

### What is a Tax Free Jurisdiction?

- 50 years ago special legal financial system created by Monaco, Luxembourg, Liechtenstein, Panama, Hong Kong and Switzerland.
- BVI joined.
- Allows wealthy individuals to move their wealth, or at least part of it, out-with their home country where they were being taxed.
- The wealthy benefited from low taxes and financial privacy. Nowadays, anyone can use and benefit from this system.
- The term 'offshore' is now recognized widely in most sectors of the economy.
- Companies and individuals take advantage of the seclusion of wealth.
- Very low or no tax burdens are levied.
- International business can be less complicated allowing profitability to increase.

### What is an Offshore IBC?

- IBC refers to International Business Company
- It is a company which does not conduct substantial business in its country of incorporation.
- It is formulated in a tax free jurisdiction.
- It legally minimizes any type of tax burdens.
- It improves one's wealth management.

### Why Offshore?

- Large numbers of high net worth Individuals and corporations are taking steps to incorporate overseas.
- Away from the area of their main business transactions.

### To Save Tax

- An offshore company can form part of an overall taxation reduction strategy for certain individuals or entities.
- Combined with an offshore bank account or trust, for example, an offshore company can save an individual or company tax.
- If an offshore company is set up in a low/no tax area then profits can be realized in a tax efficient way increasing Profitability.

### Favorable Local Legislation Relating to Reporting

The amount of company information and accounting data that needs to be submitted and held on file is far reduced in the majority of offshore centers which goes hand in hand making an offshore company that much easier to manage and run.

### Offshore Asset Protection

- An offshore company is the perfect entity for enabling individuals to achieve asset protection offshore.
- Assets can be owned by the company rather than directly by an individual, and the company can be placed in trust or foundation for example.

### Achieve a higher level of anonymity

- A number of overseas centers offer the option of having nominee directors for the establishment of a company.
- Others also keep the names of directors and shareholders off public record.
- Those who transact through such a company can keep their affairs private.

### Greater Ease of Operation

- Many offshore centers make it very easy for companies to trade.
- The aviation, media and financial sectors require specific licenses and much greater regulation.
- An offshore company can be far easier to manage than an onshore one.

## Is there any requirement/regulations governing availability of names for the RAK Offshore companies?

RAK Offshore International Business Companies (IBC) must use the suffix Limited or Ltd. to denote limited liability.

## How many shareholders a RAK offshore can have?

RAK Offshore IBC can have minimum one shareholder and a maximum limit of 15 shareholders whose liability is limited to their shares in the company's capital. 100% foreign ownership of the company is allowed. There is no public register of shareholders and directors. Shareholders don't need to visit RAK to sign the incorporation documents.

## What is the minimum capital required?

Minimum capital is not required for the incorporation of an offshore company. But it has to be mentioned on the MOA. Bearer shares are not allowed. AE Dirham and US Dollar can be used as the denomination for the capital.

## How many Directors a RAK Offshore company can have

A minimum of one director and one secretary are required and they can be bodies corporate. The director can also be a secretary. A register of directors must be held at the registered office, but it is not a matter of public record.

## What should be the registered address of the RAK Offshore company?

### Registered office and local agent

Rak Offshore IBC must maintain a local registered agent approved by the local authorities and a local registered office, which is usually provided by the registered agent.

## What about the taxation?

Rak Offshore IBC doesn't pay taxes on profit and capital gains, No value-added tax, No withholding tax.

## What about the confidentiality?

All information, documents are strictly kept confidential.

## Is the RAK Offshore company subject to audit?

### Audit and financial returns

No annual reports or accounts need to be filed. Accounts must be audited and accounts must be distributed to shareholders (but NOT filed with the authorities). Rak Offshore IBC may retain their accounting records wherever in the world the directors deem appropriate.

## How long it takes to set up a RAK Offshore company?

Usually it is one working day.

## Who can be interested to open a RAK Offshore company?

Businesses, that want to be registered in the United Arab Emirates, but do not intend to conduct any substantial business in the country, can opt for RAK Offshore international registry service. This service is particularly suitable for companies looking for minimizing their overall tax liability, seeking asset protection or in need of establishing an exchange control trading vehicle.

## How can I open a RAK Offshore company?

This product is available only through a network of registered offshore agents who will take care of all administrative and legal matters.

