



UNITED ARAB EMIRATES HOLDING STRUCTURES

UAE HOLDING STRUCTURES FACT SHEET

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“In times of inconsistency, mundialization and unpredictable events & outcomes , the necessity of having assets & liabilities ring - fenced and assets protected within tailor - fit structures is of paramount interest whether for estate, tax or corporate restructuring & planning.”

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IN BRIEF

From a historically limited number of available options (using unsubstantiated entities) to hold UAE or Foreign movable or immovable assets (residential or commercial properties), using UAE offshore entities in Ras al Khaimah / Ajman / Jebel Ali, the UAE has developed through its free zones – in particular The Dubai International Financial Center (DIFC) and The Abu Dhabi Global Market (ADGM) - multiple vehicles in a common law environment to cater all sort of tailor-made structuring, estate and tax planning.

This overview does not cover the substantiated entities of these free zones such as Public Company limited by shares, Private companies (limited by shares/by guarantee, unlimited with or without shares), Partnership (limited, general or limited liability) and restricted scope companies.

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

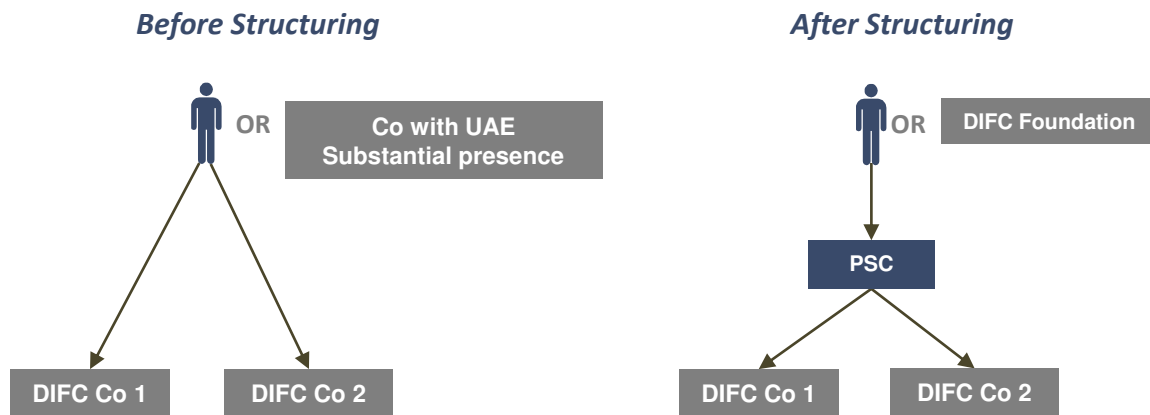
1. DUBAI INTERNATIONAL FINANCIAL CENTER (DIFC) :

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. **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. **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).*



- iii. **DIFC 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.

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

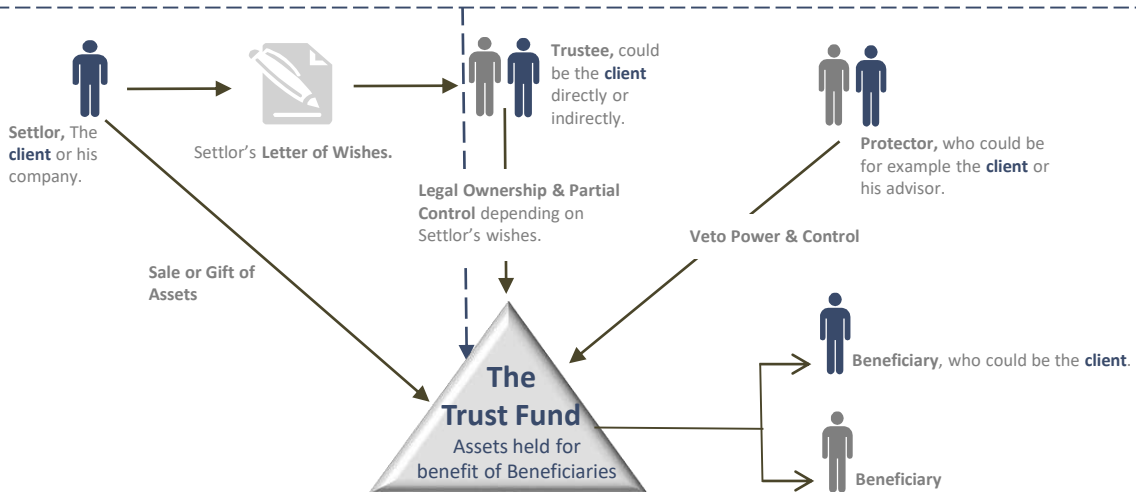
DIFC Trust Key Elements

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.

