



COMMITBIZ
Management Consultants

*A Guide to Setting Up A Business
in Umm Al Quwain*



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Introduction

Foreign investment is a significant contributor to Umm Al Quwain Emirate Economic Development and growth. This guide has been specially prepared for investors interested in exploring new investment opportunities in the Emirates of Umm Al Quwain.

This guide will provide business investors with information on Umm Al Quwain economy, a business setup procedure, UAE business laws, banking and finance, free zones and the significant roles played by Umm Al Quwain government in the business sector.

Overview- UAE

As an abode to do business, and as a hub for the state and beyond, the United Arab Emirates (UAE) continues to be progressively important, relevant, and attractive to businesses from around the world. Since its foundation, the United Arab Emirates has witnessed tremendous development. With the discovery of oil and natural gas both on land and in its waters, the country moved away from its earlier dependency on pearl diving, fishing, and agriculture, and into an economy dominated by natural resources. Today, the UAE has transitioned again into a diversely productive economy that is based on internationally-emerging knowledge and future energy.

Furthermore, the UAE's population has transitioned from poverty to one of the highest income levels in the world. The nation has seen pioneering developments that have garnered worldwide attention. Recent statistics confirm that the UAE has become a globally prominent financial and economic centre.



Introduction to the Emirates of Umm Al Quwain

Umm Al Quwain, also known as UAQ, is the least populated state of the United Arab Emirates and its land-sea area is the second smallest among the state of the UAE. It represents only 1% of all the UAE. Umm Al Quwain is a place between Ras Al Khaimah and Ajman on the West Coast. It has a coastline stretching to 24 km. As an emerging state expat are desperately looking for business setup in the UAQ. The Emirate is not active with business as Dubai, Sharjah, and Abu Dhabi, the leading company which expat are looking for when they want to incorporate a business in UAQ, is real estate, trading, and tourism. Currently, industry business setup in UAQ is getting popular in the region.

Unlike its neighbours, UAQ has not made a significant find of oil and gas in its territory and depends on revenue from parks, fisheries, hotels and tourism, and general trading activities as well as the Umm Al Quwain Free Trade Zone based at Port Ahmed Bin Rashid. Several government advantages and strategies have been put in place to incentivise growth in trade and industrial activity in the emirate, including a 2018 move to decrease government fees to business and waive fines and violations levied against companies which had not renewed their trade licenses.

Legal and Regulatory Framework

The legal system in UAQ as well as the whole of the UAE is based on both civil code principles and the Islamic Sharia Law. The bases of law for civil matters include:

- The Constitution
- Federal laws and regulations
- Emirate laws and regulations
- Islamic Sharia



Why Is Umm Al Quwain the Best Business Hub?

There are a total of seven Emirates in the UAE, and one of them is Umm Al Quwain. It is situated near Dubai as well as Sharjah and is basically in the emerging stage. It is basically in its development stage but has a great future for sure. This Emirate is set to make considerable progress in trade and industry in the coming years.

Umm Al Quwain is considered to be a perfect location for the case of micro-businesses as well as SME's. So the business people should try starting a business in UAQ as it has much potential for the new businesspersons for developing their businesses and making progress in it.

The cost of living in Umm Al Quwain is meagre and young entrepreneurs rarely have many funds so it would act as a plus point for them and they will be able to carry out their business activities within their budget.

Here are a few [reasons to set up your business in Umm Al Quwain](#).

1. Advanced Infrastructure

Located 45 km from Dubai, UAQ's status as a prosperous Emirate with a progressive infrastructure is increasing as it heads from smart city status from 2025. The re-development plans confirmed in the month of March 2019 will see UAQ rise as a sustainable industrial smart city preferably aligned for startups and SMEs. It has a lot to offer, whether in logistics or outsourcing or setting up an R&D hub.

