

SWOT analysis  
(Des Free Zone, Free Zone, Mainland )

Particulars	Designated Free Zone		Free Zone		Mainland	
<b>100% Ownership</b>	100% foreign ownership without the need for a local sponsor	✓	100% foreign ownership without the need for a local sponsor	✓	Foreign investors are required to have an Emirati partner that holds at least 51% of the company's shares	✗
<b>Location</b>	Free zone companies are located within the designated free zone across the UAE	✓	Free zone companies are located within the designated free zone across the UAE	✓	Companies can be located anywhere in the country	✗
<b>Workspace</b>	It is not necessary for free zone enterprises to provide a physical site, and many free zones permit businesses to conduct business from virtual workplaces.	✓	It is not necessary for free zone enterprises to provide a physical site, and many free zones permit businesses to conduct business from virtual workplaces.	✓	Must have a physical office of at least 200 square feet size to be licensed	✗
<b>Business Scope</b>	Free zone companies have restrictions on doing business within the UAE market as they are not allowed to trade directly with the UAE market but through locally appointed distributors.	✗	Free zone companies have restrictions on doing business within the UAE market as they are not allowed to trade directly with the UAE market but through locally appointed distributors.	✗	Mainland companies, on the other hand, are exempted from this restriction and allowed to conduct business anywhere in the UAE.	✓
<b>Approvals</b>	Free zones have their own jurisdiction and business setup regulations, and you do not need approval from non-free zone government authorities to set up your company.	✓	Free zones have their own jurisdiction and business setup regulations, and you do not need approval from non-free zone government authorities to set up your company.	✓	Mainland companies require government approvals from several government entities that include the Department of Economic Development, Municipalities, the Ministry of Labor, and others	✗
<b>Visas</b>	Companies do have restrictions on the number of visas that can be applied for, but rather depends on the free zone regulations and other conditions.	✗	Companies do have restrictions on the number of visas that can be applied for, but rather depends on the free zone regulations and other conditions.	✗	There are no visa restrictions when it comes to mainland companies. However, the number of visas issued is dependent on the workspace area of the company; the number of visas that can be acquired increases with the workspace area.	✓
<b>Capital Prerequisite</b>	Prerequisite is determined by the emirate in which the company is established.	✓	Prerequisite is determined by the emirate in which the company is established.	✓	The legal structure of a mainland company determines its capital prerequisite	✗
<b>Corporate Income Tax</b>	Exemption on Corporate Income Tax	✓	9% applies to all mainland companies with a taxable profit of more than AED 375,000. However, Free Zone companies involved in trading with mainland companies will be taxed.	✓	9% applies to all mainland companies with a taxable profit of more than AED 375,000. However, not all companies have to adhere to this policy. There are many exemptions from the corporate tax. These mainly include small businesses, free zone companies, and government entities	✗

Sr No	Zones	Goods or Services	From	To	Taxability
1	Designated Free zone	Goods	Designated Zone	Designated Zone	No VAT
			Designated Zone	Non-Designated Free zone	VAT @ 5%
			Designated Zone	Mainland	RCM
			Designated Zone	To other countries	Out of Scope
2	Non Designated Free zone	Goods	Non-Designated Zone	Non Designated Zone	VAT @ 5%
			Non Designated Zone	Designated Free zone	VAT @ 5%
			Non Designated Zone	Mainland	RCM
			Non Designated Zone	To other countries	Zero Rated
3	Mainland	Goods	Mainland	Mainland	VAT @ 5%
			Mainland	Designated Free zone	VAT @ 5%
			Mainland	Non Designated Free zone	VAT @ 5%
			Mainland	To other countries	Zero Rated
4	From Other Countries	Goods	From Other Countries	Designated Zone	Out of Scope
			From Other Countries	Non-Designated Zone	RCM
			From Other Countries	Mainland	RCM