

TME / LEGAL

TME LEGAL CONSULTANTS

UAE Investment Guide

2026

Your German law firm in Dubai · Tailored legal & tax advisory in the UAE and Saudi Arabia

www.tme-legal.com

WHAT'S INSIDE

Contents

01	About TME Legal	03	02	Our Services	04
03	UAE Statistics	05	04	Investment Climate in Dubai	07
05	Legal Forms of Business	11	06	Free Zones	14
07	Labor & Social Security Law	17	08	Tax System	19
09	CIT — Corporate Income Tax	21	10	VAT	22
11	Free Zones Under Tax Regulations	23	12	Your Contacts at TME Legal	24

IHRE DEUTSCHE KANZLEI IN DUBAI

Your trusted German legal partner in the UAE

TME Legal Consultants is a spin-off of a German-based international Law, Tax, and BPO firm. Our team of 40+ professionals combines German precision with deep local expertise across the UAE and Saudi Arabia.

ABOUT US

Who we are

40+

Legal, tax & accounting professionals

40

Years of regional commitment

07

Languages spoken in our team

Our routes are deeply connected to the region. Over the years, we have built high-value relationships with authorities, banks, and key institutions. We are a ONE-STOP solution provider — one face to the customer for all your legal, tax, and BPO needs.

IMPORTANT:

This guide serves as informational reference only and does not replace tailored legal or tax advice. TME Legal Consultants assumes no liability for completeness or correctness.

WHAT WE DO

Our Services



Company Formation

Tailored setup services in mainland & free zones.



Legal Services

Expert legal advice to protect your business.



Tax Consulting

Strategic tax planning and compliance.



Accounting

Accurate bookkeeping and financial reporting.



Secretarial

Back-office support so you can focus on growth.



Visa & Emirates ID

UAE residency and identity card services.



Real Estate

Property management services in the UAE.



Compliance

Guidance on UAE regulatory requirements.



Restructuring

Efficient restructuring of UAE businesses.

COUNTRY AT A GLANCE

UAE — Key Figures



9.5M

Population (2023)



USD 415B

GDP



1,000+

German companies



14.4M

International tourists (2022)

FACTS

- Founded in 1971 — federation of seven emirates
- Capital: Abu Dhabi · Largest city: Dubai
- ~ 90% of residents are foreign nationals
- Oil reserves: > 100 billion barrels
- GDP per capita: ~ USD 43,700
- Inflation rate: 3% (2023)

ECONOMIC POSITIONING

A thriving economic hub at the crossroads of three continents

The UAE has overtaken Saudi Arabia as Germany's primary trading partner in the Arab world. Approximately 1,000 German companies operate here — particularly in Dubai and Abu Dhabi.

Abu Dhabi, the largest emirate and seat of the federal government, drives major public investment initiatives. Dubai has emerged as the region's leading trade hub and a prominent financial centre.

Strategic location

Hub between Europe, Asia & Africa

Political stability

Safe environment for businesses

German trade ties

Bilateral chamber of commerce (AHK)

Free zone framework

Innovative regulatory environment

01

PART ONE

Investment Climate in Dubai

Why the UAE — and Dubai in particular — has become one of the world's most attractive destinations for foreign direct investment.

INVESTMENT CLIMATE IN DUBAI

Six pillars of Dubai's appeal



Strategic Location

At the crossroads of Europe, Asia & Africa — an ideal hub for international trade.



Political Stability

A stable, secure climate that boosts investor confidence and reduces risk.



Business-Friendly Rules

100% foreign ownership, tax exemptions and streamlined administrative processes.



World-Class Infrastructure

Modern airports, ports and transport networks supporting efficient operations.



Diversified Economy

Strong sectors beyond oil: tourism, real estate, finance and technology.



Favourable Tax Regime

0% personal income tax, 9% corporate tax (above AED 375K), and free-zone incentives.

