Issue No. 32 | Sept’16 newsletter for private circulation only

KONNECT GLOBAL

POWER YOUR FUTURE..

Member Firm of : IAPA INTERNATIONAL Global Support Local Knowledge

Kothari auditors & accountants

GBS Global Business Services DMCC

INDEX

IN BRIEF - NEWS & VIEWS

JURISDICTION UPDATE

LEGAL VIEWPOINT

NRI SCAN

PROFESSIONAL ETHICS

Mr. Vipul R. Kothari
Managing Partner / Director
Kothari Auditors & Accountants
Global Business Services DMCC

Director's Note

Geopolitical risks and reduced global growth in the beginning of the year obstructed the economic activity in the Middle East and North Africa (MENA). Individually looked at, these oil-driven economies have come to the end of a downward spiral, post a rebound and relapse in oil prices, ending in a multi year low in January this year.

By reducing fuel subsidies and cutting down on energy sector investment, the UAE reworked its budget last year. This year saw further reductions in subsidies. In Abu Dhabi, electrical subsidies were cut down and water tariffs were increased. The Abu Dhabi government also declared the merger of two major government wealth funds with the aim to further control spending.

Since prices are expected to remain comparatively low, the development in non hydrocarbon sectors will define the overall growth in the UAE.

With a growth of 2.4% in 2016, the economy is expected to remain moderate this year. It is expected to accelerate to 2.8% in 2017 with diversification in economies.

The effect of Brexit on the MENA region will be relatively limited based on the low linkage between the two regions, though in the long term a disorganized Brexit can increase volatility in global financial markets, which in turn could affect the region's banking system and countries with high external debt. On the other hand, a considerable decline in the Euro can reduce global demand creating a larger impact on the global economy.

Tightening liquidity and slower demand for credit is reflected in credit growth. Overall the bank credit growth to the private sector is expected to average at 4% in 2016, lower than 10% and 5% reduction in March and September respectively. Private sector borrowing will reduce with slowing infrastructure spending and postponed government projects.

Moving ahead on the path of consolidation, 2017 will see a stronger economy leading to Expo 2020.

Strategic plans to encash these growth benefits and focusing on available liquidity to sustain operations through coming months should be the mantra for now.

IMF urges GCC to strengthen their capacity against systematic risk

According to International Monetary Fund, GCC countries need to bolster their macro-prudential framework to mitigate potential systematic risk, reducing expense and strengthening the regulator capacity to monitor and assess systematic risks. IMF also cut its economic growth forecast for the GCC to 1.8% in 2016 down from 3.3%.

The Report "Macro prudential policy and financial stability in the Arab region" advised Arab countries to strengthen their capacities to monitor time varying and cross sectional risks.

Regular evaluation and effective early warning systems are a fundamental part of macro prudential policies. Macro stress mapping in scenario of financial risks will help the regulators to alienate the macro prudential toolkit.

An IMF working paper explained the need to develop a financial stability risk map to monitor and remit systematic risk and financial crisis.

All the risk elements necessary for financial stability like credit growth, financial activities and their interconnections will be defined in this map. It would also identify liquidity risk, contagious risk, real estate exposure risk and other risks related to linkages between different components of the financial sector, structural indicators and financial infrastructure.

The paper also noted that most of the countries in the Arab region, particularly the GCC have implemented macro prudential tools that measure the loan-to-deposit ratio, regulations on personal lending such as debt service to income ratio and limits on loan tenor and limits on concentration, including the one on real estate exposure. It also urges all Arab countries to implement Basel III regulations.

Oil exporting GCC economies are majorly dependent on the extraction sector for their fiscal revenues as their export earnings are translated into increased threats from oil price shocks.

Since the global financial crisis, the GCC countries have focused on prudential regulation by tightening capital and liquidity requirements and are in process of implementing Basel III standards on capital, liquidity and leverage. In addition to conducting periodic stress testing of banks, a number of central banks have established a separate financial stability office/unit and set up an early warning system. With regards to liquidity standards, the Arab regulatory authorities should work on addressing the challenges they are likely to face to cope with the Basel III framework.

The IMF document also noted that except for some countries that have high percentage in the public sector like Qatar, Algeria, Yemen and Lebanon, most of the Arab world's bank domestic credit is concentrated in the private sector. This further varies within the GCC and Arab oil importing countries. Bahrain, Egypt, Morocco and Tunisia have a high percentage of private credit for trade, industry and finance sectors.

Some of the GCC banks also have a large share of the credit portfolio in personal consumption loans or in the real estate sector while others face borrower concentration risk in their credit portfolio.

UAE and Qatar - Most Competitive Economies

According to the latest World Competitiveness Ranking from the IMD World Competitiveness Centre, the UAE and Qatar were amongst the most competitive economies globally.

With a consistent commitment to a favorable business environment, Hong Kong ranks the first in the 2016 edition, encouraging innovation through low, simple taxation and allowance of capital flows into or out of the territory. It also offers a gateway for foreign direct investment in Mainland China, the world's newest economic superpower, enabling businesses to access global capital markets. Switzerland ranks second with its emphasis on a commitment to quality.

