

Freezones Fujairah Free Zone

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1. What law established this free zone?

Fujairah Free Zone was established by Emiri Decree on 28 November 19987 and is located next to the Port of Fujairah which offers total unique access to all Arabian Gulf Ports, the Red Sea, India and Pakistan.

2. What are the main internal regulations governing this free zone?

All internal regulations of this Free Zone are managed by the Emiri Decree of 28 November 1987

Some federal laws which govern the FFZ are:

- Federal Law No. 1/1979 for regulating industry affairs;
- Federal Law No. 8/1984 amended in 1988 for commercial companies;
- Federal Law No. 5/1985 for Civil Transactions;
- Federal Law No. 18/1993 for Commercial Transactions.

3. Does this free zone has reciprocal arrangements with other free zones?

No, Fujairah Free Zone does not have reciprocal arrangements with other free zones.

4. What key areas of local legislation must a business operating in this free zone still comply with? What are the most important examples of how this affects operations?

The key areas of legislation which businesses operating in this Free Zone must comply with are:

- License Law, Fujairah Law No. 1/1992;
- Trade Attorney Law, Fujairah Law No. 18/1981 amended by Fujairah Law No. 14/1998;
- Fujairah Local Order No. 1/1987;
- Fujairah Local Order No. 1/1994;
- Fujairah Local Order No. 2/1994.

The above list is not exhaustive, but any laws which are not covered by the internal regulations of the Free Zone must be complied with.

5. What key agencies do businesses operating in this free zone need to register with or be aware of?

The agencies a business operating in this Free Zone need to register or be aware are:

- The immigration department of Fujairah;
- Chamber of Commerce for registration of FZE;
- Federal Electricity & Water Authority (FEWA);
- Health Ministry;
- Fujairah Municipality for Environmental Approvals;
- Department of Industry & Economy for special strategic projects;
- Environment and Water Ministry;
- Department of Civil Defence for Occupational Health and Safety.

6. How does a company set up in this Free Zone?

On receiving the completed application form, the registration of a new company in the Free Zone is quite straightforward. The process usually involves:

1. Submit the required documents including:
 - Passport copy of applicant;
 - FFZ application form;
 - Description of project or business/business plan;
 - Letter from bank or bank statement showing 150,000 AED funds for minimum capital requirement (not in all cases, check with FFZ).

- 2. The client submits the filled out application form along with the above-mentioned documents. If everything is submitted correctly and in order, a preliminary approval is granted.
- 3. The client registers as an FZE, FZC, or a Branch.
- 4. The FFZ arranges for the telephone lines and utilities such as furniture and also arranges for a bank account and registration with the Chamber of Commerce.

7. What features go companies set up in this Free Zone have?

Like most other Free Zones which are granted benefits, incentives and other facilities by the Free Zones, Fujairah Free Zone offers various incentives to attract foreign and local investors like:

- 100% foreign ownership;
- 100% free transfer of funds;
- 100% tax exemption from import and export duties;
- No foreign exchange controls;
- No restriction on hiring foreign employees;
- Cost-effective and timely immigration procedures;
- Convenient procedures for recruitment;
- Advanced infrastructure;
- Total safety and protection for investors;
- State-of-the-art communication method;
- Full repatriation of capital and profits;
- Low investment costs;
- Progressive economic policies with a legal framework;
- Various investment opportunities;
- Affordable sponsorships and visas;
- Corporate Bank Account Setup.

8. What can companies set up in this Free Zone do?

Following are the activities a company in this Free Zone can carry out:

- a) Trading and General Trading License
 - For import, export and re-export of products and materials;
 - The client can do business freely within and outside the UAE;
 - Special government permits for hassle-free trade.
- b) Warehouse License
 - Issued when warehouses are leased.
- c) Manufacturing License
 - Issued when the business project is approved and implemented
 - The investor must arrange for full insurance of machinery and workers
 - The investor must specify the facility building and open space requirements, the environmental issues involved and the electricity, water and manpower needed

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

Generally, any activity which does not conflict with the applicable laws of the UAE.

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

Following are the activities a company in this Free Zone can carry out:

- a) Trading and General Trading License
 - For import, export and re-export of products and materials;
 - The client can do business freely within and outside the UAE;

- Special government permits for hassle-free trade.
- b) Warehouse License
 - Issued when warehouses are leased.
- c) Manufacturing License
 - Issued when the business project is approved and implemented
 - The investor must arrange for full insurance of machinery and workers
 - The investor must specify the facility building and open space requirements, the environmental issues involved and the electricity, water and manpower needed

11. What inheritance laws apply in this free zone?

The inheritance law is mentioned in the 1996 Basic Statute of the State is governed by Islamic Sharia Law.

