

Forward thinking
Straight talking

Doing Business in the United Arab Emirates

Gateley / MIDDLE
EAST

Your legal partners in the UAE

This guide provides an overview of the key legal and structural considerations for doing business in the United Arab Emirates (**UAE**). It focuses on the practical issues that arise when establishing and operating a business in the UAE, including corporate structures, jurisdictional options, notarisation requirements, high-level tax considerations, employment regulations and real estate frameworks.

This guide is intended as a reference tool for those seeking to understand the legal infrastructure and procedural aspects of doing business in the UAE. It does not constitute legal or tax advice and should not be relied upon as such.

All information is current as of September 2025 and may be subject to change in light of future legislative or regulatory developments.

About Gateley / MIDDLE EAST

Since becoming the first UK commercial law firm to list on the London Stock Exchange in 2015, Gateley Legal is a premium international law firm. We now operate across 28 offices, including major commercial hubs in the UK, Dubai and Hong Kong. With a unified 'one firm' ethos, our 1,500+ strong team delivers seamless, cross-border legal advice across diverse sectors.

Gateley Middle East forms part of Gateley Legal and draws on over two centuries of heritage, providing multidisciplinary legal and commercial counsel tailored to the region. We specialise in:

- M&A and Transaction Advisory
- Corporate Structuring and Restructuring
- Family Business and Succession Planning
- Corporate Governance
- Corporate Real Estate
- Company Services
- Corporate and Commercial General Advisory
- Employment Law
- Construction Services
- Dispute Resolution
- Shipping and Aviation

Gateley Middle East stands out in the UAE's legal market through its progressive and client focused approach. What differentiates the firm is its commitment to innovation, offering flexible, transparent fee structures, harnessing technology to streamline legal processes and delivering agile services that respond swiftly to the evolving demands of modern business. These pillars ensure Gateley provides not just legal advice, but strategic value.

Contents

Why the UAE?	1
What is the UAE’s legal environment?	3
Corporate structuring	7
M&A in the UAE: key considerations	13
Joint ventures in the UAE: key considerations	15
Commercial agency and distribution arrangements	17

Taxation	19
Employment law	21
Real estate	27
Competition	29
Dispute resolution	31
How we can help	33



Why the UAE?

Background

The United Arab Emirates (**UAE**) is a federation of seven emirates formed in 1971: Abu Dhabi (the capital), Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah.

Strategically positioned at the crossroads of Europe, Asia and Africa, the UAE has transformed from an economy once reliant on pearl diving and oil exports into one of the most diversified and investor-friendly destinations in the Middle East. It has emerged as a commercially agile and internationally minded jurisdiction, drawing in businesses, talent and capital from around the globe.

For international investors, the UAE offers a stable and mature environment, world class infrastructure, robust legal protections and wide-ranging incentives to support regional and global growth. In 2025, the country continues to demonstrate strong economic momentum, with the Central Bank projecting GDP growth of 4.4%. Non-oil foreign trade reached AED 835 billion in the first quarter alone, an 18.6% increase year on year, with expectations to surpass AED 3 trillion by year-end. The UAE also reported a fiscal surplus equivalent to 4.2% of GDP, driven by robust non-oil revenues and dynamic diversification efforts. Underscoring its global leadership, the UAE ranked first worldwide in the Global Entrepreneurship Monitor 2024/2025 for the fourth consecutive year.

The UAE’s rising appeal to high-net-worth individuals (**HNWIs**) is equally notable. With an expected inflow of 9,800 millionaires in 2025, the UAE ranks as the top global destination for HNWI migration. In 2024, the country welcomed 6,700 millionaires, nearly double the number received by the next highest market. Contributing factors include its zero-income tax, Golden Visa program and sophisticated legal frameworks for wealth preservation and succession. The Dubai International Financial Centre (**DIFC**) now hosts over 120 family offices, collectively managing over \$1.2 trillion in assets, supported by dramatic year on year growth.

Complementing the UAE’s growing private wealth landscape, family businesses remain a vital pillar of the national economy. Governed by Federal Decree-Law No. 37 of 2022, they account for approximately 90% of privately-owned companies, employ over 70% of the private sector workforce and contribute around 40% to the national GDP¹. Whilst family businesses may not always operate as traditional corporate entities, this guide also considers alternative legal structures, such as trusts and foundations, that are increasingly relevant for family enterprises and private clients, particularly in the context of succession planning and asset protection.

Foreign direct investment (**FDI**) in the UAE also continues to accelerate. In 2024, the country attracted \$45.6 billion in FDI inflows, a 48% year on year increase, securing its position as the 10th largest global recipient of FDI². The UAE accounted for 37% of all FDI inflows into the Middle East, underscoring its dominance in regional capital attraction. Greenfield investment remained a key driver, with 1,369 newly announced projects valued at \$14.5 billion, despite global greenfield growth slowing to just 0.8%². Dubai retained its global leadership, ranking #1 worldwide for greenfield FDI projects for the fourth consecutive year, whilst Abu Dhabi continued to attract large scale investments across strategic sectors.

¹ Family Businesses in the Emirate of Dubai: A Guidebook, published by the Dubai Department of Economy and Tourism in partnership with the Dubai Centre for Family Businesses, April 2025

Key sectors

The UAE continues to strengthen its position as a regional and global hub across several high growth sectors, considered below.

The technology sector is thriving, driven by government-backed initiatives in AI, smart cities and digital infrastructure.

The real estate market remains resilient, with strong demand for residential, commercial and mixed-use developments, particularly in Dubai and Abu Dhabi.

The healthcare and life sciences industry is expanding toward a USD 30 billion valuation, supported by investments in biotechnology, telemedicine and medical tourism.

Education is undergoing rapid transformation, with e-learning platforms and global university partnerships fuelling a projected market value of USD 5.9 billion.

The UAE’s strategic location and advanced infrastructure also make logistics and manufacturing key pillars of economic diversification, with smart warehousing, supply chain automation and industrial innovation driving growth across free zones.

Tax advantages

The UAE also offers a highly attractive fiscal environment for individuals and businesses alike. There is no personal income tax, making it one of the most tax efficient jurisdictions globally. Additionally, the corporate tax regime is competitive, with carve-outs available for entities established in qualifying free zones, allowing eligible businesses to benefit from reduced or zero tax rates, subject to meeting applicable conditions. This combination of tax advantages continues to make the UAE a preferred destination for global investment and regional headquarters.

