



Zina Hasna Adjal, Associate @ Corporate Department of Motei & Associates, shares with us her expertise to help understand better the laws that govern this sector. For any further inquiries on setting up business in the UAE, please write to: corporate@motei.com

What are the laws for setting up online businesses in the UAE?

The laws applicable for setting up online businesses in the UAE vary on the authority granting the license. If it is a free zone authority, then the rules and regulations of this specific authority will apply. If the Department of Economic Development (DED) grants the license, the main applicable law is Federal Law no. 2 of 2015 on Commercial Companies.

What's the cost involved for the license?

Before DED, license costs depend on several factors such as the legal form of the business, the number of shareholders, the specific activity that will be conducted. The website of Dubai's DED (<http://www.dubaieded.ae>) contains a simulator which indicates the estimated cost to obtain a license based on the

above information.

Before free zone authorities, license costs vary with each authority depending on the activity of the business. For Ajman Free Zone Authority (which offers some of the lowest prices), the prices to obtain an e-commerce license start at AED 28,050.

The time it takes from start to the time the business begins rolling?

For onshore businesses, it takes usually about two months upon submission of all the required documents to obtain the license. For free zone businesses, the timeframe varies with each authority. Upon submission of all the required documents, it goes approximately from 15 days (e.g. Ajman Free Zone Authority) to two months (e.g. Dubai Multi-Commodities Centre) to obtain the license.

What's the usual misses online entrepreneurs fall prey to when going through the application process?

If entrepreneurs decide to go for a free zone license, they need to keep in mind that they are not allowed to conduct any business activity outside of the free zone. The simple fact that the business is conducted online does not exempt from this requirement. If they wish to conduct business outside of the free zone, then they will have to resort to agents.

The loopholes to making it cost effective for a new-bee in the business?

It is interesting for entrepreneurs to know that if they want to have an office space in the UAE, some free zone authorities offer quite low lease prices included in the license package. It should also be noted that businesses established within a free zone are exempt from customs duties if they are selling their products and/or services within the free zone or outside of the UAE. Otherwise, a customs duty (often equivalent to 5% of the value in CIF (cost freight insurance) terms) is applicable to goods being imported in the UAE.