Although The US showed the best economic performance in the world, it fell to the 3rd spot as other factors are taken into consideration while assessing competitiveness. Business friendly regulations, physical and intangible infrastructure and inclusive institutions are the general characteristics of the countries in the top 20 bracket. Singapore, Sweden, Denmark, Ireland, the Netherlands, Norway and Canada complete the top 10 most economical countries globally.

Though China showed good economic performance it remained weak in other sectors such as government efficiency and infrastructure, narrowly maintaining its place in the top 25. Taiwan, Malaysia, Korea and Indonesia have lost the positions that they acquired in 2015.

The study reveals that while some East European countries mainly Latvia, the Slovak Republic and Slovenia have made most remarkable strides, Western European countries continue to improve with the recovery of the public sector from the ongoing post- financial crisis.

More than 340 criterion derived from four major factors: economic performance, government efficiency, business efficiency and infrastructure and response from more than 5,400 business executives who have assessed the situation in their countries are taken into consideration to define each rank. There is no assurance of future competitiveness by determining the current economic growth.

Long term data says that globally, the rich are getting richer and poor poorer. The richest countries have grown every year except for the past two, while poorer countries have seen some progress in their living condition since the millennium but unfortunately the wealth accumulation by the rich doesn't yield any benefits for the poor in the absence of proper social safety nets. Poorer countries need to implement innovation driven economic growth to improve competitiveness though it increases inequality. This issue demands long term attention.

This annual assessment of the competitiveness of countries by the IMD World Competitiveness Centre, a research group within IMD business school is regarded as the foremost assessment.

Little impact of oil on Mena M&As

Low oil price has less impact on mergers and acquisition strategies in the Middle East and North Africa as Mena executives continue their steadfast pursuit of deal making. The region's $50 billion to $60 billion M&A market is expected to remain almost the same this year.

Mena companies prefer to stay close to home with most of their top deal destinations residing within the region. The first quarter of 2015 rose to 30 deals this part quarter from 21 deals, showing an increase of 43% in domestic deal volume in the first quarter of 2016.

Tightening of capital has lead to distressed asset sales playing a leading role in deal making. Governments of many countries have given priority access to available capital, leaving less capital available to private enterprises particularly family owned businesses.

SME's of Mena are forced to examine their portfolios, discarding non-core assets either to raise their balance sheets to withstand any economic uncertainties or release cash to fund potential M&A activity.

Inconsistent and disparate views on macro and sector outlooks lead to price dislocations. Often, valuation related forward projections are subjected to increasingly growing buyer scrutiny, thus ensuring buyers that company projections are factoring commercial realities and market sentiments.

In order to compete in a changing consumer landscape, more than one third of Mena companies are focusing on middle market deals to help to transform their business. As consumers became more prudent about their spending, organic strategies are being focused on to attract and retain them,by preventing the consumer from looking at lower value options.

China's high corporate debt on IMF radar

IMF has stressed the urgency for China to take immediate steps against rising corporate debt or risk "dangerous detours" during the course of country's transition to consumption-oriented economy.

Over the past decade, China's debt rose to 247% of gross domestic product, fastest amongst any group of 20 nations. The global crisis lender voiced other recent warnings regarding China's debt, included an estimate of a possible $1.3 trillion in loans extended to borrowers who were not able to cover interest payments due to insufficient income.

According to IMF, corporate debt is a critical and growing problem that requires immediate attention via a commitment to serious reforms. China has made limited progress considering corporate debt and restructuring, resulting in a total debt at 225% of GDP and corporate at 145% of GDP, very high figures by any standard.

China is expected to use debt-to-equity swaps to reduce the leverage ratio of Chinese companies. IMF is wary that this plan to rid banks of loan may rebound, allowing debt-laden "zombie" companies to stay afloat and creating conflicts of interest for bankers.

China's problems have grown with an increase in credit growth in 2015 and early 2016 and also continuous high rates of investments. It is essential for China to manage this key fault line in its economy at the earliest. Along with this, China must also fix balance sheets of companies as well as banks and improve governance to prevent a new debt scenario.

Since the borrowing is backed mostly by bank deposits than other volatile funding, the Central government could intervene if needed and hence though overall debt in China is a matter of concern, it is unlikely to result in a crisis.

UAE and other GCC firms alerted to get ready for VAT

Businesses in the UAE and the rest of the Gulf Cooperation Council (GCC) have been alerted to gear up for the new system of value-added tax (VAT).

Although there are still unresolved issues concerning the specific tax mechanism, it is advisable for companies to create awareness and look into the potential impacts of the new taxes on their business including margins, cash flow and tax compliant strategies for a smoother transition.

The common treaties which will cover the implementation of excise tax and VAT on 1st January 2017 and 1st January 2018 respectively are to be declared in the last quarter of the year.

The money collected through VAT and excise taxes, by businesses and companies, is to be regularly submitted to the tax authorities via tax returns. VAT is collected on every payment of certain goods and services, while excise tax is usually applied only on certain merchandise/products during the import or production stage. A standard 5% VAT is expected to apply across the GCC.

An efficient inventory and movement control system to monitor the physical movement of excisable goods and to tackle possible illegal trade should be developed by the tax authorities.

Registered companies would be required to keep VAT books and records for specific time periods, issue VAT invoices for their supplies and report all VAT on sales and purchases. While for excise tax, the businesses that are into the import and/or local manufacture of goods that are subject to excise tax will need to register with the tax authorities, keep excise tax records, submit tax returns at regular intervals and keep record of customer and transport documents.