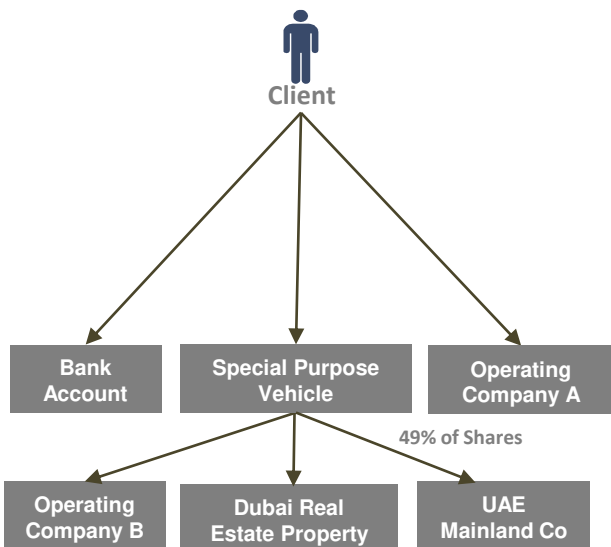
Unlike a Company and a Foundation, it has no legal personality (cannot contract and own assets on its own but through its Trustees on behalf of the Trust. However the Trust’s assets are strictly & legally segregated from personal assets of Trustees): **The entity is unincorporated for flexibility and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

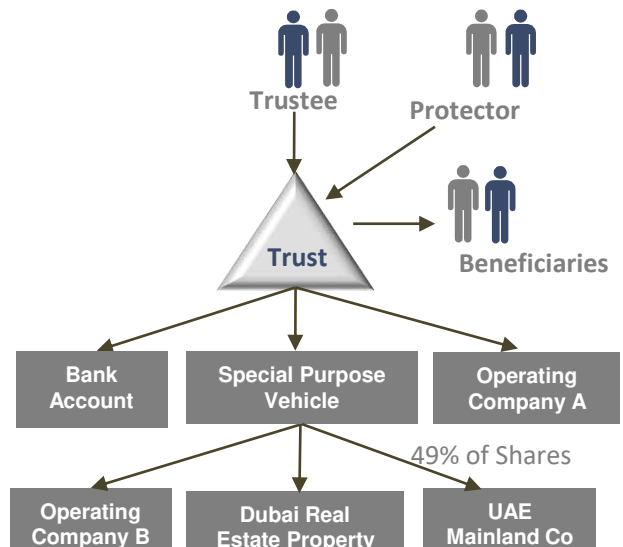
Like a Contract, It states **Fiduciary bounding obligations to be fulfilled by the Trustees** in its constitutive rules (Trust Deed).



Before Structuring



After Structuring



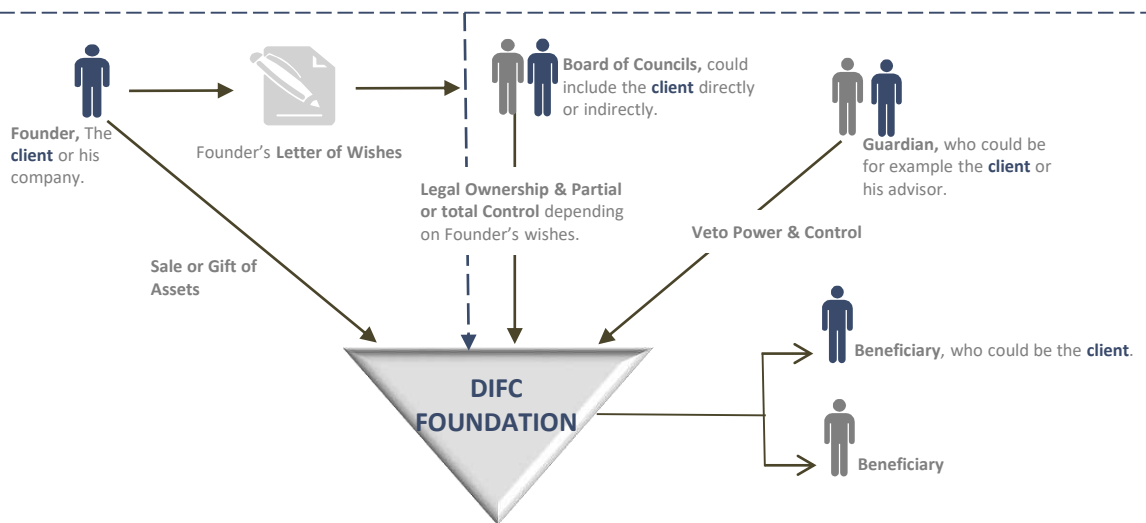
- iv. **DIFC Foundation** to shelter all type of assets such as shares, properties, intellectual property rights for estate and governance planning and asset protection strategies (against bankruptcy, detrimental financial Divorce consequences, Forced heirship rights etc.). **DIFC Foundation could have 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 and 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.

