



Navigating the UAE's Business & Investment Landscape in 2025

A Definitive Jurisdictional Blueprint

Human-led intelligence supported by AI precision.



10.1 | Free Zones & Economic Departments

Understanding the Corporate Tax Landscape

10.1 | The Abu Dhabi Framework: Common Law and Mainland

Abu Dhabi Global Market (ADGM)

- A common-law financial centre applying **direct English common law**.
- Popular for: holding companies, SPVs, funds, family offices, and foundations (for succession/asset-protection).

Abu Dhabi Dept. of Economic Development (ADDED) & ADIO

- Coordinate mainland licensing.
- Focus on incentives for industrial, R&D, and export sectors.



10.1 | The Dubai Ecosystem: Finance and Global Trade Hubs

Dubai International Financial Centre (DIFC)

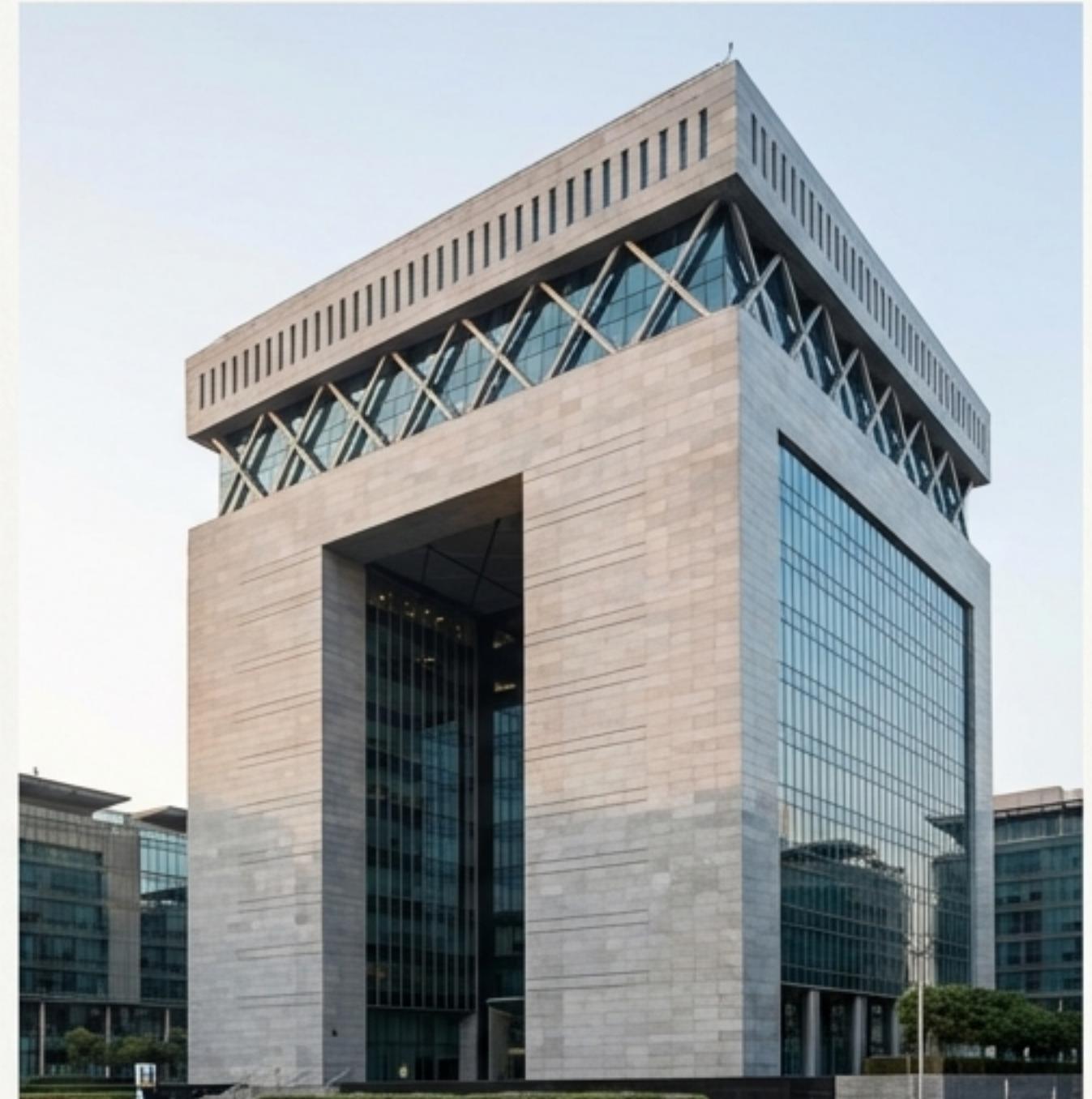
- A common-law hub with its own courts.
- Features a growing family-office regime.

