AQUASANDS

THE WOLF SERIES · Nº 01

The 0% Playbook

Dubai and the UAE: how founders really set up, what the 0% tax on free zone actually requires, and where most people get it wrong.

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Stop being a pigeon.
Join the wolves.

BEFORE YOU READ

The map, not the territory.

This playbook gives you the logic that every serious UAE set-up follows: the two tax questions, the free zone decision, the residence side, the bank. Read it once and you will ask better questions than most people who already own a Dubai licence.

WHAT YOU GET

- How 0% tax on free zone really works, and what keeps it.
- Free zone or mainland in one table.
- Three free zones profiled: IFZA, DMCC, RAKEZ.
- The residence and banking reality since 2023.
- The seven traps, and a scorecard for your own case.

WHAT IT IS NOT

- Not a do-it-yourself kit. The decisions that depend on *your* activity, passport and clients are made one to one.
- Not tax or legal advice. It is general information, stated as at November 2026.
- Not a promise of savings. The structure follows your real life, never the other way round.

Inside

1 · Two taxes, not one p. 3
2 · Free zone or mainland p. 4
3 · Twenty free zones, three profiles p. 5
4 · Keeping the 0% tax on free zone p. 6
5 · Your residence: the side people forget p. 7
6 · The bank: the real bottleneck p. 8
7 · The seven traps p. 9
8 · Your scorecard p. 10
What this playbook leaves out on purpose p. 11

TWO TAXES, NOT ONE

01

The pigeon version and the wolf version.

The pigeon version: "open a Dubai company, pay 0%." The wolf version: there are two separate tax questions, and the UAE only answers one of them.

QUESTION 1 · YOUR COMPANY

The UAE federal corporate tax is **0% tax on taxable profit up to AED 375,000**, then **9% corporate tax** above that. It applies to free zone and mainland companies alike.

A free zone company that meets the conditions in chapter 4 keeps **0% tax on its qualifying free zone income**, whatever the amount.

QUESTION 2 · YOU

The UAE has **0% personal income tax**. That only helps you if the UAE is where you are actually resident.

If you keep living, working and raising your family at home, **your government still taxes you**, and it may also look at the company you control.

THE RULE THAT SAVES YOU

Residence first, company second, bank third. A company abroad does not move your home, your 183 days or your centre of vital interests. Founders who reverse the order spend twice: once to set up, once to repair.

Registration is mandatory, even at 0%

Every UAE company registers for corporate tax and keeps accounts, even when it owes nothing. A 0% company that does not file is not a 0% company for long: it is a company with penalties.

DECIDED ON THE CALL

Whether your profile fits a UAE company, a UAE residence, both, or neither. Sometimes the honest answer is to stay where you are. Book the 45-minute call →

FREE ZONE OR MAINLAND

02

Who are your clients? That decides it.

One question settles most cases: do you sell inside the UAE to the public, or to the rest of the world and to other businesses?

	MAINLAND	FREE ZONE
Best for	Selling to the UAE domestic market directly: retail, food service, public procurement, premises open to the public.	Selling abroad or to other businesses, with no premises open to the public.
Regulator	Dubai Department of Economic Development (DED).	The authority of the chosen zone (20 zones in the UAE).
Ownership	Up to 100% foreign ownership since 1 June 2021 for the opened activities (Federal Decree-Law No. 26 of 2020).	100% foreign ownership.
Office	Registered commercial lease mandatory. No flexi-desk, no address-only option.	Flexi-desk or office, depending on the zone and your visa quota.
Visas	Number follows the leased floor area.	Two-year residence visa for the investor and family; quota set by the zone and the office.
Budget	Structurally higher every year.	Lower, and it varies strongly from one zone to another.
Banking	Best acceptance by UAE banks.	Depends on the zone's reputation (chapter 3).

THE WOLF READING

If your clients are outside the UAE, a free zone is usually the lean choice. If you need to invoice UAE consumers or the government, mainland stops being optional. Mixed cases exist, and they are where most expensive mistakes happen.

DECIDED ON THE CALL

Your activity codes. The licence activity you pick decides the zone, the visa quota, whether you can keep 0% tax on free zone, and how a bank will read you. One wrong code can block the account.

