

KEY FACTS

DIFC PRESCRIBED COMPANIES

PASSIVE HOLDING

TO FURTHER ENHANCE THE DUBAI INTERNATIONAL FINANCE CENTRE'S (DIFC) POSITION AS A PREMIER FINANCIAL JURISDICTION WITHIN THE GULF COOPERATION COUNCIL (GCC), IN JULY 2024, THE DIFC AUTHORITY HAS IMPLEMENTED MAJOR CHANGES TO ITS 'PRESCRIBED COMPANY' REGIME BY BROADENING THE QUALIFYING CRITERIA.

WHY SET UP YOUR PRESCRIBED COMPANY (PC) IN THE DIFC?

- > Reduced licensing fees: USD100 application fee (one time) and an annual commercial licence fee of USD1,000
- > Flexible registered address: A PC can have its own DIFC office space, co-working desk share office space with its DIFC affiliate, or use an appointed DIFC corporate service provider (CSP)
- > Common law jurisdiction with independent DIFC courts
- > Globally competitive and attractive tax regime
- > Zero currency restrictions and 100% foreign ownership
- > Zero restrictions on capital repatriation
- > Transfer of domicile of incorporated companies to and from DIFC

Note: A PC is not permitted to employ any employees.

ESTABLISHMENT

- > Under the amended Regulations, the following applicants are permitted to establish a PC:
 - > **GCC Persons:**
 - > a natural person who is a citizen of a GCC Member State;
 - > a body corporate or body unincorporate, including a company, partnership, or unincorporated association, that is controlled by one (1) or more natural persons who is a citizen of a GCC Member State;
 - > a body corporate that has any class of its securities listed on a securities exchange in the GCC; or
 - > a government entity of any Emirate in the UAE
 - > **Registered Persons:** a DIFC registered entity other than a PC or a non-profit incorporated organisation; or
 - > **Authorised Firms:** a person who holds a licence from the DFSA or a recognised financial services regulator to carry on one (1) or more financial services, excluding a representative office
- > Should an applicant not meet the above criteria, the PC must be established or continued in the DIFC for the purpose of holding legal title to, or controlling, one (1) or more GCC registrable assets. An asset or property interest that must be registered with a GCC authority to establish legal ownership, secure rights, or claims against it, and to provide public notice (e.g., a share certificate, commercial licence, title deed, etc). of such interests, includes but is not limited to:
 - > land and real estate property
 - > shares in private and public companies
 - > partnership interests
 - > other assets

- > A DIFC PC may also be established by any applicant, provided that it is established for a qualifying purpose, which includes:
 - > **An Aviation Structure:** a structure of one (1) or more persons having the sole purpose of facilitating the owning, financing, securing, leasing or operating an interest in one (1) or more aircraft(s) or any part(s) thereof.
 - > **A Maritime Structure:** a structure of one (1) or more persons having the sole purpose of facilitating the owning, financing, securing, chartering, managing, or operating of an interest in one (1) or more maritime vessel(s), maritime unit(s) or any part(s) thereof.
 - > **An Intellectual Property Structure:** a structure of one (1) or more persons established for the sole purpose of holding intellectual property for commercial purposes.
 - > **Crowd Funding Structure:** a structure of one (1) or more persons established for the purpose of holding the asset(s) invested into through a crowdfunding platform.
 - > **Structured Financing:** a structure of one (1) or more persons having the sole purpose of holding assets to leverage and/or manage risk in one (1) or more financial transactions, inclusive of the (a) complex lending or security arrangements; (b) derivative transactions; (c) hybrid securities; (d) issuing of securities to facilitate bond or sukuk issuances; (e) securitisations; or (f) collateralised debt instruments, whether done in an Islamic or conventional manner.
- > Under the new Regulations, a PC can also be established by any person, provided that an employee of a CSP is appointed as a director of the PC, and that CSP has an arrangement with the RoC to carry out certain AML/compliance functions on behalf of the PC.

Please note that a PC must be a passive holding company. It cannot have employees, act as a managing office, or perform proprietary investment activities.

DISCLOSURE OF INFORMATION

- > On an annual basis, a confirmation statement shall be filed with the Registrar confirming the following:
 - > the PC continues to meet the requirements for an applicant under the new regime; or
 - > the PC continues to serve its qualifying purpose
- > For a PC whose qualifying purpose is structured financing that does not have an authorised firm as an initiator or party to the transaction, each director shall file with the Registrar additional confirmation that the PC is not being used and will not be used, whether in UAE or elsewhere, to:
 - > circumvent foreign ownership restrictions
 - > change the nationality of a shareholder or interest holder in an entity to avoid foreign investor registration requirements
 - > avoid the imposition of any tax or duty as a consequence of the UAE nationality of the PC

CORPORATE SERVICE PROVIDER

- > A PC may, but need not, have a CSP that will:
 - > file documents and pay fees on behalf of the PC
 - > perform assessments or checks under relevant laws to ensure that the PC adheres to AML requirements and ultimate beneficial ownership (UBO) regulations, and provide certifications in this regard to the Registrar
 - > file reports, disclosures or confirmations on behalf of the PC

Any CSP appointed must be a qualified person, i.e., licensed by DIFCA to undertake the activity of acting as a CSP of companies and registered with the DFSA as a Designated Non-Financial Business or Profession (DNFBP).

ACCOUNTING REQUIREMENTS

- > A PC shall maintain accounting records as required under the Companies Law and audited financial statements for corporate tax filing if applicable
- > A PC shall be exempt from any requirement to file its accounts with the Registrar (provided they have appointed a CSP to hold such accounts) or have them audited

Corporate Tax

- > The DIFC PC, being an entity registered in the UAE, is required to register for corporate tax within 60 days from date of issuance of the license to avoid the late registration penalty of AED10,000

- ▶ PEOPLE LED
- ▶ TECH ENABLED
- ▶ GLOBAL COVERAGE
- ▶ TAILORED SERVICE

- ▶ 1,100 STAFF
- ▶ 25 JURISDICTIONS
- ▶ 47,000 ENTITIES
- ▶ \$177BN AUA

- ▶ FUNDS
- ▶ PRIVATE CLIENTS
- ▶ CORPORATE CLIENTS
- ▶ MARITIME

[TRIDENTTRUST.COM](https://tridenttrust.com)