



COMMITBIZ
Management Consultants

*A Guide to Setting Up a Business
in Ras Al Khaimah*



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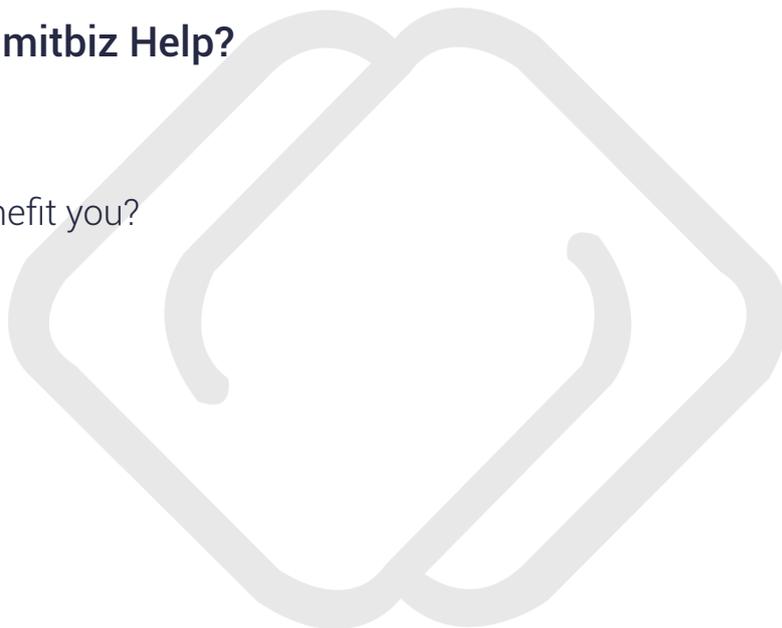
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Introduction

Ras Al Khaimah (or RAK for short) is one of the seven emirates of the United Arab Emirates. Located on the northern side of the United Arab Emirates, it comprises a coastline which is 64 kilometres long. This Emirate consists of 2.17% of the total area of the country, which is approximately 1,684 square kilometres making it the 4th largest Emirate in terms of area. The population of the Emirate was around 416,600, making it the fifth most populous Emirate in the country.

Ras Al Khaimah is one of the emirates in the United Arab Emirates, which never discovered oil and has focused on diversifying the economy to the fullest. The Emirate of Ras Al Khaimah has one of the most diverse economies

Overview

The Capital of the Emirate of Ras Al Khaimah is a city with the same name. The city of Ras Al Khaimah comprises of a coastal water inlet called the RAK Khor which divides the city into two parts: Ras Al Khaimah city in the west and the eastern part consists of districts such as Al Nakheel, Al Hudayba, Al Maereed, Golan, Shaa'biat Rashid and Oraibi. The eastern and western section of the city is connected via a bridge.

The Emirate of Ras Al Khaimah is rich in its local heritage, beautiful nature and fertile agricultural land. Under the umbrella of the Union, there has been a tremendous cultural transformation in all aspects of public life in the Emirate. Recently the Emirate has started venturing in many developmental projects such as the investment in infrastructure for tourism and shopping. This has been mainly taken up by the Government. There has also been considerable development in the field of education, health and establishment of industrial and residential areas in the emirate.



The location of the Emirate is also a significant factor in attracting a number of multinational businesses. Being in the close proximity of the Strait of Hormuz allows this Emirate to be a kind of guardian and also enable the emirate to oversee the entrance of the Arabian Gulf. The length of the coastline is a huge factor in the growth of this Emirate as it assists maritime navigation and commercial activities.

The elements from which the Gross Domestic Product (GDP) of the Emirate is made up, none of the components exceed 20% of the total GDP. Seeing the Growth prospects in the Emirate, it has been rated 'A' by Fitch and Standard & Poors. The Investment Development Office (IDO) keeps a close watch on the borrowing ratios of the Government and also controls all the issuances

Legal and Regulatory Framework

In the past few years, the Emirate of Ras Al Khaimah has gradually turned into a top-rated tourist destination. The Emirate of Ras Al Khaimah follows the same legal system as the other emirates of UAE. The primary source of all the different laws and legislations in the UAE is the Islamic Sharia Law which is heavily based on the Holy Koran. With an increase in the incoming businesses in the Emirate, there has been a growing body of civil laws which deals with a number of subjects such as labour relationships, maritime affairs, trade agencies, intellectual property and also commercial companies. The civil laws of the Emirate rely heavily on the French laws and the legal system of the complete UAE follows the sharia law.

The legal framework which looks after the Business and environmental issues is the Federal Law No. 8/1984. When the court is trying to pass a verdict, the court first refers to the available body of the civil law. In case there is no mention of such matter in the civil law, then the Sharia law is consulted. The decisions of the higher courts are followed by the smaller courts.



