



Managing Family Wealth from United Arab Emirates

WEALTH STRUCTURING FACTSHEET

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“UAE offers a large range of structures and solutions to optimise family wealth planning, inheritance planning, tax planning and organise family businesses in a straightforward & cost-effective way, whether assets and subsidiaries are held in UAE or overseas”

Managing Family Wealth from United Arab Emirates

By Mohammed Rahali– Estate & Tax Partner Wincore Advisory Group

IN BRIEF

Families are in need of unique, attractive and stable platforms to manage their wealth. UAE offer such internationally-recognized financial and family wealth platforms with deep-set family office, wealth management expertise and experience to cater family needs effectively. UAE has developed through its two financial centers and other main free zones an enhanced offering of a broad range of comprehensive and best-in-class suite structures and solutions to satisfy the markets needs and serve families from the local, regional and international markets. Some of the Grade A advantages are as following:

- 100% Foreign Ownership.
- 0% Direct Taxation (No Corporate & Personal Income Tax, No Withholding Tax, No Capital Gain Tax).
- No Inheritance and Gift Tax.
- No Foreign exchange Control.
- No restrictions on repatriation of profits or capital out of UAE.
- Common law jurisdictions (Common law-based regulations and courts through direct incorporation of English law).
- Best-in-class independent regulatory frameworks.
- Independent free zones within UAE (in term of regulations, regulatory authorities and Courts) isolated from local environment.
- Variety of legal structures.
- Benefit of Double Tax Treaties (over 80 in force), Tax Residency and Tax domicile Certificates granted.
- Fast registration process

The most frequently used entities in the following free zones are:

1. UAE TOP HOLDING COMPANIES:

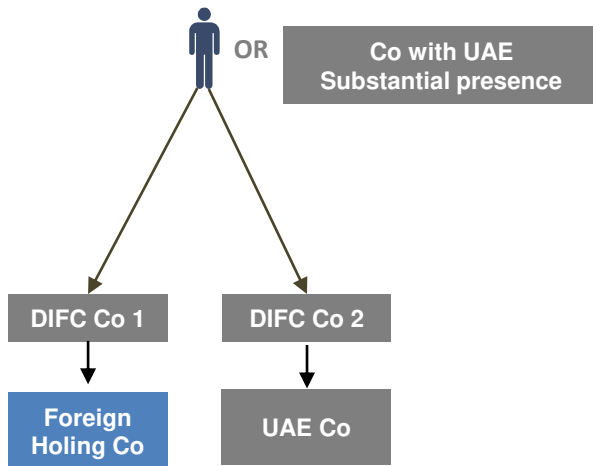
it deploys within a common law jurisdiction - under the supervision of its own Regulatory authorities and Courts- various internationally recognised incorporated and incorporated entities such as:

- i. **DIFC Private Company Limited (PC)**, if established as a holding licensed entity, is entitled to own participating shares or freehold properties. It must lease its own DIFC office space and It can grant UAE residency visas for its employees.
- ii. **DIFC Prescribed Company (PSC)** (*established by the DIFC Law No. 5 of 2019 in October 2019 to replace Intermediate Special Purpose Vehicles (ISPVs) and Special Purpose Companies (SPCs)*) , identically to the ADGM Special Purpose Vehicle, is to be established for holding purposes (non-operating purposes) under prescribed conditions: the qualifying applicant (*who must be controlling the PSC by holding its shares / voting rights or through powers conferred by its articles of association or other regulating document*) should be a DIFC based entity (*Exemption from DIFC Physical Presence for entities having a substantial presence in the UAE*) or individual and the qualifying objects / purposes of the company should be related to structuring of financial transactions, family holding structures, **DIFC holding structure** (*i.e. holding shares of DIFC entities such as DIFC PC*) , investments in aviation or crowdfunding.

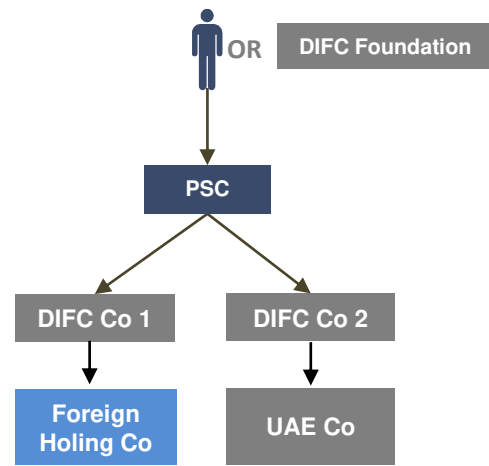
It could use the registered address of a DIFC registered agent but cannot grant UAE residency visas for its employees.

