Maksym Stepanenko

The UAE and Dubai: Zero Taxes, Free Zones, and Life as an Entrepreneur

A Complete Guide to Business Registration, Residency, and Banking in the UAE

The UAE and Dubai: Zero Taxes, Free Zones, and Life as an Entrepreneur

A Complete Guide to Business Registration, Residency, and Banking in the UAE

Maksym Stepanenko

Innova Publishing · 2026

Book page, latest version and the other guides in the series:
guides.mmix.biz/en/uae

CHAPTER 1

Why the UAE Is the World’s Entrepreneur Capital

Over the past 20 years, Dubai has transformed from a trading port into a global hub for entrepreneurs, investors, and digital nomads. Today more than 400,000 companies are registered in the UAE, half of them owned by foreigners. This is no accident. It is the result of a deliberate government policy of attracting capital and talent.

The main advantage: 0% personal income tax. Whatever your income, if you are a UAE tax resident, you pay no income tax at all. This covers salaries, dividends, capital gains from the sale of shares, and most other kinds of income. Since 2023 there has been a 9% corporate tax, but only on profit above 375,000 AED (~$100,000 USD), and only for companies with operations inside the UAE.

The second advantage: free economic zones (Free Zones). The UAE has more than 40 Free Zones, special economic territories with their own legislation, 100% foreign ownership, zero corporate tax (for Free Zone companies serving foreign clients), and no customs duties inside the zone. The largest are DMCC (Dubai Multi Commodities Centre), Dubai Internet City, DIFC (Dubai International Financial Centre), and Abu Dhabi Global Market.

The third advantage: world-class infrastructure. Dubai’s airport is one of the busiest in the world. Coworking spaces, banks, international-level schools, and healthcare are all on par with the best Western capitals. Safety: by crime index, Dubai ranks among the top 5 safest cities in the world.

The real cost of living: it is important to understand this before you move. Apartment rent in Dubai: a studio in JVC from 40,000 AED/year (~$11,000). A 1 bedroom in Marina from 80,000 AED/year (~$22,000). Schools: 35,000–80,000 AED/year. Health

insurance is mandatory and costs 5,000–15,000 AED/year. A car plus insurance: 15,000–30,000 AED/year. In total, a family with two children spends 250,000–400,000 AED/year (~$70,000–$110,000). For a single entrepreneur: 100,000–180,000 AED/year. Zero taxes pay off only with a sufficient income.

Who the UAE suits perfectly: high-income entrepreneurs (income of $200,000+/year). IT freelancers and remote workers. Traders (crypto, stocks, forex). Consultants and coaches. Those who work with Asian, Middle Eastern, and African markets. Those for whom speed matters: a company opens in 2–7 days.

Who the UAE does NOT suit: those who want citizenship, which is practically impossible to obtain without special service to the country. Those on a limited budget, because the cost of living is high. US citizens: the IRS taxes all citizens regardless of residency, so the UAE's zero taxes do not help. Those who value the European way of life, nature, and cultural environment.

CHAPTER 2

Free Zones vs. Mainland: Choosing a Business Structure

The first key decision when opening a business in the UAE is choosing between a Free Zone company and a Mainland company. This decision affects the ownership structure, the business you can conduct, taxation, and the cost of registration.

Free Zone company: 100% foreign ownership, with no need for a local sponsor. Zero corporate tax on profit from foreign operations. Exemption from customs duties. Simple registration, often online. Its own visa for the owner and employees. Limitation: you can only work with clients outside the UAE or inside the same Free Zone. To sell on the UAE market you need a separate agreement with a Mainland distributor.

Mainland company: the right to do business with any client in the UAE. Until 2021, 51% had to be held by a local partner (sponsor). Since the 2021 reform, 100% foreign ownership is already allowed for most sectors (IT, consulting, marketing). Corporate tax is 9% on profit above 375,000 AED. The license is issued through the DED (Department of Economic Development).

