

Practical guide: Set up a business in Dubai: free zone or mainland

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What you are choosing between

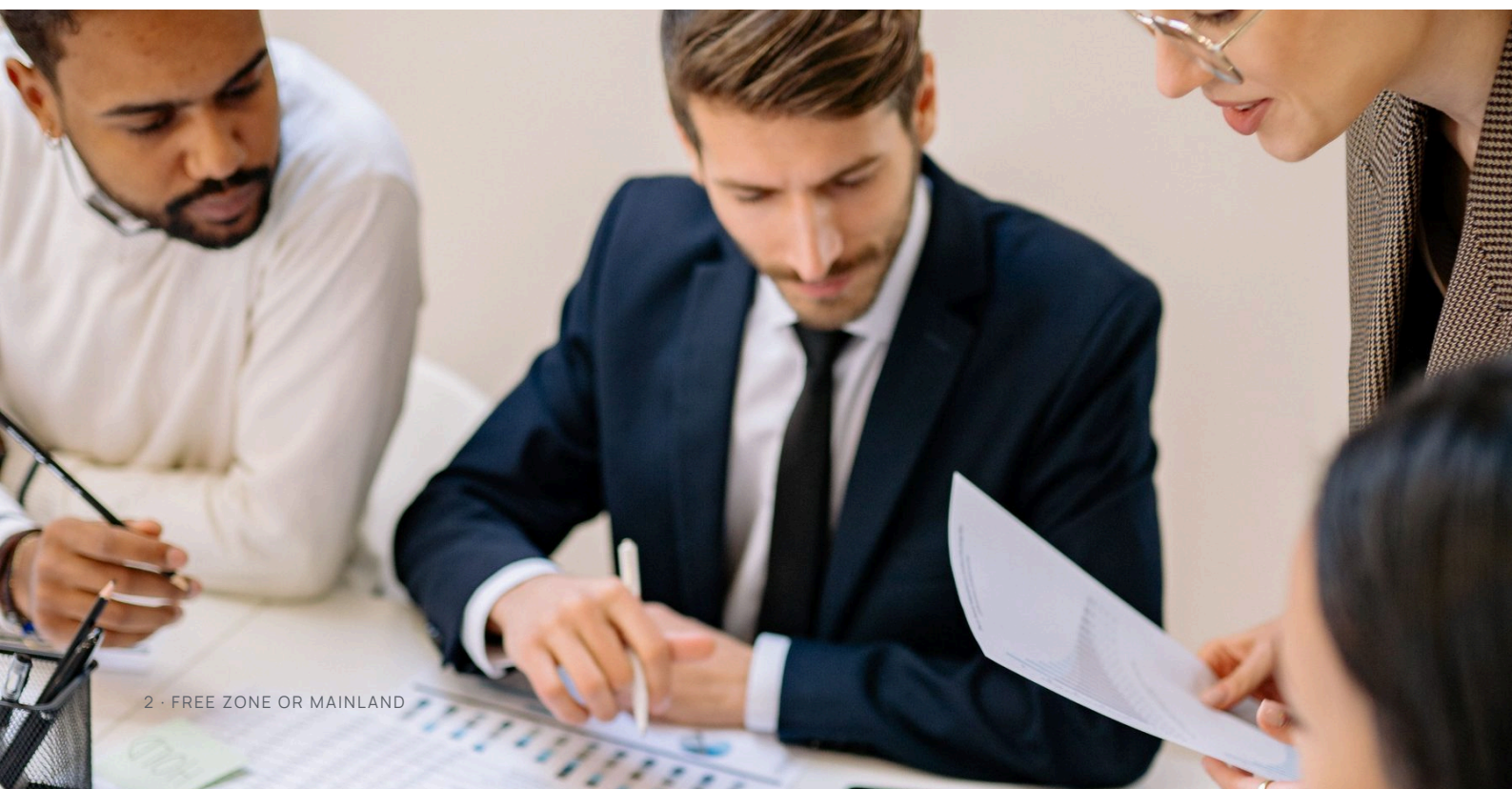
The licence decision looks like paperwork and behaves like a commercial one. It sets who you are allowed to invoice, whether you can hold premises, how a bank reads your application, and what the business costs to run for as long as it exists.

On tax, the official position is short. The UAE Government portal states corporate tax at 0% for taxable income up to AED 375,000 and 9% above it. Free zone businesses can keep the incentives offered by their zone where they meet every regulatory requirement and do not conduct business set up in the UAE mainland. Checked 22 August 2026.

What it is not

It is not a tax-free promise. The 0% treatment for a free zone company applies to qualifying income and carries conditions that have to be met and evidenced every year. Read the Federal Tax Authority guidance, or pay somebody to read it for you.

It is not a decision to make on price. The gap between the cheapest licence and the right one is a few thousand dirhams in year one. It can also decide whether you invoice your intended customers or restructure in year two.



