UNITED ARAB EMIRATES

LEGAL & TAX FRAMEWORK FOR INVESTMENT — AUGUST 2026 EDITION

The United Arab Emirates have established themselves as the principal gateway for foreign investment into the Gulf. Two structural shifts now shape any establishment decision: **the opening of mainland share capital**, which in 2021 ended the requirement for a majority Emirati shareholder, and **the introduction of a federal corporate tax** from June 2023 in a country that had none. A **domestic minimum top-up tax** has since 2025 brought the effective rate of large multinational groups up to 15 %. The choice between the mainland and one of the free zones — more than forty of them, two with their own legal systems — remains the first structural decision of any UAE project.

POPULATION	CURRENCY	GDP 2025
~11.3 M	**DIRHAM · AED**	**≈ $517 BN**
end-2024 estimate (federal statistics authority)	Pegged to the US dollar at a fixed rate	AED 1.9 trillion (Ministry of Economy)

GROWTH 2025	INFLATION	NON-OIL SHARE
+ 6.2 %	**≈ 2 %**	**77.3 %**
Actual — Ministry of Economy	Medium-term projection (IMF)	of real GDP, Q1 2025

NON-OIL TRADE	FEDERAL CAPITAL	BUSINESS FRAMEWORK
≈ $1,030 BN	**ABU DHABI**	**NATIONAL**
2025, up 27 % year on year	Federation of seven emirates	Non-OHADA — federal law + free zones

TWO PARALLEL REGIMES, ONE COUNTRY

Legal risk in the UAE lies not primarily in the substance of the law, but in the **choice of the jurisdiction of establishment**. The same contract will not have the same judge, the same governing law or the same tax treatment depending on whether it is concluded from the **mainland**, an **ordinary free zone**, or one of the two **financial free zones** — the DIFC (Dubai International Financial Centre) in Dubai and the ADGM (Abu Dhabi Global Market) in Abu Dhabi. The latter are **exempt from all federal civil and commercial laws** and have their own courts and regulators; federal criminal law, by contrast, applies throughout.

A TWO-TIER LEGAL FRAMEWORK

The United Arab Emirates bring together **seven emirates** — Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah. Mainland company law is governed by **Federal Decree-Law No. 32 of 2021**. The country belongs to no uniform legal area comparable to OHADA. The Ministry of Economy and Tourism counts **more than forty free zones**, offering full foreign ownership, complete repatriation of capital and profits, and their own single point of entry.

THE DIFC AND THE ADGM ARE NOT INTERCHANGEABLE

	DIFC (DUBAI)	ADGM (ABU DHABI)
Applicable law	Its own codified body of law, common law in inspiration. English law applies only on a residual basis, to fill a gap.	Direct application of English common law, as it stands from time to time.
Courts	DIFC Courts — first instance and appeal. Jurisdiction may be conferred by an opt-in clause, even absent any connection with the DIFC.	ADGM Courts — first instance and appeal.
Financial regulator	DFSA (Dubai Financial Services Authority)	FSRA (Financial Services Regulatory Authority)

USUAL CORPORATE FORMS

FORM	REGIME	TYPICAL USE
Limited Liability Company (LLC)	Mainland — foreign ownership up to 100 % for most activities. No statutory minimum capital; minimum amounts may arise from sector regulation.	Trading, distribution, services to the domestic market
Public Joint Stock Company (PJSC)	Mainland — company open to the public. Statutory reserve reduced to 5 % of net profits, up to 50 % of share capital.	Fundraising, listing
Free zone company	Full foreign ownership, regulatory framework specific to the zone, complete repatriation of profits	Trading, logistics, light manufacturing, regional services
DIFC or ADGM company	Financial free zone — law inspired by or directly applying common law, dedicated courts	Financial services, funds, holding structures
Branch / representative office	Attached to the foreign company	Representation, market exploration

TAX REGIME — THE ESSENTIALS

TAX	RATE	DETAILS
Corporate tax (mainland)	0 % / 9 %	0 % up to AED 375,000, 9 % above. Federal Decree-Law No. 47 of 2022, financial years commencing on or after 1 June 2023. Small business relief (AED 3 m) extended to 31 December 2029.
Corporate tax (free zone)	0 % / 9 %	0 % on qualifying income. The nil rate is lost if non-qualifying revenue exceeds 5 % of total revenue **or** AED 5 m — whichever is the lower.
Domestic minimum top-up tax	15 %	Minimum effective rate. Groups with consolidated revenue of EUR 750 m in at least two of the four preceding financial years. Financial years commencing on or after 1 January 2025.
VAT	5 %	Since 1 January 2018. Registration mandatory above AED 375,000, voluntary from AED 187,500, no threshold for non-residents.
Withholding tax	0 %	On dividends, interest and royalties paid to non-residents.
Personal income tax	NONE	Neither at federal nor at emirate level.
Branches of foreign banks	20 %	Regime specific to each emirate, distinct from the federal regime.
Oil, gas and petrochemicals	VARIABLE	Taxation set by the concession agreement or *fiscal letter* specific to each company.
Customs duties	5 %	On CIF value, with higher rates in anti-dumping matters.