Qualifying applicants are: Authorized firm, Fund, Government Entity, Family Office, Fintech entity, Foundation, Holding Company, Private Trust Company, Proprietary Investment, DIFC qualifying applicant (being any non-retail entity established in the DIFC other than a PSC), Shareholder/UBO of DIFC qualifying applicant (*if they own the majority of shares in a DIFC Qualifying Applicant / Have the majority of voting rights in a DIFC Qualifying Applicant /or have the authority to appoint/remove the majority of directors of the governing body of the DIFC Qualifying Applicant e.g. A natural person owning portfolio of participations in DIFC companies in his own personal name*) , Affiliates of DIFC qualifying applicant (*includes legal entities that are part of the same group and have one or more people owning the majority of the shares (Common Ownership) or the majority of the votes (Common Control) in a DIFC Qualifying Applicant*) or Family owned business with a large UAE presence (*which must meet at least 2 of the following conditions: A total asset value of more than USD10 million in the UAE / Employ more than 100 employees in the UAE/ Lease more than 30,000 sq. ft. of space in the UAE (including offices, retail, schools, manufacturing / All shareholders must be UAE nationals).*

Before Structuring

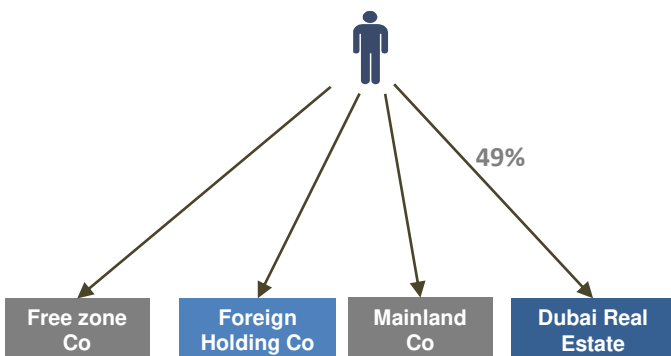


After Structuring

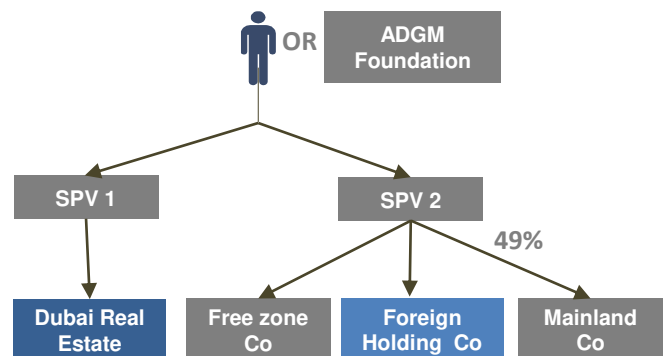


iii. **ADGM Special Purpose Vehicle (ADGM SPV)** which is a passive holding company established to segregate and mitigate legal and financial risks. Its appointed manager and authorised signatory must be resident in the UAE. It could use the registered address of a DIFC registered agent but cannot grant UAE residency visas for its employees.