Choosing a Free Zone by specialization: DMCC (Dubai Multi Commodities Centre) is the best for trading, commodities, and crypto. It appears in the Financial Times' annual Global Free Zones of the Year ranking. From 20,000 AED/year. Dubai Internet City (DIC) is for IT, tech, and media companies. Tenants: Microsoft, Google, IBM. DIFC (Dubai International Financial Centre) is for financial services, funds, and law firms. The highest regulatory standards, English Common Law. From 30,000 AED/year, so more expensive. Dubai Silicon Oasis is for hardware, electronics, and tech starters. Cheaper than DMCC. Fujairah Creative City is popular with freelancers, media people, and coaches. The most affordable licenses, from 9,000 AED/year. Ajman Free Zone is the cheapest of the recognized ones. From

5,500 AED/year. Suitable for getting started.

The cost of opening a business: Free Zone (DMCC): License: 20,000–25,000 AED. Office (flexi desk): 8,000–15,000 AED/year. Owner visa: 3,000–5,000 AED. Total for year 1: ~35,000–50,000 AED ($10,000–$14,000). Free Zone (Fujairah): License: 9,000–12,000 AED. Office: 3,000–5,000 AED/year. Visa: 3,000 AED. Total for year 1: ~18,000–22,000 AED ($5,000–$6,000).

Important: since 2023, UAE corporate tax also applies to Free Zone companies if they carry out “significant activity” with Mainland clients. A pure Free Zone company with foreign clients is still at 0%. Hybrid activity is taxed at 9% on the part of the profit tied to Mainland operations. Separate accounting is required.

The DMCC registration procedure: Choose an activity category (trading, services, manufacturing). Register the company name (checked for uniqueness). Pay the registration fees. Upload documents (passport, résumé, business plan). Receive Initial Approval. Sign the Memorandum of Association. Pay for the office contract. Receive the Trade License. Apply for the resident visa. The whole process: 7–14 business days online.

CHAPTER 3

The UAE Tax System After the 2023 Reforms

On June 1, 2023, the Federal Corporate Tax took effect in the UAE: 9% on net profit above 375,000 AED ($102,000 USD) per year. It changed the UAE's tax landscape, but it did not cancel its appeal.

The 9% corporate tax: it applies to legal entities. It does not apply to: individuals operating outside a business license. Companies in certain Free Zones (when the Qualifying Income conditions are met). The oil and banking sectors (they have different regimes). The 375,000 AED threshold ($102,000 USD) means that micro and small businesses pay no tax in practice. For an IT freelancer earning $80,000/year, the tax is still 0%.

Qualifying Free Zone Person (QFZP): companies in free zones can keep 0% if they: receive only Qualifying Income (income from foreign clients, from other Free Zone companies, and certain passive income). Have no permanent place of business on the UAE Mainland. Meet the Substance Requirements (real activity in the Free Zone). Comply with the Transfer Pricing rules. This requires proper structuring and bookkeeping.

VAT: introduced in 2018 at a rate of 5%. One of the lowest in the world. Registration is mandatory at a turnover of 375,000 AED/year or more. There are many exceptions: healthcare, education, financial services, and exports are 0% or exempt. For an international SaaS/services business, VAT often does not apply.

Personal Income Tax: 0%. Permanently. Salary, dividends, capital gains, rental income, cryptocurrency: all untaxed for individuals. The exception: US citizens pay US taxes regardless of residency (FATCA). Citizens of other countries must properly end their tax residency in the country they are leaving.

Withholding Tax: 0%. The UAE does not withhold tax at source on dividends, royalties, or interest paid to foreign recipients. This makes the UAE an attractive holding jurisdiction.

Tax treaties: the UAE has signed more than 140 Double Tax Treaties (DTTs). They include agreements with Russia, Ukraine, the United Kingdom, India, China, and most major economies. A DTT reduces or eliminates double taxation when you receive income from other countries. A UAE Certificate of Tax Residency is issued by the Federal Tax Authority and is accepted for applying a DTT.

