

Freezones Ummal Quwain Free Trade Zone

Type	Questions and Answers
Date	1 Jan 2021
Source	Freezones Practical Guidance
Jurisdiction	Ummal Quwain Free Trade Zone

Document link: https://bo-meo.lexisnexis.fr/pg/fpg/UmmalQuwainFreeTradeZone_Freezones_Ummal_Quwain_Free_Trade_Zone



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1. What law established this freezone?

The law establishing this freezone are as follows:

- Ummal Quwain Emiri Decree No. 2/1987 concerning the Incorporation of a Freezone in Ahmed Bin Rashid Port;
- Ummal Quwain Free Trade Zone Ordinance 1987;
- Ummal Quwain Law No. 1/2013 concerning ports, Customs, and Freezone corporation in Ummal Quwain.

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

The internal rules and regulations regulating the activities in UAQFTZ are as follows:

- Ummal Quwain Free Trade Zone Rules and Regulations of March 2015;
- UAQ Free Trade Zone Company Regulations 1/14.

The rules and regulations are issued by Ummal Quwain Free Trade Zone Authority and regulate those wishing to carry out relevant business from both in or from the freezone

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

UAQFTZ is a relatively new freezone and does not have any parallel arrangements with other freezones. However, UAQFTZ has recently signed a Memorandum of Understanding with Dubai Ministry of Finance(MOF) to ensure international standards of transparency in exchange of information for tax purposes, in accordance with Organization of Economic Cooperation and Development (OECD) regulations and principles.

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?

Every freezone has their own set of rules and regulations. However, the criminal laws of UAE are still applicable in UAQFTZ. The following are the laws which companies operating in UAQFTZ must adhere to:

- Federal Law No. 4/2002 on Criminalization of Money Laundering;
- Federal Law No. 7/2014 concerning Combatting Terrorism offences
- Federal Law No. 3/1987 (the Penal Code) and its amendments;
- Federal Law No. 1/2004 on Combatting Criminal Offences;
- Federal Decree Law No. 5/2012 on Combatting Cybercrimes.

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

Every company established in UAQFTZ must be registered with the UAE General Directorate of Resident and Foreign Affairs in order to seek residential permits for their employees. Whereas, companies may also encounter Public notaries and the Department of Municipal Affairs and alike for attestation of certain documents depending upon the type of activity.

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

In order to set up a company in UAQFTZ, an investor must undergo six (6) stages as follows.

Stage I

- Select a License: The investor's first step is to decide what type of license is most appropriate for their business structure. UAQFTZ offers several types of license such as; commercial license, general trading license, consultancy license, freelance permit, industrial license, service license.

Stage II

Select a Type of an Entity: The second stage is to opt for the type of business structure the investor wishes to incorporate. UAQFTZ offers three types of entities which can be established in the freezone which are as follows:

- Freezone Establishment (FZE) for single shareholder.
- Freezone Company (FZC) for minimum of two shareholders or a maximum of 50 shareholders.
- Branch of an existing company.

Stage III

Choose the type of facility: At this stage, the investor must opt for the type of office facility such as office space, warehouse or land whichever suits his business structure.

Stage IV

Submit Documents: The investor post undergoing stage I, II, III should submit all the relevant documents with the freezone authority to receive the trade/commercial license.

Stage V

Fees: The company after submitting all documents must submit the fees for incorporating a company and seeking a trade license, depending upon the type of activity.

Stage VI

Receive the License: upon completing the stages above, the entity will issue a license to the entity and the business will be ready to undertake the activity mentioned in the trade license.

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

Companies established in this freezone have several features, e.g. they will have easy access to major sea ports and receive special concession from Ummal Quwain's sea port and hi-tech facilities.

UAQFTZ is an ideal location for Small and medium sized enterprises (SME) and micro business,

In addition, companies set up in this free zone benefit from 100% foreign ownership, 100% repatriation of capital and profit, no restrictions on sector investment, and 0% personal and corporate taxation.

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

The companies incorporated in UAQFTZ can perform activities mentioned in the trade license. Generally, companies can import, export, distribute, store, trade and manufacture goods. The companies can provide consultancy services, and obtain a post seeking consultancy license to offer expert and professional advice. Companies are also permitted to provide services specifically mentioned in the license such as courier, logistics, insurance, travel agency, and tour services. UAQFTZ also permits a freelancer to operate within the freezone and to conduct business in his own name, specifically for those operating in technology, media or film industry.

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

Companies established in UAQFTZ are prohibited from performing financial activities. In addition, companies are also prohibited from operating outside the boundaries of the freezone without prior approval of the relevant government authorities.