Additional revenues generated from the introduction of VAT and excise tax in the UAE and GCC will aid their governments to reduce hydrocarbon dependency.

VAT and excise treaties are seen as important developments since they streamline the collection of taxes at a national level by each individual member state.

Each member state is expected to issue its own national VAT and excise tax legislation along with the implementing regulations according to each member's state's national legislative process. This is best done prior to the go live date allowing businesses ample time to get prepared.

The World Expo 2020 aims for a lasting legacy

The World Expo 2020 promises long-term benefits for participants, visitors and UAE's prosperity, reputation, business, knowledge creation and other aspects.

The next World Expo will be organized in Dubai between October 2020 and April 2021 with the theme 'Connecting Minds, Creating Future' and is expected to be a great show, bringing together more than 180 nations and an international audience of 25 million visitors.

Education and entertainment are the main focus of World Expos. Earlier, many cities including Paris, Chicago, Barcelona, Shanghai and London experienced transformative legacies by these expos. Even today, millions of people visit the South Kensington museums in London funded by and built on site of the first Expo.

The BIE, an Intergovernmental Organization, monitors and regulates all the largest international exhibitions that last more than three weeks and are non-commercial in nature. Some of these include - World Expos – one of the oldest and largest International events, International Specialized Expos, Horticultural Exhibitions and the Design Triennial of Milan.

BIE will associate itself in the development and establishment of the World Expo 2020 in Dubai which will have a dynamic impact on people with its ideas and technologies that will shape the next 50 years of human development.

Dubai's profound insight has lead them to host the 2020 World Expo. In context to today's globalised, hyper connected, data-driven world, connection and partnership between the countries is necessary to make a better future. The UAE follows the same rule which is seen in its airlines and airports, the strong union of seven emirates and its population drawn from 200 nationalities. Connection between people is a base point for the entire development of the country including its infrastructure and people.

Construction for World Expo 2020 will begin soon. Switzerland is the first to confirm its participation while last month's international planning meeting saw the presence of about 132 nation's representatives. This meeting was a great landmark for Dubai to share its story with the world. With BIE support, Dubai hosted the government and diplomatic officials from around the world highlighting the benefits of participating in the World Expo and took the first step in developing a community of countries engaged around the theme 'Connecting Minds, Creating Future'.

Hosting the World Expo 2020 is a big challenge for Dubai with all the operational challenges required to organize an event of this scale and stature. Along with this Expo 2020 Dubai will need to capture the imagination of and engage individuals, governments, organizations and companies all over the world to be a part of this event. A global culture-friendly and cohesive environment will need to be created and sustained to leave a meaningful and lasting legacy for all.

This will be dependent on Dubai's ability to attract the finest global participants through the articulation of the theme which is accessible to all while challenging people to think differently.

First of it's kind, The World Expo 2020 will take place in MEASA (Middle East, Africa and South Asia) region which counts for over three billion people and is easily accessible to two fast growing economies - Africa and South Asia. The world is witnessing rapid social and technological changes and The Middle East, Africa, and South Asia will have a greater role to play in this new emerging world by driving economic progress and technological innovations. UAE is well positioned to be a part of this pivotal moment.

Oil market to get rebalanced soon

The global oil demand increases with increase in economic growth. Due to reduction in production of oil in US and speedy supply outages in Canada and Nigeria, the oversupplied oil market will be rebalanced later this year.

According to the data generated by the Organization of the Petroleum Exporting Countries (OPEC), global stocks increased by 19 million barrels in February and by 12 million barrels in March-April, whereas commercial crude stocks declined by 8 million barrels in May.

Market prices of oil had reduced to $27 a barrel in January – the lowest point in last 12 years due to the constant oversupply of crude oil. But with the decline in excess supply, prices have risen to $50 a barrel. In comparison to April, a gain of $5.35 was observed in the OPEC's reference price for May, which averaged to $43.21 a barrel.

The forecasted improvement in the global economic conditions will lead to a more stabilized oil market by end of this year. It is predicted that the global oil demand growth will increase by 1.20 million barrels a day every year.

In the second half of 2016, demand for OPEC crude is expected to average 32 million barrels per day, facilitating the group to expand its current oil output. With China's support to some extent, India is expected to lead oil demand growth.

Though OPEC crude demand is expected to rise, the group is predicting a contraction in supply from rival non-OPEC members of about 140,000 barrels a day, in comparison to the first half of the year and almost one mbd lower compared to the same period last year. However, it warned of a massive global supply overhang.

Since January, oil prices have been on the rise and are further expected to rise to $55-$60 mark by end of this year. If this pace is maintained then auto-corrections are expected.

An increase in crude oil price to $ 50 a barrel will mean a vital psychological shift in the perception of oil trading and significant changes in the future. Bankruptcies specific to this sector have reduced production in the US – one of the key elements to the surplus oil supply reversal.

Disruptions in Canada and Nigeria might result in the decline of global oil stocks by the end of the second quarter of the year.

Cheaper petrol will also lead demand. This year the US government estimates fuel demand for cars might exceed an earlier record set in 2007.