Before Structuring



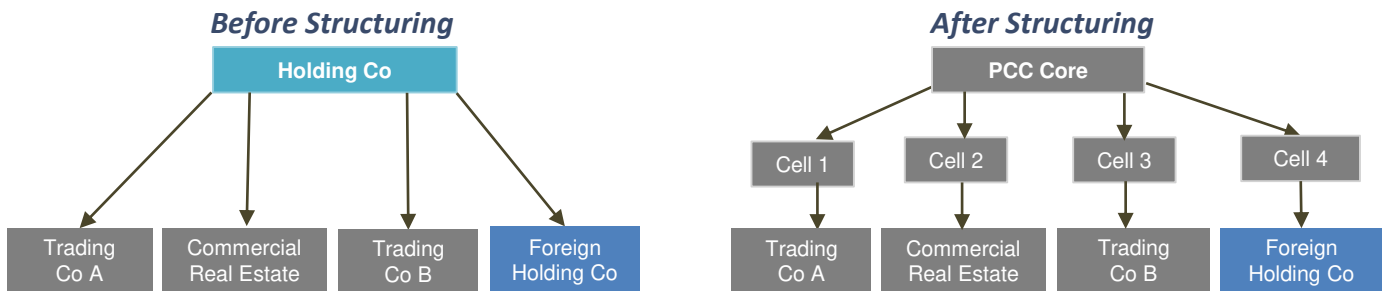
After Structuring



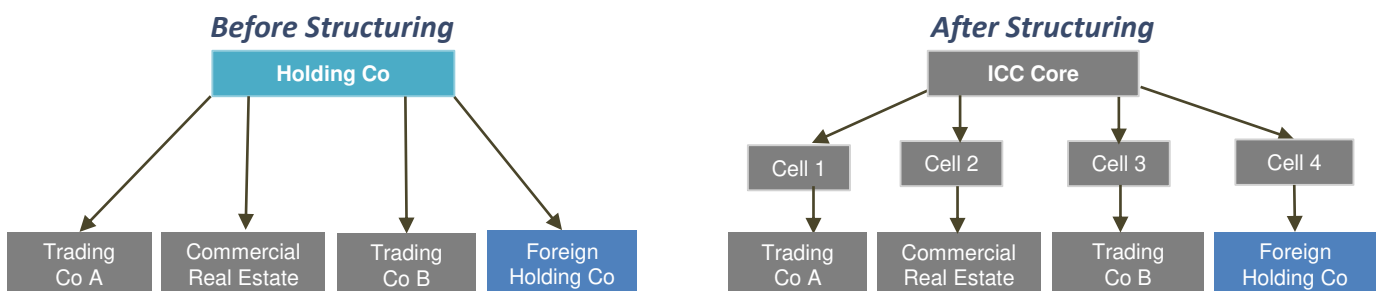
ADGM Holding Companies and Special Purpose Vehicles can be used to effectively structure family interests and ensure that assets are protected, and held in the most tax efficient manner. There is an option for increased discretion for situations that reasonably merit less public disclosure by using **Restricted Scope Company (RSC)**.

[DOWNLOAD SPV FACT SHEET](#)

- iv. **ADGM Protected Cell Company (PCC)** is a corporate structure in which a single legal entity is comprised of a core and several cells that have separate assets and liabilities. It may create one or more cells, the assets and liabilities of which are segregated from the assets of the PCC itself and from the other cells. Creation of cell requires regulatory approval. A cell cannot transact on its own rights. PCC must enter into a transaction in respect of particular cell.



- v. **ADGM Incorporated Cell Company (ICC)** is similar to Protected Cell Company but adopts a fundamentally different approach to cells. The ICC incorporates each cell as a separate legal personality without the cell company needing to have any shareholder relationship with the relevant cell. Such cell is called Incorporated Cell (IC). Each IC is a separate company as a matter of law. ICC may create one or more cells (ICs) and the assets and liabilities of which are segregated from the assets of the ICC itself and from the other cells. Creation of cell requires regulatory approval. A cell can transact and incur liabilities of its own rights. ICC can take a form of Public Company Limited by Shares, Private Company Limited by Shares or Private Company Unlimited with Shares.



- vi. **RAS AL KHAIMAH INTERNATIONAL CORPORATE CENTER (RAK ICC)**'s cost-effective offshore companies - International Business Company (IBC) -, within a common law environment, could hold all kind of assets and notably Dubai real estate pursuant to a Memorandum of Understanding with the Dubai Land Department.

vii. HOLDING COMPANIES COMPARISON TABLE

	DIFC PC	DIFC PSC	ADGM SPV	RAK IBC
Legal form	<ul style="list-style-type: none"> - Company limited by shares - Common law regulatory - Access to Common Law Courts. 	<ul style="list-style-type: none"> - Company limited by shares - Common law regulatory - Access to Common Law Courts. 	<ul style="list-style-type: none"> - Company limited by shares - Common law regulatory - Access to Common Law Courts. 	<ul style="list-style-type: none"> - Company limited by shares - Common law regulatory - Access to Common Law Courts.
Requirements	<ul style="list-style-type: none"> - DIFC physical office required for incorporation purpose; - Must maintain register of Directors and shareholders; - Annual return to be submitted. 	<ul style="list-style-type: none"> - No DIFC physical office required if an agent is appointed; - Must be controlled by qualifying applicant for qualifying purpose only; - No requirement to deposit share-capital; - Must maintain register of Directors and shareholders; - Annual Financial reports to be submitted. 	<ul style="list-style-type: none"> - No ADGM physical office required if registered agent is appointed, like ADGM Foundation; - No requirement to have employees; - Authorized signatory must hold a UAE residency visa; - Must maintain register of Directors and shareholders; - Annual return and Financial statements (made publicly available) to be submitted but no audit requirements; - No corporate documents attestation required. 	<ul style="list-style-type: none"> - Must have a UAE registered Agent, with a UAE registered address; - No office space requirements if agent appointed; - No requirement to have employees. No annual return nor accounts filing; - Must maintain register of Directors and shareholders. - No Shareholders Annual General Meeting require; - No presence of shareholder / director / signatory required for incorporation.