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DIFC Foundation Key Elements

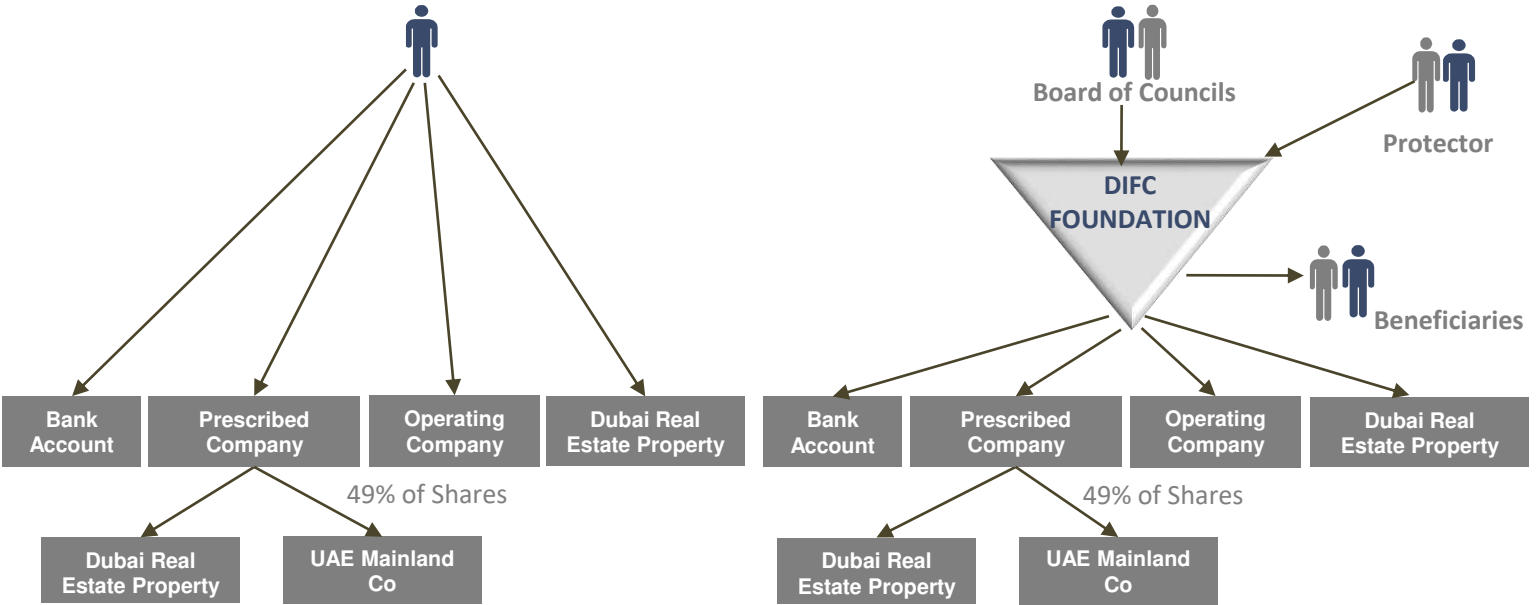
Unlike a Company, It does not have shares or shareholders: **It is not own by anyone but instead created by law to fulfil a mission and own assets.** The Foundation is an **Orphean Sheltering entity.** The entity is incorporated and exists for a **purpose: to have its assets managed by its Board for 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



