



Comprehensive Financial Services

# KNOWLEDGE SERIES



## JUNE & JULY - 2024

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## Article 1

# Tax Neutrality in UAE Investment Funds: A Strategic Overview



**CA Karishma Surwankar**  
Head Of tax

Investment funds represent a broad spectrum of financial products, mirroring those available in global markets. These funds include public funds, accessible to the general public, and private funds, which are exclusive to professional investors. Investment funds pool capital from investors and invest it collectively according to a defined investment policy. In return, investors share in the profits of the fund. Often, an investment manager is appointed to make investment decisions on behalf of the fund, guided by a pre-agreed investment policy and procedures. Sometimes, these activities are undertaken by an investment advisor or a general partner.

The UAE's Corporate Tax Law seeks to ensure tax neutrality, positioning investors in investment funds similarly to those making direct investments in the underlying assets. This approach aligns with international standards, where tax systems often provide neutrality between direct investments and investments through collective investment vehicles, thereby avoiding taxation or onerous compliance obligations on the income of such entities.

Investment funds classified as Resident Persons are subject to Corporate Tax in the UAE. However, they can apply for exemption as a Qualifying Investment Fund if they meet specific criteria, such as regulatory oversight by the Financial Services Authority (FSA), Financial Services Regulatory Authority (FSRA), or Securities and Commodities Authority (SCA). Additionally, these funds must not primarily aim to avoid Corporate Tax and should have their interests traded on a recognized stock exchange. Notably, an investment fund can only seek this exemption after registering with the Federal Tax Authority as a Taxable Person. Furthermore, investment funds treated as Unincorporated Partnerships can avoid being classified as juridical persons, thus exempting them from being Taxable Persons. Instead, the income from these partnerships is considered earned by the investors for tax purposes. Funds established as juridical persons outside the UAE are not regarded as Resident Persons unless managed and controlled within the UAE. However, they would be subject to Corporate Tax if they have a Permanent Establishment, State Sourced Income, or other nexus in the UAE.

Notably, the Investment Manager Exemption ensures that UAE-based investment managers acting for foreign investors do not incur Corporate Tax liabilities, provided they meet specified conditions.

Qualifying Investment Funds are excluded from forming part of a Qualifying Group for Group Relief purposes. Additionally, they are not entitled to Business Restructuring Relief for the transfer of an entire business or a segment thereof. Furthermore, these funds cannot benefit from provisions for the transfer of tax losses and are prohibited from forming part of a Tax Group. For juridical person investors classified as Resident Persons and holding ownership interests in a Qualifying Investment Fund, any net income available for distribution that is not Exempt Income will be treated as Taxable Income. Similarly, for natural person investors holding such interests as part of a business or business activity, any non-exempt net income available for distribution will also be considered Taxable Income.

If an investor in a Qualifying Investment Fund is a Taxable Person, they must include their share of the net income available for distribution in their income. For Resident Person investors who are juridical persons, this net income is treated as taxable income if it is not exempt. For Resident Person investors who are natural persons, this income is also taxable if they hold the investment as part of a business or business activity. Non-Resident Person investors must account for any non-exempt net income for Corporate Tax purposes if it is attributable to a Permanent Establishment in the UAE.

The Investment Manager Exemption aims to prevent regulated UAE-based investment managers and brokers from incurring Corporate Tax liabilities for foreign investors under common commercial scenarios. A UAE-based investment manager is treated as an independent agent for the purposes of Corporate Tax Law when acting on behalf of a foreign or Non-Resident Person, provided the conditions specified in Corporate Tax Law are met.

Overall, the UAE's approach ensures a tax-neutral environment for investment funds, aligning with international practices and promoting fairness. This framework facilitates the growth and competitiveness of the UAE's investment fund sector, benefiting both local and global investors.





## Article 2

# VAT Guidelines: Understanding Manpower vs Visa Services in UAE



**Tarun Aggarwal**  
Head of Accounts and  
Taxation

In the realm of VAT, distinguishing between manpower services and visa facilitation services is essential yet challenging for businesses. And it is important that the businesses be aware of the guidelines when dealing with these services under VAT regulations.

### **Manpower Services:**

As per the new clarification, the identification/recruitment/hire of candidates and making such employees available to any customer would, generally, be regarded as a taxable supply of manpower.

