

Freezones Ajman Freezone Authority

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1. What law established this freezone?

The Ajman Free Zone was established in 1988 and was granted autonomous status in 1996, by the Ajman Emiri Decree No. 3 /1996.

2. What are the main internal regulations governing this freezone?

The Ajman Free Zone Authority has issued an "Integrated Management System" document that sets out the free zone's commitments.

3. Does this freezone have any reciprocal arrangements with other freezones?

This free zone does not have any reciprocal arrangements with other free zones.

4. What are the key areas of UAE and Emirate legislation businesses operating in this freezone must still comply with? What are the most important examples of how this impacts operations?

The key areas of UAE Legislation businesses operating in this freezone must comply with are:

- UAE Federal Law No. 2/2015 concerning Commercial Companies.
- UAE Federal Law No. 8/1980 regarding the regulation of labor relations and its amendments.

In general, UAE legislation will cover any matters not covered by the free zone's internal regulations.

5. What are the key UAE and Emirate onshore agencies a business operating in this freezone would need to register or comply with?

The key UAE and Emirate onshore agencies a business would need to register with will depend on the activity of that company.

6. How does a company set up in this freezone?

Companies wishing to establish themselves in this free zone must follow a three-step procedure.

Step 1: Submission of Documents (all sufficiently attested and notarised)

- Passport Copy of the Manager
- Passport-sized photo of the Manager
- No Objection Letter from the Current Sponsor (in cases where the applicant is a resident in the UAE)
- Business Plan

There are additional documents to submit if the entity setting up the company is a corporate entity, as opposed to being a natural person:

- Articles of Association
- Power of Attorney authorizing the individual concerned to undertake the company registration
- Certificate of Incorporation of the parent company
- Board Resolution from the Parent Company authorizing the establishment of the branch or subsidiary (in cases involving the establishment of a company branch or subsidiary).

Step 2:

- Payments must be completed: Registration Fees, Licensing Fees

Step 3:

- Lease agreement must be signed

7. What features do companies set up in this freezone have?

Like all free zones, Ajman Free Zone allows 100% foreign ownership. The free zone also provides a 100% exemption for corporate tax and income tax. In addition, the free zone offers low set up costs as compared with other free zones.

8. What can companies set up in this freezone do?

Companies set up in this free zone can conduct activities that fall within the scope of the following licenses: e-commerce, trading, industrial, professional/services and national industrial.

9. What can companies set up in this freezone not do?

Companies set up in this free zone cannot conduct activities that fall outside the scope of the following licenses: e-commerce, trading, industrial, professional/services and national industrial.

10. What types of business are allowed to operate in this freezone?

Small and medium industries, business service sectors are among the businesses allowed to operate in the free zone.

The following business structures are allowed to operate in the free zone:

- Free Zone Entity
- Free Zone Company
- Branch of a Local Company
- Branch of a Foreign Company

11. What inheritance laws apply in this freezone?

As for all areas of law that are not covered by the Ajman Free Zone's regulations, the general laws of the UAE are applicable (Islamic Sharia Law). A non-Muslim expatriate can request that the laws of their home country apply, as per the Personal Affairs Law, UAE Federal Law No. 28/2005.

12. What taxation applies?

The Ajman Free Zone allows for 100% foreign ownership, free of all types of taxes (including corporate and personal).

13. What accounting and auditing rules apply to businesses operating in this freezone?

Businesses operating in Ajman Free Zone are in no obligation to submit auditing reports.

14. Where do businesses operating in this freezone generally locate their bank accounts?

Businesses operating must select a bank in the Emirate in which they are operating to open their bank accounts, as per the provisions set out in the Commercial Companies Law.

15. Are there any specific rules governing when moveable property is removed from the freezone area or transferred into the freezone area from another jurisdiction?

In accordance with the Ajman Free Zone Regulations, businesses set up in the Ajman Free Zone must limit their activities to within the free zone, in order to operate within the mainland, a local agent/distributor must be appointed.

16. Are any specific licenses required to operate as a specific type of company in this freezone?

Four types of licenses exist in the Ajman Free Zone:

1. i. Trading License, which concerns companies that operate in the trade of goods, such as sale, purchase, import and export of goods.
2. ii. Industrial License, which concerns companies that produce and manufacture goods.
3. iii. Professional/services License, which concerns companies that offer services
4. iv. National Industrial License, which concerns companies that produce and manufacture goods for government entities.