	DIFC PC	DIFC PSC	ADGM SPV	RAK IBC
			<ul style="list-style-type: none"> - No Shareholders Annual General Meeting require; - No presence of shareholder / director / signatory required for incorporation. 	
Key Characteristics	<ul style="list-style-type: none"> - To hold all type of assets in the UAE or abroad; - To hold movable or immovable properties (including Dubai freehold real estate) like a DIFC / ADGM Foundation. 	<ul style="list-style-type: none"> - To structure finance transactions; - To be a Family Holding Structure; - To hold Aviation investments; - To cater crowdfunding - To hold DIFC company shares; - Allowed to conduct only investment or holding activities. 	<ul style="list-style-type: none"> - To segregate assets and liabilities from a financial and accounting risk perspective; - To be used for investment financing, raising capital, IP holding, asset transfer, securitization, risk sharing - To hold Dubai freehold real estate, like an ADGM / DIFC Foundation; - Restricted from conducting trading activities. 	<ul style="list-style-type: none"> - To do conduct various commercial activities (such as trading, consultancy) except financial activities (Insurance, Banking); - To hold all type of assets including Dubai freehold real estate; - Restricted for conducting UAE activities.
Objects of Company	<ul style="list-style-type: none"> - To hold all type of assets in the UAE or abroad; - To hold movable or immovable properties (including Dubai freehold real estate) like a DIFC / ADGM Foundation. 	<ul style="list-style-type: none"> - To structure finance transactions; - To be a Family Holding Structure; - To hold Aviation investments; - To cater crowdfunding - To hold DIFC company shares; 	<ul style="list-style-type: none"> - To segregate assets and liabilities from a financial and accounting risk perspective; - To be used for investment financing, raising capital, IP holding, asset transfer, securitization, risk sharing 	<ul style="list-style-type: none"> - To do conduct various commercial activities (such as trading, consultancy) except financial activities (Insurance, Banking); - To hold all type of assets including Dubai freehold real estate;

	DIFC PC	DIFC PSC	ADGM SPV	RAK IBC
		- To hold DIFC company shares ; - Allowed to conduct only investment or holding activities.	- To hold Dubai freehold real estate, like an ADGM / DIFC Foundation ; - Restricted from conducting trading activities.	- Restricted for conducting UAE activities.
Time Frame	- 4 - 7 weeks.	- 2-5 weeks.	- 2-5 weeks.	- 1 week.
Government Incorporation Fees	- USD 20,000.	- USD 1,100.	- USD 1,600.	- USD 800.
Government Recurring fees (excluding any rental fee if office required)	- USD 12,000	- USD 1,000.	- USD 1,200.	- USD 700.

2. UAE TRUST (DIFC & ADGM TRUST) & FOREIGN TRUST (JERSEY, BVI, COOK...) established and managed in/ from UAE:

DIFC / ADGM Trust to shelter all type of assets such as shares, properties, intellectual property rights for estate and governance planning and asset protection strategies (against bankruptcy, detrimental financial Divorce consequences, Forced heirship rights etc.). The mostly commonly used Trust is the full discretionary Trust with a protector or reserved power Trust to maintain a highest degree of control while limiting the rights of the beneficiaries. Foreign Trusts (such as Jersey, BVI, Vista and Star Trusts) could be established and managed in UAE and Middle East to serve identical purposes.

FOREIGN TRUSTS can be established and administrated in UAE using foreign proper law such as **Cayman, BVI, Jersey, Cooks Islands Trust laws** in the same way as Trusts are established and managed in Switzerland. The main difference is that Foreign Trusts are being established and managed in Switzerland while this is a civil law jurisdiction, not a common law jurisdiction where Trust concept is originally from, - unlike the UAE where common law is directly applicable in its financial free zones - and that Switzerland does not have a Trust local legislation unlike the UAE financial free zones. **Therefore a UAE locally established and managed Foreign Trust (such as Jersey or BVI Trust) would be surely more protected and effective when established and managed in and from the UAE.**

The Trust is the most efficient and widely used asset protection vehicle which could hold immovable (real estate property, factory, plants, land) and movable assets (bank accounts, shares, investment portfolios, bonds, securities, insurance policies, art collections, gold, intellectual property) while Foundation (separate legal entity without shareholders which is established to reflect in its bylaws the wishes of the individual or corporate founder to be followed by the foundation's council of which the founder could be part of in case he wants to reserve a high level of control) is mostly used for wealth preservation , structuring and increasingly for estate planning in the Middle East and Asia.