A practical scenario: a Ukrainian IT entrepreneur moves to Dubai. Income of $300,000/year from foreign clients through a DMCC Free Zone company. Company profit: $200,000 (after expenses). Corporate tax: 0% (QFZP status, Qualifying Income). Personal income (dividends): $150,000. Income tax: 0%. Total tax burden: 0%. Vs. Ukraine: ~5% + 1.5% = $9,750 (with a properly structured sole proprietorship, the FOP). Vs. Canada: ~40% = $60,000. The savings are real; the question is the cost and quality of life.

CHAPTER 4

Banking in the UAE: Emirates NBD, Mashreq, and International Banks

Opening a bank account is the hardest step for a new UAE resident. UAE banks operate under international KYC/AML standards and require extensive documentation. With proper preparation, though, it is manageable.

The main UAE banks: Emirates NBD is the largest bank in the UAE. Good international reputation. Well-developed online banking. For business: Current Account, Trade Finance, Cards. Emirates Islamic offers Islamic banking. Attractive to MENA clients. Mashreq Bank is known for a more flexible approach to foreign clients. ADCB (Abu Dhabi Commercial Bank) is for those based in Abu Dhabi. RAKBANK is more accessible for SMEs. ENBD X is Emirates NBD's digital bank. CBD (Commercial Bank of Dubai) is good for freelancers.

International banks in the UAE: HSBC is the most accessible for foreigners with an international history. Citi is for wealthy clients. Standard Chartered is good for Asian entrepreneurs. DIFC-regulated banks are for DIFC companies.

What you need to open a business account: A Trade License (valid). An Emirates ID (resident card). A passport. A Visa (resident). The company's Memorandum of Association. A Lease Agreement (office rental). A business plan or company profile. Source of funds documentation. Sometimes: 6 months of bank statements from your previous bank. 3–6 months, depending on the bank.

Typical problems: banks often refuse companies from "high-risk jurisdictions" (Russia, Belarus, Iran). A crypto or VASP business requires a VARA license. The first transactions will be slow until the bank "sees" a normal flow. Minimum balance: usually 25,000–50,000 AED for a business account.

Alternatives to traditional banks: Wise Business works without UAE residency. An excellent alternative to start with. Airwallex offers a corporate account with a UAE IBAN (through partners). Payoneer is for freelancers receiving international payments. Mercury is for US LLCs only, but is compatible with UAE operations. For the first 3–6 months, Wise plus a payment card covers most needs while the main account is being opened.

Crypto banking in the UAE: VARA (Virtual Assets Regulatory Authority) licenses crypto operations. Crypto.com, Bybit, OKX, and Binance all hold licenses in the UAE. For a crypto business, the UAE is one of the best regulatory environments in the world. Personal account + crypto: no taxes on crypto income for UAE residents.

CHAPTER 5

Visas and Residency in the UAE

The UAE offers several types of residence visas for entrepreneurs and investors. Each has its own requirements and benefits.

Investor/Partner Visa (2–3 years): for owners of a company registered in the UAE. It requires: a Trade License in your name. A Lease Agreement for an office. Minimum share capital (depends on the Free Zone, usually from 1,000 AED). Process: Medical Fitness Test + Emirates Biometrics + Emirates ID. Term: 2 or 3 years, renewable. Cost: 3,000–6,000 AED including the medical exam and Emirates ID.

Golden Visa (10 years): a long-term visa for investors, entrepreneurs, and specialists. Categories: Investors: 2+ million AED in real estate. Entrepreneurs: an approved startup, or a previously established UAE company with a turnover of 1M+ AED. Skilled professionals: a salary from 30,000 AED/month in a number of professions (doctors, scientists, IT). Graduates: a diploma from a top-50 university + a salary from 30,000 AED/month. Outstanding Students: a GPA of 3.75+ at UAE universities. Golden Visa benefits: 10 years without renewal. You can sponsor your family. No UAE employer needed. Flexible residence, with no mandatory minimum number of days in the UAE per year.

UAE Freelance Permit: for freelancers without a company. Cost from 7,500 AED/year. Available in: Dubai Creative Cluster, Fujairah, TECOM. It gives you legal work status and a residence visa.

Remote Work Visa (Green Visa): for remote employees of foreign companies. It requires: a salary from 15,000 AED/month ($4,000). An employment contract with a foreign employer. Health insurance. Term: 1 year. There is no requirement for a UAE company.