Check yours with us →

TWENTY FREE ZONES, THREE PROFILES

03

The zone sets your cost, your visas and your bank.

The UAE has 20 free zones. They are not interchangeable. Here are three we use often, so you can see how differently they behave.

IFZA

24–48 h

set-up time

Accepts flexi-desks. Watch the headline price: it covers the licence only. With the investor visa, establishment card and processing, the real cost **nearly doubles**. Banking acceptance is improving when the substance file is solid.

DMCC

5–10 days

business days to set up

The **strongest banking reputation** among free zones. A flexi-desk caps at **6 visas**; beyond that, a dedicated office moves your budget into a higher category.

RAKEZ

3 visas

as standard · 3–5 business days

The **best cost-to-visa ratio**. Ras Al Khaimah is about an hour and a half from Dubai. Banking is workable with a good file.

How banks rank them

In our experience, UAE banks read the structure in this order: **mainland** first, then **DMCC**, then **IFZA** with a substance file, then **RAKEZ** with a good file. Choose a zone only for its price and you may save on the licence, then lose months at the bank.

THREE QUESTIONS TO ASK ANY PROVIDER

01 Is the price you quote the licence alone, or licence + visa + establishment card + processing?

02 How many visas does that office package allow, and what happens at the next one?

03 Which banks have opened accounts for this zone and this activity in the last six months?

DECIDED ON THE CALL

The other 17 zones, and which one matches your activity, your visa needs and your target bank. We name it, with a firm quote, government fees included. Get your zone →

KEEPING THE 0% TAX ON FREE ZONE

04

0% is a status. You keep it by behaviour.

A free zone company does not get 0% tax because of its address. It gets it as a Qualifying Free Zone Person, and it keeps that status by meeting the conditions every year.

The conditions, in plain words

- [ ] **Real substance in the zone.** Adequate people, premises and spending in the free zone for the activity it earns from.
- [ ] **Qualifying income.** The income must come from activities and counterparties the rules accept. Not every activity qualifies.
- [ ] **A small allowance for the rest.** Non-qualifying revenue must stay under 5% of total revenue or AED 5 million, whichever is lower.
- [ ] **Arm's-length dealings.** Transactions with related parties at market terms, with transfer pricing documentation.
- [ ] **Audited financial statements**, every year.
- [ ] **No election** to be taxed at the standard rate.

0% tax

on qualifying free zone income, for a company that meets every condition

9% corporate tax

on non-qualifying taxable income above AED 375,000

WHAT BREAKS THE STATUS

Fail a condition and the company can lose the 0% tax on free zone for that year **and the four following years**. That is why the activity choice and the bookkeeping matter more than the licence price.

DECIDED ON THE CALL

Whether *your* income qualifies, and how to organise the company so it does. This depends on what you sell, to whom, and from where. It is case by case, and it is exactly what we check. **Check your case →**

YOUR RESIDENCE

05

The side people forget, and pay for later.

Your company can be in Dubai while you remain, legally, a taxpayer at home. Your personal tax follows where you live, not where your licence hangs.

THE UAE SIDE

A free zone company gives you a **two-year residence visa** for yourself and your family, with an Emirates ID.

To obtain a UAE **tax residence certificate** as an individual, the usual test is **183 days in the UAE** over 12 months, or 90 days combined with a UAE residence permit and a permanent home or job there.

THE HOME SIDE

Your government looks at three things: where your **home** is, where you spend **183 days**, and where your **centre of vital interests** sits (family, work, assets).

An address or a residence permit is not enough on its own. Many countries also apply **exit rules** to people who leave.

Leaving properly: the order of operations

01 Decide where you will genuinely live, with your family and your work.

02 Obtain the residence there, and the tax residence certificate when you qualify.

03 Close the open doors at home: home, registrations, days, the exit rules that apply to you.

04 Then form the company where it fits the business, and open the bank account.

KEEP A DAY LOG FROM DAY ONE

A simple record of where you slept each night, with boarding passes and a lease, is worth more than any certificate when your government asks questions.