Since the market is unpredictable, investors should be prepared for either scenario since the stabilizing of the oil market may still take some time.

Impact of Brexit on the Middle East

The UK media's concocted term "Brexit" refers to the EU referendum on whether Britain should exit from the European Union (EU) or not. On June 23, 2016, UK voted to exit and now UK and EU will decide upon new policies about trade and market access in the short span of the next 2 years, leaving a long-term impact on both the economies for future years.

The pro-Brexit rhetoric was based on the ideology that being an EU member was a threat to London's prosperity and without it the UK would be able to regain its autonomy, focus on its personal local problems and in turn solve the problems related to immigration and other issues while saving millions of pounds. The opponent's argument was that the member benefits of the Union and access to the common market are much more than the problems that comes with the membership.

The UK holds the largest financial centre in the European Union and London is famous for attracting a large number of global banks and other financial services. Exiting the EU will lead to higher UK-EU trade costs, excluding the UK from any deeper integration like the Transatlantic Trade and Investment Partnership with the US. It will also affect the financial service industry, though this will mainly depend upon the agreements decided upon during the transition period, the trade agreements decided between the EU and the UK and the UK's policy response.

Individual firms will have to consider several key regulatory and legal issues to assess the impact on their businesses. For example, banking firms using the passport system will need to assess if the system is going to continue or lapse, causing change in existing business models and operational structures. The US investment banks and the Bank of England had warned UK against Brexit. Other financial establishments feel that Brexit would shed the UK of its wealth and overturn the pound superiority, weakening the world's fifth largest economy and forcing businesses to opt for greener pastures.

Though half of the investment in the UK comes from EU, a large bit of it also comes from China, US and the Middle East. In spite of the bulk of Middle East investors not supporting Brexit and forecasting a negative impact on their investment strategies, they still continue to buy real estate in the UK despite its doubtful future the EU.

Since US is the biggest oil importer, most of the Middle East currencies are pegged to the US dollars and the weakening euro and pound will shape beneficial investment opportunities for investors.

Simplified visa proceedings for GCC residents visiting Bahrain

Bahrain, one of the most visited countries in the Gulf, modified its visa rules making them simpler for foreigners residing in GCC countries, thus easing procedures for business people and tourists planning to visit Bahrain. The GCC citizens do not require visas to enter Bahrain.

Earlier, a minimum of six months passport validity was required for entry visit. But now with the modifications in the rule, foreigners can visit Bahrain even if the validity of their passport is three months, provided that they have a three month residency permit in the country in which he or she resides in.

Along with this, a two-week eVisa is granted online by Bahrain to foreigners with valid residency permits in Kuwait, Oman, Qatar, UAE and Saudi Arabia. Furthermore, the General Directorate of Nationality, Passports and Residence Affairs can provide an extension of this two-week eVisa for the same period.

Approximately 347,463 number of people entered Bahrain between May 26 and June 1. Most of these visitors come from the neighboring GCC countries, approximately 291,618 entering the country via the 25 kilometer long, the King Fahad Causeway, other 55,481 through Bahrain International Airport and remaining 364 through seaports.

Fast tracking of bankruptcy laws to benefit SMEs

The long awaited bankruptcy law which has been in process since 2009 will soon be implemented following the approval by the consultative Federal National Council and the Supreme Council.

The International Monetary Fund's decision to facilitate small and medium-sized enterprises (SME's) and start ups access to finance in the UAE is expected to accelerate the process of implementing the bankruptcy law.

This law will help to simplify the business environment in the country. It should decriminalize bounced cheques and improve corporate bankruptcies thus encouraging both listed and privately-owned companies that get into difficulties with the chance to restructure and rescue rather than wind up.

Furthermore banks in the UAE confirmed the suspension of legal action against the cash-strapped SME's which account for more than 60% of the nation's GDP.

The UAE Bank Federation (UBF), a professional body representing 49 banks in the UAE announced a new system that in effect will mimic "a mini insolvency law". The new policy

will be applicable to companies that have borrowed Dh 50 million or more from various banks and are showing signs of financial stress that often leads to inability in servicing their debts.

IMF has asked the UAE to reduce restrictions on foreign direct investment (FDI) in the new investment law and spur competition. It praised the efforts made to diversify the economy from oil and asked for continued action to increase productivity and foster competitiveness. The IMF acknowledged the Emirates adaptation to lowering oil prices and applauded their prudent policies that have strengthened the economy and built large fiscal and external buffers.

Persistent low oil prices continue to pose challenges and IMF advocated the development of sustained macroeconomic policies to reduce the fiscal vulnerabilities ensuring financial stability and long term growth.

It further insisted prioritizing upgrade to education quality, promoting innovation and entrepreneurship and facilitating SME's and startups access to finance aided by the approval of the bankruptcy law and further broadening the credit bureau's coverage.

The UAE is now committed to pursue fiscal consolidation and in order to achieve this, the IMF encouraged the authorities to diversify revenues and cut down on current spending while strengthening, preserving and enhancing efficiency of public investment.

In order to achieve the UAE 2021 vision, IMF recommended developing a consolidated forward-looking medium-term framework to assist the authorities in setting direction for fiscal policy and in aligning resource allocation and stressed on the need to strengthen debt management framework to better account for contingent liabilities from government-related entities and public-private partnerships.