The Government of Ras Al Khaimah has taken specific steps so that it can implement the laws and regulations in a quick and orderly fashion. It is because of these steps that registering and setting up a company in the Emirate of Ras Al Khaimah takes just about two days. This swiftness helps the Government not only to reach a step closer to its future vision but also allows the leveraging of the skill of the people and the latest technology to get the desired result.

Court Systems

There are three different types of court structures present in the Emirate of Ras Al Khaimah. These are:

1. Court of First Instance

This is the first type of court which is easily accessible to all companies and people alike. This court acts as the jurisdiction body cases related to all kinds of laws such as civil claims, commercial claims, administrative claims, and various other personal lawsuits. This court is also held responsible for the enforcement of the execution deeds or executions by any matter such as depositions of references.

2. Court of Appeal

This is the second layer of courts which a litigant can apply to before moving to a higher court but after getting a verdict from the court of the first instance. The only people who can apply to this court are the people who have been convicted by the court of the first instance. Anyone can apply to this court as soon as they receive a verdict from the previous court or the law allows them to refer to a higher court. If the specified time limits are not paid attention to, it may result in the extinguishment of the right of appeal.



3. Court of Cassation

This is a higher judicial body available to the various entities to try out the numerous cases which have been supervised by the previous courts. The appeal must be filed within 60 days of the judgement given by the Court of Appeals. They also need to take care that the value claimed should exceed AED 200000 or any more than that. In case the value of the action cannot be evaluated, the Court of Cassation comes into use.

There is also a labour court which deals with mostly the disagreements between the employees and the employers. It also has a Property court which deals with property disputes exclusively. There is no need for a jury in a court in the United Arab Emirates. The entire case is listened by the judge and he pronounces a verdict in the case. Also, there is no concept of a precedent in the UAE. Some of the judgements of the higher courts may be published, but these are not binding to the lower courts. The language in which all the proceedings of the courts are conducted in the Arabic language. Thus it is necessary for the advocate not only to be licensed to practise law in the Emirate of Ras Al Khaimah but to be also conversant in Arabic.

Why is Ras Al Khaimah considered as a Business Hub?

In the last few decades, the Emirate of Ras Al Khaimah has witnessed an increase in the number of businesses coming in. This is because this Emirate is one of the most developed emirates in the UAE. The Government has very liberal policies and also is in possession of state of the art infrastructure. The strategic location, coupled with the traditional local practices make setting up a business in the Emirate an excellent option for people in business all around the world.



1. Government Intervention

The Government of Ras Al Khaimah has every intention of working towards making the Emirate self-sustaining and wants to help every business possible. RAK is one step ahead of the other emirates as no oil fields in the Emirate, and corporations and industries fulfil most of the Gross Domestic Product.

2. Confidentiality

In today's world, privacy plays a very big role. Every business, no matter the size of the business, has to deal with a lot of confidential data. These data if gets into the wrong hands, the company may face a lot of loss and eventually may need to shut down the business.

3. Location of the Emirate

The name "Ras Al Khaimah" means the top of the tent and in reality, the Emirate is the Northern Emirate of the UAE. RAK is in possession of coastline as well as it is well connected to the other emirates making it as one of the best places for setting up a business.

4. Emerging Tourism Sector

The tourism sector in RAK is developing and is one of the most significant sectors in the Emirate. With the increase in footfalls corresponds to the rise in various other sectors, such as the retail sector, transportation, etc. This means a more significant opportunity for people in business and entrepreneurs worldwide.

5. Simple and Easy Taxation

There is no personal income tax or any corporate tax levied on the company, especially in the Free Zones (We will be talking about the free zones in the next point). The only tax that the companies need to familiarize themselves is the newly introduced Value Added Tax.



6. No Currency Restrictions

There is no type of restrictions imposed on the inflow or outflow for any currency. The Government also has no limitation on the usage of currency of any country. The companies also have complete repatriation of profits.

7. Availability of Free Zones

There are three important Free Zones in Ras Al Khaimah. A brief description of these free zones are given below:

» *Ras Al Khaimah Media Free Zone*

The Ras Al Khaimah Media Free Zone was launched in the year 2006 with the aim to compete with the other media-based free zones such as Dubai Media City and Shams. This free zone has been on the path of development at an unprecedented pace in the last couple of years. Not only are there business-friendly regulations, but also there is the right amount of intervention from the side of the Government.

» *Ras Al Khaimah Economic Zone*

This free zone came into being in the year 2017 and is formed by the government initiative of merging two different free zones, namely the RAK Free Trade Zone (RAKFTZ) and the RAK Investment Authority (RAKIA). The RAKFTZ was established in the year 2000, and the RAK Investment Authority was established in the year 2005. This free zone caters to the requirement of almost 13,000 clients which makes it the most prominent free zone in the entire UAE. The companies that are set up in the free zone can take advantage of getting access to the markets of the Middle East, Central and South Asia, Europe and South Africa.



