

Freezones Dubai Airport

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1. What law established this freezone?

Dubai Airport Free (DAF) Zone was established by His Highness Sheikh Mohammad bin Rashid Al Maktoum, ruler of Dubai by Dubai Law No. 2/1996 and amended by Dubai Law No. 2/2000 regarding the formation of legal establishments in Dubai Airport Freezone.

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

Dubai Law No. 25/2009 is the main internal regulations which govern DAF zone, which was established by Dubai Airport Freezone Authority (DAF Authority).

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

Free zones allow for up to 100% foreign ownership and are subject to reduced or different trade barriers, tariffs, and quotas. However, free zone companies may only operate within the free zone boundaries and are generally limited to performing solely those activities listed in their licence(s). If a free zone company chooses to operate outside these boundaries, it must adhere to the requirements of the UAE Commercial Companies Law in compliance with the licensing procedure in the applicable Emirate. Generally, free zones are designated by the government to a specific commercial sector.

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?

DAF Zone has its own set of rules and regulations, however, the criminal laws of UAE are still applicable on UAQFTZ. Thus, following are the laws which companies operating in UAQFTZ must adhere to:

1. A. Federal Law No. 4/2002 regarding Criminalization of Money Laundering;
2. B. Federal Law No. 7/2014 concerning Combatting Terrorism offenses;
3. C. Federal Law No. 3/1987 the Penal Code and its amendments;
4. D. Federal Law No. 1/2004 on combatting Criminal Offences;
5. E. Federal Decree Law No. 5/2012 on Combatting Cybercrimes.

Also, companies established in the DAF zone or any other free zone are only allowed to operate within the free zone and are restricted to perform activities outlined in the trade license. However, if a free zone wishes to trade or provide service outside the free zone, he must adhere to the requirements of Federal Law No. 2/2015 concerning UAE Companies Law.

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

Companies established in DAF zone must be registered with the UAE General Directorate of Resident and Foreign Affairs to seek residential permits for their employees. There are several other federal ministries which companies may encounter in relation to notarization of legal documents, resident visas, visit visas for investors and more. However, DAF Authority assists the companies in obtaining service from these Federal Ministries.

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

In order to set up a company in DAF zone, the investor must undergo four simple steps which are as follows:

Step I

Select a company type: The first step for the investor is to select the type of company he wishes to establish among the several options available such as the following:

1. i) A Free Zone Company, which can have 50 or less shareholders (individual or corporate);
2. ii) Branch Setup, 100% owned by the parent company with no minimum share capital requirement;

Step II

Select the Business License: The next step involves the type of license the investor is seeking. DAF Zone offers four types of license being trade license, service license, industrial license, and general trade license.

Step III

Select the Facility: once the investor decides the type of legal structure and the business license, he must select the office space or the property for lease. DAF offers a wide range premium office and light industrial units suitable for the type of legal structure.

Step IV

Submit the Application: the last step for the investor is to submit the application along with the required documents for the initial approval and wait for the DAF company formation assistant to approach you.

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

There are several features which a company will have incorporation in DAF Zone such as follows:

- 100% ownership;
- No interference of UAE National;
- Easy access to several banks;

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

The companies incorporated in DAF Zone will be able to perform activities as set out in the trade or commercial license. In general, companies can import, export, distribute, store, trade and manufacture goods. The companies can provide consultancy services, post seeking consultancy license which offers expert and professional advice. Companies are also allowed to carry out light manufacturing activities, packaging, and assembling.

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

Answer being checked on this point.

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

Answer being checked on this point.

11. What inheritance laws apply in this freezone?

There is no specific inheritance law which applies to DAF zone, however, rights of shareholders are transferable and inheritable, subject to rules and regulations of DAF zone.

12. What taxation applies?

There is no corporate and income tax applied to companies established in DAF zone.

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

DAF authority does not mention any specific rules with regards to accounting and auditing, however, it is suggested that companies should prepare proper books of accounts.

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

There is no specific requirement as to opening a bank account for companies incorporated in this free zone. Companies are free to open their bank account anywhere in UAE.

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?

Answer being checked on this point.

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

The remuneration and minimum benefits, the working time and leave of staff working in this free zone are all regulated by the Freezones Rules and Regulations respectively. However, the terms of remuneration and other additional benefits of employment will depend on the Employer.

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

Answer being checked on this point.

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

Answer being checked on this point.

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

Answer being checked on this point.

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

Answer being checked on this point.

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

The disputes between the employer and employee are settled by DAF Authority and are governed by the employment contract signed between the parties.

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

Incorporation in DAF Zone are required to register with UAE General Directorate of Resident and Financial Affairs and must obtain an online work permit and residency permits for their employees. The registration authority in the free zone offers a one-stop-shop clearance for processing such permits.

Generally, the companies must submit the mandatory application form along with the attested degree of the employee. Once the permit is generated, he/she must undergo the medical test and should complete the procedure to obtain Emirates ID. Thereafter, the visa status is updated and stamped on the passport.

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

Answer being checked on this point.

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

Remuneration, minimum benefits and working time and leave of employees working in DAF zone are governed by DAF rules and regulations which are Dubai Law No. 2/1996 and Dubai Law No. 25/2009. Whereas, the terms of additional benefits will depend upon the employer.

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

Answer being checked on this point.

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

The main features of property lease in DAF Zone is the facilities provided by the DAF Authority such as ready-to-move-in spaces, state-of-art business park, rent on annual basis, P.O. Box number and more depending upon the type of facility.

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

Answer being checked on this point.

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

Answer being checked on this point.

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

Answer being checked on this point.

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

Answer being checked on this point.

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

Answer being checked on this point.

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

Answer being checked on this point.

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