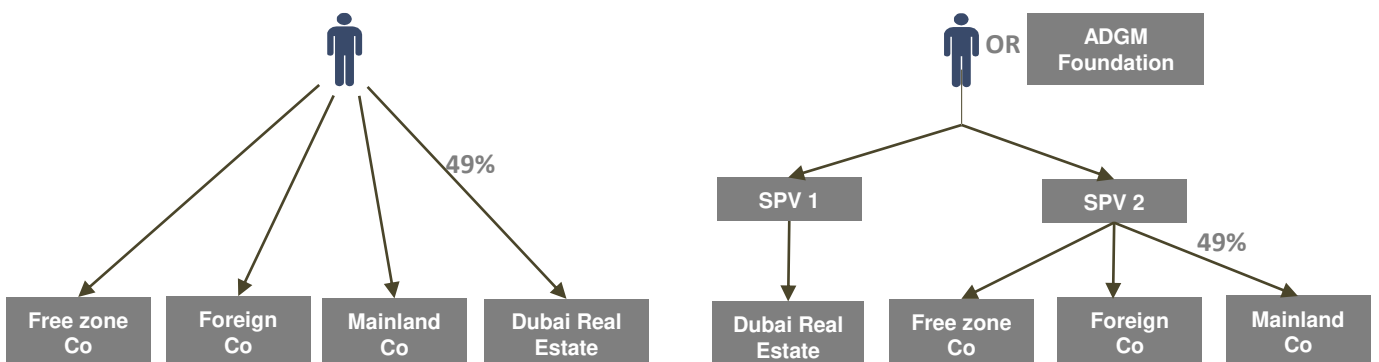
2. ABU DHABI GLOBAL MARKET (ADGM) :

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. **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 registered agent but cannot grant UAE residency visas for its employees.

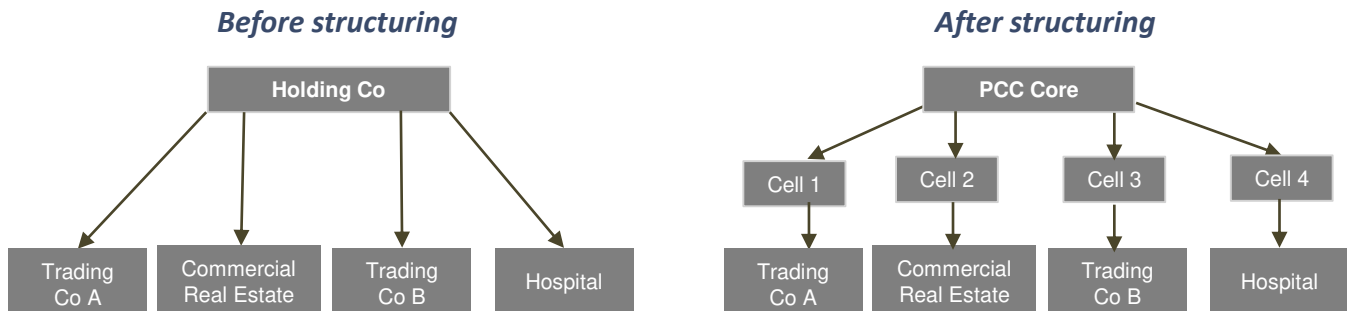
Before Structuring

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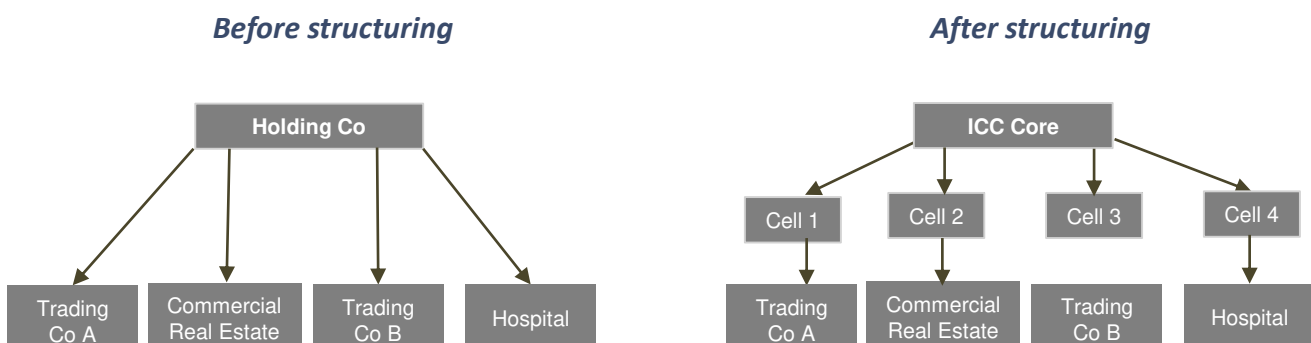
DOWNLOAD ADGM SPV FACTSHEET

- ii. **Protected Cell Company (PCC)** 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.