» *RAK Maritime City*

This free zone was created in the year 2009 by an Emiri Decree. This free zone caters to a number of businesses and offers international port services along with the required business services for the company. The free zone was established with the aim to attract businesses from all over the world. This free zone is in possession of all the latest facilities and comprises of a developed and established seaport. Its unique location near the Strait of Hormuz provides a unique advantage in terms of fuel cost savings.

The Business Climate of Ras Al Khaimah

The Emirate of Ras Al Khaimah covers an area of 2,486 km² or 960 sq. Miles. It is located in the north most corner of the UAE and can be accessed both by sea and by land. As there was no oil found in this Emirate, this Emirate had to depend upon conducting businesses for the revenue. Recently there has been an enormous increase in the footfalls, which has led to more excellent business opportunities.

The economy of Ras Al Khaimah is gradually developing and along with the stable political situations of the has helped turn the Emirate into one of the best places to set up a business. This reputation of the Emirate is supported by the high ratings of the International Rating Agencies, and this Emirate has now gathered the status of one of the most attractive places for getting Foreign Direct Investment (FDI).

As this Emirate did not discover it had to focus more on its industrial and business sector due to which this Emirate has one of the most diverse economies in the Gulf Cooperation Council (GCC) and no contributing sector exceed more than 20% of total GDP.

Factors Favouring the Business Climate

The United Arab Emirates is set a strong foothold in the business sector and is considered as one of the best places where a foreign entrepreneur can set up their business. It is one of the largest economies, especially in the MENA region and is home to a number of Fortune 500 companies including the top 10 on the list.



The main factors which have made the Emirate as one of the best places for setting up a business are:

» *Tax Efficiency*

Ras Al Khaimah has no direct corporate income tax, no sales tax and no wealth tax in the Emirate making it a "no tax emirate". The only exception to these taxes is oil and gas exploration companies. There are also several tax incentives that the trade zone offers to the companies that are set up in the area.

» *The Increase in the Growth Potential*

Vision 2021 of the UAE plays a significant role in the development of the Emirate. There is a massive scope of growth in the tourism sector and the hospitality sector. There is also a visible increase in the coming in of businesses from all around the world. The Emirate received an award for being the most attractive place in the Middle East for Foreign Direct Investment by the fDi Magazine in the year 2009. In the year 2014, RAKIA was named the best free zone in the Middle East by the Global Banking and Finance Review and was also awarded the mantle of the best free trade zone in the GCC by International Finance Magazine.

» *Educated Labourers*

With the availability of businesses along a broad spectrum, there is a huge requirement of educated and skilled labourers and workers. This is required as well educated workers will be able to provide better productivity and also help in reducing the wastage of resources.

» *Awareness*

The Emirate had to be self-aware and had to focus on attracting and the development of businesses from the starting as there were no oil fields in the Emirate. From the initial point in time, the Government of Ras Al Khaimah had to concentrate on bringing in businesses in the Emirate which has made it more efficient in understanding a company and provide benefits according to it.



» *Free Zones*

The availability of the three free zone is a major reason due to which the foreign companies are attracted to the Emirate. As the free zone has the authority to make its regulations, the free zone can better serve the interests of a company. Ras Al Khaimah comprises of three free zones which are dedicated to separate sectors and provide various benefits to a particular business.

Booming Industries and the Best Options for Entrepreneur

The Emirate of RAK has slowly made its name as an attractive business hub and a place which provides dynamic and innovative solutions for problems faced by businesses. The cost of starting a business in Ras Al Khaimah is Pretty low, and the emirates offer a wide range of commercial activity to be performed. This is why Ras Al Khaimah is now considered as one of the best places to conduct business.

Some of the main economic sectors in the Emirate are:

1. Tourism

Tourism is one of the fastest-growing industries in Ras Al Khaimah. The geographical location and the topography of the Emirate are a big factor for the growth of the tourism sector. This Emirate consists of wide beaches and many mountains. These attract both people who want to lay back the sun and sand vacations as well as adventure tourism enthusiasts. This Emirate boasts of the longest zip-line in the world and also there is a zip-line adventure coming up in the Emirate.

With greater footfall, there has been an increase in 3,4 and 5-star hotels. The Emirate is home to many 5 star hotels and a number of beach resorts which include the Waldorf Astoria Ras Al Khaimah, Cove Rotana and a number of Hiltons. This Emirate takes the tourism business seriously and even hosted the Arabian Hotel Investment Conference in the year 2018 and also in the year 2019.



2. Real Estate

As this Emirate has to rely solely on the revenue from the businesses, it is ready with a number of offices, residential complexes, warehouses and commercial buildings. There are also two major multi-purpose developments in the Emirate, which are the Al Hamra Village and Mina Al Arab.