2. Cost-Saving for Manufacturers and Entrepreneurs

When it comes to the economy, UAQ free trade zone is an intriguing option that may save you a substantial amount of money, without sacrificing on quality. The Emirate is structured to attract entrepreneurs, with attractively priced trade licenses that can be issued in as little as one working day. The city helps you free up capital to focus on areas like recruitment, stock, marketing, and new product development.



3. Investor-Friendly Rules and Regulations

There are many investor-friendly initiatives taken by UAQ like no proof of capital required to start a company which is very useful if you're still waiting for official investor confirmation or you want to start the procedure before your plans are finalised. The setup procedure is simple and straight-forward, and you can get advantage from some very innovative guidelines, such as the option to have up to fifty shareholders, as well as numerous license options within the same entity.

4. A Strategic Business Hub

The free zone location in UAQ will give you the option to start up in a strategic logistical hub, located alongside the highway which connects UAQ with other Emirates including Sharjah, Abu Dhabi, and Dubai. The most important feature of the UAQ Free Trade Zone's two million square metre redevelopment for the future is the feasibility of running your back-end operations at very affordable rates compared to cities with inflated prices.

Current Business Scenario in Umm Al Quwain

Having identified real estate, tourism, and trade as industries with potential growth, the economic planners of UAQ, have executed a rather ambitious expansion program, aside from investing heavily in infrastructure development. They aim to integrate these components seamlessly to provide a unique event that bolsters the local economy and generates employment for thousands as well.

Most recent real estate investments in the United Arab Emirates have been in Umm Al Quwain and the northernmost emirate of Ras Al Khaimah; both emirates plan to spend billions of dollars on building a series of middle to high-end residential apartments, villas, schools, shopping malls and entertainment centres.

The primary property investors in Umm Al Quwain include South Asians, primarily Indians and Pakistanis. Iranians and Russians also figure among the businessmen flocking to this emirate.



As per tourism, Umm Al Quwain has great off-road locations for dune bashing, a stunning water park and a fabulous shooting range for those not already enjoying the comforts of UAQ's handful of beach resorts. UAQ is also famous for its availability of cheap alcohol.

Legal Business Structure and Commercial Companies

Before setting up a business in UAQ, one has to choose a legal structure or a corporate entity for the company. Here is the list of choices available to enter the business market in UAQ.

1. Limited Liability Company

This is the most preferred form of a corporate entity in UAQ and can be established by minimum two and maximum fifty shareholders

2. Sole Proprietorship

This business entity can be started in the mainland by a single shareholder who will not share profits and losses incurred in the business

3. Single Owner Company or Free Zone Establishment

A sole proprietor or an individual business owner can set up an FZE and operate the business

4. Multiple Owners for Free Zone Company

Companies with more than one owner or a shareholder can commerce operations with an FZC in UAQ

5. Branch of an Existing Company

This type of entity can be chosen by an already established company operating in the UAE or outside the UAE.



Business Setup Locations and Trading Options for Nationals and Foreigners

Umm Al Quwain Mainland

The [Economic Department of Umm Al Quwain](#) has been pushing the growth of the Emirate in terms of economic stability. Mainland Umm Al Quwain is less known to the investors compared to the free zone as it is still in the development stage. The economy in Mainland Umm Al Quwain is thriving through it is a tourist spot as well as having fishing as a backing factor. Because of the latter, it is a seafood exporter that has Middle East and Europe as its main clients. Aside from all of these, Umm Al Quwain company set up has been notably being known in the UAE. Construction and Trading companies in Umm Al Quwain swarm the place, along with other businesses that are booming there as well.

Business Setup Process

Similar to other Emirates, company setup in UAQ mainland has a list of requirements for business owners to start. First off, there should be minimum two and a maximum of fifty shareholders included for one organisation. If everyone is an expat, they need to find a local sponsor who will have 51% of the company's shares. This is necessary as per the law of the UAE.