DECIDED ON THE CALL

Your own exit: what your home system looks at, which ties to cut first, and whether the UAE is the right destination or Georgia, Paraguay or Switzerland fit you better. Map your exit →

THE BANK

06

A licence takes days. A bank account takes a file.

Since 2023, UAE banks apply very high know-your-customer standards. The licence is the easy part. The account is where unprepared founders get stuck for months.

What a UAE bank reads in your file

- Who you are: passport, residence visa, Emirates ID, CV.
- Where the money comes from: source of funds and source of wealth.
- What the company does: licence activity, contracts, invoices, website.
- Who pays you and from where: client countries, expected volumes.
- Where it sits: zone reputation, office type, substance.
- Consistency: every document telling the same story.

THE RULE

Banks do not refuse companies. They refuse **inconsistent stories**. An activity code that does not match your invoices, or a source of funds you cannot document, closes the door faster than any nationality.

2–4 weeks
typical UAE incorporation, end to end

€2,590
AquaSands UAE bank account opening, government fees included

€3,290
two-year investor visa, ID card and renewal

DECIDED ON THE CALL

Which bank to approach first for your profile, and the file we build so the first application is the right one. We prepare the file; no serious provider guarantees an approval, and we will not either. Prepare your file →

THE SEVEN TRAPS

07

Where pigeons lose their money.

01 **Buying the cheapest licence.** The headline price is the licence alone. Visa, establishment card and processing can double it, and a weak zone can cost you the bank.

02 **Picking the activity code for the price.** The code decides your visas, your 0% tax on free zone and your bank. Pick it for what you really do.

03 **Setting up the company before the residence.** You end up with a Dubai company and a home tax bill, plus questions about who really runs the company.

04 **Running the company from home.** If it is really managed from your home country, your government can claim it is resident there too.

05 **Forgetting corporate tax registration.** 0% to pay does not mean 0 to file. Penalties start with silence.

06 **Mixing qualifying and non-qualifying income.** Cross the 5% or AED 5 million line and the 0% tax on free zone can go for five years.

07 **Walking into the bank with half a story.** One refusal is on record. Prepare the file before the first application, not after.

THE PATTERN

Every trap comes from the same mistake: buying a product before designing the structure. The licence is the last decision, not the first.

YOUR SCORECARD

08

Are you ready, or about to pay twice?

Tick honestly. This is for you, not for us.

I know whether my clients are inside the UAE or outside it.	Yes ☐	No ☐
I know the exact licence activity that matches what I invoice.	Yes ☐	No ☐
I know whether my income would qualify for 0% tax on free zone.	Yes ☐	No ☐
I plan to live in the UAE, or I know where I will be tax resident.	Yes ☐	No ☐
I know which exit rules my home country applies to me.	Yes ☐	No ☐
I can document where my starting capital comes from.	Yes ☐	No ☐
I know which bank I will apply to, and what it expects.	Yes ☐	No ☐
I have a full year-one budget: licence, visa, office, bank, accounting, audit.	Yes ☐	No ☐

8 YES

You are ready to execute. A call gets you a firm quote and a named executing party.

5 TO 7 YES

You are close. The gaps are usually the activity code and the bank: 45 minutes closes them.

4 OR FEWER

Do not buy a licence yet. Book the call first; it may save you the whole budget.

BRING THESE TO YOUR CALL

Write down every "No" above. They are the agenda of your 45 minutes, and the answers you leave with.

WHAT THIS PLAYBOOK LEAVES OUT ON PURPOSE

The last 20% is yours alone. That is where we come in.

You now know the logic. What a document cannot do is apply it to your passport, your clients, your family and your money. These are the decisions we make with you:

- Your zone among the 20, and your exact licence activity.
- Whether your income keeps 0% tax on free zone, and how to keep it.
- Your residence route, and the order to leave your home system cleanly.
- Your first bank, and the file that gets the account opened.
- Your real year-one and year-two budget, as a firm quote with government fees included.

BOOK YOUR 45-MINUTE CALL

aquasands.net/request

At the end, we tell you what we would do in your place, including building nothing at all. The answer is often no, and we would rather say so before billing anything.

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HOURS
Mon–Sat, 9am–1am CET
French and English

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