INVESTMENT CLIMATE IN DUBAI

Quality of life and government support



High Quality of Life

Excellent healthcare, education and cultural amenities draw top international talent and entrepreneurs.



Robust Financial Sector

A sophisticated banking system and developed capital markets provide essential support for businesses.



Proactive Government

Targeted FDI policies, investment forums, and direct engagement with investor concerns.



AHK — Bilateral Chamber

The German Emirati Joint Council for Industry & Commerce supports market entry across the GCC.

02

PART TWO

Legal Forms of Doing Business

From sole proprietorships to public joint stock companies — choosing the right legal vehicle for your UAE operations.

LEGAL FORMS OF DOING BUSINESS

Common legal forms in the UAE

FORM	DESCRIPTION	OWNERSHIP / KEY POINT
Sole Proprietorship	Single owner, personal liability	<i>100% foreign in some professions</i>
General Partnership	Two or more UAE national partners	<i>Unlimited liability</i>
Limited Partnership	General + limited partners	<i>At least one UAE national required</i>
LLC	Most common form for SMEs	<i>100% foreign for many activities</i>
Public Joint Stock	Listed company; transferable shares	<i>Strict regulatory requirements</i>
Private Joint Stock	Non-listed equivalent	<i>Less stringent than PJSC</i>
Branch Office	Extension of foreign parent	<i>100% foreign ownership</i>
Representative Office	Marketing/coordination only	<i>No commercial activity</i>

FOREIGN COMPANY STRUCTURES

Representative office vs. branch office

Representative Office

Marketing & coordination only

- Coordination, supervision, advertising
- Commercial activities prohibited
- Local service agent (formal compliance)
- Permit from Ministry of Economy required

Branch Office

Extension of the foreign parent

- Direct business activities permitted
- Own capital, accounting & auditing
- Activities approved case-by-case
- National agent no longer required

DISTRIBUTION & AGENCY

Trade agents in the UAE

Distribution rules have been significantly liberalised since 2020:

PRE-2020

Only UAE citizens or wholly UAE-owned companies could act as trade agents.

SINCE 2020

Public joint stock companies and public legal entities with $\geq 51\%$ national capital may now register as trade agents.

EXCEPTIONS

Certain international companies may operate without a local agent — subject to Cabinet approval.

REGISTRATION

All trade agency agreements must be registered with the Ministry of Economy.

TAKE NOTE

Termination is complex

Termination of registered agency agreements often involves lengthy negotiations and substantial compensation. Foreign companies should structure agency contracts carefully — and seek professional advice before signing.

03

PART THREE

Free Zones

Independent jurisdictions offering 100% foreign ownership, full profit repatriation, and competitive incentives for international businesses.

WHY FREE ZONES

Key benefits for foreign investors



100% Foreign Ownership

Of an FZE or FZCO — no local sponsor required.



100% Profit Repatriation

Full repatriation of capital and profits.



Fast Set-up

Streamlined business registration procedures.



Developed Communities

Mature business ecosystems with strong infrastructure.



Tax Exemption

0% on qualifying income (vs. 9% mainland).



Customs Exemption

100% exemption from the standard 5% duty.



Independent Regulations

Each free zone has its own rules.



Global Market Access

Easy regional & international reach.

FREE ZONE LEGAL FORMS

FZE vs. FZCO

FZE

Free Zone Establishment

SHAREHOLDERS

Single shareholder (individual or corporate)

LIABILITY

Limited to share capital

CAPITAL

Set by free zone authority — varies by zone

ACTIVITIES

Wide range, per free zone regulations

FZCO

Free Zone Company

SHAREHOLDERS

Two or more (up to free zone limit)

LIABILITY

Each partner limited to their share capital

CAPITAL

Set by free zone authority — varies by zone

ACTIVITIES

Wide range, per free zone regulations

04

PART FOUR

Labor & Social Security Law

Federal Law No. 33 of 2021 governs the modern UAE labour market — a comprehensive framework balancing worker rights and employer flexibility.