3. Construction and related Businesses

RAK has a special place for construction related businesses. The first-ever cement factory in the country was opened in Ras Al Khaimah in the early 1970s, and now this Emirate is the largest producer of cement in UAE. RAK also consists of Ras Al Khaimah Ceramics which is one of the biggest ceramic producers in the world. RAK also consists of Stevin Rock and RAK Rock which are the two rock quarrying company which collectively have an output of 80 million tons annually.

The construction business also includes shipbuilding and the Emirate comprises major coast areas, which is crucial for trading.

4. Manufacturing

This Emirate is home to many manufacturing companies and that too in different sectors. Julphar, which was the Persian Gulf's first pharmaceutical company, is now one of the largest pharma companies in the MENA region. It is also home to Falcon Technologies International (FTI) which represents the high-tech industry. Along with this RAK is home to Innovative Composite Engineering which deals with aerospace and its construction parts and also Ashok Leyland which started production in the year 2010.

5. Agriculture

Agriculture was a major part of the economy of the Emirate in the past, and even now it is a significant sector as this sector not only provides food and beverages to the Emirate of Ras Al Khaimah but also the whole United Arab Emirates.

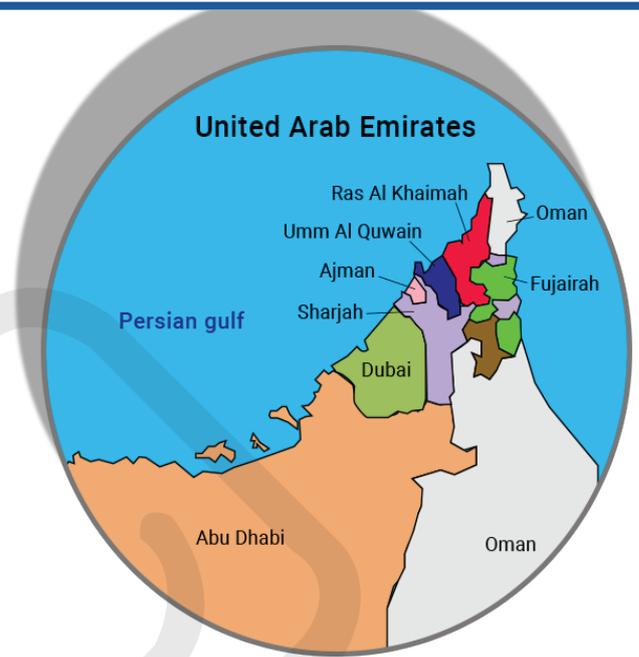


6. Service Sector

This Emirate comprises of the RAKBANK and RAK Insurance companies. Also, the RAK Economic Zone has provided a platform to more than 14,00 businesses operating in about 50 sectors and which are from more than 100 countries.

Investor Considerations

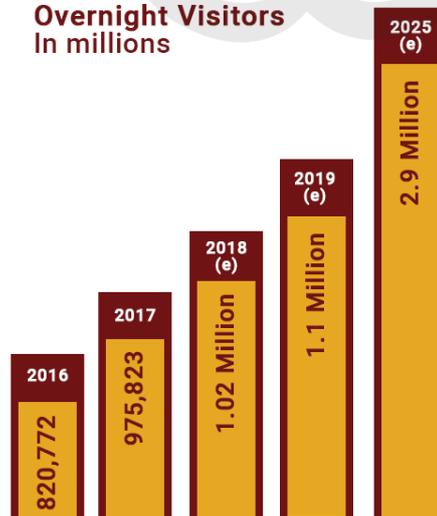
- Strategic location in the heart of the Middle East and on the world's trade routes
- Progressive and stable political environment
- Liberal legislations influenced by modern societies in Europe
- Investor friendly regulations
- Well developed infrastructure



Overnight Visitors In millions



RAK has attracted **975,823** Visitors in 2017 and is on track to achieve the visitors arrival target for 2019 and 2025



Revenue Contribution to GDP

Target For 2025



Required Rooms



Visitor Satisfaction





Climate

Maximum Temperature:
47 degrees

Minimum Temperature:
5 degrees

Maximum relative humidity: 100

Minimum relative humidity: 10

Annual Rainfall: 19 mm

Location

Latitudes:
between 25 and 26

Longitudes:
between 55 and 60

Population / Vital Statistics

Population: 231,000

Male: 144,000

Female: 87,000

Rural Population: 109,000

Urban Population: 122,000

Live Births: 3214

Deaths: 453

Labor Force

% of Population: 65.1

Females as % of total labor force: 34.15

Males as % of total labor force: 65.69

Unemployment Rate: 6.7%

Government Employees: 772

Govt Employees - Citizens / Non-Citizens: 264 / 264

Electricity and Water

Energy Generated:
2747.504 M.KWH

Energy Distributed:
2704.706 M.KWH

Water produced:
9181.53 million gallons

Water consumed:
9181.53 million gallons

Business Climate

GDP (2008):
12,929,000,000 (3.52 Billion USD)