Despite the UAE’s federal system, doing business in the UAE requires regional awareness. Legal, procedural and operational rules can vary by Emirate. Differences are especially notable between mainland areas and free zones, each governed by their own regulations. Accordingly, this guide provides further insight into the UAE’s legal landscape.

What is the UAE's legal environment?

Speed read: In this section, we unpack the UAE's complex legal environment, a hybrid system rooted in civil law and Shari'ah principles, with common law applicable in select financial free zones. You will gain insight into how federal and Emirate-level laws intersect, what distinguishes onshore UAE from its network of over 45 free zones and how recent regulatory reforms have reshaped foreign ownership rules. From the flexibility offered by UAE LLCs (defined below) to the strategic benefits and limitations of free zone entities, we highlight what businesses need to know to navigate the UAE's multi-layered legal landscape.

The UAE's legal system is a unique hybrid, combining civil law traditions with Shari'ah principles and applying common law in certain jurisdictions, namely the financial free zones of the DIFC and the Abu Dhabi Global Market (**ADGM**). This blended framework creates both opportunities and challenges for foreign investors who may be unfamiliar with the legal landscape of the UAE.

The Constitution of the UAE sets out the legal framework for the UAE and outlines a federal system of governance, dividing legislative powers between the federal government and each of the seven Emirates.

Whilst the federal law governs key areas such as commercial companies law, labour relations and taxation, local law at Emirate level applies where the federal law is silent, such as commercial licencing matters and real estate. For example, Dubai and Abu Dhabi maintain their own economic development departments and municipal authorities with distinct procedures and rules. As a result, businesses operating in the UAE must navigate both federal laws and the specific legal framework of each Emirate (as well as practical differences in procedures and processes).

What is 'onshore' UAE?

Under the old UAE companies law (which has now been repealed and replaced in its entirety with the UAE Federal Law No. 32 of 2021 concerning Commercial Companies (**Companies Law**)), foreign investors (whether individuals or entities from outside the UAE or GCC) were historically required to partner with a UAE national who would legally hold at least 51% of the share capital in a limited liability company (**LLC**).

However, under the current Companies Law, the foreign ownership restrictions have been removed for most business activities. Foreign investors may now own 100% of the share capital in a UAE LLC without the requirement for a local partner, subject to exemptions for certain activities and strategic sectors. For example, industries such as banking and insurance continue to require local ownership or additional regulatory approvals.

UAE LLCs are not geographically restricted and may operate throughout the Emirate in which they are established. This allows for greater commercial flexibility, particularly for businesses seeking to engage directly with the UAE market without limitation to a designated zone.

What is a free zone?

The UAE historically implemented robust foreign ownership restrictions and to encourage foreign investment into the UAE, it developed over forty-five (45) free zones, each allowing 100% foreign ownership of companies and various advantages to businesses, such as streamlined regulatory frameworks, significant ownership, tax advantages and sector-focused ecosystems that cater to a wide range of international investors.

Each free zone typically serves distinct sectors of business activity and is generally composed of clusters of companies operating within related industries. For illustrative purposes, we have outlined below some of the key free zones and their focus areas:

- **Jebel Ali Free Zone (JAFZ)** serves as a major hub for logistics, manufacturing and international trade.
- **Dubai Multi Commodities Centre (DMCC)** is a leading free zone globally, known for its focus on commodities trading, finance and technology startups.
- **Dubai Healthcare City (DHCC)** is a specialised free zone focused on healthcare and life sciences. It hosts a wide range of clinics, biotech firms and facilities that support medical tourism.
- **Dubai Development Authority (DDA)** oversees real estate planning, development control, regulatory and licensing services and supports the growth of strategic sectors. Its jurisdiction includes several key free zones including (but not limited to) Dubai Design District, Dubai Healthcare City Authority and Dubai Media City.
- **DIFC** is a leading financial free zone in Dubai, established in 2004 to serve as a hub for financial services across the Middle East, Africa and South Asia. It operates under an independent legal system based on English common law and is regulated by the Dubai Financial Services Authority (**DFSA**). DIFC offers a business-friendly environment, full foreign ownership and a strong focus on sectors like banking, fintech, wealth management and legal services.
- **ADGM** is an international financial centre located on Al Maryah Island in Abu Dhabi, launched in 2015. It applies English common law directly and is regulated by the Financial Services Regulatory Authority (**FSRA**). ADGM provides a robust and transparent legal and regulatory framework and full foreign ownership. It is particularly known for its focus on asset management, private banking, fintech innovation and sustainable finance, making it a key player in the UAE's financial ecosystem.

Key considerations and limitations of free zones

The UAE offers further complexity through its freezone jurisdictions, each of which has its own geographical boundaries and unique legal and regulatory environment. Free zone entities are regulated by the authority of the specific free zone in which they are established. These zones operate semi-autonomously, offering their own commercial laws, licensing processes and sometimes even their own courts (e.g., DIFC and ADGM).

Additionally, free zone companies are typically restricted to operating from the free zone in which they are established. By way of example, a free zone company engaging in direct trade activities with the UAE mainland may be required to appoint a local distributor or obtain additional licensing through the relevant mainland authorities.

Albeit on 3 March 2025, Executive Council Resolution No. (11) of 2025 was issued by His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, regulating Dubai based free zone establishments (**FZEs**) seeking to operate in onshore Dubai (**Resolution**). Under the Resolution, FZEs may, subject to specific conditions, obtain licenses or permits from the Dubai Department of Economy & Tourism (**DET**) to conduct business activities outside their free zone boundaries. These authorisations are strictly confined to onshore Dubai. To operate in other Emirates, FZEs must pursue separate licensing procedures and adhere to the respective Emirate's legal framework, potentially including the establishment of a local entity.

Notably, the Resolution does not itself list the permitted economic activities for FZEs. Instead, it mandates that the DET, in coordination with relevant free zone licensing authorities, issue a list of eligible activities within six months of the Resolution's effective date. The DET is also empowered to impose additional licensing conditions as deemed appropriate.