DMCC / JAFZA / DIEZ

- Leading platforms for trade and free-zone operations.

Dubai Chambers

- Mentioned as a key entity.



10.1 | The Unifying CT Principle: The Qualifying Free Zone Person (QFZP)

All free zones (including Northern Emirates: RAK, Sharjah, etc.) follow the same federal CT architecture. QFZP status is facts-and-tests based, not automatic.

The QFZP Test

A Qualifying Free Zone Person (QFZP) may apply a 0% CT rate to Qualifying Income if it meets all conditions:

- 1. Substance:** Maintains adequate substance in the UAE.
- 2. Audited Accounts:** Prepares audited financial statements.
- 3. De-Minimis Test:** Non-qualifying revenue does not exceed the lower of:
 - 5% of total revenue
 - AED 5 million



Mainland transactions or 'excluded activities' can trigger the standard 9% CT rate on non-qualifying income.

Key CT Changes Effective 2025

Domestic Minimum Top-up Tax (DMTT)

- **Rate:** 15%
- **Applies to:** MNE groups with consolidated revenues \geq €750m.
- **Effective Date:** Financial years beginning on or after 1 January 2025.
- **Alignment:** OECD Pillar Two Global Minimum Tax.

Audited Financial Statements

- **Governing Law:** Ministerial Decision No. 84 of 2025 (replaces MD 82/2023).
- **Effective Date:** For periods from 1 January 2025.
- **Key Clarification:** Tax groups are required to prepare audited special-purpose aggregated financial statements.



10.2 | How to Start a Company

A Comparative Analysis through a CT Lens



10.2 | Mainland vs. Free Zone vs. “Offshore” SPV

Mainland

Jurisdiction: Economic Departments (e.g., ADDED).

Trading Rights: Full onshore trading rights.

CT Treatment: Standard CT applies (0% on first AED 375k, 9% above).

Free Zone

Jurisdiction: Aligned to specific activity (e.g., DIFC/ADGM for finance, JAFZA/KEZAD for trade).

CT Treatment: Aim for 0% QFZP status on ‘qualifying income.’ **Must meet substance, audited FS, and de-minimis** tests. Non-qualifying income is taxed at 9%.

‘Offshore’ (SPV/Holding)

Jurisdiction: Typically an ADGM/DIFC Special Purpose Vehicle or Foundation.

Purpose: Asset-holding and succession.

CT Treatment: Follows CT Law and QFZP rules if applicable. ESR applies if a ‘relevant activity’ is carried out.

Universal Compliance Layers: ESR (Relevant Activities Test), UBO (Real Beneficiary Register – 2023 Resolution), AML/DNFBP (goAML registration).



