



Dubai Multi Commodities Centre An Attractive Option for a Free Zone Set Up

Once the decision is made to establish an entity in a free zone of the United Arab Emirates ("UAE"), the investor has to choose the most suitable free zone for the business endeavour. Apart from the cost of the actual business set up, considerations regarding the location of the free zone, the licensability of the preferred business activities, the availability of office and storage space as well as the efficiency of the free zone authority play a vital role in the selection process. One free zone which is frequently selected by investors from different industry sectors is the Dubai Multi Commodities Centre ("DMCC").

1. Location

DMCC is located along Sheikh Zayed Road in the district Jumeirah Lakes Towers ("JLT") which is in close vicinity to Dubai Marina and The Palm Jumeirah. Hence, these new areas of Dubai as well as Abu Dhabi are within easy reach.

2. Business Activities

When licensing free zone companies, DMCC closely follows the activity catalogue of the Dubai Department of Economic Development. With very few exceptions, for example manufacturing activities, almost all lines of business are licensable in DMCC.

DMCC currently stands alone in offering a company the possibility to hold two different licenses. This administrative practice proves to be advantageous as it enables the free zone company to combine various activities in one legal entity alone instead of establishing two separate corporate bodies, for instance one for trading and one for consultancy services.

3. Office Solutions & Warehouse Space

DMCC offers various office solutions. Investors may either choose offices in variable sizes and stages of fit-out or rent workplaces in the DMCC Business Centre on an hourly basis. Furthermore, offices within JLT cannot only be rented from DMCC directly, but also from external landlords. As JLT is a so-called freehold area in which, apart from UAE nationals, all persons regardless of their nationality as well as certain legal entities are permitted to own property, it is possible to both rent and buy real estate in JLT. Although warehouse space is not available in DMCC, DMCC may permit that small parts of the office are used for storage purposes.

4. Cost

The annual fees per license amount to AED 20,000 which is rather costly in comparison to other free zones. However, a financial benefit can result from the fact that, aside from DMCC, a variety of other landlords is available so that the rent for the free zone company's office space is freely negotiable.

Furthermore, DMCC requires a lump sum of only AED 3,000 as deposit per employment visa whereas it is customary in several other free zones to charge an amount of one and a half monthly (basic) salaries as well as the cost for a one-way-ticket to the employee's home country.

5. Free Zone Authority

In the last couple of years, the collaboration with DMCC was occasionally complicated resulting in applications for business set ups and residence visas to take some time, thus, trying the patience of the parties involved. With the implementation of the web-based DMCC Free Zone Member Portal in spring 2014 - through which all applications are initiated and processed - the cooperation with DMCC has improved considerably. Procedures have been simplified and designed more transparently which significantly shorten the duration of the individual approval steps. The online portal can even be considered as one of the most efficient and user friendly in the UAE at the moment.

6. Conclusion

Due to its options for business set up and office premises, its location and internal administrative structure, DMCC has evolved into a free zone that creates an attractive business environment for investors. Thus, it may be worthwhile to consider DMCC when choosing a suitable free zone.

Do you have questions? - We would be glad to answer them!

From our office located in the heart of Dubai, our team of German attorneys has been advising small and medium-sized companies, corporations and individuals on the laws of the United Arab Emirates for more than a decade. Our areas of expertise include corporate and commercial law (in particular business set ups), commercial agency law, employment law as well as tenancy and real estate law. We would be happy to attend to your questions as well. Contact us!