

Doing Business in Techno Park

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OBJECTIVE

The objective of this article is to introduce Dubai Techno Park (Techno Park) as jurisdiction in which businesses can set up. This jurisdiction offers many benefits associated with operating in both freezones and the mainland .

Introduction

Dubai Techno Park was formed by an Emiri decree in 2002 by His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai as a fully owned subsidiary of Economic Zones World. Dubai Techno Park is an industrial complex, located in the heart of Dubai's industrial zone and provides high standard facilities. It covers an area of 21 million Sqm. of land and is considered as the only technology park in the region located between a world-class seaport and an international airport. The main aim of Techno Park is to attract major manufacturing and industrial companies to set up their industrial units in Dubai and be able to penetrate the UAE and GCC market.

Currently, Techno Park is home to some of the world's most high-profile companies specializing in technology, oil, gas and petrochemical industry and other industries which makes Techno Park one of the largest industrial hubs in the Middle East.

Is Technopark a Free Zone?

It is generally assumed that Techno Park is a free zone which is not the case. Entities established in Techno Park are treated as if established in the main land of Dubai, i.e. such entities are able to sell and distribute their products outside Techno Park without payment of the custom duty applied in case of setting up a company in one of the free zone in Dubai. There is the added advantage that a foreign company can register a branch to carry on industrial activities in its manufacturing unit which is not permissible on the mainland of Dubai.

Thus, by registering a branch of a foreign company in the Techno Park, a foreign company will enjoy 100% ownership and access to Dubai and UAE market. Similar to a free zone the Techno park provides a full range of administration services such as issuing residence visas for employees of entities to be established within Techno Park.

TYPES OF COMPANIES WHICH CAN BE FORMED AT TECHNO PARK

A Limited Liability Company

The number of shareholders should be two to fifty. The liability of the shareholders is limited to their share participation in the capital, however, at least 51% must be owned by a UAE national.

A Sole Establishment

Sole establishment should be owned by a sole owner who is liable for all the establishment liabilities. The owner must be a GCC or UAE national.

A Civil Company

For activities involving the use of professional skill acquired by education and experience in a specific field such as business consultancy, a civil company can be formed as civil partnerships in accordance with the

Federal Civil Transactions Law No. (5) of 1985 with its amendments. Professional companies may be 100% foreign owned.

Branch Office

Branch offices can be set up by the following:

- A Branch of a Free Zone Establishment (FZE).
- A Branch of a Free Zone Company (FZCO).
- A Branch of an L.L.C. (covers all Limited Liability Companies in UAE).
- A Branch of a Sole Establishment based in the Emirate of Dubai.
- A Branch of a GCC Company.
- A Branch of a Foreign Company.

TO RECAP

Benefits of Techno Park:

- 100% foreign ownership of industrial units in case of branch of a foreign or a free zone company.
- 0% percent corporate tax rate.
- Capital and profits may be repatriated.
- No currency restrictions.
- No restrictions on hiring foreign employees.
- Long-term lease agreement up to 15 years.
- One stop shop (including licensing and related Government services).
- World-class infrastructure and single-window clearance

Conclusion

The advantages associated with setting up industrial units in the Techno Park are aligned with the objective of the Government of Dubai to make the Emirate a prime location for industrial activity. Techno Park is an ideal jurisdiction to set up for industrial activity in a free zone environment with the benefits normally associated with a mainland entity.