Each cell is independent of each other and of the company’s core, but the entire unit is still a single legal entity. It could be used as an investment structure in which several investment vehicles, while each remaining individually managed, pool their assets together by contributing to one central investment vehicle. **This is also called a "master-feeder structure"**. PCC can take a form of Public Company Limited by Shares , Private Company Limited by Shares or Private Company Unlimited with Shares .

- iii. **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 .



- iv. **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.). The main Benefits of Foundation structuring are:

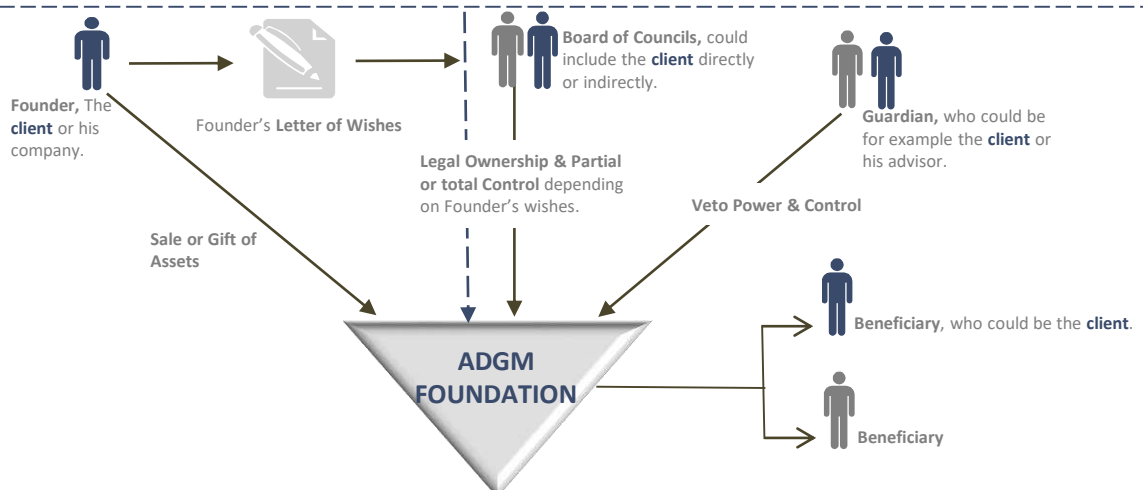
- **Access to UAE's DTA's** is available subject to the Ministry of Finance requirements. Tax residency certificate can be granted provided it meets the substance and effective management requirements of MOF (UAE residency visas for all persons mentioned on License). Note that foundations are not permitted 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.
- **Asset protection mechanisms**: - Increased protection from bankruptcy claims, claims in the event of divorce and from the effect of forced heirship rules depending on additional structuring.

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ADGM Foundation Key Elements