## How I become a registered agent?

- An application can be considered for a license if it meets the following criteria:
- A firm engages in company management activities licensed by the regulatory authority in the country of origin
- Ability to demonstrate successful undertakings of similar business activities in other offshore centers

- As per to RAK Offshore International Business Companies Regulations of 2006, an offshore company incorporated should run by personnel with the necessary expertise and skills
- Registered agents provides management, administration and processing services. At present our registered agents are Legal Consultancies, Chartered Accounting Firms and Professional Business Consultancies experienced in company formation. Please contact the RAK Offshore authority to get more information about how to become a Corporate Service Provider (Registered Agent )

## **What are the required documents to open a RAK Offshore company?**

### **Documents required - Offshore Company**

- Application Forms ( Reservation of name, consent of shareholder, consent of director, consent of secretary, application for incorporation)
- MOA - prepared by the registered agents

### **For Individual Applicants**

- Passport Copy -
- Bank Reference Letter - original required
- Proof of residence (Utility bill) - original required
- Any other documents requested by the Registrar during the incorporation

### **For Corporate Entity Applicants**

- Copy of license or incorporation certificate issued by the chamber of commerce or any other body – Apostilled/ attested.
- Shareholder’s resolution - Attested ( deciding to acquire shares of the RAK Offshore company to be incorporated)
- MOA of the parental company – Apostilled/ attested
- Passport Copy of the Director and Shareholders -
- Good Standing Certificate – Attested
- Attested Incumbency certificate ( which mention the name of shareholders and directors )
- Any other documents requested by the Registrar during the incorporation
- If that corporate entity is again owned by another company, the same documents mentioned above are required till final level to get to know the initial beneficiary owner.

## **What is Governing corporate legislation?**

The companies are regulated under RAK Offshore Regulations 2006.

## **Is there any Double Taxation Treaty Agreement with the UAE?**

[Http://www.mof.gov.ae/En/Publication/Pages/doubletaxationavoidanceagreements.aspx](http://www.mof.gov.ae/En/Publication/Pages/doubletaxationavoidanceagreements.aspx)

## **Are the ready-made companies available?**

No

## **Are bearer shares allowed?**

No

## **What a RAK Offshore company may and may not do?**

- It may have non UAE resident as director or shareholder.
- It may have UAE resident as director or shareholder.
- It may have corporate shareholder/corporate director
- It does not require the shareholder/director to be physically present in the UAE for incorporation
- It may hold shares in other UAE and worldwide companies.
- It may maintain bank accounts and deposits in the UAE or worldwide.
- It may own real estate in the UAE, with prior authorization from RAK Investment Authority.
- It is not obliged to maintain its books and records.
- It cannot have physical offices in the UAE.
- It may not carry on business within the UAE.
- It may not obtain UAE Residency Visa.
- It may not do banking and insurance business without special license.

### **What are the main activities that a RAK Offshore company can hold inside UAE?**

- Holding Assets
- Holding Bank Account
- Property Owning (Freehold Areas)

### **What are the main activities that a RAK Offshore company can hold Outside UAE?**

- General Trading
- Consulting and Advisory Services
- Holding Company
- Property Owning
- International business services
- Professional Services
- Shipping and ship management companies

### **What are the advantages of a RAK Offshore company:**

- 100% income tax exemption
- 100% corporate tax exemption
- 100% capital and profit repatriation
- 100% ownership in Free Zones
- No capital gains tax
- No Value-added tax
- No Withholding tax
- Proximity to entire Gulf and global markets
- Low start-up costs
- Absolute privacy, confidentiality and protection of assets and information
- 100% foreign ownership
- Ability to maintain bank accounts (Current Account) in the UAE
- Limited liability company
- Minimum one director required, one shareholder and one secretary ( it can be the same person )
- Own real properties in the UAE
- Annual Audit Report not required to be submitted to the Authority
- Time frame of 24 h
- It does not require the shareholder/director to be physically present in the UAE for incorporation
- No restriction on nationalities

### **What is the denomination of share capital?**

AE Dirham and US Dollar can be used as the denomination for the capital.

### **Is there any residency requirement on shareholders or shareholders' meetings?**

No

### **Are corporate directors or corporate shareholders permitted?**

Yes. Corporate entities are even permitted to hold shares in a RAK Offshore companies.

### **Is there any restriction on nationalities for shareholders/directors:**

No

### **Are there any residency requirements of directors?**

The director can be a resident or any foreign citizen but is required to submit the proof of residence and other relevant documents

### **What about the information published relating to directors?**

There is no public register of directors, although the company may voluntarily file its register of directors with the Registrar.