The process to register a business in UAQ mainland is –

1. Select a name for your company. The name must not match the company name of any existing company in the Emirates
2. File for company registration by filling a form and submitting it to the UAQ Department of Economic Development
3. Draft a Memorandum of Association for the company
4. Apply for a trade license
5. Get approval from the authorities for certain business activities



6. Get Certificate of Incorporation and a Business License
7. File for an establishment card with the Ministry of Labor
8. Register the employees with the Ministry of Labor

Documents Required

- Notarised and attested Memorandum and Articles of Association
- Notarised and attested POA appointing as legal representatives of the business
- Copies of shareholders' and directors passports
- Copies of CV and passport of General Manager
- Lease agreement for the workspace (should not be under 550 sq. ft.)

Advantages of Setting up A Company in UAQ Mainland

Over the years, UAQ has turned itself into a place that gives investors reasons why they should set their business in the Emirate. The advantages that drive people to UAW are listed below.

- No tax – VAT may have been executed in the UAE since the start of 2018, but it only applies to goods and services. This doesn't stop UAQ mainland to be considered as tax-free as like the other Mainland in the UAE. This is because income and corporate taxes are still not obligatory to be paid.
- Conducting business anywhere – One of the advantages of incorporating a company in Mainland is doing business anywhere outside the UAE. This can give you the chance to be where your target customers can reach you more.
- No currency restrictions – Similar to other UAE mainland Emirates, there is no currency restriction that applies to UAQ mainland.
- Government work opportunity – Unlike the organisations in the free zone, the mainland companies are open to government opportunities.



The government works are often big projects that can make a good profit for any business whose pitch is chosen.

Umm Al Quwain Free Trade Zone

Umm Al Quwain free zone is an immensely gainful location for a business located near the seaport of Umm Al Quwain. Umm Al Quwain (UAQ) free zone is an hour's drive from Dubai International Airport as well as Sharjah International Airport, and is an ideal place for trading and [setting up your business in the UAE](#). Owing to its strategic geographical location, the UAQ free zone has a lot of opportunities and perks for young business enthusiasts and emerging entrepreneurs.

Umm Al Quwain, Free Zone Authority, manages the free zone, supported by the Umm Al Quwain government which authorizes it to incorporate companies with trade license. The companies which exist at present in UAQ free trade zone are involved mainly in exporting and importing activities. If you set up your business in UAQ free zone you have easy access to the rest of the world due to the transportation facilities available in the region.

The free zone under Umm Al Quwain is-

[Ahmed Bin Rashid Port and Free Zone](#)

[Ahmed Bin Rashid Port & Free Zone](#) was established in the year 1998 by Sheikh Rashid Bin Ahmed Al Molla, the Ruler of Umm Al Quwain. It is 55 km away from the Dubai International Airport and is located on the West Coast of the United Arab Emirates. The free zone provides a comprehensive administrative and logistics support to the tenants. It was primarily formed to promote the dynamic growth of the region and serve as a global trade centre for local and foreign investors. Since its inception, passing through extensive developments, Ahmed Bin Rashid Free Zone has risen as a perfect opportunity for the establishment of startups and expansion of already established businesses in the UAE.



Business Setup Process in UAQ Free Zone

There are six main steps involved to [set up a free zone company in UAQ](#).

1. Determine the Type of License

First and foremost, decide which type of license, depending upon the business activity you would be carrying out, to avail. The requirement for every kind of business license is different and so is the cost.

2. Choose the Business Entity

There are three types of entities available in Umm Al Quwain Free Zone:

- Free Zone Establishment: Small companies that have a single shareholder can go with a free zone establishment (FZE) as the entity
- Free Zone Company: Bigger companies that have 2 to 50 shareholders can choose a free zone company (FZC) as the entity
- Existing Company: The third option would be wanting to set up a branch of an existing company

3. Choose the Required Facilities

Decide upon the company office, land suitable for the business, warehouses and other amenities that may be required for the business.