What the choice decides for years

Most people setting up here choose on price and speed, because that is how the packages are sold. Four consequences arrive later, and all four are marketing and commercial questions rather than legal ones.

It decides who you can invoice

The structure determines which customers you can serve directly and which need another arrangement. Work out where your first twenty invoices are going before you choose, not afterwards.

It shapes your banking

Account opening turns on how clearly your business model reads: contracts, invoices, source of funds, realistic projections. A licence with a long, vague activity list makes that conversation harder and slower.

It sets your cost base for years

Licence renewal, premises, visa quota, accounting and audit repeat annually. A package chosen for a good first-year price can carry a renewal that is nothing like it.

Changing later costs more than choosing well

Restructuring means a new licence, new contracts, a new bank relationship and sometimes new visas. It also stops the business while it happens. The hour spent now is the cheapest hour in the process.



Five questions that settle the choice

Answer these before you look at a single package. The answers point at a structure far more reliably than any comparison table of fees.

Who pays you	Where are your first twenty invoices going, and who is the customer
Do you need premises	A shop, clinic, restaurant, workshop or warehouse the public enters
Is the activity regulated	Finance, healthcare, education, food and legal all carry extra approvals
How many people	Visa quota in year one and year three, not just today
What happens at scale	The structure that suits ten customers may not suit a hundred

Take the answers to a licensing adviser rather than a question. You will get a better recommendation and a shorter conversation.

Check the rules at the source

Setup is sold by agents whose income depends on the answer. Read the primary sources yourself, or have your adviser show you where a claim comes from.

- ☐ UAE Government portal, u.ae, for the official route through business setup.
- ☐ Federal Tax Authority, tax.gov.ae, for corporate tax and the free zone conditions.
- ☐ Ministry of Finance, mof.gov.ae, for policy and small business relief.
- ☐ Dubai Chambers, dubaichambers.com, for the trading and expansion picture.
- ☐ The free zone's own fee schedule, published, for costs.



Cost the whole first three years

Setup packages are quoted as a first-year headline. Build the real number yourself, across three years, and the ranking of the options usually changes.

Licence and registration	Year one, then every renewal
Premises	Flexi-desk, office or retail, and what the renewal looks like
Immigration file	Establishment card, then per person: medical, Emirates ID, stamping
Accounting and tax	Bookkeeping, corporate tax registration and filing, audit where required
Banking	Minimum balances, charges, and the time cost of a slow application
Activity changes	Adding an activity or a visa later, priced now rather than assumed

Two things that cost more than fees

A vague activity list. More activities look like flexibility and read to a bank as a business that has not decided what it does. Start tight and add later.

A structure that limits your customers. If the licence stops you invoicing the buyers you intended, every marketing pound is spent finding customers you cannot serve.

The cheapest licence is rarely the cheapest decision. Set up for where the business is going.



Actions before you buy a licence

01

Write down your first twenty invoices

Who is the customer, where are they, and what are they buying. Real names where you have them, categories where you do not.

This one page answers more of the structure question than any comparison table.

02

Define the activity as tightly as you can

The narrowest description that covers your revenue in year one. Write the sentence you would use to explain the business to a bank.

Adding activities later is a known cost. Price it now so the comparison is honest.

03

Check the rules at the primary source

Take every claim an agent makes about tax, ownership or market access and find it on u.ae, tax.gov.ae or the zone's own published pages.

Anything an adviser cannot show you in writing should be treated as sales copy.

04

Build the three year cost

Use the table on page 5. Two or three shortlisted options, three years each, renewals included, on one sheet.

Ask each provider what the second-year renewal costs in writing before you pay anything.

Actions before you buy a licence

05

Prepare the bank case first

Business model in one page, draft contracts or letters of intent, documented source of funds, realistic projections, and shareholder background.

Strong documentation is the single biggest factor in how quickly an account opens.

06

Buy the visa quota you actually need

Year one, not year three. Quota you do not use is a cost with no return, and most packages allow you to add later.

Check what adding one costs before you assume the smaller package is cheaper.

07

Set up tax and books from day one

Corporate tax registration, a bookkeeping system, and a clear view of whether you meet the conditions for any free zone treatment.

Retrofitting records to prove a position you assumed is the expensive version of this.

08

Book the marketing before the licence lands

A licence produces no customers. Have the proposition, the website and the first quarter of activity ready to start the week the trade licence is issued.

Most new businesses here lose their first quarter waiting to think about this.

A worked example

A made-up two-person engineering consultancy moving from the UK to Dubai. The figures are invented and the structures are illustrative. Take the method rather than the answer, and check your own case with a licensed adviser.

The five questions, answered

Who pays you: of the first twenty invoices, fourteen were to UK and European clients, four to UAE-based international contractors, two to a Dubai government-linked entity.

