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A PRACTICAL GUIDE

Starting a Business *in* *the UAE*

A practical roadmap to structure, licence, bank and operate your UAE company — including the tax and compliance realities most guides leave out.

2026 EDITION

Build the company. Protect the structure.

Most founders arrive with a jurisdiction already chosen for them — usually the cheapest quote. I start from the opposite end: what the business actually does, who pays it, and what a bank will need to see. The licence follows from that.

This guide is the short version of what I tell every founder in the first conversation — the trade-offs between Free Zone and Mainland, how corporate tax actually applies once you are here, what a bank is really assessing, and what the second year costs. It will not replace advice on your specific position. It will stop you making the four or five decisions that are expensive to reverse.

"The best setup is not the fastest one. It is the structure that still works when the business grows, hires, raises capital and enters new markets."

Anastasia Khurtina

Corporate & IP Lawyer

Corporate & IP law · International compliance · UAE business structuring

UAE-based

Direct coordination with authorities, zones and banks

Multilingual

English, Russian and Arabic support for international founders

End-to-end

Setup, banking, residency and ongoing corporate compliance

Six decisions, in order.

Each one narrows the next. Taken out of sequence, they are the reason setups get rebuilt in year two.

01	Free Zone or Mainland	04
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	Realistic timelines, and the pack to prepare	

Also inside: what your corporate document pack contains · why the bank account is a separate project · the annual obligations that begin the day the licence is issued · five mistakes that are expensive to reverse.

Free Zone or Mainland.

Both can be right.

Since Federal Decree-Law No. 26 of 2020, full foreign ownership is available in both — so ownership is no longer the deciding factor. Strategic-impact sectors such as defence, security and certain banking and telecom activities remain the exception.

Free Zone — international & online models

OWNERSHIP

100% foreign ownership, standard across zones

MARKET ACCESS

Free zone and international clients; mainland trade needs a distributor, branch or dual licence

OFFICE

Flexi-desk or virtual office generally accepted

TAX POSITION

0% on qualifying income only, and only with QFZP status — see page 06

SETUP SPEED

Typically the faster route

Mainland — UAE customers & local presence

OWNERSHIP

100% foreign ownership for the large majority of activities

MARKET ACCESS

Trade anywhere in the UAE and abroad, with no intermediary

OFFICE

Physical premises with a registered tenancy contract (Ejari)

TAX POSITION

0% on the first AED 375,000 of taxable income; 9% above it

GOVERNMENT WORK

Eligible for public tenders, subject to requirements

THE DECISION SHOULD FOLLOW THE BUSINESS MODEL — NOT THE CHEAPEST QUOTE.

Which path fits your plan? Five questions.

A first filter, not a conclusion. The final structure is confirmed against your activity, licensing route and tax position.

01	Will most of your customers be outside the UAE?	FREE ZONE
02	Do you need to invoice UAE clients directly, without a distributor?	MAINLAND
03	Do you want to bid for government or semi-government contracts?	MAINLAND
04	Do you need a lean international base with minimal overhead?	FREE ZONE
05	Is your activity regulated — finance, healthcare, education, legal?	CHECK THE AUTHORITY FIRST

There is no universal best jurisdiction. There is only the structure that fits your customers, operations, banking profile and growth plan.

"Free zone" does not mean "tax free."

Every free zone entity is a taxable person: it registers with the Federal Tax Authority and files an annual return. The 0% rate is available — but it is earned and maintained, not granted by the licence.

0% CORPORATE TAX — on the first AED 375,000 of taxable income, for every company	9% ABOVE THE THRESHOLD — unless it is qualifying income of a QFZP	5% VAT — mandatory above AED 375,000 in taxable supplies
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The condition most founders miss

Qualifying Free Zone Person status requires all five conditions to hold at once, every year. Fail any condition and QFZP status is lost for that tax period and the four that follow — with 9% applying to all income.

Substance Adequate people, premises and decision-making in the UAE	Qualifying income Within categories defined by Ministerial Decision	De minimis Non-qualifying revenue below the 5% / AED 5m ceiling	No election Not opted into the mainland 9% regime	Transfer pricing Arm's-length terms on related-party transactions
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On Small Business Relief: companies with revenue at or below AED 3 million may elect to be treated as having no taxable income — transitional, available only for tax periods ending on or before 31 December 2026. Build the structure on the assumption it will not be there.

Your licence is your operating boundary.

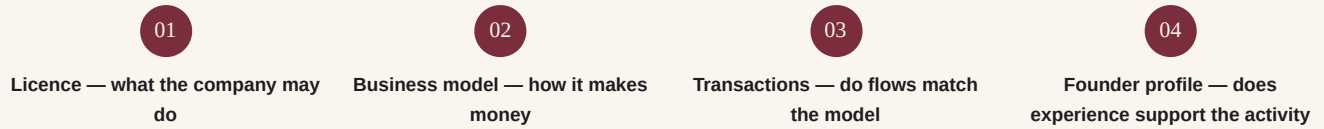
The activity on the licence must match how the company actually earns revenue. Authorities and banks compare the two — and when money moves in patterns the licence does not explain, you get questions.

Commercial Trade, import/export, wholesale, general trading	Professional Consulting, IT, marketing, design, coaching	Industrial Manufacturing, processing, logistics	Tourism Travel, tour operations, event management
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Choose focused, related activities within one sector — and add only what the business genuinely needs. Licences carrying unrelated activities routinely trigger enhanced due diligence at account opening. Activities can be added later; a declined bank application is harder to undo.