17. Is there any specific ongoing regulation or monitoring of firms operating as particular types of company by this freezone authority?

There is no such specific ongoing regulation or monitoring of firms.

18. How are disputes settled with companies in this freezone?

Within this free zone, disputes are settled through the UAE courts. If a case were to be brought against an Ajman Free Zone company, it should be filed with the courts of Ajman.

19. How are disputes between onshore companies and companies in this freezone settled?

Dependant on the contract concerned, companies hold the option of settling disputes in the courts of Ajman.

20. What are the main rights and duties of an employer and employee working in this freezone?

The provisions of UAE Federal Law No. 8/1980 and its amendments apply to employers and employees in this free zone such as:

1. Article 91: Employer must provide the employee with protective equipment, clothing, instructions on all other means of protection to protect him from hazards of injuries, hazards of fire and vocational diseases.
2. Article 92: Employer must display at a conspicuous point detailed instructions, in Arabic and in a language understood by employees, concerning methods to prevent fire and protect employees from dangers.
3. Article 93: Employer must provide each 100 employees with one medical aid box.
4. Article 94, 96: Employer must provide proper cleanliness, ventilation, adequate illumination, potable water and toilets, clean atmosphere and precautionary measures against fire and electric current.
5. Article 95: Employer must appoint one physician to do full medical checkups at least once every 6 months for employees exposed to an infection risk. Employer must record the results.
6. Article 96: Employer must provide employees with means of medical care.
7. Article 97-98: Employer (or his representative) must regularly inform employees of dangers related to their profession and provide written preventative measures.
8. Article 99: Employer must forbid alcoholic drinks and intoxicated.

21. How are employment disputes between employers and employees working in this freezone settled?

In order to manage these kinds of disputes, one of the parties must submit a complaint to the Ajman Free Zone Authority. If the Ajman Free Zone Authority is unable to manage the matter, it will refer it to the Ministry of Labour. Failure to settle the matter amicably will result in the matter being transferred to the Courts of Ajman.

22. What entry qualifications and permits are required for staff working in this freezone?

Qualifications will depend on the employee's position and their company's license. An employee requires a visa/entry permit for which a personnel sponsorship agreement must be submitted. A residence permit must then be obtained; this requires an Emirates ID card and a medical check-up.

23. How are staff working within this freezone registered with the authorities?

Staff working within this free zone are registered under their company's name, which is registered in this free zone. The company's trade license and the employee's passport must be submitted to the Ajman Free Zone Authority's Licensing Department to obtain the required visa.

24. What rules govern the remuneration and minimum benefits of staff working in this freezone?

UAE Federal Law No. 8/1980 and its amendments grant employees the right to obtain insurance and end of service benefits.

25. What rules govern the working time and leave of staff working in this freezone?

UAE Federal Law No. 8/1980 and its amendments give employees the right to at least one rest day per week, if an employee works on a Friday they can obtain an additional 50% of their wage. The maximum working hours for an employee is 40 hours per week. As for the leave of staff working in this free zone, if they have been employed for more than 6 months and less than a year, they are entitled to annual leave of two days per month and 30 days annually.

26. What are the main features of a property lease in this freezone?

The features of a property lease in this free zone are the same as those in the UAE in general.

27. Is it possible to apply for a building permit in this freezone? How is this done and what steps are required?

There is no possibility to apply for a building permit in this free zone.

28. What environmental requirements must construction companies building in this freezone consider, e.g. form of building, landscaping or building height?

The standards set out by the Health, Safety and Environmental Management System Regulations.

29. What are the key restrictions when leasing a property in this freezone?

The key restrictions of a property lease in this free zone are the same as those in the UAE in general.

30. What are the rules governing the use of utilities in this freezone?

The use of utilities is determined based on actual usage in this free zone.

31. How do retail premises establish themselves in this freezone?

Retail premises establish themselves in this free zone the same way they do in the UAE in general.

32. Is it possible for hotels to operate in this freezone - how do they establish themselves?

It is possible for hotels to operate in this free zone. They establish themselves the same way they do in the UAE in general.

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George S. Kuruvilla is a Partner at Fotis International Law Firm's UAE operations. He heads the firm's regional Corporate and Commercial Practice. With years of experience in the UAE, George caters to the legal requirements of well reputed domestic and international companies. Fotis houses dedicated team of lawyers specializing in different practice areas and industries. George is a qualified attorney from India and has contributed bespoke articles on several key areas including Indian laws and regulations and US laws in addition to taxation and corporate law.