Premises: none. Client site and desk work.

Regulated: engineering consultancy carries approvals in some categories, so it needed checking rather than assuming.

People: two visas in year one, possibly four by year three.

At scale: the government-linked work was the growth plan, and that answer changed the shortlist.

What the exercise changed

The original plan was the cheapest package found online, chosen in an afternoon. Two things came out of the five questions.

The two invoices nobody had thought about. The growth plan depended on a customer type the cheapest structure served awkwardly. That moved the shortlist before any money was spent.

The three-year cost. Option A was AED 6,000 cheaper in year one and about AED 21,000 more expensive across three, once renewal, the second visa and audit were included.

The week that was saved: the proposition and website were written while the licence was processing, so the first outreach went out four days after it was issued.



The one-page structure decision

Answer the five questions, then cost two or three shortlisted options across three years. Take this sheet to your adviser rather than a blank question.

OUR FIRST TWENTY INVOICES: WHO, WHERE, BUYING WHAT

PREMISES NEEDED · ACTIVITY IN ONE SENTENCE · REGULATED YES OR NO

VISAS YEAR ONE AND YEAR THREE · WHAT ONE MORE COSTS

THREE YEAR COST	OPTION A	OPTION B	OPTION C
Licence and renewals			
Premises			
Immigration and visas			
Accounting, tax and audit			
Banking and other			
Total across three years			

CLAIMS TO VERIFY AT SOURCE, AND WHERE WE FOUND THEM

Mistakes to avoid and where to check

Six mistakes I see most often

- ☐ Choosing on the year-one headline price without asking what renewal costs.
- ☐ Loading the licence with activities, which slows the bank and raises the cost.
- ☐ Treating any structure as a tax-free promise rather than a position with conditions.
- ☐ Taking a setup agent's word on a rule without seeing the source.
- ☐ Buying visa quota for a headcount three years away.
- ☐ Waiting for the licence before starting any marketing, and losing the first quarter.

Important

This guide is written from a commercial and marketing perspective. It is not legal, tax or licensing advice, and the rules, fees and categories change. Verify every point that affects your own case with the authorities below or with a licensed adviser before you act.

Where to check

UAE Government portal, u.ae, for business setup routes and official guidance. Federal Tax Authority, tax.gov.ae, for corporate tax, registration and the free zone conditions. Ministry of Finance, mof.gov.ae, for tax policy and small business relief. Dubai Chambers, dubaichambers.com, for trade and expansion. Each free zone publishes its own schedule of charges, which is the only reliable source for its fees.

What was verified for this guide

Corporate tax at 0% for taxable income up to AED 375,000 and 9% above it. Also the position that free zone incentives continue for businesses meeting every regulatory requirement and not conducting business set up in the mainland. Both taken from the UAE Government portal and checked on 22 August 2026. No fee figures appear in this guide, because published fees change faster than a guide can be revised.

Related reading

Related guides in this series: Enter the UAE market, a step-by-step plan, and Small business relief and corporate tax, at ataylorcmo.com/guides.



Conclusion

Five questions, twenty invoices written down, a tightly defined activity, and a three-year cost for two or three options. That is the work, and it takes an afternoon.

The structure is a commercial decision about who you are able to sell to, dressed as an administrative one. Everything else in the process follows from getting that part right.

Next step

I offer a 30 minute discovery call at no charge, on structure, market entry and the marketing that wins your first customers.

Book at ataylorcmo.com, or write to adam@ataylorcmo.com.



Adam Taylor

MSc, FCIM, CDMP. A marketing leader with more than 20 years of international experience driving growth, market expansion and competitive positioning across luxury retail, real estate, free zones, automotive and mega-events.

I work as a fractional chief marketing officer for owners, executives and boards in the UAE, the UK and internationally. My career includes Group Head of Marketing at Emaar, Director of Events and Entertainment at Expo 2020 Dubai, and marketing leadership of a UAE free zone, with more than 5,000 events and activations delivered for premium brands.

Credentials

MSc Marketing. Fellow of the Chartered Institute of Marketing. Certified Digital Marketing Professional.

Experience

More than 20 years across the UAE, the wider Middle East, the UK and global markets.

Specialisms

Marketing strategy, brand positioning, UAE market entry, growth and marketing return on investment, events and experiential, and board governance.

Brands and organisations

Emaar · Expo 2020 Dubai · The Dubai Mall · IFZA · Al Tayer Motors · Ferrari · Gucci · Harvey Nichols · Bloomingdale's · Dolce and Gabbana

Contact

If you have a question about this guide, or want a second opinion on your structure before you commit to it, write or call. I reply within one working day.



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Working hours

Monday to Friday, 08:00 to 18:00 Gulf Standard Time
UK appointments by arrangement

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