Corporate structuring

Speed read: This section explores the foundational decisions businesses must make when entering the UAE market. It walks through key structuring considerations, including activity type, market focus, ownership location, physical and staffing needs and legal entity options. Whether establishing a mainland company to tap into the domestic market or choosing a free zone entity for international trade and cost efficiency, the guide outlines how licensing requirements, office space obligations, visa quotas and foreign ownership rules shape the optimal setup.

What are the key considerations to enter the UAE market?

Choosing between an onshore (mainland) entity and a free zone entity is the first step when considering structuring options in the UAE. To determine the optimal corporate structure, foreign investors must carefully evaluate the following key considerations, which we explore in further detail below:

1

What is the activity of the business?

2

Who is your target market?

3

Where should you establish your business?

4

What level of physical presence is required?

5

What are your staffing requirements?

6

Which legal structure best achieves your objectives?

Any company carrying on business in the UAE is required to obtain and maintain an operating licence from the relevant licensing authority of the Emirate or free zone in which it operates. The licence sets out the activities that the company is permitted to carry out and penalties may be imposed if the entity operates outside the scope of its licence or carries on business without a licence.

What is the activity of the business?

The first step in establishing a business in the UAE is to clearly define the specific activities your entity intends to carry out. This is essential for selecting the appropriate jurisdiction, as not all business activities are permitted in every jurisdiction. For example, insurance related activities may be restricted to designated jurisdictions. Additionally, some sectors such as finance, healthcare and education are subject to specific regulatory approvals and may only operate within certain jurisdictions or free zones.

Who is your target market?

Once the nature and scope of the activity is determined, it is important to understand where your clients are located. If your primary clients are based within the UAE or include government entities, an onshore company may be more appropriate. As mentioned above, onshore companies enjoy the flexibility of conducting business anywhere within the Emirate in which they are established and internationally which makes them ideal for companies wanting broad access to the domestic market.

If your operations cater primarily to international markets or clients within specific free zones, a free zone entity may be preferable and can often offer cost efficiencies and ease of establishment.

Who is the owner of the business?

Today, onshore businesses can be fully foreign-owned in most industries, though, as mentioned above, certain strategic sectors still require national ownership or additional approvals.

Free zones have always offered 100% foreign ownership, making them attractive to global investors. No local sponsor or agent is required. Ownership can be individual or corporate and the process for share transfer is generally straightforward within free zone frameworks.

All set-ups in the UAE will require KYC (know-your-customer) and CID (criminal investigation department) procedures to be fulfilled in respect of ownership (and management) to ensure compliance with regulatory standards and to verify the identity and legitimacy of shareholders and directors.

What level of physical presence is required?

Onshore companies must lease physical office space in the mainland (and the lease must be in place in order to secure the operative business licence). The minimum office size is generally determined by licence type and Emirate-specific regulations. Businesses must secure commercial premises compliant with licensing requirements. Mainland businesses must register tenancy agreements through Ejari (Dubai) or Tawtheeq (Abu Dhabi) systems.

Free zone businesses commonly require leased offices or flexi-desks/hot-desks/shared office space within the free zone itself. These leases are registered directly with the free zone authority and no Ejari or Tawtheeq registration is needed. However, registered agents and/or corporate service providers may provide a registered address for the avoidance of having to obtain a lease for establishment for free zone entities.

Additionally, when setting up a business in the UAE, whether in the mainland or in a free zone, the number of employees plays a key role in determining the required office space. Most licensing authorities link visa eligibility to the size of the leased premises, with a general rule of allocating a minimum square meterage per employee. Therefore, businesses must consider their staffing plans early on, as hiring more employees may necessitate a larger office or workspace.

What are your staffing requirements?

Consider how many employees you will need, what type of visas they require (see the [Employment section](#) in this guide for a summary of the different visas applicable in the UAE) and whether you will require local hiring flexibility.

Onshore companies sponsor employees through the Ministry of Human Resources and Emiratization. They have greater flexibility in hiring and expanding visa quotas, especially when renting larger office spaces, as mentioned above.

Free zone companies handle visa processing through their respective free zone authorities. Visa quotas are usually linked to office space size and some free zones may cap the number of employees unless physical expansion occurs.

Please refer to the [Employment Law section](#) for more information on employment considerations.



Which legal structure best achieves your objectives?

The available legal structures are dependent on the jurisdiction chosen for the business and will need to be appropriate for the activity intended for the business.

Below is a high-level overview of a few available structures:

Legal Form	Considerations
Limited Liability Company (LLC)	<ul style="list-style-type: none">➤ Ideal for businesses seeking to operate independently in the UAE market with limited liability and operational flexibility➤ The Companies Law does not prescribe a specific minimum share capital requirement however, in practice, the capital must be sufficient to support the intended business activity➤ Common form for businesses➤ Limited liability for shareholders to the extent of their capital contributions➤ Flexibility in management and operations
Sole Establishment	<ul style="list-style-type: none">➤ Ideal for professional or service-based businesses➤ Is owned and operated by a single individual who has full control➤ Owner assumes unlimited liability for all obligations and debts
Public Joint Stock Company (PJSC)	<ul style="list-style-type: none">➤ Higher compliance costs➤ Requires at least five shareholders➤ More stringent regulatory requirements➤ Ability to raise capital through public offerings➤ Suitable for large businesses➤ Can list on stock exchanges➤ Ideal for large corporations planning to go public➤ Suitable for businesses seeking significant capital investment
Branch Office of a Foreign Company	<ul style="list-style-type: none">➤ Ideal for foreign companies looking to establish a presence in the UAE whilst maintaining a direct legal and financial link to their parent company➤ Ability to leverage parent company’s reputation➤ Limited to activities of the parent company➤ No minimum capital requirement
Representative Office	<ul style="list-style-type: none">➤ Ideal for foreign companies looking to establish presence in the UAE for the purposes of marketing the activity of their parent company➤ Ability to leverage parent company’s reputation➤ Activities limited to marketing, brand promotion and market research➤ Cannot engage in commercial trading, revenue generation or contract execution