Important residency nuances: physical presence in the UAE of at least 180 days/year is needed to maintain tax residency (the Certificate of Fiscal Residency). If you spend 183+ days in another country, that country may claim your tax residency. You do not need to live there permanently to hold a UAE residence visa, but you do for the tax Certificate.

Schools and education: international schools in Dubai offer British, American, and IB curricula. The best: GEMS Wellington, Jumeirah English Speaking School, Dubai American Academy. Prices: 35,000–80,000 AED/year. The Knowledge and Human Development Authority (KHDA) regulates and rates schools.

CHAPTER 6

Life in the UAE: Culture, Climate, and Community

Moving to the UAE is not just a tax maneuver. It is a change of country, culture, climate, and social environment. Understanding the real lifestyle will help you make an informed decision.

Climate: hot desert. Summer (June–September): 40–48°C. Life moves indoors, to air-conditioned malls, restaurants, and offices. Winter (November–March): 20–28°C, ideal. The “season” lasts about 5 months. Humidity in coastal areas (Dubai Marina) is high. The interior (Al Ain, inland Abu Dhabi) is drier. Most Europeans spend the summer in Europe and return in the fall.

Cultural features: the UAE is a Muslim country with liberal standards for foreigners. Alcohol is sold in licensed places (hotels, restaurants). A religious dress code is required in mosques and traditional neighborhoods. Ramadan: restrictions on eating and drinking in public during the daytime. Public displays of affection are limited. Respect for local culture is mandatory. At the same time, 90% of the UAE’s population are foreigners. Dubai is a multicultural metropolis.

The Russian-speaking community: Dubai has one of the largest Russian-speaking diasporas in the world. An estimated 50,000–100,000 Russian-speaking residents. Russian-speaking restaurants, shops, dentists, lawyers, and real estate agents. Telegram groups such as “Russians in Dubai” have thousands of members. Since 2022 the flow from Russia and Ukraine has grown significantly.

Safety: the UAE is one of the safest countries in the world. Street crime is practically zero. A CCTV system covers the whole territory. Children can walk to school on their own. Nightlife is safe too.

Lifestyle: Marina Walk, JBR Beach, Dubai Mall, Palm Jumeirah: world-class living standards. Restaurants for every taste, from Indian street food ($3) to Michelin-starred ($300+). Fitness culture: thousands of gyms, beaches, running tracks. The weekend is Friday–Saturday (not Saturday–Sunday). Keep this in mind in business communication with Europe.

Transport: a personal car is practically a necessity. The metro covers the main routes. Uber and Careem are available. Taxi drivers are licensed and safe. Air travel: from Dubai there are direct flights to 240+ cities around the world. This makes it an ideal hub for international business.

CHAPTER 7

Opening a Business in the UAE: A Step-by-Step Plan

A concrete action plan for an entrepreneur who has decided to open a business in the UAE. Real timelines, real amounts, real pitfalls.

Step 1 (Weeks 1–2): Choosing a jurisdiction and structure. Decide: Free Zone or Mainland? Which exact Free Zone (it depends on your activity)? One founder or several? Do you need a visa right away, or can you start online? For an IT freelancer: Fujairah Creative City or Ajman Free Zone (cheaper). For trading: DMCC. For finance: DIFC. For a tech startup: DIC or Dubai Silicon Oasis.

Step 2 (Weeks 2–3): Documents and preparation. A passport valid for 6+ months. A Curriculum Vitae (for some Free Zones). A photo (white background). If the founder is a company: its Memorandum of Association from the country of origin. A business plan (optional for most Free Zones, but useful). Translated and notarized documents, if required.

Step 3 (Weeks 3–5): Filing and approval. Fill in the online registration form of your chosen Free Zone. Pay the Initial Registration Fee. Receive Initial Approval (usually 2–3 days). Sign the Memorandum of Association (online or in person). Pay for the license and office. Receive the Trade License.