GDP per capita:
55,969 (15,240 USD)

GDP growth (2007 - 2008):
8%

Number of Foreign Registered Companies: over 10,000

Total foreign investment since 2000: over 10B AED

Tax Provisions for Foreign Nationals / Companies

Income Tax: 0%

Property Tax: 0%

Import / Export Tax: 0%

Sea Transport

Ship movements: 3002

Unloaded Tons: 8,315,000

Loaded Tons: 22,267,000

Air Transport

Arrivals: 112,456

Departures: 95757

Cargo in: 6354 tons

Cargo out: 370 tons

Foreign Trade (million dirhams)

Imports: 4204.58

Exports: 9694.44

Re-exports: 3525.81

Total Exports: 11093.83

Trade Balance: 9015.68

NOTE:
1 Dirham = 3.6725 USD (pegged)



Legal Business Structure of Commercial Companies

Choosing a legal business structure is very important for an entrepreneur. You can set up a company in Ras Al Khaimah in two locations. There is even an option to set up an offshore company in the Emirate. The different types of companies are given below:

1. Mainland

» *Limited Liability Company (LLC)*

A foreign person in business or entrepreneur can set up a company via a Limited Liability Company (LLC). It is a common type of company structure which is followed by the maximum of ex-pats. An LLC can be incorporated with a maximum of 50 shareholders and a minimum of 2 shareholders. According to the law, 51% of the shares of the company must be held by a UAE national.

If a person wants to establish a Limited Liability Company (LLC), it is compulsory to provide proof of the capital that has been deposited in the UAE bank. After the company has been registered with the Ras Al Khaimah Chamber of Commerce, the deposited capital may be released.

» *Branch and Representative office of a foreign Commercial Company*

All the foreign companies are entitled to open a branch or a representative office in the UAE. These branches or representative offices are not considered as a separate legal entity, and the parent company is liable for all the actions of the branch representative company.

A representative office is not allowed to conduct any activity which brings in any revenue for the company. It can conduct only research operations and collect information and conduct marketing activities in the country.



On the other hand, a branch office can conduct all the revenue seeking activities in the name of the parent company. However, before conducting these activities, it needs to mention so in the branch office trade license.

» ***Joint Venture Company***

A Joint Venture can be understood as an agreement between a local and a foreign party which pool their resources to conduct an activity. At least 51% of the participation in the agreement should be from the side of the local sponsor, but the profit and loss can be shared in a pre-decided form. Unless the agreement is publicized, all the liability of the company is borne by the foreign party.

» ***Public and Private Shareholding Company***

A public or private shareholding company can be 100% owned by a foreigner. However, it is necessary for such a company to appoint an agent who is a UAE national. The owners of such a business are fully liable for all the assets and liabilities of the company. Usually, a public or private shareholding company is formed by two or more individuals who are carrying out professional activities or non-commercial activities. An individual can also conduct such activities if he/she obtains a professional license.

» ***Public Joint Stock Company (PJSC)***

The Public Joint Stock Company is a public company whose shares are equally divided between the shareholders. There are certain documents that a PJSC should have such as

- » Prospectus or invitation for public subscription
- » Business Plan or Feasibility Study
- » Memorandum and Article of Association
- » Auditors Certificate
- » Due Diligence Survey



In case any other document is required, it should be previously notified to the respective authority. Also, it should be kept in mind that the assistance of a UAE national should be taken and he/she should hold at least 51% of the shares of the company.

It should also be noted that where one is contemplating a business venture which involves insurance, banking or investment of funds on behalf of third parties, the establishment of PJSC is a legal necessity and no other type of company may be established for such activities.

» *Private Joint Stock Company*

A private Joint Stock Company and a Public Joint Stock Company are very similar to each other. The major differences between the two are:

- » The minimum capital required for private Joint Stock Company is two Million AED
- » The founding members for private Joint Stock Company are three.
- » The shares in a Public Joint Stock Company cannot be offered to the public.

Private Joint Stock Company is the most preferred organizational structure amongst foreign investors. However, one major disadvantage of such a structure is that the company will not be able to offer its share to the public.

2. Free Zone

» *Free Zone Company (FZC)*

There are a number of similarities between a Free Zone Company and a Free Zone Establishment. They both differ only in one aspect that is in an FZE, and there can only be a single shareholder, whereas, in an FZC, there is a provision of multiple shareholders. An FZC is required to submit its audited financial statements to the Free Zone Authority of UAE at the end of each financial year.



» *Free Zone Establishment (FZE)*

A Free Zone Establishment is akin to a Limited Liability Company. Both have only a single shareholder in the company. Any entity can form a Free Zone Establishment as long as they fulfil the requirements of the particular business structure. There must be a minimum of 2 directors and a secretary for FZE. The good thing about an FZE is that a single person can hold the offices of both directors and the secretary of the company.