Trusts	<ul style="list-style-type: none">➤ Two main trust regimes in the UAE: Federal Decree-Law No. 31 of 2023 (UAE Trust Law), which applies across the UAE (excluding financial free zones) and the DIFC Trust Law, first established in 2006 and updated in 2018 and 2023 (DIFC Trust Law)➤ Do not have a separate legal personality➤ Duration of the trust may be limited or unlimited, depending on the trust deed➤ DIFC trusts can be registered with the DIFC Registrar➤ Trusts are not recognised as legal owners of real estate in the UAE➤ In terms of control, the relevant trustee administers the trust in accordance with the trust deed➤ Present a viable and secure option for families and private clients seeking long-term asset protection, succession planning and governance continuity in the UAE
Foundations	<ul style="list-style-type: none">➤ A separate legal entity with a distinct personality separate from its founder➤ Duration of the foundation may be a limited term or unlimited term depending on the foundation’s by-laws➤ Governing documents of foundations include the foundation charter and by-laws➤ There are no restrictions on what assets can be owned by a foundation➤ In terms of control, managed by a council composed of members appointed by the founder in accordance with the foundation charter and by-laws. The founder may also decide to have the foundation supervised by a guardian appointed by the founder➤ Highly versatile and can serve traditional families, corporations, charities and investment managers. In particular, DIFC foundations also allow for easy re-domiciliation to and from other jurisdictions, making them a strategic option for multigenerational wealth planning

M&A in the UAE:

key considerations

Speed read: This section provides a practical roadmap for businesses pursuing mergers and acquisitions in the UAE, especially through share sales, which are generally simpler and more common than asset deals. It outlines the complexities of asset transfers, such as visa and licensing implications and highlights the importance of due diligence, particularly around foreign ownership and shareholder control. The guide explains how private side agreements and corporate service providers can mitigate risk and sheds light on procedural requirements for share transfers, including notarisation and legalisation. It concludes with key insights into escrow arrangements and payment timing, ensuring buyers retain legal clarity and transactional security.

Share sales vs. Asset sales

Share purchases are typically the preferred route for acquisitions, offering a more streamlined approach than asset-based deals. Asset transactions, especially those involving the transfer of an entire business, can be more complex, often requiring individual transfer of real estate, licences, contracts and employment agreements.

In the UAE, employees do not automatically transfer to a buyer in an asset sale. If the seller sponsors employee visas, they must first terminate employment and cancel those visas. The buyer then rehires the staff and assumes visa sponsorship obligations. This process can be time-consuming and costly.

Buyers should also ensure they have the correct corporate structure and relevant licences in place to operate the acquired business noting that, setting up a legal entity in the UAE can take weeks or even months, depending on the jurisdiction.

Due diligence and shareholder risk

Thorough due diligence is essential in UAE transactions, particularly given the limited availability of public corporate information. Buyers must rely on the target to supply accurate and up to date information.

Determining whether a UAE mainland target is capable of full foreign ownership and whether a UAE shareholder holds majority control is a key issue. For buyers unfamiliar with the UAE market, majority UAE ownership can raise concerns over control, funding and profit allocation.

Solutions to mitigate this risk include private side agreements between the foreign and UAE shareholders, which outline restrictions on profit-sharing and governance participation. These agreements are not registered publicly and are typically structured in exchange for an annual fee. Another approach involves appointing a reputable corporate service provider as the UAE shareholder, ensuring a more professional and predictable relationship than with an individual nominee.

Clarifying existing shareholding structures and side agreements is essential to evaluating risk and identifying any steps before, during, or after completion that may affect transaction timelines.

Share transfer mechanics

Transferring shares in the UAE requires regulatory approvals and execution of relevant documentation before a notary public or free zone authority. The timeline varies depending on the jurisdiction and can extend over several weeks. For these reasons, it is common in UAE transactions for there to be a gap between signing and closing (see below).

Foreign buyers must grant notarised and legalised powers of attorney to individuals within the UAE to complete document execution locally. These documents often require further attestation in the UAE and processing times should be factored into the overall deal schedule.

Payment of consideration and escrow arrangements

Legal title to shares does not automatically pass upon execution of transfer documents. There is generally a gap between signing and the official update of commercial licences or articles of association reflecting new ownership.

To safeguard both parties, it is increasingly common for the purchase price to be deposited into an escrow account prior to signing. The funds are then released once updated documentation confirms the buyer as the legal shareholder.

Buyers are advised to withhold payment from escrow until these updated records have been verified, even if the seller has fulfilled their obligations at signing. This ensures that ownership transfer is complete and legally recognised.

Joint ventures in the UAE: key considerations

Speed read: This section outlines the essential steps for success starting with rigorous partner due diligence, selecting the most suitable jurisdiction and establishing a sound corporate structure, often through holding entities in common-law free zones like ADGM and DIFC. It also highlights the importance of drafting a comprehensive joint venture agreement, embedding key governance and transfer rights and leveraging the UAE's robust legal frameworks for enforceability. Whether tapping into local expertise or building long-term alliances, this chapter equips businesses with the tools to structure durable and compliant partnerships in the Emirates.

Joint ventures present a strategic opportunity for foreign investors to enter the UAE market by collaborating with locally established businesses. These partnerships offer valuable access to market knowledge and relationships but demand careful preparation and thorough due diligence.

Understanding your joint venture partner

Selecting the right partner is a critical first step. In the UAE, publicly available company information is generally limited, so investors are advised to engage professional service providers to prepare reports and provide insight. Supplementing this with local press coverage and trusted referrals can help clarify reputation and background. It is common for politically exposed persons (**PEPs**) to be involved in business activity. Whilst this is not inherently concerning, understanding the associated risks is essential. Investors should also assess the partner's relevant expertise, business portfolio and market presence. Due to variations in name spellings or the existence of multiple individuals with similar names, it is important to confirm that stakeholder feedback refers to the correct party.

Selecting the optimal jurisdiction for the incorporation of the joint venture

Once a suitable partner is identified, investors should consider the appropriate corporate structure. The preferred approach is often to establish the joint venture company (**JVCo**) as a holding entity, which can then set up operating subsidiaries. This structure enhances jurisdictional flexibility. Financial free zones such as the ADGM and the DIFC are highly favoured due to their common law systems, investor-friendly regulations and independent judicial frameworks. These free zones also offer efficient incorporation procedures and cost-effective entities like Special Purpose Vehicles, which do not require physical office space and can be formed in as little as two to three weeks.