Step 4 (Weeks 5–8): Visa and Emirates ID. Apply for an Entry Permit through the Trade License (or arrive as a tourist and apply for a change of status). Take the Medical Fitness Test (at an accredited clinic, 200–300 AED). Submit your biometrics to the GDRFA (General Directorate of Residency and Foreigners Affairs). Receive your Emirates ID (a plastic card that identifies you as a resident).

Step 5 (Months 2–4): Bank account. Start with Wise Business or Airwallex for operating needs. Apply to one of the UAE banks (Mashreq, RAKBANK, or CBD). Prepare a full document package (Trade License, Emirates ID, Visa, MoA, Lease, Bank Statements). Be ready for a wait of 2–4 weeks.

Step 6 (Months 3–6): Tax registration. Register with the Federal Tax Authority (FTA) if your turnover is approaching 375,000 AED. Apply for VAT Registration if your turnover exceeds 375,000 AED. Receive a Tax Registration Number (TRN). Set up your bookkeeping; I recommend QuickBooks or Xero with UAE localization.

Typical mistakes: choosing a cheap Free Zone without checking that banks accept it. Ajman and Fujairah are sometimes harder for opening a bank account than DMCC or DIC. Failing to account for renewal costs, since the annual license and office fees sometimes rise. Thinking that a UAE visa = tax resident; you actually have to live there. Failing to close your tax residency in the country you are leaving.

CHAPTER 8

Real Estate in the UAE: Renting and Buying

UAE real estate is a universe of its own, full of opportunities and risks. Understanding the market helps you avoid the typical mistakes of new residents.

The Dubai rental market (2025 data): Studio in JVC/Sports City: 35,000–50,000 AED/year. 1 bedroom in Marina/JBR: 80,000–130,000 AED/year. 2 bedroom in Downtown: 150,000–220,000 AED/year. Villa in DAMAC Hills: 130,000–200,000 AED/year. Historically, rent was paid by checks in 1–4 installments per year (a check = a bank check). Now monthly payments are increasingly common. RERA (Real Estate Regulatory Agency) regulates rentals and protects tenants.

Buying property: Freehold Areas are districts where foreigners can hold property in full ownership: Downtown Dubai, Dubai Marina, Palm Jumeirah, Jumeirah Lake Towers, Business Bay, DIFC, Arabian Ranches, and others. Leasehold means ownership for 99 years (some districts). The purchase procedure: an offer from the seller. Signing of the MoU (Memorandum of Understanding). Payment of a 10% deposit. An NOC from the developer. Registration with the Dubai Land Department (DLD). Transfer fee: 4% of the price. DLD registration: 580 AED. Agent: 2% of the price.

Price market (2025 data): Studio in Downtown: from 800,000 AED ($220,000). 1 bedroom in Marina: from 1,200,000 AED ($326,000). 2 bedroom in JBR: from 2,500,000 AED ($680,000). Luxury Villa on the Palm: 15,000,000+ AED ($4M+). Price growth: the market grew actively in 2022–2024. Rental yield: 5–8% before expenses.

Off-plan vs. Ready: Off-plan (under construction): the price is lower. Flexible payment plans (10%–20%–70% on completion).

Risk of delay or defects. Developers: Emaar, Nakheel, DAMAC, Meraas are reputable companies with a track record. Ready property: you see what you are buying. Immediate rental yield. Higher upfront costs.

Golden Visa through real estate: buying property worth 2,000,000 AED or more entitles you to a 10-year Golden Visa. You can buy several properties with a combined value of 2M+. A mortgage counts only partly; you need 2M of your own funds. This makes UAE real estate an investment with an extra bonus in the form of a visa.

Mortgages for nonresidents and residents: mortgages are available to foreign residents. LTV: up to 75% for a resident’s first property. Interest rates: 4–6%, depending on the bank. Term: up to 25 years. Requirements: 6+ months of residency. Stable income (a salary slip or audited financials). A good credit history.

CHAPTER 9

Leaving the UAE: Closing Down and Moving Out

Sooner or later circumstances change, and you need to know how to exit a UAE structure properly and without consequences.