Ras Al Khaimah Free Trade Zone – International Corporate Centre (RAK ICC)

Ras Al Khaimah is a fast developing city and emirate, situated against the backdrop of the Al Hajar Mountain Range, in the north of the UAE. It is one of the greatly developed Emirates of UAE offering very attractive and secure tax and legal environment for international business.

In 2016, Ras Al Khaimah launched an offshore facility, by passing of Ras Al Khaimah International Corporate Centre Business Companies Regulations 2016 – also called RAK ICC.

Types of Companies that can be incorporated under RAK ICC :

- Company limited by shares
- Company limited by guarantee that is not authorized to issue shares
- Company Limited by guarantee that is authorized to issue shares
- Unlimited company that is not authorized to issue shares
- Unlimited company that is authorized to issue shares

Features of a RAK ICC Company:

- RAK ICC Companies may issue classes of shares in one or more series.
- A company limited by shares may, with the written approval of RAK ICC, either be incorporated as a segregated portfolio company ("SPC") or, if it is already incorporated be registered by the Registrar as a segregated portfolio company.
- One or more companies may merge or consolidate with one or more companies incorporated under the laws of jurisdictions inside or outside RAK ICC.
- A company limited by shares may also be registered as a "Restricted Purposes Company".
- Redomiciliation – you can relocate your existing foreign company and may continue as a company incorporated under RAK ICC Regulations and vice versa.
- Unlike the legislation governing companies incorporated in the UAE, the RAKICC Company Regulations require no local shareholding in a company, enabling 100% foreign ownership.
- RAK ICC has imposed very few restrictions on the activities of International Companies allowing for a wide range of business activities to be carried out.
- The International Company can own real estate properties in UAE but same is subject to approval of each Emirates Real Estate Authorities or Land Departments.
- Despite a general prohibition on International Companies to conduct business with persons resident in UAE, the Authorities frequently allow offshore companies to hold shares in both offshore and onshore UAE companies (i.e. local LLC companies).
- The International Company can hold a bank account in the UAE for the purpose of conducting routine operational transactions and can also maintain professional relations with legal consultants, accountants and management companies or other similar persons carrying out business within UAE.
- Incorporation documents can be signed at our office in UAE without having to visit RAK ICC office.
- Highly effective in terms of costs for the company registration and further administration.

Characteristics of an international company registered in the RAK ICC are as follows :

A. Shareholders:
- Minimum of one shareholder is required.
- Corporate shareholders are permitted.
- Shareholders will decide capital structure of the Company and can be issued with or without par value.
- Bearer shares are prohibited; shares may only be issued in registered form.
- The Register of Members shall be maintained by the Registrar but will not be available for public inspection.

B. Directors:
- A minimum of one director is required and corporate directors are permitted.
- Details of directors are not available for public inspection.

C. Secretary:
- Every company must have a secretary.
- Director can be a secretary as well.

D. Restrictions on Name & Activity:
- Names must end with Limited or Incorporated.
- The following words, and their associated activities, cannot be used : Assurance, Bank, Building Society, Chamber of Commerce, Chartered, Co operative, Fund, Imperial, Insurance, Municipal, Mutual Fund, Royal and Trust.
- Names in foreign language and foreign characters may be permitted by the Registrar.

E. Local Requirements:
- As a matter of local company law the company MUST maintain a registered office address located in the Zone and appoint an approved registered agent (we can provide this service as an approved registered agent for RAK ICC).

F. Timescale:
- Registration of the International Company in RAK ICC will take 2-3 days.

G. Annual Reporting:
- Every company must keep accounting records which must be kept for 7 years from the date on which they were prepared.
- Accounts must be approved by the directors and signed by one of them.
- The accounts do not need to be filed with RAKICC Authorities.

H. Taxation:
- RAK ICC is exempt from paying any taxes in UAE.

I. Limitations: RAK ICC cannot
- carry out business (or provide services) with a UAE based customer / supplier
- have a physical office in UAE
- sponsor UAE residence visas for employees / directors / shareholder
- is not entitled to tax residency certificate

J. Company Renewal:
- Renewals for RAK ICC falls every anniversary date of incorporation. Failure to do so will result in penalties.
- In the event the company is not renewed within 6 months of the renewal due date, the company will be struck off from the registrar of the companies.
- Latest valid passport copy and recent utility bill for address proof of shareholder / director are required to be submitted at every renewal as a part of enhanced due diligence.
- If shareholder is a corporate entity, then latest certificate of incumbency and above stated documents of directors would be required.

K. Documents Required:

Individual's KYC Docs:
- Passport Copy (clear copy with clear photo)
- UAE Visa Copy, if applicable
- UAE Entry Stamp, if applicable
- N.O.C. from UAE Sponsor, if applicable
- Address Proof (original recent utility bill for residence)
- Bank Reference letter (original)
- CV / Profile

Corporate Shareholder's KYC Attested up to UAE Consulate (items 1-6) :
- Certificate of Incorporation
- Memorandum / Articles of Association
- Board Resolution
- Power of Attorney
- Certificate of Incumbency
- Certificate of Good Standing
- Bank Reference Letter

All shareholders (or authorized attorney in case shareholder is a corporate entity) are required to sign in our presence before incorporation of the company.