» *International Business Company*

In January 2007, the RAK Investment Authority (RAKIA) established the international business company concept. There are no limitations on the number of shareholders or directors of global corporate business. Shareholders and directors are not indebted to hold an annual meeting or to file audited accounts. The International Business Companies (IBC) Registry shows only the name of the company and the date of incorporation.

3. Offshore Company

Setting up an offshore company in RAK is a very lucrative and profitable option for a businessman. An offshore company could be set up in a short span of time, and this type of company is suitable for making confidential and discrete investments. The presence of free zones has also provided various financial possibilities and various tax advantages.

Documents Required for the Setup Process

Certain documents are required to be presented during the time of incorporation of the company. The type and the number of documents depend upon the activity which will be performed by the company. The general documents that you should keep ready are:



1. Memorandum of Association (MOA)

This document comprises the critical points as to what will be the activity that the company will conduct, how will it conduct, shares to be issued, initial subscribers and all the other vital information of the company. All the shareholders will sign this document at the time of the incorporation of the business. The main objective of the MoA is to spread awareness about the mission and vision of the company and is based upon the core values of the company.

The constituents of the Memorandum of the association are as follows:

- » Name, Mission, Vision and Objective of the Business.
- » The address of the office of the company and the headquarters.
- » Name of all the associates of the company along with their nationalities.
- » The name of the shareholders, their share and the value of the share in the market.
- » The method by which a partner shares its capital with the business.
- » The method by which the profit or loss of the company are calculated (this method will also determine the share of the profit or loss of the partner).
- » The duration of the contract and the starting date of the business.

2. Articles of Association (AOA)

This document will mostly deal with the financial side of the company. It will detail the purpose of the company and will also outline the other business tasks which will be handled by the management of the company such as how will the financial records managed, how the dividends will be paid to the shareholders, etc. the essential points to be mentioned in the AoA are as follows:



- » Share capital, call of share, forfeiture of share, conversion of shares into stock, transfer of shares, share warrant, the surrender of shares,
- » Directors, their qualifications, appointment, remuneration, powers, and proceedings of the board of director's meetings.
- » Voting rights of shareholders, by poll or proxies and proceeding of shareholders' general meetings.
- » Dividends and reserves, accounts and audits, borrowing powers and winding up.

3. Business Plan / Feasibility Plan

An owner needs to present the complete business plan. This plan will outline the aim and plans of the company. This plan will also try to figure out what will be the feasibility of the plans of the company.

4. Copies of the national IDs or Passport

The copies of all the shareholders and partners are required as it will help in confirming the authenticity of the owners of the company.

The documents that will be required may be more or less depending upon the size and the nature of the business.

Types of Business license in Ras Al Khaimah

In order to conduct business in the Emirate of Ras Al Khaimah, you need to obtain a business license that will be required. This business license will be decided according to business activity, which is performed by the business. There are three different licences available to a company in Ras Al Khaimah, which are:

1. Industrial License

The industrial license will allow a business to conduct activities such as import and export finished products, obtain land and fully finished warehouses for rent, etc. These industrial licenses are usually utilized by the companies which are into the manufacturing and production business. This license deals with the setting up of an industry in RAK and the import and export of the related raw materials and finished product.



2. General Trading License

A general Trading License will allow a business to trade with a large variety of objects which are generally utilized by all. These goods include foodstuff, cosmetics, construction materials etc. The standard General Trading License will allow a business to trade in two different goods.

3. Professional License

Professional License, also known as a Service License is a particular type of license which will allow people carrying out professional services such as CA, Doctors, Dentists, etc. to carry out their business in the Emirate of Ras Al Khaimah.

Business Setup Locations and Options for Businessmen

The Emirate of Ras Al Khaimah was dependent on the business for all its revenue from the initial period. There are three different locations in which a person in a business can set up their company. An owner should decide the location depending upon the activity of the business. The different locations are:

1. Ras Al Khaimah Mainland

The opportunities for business in the Emirate of Ras Al Khaimah are gradually increasing, and there are many more business opportunities because of the booming economy of the UAE economy. The number of foreign investors that are coming in the Emirate to set up a business is also increasing. In order to set up a business in the Mainland of RAK, you need to take the assistance of a local sponsor. There are various benefits of setting up a company in the mainland.

» Business Setup Process

The RAK mainland consists of the terrestrial location which does not consist of the free zone. The business set up process in the mainland is given below:



» *Submission of Application*

Submit the application to the municipality for the initial approval.

» *Verify your Location*

After the submission of the application, an inspection unit will come to the location of the business to perform the verification

» *Obtain Necessary Approvals*

After deciding everything about the business and before starting a business, all the necessary approval needs to be taken. If required, special approval from the concerned departments must also be taken.