DOWNLOAD COMPARATIVE FACT SHEET TRUST & FOUNDATION

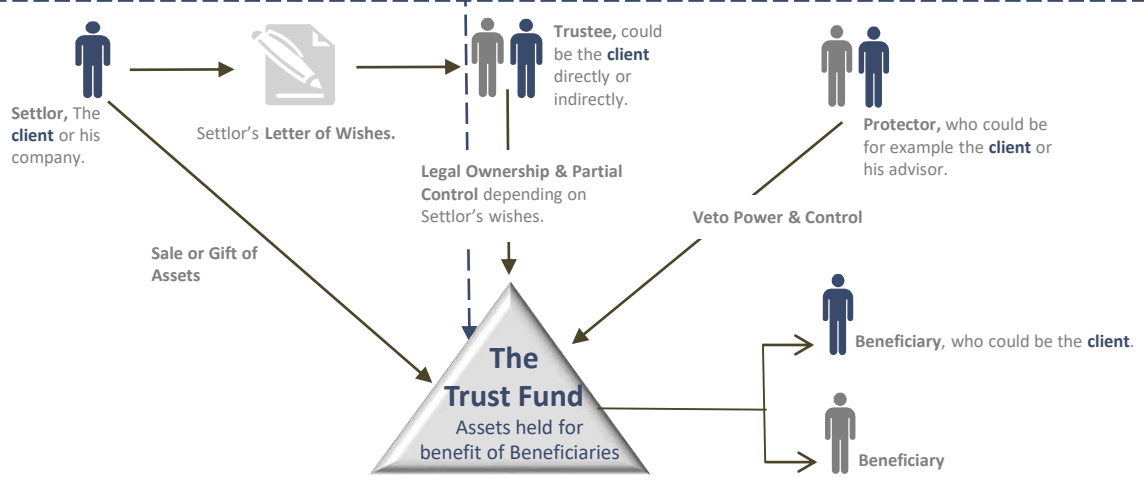
DIFC / ADGM Trust Key Elements

Unlike a Company but Like a Foundation, It does not have shares or shareholders: **It is not own by anyone but instead created to fulfil a mission and own assets.** The Trust is an **Orphean Sheltering entity.** **The entity exists for a purpose: to have its assets owned and managed by its Board of Trustees for the benefit of its sole beneficiaries and not to share wealth (equity interests/shares) amongst shareholders.** **This asset protection & succession planning feature avoids inheritance distribution** of shares, related succession law application / disputes and dilution of wealth which are applicable to the shares of a company at the death of its shareholders amongst their heirs. Furthermore, **for continuity purpose to fulfil the wishes of its Settlor / Founder through generations** , the entity has a perpetual existence until its assets are exhausted / fully distributed or it is terminated.

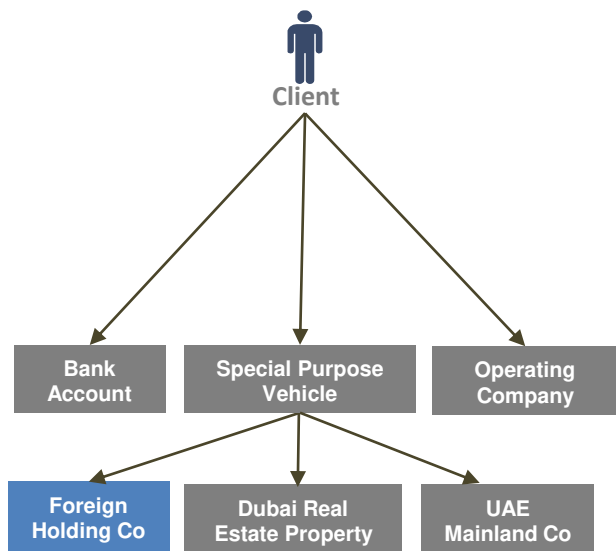
Unlike a Company and a Foundation, **it has no legal personality** (cannot contract and own assets on its own but through its Trustees on behalf of the Trust. However the Trust's assets are strictly & legally segregated from personal assets of Trustees): **The entity is unincorporated for flexibility and privacy purposes** (it is not registered with any registration authority and has no office).

Like a Company, It has a Board of Trustees equivalent to a board of Directors and constitutive & regulatory governance documents, called a **Trust Deed** (which is similar to the Memorandum and Articles of Associations of a company), **that define -in addition to the Trust laws and Common Law Jurisprudence- the Board 's duties and responsibilities** and the way the Trust Fund must be managed for the benefit of the sole beneficiaries

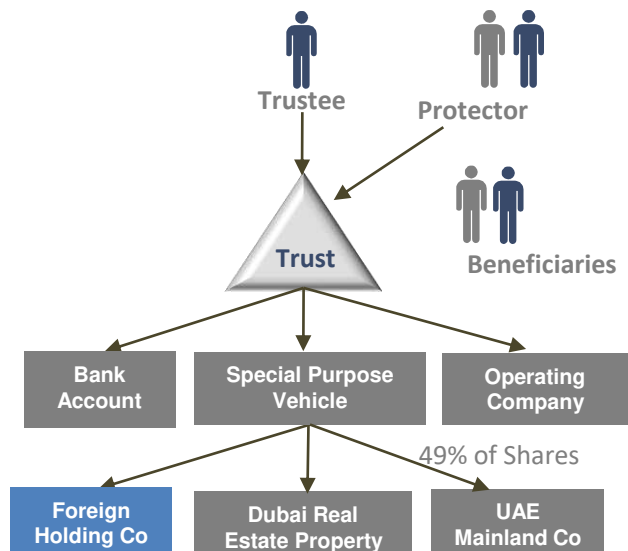
Like a Contract, It states **Fiduciary bounding obligations to be fulfilled by the Trustees** in its constitutive rules (Trust Deed).