Joint venture agreement

Properly documenting the terms of a joint venture is essential to safeguarding the interests of all parties involved. A robust joint venture agreement, with key provisions embedded in the articles of association of the JVCo ensures that shareholder rights are clearly defined and protected.

Such agreements typically address critical governance aspects including board and shareholder reserved matters, funding commitments, procedures for resolving deadlocks and overarching management structures. Provisions like drag-along and tag-along rights are commonly included to provide flexibility and clarity in share transfers.

The ADGM and DIFC offer legal and regulatory frameworks that support the enforceability of these provisions. Both jurisdictions operate under common law systems and maintain their own independent courts and registrars. These authorities facilitate the enforcement of shareholder agreements and related actions such as share issuance, director appointments and removals and other corporate changes.

Ultimately, a well-structured joint venture agreement serves as the cornerstone of a successful partnership, offering legal clarity, operational stability and a reliable foundation for long-term collaboration in the UAE.



Commercial agency and distribution arrangements

Speed read: This section outlines how foreign companies can enter the UAE market through commercial agency and distribution arrangements under the updated UAE Commercial Agencies Law. It explains the formal registration requirements for agents, typically UAE nationals or majority UAE-owned entities and highlights key exceptions that now allow foreign firms to apply for exclusive agency rights without local ownership. You will also understand how companies can secure legal protection against third-party sales post-approval and the importance of drafting strong intragroup distribution agreements. For global businesses, this framework offers new flexibility to operate independently while maintaining compliance and exclusivity in the UAE.

The Federal Law No. 3 of 2022 (**UAE Commercial Agencies Law**) presents global companies with a significant opportunity to distribute products in the UAE without appointing a local agent, reinforcing the nation’s position as a business friendly gateway for international trade.

What are the registration requirements?

Under the UAE Commercial Agencies Law, a commercial agency must be exclusive and contractually binding between a principal and agent to be formally registered with the Ministry of Economy (**MoE**). The legislation traditionally safeguards registered UAE agents by granting them exclusive rights to distribute the principal’s products throughout the Emirates.

To qualify for registration, the agent must be one of the following:



Are there any exceptions to the registration requirements?

An exception exists for foreign businesses seeking direct market access. The UAE Cabinet may approve commercial agency activities without UAE national ownership, provided:

- there is no existing registered agent for the product; or
- the agency is entirely new and not previously registered.

Eligible companies must submit a comprehensive application to the MoE, detailing corporate structure, global investments and contributions to the UAE economy, along with all supporting documents. If endorsed by the MoE, the request advances to Cabinet review for final approval.

What does the post-approval process entail?

Once approved, the company or its UAE branch can be registered as the exclusive agent for the products specified. This registration ensures legal protection against third-party sales of those products in the UAE market.

A robust, arm’s-length intragroup agreement should be established between the manufacturing entity and the UAE distributor, covering:

- product scope and territory;
- exclusivity terms;
- special registration obligations;
- volume targets;
- intellectual property ownership;
- termination and breach clauses; and
- tax, competition law compliance and dispute resolution mechanisms.

Whilst Cabinet approval can be complex, successfully navigating the process provides a strategic path for global businesses to operate in the UAE market independently and with full legal protection.

Taxation

Speed read: The UAE offers one of the most investor-friendly tax landscapes globally, combining competitive corporate tax rates with zero personal income tax. This section outlines the key regimes shaping the fiscal environment, including VAT, customs duties and the newly introduced federal corporate tax law, which still ranks among the lowest worldwide. Free zones continue to offer attractive incentives such as tax exemptions, fuelling sector-specific growth. With over 100 double tax treaties in place, foreign investors benefit from reduced cross-border tax exposure and enhanced economic alignment with global standards.

The UAE’s tax environment is highly competitive and investor-friendly, with low corporate tax rates and no personal income tax. VAT and excise taxes provide government revenue whilst maintaining a business-friendly regime. Free zones offer attractive tax incentives and exemptions, fuelling growth in key sectors and the introduction of corporate tax aligns the UAE with global standards but remains one of the lowest rates worldwide. The UAE has also signed over 100 double tax treaties with countries worldwide to avoid double taxation and encourage foreign investment.

Key tax regimes:

Corporate tax on the net income / profit of corporations (Federal Decree-Law No.60 of 2023);

VAT on goods and services (Federal Decree by Law No. (8) of 2017);

Customs duties on goods imported into the UAE (Federal Law No. (19) of 2002);

There is no **capital gains tax** under UAE law;

There is **no real estate transfer tax** (but property transfer fees do apply as mentioned in the Real Estate section of this guide); and

There is currently no **personal income tax**.



Employment law

Speed read: This section offers a concise briefing on how the UAE’s updated Labour Law reshapes the entire employment landscape, from the mechanics of MOHRE-registered fixed-term contracts, probation and notice requirements and visa options, through the recalibration of working hours (including Ramadan adjustments), leave allowances and overtime pay, to the methods for terminating contracts and calculating end-of-service benefits. This guide also demonstrates how the Wage Protection System secures timely salary payments, how new anti-discrimination and dispute-resolution measures work and how initiatives like Emiratisation quotas, unemployment insurance and formal flexible-work models fit into the broader regulatory framework, equipping you with a clear, practical understanding of what’s changed and why it matters.

The UAE’s employment law framework has undergone major change to reflect the country’s rapid economic growth, international competitiveness and commitment to labour rights.

The primary legislation is Federal Decree-Law No. 33 of 2021 (**the Labour Law**), which came into effect on February 2, 2022 and applies across all emirates. This legislation replaced the longstanding Federal Law No. 8 of 1980 and is complemented by Cabinet Resolution No. 1 of 2022. Together, these regulations mark a significant step toward modernising UAE labour policy in alignment with global best practices.

The Labour Law applies to private sector employees and employers across the UAE, including most free zones. However, it excludes entities in the Dubai International Financial Centre (**DIFC**) and the Abu Dhabi Global Market (**ADGM**), which are governed by their own employment laws based on common law. This distinction has led to a dual-track labour landscape in the UAE that businesses must navigate carefully.

Employment contracts

All employment relationships governed by the Labour Law must be formalised through fixed-term contracts, renewable by mutual agreement and registered with the Ministry of Human Resources and Emiratisation (**MOHRE**). Unlimited-term contracts, previously common under the old law, have been phased out entirely. Contracts must clearly define key terms such as term of employment, job title, work location, compensation, leave entitlements and notice periods.