10.3 | Family Offices & Foundations

Advanced Structures for Succession and Asset Protection

10.3 | DIFC & ADGM Frameworks for Private Wealth

Family Offices

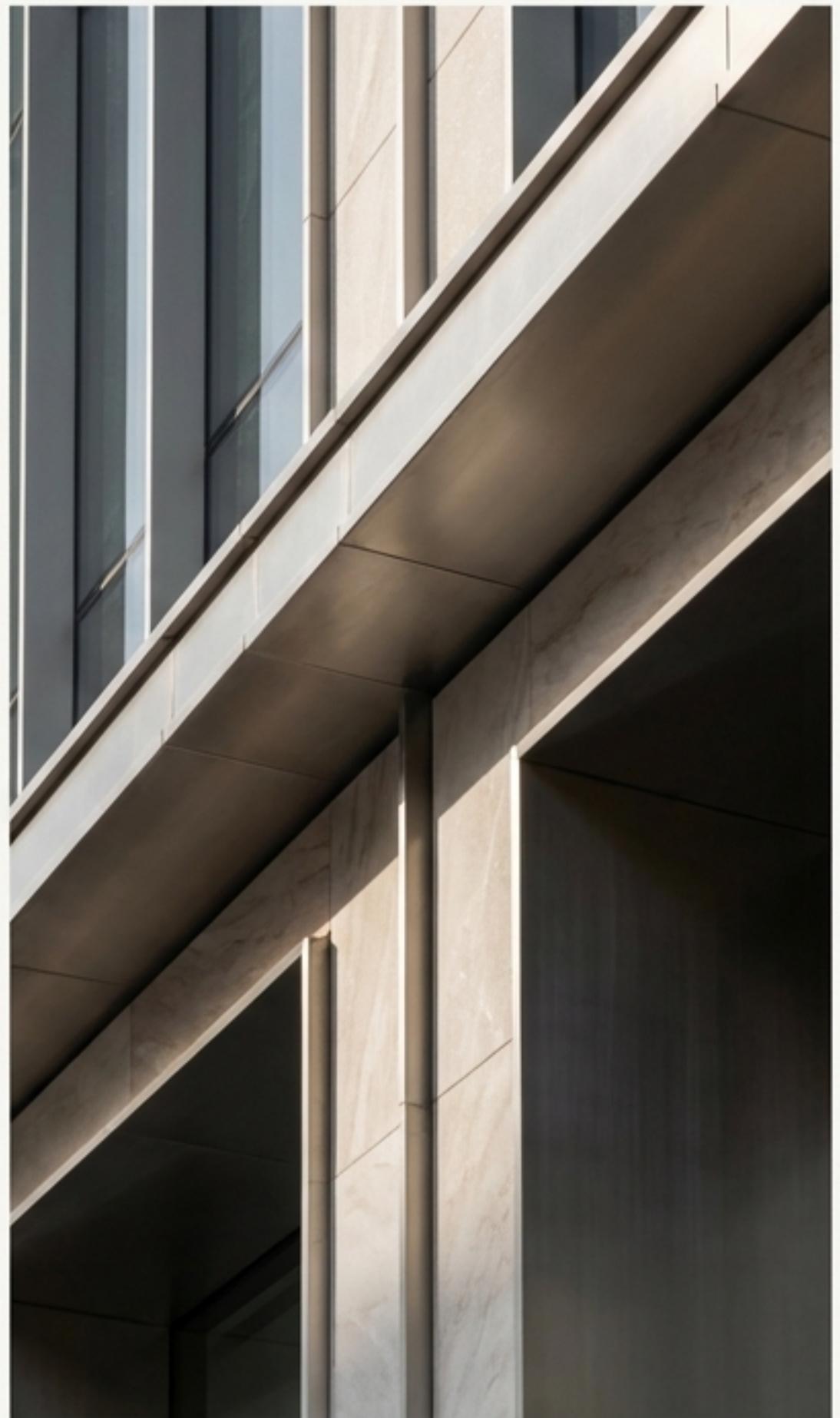
- **DIFC:** Hosts single/multi-family offices; features a dedicated Family Arrangements framework.
- **ADGM:** Promotes setups using Trusts, Foundations, and SPVs for holding structures.
- **Choice Drivers:** Governance preferences, investment licensing needs, and dispute-resolution strategy.

