



# 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 ( $\approx 140+$  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.



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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](https://tax.gov.ae)
- **DMTT 15% (Pillar Two):** MoF DMTT page. [mof.gov.ae](https://mof.gov.ae)
- **Audited Financial Statements (from FYs 2025):** Ministerial Decision 84/2025. [mof.gov.ae](https://mof.gov.ae)
- **ESR:** MoF ESR page; ADGM ESR guidance. *Note: ESR remains in force.* [mof.gov.ae](https://mof.gov.ae), [u.ae](https://u.ae)
- **UBO:** Cabinet Resolution 2023 regulating Real Beneficiary Procedures. [uaelegislation.gov.ae](https://uaelegislation.gov.ae)
- **AML / DNFBP / goAML:** MoE & FIU goAML portals. [moet.gov.ae](https://moet.gov.ae), [goaml.ae](https://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.