Employers may place their employees on probation period under the Labour Law for a maximum time frame of six months.

Employers must provide 14 days’ notice to terminate the employment contract during probation, whilst employees must provide at least 14 days’ notice if they plan to leave the UAE and 30 days if they are moving to a different employer within the UAE.

Visas

When doing business in the UAE, understanding the immigration landscape is essential for ensuring compliance and facilitating smooth operations for employees, investors and residents. The UAE offers various visa types tailored to different needs, from traditional employment visas to innovative residency options that fall outside the conventional employment framework.

Employment (work) visas

Employment visas and work permits are required for expatriates who wish to reside and work legally in the UAE. The employment visas are typically sponsored by the employer and linked to a valid employment contract.

Process

The employer initiates the visa application after securing a labour approval from the MOHRE. The visa allows the employee to enter the UAE, after which a medical fitness test, Emirates ID registration and residency permit stamping are completed. Following issuance of the work visa, the employee can open a bank account for salary payments.

Validity

Employment visas are generally valid for 2-3 years and renewable subject to ongoing employment.

Dependents

Employment visa holders can sponsor family members, provided they meet minimum salary and accommodation requirements.

Over recent years, the UAE has also made available other visas for expatriates wishing to work or reside in the UAE including (as at July 2025):

Freelancer visas

Freelance permits and visas are increasingly available, particularly in free zones such as Dubai Media City, Dubai Internet City and Abu Dhabi’s twofour54. These permits enable individuals to work independently without being tied to a traditional employer.

Golden visa (long-term residency)

The UAE’s Golden Visa program offers 5 or 10 year residency visa to select categories, including investors, entrepreneurs, scientists, outstanding students and specialized talents, provided they can fulfil the required criteria. This visa grants long-term residency without the need for a local sponsor and includes sponsorship of family members.

Remote work visa/ virtual work residence visa

Introduced to attract digital nomads, the remote work visa allows foreign professionals to live in the UAE whilst working for overseas employers. Typically, valid for one year with the option of being renewed and requires proof of employment and minimum income criteria.

Student visa

For international students enrolled in UAE educational institutions, student visas allow residency throughout the study period. Typically, student visas are issued every year and renewed provided the student is still enrolled with the education institution. They may also enable limited work opportunities through internships or part-time roles.

Family visa

Besides sponsorship by employment visa holders, certain visa holders (employment visa, Golden Visa holders) can sponsor family members to reside in the UAE provided they meet the income criteria.

Green visa

5-year self-sponsored residency visa for individuals who hold either a free-lance permit/ freezone licence, or is a skilled individual who possess a bachelor’s degree or specialised diploma and earn a minimum income per year.

Blue visas

10-year residency visas for environmental innovators, climate scientists, NGO leaders and sustainability award winners nominated by the UAE authorities or on application, who have a proven track record in environmental protection or sustainability projects.

Retirement visa

A 5-year renewable residency visa designed to welcome retirees aged 55+ who meet a certain financial criterion.

The visa landscape is evolving rapidly in line with global changes and UAE strategic objectives.

Working hours and leave

The standard working hours are limited to 8 hours per day or 48 hours per week, with a maximum of 2 hours of overtime daily. Under the Labour Law, employees should receive a one-hour break after working for 5 consecutive hours. The mandatory breaks are not included in the working hours.

Overtime must be compensated at a rate of at least 125% of base salary or 150% for work between 10 PM and 4 AM, unless the employee works in a shift system. The total number of working hours should not exceed 144 hours over a 3-week period.

During Ramadan, working hours are reduced by two hours daily, regardless of religious affiliation. Employees are entitled to one rest day per week, however many employers adopt a five-day workweek giving employees 2 rest days every week.

Employees are entitled to a minimum of 30 calendar days of paid annual leave. The employee may be entitled to avail their annual leave during the probation period, provided the employer has authorized the leave.

The Labour Law also sets out additional leave entitlements for employees, which include:

- Sick leave of 90 calendar days per year at the following rates:
 - 15 calendar days full pay;
 - 30 calendar days half pay; and
 - 45 calendar days unpaid;

➤ Maternity leave of 60 calendar days at the following rates:
 - 45 calendar days full pay;
 - 15 calendar days half pay; and
 - possible unpaid extension;

➤ Parental leave (for father or mother) of 5 working days;

➤ Bereavement leave of 3 to 5 days depending on the relation; and

➤ Study leave of 10 working days annually for employees pursuing studies at UAE accredited institutions provided they have completed 2 years of service with the employer.

Termination

Employment contracts can be terminated by either party with notice ranging from 30 to 90 days. Termination without notice is permitted in cases of gross misconduct, as defined under Article 44 of the Labour Law which sets out permissible grounds for summary termination.

The Labour Law also allows employees to terminate their employment without notice in cases where the employer has significantly breached their obligations, provided the employee informs the Ministry of Human Resources and Emiratisation (**MOHRE**) 14 working days prior to their termination. The breaches may include; physical assault, disregard of health and safety or if the employer instructs the employee to undertake work which is fundamentally different from the agreed employment terms.

Gratuity

Employees who complete one year of continuous service are entitled to end-of-service gratuity at the time of their termination, calculated on the basic salary as follows:

21 calendar days per year for the first 5 years; and	30 calendar days per year thereafter.
--	---------------------------------------

Gratuity is capped at two years’ total salary and must be paid in full at the time of termination.

Wages and compliance

For entities registered under the MOHRE, all salaries must be paid through the Wage Protection System (**WPS**), an electronic payroll monitoring platform. Employers failing to pay wages on time are at risk of facing penalties, business restrictions and possible suspension of new work permits.

Employers must maintain employment records for at least two years and adhere with UAE labour and immigration laws. New digital platforms have also been brought in to simplify compliance processes and monitor workforce data more effectively.

Anti-discrimination and harassment

The UAE has enacted explicit protections against workplace discrimination and harassment. The law prohibits discrimination on the basis of race, colour, gender, religion, social origin, or disability.

Equal pay for equal work is a legal requirement under the Labour Law and employers must take measures to prevent bullying, sexual harassment and verbal or physical abuse.