Alternatively they can provide a notarized passport copy and notarized Memorandum & Articles of Association certifying their signatures.

Dubai Airport Free Zone (DAFZ)

Dubai is located strategically at the cross roads of three continents, this exciting city of the world offers a unique gateway to foreign investors and gives access to a regional population of 1.8 billion. Not only is it a centre for commerce but is also an innovative and vibrant city perfectly suited to the 21st century. All this can only mean one thing growth that is set to continue well into the future.

Dubai Ariport Free Zone or DAFZA was established in 1996 as a part of the government's strategic plan to be an investment driven economy. It is structured around comtemporary business needs and offers companies an ideal base to do business in the Middle East with generous incentives. Because of all the above services, facilities & incentives today approximately 1,450 companies are successfully running their business in Dubai Airport Free Zone.

The key benefits to establish a business in DAFZA is as follows: 100% corporate tax, personal income tax and import/export tax exemption, 100% foreign ownership, 100% repatriation of capital and profits, no currency restrictions, strategic location in the heart of Dubai and next to the airport, dedicated logistics center and extensive cargo handling facilities.

1. Location:	Dubai Airport Free Zone, Dubai(U.A.E.)
2. Proposed activity:	Manufacturing / Trading / Service activities can be carried out
3. License available:	Industrial/Commercial trading/General trading & Service license can be obtained
4. Type of entities:	FZE (1-50 shareholders) & Branch office
5. Shareholder:	Can be Individuals or Corporate entity
6. Director:	Individuals only (Minimum one. Shareholder can also be Director)
7. Share capital:	AED 1,000/- in case of FZE & AED Nil/- in case of Branch office (Required to be deposited in bank before or after incorporation). Do note that shares are deemed to be issued on incorporation of the company irrespective of whether share capital is deposited in bank pre or post incorporation.
8. Audit:	Annual audit report to be filed by FZE. Not required for Branch office.
9. Estimated time:	3-4 weeks for incorporation & setting up company. Another 10-15 working days for immigration card subject to security clearance & there after Visa may take approximately 7-10 working days on normal basis.

Shareholder: Individual

a. Letter of authorisation & intent
b. Application form to be duly filled & signed
c. Project summary/Business plan
d. Passport copies with visa page of owners/manager
e. Tourist/visit visa copy of owners/manager
f. Entry stamp page for owners/manager
g. Immigration detail with name in arabic & UID number for owners/manager
h. NOC for owners / manager if holding UAE visa & current sponsor trade license copy
I. 1 passport size photo with white background & CV for owners / manager
j. Original bank reference letter and last six months personal bank statements of shareholder

Shareholder: Corporate

a. Letter of authorisation & intent
b. Application form to be duly filled & signed
c. Project summary / Company profile
d. Passport copy with visa page of manager
e. Tourist/visit visa copy of manager
f. Entry stamp page for manager
g. Immigration detail with name in arabic & UID number for manager
h. NOC for owners / manager if holding UAE visa & current sponsor trade license copy
I. 1 passport size photo with white background & CV for manager
j. Audited financial report
k. Following doc's of corporate entity to be attested with UAE Consulate in country of corporate entity & MOFA COI / MOA / AOA / POA / Board resolution

Note: All shareholders (or authorized attorney in case shareholder is a corporate entity) are required to personally visit and sign in presence of licensing authority before incorporation of the company. Alternatively they can issue a POA duly attested by UAE consulate in their country of residence & thereafter attested by UAE Ministry of Foreign Affairs (which may cost approx. AED 2,500/- per POA)

11. Other notes:

A. Document legalisation cost (in case of corporate shareholders) with UAE Ministry is not included in above cost.
B. Each visa costs approximately AED 5,500/- in case the person is within UAE and AED 3,500/ - in case the person is outside of UAE. Employee guarantee deposit (refundable) amounts to 45 days salary + equivalent cash of one way ticket to be deposited with DAFZA.
C. Shareholder or directors wishing to have UAE residency visa on said company will need to revisit after issuance of license,
D. Post box renewal is required to be done on 31st December every year. Cost not included above.
E. Registration fees is not applicable for branch.
F. Investors to have family status UAE visa should have share capital of AED 75,000/- and in order to be eligible for

One year extension on Commercial Companies Law Compliance

The UAE cabinet has extended timeline till 30th June 2017, for the existing companies in the UAE to follow the Federal Law No 2 of 2015 on Commercial Companies, in order to make necessary alterations of their positions in compliance with the law's provisions.

Earlier, the companies established before the introduction of the law under Article no 374 were expected to alter their Memorandum of Association and Articles of Association in accordance to the law's provisions in a time frame from July 1, 2015 to June 30, 2016.

As per the article 357 with respect to Late Adjustment, a delay penalty of Dh 2,000 per day was applicable to the companies following the expiry time frame. The second clause of article 374 stated that if the company was not able to make adjustments within the given time period, they would fall under the provisions of the law.

Number of parties like Securities and Commodities Authority, the Departments of Economic Development across all the emirates and others requested for the UAE's private sector companies – which number 219,735 limited liabilities, 162 public joints, 60 private stock joint and 500 solidarity companies and limited partnership corporation - for more time to accept the new Commercial Companies Law. The difficulty of holding general assemblies for some companies as well as the considerable time required to complete the statue amendments and obtain government approvals was also pointed out by these parties.