And under Manpower services, the supplier is generally responsible for all the employment obligations including payment of salaries and any other additional benefits. The supplier also oversees the employees' performance and working conditions at the customer's premises. Thus, the supplier ensures that the employees meet the required standards and fulfill the customer's needs effectively.

The consideration for the supply of manpower includes the total amount received (or expected to be received) by the Supplier from the Customer.

Therefore, for VAT purposes, the consideration covers a broad range of costs associated with the provision of manpower services. This includes the employees' salaries, benefits, and any additional charges that may be applied. It also includes any other recharges related to the manpower services, ensuring that all financial aspects of employing and providing the manpower are accounted for in the taxable amount.

### **Visa Facilitation Services:**

As an exception, there are certain conditions where a supply would not be regarded as a supply of manpower services.

- The public clarification states that services within the same corporate group are not considered manpower supply if the companies are part of the same corporate group.
- The second condition for the supply of such services to not be regarded as manpower supply is that the supplier of such services should not in any capacity provide manpower services to any person.
- The third condition states that the customer, not the supplier, will cover employee obligations like salary, incentives, allowances,

and medical insurance. The supplier is only responsible for the cost of obtaining the employment visa.

- The fourth condition in the public clarification states that visa facilitation services apply if the employee works solely for the customer under the customer's control and supervision. If the employee also works for any other corporate group company, it is considered a supply of manpower services.

Hence, if the supply of such services satisfies the conditions mentioned in the public clarification and is provided to a company located in the UAE, such supplies would be regarded as taxable supplies. The value of such supplies is limited to the cost of typing fees, medical tests and issuance of employee Emirates IDs and would exclude the employee's salary, annual flight allowance and any other monetary benefits as these would be the obligation of the customer.

### **Conclusion:**

In conclusion, the UAE Federal Tax Authority's Public Clarification VATP038 provides essential guidance on distinguishing between manpower services and visa facilitation services for VAT purposes. Manpower services involve full responsibility for employment roles, including salaries and performance management, whereas visa facilitation services pertain to administrative support within the same corporate group without assuming employment liabilities. Understanding these distinctions is crucial for accurate VAT treatment, ensuring compliance and proper valuation of services provided.



## Article 3

# Golden Rules: AML/CFT Compliance in UAE's Precious Metals Trade



**Zorawar Singh**  
Manager Licensing, Legal & Compliance

The United Arab Emirates (UAE), particularly Dubai, is celebrated as a vibrant hub for the global jewellery trade, leveraging its rich heritage of traditional craftsmanship and advanced technology. This sector is not only a foundation of the UAE's luxury goods market but also a significant contributor to its economy. However, the high-value nature of transactions in precious metals and stones (PMS) brings vulnerabilities, making this sector a potential target for money laundering (ML) and terrorism financing (TF) activities. Recognizing this, the UAE has established a strict regulatory framework to safeguard the integrity of its financial system and the global jewellery trade.

### Definition of precious metals and stones:

Under the Anti-Money Laundering (AML) regulations in the United Arab Emirates (UAE), the term "Precious Metals and Stones" encompasses a specific range of high-value materials. These include:

#### Precious Metals:

- **Gold:** Recognized as a precious metal when it has a purity of at least 500 parts per 1,000.

- **Silver:** Considered precious with a minimum purity of 800 parts per 1,000.
- **Platinum:** Classified as a precious metal at a purity level of at least 850 parts per 1,000.
- **Palladium:** Requires a minimum purity of 500 parts per 1,000 to be deemed precious.

#### Precious Stones:

- **Diamonds:** Both rough and polished diamonds are included, with polished ones needing to be at least 0.3 carats per stone if unmounted, or 0.5 carats for any single stone set within a piece of jewellery.
- **Coloured Gemstones:** This category covers gemstones like Emeralds, Rubies, and Sapphires, which must weigh at least 1 carat per stone if loose, or 2 carats for any single stone set in jewellery.

#### Pearls:

- **Loose Pearls:** Must have a minimum diameter of 3 millimetres per bead.
- **Mounted Pearls:** When strung or set in jewellery, the pearls need to have a minimum diameter of 10 millimetres for any single bead.



**Additional Criteria:**

- **Composite Items:** Objects are also considered under this category if at least 50% of their value is derived from precious metals and stones.