Labour disputes

All employment-related disputes must first be reported to MOHRE for mediation. If unresolved within 14 days, MOHRE refers the case to the Labour Court.

For disputes under AED 50,000, MOHRE may issue binding administrative decisions. All legal proceedings in the UAE are conducted in Arabic.

Emiratisation initiative

The UAE government has intensified efforts to increase the participation of UAE nationals in the private sector. Employers with 50 or more workers or in certain industries must hire Emiratis in skilled roles, increasing the quota by 2% annually reaching up to 10% by 2026.

Failure to comply with the Emiratisation quotas incurs monthly fines per unfilled position. The MOHRE are now verifying if companies have complied with their quotas and compliant entities are receiving incentives including an 80% discount on MOHRE fees.

Free zone employment regulations

Whilst most free zones follow the New Labour Law, the DIFC and ADGM operate under their own legal system and labour regimes derived from common law. These jurisdictions offer modern frameworks with enhanced employee protections. Dispute resolution is also handled through their respective employment tribunals and courts.

Unemployment insurance

As of 2023, the UAE initiated mandatory unemployment insurance for all employees, except for certain exempt categories (e.g. domestic workers, temporary contracts, juveniles). Employees must register and contribute monthly, quarterly or annually to the scheme, which provides limited financial support for up to three months in case of involuntary job loss due to redundancy or termination.

Remote work reforms

COVID-19 accelerated reforms around flexible working. The Labour Law recognises part-time, temporary and flexible work as legitimate employment models. Employers are required to specify work conditions in employment contracts, including hours, deliverables and provisions for health and safety.

Conclusion

The UAE’s revamped employment law regime marks a progressive step forward, aligning the country with international labour standards whilst preserving its competitive edge as a business-friendly jurisdiction. The reforms provide clearer protections for employees and enhanced compliance obligations for employers. As enforcement becomes stricter and policies continue to evolve, businesses are strongly encouraged to regularly review employment practices and seek legal guidance to remain fully compliant and mitigate risks.

Real estate

Speed read: Real estate remains a pillar of the UAE economy and a highly sought-after investment sector. This section outlines the key distinctions between owning property in onshore zones, governed by Emirates like Dubai via the DLD and free zone jurisdictions such as the DIFC, which apply their own property laws. It clarifies who can own real estate (foreign nationals included, within designated zones), mortgage registration procedures and outlines standard fees like the 4% Dubai registration charge. Readers will gain insight into ownership eligibility, transaction formalities and why jurisdiction-specific knowledge is essential before committing to a UAE property investment.

Real estate investment remains one of the UAE's most important economic sectors and an attractive asset class for both businesses and private clients. However, foreign ownership rights and regulatory frameworks differ significantly between onshore properties and free zone properties, making it crucial to understand the nuances before proceeding with any acquisition.

Where can you own property in the UAE?

Properties can be purchased in both onshore UAE (in designated zones) and in the freezones. Onshore property ownership in the UAE is governed by the individual Emirates, primarily through entities such as the Dubai Land Department (DLD). Several free zones in the UAE offer real estate ownership opportunities directly to within their jurisdictions however, free zone real estate is regulated internally by the respective free zone authorities. For example, DIFC is governed by the DIFC Real Property Law and property transactions within the Dubai International Financial Centre are registered with the DIFC Registrar of Real Property, not the DLD.

Who can own property in the UAE?

Foreign nationals and/or entities are permitted to own freehold property, but only within designated freehold zones. On purchase, a title deed will be issued in the name of the owner.

Bank mortgages can be entered into in the UAE in respect of property and such mortgages will be registered on the title deed on purchase/mortgage registration.

Are there any applicable fees for real estate in the UAE?

Onshore property purchases are subject to registration with the DLD or relevant municipal authority. Buyers pay registration fees, which are generally 4% of the property value in Dubai.

Certain property transactions between first degree family members or intra-group between corporate members may qualify for a lower "gift" transfer fee of 1.25% of the property value in Dubai.

Each Emirate has different property transfer procedures which should be considered carefully before entering into a transaction.



Competition

Speed read: This section explains the UAE's evolving competition law framework, which now applies broadly across business structures and jurisdictions, including free zones, if mainland competition is affected. It explains targeting practices such as price fixing, abuse of dominance and mergers creating market concentration. With recent reforms introducing clearer notification thresholds and strict enforcement powers (including fines of up to AED 5 million), businesses must factor competition risks into deal strategy and commercial conduct. Early legal advice and regulatory awareness are key to navigating compliance and avoiding delays in M&A or strategic collaborations.

The UAE Competition Law (Federal Decree-Law No. 36 of 2023) applies broadly to all businesses, regardless of legal form, including individuals. Further Implementing Regulations that will accompany the new UAE Competition Law are yet to be published. The UAE Competition Law encompasses economic activities conducted within the UAE, economic activities outside the UAE that affect internal competition as well as usage of intellectual property rights domestically or internationally. With recent reforms, clearer merger control thresholds and rising enforcement activity, companies operating in the UAE must actively consider competition law risk in their commercial, pricing and M&A strategies.

The UAE Competition Law applies to all economic activities conducted within the UAE, including activities affecting competition in the UAE, even if conducted outside its territory. Free zones are not categorically excluded. If a free zone entity's conduct impacts competition in the mainland UAE, it may fall under the law's jurisdiction.

What practices does the UAE Competition Law target?

The UAE Competition Law targets the following anti-competitive practices:

- Restrictive Agreements: Agreements that aim to fix purchase or sale prices of goods or services;
- Abuse of a Dominant Position: Entities with a dominant position influencing the market or preventing competition; and
- Economic Concentration: Mergers and acquisitions that may result in market concentration.

How does the UAE Competition Law impact clients?

One of the most notable recent developments is the introduction of new notification thresholds under Cabinet Decision No. 3 of 2025, which came into effect in March 2025. Under these rules, a transaction must be notified to the MoE at least ninety (90) days prior to completion if certain turnover thresholds are met. Specifically, a filing is required if the annual sales of the parties involved in the economic concentration, in the relevant market in the UAE, during the last fiscal year exceed AED 300 million (approximately USD 81.7 million)). The existing market share threshold remains applicable, requiring notification if the combined market share of the merging entities exceeds 40% in the relevant UAE market.

