

# A trading company in Dubai



When trading internationally it can be very profitable to assign certain activities to a company managed from a zero-tax jurisdiction otherwise known as an offshore-company.

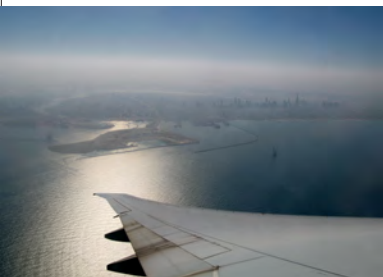
In the Netherlands, as in most EU- countries, a company will be taxed on its worldwide-income if management and control are exercised from within the Netherlands. A non-resident company will be taxed on the activities that take place within the Netherlands if the activities are so extensive that they constitute what is called a “permanent establishment” (PE).

In order to avoid corporation tax two conditions have to be fulfilled:

- The activities have to be managed and controlled from abroad.
- The activities actually have to take place abroad.

To completely avoid corporation tax management and control should be exercised from a zero-tax jurisdiction and the company should avoid a PE in countries that levy corporation tax.

At Freemont Dubai we manage and control offshore-companies set up on behalf of our clients. The jurisdiction in which the companies we manage are incorporated is not relevant for tax liabilities; Freemont uses the Seychelles for incorporation





because it offers many benefits one of which is the quick & smooth incorporation.

In Dubai no (relevant) taxes are levied therefore the company will not be subject to any taxation.

We can also use a local form of offshore company called Ras al Khaimah, (RAK). The International Offshore Centre (known as “RAK Offshore”) was established in 2006 and offers the establishment of International Business Companies (IBC) along the lines of the traditional offshore jurisdictions. In 2008 the Freemont Group obtained a license for incorporating RAK companies.

One of the main advantages of using a RAK company instead of a Seychelles IBC is that it allows for a local presence; it can open a local bank account, invest in securities or funds tax- free, obtain mortgages for investment in UAE property and also own that property, which means it provides more substance when enquiries are made by the Dutch tax authorities.

If you were to hold a Dutch B.V. directly involved in buying products from the Far East you could consider transferring some of the following activities to a Dubai managed company;

- Purchasing and sales
- Insuring of freight



- Letters of credit for insuring of freight
- Logistic support
- Bank affairs
- Invoicing
- Collection
- Currency-hedging

Naturally the largest tax savings can be realized when more activities take place in Dubai.


Apart from the outstanding fiscal climate there are several other good reasons for transferring trading activities to a Dubai-based offshore-company:



- Dubai is considered one of the most important world trade centers.
- Dubai has one of the biggest air and seaports in the world.
- Dubai has a high level service industry and matching infrastructure.
- Dubai has a vast network of local businesses that can be used for your advantage.
- The absence of VAT reduces administrative workload significantly.
- Since the UAE is not internationally viewed as a tax haven it does benefit from various tax treaties.



Please contact Freemont Group for a tailor made Dubai Trading Company which we can incorporate, manage and administer especially designed to best meet your requirements.



The content of this brochure is a description of the products and services offered by the Freemont Group and should not be seen as legal / tax advice. We recommend you to seek relevant advice based on your particular circumstances, from independent tax and / or specialist advisors, before making use of our services.

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