Closing a Free Zone company: Notify the Free Zone authority of your intention to close. Pay off all debts (license fees, rent, banks). Obtain a No Objection Certificate from: banks, the tax authority, and in respect of any employees. Publish a liquidation notice (in some Free Zones). Finalize the audit if required. Surrender the Trade License. Timeline: 1–3 months. Cost: 1,000–5,000 AED in processing fees.

Canceling the visa: Surrender the Emirates ID (hand in the plastic card). Cancel the Entry Permit and Residence Visa. Leave the country and get the exit stamp. A visa that is not canceled is automatically voided after a long absence, but it can cause difficulties on your next entry.

Bank account: close the account BEFORE you leave. This is hard to do remotely. If money remains in the account, transfer it to another bank before closing. Some banks allow remote closure with notice.

Tax consequences of leaving: when you lose UAE tax residency, you become a tax resident of the next country. Make sure you choose your next country of residence deliberately. The UAE does not levy an exit tax, unlike some countries.

Converting the company: some Free Zone companies can be converted to Mainland without a full closure. Or you can sell the company (a shell company with a license has value). Or transfer it to another Free Zone.

Keeping the UAE as a base for nonresidents: some entrepreneurs keep a UAE company and bank account even after moving to another country. The UAE company continues to work

as an international vehicle. The key condition: the UAE company must not be considered a tax resident of the country you moved to (under Permanent Establishment rules). Consult a tax advisor.

CHAPTER 10

The UAE Compared With Other Jurisdictions: Making the Decision

The UAE is not the only option. Before you decide, it is important to compare it with the alternatives on key parameters.

UAE vs. Singapore: both have zero income tax for residents. Singapore: corporate tax of 17%, but many exemptions for startups. Singapore offers a path to PR and potentially citizenship. The UAE does not. Singapore is more expensive (housing, schools). Singapore is closer to Asian markets. The UAE is closer to the Europe/Africa/India markets. Singapore has a more developed financial system. Conclusion: for an Asian business, Singapore; for a focus on MENA/India/Africa, the UAE.

UAE vs. Portugal: Portugal gives EU residency and a path to citizenship. The UAE does not. Portugal's NHR: a 20% tax for 10 years vs. 0% in the UAE. The cost of living in Portugal is lower ($3,000–$4,000/month vs. $7,000–$10,000 in the UAE for a family). Climate: Portugal is temperate; the UAE has extreme heat in summer. European quality of life vs. the Gulf lifestyle. Conclusion: for those who want EU status and a reduced tax, Portugal. For those maximizing tax efficiency, the UAE.

UAE vs. Georgia: Georgia has a 1% tax for small business. The UAE has 0%. Georgia is incomparably cheaper ($1,500–$2,000/month vs. $7,000+). Georgia is NOT in the EU. The UAE is NOT in the EU. Georgia: simple registration, minimal bureaucracy. Banking in Georgia is limited (TBC Bank, Bank of Georgia). Georgia is ideal for freelancers with an income of up to $150,000/year. The UAE is for higher incomes, where the tax savings outweigh the cost of living.

The financial break-even: at what income does the UAE beat Georgia? The difference in cost of living: $100,000/year (the UAE is more expensive). Tax in Georgia: 1% of turnover. For the tax

savings to cover the difference in cost of living, you would need to earn $10M/year, at which 1% = $100,000 in tax. That is unrealistic. The real conclusion: for most entrepreneurs, Georgia is financially better than the UAE. The UAE wins on infrastructure, safety, networking, and the scale of the business environment.

The final recommendation: choose the UAE if: your income is $500K+/year and the tax savings are significant. You need a prestigious address for an international business. You work with clients from MENA, India, and Africa. You value safety and world-class infrastructure. You are ready for a high cost of living. Do not choose the UAE if: you want citizenship at some point. You have a limited budget. Nature, cultural environment, and history matter to you. You want EU access.

What next

Thank you for reading “The UAE and Dubai: Zero Taxes, Free Zones, and Life as an Entrepreneur”.

Updates to this book, EPUB and PDF files and every guide in the series are on the book page: guides.mmix.biz/en/uae

Maksym Stepanenko, Innova Publishing.