4. Submit the Required Documents

After deciding on those above, the next step would be to collect all the documents and submitting them to the authorities.

5. Pay the License Fee

While submitting the documents, the authorities will notify you where and when to make the required payment.

6. Collect the License and Start your Business

Once all the documents have been verified, and payments have been made, the UAQ free zone authority will issue your license, and you can start your business operation.



Documents Required

Here is the list of the documents that are required to set up a company in UAQ free zone:

- A passport copy of the shareholder
- Proof of address of the shareholder
- Form with choice of 3 names for the business and necessary information of the owner. The “Manager” must be also be nominated
- Memorandum and Articles of Association are sent to you along with specimen signature forms and office lease if applied for
- The payment of all costs must be made at the same time.

These documents must be attested by the UAE consulate in the home country of that company and later by Ministry of Foreign Affairs in UAE.

Types of Licenses Issued in UAQ Free Zone

UAQ free zone authority encourages all kinds of legal business activities in the free zone region, but every business company needs to obtain a type of trade license by the business they are involved in. Umm Al Quwain free zone license fee can differ from license to license. UAQ free zone has certain types of licenses for different types of business activities:

1. Trading License

A trade license is further divided into two categories: commercial license and general trading license.

- Commercial License: This license gives one access to deal in commodities which are specified in the license. The dealer can handle and trade in 3 different product lines or ten similar product lines, as authorised in the license.
- General Trading License: This type of license grants authorisation to much broader trading prospects and more number of product lines for a business. A business that has a general trading license can indulge



in almost all trading products except for tobacco, alcohol, pharmaceuticals and crude oil.

2. Consultancy License

People who offer professional services for other businesses and consumers can go for a consultancy license in Umm Al Quwain FTZ. This type of professional license is a real benefit of all kind of professionals like artisans, teachers, and lawyers.

3. Premium Consultancy License

Agencies like real estate, tourism, oil & gas engineering, aviation, financial, legal, and investment consultants can carry out their professional activities by getting a premium consultancy license.

4. Freelance License/Permit

UAQ free zone also provides a business opportunity to freelancers by issuing a freelance permit license. This helps freelancers carry out their business and professional activities and earn a living. A freelance permit is designed, taking into consideration individuals who operate in the media and film sector, technology sector, creative, and talent roles.

5. Service License

A service license allows a company to provide services like car and bike rentals, tourism service, transport, and logistics, or any other service mentioned in the permit

Benefits of Business Setup in UAQ Free Zone

Umm Al Quwain free trade zone provides the following business perks for companies:

- Quick and easy registration and incorporation
- Total exemption from corporate and personal tax
- Freedom to hire foreign employees
- Companies can start with no minimum capital requirement



- Friendly rules and regulation for investors
- 100% retention of capital and profits earned by the company
- The easy company registration process and flexible rules for company registration in UAQ
- The leasing option is user-friendly, and 100% foreign ownership of the company is allowed
- Seaport authorities at the Umm Al Quwain free zone provide a concession for trading companies
- Employees or other staff of a company need not deposit their visa at the time of joining
- Supportive government for all legal business activities especially for SMEs and micro-businesses

Business Setup for a Foreign Company in Umm Al Quwain

This type of trading allows a foreign company to trade in the Emirates from their home-based country, thereby saving the need to physically create a presence. However, this particular option is only applicable to specialised products and services. Overseas companies can, therefore, find it challenging to develop the relationships needed to grow and expand their organisation without having a physical existence. It is also not rare for UAE based customers to request or indeed require a listed physical presence on the ground. Consideration also needs to be given as to how any problems that may arise can be resolved from abroad. The UAE Companies Law mostly requires foreign investors to be registered and licensed by the relevant authorities in the UAE to carry on the company. This is a substantial restraint on the nature and level of activities which can be provided on a 'fly in fly out' basis.