Foundations

- **ADGM:** ADGM Foundations Regulations 2017 (consolidated to 2025) provide robust asset-protection and succession tools.
- **Structure:** Can sit under a Family Office or directly hold operating/real-estate SPVs.

Critical Tax Context

No Blanket Exemption. CT outcomes for Family Offices and Foundations depend on activity, location (QFZP status), treaty residency, and potential application of Pillar Two rules.





10.4 | Corporate Governance & Dispute Resolution

Ensuring Certainty and Enforceability



10.4 | The Common Law Advantage: ADGM & DIFC Courts

Independent Courts

- **ADGM Courts:** Apply direct English common law.
- **DIFC Courts:** Apply laws enacted for the Centre.
- **Key Function:** Both operate in English, recognize and enforce foreign judgments and arbitral awards, and are frequently chosen for major finance, M&A, and real-estate disputes.

Arbitration & Enforcement

- **Global Standard:** Both centres recognize New York Convention awards, ensuring cross-border certainty.
- **Practical Advice:** Choose seat/venue (e.g., DIAC, ADGM Arbitration Centre) to match your global enforcement strategy.



10.5 | Cross-Border Tax Interfaces

Key Considerations for the International Investor

10.5 | Mapping the Global Tax Landscape from the UAE

Pillar Two (15% Minimum Tax)

- In-scope MNEs should expect the 15% UAE DMTT from 2025.
- Advised to map GloBE Effective Tax Rates (ETRs) by jurisdiction.

Extensive Treaty Network

- UAE has one of the world's broadest DTA networks (~140+ signed).
- Use the Ministry of Finance (MoF) treaty dashboard to plan and mitigate withholding tax on inbound dividends, interest, and royalties.

Withholding Tax (WHT)

- UAE domestic WHT is generally 0% on outbound payments.
- However, foreign WHT may apply on overseas income. Treaties can reduce this. (*Advised to model this in cash-flows.*)

Transfer Pricing (TP)

- Arm's-length principles and TP documentation are required.
- Align intercompany financing and management with UAE TP rules (Master/Local file). Note the 2025 tax-group audited FS rules.

10.6 | A Practical Setup Path: A 4-Point Checklist

1. Pick Jurisdiction & License

- Mainland vs. Free Zone.
- Map QFZP feasibility early in the process.

2. Model Taxes

- CT (0%, 9%, or 15% DMTT).
- VAT (5%, with specific real-estate rules).
- Foreign WHT and available treaty relief.

3. Ensure Substance & Reporting

- ESR notifications/reports.
- UBO register (per 2023 resolution).
- AML/DNFBP (goAML) and REAR where applicable.

4. Establish Governance & Dispute Protocols

- Board procedures & Audited FS (per MD 84/2025).
- Transfer Pricing policies.
- Dispute resolution clauses (DIFC/ADGM jurisdiction).



Precision. Clarity. A Blueprint
for Success in the UAE.



RE/MAX
Smart Concept

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10.7 | Official Sources & References

- **QFZP / Free-zone CT:** FTA Free Zone Persons guide (May 2024); MoF MD 139/2023.
tax.gov.ae
- **DMTT 15% (Pillar Two):** MoF DMTT page. mof.gov.ae
- **Audited Financial Statements (from FYs 2025):** Ministerial Decision 84/2025.
mof.gov.ae
- **ESR:** MoF ESR page; ADGM ESR guidance. *Note: ESR remains in force.* mof.gov.ae, u.ae
- **UBO:** Cabinet Resolution 2023 regulating Real Beneficiary Procedures.
uaelegislation.gov.ae
- **AML / DNFBP / goAML:** MoE & FIU goAML portals. moet.gov.ae, goaml.ae
- **VAT Real Estate:** FTA Real Estate VAT Guide (VATGRE1).
- **Courts & Common Law:** ADGM Courts; DIFC Courts law.
- **Treaty Network:** MoF Double Tax Agreements page & interactive dashboard.