» *Obtain Trademark*

The company needs to obtain trademarks for itself which will help recognize the company. It should be taken care that the trademark is not already in use by any other business entity.

» *Approval Submission*

Submit the necessary approval, along with receipts from the Ministry of Trade as acceptance into the Register of Companies.

» *Payment of Fees*

All the required fees need to be paid, and in the end, your company is set up in the mainland.

» **Benefits of setting a company in the Mainland**

There are many benefits of setting up a company in the mainland. They are as follows:

- » In the Emirate of Ras Al Khaimah, 100% foreign ownership and full repatriation of capital and profits are allowed.
- » Free Zones in Ras Al Khaimah presents all the opportunities an exclusive economic area is supposed to provide, at a relatively lower cost than other free zones in the UAE



- » The strategic location of the Emirate along with the various amenities and incentives the Government of Ras Al Khaimah provides make it one of the best places to set up a business.
- » The business registration process in Ras Al Khaimah is straightforward – there are single-window clearances for multiple government services like postal services, licensing, immigration, visa, etc.
- » In Ras Al Khaimah, foreign investors can get a 20-year land lease, renewable for another 20 years, thus allowing legitimate tax-exempt operations for 40 years.
- » A company located in Ras Al Khaimah enjoys 100% legal exemption from all import and export duties.

Steps to be Taken after Incorporation of a Company

Setting up a company is not the final thing that is to be done; rather, it is just the beginning of a long and arduous journey. After a business is registered, there are a number of things that need to be taken care of. These steps are given below:

1. Set Up a Bank Account

Once all the submitted paperwork has been returned, you will have all the documentation required to open a bank account for your business. The United Arab Emirates is home to many banks, both local and international, with famous and reputed names such as Emirates NBD, Abu Dhabi Commercial Bank, and various others. Other international banks include HSBC, Citibank, and Barclays. You can choose any of the banks depending upon the requirement of your company.

2. Apply for a labour card

Before you can apply for an employment visa for your employees, you need to apply for an establishment labour card. This card, issued by the Ministry



of Labour (MoL), allows a company to hire staff, obtain work permits and apply for visas on behalf of its employees. The card verifies that the company is registered with the Ministry of Labour and has a registration number.

3. Process your VISA

You can apply for your visa along with staff and dependents. This benefit is available in any of the free zones but the number of applications to be submitted depends on which free zone you choose to set up from. The visa application process – both for you and any relevant dependants – is incredibly straightforward.

4. Register your Employees for Pension

Social security in the UAE is the old-age pension for retired workers and employees. Upon reaching the official retirement age, they are entitled to a pension based on their average salary during the few years of employment and the number of years they have paid a contribution for. Payments for social security in the UAE are usually deducted from gross earnings on a PAYE (pay-as-you-earn) basis. The employer, as well as the Government, also contributes a certain percentage of the insured person's salary to social security.

These are the basic things that you need to take care as the owner of the business. Once the things mentioned above are done, the company can conduct its business without any worries.

2. Ras Al Khaimah Free Zone

A free zone is a location which has the ability to make its own rules and regulations in its jurisdiction. One of the biggest features of the free zone is that if a company is set up here, then there is no requirement of a local sponsor. The foreign businessman can have complete control over the business.

Currently, there are three free zones in the Emirate of Ras Al Khaimah. They are:



»» *Ras Al Khaimah Media Free Zone*

The Ras Al Khaimah Media Free Zone was launched in the year 2006 with the aim to compete with the other media-based free zones such as Dubai Media City and Shams. This free zone has been on the path of development at an unprecedented pace in the last couple of years. This Media Free Zone was set up with the aim of widening the horizon of the country and increases business opportunities. Not only are there business-friendly regulations, but also there is the right amount of intervention from the side of the Government.

»» *Ras Al Khaimah Economic Zone (RAKEZ)*

This free zone came into being in the year 2017 and is formed by the government initiative of merging two different free zones, namely the RAK Free Trade Zone (RAKFTZ) and the RAK Investment Authority (RAKIA). The RAKFTZ was established in the year 2000, and the RAK Investment Authority was established in the year 2005. This free zone caters to the requirement of almost 13,000 clients which makes it the biggest free zone in the entire UAE. The companies that are set up in the free zone can take advantage of getting access to the markets of the Middle East, Central and South Asia, Europe and South Africa.

»» *Ras Al Khaimah Maritime City*

This free zone was created in the year 2009 by an Emiri Decree. This free zone caters to a number of businesses and offers international port services along with the required business services for the company. The free zone was established with the aim to attract businesses from all over the world. This free zone is in possession of all the latest facilities and comprises of the developed and established seaport. Its unique location near the Strait of Hormuz provides a unique advantage in terms of fuel cost savings.