Conducting business through agent/distributor

A foreign company may market its product or services within the Emirates by appointing a commercial agent subject to the provision of the



Commercial Agencies Law No 18 of 1981. A business agent as per this law is not the same as the legal agent as defined in the Civil Transaction Code and commercial transaction law. According to the rules of these two laws, the agent may bind the principal in those matters which he/she is authorised to conduct, and he/she may perform a commercial transaction in their name and deal with others on behalf of the principal. But as set out in the financial assistance rule, the commercial agent is a merchant conducting his activities self-reliably of the principal and deals with others in his name and cannot in any way bind the principal in such dealings or transactions. He merely purchases produces or services from the principal as per an independent sale agreement and then sells the same to his clients as per other contracts. Responsibilities of the principal towards the agent are restricted to what has been specified in the agency agreement. The meaning of the agent in the commercial agency law is the same as that of the limited distributor in foreign laws. It may be that this is what prompted some agents to call this agency a distribution agency and outline the agent as a distributor

Due Diligence

Appointing of agents and distributors, joint venturing, and mergers and acquisition raises a need for thorough due diligence to ensure the commercial capability and avoid further legal difficulties. The considerations include the third party's other existing business interests to:

- Avoid conflict of interests and competitive business.
- Flush out existing business interests in high-risk prerogatives

Ensure the overseas company can continue to comply with its obligations in respect of anti-bribery and corruption

Future Of Umm Al Quwain

Being a strategic initiative by the Government, Umm Al Quwain has provided the required infrastructure and incentives for a prosperous business community. It has offered the entrepreneurs a platform to engage micro business and companies in a minimal budget. Its investor-friendly environment has allowed one to run a successful business in the United



Arab Emirates. The city's stable economy, open investment climate, and low costs of living make it a strategic business destination.

The government of UAQ is bringing in several initiatives to increase the flow of investment in the Emirate. The free zone of UAQ has added value to the economy of the city. The construction of this Port signifies the Emirate's plan towards expanding its economic and investment base. Substantial investment incentives such as 100% foreign ownership, 100% repatriation of capital and profits, 0% corporate and personal tax, no exchange control, no restriction on investment in any sector are further evidence of UAQ's openness towards global investors.

With a sound, transparent and modern legal framework, low costs of living and labour, open investment climate, as well as easy access to trading partners in the Africa, Middle East, and Asia, Umm Al Quwain is the right place for anyone to start a venture.

Conclusion

Umm Al Quwain has come a long way in every sector when we compare the numbers from the last ten years. The Emirate has shown a vision to grow in every industrial area. Due to its low cost of labour and company setup, the city has been able to overcome many challenges. Surely it has a long way to go, but Umm Al Quwain is one of the Emirates to look out for in near future.



How can Commitbiz help?

Commitbiz Management Consultants help you with strategic business inputs, handle all the legal documentation and give complete business advisory solutions to ensure hassle-free business incorporation.

Our professional experts are well-versed with the incorporation procedures and maintain a vision to accelerate your business in UAQ and the rest of the UAE.

Commitbiz was established in 2007 with a vision to provide world-class management advisory services to enterprises in the private, government, non-government and academic sectors. Over the years, we have developed comprehensive capabilities in several functional and specialty segments and have emerged as the chosen partner in several innovative and path-breaking initiatives undertaken by various businessmen across the world. With over 50 team members and 2,000+ clients, we are now one of the top business consulting firms in the UAE.

13 Years of Helping Businesses

50+ Members

2000+ Happy Clients

How can we benefit you?

Standing as one of the top ten business consultants in the UAE, we assist you in the following processes:

- »Strategies to accelerate your business growth
- »Streamline your business activities
- »Comply with the legal rules and regulations
- »Provide tailored business solutions
- »Helps you
- »Establish the business pillars post-incorporation process like accounting, taxation etc. If you are planning to step ahead and set up your company in Abu Dhabi, do contact us today-we'd be glad to assist.



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