FEDERAL LAW NO. 33 OF 2021

Employment essentials

48 h

Maximum working hours per week

30

Calendar days paid leave / year

14

National public holidays

6 mo

Maximum probation period



Employment Contracts

Bilingual model contracts; fixed-term only; written form recommended.



Working Time & Leave

48-hour week, reduced 2 hours/day in Ramadan; new flexible work models.



Termination & Notice

Valid grounds required; notice periods; right to appeal at MoHRE.



Compliance

Wages Protection System (WPS) is mandatory for payroll processing.

05

PART FIVE

Tax System

Corporate Income Tax · VAT · Free Zone tax treatment · Customs procedures — the rules that shape your UAE bottom line.

TAX SYSTEM AT A GLANCE

UAE tax framework

9%

Corporate Income Tax

On net profit > AED 375,000

5%

VAT

Standard rate on most goods & services

0%

Personal Income Tax

No tax on individual salaries

5%

Customs Duty

Standard import duty (GCC minimum)

ALSO RELEVANT

Emirate-Level Tax · Up to 55% for natural-resource extraction

Excise Tax · On tobacco, energy & sugary drinks

Free Zone Persons · 0% on Qualifying Income (subject to conditions)

Reverse Charge · Applies on imported services & designated goods

CORPORATE INCOME TAX

9% CIT on net profit above AED 375,000

Implemented in 2023, the UAE Corporate Tax aligns the country with international tax-transparency standards while preserving its competitive edge.

Compared to Germany or the US, where combined rates often exceed 30%, the UAE's 9% rate is among the most attractive globally — keeping more capital available for reinvestment.

EFFECTIVE FROM

Financial periods starting 1 June 2023

FILING DEADLINE

Within 9 months after end of tax period

REGISTRATION

Mandatory with the Federal Tax Authority (FTA)

PENALTIES

Financial & administrative for non-compliance

VALUE ADDED TAX

VAT in the UAE — 5% standard rate

STANDARD RATE

5%

Applies to most goods and services. Some are zero-rated or exempt.

REGISTRATION THRESHOLD

AED 375K

Mandatory if taxable supplies & imports exceed this in 12 months.

EFFECTIVE SINCE

01.01.2018

Introduced to diversify government revenue and ensure fiscal sustainability.

REVERSE CHARGE MECHANISM

When a taxable UAE person receives services from a foreign supplier, the recipient — not the supplier — accounts for VAT. This ensures imported services are properly captured by the UAE tax framework.

FREE ZONES & UAE TAX

0% CIT on qualifying income for Free Zone Persons

QUALIFYING FREE ZONE PERSON (QFZP) REQUIREMENTS

- ✓ Derive qualifying income from relevant transactions
- ✓ Maintain adequate substance in the UAE
- ✓ Comply with transfer pricing rules
- ✓ Prepare and maintain audited financial statements
- ✓ Not elect to be subject to corporate tax

DE MINIMIS THRESHOLDS

How much non-qualifying revenue is allowed

AED 5M

Maximum non-qualifying revenue per tax period

5%

Or share of total revenue (whichever is lower)

GET IN TOUCH

Your contacts at TME Legal

Mr. Omar Sami

Attorney at German Law · Legal & Tax Consultant

UAE +971 (52) 5 67 75 45

KSA +966 (53) 4 77 42 89

omar@tme-legal.com

Mr. Sebastian Luermann

Attorney at German Law · Legal Consultant

UAE +971 (50) 3 24 97 68

KSA +966 (53) 4 77 42 89

sebastian@tme-legal.com

Mrs. Derya Bandak

Attorney at German Law · Legal & Tax Consultant

UAE +971 (50) 2 40 05 02

KSA +966 (53) 5 63 25 28

derya@tme-legal.com

Mr. Julian Koop

Attorney at German Law · Legal & Tax Consultant

UAE +971 (54) 569 1449

KSA +966 (53) 4 77 42 89

julian@tme-legal.com