



## Frequently asked questions

### What is a Global Business Corporation?

Global Business Corporations (GBCs) are limited liability entities and branches of approved non-resident companies that are registered in the Jebel Ali Free Zone (JAFZ) in Dubai and administered under the Global Business Corporation Regulations (2021) (“the GBC Regulations”). The GBC Regulations were first published in 2019. GBCs are designated the suffix “Limited” (or its abbreviated form, “Ltd”).

### What are the eligibility requirements for a GBC?

GBCs may be wholly owned by one or more (up to 50) corporate shareholders or registered as a branch of a non-resident company. A GBC must be licensed by the Jebel Ali Free Zone Authority (Jafza) and incorporated in the JAFZ.

The core activity of a GBC must be:

- i. acting as a holding company
- ii. investment vehicle
- iii. the headquarters of operations; or
- iv. an otherwise approved licensed activity.

A GBC must be directed and managed primarily in the JAFZ or elsewhere in the UAE. The entity or branch must also employ adequate number of employees, incur adequate levels of relevant expenditure and hold adequate physical assets to undertake activities covered by the scope of its license.

Applications to incorporate, register or convert an existing Jafza entity to a GBC are subject to review and consideration by the GBC Management team prior to granting of approvals.

The GBC Regulations allow for an existing JAFZA free zone company (FZCO) or free zone establishment (FZE) to convert and become a GBC. The GBC regulations also provide for a foreign company – which includes UAE and UAE free zone entities (i.e., non-Jafza entities) - to transfer (redomicile) its place of incorporation and registration to a GBC.



Conversely, an existing GBC can transfer its place of incorporation to a foreign jurisdiction - thereby ceasing to be a GBC.

Refer to subsequent FAQs for more details on permitted common activities, functionality and asset ownership.

### **What are the advantages of a GBC?**

A GBC license permits a multinational to own and operate a business management entity in JAFZ possessing a wide range of functional expertise and regional management capabilities as well as intellectual property (IP) - based on their own strategies, operational needs and capital requirements – without the need for regular licensing revisions. Activities or services performed by employees of a GBC may relate to – or principally benefit - overseas affiliate entities outside the UAE.

The GBC Regulations are modelled after common law principles, like those which apply to companies incorporated in England and Wales, which most multinational corporations are familiar with and accustomed to in terms of governance. Further, legal disputes involving a GBC which concern the GBC Regulations are the jurisdiction of an independent judicial system – the Dubai International Financial Centre (DIFC) Courts.

A GBC business license is active for a period of three years from the date of issue. Employees of a GBC are eligible for three-year employment visas (compared to the standard two-year visas). GBC registration and license packages include office space at Jafza's premium office address – Jafza One. Companies are also welcomed to determine their additional office space and facility needs with the assistance of teams at Jafza.

JAFZ is an established Dubai free zone for many multinationals including Fortune 500 companies. Since its creation in 1985, the free zone has evolved into a business community and ecosystem that offers unprecedented growth opportunities and market access for small, medium and large companies.

GBCs gain access to – and form part of - this dynamic ecosystem of trade enablers, customers and suppliers operating in industrial, commercial and technology industries. In addition, the GBC Council



– a forum for registered entities and branches – exists to share insights, experience and opportunities related to their business operations in Jafza and beyond. Senior leadership from Jafza and DP World attend GBC Council meetings.

GBCs are availed of a portfolio of premium business support services – referred to as Concierge Services – to facilitate and streamline several areas of business administration and compliance. Concierge Services support GBCs and GBC-applicants through company incorporation or branch registration, business licensing, expatriate employee visa and interfacing with Dubai and UAE governmental authorities.

### **How can a GBC help a company?**

GBC was created to provide multinationals the best possible environment to invest and grow in the region and beyond, creating value for companies, customers and societies at large. Dubai's location strengths combined with the GBC Regulations and Jafza (including the GBC Council) provide strong foundations and serve as a platform for international business growth, operating effectiveness and resiliency.

Dubai is strategically located on the Arabian Peninsula and has developed - over several decades - to be a world-class international business center. Large and growing markets including the Middle East, India, Africa, Southeast and Central Asia countries have strong and longstanding cultural ties and trade links with Dubai. All major Middle East, North Africa and Asia-Pacific cities are within short and convenient flying times from Dubai International Airport (DXB).

Contemporary geopolitical trends, supply chain and technological factors are reshaping international business strategies and global manufacturing networks. Several neighboring markets in the region are developing production capabilities and expertise which is driving manufacturing closer to customers, key suppliers and end markets. Many companies have already based their regional headquarters, functional centers of excellence, research and development, and innovation centers in Dubai. As markets and business models evolve, Dubai is set to play a larger role as a center for centralized operations for multinational corporations.



Licensed activities of a GBC enable a multinational to design, implement and continue to transform their operating model to address evolving customer and market needs, supply chain strategies and operational requirements from a location that is attractive to talent and cost-competitive. GBC offers an unprecedented opportunity for companies to design and implement integrated operating models with the potential to leverage a vast and growing ecosystem of trade enablers, solutions and assets from a platform in Dubai.

### **Can a GBC have business activities or premises in Dubai outside the JAFZ?**

Yes. A GBC can register a representative office or branch outside the JAFZ area in either 'onshore' Dubai or another free zone (subject to the rules and obtaining approvals from that free zone authority). This feature affords a company flexibility to determine their facility requirements based on market, employee and other considerations.

A branch of a GBC may also apply for an appropriate business license to conduct trade or other business activity which relates to the domestic UAE market.

All representative offices and branches in Dubai must have a registered agent. GBC Concierge Services can facilitate these agency services.

### **Can a GBC have manufacturing activities or own inventories?**

Yes. A GBC can own and operate manufacturing facilities in the UAE (including under a toll manufacturing arrangement), subject to approval by Jafza and any other regulatory body or relevant jurisdiction in the UAE (e.g., another free zone).

To this end, a GBC can purchase and own inventories, and own or lease facilities related to the storage and distribution of finished goods, intermediates and raw materials provided these activities are covered under the GBC business license.

A GBC may also engage the services of a toll manufacturer and / or transact with related or third-party contract manufacturers, distributors and other entities both within and outside the UAE.

### **What is the tax environment in the UAE?**

There is currently no federal tax code in the UAE. However, most emirates, including Dubai, have issued local tax decrees. However, these currently only apply in practice to certain taxpayers and



activities such as oil and gas companies and branches of foreign banks. There are no withholding tax requirements in the UAE.

Companies and registered branches in Jafza – including GBCs – are covered by a 50-year 0% corporate tax rate decree. The UAE has an extensive and growing network of double tax treaties. A GBC can obtain a tax residency certificate from the UAE Ministry of Finance. GBC Concierge Services can assist a company to interface with relevant government authorities.

No personal taxation currently exists in the UAE.

The UAE imposes a Value Added Tax (VAT) of 5% on supplies of goods and services that are within scope of the VAT. Input VAT is generally creditable against output VAT by a registered taxpayer. However, another special feature of GBCs is commercial rent incurred in Jafza is exempt from VAT.

**What are some of the banking environment, currency and exchange control considerations?**

The UAE has a modern and robust banking environment which is regulated by the Central Bank of the UAE. The national currency, the Dirham (AED), is pegged to the US dollar at the current rate since November 1997 (\$US1.00 : AED 3.6725).

Several international banks including HSBC, Standard Chartered and Citibank have established and extensive presence in the UAE and offer a suite of business banking services to accommodate the needs of regional headquarter and centralized management operations.

The UAE does not have foreign exchange controls.

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