12. What taxation applies?

Working companies in the tax territory cannot exercise any unlicensed business or activity without complying with the applicable laws, systems and regulations. Payment of financial obligations is essential to the government, public institutions and authorities as well as their entities.

The working companies are exempt from taxes as well as from submitting income returns as stipulated in the Law of Income Tax on the Companies. Such exemptions are the benefits and attractions for investors and traders to come to the FFZ.

13. What accounting and auditing rules do businesses operating in this free zone need to adhere to?

The Emiri Decree of 1987 issued on 28 November 1987, The company undertakes to maintain regular accounts of all the activities carried out by it, approved by an accounts auditor who is licensed to conduct the profession of auditing and accounting. The Auditor must provide the Secretariat with such accounts.

Working companies must provide the concerned department with soft copies of the updated entries and registers at the end of each calendar month, which shall be kept until the auditing date.

14. Where do businesses operating in the free zone generally locate their bank accounts?

Working companies have to open a local bank account before obtaining the Free Zone license. The local banks of Fujairah like National Bank of Fujairah, United Arab Bank, First Gulf Bank, HSBC and all other banks which are established both in the UAE and in Fujairah can assist with this.

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

Activities are restricted to the premises of the Free Zone. The movement of property relating to a certain zone to other zones may require the assistance of local business management agents.

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

The companies in this Free Zone only carry out any economic activity under the following type of company they form, either as Free Zone establishments or Free Zone company or a branch and can only carry activities of the business structure they have registered under.

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

Operations in this Free Zone are regulated and monitored by the Fujairah Free Zone Authority which is a separate entity specifically for the regulation of this Free Zone.

18. How are disputes settled in this free zone?

Generally, the contract mentions the dispute resolution mechanism to be followed in a situation where a dispute arises. Depending on the particular case and parties involved the matter might be resolved either through Alternative Dispute Resolution if the parties can agree to settle, parties in the UAE are usually advised to settle their cases through ADR or go ahead on to litigation in the UAE courts.

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

Generally, the contract mentions the dispute resolution mechanism to be followed in a situation where a dispute arises. Depending on the particular case and parties involved the matter might be resolved either through Alternative Dispute Resolution if the parties can agree to settle, parties in the UAE are usually advised to settle their cases through ADR or go ahead on to litigation in the UAE courts.

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

Those working in free zones are generally not directly governed by the UAE Labour Law. Each free zone authority has its own employment law and employees are subject to the rules and regulations of their respective free zone authority. When these employment rules or law are not specified, the UAE Labour Law can step in to regulate the situation.

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

In addition to the information mentioned above, unless a separate mechanism has been agreed on in the employment contract, the labour dispute will be processed in the Fujairah Labour Ministry.

22. What entry qualifications and permits are required for staff working in this free zone, and how are employees registered with the authorities?

All employee contract must be registered with the authorities.

While employing expatriates, three mandatory processes must be completed:

- a) Clearance by the Labour Ministry;
- b) Issuing an employment visa;
- c) Issuing a resident's card and medical health card.

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

All employee contract must be registered with the authorities.

While employing expatriates, three mandatory processes must be completed:

- a) Clearance by the Labour Ministry;
- b) Issuing an employment visa;
- c) Issuing a resident's card and medical health card.

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

Each free zone has its own regulatory framework. If there is no definite framework then the UAE Labour Law applies.

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

Each free zone has its own regulatory framework. If there is no definite framework then the UAE Labour Law applies.

26. What are the main features of a property lease in this free zone and what are the key restrictions when leasing a property?

In this Free Zone the benefit is that the lease of property is easily accessible.

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

Yes, it is possible to apply for a building permit.

The steps to apply for a building permit are as follows:

- After the company is registered with the Chamber of Commerce, operating licenses will be issued.
- A copy of the registration will be provided for the Authority's records.
- The application form for a building permit must be filled out and submitted with the registration copy.
- With the application form, the company must submit all the details of the contractors and consultants which will be working for the building and get approval for the contractors and consultants from the Authority.
- Before construction of the building, the detailed design plan must be submitted

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

There are no current requirements for construction depending on the scenarios the requirements must be approved by the Health Ministry, Department of Civil Defence etc.

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

A company must be registered in this Free Zone to lease the property. On meeting the prerequisites of incorporating a company in this zone and obtaining the permit or license the company is free to lease property.

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

The benefits of opening a company with the FFZ is that the new establishment is provided with utilities such as furniture, electricity, internet and phone connections.

31. How do retail premises establish themselves in this Free Zone?

There are no particular restrictions prohibiting retail establishments from operating in the Free Zone. The same process will apply for any other type of company incorporation.

32. Is it possible for hotels and retail establishments to operate in this free zone- how do they establish themselves?

Hotels and retail establishments can operate in this Free Zone. The establishment procedure is similar to that of any other company incorporation in the Free Zone.

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