Before Structuring



After Structuring



3. UAE FOUNDATION:

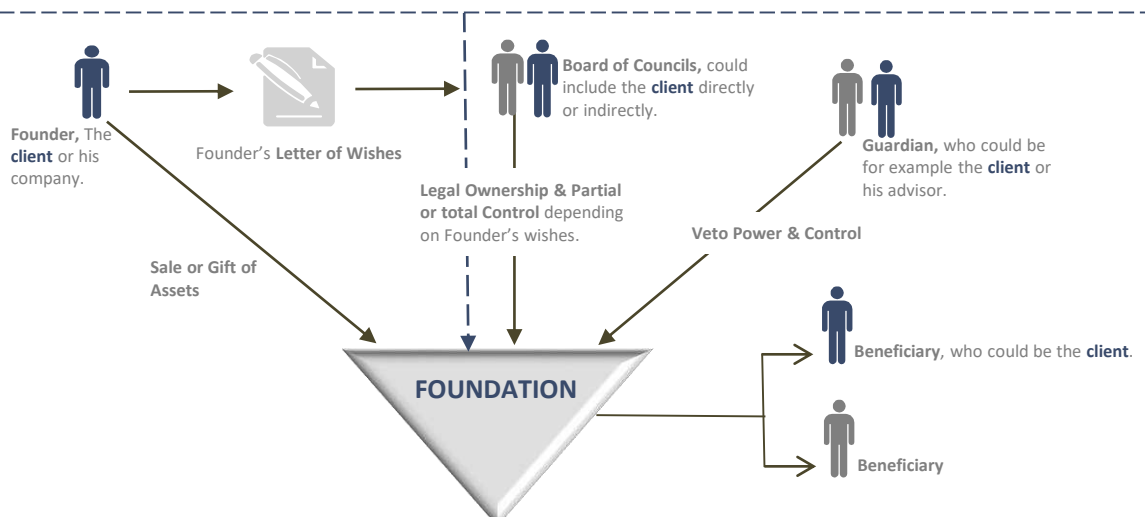
Foundation consolidates family holdings of various assets and entities into a single ultimate top holding entity while **adding in parallel substantial advantages to having only a top holding entity in the UAE or abroad** such as formalising and legalising the transfer of assets upon succession, operational & tax efficiency, avoiding issues arising upon the death of patriarch of the family, avoiding dilution of and dispersion of Family holding, maintain family business and control over generations in compliance with patriarch's wishes and instructions, establish and maintain highest level of confidentiality and discretion, allows sale of a group of companies to foreign buyer in more efficient way... A Foundation operates like a common law trust yet has features more similar to a company.

DIFC / ADGM Foundation to shelter all type of assets such as shares, properties, intellectual property rights for estate and governance planning and asset protection strategies (against bankruptcy, detrimental financial Divorce consequences, Forced heirship rights etc.). **DIFC / ADGM Foundation could have a charitable purpose, benefit persons by name /class or category, be granted a Tax residency certificate to avail the benefits of UAE's DTA network . DIFC Foundation may issue securities, including transferable depository receipts (STAK certificates as per the Dutch regime),** representing specific rights to payment quantified by reference to specific parts of the property owned by the Foundation or relating to other rights or interests, whether present or future, to which the Foundation is or might be entitled.

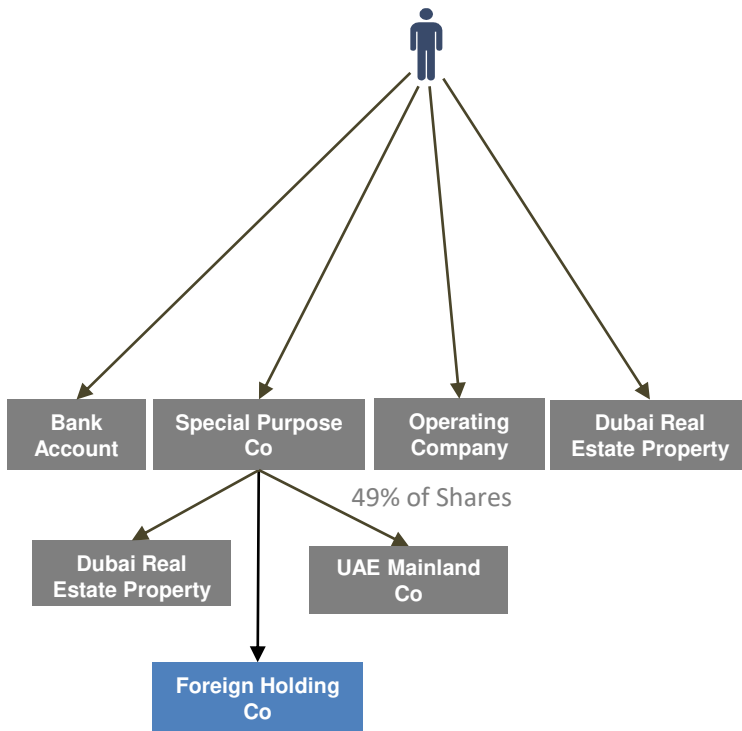
RAS AI KHAIMAH INTERNATIONAL CORPORATE CENTER (RAK ICC)'s cost-effective Free zone Foundation regime is also available for holding and charitable purposes.