## Is a company seal required?

Yes, a company must have a common seal

## Why choosing to incorporate a RAK Offshore company?

A RAK Offshore IBC is an excellent corporate structure because:

1. The IBC is tax-free;
2. The IBC portrays a good image to your Clients and suppliers;
3. There is no public register of shareholders and directors;
4. The RAK Offshore IBC is quick to incorporate.
5. It is strictly confidential.

However, our clients should note the following:

1. The RAK Offshore IBC is not permitted to trade in the United Arab Emirates (UAE);
2. The RAK Offshore IBC cannot rent local premises in the UAE;

## Why choosing RAK Offshore?

In the current worldwide economic situation, RAK is becoming very efficient place to incorporate your offshore company. UAE looks set to reap the rewards of the EU ruling under which banks are now forced to reveal information to tax authorities.

The EU Savings Directive obliges financial institutions in all EU member states to either disclose tax and bank information to the relevant tax authority, or charge clients a hefty withholding tax.

Though the new directives will specifically affect EU residents, a number of banks in 'tax havens' have also agreed to exchange customer information, including Jersey, Guernsey, the Isle of Man, the British Virgin Islands, the Cayman Islands, Switzerland, Liechtenstein, Monaco and San Marino.

The reputation of discretion for some of these countries is being eroded. In order to keep details of their wealth private, bank customers now have the option of paying a withholding tax which will be levied directly in the country in which their savings are held.

UAE has long enjoyed a reputation as a secure, tax-free jurisdiction for international banking and company incorporation. With this latest development from Europe, RAK company registration and corporate and personal banking options are becoming more popular with international businesses and high net worth individuals.

## What are the required documents for the change of shareholder?

The registered agent has to prepare the following forms:

- Shareholder's resolution mentioning the transfer of shares signed by the old and new shareholder.
- 3 set of the Amendment to the MOA's form signed by the old and new shareholder, signed and stamped by the registered agent
- Instrument of transfer signed by the transferor and the transferee.
- Consent of new shareholder
- The original old MOA should be returned to the authority for the amendment
- In addition it is required to provide the due diligence documents of the new shareholder.

## What are the required documents for the change of director?

The registered agent has to prepare the following forms:

- Shareholder's resolution mentioning the change of director (acceptance of the resignation of the old director and appointing the new director if resignation is provided) signed by the shareholder.
- 3 set of the Amendment to the MOA's form signed by the shareholder, signed and stamped by the registered agent if the old director's name is mentioned on the MOA
- Consent of new director
- In addition it is required to provide the due diligence documents of the new director.
- The original MOA should be returned to the authority for the amendment if the old director's name is mentioned on the MOA

## What are the required documents for the change of secretary?

- Shareholder's resolution mentioning the change of secretary (acceptance of the resignation of the old secretary and appointing a new secretary if resignation is provided) signed by the shareholder.
- Consent of new secretary
- In addition it is required to provide the due diligence documents of the new secretary.

## What are the required documents for the change of registered agent?

The new registered agent has to prepare the following forms:

- Shareholder's resolution mentioning the change of registered agent and registered office signed by the shareholder.
- 3 set of the Amendment to the MOA's form signed by the shareholder, signed and stamped by the new registered agent
- No Objection Letter from the old Registered agent
- In addition it is required to provide the due diligence documents of the new registered agent.
- The original COI and old MOA should be returned to the authority for the amendment.

## What are the required documents for the change of name of the RAK Offshore company?

The registered agent has to prepare the following forms:

- Shareholder's resolution mentioning the change of name signed by the shareholder.
- 3 set of the Amendment to the MOA's form signed by the shareholder, signed and stamped by the registered agent.
- 3 set of the first page of the MOA with the new name.
- The original COI and old MOA should be returned to the authority for the amendment.

## What are the required documents for the share capital increase?

The registered agent has to prepare the following forms:

Shareholder's resolution mentioning the increase of share capital.

3 set of the Amendment to the MOA's form signed by the shareholder, signed and stamped by the registered agent.

The original MOA should be returned to the authority for the amendment.

## What document RAK Offshore can issue?

COI, MOA, Good Standing Certificate, Incumbency Letter, Bank Letter, Attestation on share certificate...

For further information or advice please contact us

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