ATTRACTIVE SECTORS

Trade and logistics — the largest contributor to non-oil GDP (16.9 %). Non-oil foreign trade passed the USD 1 trillion mark in 2025, up 27 % year on year. **Financial services and insurance** — 13.2 % of non-oil GDP, up 10.4 % in 2025: the natural ground for DIFC and ADGM structures. **Construction and real estate** — construction accounts for 12.9 % of non-oil GDP and posted the strongest sectoral growth of 2025 (+11.1 %); real estate grew by 7.9 %. **Manufacturing** — 12.8 %, driven by aluminium and polymers, among the leading non-oil exports. The UAE have also concluded **fourteen comprehensive economic partnership agreements** in force at the end of 2025, several with African countries: AED 175.5 bn of exports, or 21.6 % of the total.

INVESTMENT INCENTIVES

Free zones — full foreign ownership, complete repatriation, customs exemptions. The still-frequent reference to a "fifty-year corporate tax exemption" is **misleading** since the federal corporate tax took effect: access to the nil rate is now governed by the *Qualifying Free Zone Person* regime. **Mainland access** — Dubai Executive Council Resolution No. 11 of 2025 allows a free zone entity to operate in the emirate's mainland without incorporating a separate entity, through a branch licence or a temporary permit, with no local sponsor; the mechanism covers neither the DIFC nor the ADGM and applies to Dubai only. **Long-term residence visa** — five or ten years renewable, without a sponsor, for minimum capital of AED 2 m. **Real estate** — freehold ownership open to foreign nationals in designated areas (Law No. 7 of 2006 in Dubai, Law No. 13 of 2019 in Abu Dhabi); elsewhere, leases of up to 99 years.

EXCHANGE CONTROL REGULATIONS

The dirham is **pegged to the US dollar at a fixed rate**, which neutralises currency risk on dollar-denominated flows. There are **no general exchange controls** restricting the use or repatriation of foreign currency. Capital and profits may be converted and transferred abroad through licensed banks and exchange houses; with no withholding tax, distributions to a foreign parent company bear **no UAE deduction**. **Good practice**: document the origin and destination of flows from the moment the account is opened — the ease of transfer comes with banking compliance checks which are, in practice, the main point of friction.

SECURING THE INVESTMENT – THREE UNDERESTIMATED POINTS

1. The nil free zone rate is not a status, it is an annual qualification. *Qualifying Free Zone Person* treatment is lost where non-qualifying revenue exceeds 5 % of turnover **or** AED 5 m — and it is the lower of the two thresholds that applies, which for a company of any size amounts to an absolute cap far more constraining than the percentage suggests.
2. Arbitration clauses predating 2021 designate abolished institutions. Dubai Decree No. 34 of 2021 brought an end to the DIFC-LCIA (the DIFC's arbitration joint venture with the London Court of International Arbitration) and EMAC (the Emirates Maritime Arbitration Centre); agreements are deemed to take effect in favour of the DIAC (the Dubai International Arbitration Centre). Absent contrary stipulation, the **default seat of a DIAC arbitration is now the DIFC** — not Dubai. In Abu Dhabi, arbitrateAD replaced the ADCCAC (the Abu Dhabi Commercial Conciliation and Arbitration Centre) in early 2024.
3. The ADGM Arbitration Centre does not administer arbitrations. It is a hearing venue, with no rules of its own: designating it in the belief that one is choosing an arbitral institution produces an imprecise clause.

OUR SUPPORT IN THE UNITED ARAB EMIRATES

UGGC Africa supports you in the United Arab Emirates through its pan-African platform. Structuring on the mainland and in free zones, securing the free zone tax regime, dividend repatriation, drafting and review of arbitration clauses. Contact: **africa@uggc.com** — uggcafrica.com

Disclaimer. This country factsheet is provided for general information purposes, as at August 2026; it does not constitute legal or tax advice and cannot bind UGGC Africa. Rates, free zone regimes and foreign ownership rules evolve rapidly in the Gulf. Any investment decision should be the subject of a tailored analysis. **Sources:** Federal Tax Authority, UAE Ministry of Finance, u.ae official portal, PwC Worldwide Tax Summaries (12 March 2026), IMF (Article IV, December 2025), Ministry of Economy and Tourism, DIFC Courts, ADGM, DIAC.