

HNWIs RESIDENCY IN THE UAE

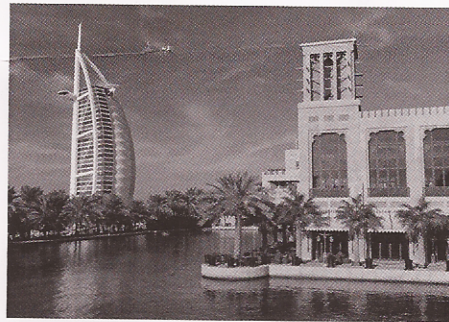
Over the past years, the UAE has increasingly emerged as one of the most popular jurisdictions worldwide for the relocation of High Net Worth Individuals ("HNWIs"), even becoming a preferred alternative to traditional jurisdictions such as the UK, Switzerland and Monaco.

With no taxes applied on individuals, straight forward administrative requirements and low processing costs, coupled with political stability, excellent accessibility and sunny weather year-round, the UAE is indeed a very attractive proposal as a residency jurisdiction.

The UAE's position has further been reinforced by the ongoing tax backlash in other relocation hubs – e.g. amended UK tax regimes pertaining to "non-doms", first signs of erosion of the lump-sum tax system in Switzerland – as well as plans from various countries to "tighten the screw" on Europe's tax heavens.

Why the UAE?

- Total Exemption from income tax and wealth tax for individuals;
- No quotas on the number of issued Residence Permits;
- No requirement to obtain a fiscal quitus from the foreign country;
- No minimum requirement regarding the time spent annually in the jurisdiction other than visiting the UAE at least once every six months;
- No requirement to effectively reside in the UAE;
- Competitive costs for issuance and renewal of the Residence Permit;
- Competitive costs of ongoing substantiation;
- Presence of internationally recognized financial, legal and tax services providers;
- Primary hub and platform to access international business;
- Political stability;
- Yearly sunny climate!



Procedure overview

Company set-up option:

1. Set up of a company and license issuance (3-5 working days; physical presence of the applicant not required)
2. Application for a Residence Permit and visa processing (approximately 3 weeks; physical presence of the applicant required for 5-8 consecutive working days).

Real estate investment option:

1. Acquisition of a property, title deed issuance, property valuation and license issuance (6-10 working days, physical presence of the applicant not required but preferable)
2. Application for a Residence Permit and visa processing (approximately 3 weeks; physical presence of the applicant required for 5-8 consecutive working days).

Ongoing obligations

Company set-up option:

1. Re-enter the UAE at least once every six months
2. Annual renewal of the company's license (physical presence of the applicant not required)
3. Residence Permit renewal after 3 years

Real estate investment option:

1. Re-enter the UAE at least once every six months
2. Bi-annual renewal of the company's license
3. Residence Permit renewal after 2 years

¹ Provided that all requirements are met at the time of submission. May take longer depending on the mandatory security approval ("CID"), and the nationality of the applicant.

Taxation

A Residence Permit holder is not subject to income tax and wealth tax in the UAE. He/she may claim additional tax relief through UAE's vast network of Double Tax Treaties. A Residence Permit allows its holder to reside anywhere in the UAE and authorizes him/her to enter and exit the country an unlimited amount of times.

The UAE at a Glance

Location: In the Persian Gulf, southeast of the Arabian Peninsula, bordering Oman to the east and Saudi Arabia to the south.

Languages: Arabic (official) & English (commercial).

Culture: Historically and officially a muslim country. Has morphed into a multicultural society due to the large number of expats.

Currency: UAE Dirham (AED), pegged to the US Dollar (1 USD = 3,67 AED).

Political system: Federation of seven emirates (Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah and Um Al-Quwain) with a president – the chief of state – and a prime minister – the chief government. The seven emirates are absolute monarchies with a hereditary system. There are no political parties.

Economy: Built on petroleum and gas exports. Other key sectors consist of trading, services, real estate, tourism and industry.

Legal system: Civil law. Shariah principles apply only to family & succession matters. Non-muslims can opt for their national law to apply to family and succession matters.

Accessibility: The most connected place in the world. Direct connections to all continents through the major local – Emirates and Etihad – and international airline companies.



Resident permit

The two preferred ways of securing a resident status in the UAE are as follows:

Company set-up option: by far the most common and practical way of securing a resident status due to its straight-forward nature and high level of predictability. It entitles the investor to a 3-year Residence Permit.

Real estate investment option: Until the summer 2012, the acquisition of a property entitled the investor to seek a so-called 6-month Multi Entry Residence Permit (MERP). This option was rarely used in practice. Since the fall 2012, the holder of a title deed on a property valued at more than AED 1 mio is entitled to a 2-year Residence Permit.



For further details on the procedure and costs of obtaining a UAE Residence Permit, do not hesitate to contact us.

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