The government's efforts to facilitate businesses enhance the role of the private sector and to achieve a smooth transition to the new Companies Act is reflected in this new dead line.

2015-16 sees boost in Indian economy

With a growth of 7.6% in 2015-16, India sustained its position as the world's fastest- growing major economy, gratifying the right-wing government as it registers two years in power. The Central Statistics Office data showed an increase of 7.9% GDP (gross domestic product) every year which lead to a rapid expansion in the fourth quarter of the financial year, beating the average forecast of 7.5% as per a survey of 27 economists.

In the recent quarter, India exceeded China as the Chinese economy showed its slowest growth in the past seven years with 6.7% growth. From certain other data including the above, it is clear that in comparison to other countries, India is poised for a fundamental change and is showing a point of inflection.

After more than a year post the revision of the formula for calculating GDP by the Indian Government and its following criticism, India faces concerns over the reliability of its economic growth data. According to critics, since the new GDP data does not align with other evidence on the economy's health, the official GDP data and the rates of growth calculated may be misleading.

In the past 2 years, some measures have improved remarkably - inflation rate has come down to 5.4% in April - where as private investment and industrial output remained weak with exports falling for consecutive 17 months.

Since the Indian economy is influenced by annual rains - with its impact on million of farmers, whose crops are highly dependent on these rains, economists are looking forward to the imminent monsoon. A good monsoon will benefit households in rural areas - about two-third of the 1.2 billion-strong population - who are suffering from a devastating drought after two consecutive weeks of monsoon.

A decision regarding whether to cut interest rates and provide a fresh boost to consumption, by the Reserve bank of India is expected post the assessment of this year's monsoon. Citing a dip in inflation rate, India's central bank in April cut its key interest rate to a five year low of 6.5% and also predicted further rate cuts.

According to economists, further increase in oil price might increase inflation rate and hinder overall growth.

Since a year, India has largely benefited from lower oil prices, as it imports most of its oil but recently crude has increased to touch $50 a barrel.

Parliamentary panel to be established by UAE and India

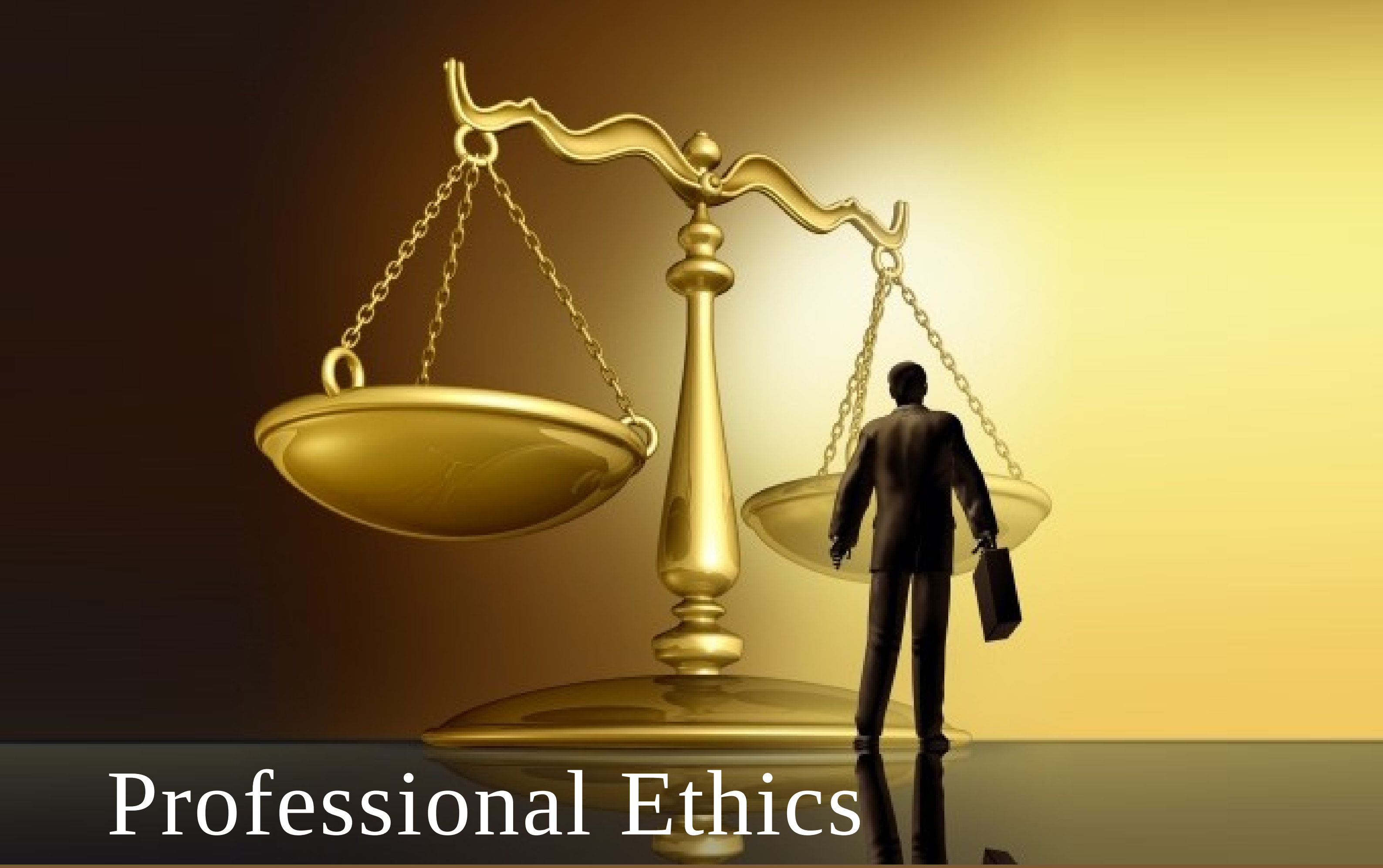
The UAE and India share a notable and growing strategic partnership, which has lead to the need of discussing ways to promote the parliamentary cooperation between the two countries. In order to achieve this, an Emirati-Indian parliamentary committee will be established along with exchange visits of parliamentarians from both the countries.