These updated thresholds aim to ensure that only transactions with a significant competitive impact are subject to regulatory scrutiny, thereby reducing unnecessary burdens for smaller or internationally focused deals with limited local relevance. However, the applicability and timing of the notification should be carefully considered during deal negotiations.

How is the UAE Competition Law enforced?

The new UAE Competition Law introduces tougher penalties. Companies that fail to notify a reportable transaction may face fines ranging from 2% to 10% of their annual UAE revenues for the relevant product or service from the previous fiscal year. For anti-competitive conduct, fines start at AED 100,000, with a maximum of 10% of total annual UAE sales or AED 5,000,000 if sales cannot be determined. Where it is impossible to calculate revenues, fines will range between AED 500,000 and AED 5,000,000.

Looking ahead

Despite the new UAE Competition Law becoming more detailed in its legal framework, its real-world enforcement and interpretation are still developing. We look forward to the UAE Competition Law Implementing Regulations (which are still pending) to shed light on various unresolved issues, such as exemptions for specific sectors, treatment of joint ventures and minority disposals and those applicable to State-owned entities.

Positive indications from the MoE reflect an intention to streamline the transaction approval process, ensuring that the enforcement of the UAE Competition Law's mandate to preserve and enhance competitive markets is harmonised with fostering the economic advantages of an active mergers and acquisitions environment.

Legal and strategic advice should be sought early in any transaction or collaboration that may raise competition concerns. For further information on the new merger control thresholds, please refer to gateleyplc.com/insight/article/navigating-the-new-uae-merger-control-thresholds.

Dispute resolution

Speed read: This section explains how the UAE’s dispute resolution terrain is split between local emirate courts Dubai, Abu Dhabi and Ras Al Khaimah operating under a three-tier system in Arabic using a mix of federal and emirate law without binding precedent (though prior decisions carry persuasive weight) and the federal Court of First Instance, Court of Appeal and Supreme Court for the remaining emirates and the DIFC and ADGM courts, which run in English on a common-law, precedent-based model with an international bench. It also highlights that, subject to public-policy limits, contracting parties can usually choose their preferred forum, opting into DIFC or ADGM jurisdiction even for disputes outside those free zones, making them popular venues for high-value commercial cases.

Local judicial systems

Dubai, Abu Dhabi and Ras Al Khaimah operate independent court systems pursuant to the UAE Constitution. These emirate-level courts have jurisdiction over civil, criminal, commercial and personal status matters are generally more streamlined than federal courts and apply a mixture of emirate law and federal law in accordance with the division of powers and competencies stipulated by the UAE Constitution. The remaining four emirates utilise the federal court system exclusively. Both the emirate-level and federal courts operate a three-tier court system. At the emirate level they are known as trial, appeal and cassation courts. At the federal level they are known as the Court of First Instance, the Court of Appeal and the Supreme Court.

Most court proceedings are conducted in Arabic and court documents must be officially translated. As the UAE is a civil regime (but for personal status matters for Muslims and blood money compensation issues which are based on sharia law), the UAE does not follow a system of binding precedent, although judges do consider previous decisions to be persuasive.

DIFC and ADGM judicial systems

Both the DIFC and ADGM have their own independent legal and judicial systems. The DIFC Courts follows a combination of various international common law frameworks (including but not limited to English Common Law). The ADGM courts follow the English common law framework and judicial proceedings. Both court systems’ processes are conducted in English. This allows for more certainty as the precedent-based system allows parties to understand how previous similar cases have been decided and can be followed, as appropriate. In addition, cases are heard by a judiciary drawn mostly (but not exclusively) from international common law jurisdictions. There are numerous “free zones” that also exist throughout the UAE which generally exclude the application of certain federal civil and commercial laws and apply their own laws and regulations to certain specific activities. However, only the DIFC and ADGM, as “Financial Free Zones”, have their own judicial systems.

Jurisdiction and choice of forum

Contracting parties in the UAE can select their preferred dispute resolution forum, subject to legal compatibility (i.e. essentially based upon public policy considerations). UAE courts generally uphold (foreign) jurisdiction clauses, including those nominating the DIFC or ADGM Courts. Both of the latter offer an opt-in jurisdiction, which means parties can agree to use these courts even if the dispute does not arise within the Financial Free Zones themselves. This flexibility has made both the DIFC and ADGM attractive legal forums, particularly for resolving high-value commercial disputes.

How we can help

At Gateley Middle East, we support clients at every stage of their UAE journey from strategic market entry to navigating regulatory obligations, structuring investments and managing disputes. Our team combines deep local experience with international expertise to deliver commercially focused advice that aligns with your business objectives.

Whether you are establishing your first footprint in the UAE, expanding existing operations, or entering into a joint venture, it is critical to understand the legal, regulatory and operational nuances of doing business in the UAE. We hope this guide has served as a practical reference point to help you make informed decisions.

For tailored legal support or further guidance on any of the matters covered in this guide, please get in touch with our team.

Contact us

Gateley Middle East

gateleyplc.com

For further information or legal advice on doing business in the UAE, please contact a member of our team.

Key contacts

Darren Harris

Partner,
Corporate M&A



e: dharris@gateleyae.com
t: +971 56 418 9768

Nora Al Muhamad

Partner,
Corporate &
Family Business



e: nalmuhamad@gateleyae.com
t: +971 52 323 3895

Amrik Sangha

Partner,
Corporate
Real Estate



e: asangha@gateleyae.com
t: +971 50 875 8855

Thenji Moyo

Partner,
Employment



e: tmoyo@gateleyae.com
t: +971 55 909 4754

Mark Tiggeman

Partner,
Construction &
Dispute
Resolution



e: mtiggeman@gateleyae.com
t: +971 55 224 6996



Disclaimer

This guide is provided by Gateley Middle East for general information purposes only and does not constitute legal advice. It should not be relied upon as a substitute for specific advice. Whilst every effort has been made to ensure the accuracy of the information at the time of publication, laws and regulations are subject to change and Gateley Middle East accepts no responsibility for any inaccuracies, errors or omissions. Gateley Middle East also disclaims any liability for loss that may arise from reliance on this document. For specific advice tailored to your business or circumstances, please contact a member of our team.