Benefits of setting up a company in the Free Zone

The Emirate of Ras Al Khaimah is witnessing an increase in the number of foreign investors from the past few decades. The United Arab Emirates is now considered as one of the most developed economies in the MENA region and is having even more growth opportunities. Liberal government policies, state-of-the-art infrastructural development, a thriving economy, and friendly trade relations with neighbouring countries are some of the many factors that attract major foreign investment in RAK free trade zones. Some of the benefits of setting up a company in the Free Zone are:

» Tax Benefits

There is no tax levied on corporate income or personal income. Apart from the tax benefits, there are no import or export duties in the Free Zone.

» Infrastructure

The Free Zone in Ras Al Khaimah comprises of state of the art offices which have all the facilities and the latest features that may be required by a com-

» Government Intervention

The Government of Ras Al Khaimah understands the need for supporting business activities and grants various incentives and amenities to the businesses in RAK. At times the Government also pays heed to the requirements of the company removes a particular red tape.

» Business Friendly Environment

The Government makes laws which are suitable for the business so that a business can reach its maximum potential.

» Complete Ownership

In the Free Zone, a foreign person in a business can own 100% of a business without the assistance of a local sponsor.



3. Ras Al Khaimah Offshore Company

An offshore company is a company that has been set up outside the premises of the country where all the directors, shareholders, partners and officers reside. This type of business structure is usually utilized by a business to conduct activities in a different location than where it is registered.

Benefits of setting up a company in the Offshore

The main benefits of setting up an offshore company in the Emirate of Ras Al Khaimah are:

- » Complete foreign ownership.
- » Low setup costs
- » Complete repatriation of profits and the capital.
- » No requirement for an annual audit
- » Has the capability of buying or selling property in the Emirate of Ras Al Khaimah.
- » Is eligible to open a bank account.

The Future of Ras Al Khaimah

The Emirate of Ras Al Khaimah is not as well-known as the Emirate of Dubai or Abu Dhabi, but it is gradually attaining a special position amongst the people of the world. The growth of the Emirate has been further fuelled by the emerging tourism and hospitality sector.

There was no discovery of oil in this Emirate, and thus from the initial period, the Emirate has been focused on the growth of businesses. The establishment of the Free Zones has assisted in a huge way as they help in attracting businesses to Ras Al Khaimah. In the beginning, there were four different Free Zones in the Emirate, but later on, the Government decided to merge two of them into a single free zone called Ras Al Khaimah Economic Zone (RAKEZ).



There has also been an increase in the real estate sector and the shipbuilding sector of the Emirate. Real estate has seen a huge boost as RAK provides reasonably priced, accessible land and also provides many amenities that may be required by a business. The location of the Emirate is also a big factor as it is only 45 minutes away from the world's busiest airport in Dubai. With all types of topographical area, Ras Al Khaimah is a very lucrative option for setting up a tourism business.

Conclusion

Ras Al Khaimah has been a major driving force behind the growth and success of the UAE. The Emirate not only comprises of the most successful manufacturing industries in the world such as RAK Ceramics and RAK Rock, but it has also been able to attract major companies such as Ashok Leyland.

Industries such as tourism, manufacturing, logistics etc. play a big role in the development of the Emirate. Seeing the importance of the logistics industry, the Government has even reformed the port and now has better amenities and a greater capacity to handle cargo.

Setting up a business in the Emirate of Ras AL Khaimah is also very easy, but the Government wants more. It wants to become the location for setting up a business in the UAE which everyone will talk about. To fulfil this vision, the Government is implementing new regulations and laws and is also building a vision for the future.

The future for Ras Al Khaimah is very bright, and it is looking forward to becoming a global emirate. Ras Al Khaimah wants to bring in the best of everyone which will, in turn, make the nation great.



How Can Commitbiz Help?

Commitbiz Management Consultants help you with strategic business inputs, handle all the legal documentation and give complete business advisory solutions to ensure hassle-free business incorporation.

Our professional experts are well-versed with the incorporation procedures and maintain a vision to accelerate your business in the RAK.

Commitbiz was established in 2007 with a vision to provide world-class management advisory services to enterprises in the private, government, non-government and academic sectors. Over the years, we have developed comprehensive capabilities in several functional and specialty segments and have emerged as the chosen partner in several innovative and path-breaking initiatives undertaken by various businessmen across the world. With over 50 team members and 2,000+ clients, we are now one of the top business consulting firms in the RAK.

13 Years of Helping Businesses

50+ Members

2000+ Happy Clients

How Can We Benefit You?

Standing as one of the top business consultants in the RAK, we assist you in the following processes:

- » Strategize to accelerate your business growth
- » Streamline your business activities
- » Comply with the legal rules and regulations
- » Provide tailored business solutions
- » Helps you establish the business pillars with post-incorporation solutions like accounting, taxation etc.

If you are planning to step ahead and set up your company in the RAK, do contact us today- we'd be glad to assist.