Unlike a Company, It does not have shares or shareholders: **It is not own by anyone but instead created by law to fulfil a mission and own assets.** The Foundation is an **Orphean Sheltering entity.** **The entity is incorporated and exists for a purpose: to have its assets managed by its Board for the benefit of its beneficiaries and not to share wealth (equity interests/shares) amongst shareholders. This asset protection & succession planning feature avoids inheritance distribution** of shares, related succession law application / disputes and dilution of wealth which are applicable to the shares of a company at the death of its shareholders amongst their heirs. Furthermore, **for continuity purpose to fulfil the wishes of its Founder through generations ,** the entity has a perpetual existence until its assets are exhausted / fully distributed or it is dissolved.

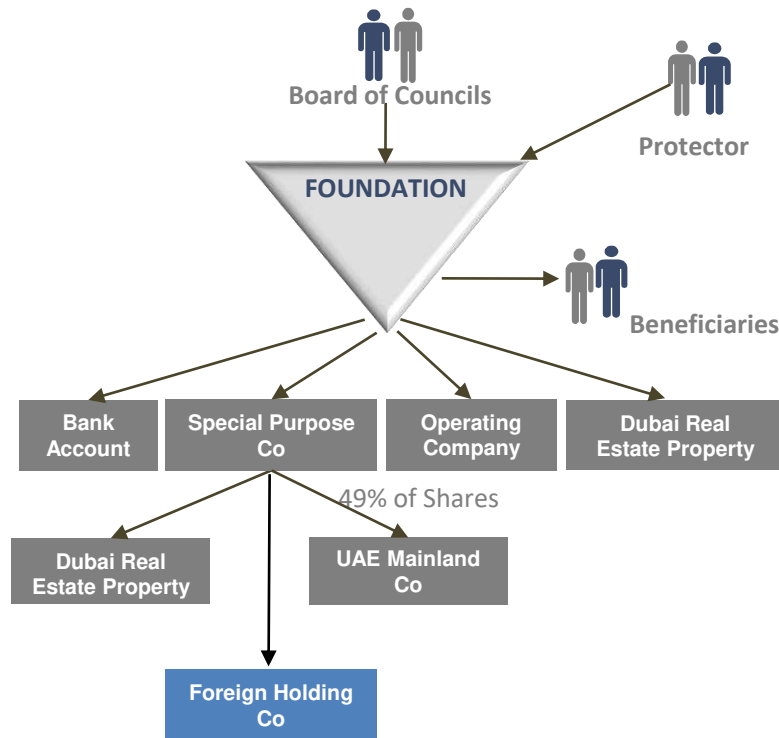
Like A Company, It has a **legal personality (can contract and own assets by its own),** a Board, a registered agent & a registered address (not an office). It is strictly subject to **bounding governance rules (Public Charters and Private Bylaws similar to the Memorandum and Articles of Associations of a company)** that define the Board of Councils 'duties and responsibilities and the way the Foundation Fund must be managed for the benefit of the sole beneficiaries.



Before Structuring



After Structuring



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[DOWNLOAD ADGM FOUNDATION FACT SHEET](#)

- Provides **robust , regulated and protective governance mechanism** – ADGM Foundations Regulations follow international best practice in setting a legislative standard, with statutory duties for the Foundation Council, similar to common law and equitable duties imposed on company directors. A Guardian could also supervise the Foundation Council and ensure that it acts in accordance with the Foundation’s Charter and By-Laws: Its appointment is optional during Founder’s lifetime and compulsory upon his death.
- **Access to UAE’s DTA’s** is available subject to the Ministry of Finance requirements. Tax residency certificate can be granted provided it meets the substance and effective management requirements of MOF (UAE residency visas for all persons mentioned on License). Note that foundations are not permitted to do business themselves.
- There is no **statute of limitation** on endowment of assets within the foundation. However the usual limitation period in the ADGM for contractual claims is 6 years.
- Assurance through **Guardian oversight:** - Guardian supervises the Foundation Council and ensures that it acts in accordance with the Foundation’s Charter and By-Laws. Appointment of the Guardian is compulsory upon Founder’s death and optional during Founder’s lifetime.