One coherent story.

A compliance officer is not scoring your balance sheet. They are checking whether four things describe the same business.



A clear ownership chain, a focused licence and a plausible account of where revenue comes from will beat a strong balance sheet with a vague story every time. Unrelated activities, vague descriptions and mismatched flows are the three most common causes of enhanced due diligence and account-opening delays.

A realistic timeline.

Company formation can be fast. Full operational readiness takes longer, because licensing, residency and banking run as connected workstreams.

Structure 1–2 days	Name 1 day	Approval 1–3 days	Legal docs 1–2 days
Office 1–3 days	Licence 1–2 days	Banking 5–30+ days	Visa & ID 5–12 days
Longest stage Corporate banking — driven by the bank’s compliance team, not by the agent and not by you.		Most underestimated Document attestation — apostille or consular legalisation can add two to three weeks. Start it first.	

A LICENCE IN SEVEN DAYS IS REALISTIC. A LICENCE AND A FUNDED BANK ACCOUNT IN SEVEN DAYS IS NOT.

Documents to prepare.

Exact requirements vary by jurisdiction, activity and shareholder profile.

These are the documents most commonly requested.

☐ **Three company name options**

Subject to UAE naming rules

☐ **Visa and Emirates ID**

If already held

☐ **CVs of shareholders**

In English; required by most Free Zones

☐ **Business plan**

For certain activities and jurisdictions

☐ **Passport copies**

Shareholders and manager, full-page colour

☐ **Passport photo**

Colour, white background

☐ **Proof of address**

Utility bill or bank statement, within 3 months

☐ **Degree and approvals**

Attested, for selected professional activities

Corporate shareholder? Expect an attested Certificate of Incorporation and constitutional documents of the parent company, a board resolution approving the UAE entity, and evidence of the authorised signatory. Depending on the country of origin this means an apostille or full consular legalisation — the step most likely to add two to three weeks. Start it before anything else.

Your corporate document pack.

The exact set depends on Mainland or Free Zone registration, but these documents form the operating identity of the company.

01 Business licence Core registration; states name and permitted activities	02 MOA / AOA Ownership, governance and decision-making rules	03 Lease / Ejari Evidence of registered premises
04 Establishment card Required to sponsor residence visas	05 Share certificate Corporate identity and proof of ownership	06 Tax registrations Corporate tax, and VAT where threshold applies

Keep one secure digital folder containing current licences, constitutional documents, UBO records, leases, tax registrations, bank correspondence and renewal dates. A clean corporate record is the difference between a two-day response and a two-week one.

The bank account is a separate project.

A licence creates the company. A bank account lets it operate. UAE banks conduct their own due diligence, apply standards at or above international norms, and are under no obligation to approve any application.

Company

Licence, MOA/AOA, establishment card, tenancy contract, share register

Founder

Passport, visa, Emirates ID, and a CV for each Ultimate Beneficial Owner (UBO)

Substance

Business plan, six months of bank statements, proof of address, expected transaction flows

Banks are assessing one thing: whether your business is understandable. Everything in the file either supports that or works against it. Match the bank to the profile — appetite varies significantly by nationality, sector and expected turnover, and a rejected application sits on your record for the next one.

What the second year costs.

The setup fee is not the cost of the company. These obligations begin the day the licence is issued — most carry penalties for late filing rather than for non-payment.

Licence renewal — annually, broadly at the original licence rate	Annual
Office or flexi-desk — usually the largest single recurring line for a mainland company	Annual
Corporate tax return — mandatory even at a 0% rate; registration and filing deadlines both carry penalties	Annual
VAT returns — where registered, quarterly or monthly depending on turnover	Quarterly
Audited accounts — required by many free zones, and by every company claiming QFZP status	Annual
UBO register — must be kept current; changes reported within the prescribed period	On change
Economic substance — notification and report, where the activity falls in scope	Annual
Residence visas — renewal every two years for most categories, with medical and biometrics	2 years

Ask for the second-year figure in writing before you pay the first-year one. A setup quote that does not name the renewal cost is not a quote — it is an introduction offer.

Five mistakes we see most.

None of these are exotic. All of them are avoidable in the first conversation.

01

Choosing the jurisdiction on price

The cheapest licence is expensive if no bank will open an account against it. Cost is a constraint, not a criterion.

02

Loading the licence with unrelated activities

Added "just in case," they are the fastest route to enhanced due diligence and a declined application. Activities can be added later.

03

Assuming a free zone means tax free

0% applies to qualifying income of a QFZP — a status with five conditions that must hold every year, and a five-year penalty for losing it.

04

Leaving document attestation until last

Apostille and consular legalisation run on their own timetable and are the single most common cause of a slipped launch date.

05

Registering before checking the activity is permitted

Some activities cannot be licensed in a free zone at all; others need approval from a sector regulator before the licence is issued.

The pattern: each one is a decision made in isolation, before the whole structure was mapped. Sequence is the cheapest form of insurance.

NEXT STEP

The right structure. *Built around your business.*

I coordinate company formation, residency, banking preparation, legal documentation and ongoing corporate compliance for international founders entering the UAE.

START WITH A STRUCTURING CONVERSATION

Thirty minutes, before you commit to a jurisdiction or pay a licence fee. We map the structure against your customers, activity, banking profile, residency needs and growth plan.

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This guide is for general information only and does not constitute legal, tax or financial advice. Requirements, fees, thresholds and timelines vary by jurisdiction, activity and applicant profile, and are subject to change. Confirm the position for your specific circumstances before acting.
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