**Definition of a Dealer in Precious Metals and Stones in the UAE:**

In the UAE, an individual or entity is recognized as a Dealer in Precious Metals and Stones (DPMS) if they engage in activities such as:

- Mining, refining, cutting, polishing, or creating items from precious metals and stones.
- Importing or exporting these materials.
- Buying, selling, repurchasing, or reselling precious metals and stones, including transactions involving scrap materials.
- Participating in barter or exchange deals involving precious metals and stones.
- Arranging loans or leases that involve precious metals and stones.
- Holding precious metals and stones in various capacities, such as for fiduciary responsibilities, warehousing, or safekeeping.
- Providing specialized services such as cutting, polishing, refining, casting, or fabrication related to precious metals and stones.

**High money laundering risk in gold trade:**

Gold's inherent properties, such as its high value-to-weight ratio and the liquidity of its international markets, make it an attractive instrument for money laundering. The process of disguising the origins of illicit funds is facilitated by gold's untrace ability and

global acceptance, demonstrated by instances where Colombian drug lords used gold transactions to launder drug money through manipulated documentation and international trade.

Dubai plays a pivotal role in the gold-based money laundering landscape, especially with artisan ally mined gold from Africa. This city's growth as a gold trading hub provides a conducive environment for laundering schemes, leveraging gold's flexibility to obscure the movement of illicit funds. The practice of layering in money laundering, using gold as a medium, exemplifies its effectiveness in integrating illicit wealth into the global financial system.

The Financial Action Task Force (FATF) emphasizes that traditional banking complicity is often bypassed in gold-based laundering, as transactions can occur outside the conventional banking system, especially in secrecy jurisdictions like Dubai. This aspect of gold trade makes it a preferred choice for laundering, as it avoids the detection mechanisms of financial institutions, allowing criminals to enjoy their profits without compromising their illegal origins.

**Understanding the Regulatory Landscape:**

The UAE's approach to combating ML and TF within the PMS sector is supported by a vigorous legal framework, notably through Cabinet Decision No. (10) of 2019 and Decree Law No. (20) of 2018. These regulations identify Dealers in Precious Metals and Stones (DPMS) as Designated Non-Financial Businesses and Professions (DNFBPs), subjecting them to comprehensive

Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) obligations. The criteria for these obligations become applicable when DPMS engage in transactions (single or multiple related transactions) that equal or exceed a threshold of AED 55,000.

This regulatory framework is a response to the unique risks posed by the PMS sector. Precious metals and stones, due to their high value, liquidity, and ease of transport, can be easily exploited for ML/TF purposes. The decentralized and often cash-based markets for these commodities further exacerbate the risk, providing avenues for transactions to be conducted with relative anonymity.

## The Dealers in Precious Metals and Stones Report (DPMSR):

A crucial element of the UAE's AML/CFT measures is the mandatory submission of the Dealers in Precious Metals and Stones Report (DPMSR) by DPMS entities. This requirement, stipulated under Circular No. 08/AML/2021 issued by the Ministry of Economy and effective from June 12, 2021, aims to enhance the transparency of high-value transactions and facilitate the monitoring and analysis of potential ML/TF activities within the sector.

The DPMSR to be filled within 2 weeks after receiving receipt or payment of funds within the threshold through cash or wire transfer.

## Transactions to be Reported and Exemptions

### Transactions Requiring Reporting:

- **Cash transactions** with UAE residents or non-residents equal to or exceeding AED 55,000.

- **Transactions involving corporate entities**, whether through cash or wire transfers, meeting or exceeding the AED 55,000 threshold.

- **International wire transfers** with corporate entities equal to or exceeding AED 55,000.

- **Local wire transfers** made through exchange houses that meet the specified threshold.

- **Advance payments** in cash or instalment transactions equal to or exceeding AED 55,000.

- **Transactions involving unfixed gold** paid in cash that reach or surpass the AED 55,000 threshold.

- **Financial transfers conducted** electronically from companies located within the mainland to those situated in a Free Zone, provided they are distinct entities.

- **Monetary exchanges** executed through international electronic transfers in USD between separate companies both located within Free Zones.

### Exemptions from Reporting:

- **Credit card, cheque, or bank transactions** with individuals, irrespective of the amount.

- **Gold-to-gold transactions** or the exchange of old gold that does not involve cash equal to or exceeding AED 55,000.

- **Local wire transfers and cheque transactions** from local banks within the UAE.

- **Intra-company transfers** or purchase/sell transactions in cash, regardless of the amount.