Both countries feel that it is vital to continue strengthening their relations in all fields, so as to accomplish the essential communication for parliamentary diplomacy and aligning their visions and positions on the critical issues and challenges addressing security and stability.

The focus was also on the importance of consultation and coordination between the FNC and Indian parliament delegations during their participation in the Inter-Parliamentary Union. This would aid in unifying the positions and views on the different issues and challenges that are a matter of interest to both the countries and their people.

For establishing a friendly Emirati-Indian parliamentary committee, both the countries decided to prepare a draft Memorandum of Understanding (MoU) highlighting the current areas of cooperation in various political, cultural and investment sectors between both the countries.

A new historical phase in relations between the two countries and their people has been established and mutual relations between the UAE and India have reached a superior level of strategic partnership, with tribute being paid to India's deep-rooted democracy in the world and its model constitution based on democracy, pluralism and women's political participation.



Professional Ethics

Confidentiality of client information stands at the top of the list…
It's like never letting the sand glide through a close held fist.

Due professional care in all the assignments takes the second spot…
Without which the work dries up like a place hit with severe draught.

Next on the list is independence in appearance and in mind…
Thereby preventing us to be lenient and being kind.

Objectivity is one which is important while planning a task…
Thereby proving whether a person is really sincere or hiding behind a mask.

Integrity in work is a virtue always to abide…
Wherein fair dealing and truthfulness should always be one's guide.

Professional competence indicates the skill level and the knowledge one should possess…
Thereby aiding and assisting in each and every process.

Professional judgement is often a guiding tool to measure the same…
Which often proves to be guiding factor to how well known will be one's name.

- Dhaval Ashara , Auditor

Member Firm of :

Kothari Auditors and Accountants is a professionally managed accounting, auditing, management and financial consulting firm established in October 1992.

The firm is registered in UAE Ministry of Economy & Commerce having offices in Dubai and Sharjah. The firm excels in offering accounting, audit services and host of consulting services.

The fact that firm is enlisted on the panel of approved auditors of many local and international banks as well as free zones authorities' in UAE has made Kothari Auditors and Accountants a reputed audit firm in UAE.

Our Services:
Audit
Accounting
System Designing & Implementation
Computerization of Systems
Management of Consultancy
Project Reports & Feasibility Studies
Cost Audit & Cost Analysis
Business Restructuring
Valuation Of Business

Global Business Services (GBS), an associate of Kothari Auditors & Accountants, was established to offer company Incorporation services in various onshore and offshore jurisdiction around the world.

GBS is dedicated to provide advisory on corporate formation, legal structuring, double tax avoidance treaties and assistance for formation of companies in various jurisdictions.

Our team of professionals include experts in the international business structuring, tax consultants, finance & laws.

Our Services:
Company Formation (Offshore & Onshore) in UAE
Company Formation in major offshore jurisdictions
Company Management and Administration
Corporate Structuring and Re-structuring
Branch Registration of Foreign Corporations
Establishments of Trusts and Foundations
Trusteeship and provision of Foundation Councils
Corporate Tax Planning
Accounting

Kothari
auditors & accountants

M -7, Above United Bank
Bank Street, Bur Dubai
Post Box 51504
Dubai (U.A.E)
Tel: +971 4 3526330
Fax: + 971 4 3526332

202, Above CBI, Bank Street
Rolla, Post Box 4706
Sharjah (U.A.E)
Tel: +971 6 5683997
Tel: + 971 6 5686714
Branch Office in SAIF Zone

Email : info@kaa.ae | www.kothariauditors.com

GET IN TOUCH WITH US ON

www.facebook.com/KothariAuditorsandAccountants

http://ae.linkedin.com/in/KothariAuditorsandAccountants

www.twitter.com/KothariAuditors

GBS
Global Business Services
DMCC

Office No. 12A-06, HDS Tower, Plot No. F2
Jumeirah Lakes Towers
Post Box 309074, Dubai (U.A.E)
Tel: +971 4 4471804
Fax: + 971 4 4471803
Email: info@gbsei.com
www.gbsei.com

GET IN TOUCH WITH US ON

www.facebook.com/GlobalBusinessServicesDMCC

http://www.linkedin.com/in/GlobalBusinessServices

www.twitter.com/GBS_DMCC