- A Foundation provides a **robust governance structure**: - Foundation Council acts in an equivalent manner to a board of directors. Council members’ duties are prescribed in the Foundations Regulations.
- **Distinct legal** personality, **unlike a Trust**: - Having a legal personality provides Foundations with flexibility to enter into contracts and arrangements directly, as a company would be able to.
- **Separation of liability whilst maintaining control of assets**: - A distinct legal entity which allows for separation of liability between Founder and the Foundation.
- **Perpetual existence after lifetime of Founder**: - Like a company, a Foundation is a perpetual concept, allowing arrangements to continue and therefore providing certainty after the Founder’s death that the holdings will be managed as per his latest instructions and wishes.
- **Asset protection mechanisms**: Foundations Regulations include **firewall provisions** designed to Increase protection of the Foundation’s assets from bankruptcy claims, claims in the event of divorce and from the effect of forced heirship rules whilst protecting the rights of the Foundation’s beneficiaries.

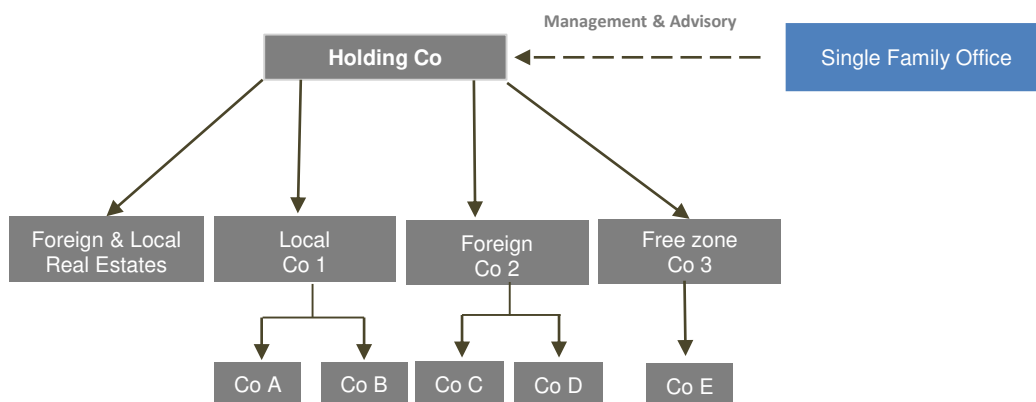
Disclosure requirements:

DOCUMENT	STANDARD SPV LTD
Full disclosure to ADGM Registrar	YES
Publicly accessible records of Directors	NO
Beneficial ownership publicly disclosed	NO
Annual return requirement	YES – simple online form
Filing of accounts	NO
Audit requirement	NO
Data Protection	YES
Anti-Money Laundering	NO
Beneficial ownership publicly disclosed	NO
Annual return requirement	YES – simple online form

4. SINGLE FAMILY OFFICE (SFO):

For families to centralise functions to manage their family wealth and business interests, family office is the most flexible and efficient investment vehicle.

There is not a single structure for a single-family office. It is more a concept encompassing a variety of entities combined in a bespoke way to manage family assets in a centralised manner with a common target. The distinction resides in the governance mechanism, its decision-making hierarchy & management responsibilities to distribute and maintain the influence throughout the family structure and its ownership entitlements spread across family members.



UAE financial free zones, like in the UK, offer a platform with a range of regulations and products to provide sufficient management flexibility to meet the varied and unique requirements of each family office. In this respect to enhance the wealth management and asset protection of the affairs & entities of a family, a SFO could be established.

The entity, a company limited by shares ultimately and exclusively owned by single family members, has as sole object to manage the assets and affairs of one single Family. It is not used as a holding structure but as a management structure that will monitor and manage the various entities and assets belonging to the same family. This entity could be established in **DMCC, ADGM, DIFC** and **RAK**.

It is worth noting that following the same objective to protect family wealth, members of a single family within the mainland legal framework - Law No 9 2020- could enter into an enforceable, before a special judicial committee, notarised **mainland “Family Property contract”**, valid 15 years and renewable, which allows them to legally regulate the ownership and administration of their assets (excluding public joint-stock companies).

LET'S GET IN TOUCH

If you wish to discuss UAE Holding Structure, or any other legal entity, feel free to **contact us**.

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Under a private and independent ownership, our goal and commitment is to provide high quality pragmatic, confidential, flexible and efficient solutions to address our clientele's specific needs in the fast-moving international business and tax law environment.

Our corporate, finance and tax structuring team comprises multidisciplinary experts who have gained significant experience in the GCC, Africa and Europe in large and reputable international firms and financial institutions.

To keep pace with the changing international marketplace, we also continuously work to strengthen our international networks to deliver seamless and first-class services.