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

Companies can operate in various sectors including industrial activities, trading activities, services, and professional activities.

11. What inheritance laws apply in this freezone?

At present, UAQFTZ does not have specific inheritance laws, so UAE laws apply. UAE follows shariah laws for inheritance for Muslims, whereas non-Muslims can follow the law of their home country. Dubai has implemented Law No. 15/2017 for inheritance and will, where non-Muslims can

register their will and can apply law of their choice. Similarly, it is expected that non-Muslim citizens in Ummal Quwain will be able to register their will.

12. What taxation applies?

UAQFTZ offers zero percent corporate and personal tax as well as 100% import and export tax exemption.

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

UAQ Free Trade Zone Company Regulation No. 1/14 mandates companies established there to prepare adequate accounting records which must be audited at least once a year. The regulation obliges the company to prepare financial statements and to mention the accounting principles followed by the company within that financial statements

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

Companies in UAQFTZ can maintain bank accounts either in Umm Al Quwain or 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?

At present, there are no specific rules governing the transfer, of moveable property from one freezone to another freezone in other jurisdictions. In such circumstances, companies must obtain prior approval of the custom department or any other relevant authority.

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

UAQFTZ provides licenses to freelancers which are freelance permits specially designed for individuals who have special talent or creative roles in the technology, media or film industries. The free zone, also offers commercial, consultancy, industrial, and service licenses.

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

All the entities established under this freezone will be regularly monitored by the freezone regulatory authority which maintains and regulates the companies in order to ensure their proper functioning.

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

The disputes are initially resolved by the regulatory authority or if not possible then the matters proceed to the UAE courts or the arbitration centre as agreed by the parties.

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

The disputes between onshore companies and companies in the freezone will be resolved through the relevant courts of Umm Al Quwain or other courts in the UAE.

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

The relationship between an employer and employee is outlined under Umm Al Quwain Free Trade Zone Rules and Regulations 2015 and UAQFTZ Employee Regulations. Further, the regulations state that the duties of both the parties are in accordance with Federal Law No. 8/1980 (the UAE Labour Law).

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

Employment disputes are initially handled by the regulatory authority and if needed might be resolved from labour court after seeking a No Objection Certificate from Freezone Authority.

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

Incorporations in UAQFTZ 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 freezone offers a one stop-shop clearance for processing such permits. Generally, companies must submit the mandatory application form along with the attested degree of the employee. Once the permit is generated, they must undergo a medical test and should complete the procedure to obtain an Emirates ID. Then, the visa status is updated and stamped on the passport.

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

Employees working in the freezone are registered in UAE General Directorate of Resident and Financial Affairs and receive a work permit from the authority, which is valid for three years.

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

The UAQFTZ employee regulations govern the remuneration and end of service benefits paid to the employees. These regulations are in line with the Federal Law No. 8/1980.

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

The Employee Regulations of UAQFTZ govern the working time and leave of the employees which include overtime, Ramadan time and summer timing. Generally, under Federal Law No. 8/1980, employees are allowed to work for 48 hours per week.

They are also entitled to all the national holidays, sick leave and 30 days per month leave after the probation period of six months.

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

UAQFTZ provides several types of the facility such as Flexi desk for micro businesses or SMEs, the Flexi Desk for Trading or consultancy companies, Flexi Desk for Premium or General trading. The freezone also provides other options of warehouses or land as per the requirement of the leaseholder.

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

The UAQFTZ Rules and Regulations 2015 allow the Licensee to construct their own facilities. However, they must satisfy requirements of the relevant authority in order obtain required inspections and approvals in writing from the Authority prior to the commencement of construction of works, which

include obtaining a No Objection Certificate from relevant authorities. The licensee must also obtain Building Completion Certificate (BCC) from the relevant authority as well as an Operation Fitness Certificate (OFC) prior to commencing the operations. The OFC must be renewed annually and cannot be renewed without a valid operation fitness certificate.

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

In accordance with UAQFTZ Rules and Regulations 2015, all the construction work must be in line with the Authority's Planning Regulations and Department Guidelines, issued by the authority, Authority Construction Health, Safety and Environment (HSE) Guidelines.

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

The prime requirement for leasing property in the freezone is to be registered with UAQFTZ and this must be renewed according to the term of the lease.

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

The UAQFTZ Rules and Regulations 2015 only regulate or govern the utilities, which further impose a requirement of seeking a NOC prior using any utility. The authority also has the right to set out further regulations for usage of utilities.

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

The retail premises have to obtain the license from the registration authority and the process is similar to obtaining leases for other activities.

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

There is no specific information about establishing a hotel in the freezone. However, the Registration Authority has the right provide a license in this regard.

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