

New Business Licenses Launched in the UAE

Commercial



INTRODUCTION

In an on-going effort to increase the economic competitiveness of the United Arab Emirates (“UAE”), the government and various free zones have adopted initiatives to draw both talent and businesses to the country. 2018 has already seen the introduction of the ‘Instant Licensing Service’ by the Dubai Department of Economic Development (“Dubai DED”), the Dubai DED’s Business Incubator License for small and medium sized enterprises and, the announcement of the 10 year visa for investors, leading professionals and outstanding students. In line with the initiatives mentioned above, the UAE free zones’ most recent developments include the creation of a freelancer permit, the introduction of a new type of commercial licence by the Dubai International Financial Centre (“DIFC”) and the launch of a new commercial license for tech start-ups by the Abu Dhabi Global Market (“ADGM”).

THE FREELANCE PERMIT

Dubai’s Tecom Group, in partnership with the Dubai Creative Clusters Authority, has launched ‘Gofreelance’, an initiative that allows individuals to obtain freelancer permits for AED 7,500 per annum. The initiative by the Dubai based technology and media free zone aims to further the global recognition of Dubai as the innovation and talent hub of the Middle East.

At present, permits are only available for the education and media sectors with five licensed activities in the education sector and over forty activities in the media sector. Additional sectors and activities are expected to be added over time.

The education freelancer permit will be registered with Dubai Knowledge Park (“DKP”) and allows for the inclusion of only one permitted activity, whereas the media permit, which will be registered with Dubai Media City (“DMC”), can have a maximum of three activities. Some of the education activities include roles of a Trainer, Researcher and Education Advisor, while the media activities range from Actor, Animator, and Illustrator to Lighting Specialist, Translator, and Wardrobe Stylist.

The application process is a simple three step procedure, which essentially involves submitting an online application; following the approval of the application, visiting the DMC or DKP (as applicable) to sign the requisite documents and pay the fee; and finally, receiving the freelance permit via e-mail. The annual fee for the freelance permit also includes access to the Tecom Business Centre.

A UAE resident who is sponsored by their spouse or parent or has a visa sponsored by their employer will need to obtain a No Objection Certificate from their sponsor in order to apply for the freelancer permit. Conversely, it is also possible for a candidate to apply for a visa under the freelancer permit for an additional fee; the visa will also allow the freelancer to sponsor his/her family.

The ‘Gofreelance’ initiative is an example of Dubai’s commitment to attracting talent and creating a competitive business environment. The initiative recognises that freelancers can provide businesses with flexibility and affordable services, and that novel professions such as content creators and social media managers that are created by the constantly developing media sector can be efficiently fulfilled by

freelancers. Ultimately, the initiative also provides freelancers with more independence and the resources to explore opportunities.

It is also possible to obtain a freelancer permit from TwoFour54, the media and entertainment free zone in Abu Dhabi. An individual can obtain a 6 months license for a fee of AED 2,250 or a 12 months license for AED 4,500. There is an additional visa sponsorship fee of AED 3,300. TwoFour54 has also introduced a Freelance Relations Team which helps connect freelancers to local and international partners, and government entities. The Team also organises events to source and promote talent, and manages bills and contracting. The freelance license can have up to 3 activities and will also allow individuals to access the hot-desks at the free zone's Business Centre.

Similarly, freelancer permits can also be obtained at the Fujairah's Creative City.

NEW DIFC COMMERCIAL LICENSE

With the DIFC FinTech Hive considered the number one FinTech hub in the Middle East and South Asia region and ranked as one of the top ten FinTech hubs in the world, the DIFC has recently introduced a new commercial license for FinTech, RegTech and InsurTech firms. These firms which focus on developing technologies that benefit the financial industry, provide solutions relating to regulation, and assist insurance companies respectively, will be able to operate from within the DIFC free zone. The new initiative will also allow the firms to be part of the DIFC financial community comprising of over 22,000 professionals working in over 1,800 DIFC registered firms.

The new commercial license does not have any incorporation or registration fees, and allows firms to access the co-working space at the DIFC Work Hub which is located in FinTech Hive at DIFC. In addition, the DIFC has made the application a simple and straightforward process involving meeting with the DIFC Business Development team, submitting application documents, and receiving approvals for the license, visas and consent notifications.

It should also be noted that the DIFC's independent regulator, the Dubai Financial Services Authority (the DFSA), already introduced the DFSA's Innovation Testing License in May 2017. The Innovation Testing License allows qualifying FinTech firms to develop and test their concepts from within the DIFC without being

subject to the regulatory requirements that would otherwise apply to firms conducting financial services.

NEW ADGM COMMERCIAL LICENSE

The ADGM's commitment to facilitating economic diversification and innovation, and creating new opportunities for growth as set out in the UAE National Innovation Strategy and the Abu Dhabi 2030 Economic Vision, is evident in the launch of its new Tech Start-up License. Under the new initiative, a start-up firm can obtain a full operating license, apply for four residential visas, and meet the requirement of a registered address at a nominal cost of USD 700.

The ADGM's aim is to support start-ups in their journey as they grow and expand their business by allowing them to take advantage of the financial free zone's common law based legal framework, robust regulatory regime, flexibility provided in respect of structuring options, and access to its growing community of funds, banks, family offices and advisers.

In addition to the start-up license, the ADGM has also established the "Professional Services Support Programme". The purpose of this unique facility is to help entrepreneurs build necessary business skills. The ADGM has partnered with various advisers to offer support to the start-up entities registered at ADGM in respect of legal, compliance, finance, accounting and VAT related concerns.

CONCLUSION

As a result of these various initiatives, the UAE was ranked as the most competitive economy in the Middle East and North Africa region for 2018 by the IMD World Competitiveness Centre. Overall, it was ranked as the 7th most competitive economy after being ranked 10th last year. The UAE is determined to outdo itself and reach the highest ranks; consequently, it is now waiting for the impact of the long term visa and the new foreign investment law which is expected to make restrictions on foreign ownership of onshore businesses less stringent, to unfold.

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