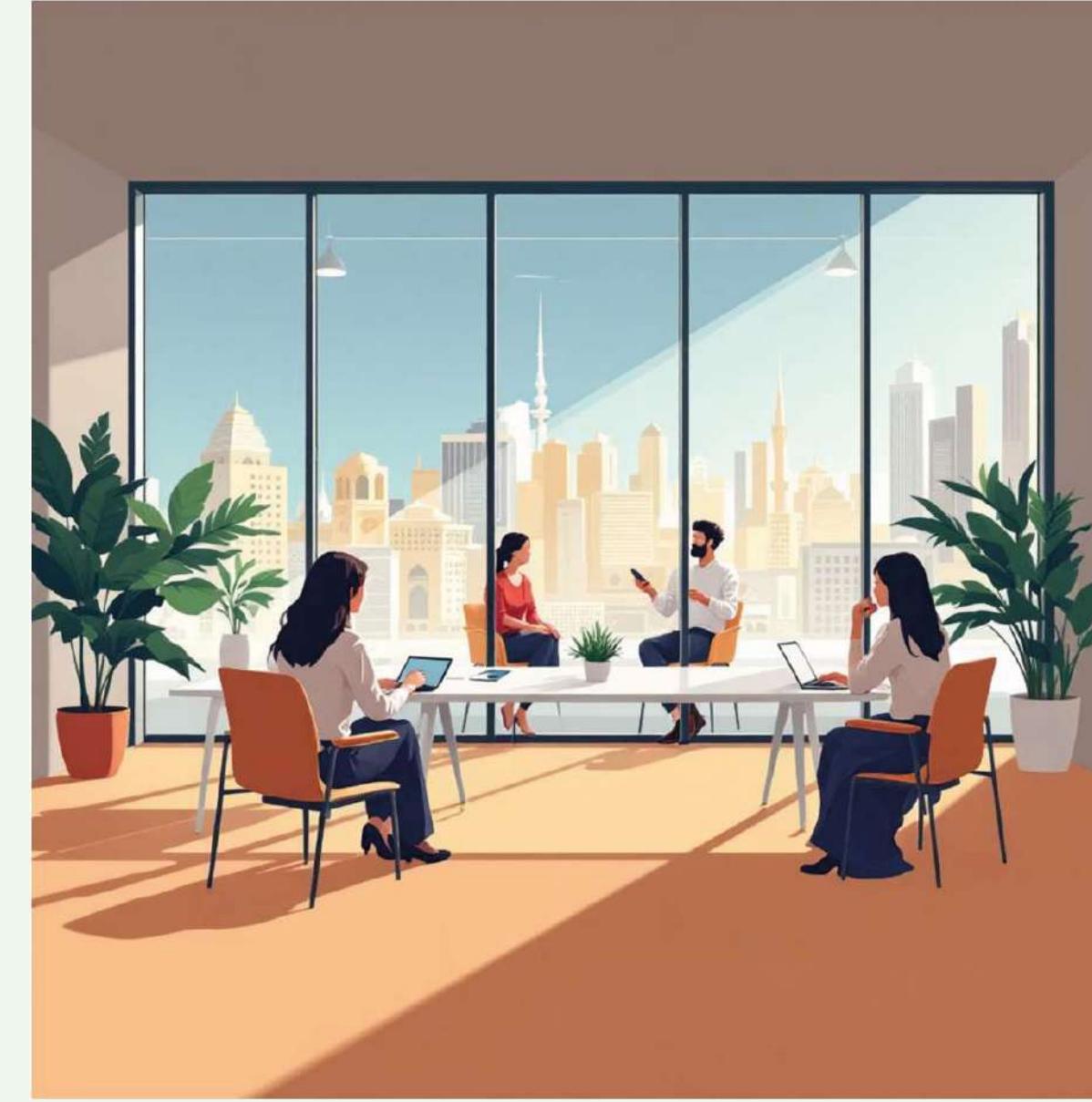


Challenge: Indian exporter serving African markets faced logistics delays and buyer confidence issues.

Solution: Established Dubai Free Zone trading entity. Results included faster logistics through Jebel Ali Port, enhanced buyer confidence with UAE presence, seamless multi-currency banking, and tax-efficient structure using DTAA benefits.

CA role: Structuring entity, transfer pricing documentation, VAT registration, and ongoing compliance management.

IT Company Serving Middle East



Challenge: Indian IT firm servicing GCC clients needed regional presence while avoiding service PE and managing transfer pricing.

Solution: Dubai Mainland company with substance—local team, office, client servicing. Addressed service PE concerns, implemented arm's length pricing, managed VAT on B2B services, and utilized DTAA properly.

Outcome: Clean compliance enabled scalability and additional client acquisition across region.

The Chartered Accountant's Expanding Role



International Tax Advisory

Cross-border structuring, DTAA planning, transfer pricing, and tax residency optimization. UAE is a CA-driven jurisdiction where professional advice is valued and sought after for complex structures.



Compliance Management

Corporate tax filings, VAT returns, economic substance reporting, audit coordination, and regulatory liaison. Opportunity extends far beyond traditional audits and income tax returns.



Entity Structuring

Jurisdiction selection (mainland vs. free zone), shareholder agreements, holding company design, and succession planning. Indian CAs are highly respected in UAE for technical depth and understanding of both jurisdictions.



Family Office Services

Wealth structuring, succession planning, investment advisory, and multi-generational wealth management. Growing segment as Indian families establish UAE presence for lifestyle and business continuity.

India-UAE CA Collaboration: Indian CA + UAE CA partnerships create powerful value propositions—retain Indian clients while expanding globally through joint mandates and knowledge sharing.



Pitfalls to Avoid & Future Outlook

Common Mistakes

- Wrong jurisdiction selection without proper analysis
- Ignoring substance requirements—brass plate structures fail
- Copy-paste internet structures without professional advice
- Banking account rejections due to inadequate documentation
- Litigation and penalty risks from non-compliance

Future Opportunities

- UAE positioning as UAE–Africa trade corridor strengthens. Digital economy regulations for fintech and crypto create new advisory needs. Family offices increasingly shifting to UAE for favorable ecosystem.
- Indian outbound investment will accelerate—CAs positioned at intersection of compliance, strategy, and execution can build thriving cross-border practices.

Key Takeaways



Gateway, Not Tax Shelter

UAE offers strategic business advantages beyond tax—access to markets, infrastructure, and credibility. Structuring must be compliant and sustainable with real economic substance.

CAs Are Central

Professional advisory is non-negotiable in UAE's sophisticated regulatory environment. From structuring to ongoing compliance, CA expertise drives successful expansion and risk mitigation.

Collaboration Over Competition

Cross-border partnerships between Indian and UAE professionals create win-win scenarios. ICAI members should embrace global practice expansion opportunities.

Discussion & Q&A

Thank you for your attention. Let's explore how your practice can leverage UAE opportunities for client value creation.

Company Setup in Mainland, Freezone and Offshore

International Tax Planning &
Corporate Restructuring

Residence Visa, Golden Visa
& other PRO Services

Trademark and Local
Registration in UAE

VAT & Corporate Tax
Consultation & Compliances

Auditing & Accounting
Services

Debt Syndication Services

List of our Services



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