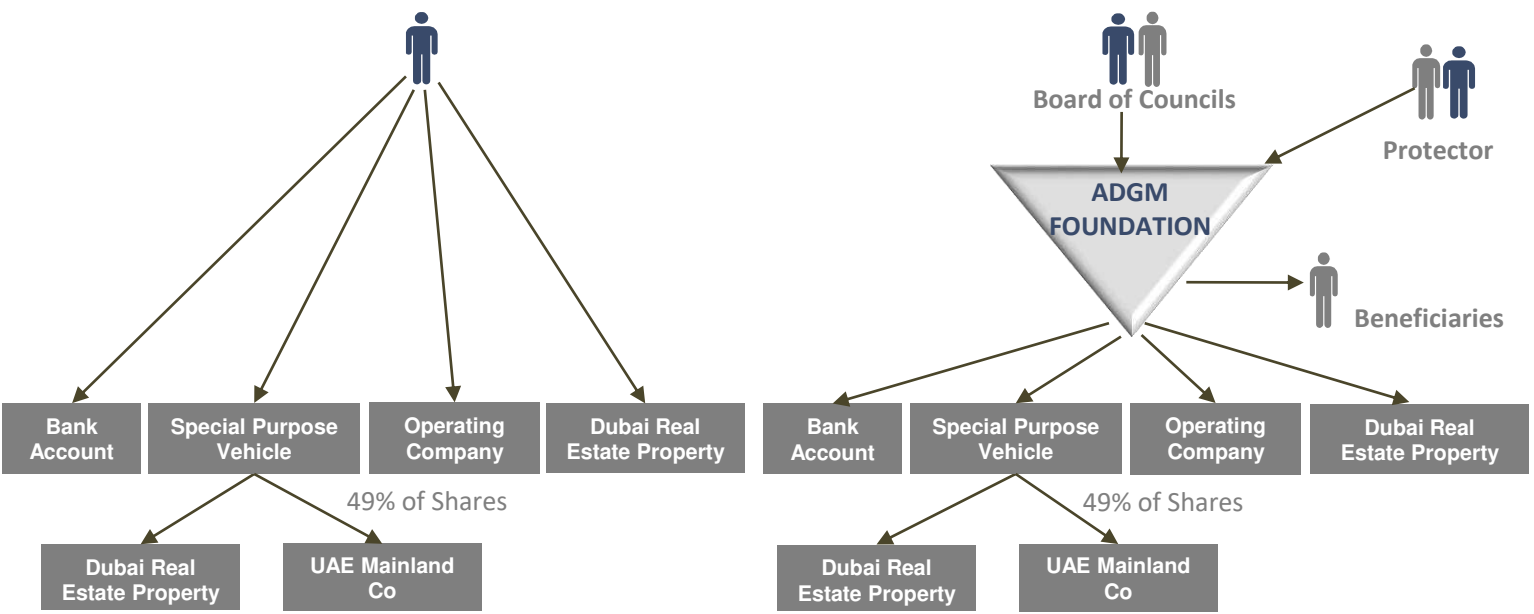
Unlike a Company. It does not have shares or shareholders: **It is not own by anyone but instead created by law to fulfil a mission and own assets.** The Foundation is an **Orphean Sheltering entity. The entity is incorporated and exists for a purpose: to have its assets managed by its Board for the 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



3. RAS AI KHAIMAH INTERNATIONAL CORPORATE CENTER (RAK ICC):

- i. Its 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.
- ii. A cost-effective Free zone Foundation regime is also available for holding and charitable purposes.

4. 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. - No Shareholders Annual General Meeting require; - No presence of shareholder / director / signatory required for incorporation. 	<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.

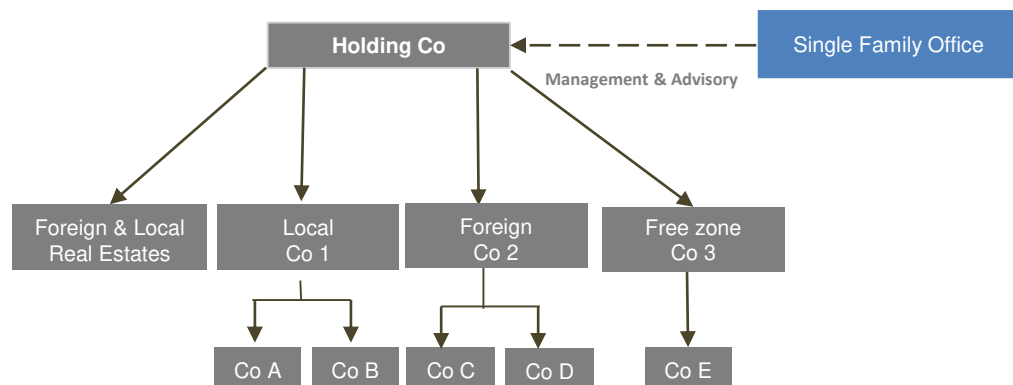
	DIFC PC	DIFC PSC	ADGM SPV	RAK IBC
Key Characteristics	<ul style="list-style-type: none"> - To hold all type of assets in the UAE or abroad; - To hold movable or immovable properties (including Dubai freehold real estate) like a DIFC / ADGM Foundation. 	<ul style="list-style-type: none"> - To structure finance transactions; - To be a Family Holding Structure; - To hold Aviation investments; - To cater crowdfunding - To hold DIFC company shares; - <i>Allowed to conduct only investment or holding activities.</i> 	<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; - <i>Restricted from conducting trading activities.</i> 	<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; - <i>Restricted for conducting UAE activities.</i>
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; - <i>Allowed to conduct only investment or holding activities.</i> 	<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; - <i>Restricted from conducting trading activities.</i> 	<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; - <i>Restricted for conducting UAE activities.</i>

	DIFC PC	DIFC PSC	ADGM SPV	RAK IBC
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.

5. 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 INTOUCH

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

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