- **Transactions through Letters of Credit** issued by banks.

- **Physical trade of precious metals or stones** with commercial banks operating and regulated outside the UAE.

- Transactions conducted between **companies located in Free Zones**, where payments are made through accounts held at the **same UAE bank**.

### The Rationale Behind Mandatory DPMSR Submission:

The DPMSR submission requirement is a strategic measure to address the ML/TF vulnerabilities inherent in the PMS sector. The high value, portability, and global nature of precious metals and stones, combined with the sector's scale and the diverse profile of market participants, create significant risks. Many small and mid-sized businesses in this sector may lack the awareness and resources to effectively manage these risks, further heightening the potential for exploitation by criminal elements.

### Comprehensive AML Obligations for DPMS:

Beyond the DPMSR, DPMS entities in the UAE are subject to a broader set of AML/CFT obligations. These include:

- **Risk Identification and Assessment:** DPMS must proactively identify and assess ML/TF risks associated with their operations, customer profiles, and transaction patterns.
- **AML Policies and Procedures:** Establishing, documenting, and regularly updating AML/CFT policies and procedures is crucial to ensure that they effectively mitigate identified risks.
- **Customer Due Diligence (CDD):** DPMS are required to implement rigorous CDD measures, including verifying the identity of their customers and understanding the nature of their business relationships.

- **Ongoing Monitoring:** Continuous monitoring of business relationships and transactions is essential to detect and report any suspicious activities.

- **Governance and Compliance Framework:** An adequate governance structure, including the appointment of an AML/CFT Compliance Officer and the establishment of an internal audit function, is necessary to oversee compliance efforts.

- **Staff Training:** Regular AML/CFT training for staff ensures that they are equipped with the knowledge and skills to recognize and respond to potential ML/TF risks.

- **Registration and Reporting:** DPMS must register on the goAML platform and comply with reporting requirements, including the submission of Suspicious Transaction Reports (STRs) and DPMSRs.

### Consequences of non-compliance:

- **Significant Penalties Exceeding AED 1 million:** Entities may incur fines of over AED 1 million for failing to adequately screen customers against international or local sanctions lists or for engaging with non-authorized banking institutions. Similarly, penalties apply for accounts opened or maintained under fictitious names rather than the actual account holders.
- **Substantial Fines of AED 200,000 or More:** Fines in this bracket are imposed for neglecting Enhanced Due Diligence for high-risk clients, not reporting Suspicious Transaction Reports (STRs) to the Financial Information Unit (FIU), or failing to provide additional information requested by the FIU regarding suspicious transactions. Penalties also apply if businesses inadvertently alert customers or third parties about the



suspicious or investigative actions taken against them or if they fail to adhere to guidelines set by the National Committee for Combating Money Laundering regarding high-risk countries.

• **Violations Incurring Fines of AED 100,000 or More:** Sanctions are levied for not implementing risk identification and assessment measures, failing to conduct due diligence before establishing or continuing business relationships, or not verifying the identity of customers and Ultimate Beneficial Owners (UBOs). Delays in reporting STRs to the FIU or not conducting due diligence on Politically Exposed Persons (PEPs) also attract fines, as does inadequate record-keeping of financial transactions with clients.

• **Penalties Amounting to AED 50,000 or More:** Entities are fined for not providing AML training to employees, restricting access to competent authorities, or not maintaining financial transaction records for the mandated duration. Inaccuracies in keeping financial transaction records, not appointing an AML compliance officer, neglecting continuous customer monitoring, and failing to establish internal AML policies and controls are also penalized. Additionally, not adopting measures to mitigate identified risks after national and self-assessments incurs fines.



## Article 4

# Navigating Business Loans in the UAE: A Comprehensive Guide



**Aquila Neol**  
Banking Manager

The United Arab Emirates (UAE) stands as a beacon of opportunity for entrepreneurs and established businesses alike. With its strategic location, robust infrastructure, and supportive government policies, the UAE is a fertile ground for business growth. However, like any other thriving market, businesses in the UAE often require financial support to expand operations, manage cash flow, or invest in new projects. This is where business loans come into play.

### Understanding Business Loans in the UAE:

Business loans in the UAE are financial products offered by banks and financial institutions to support business activities. These loans can be used for various purposes, including working capital, purchasing equipment, expanding operations, and more. The loan amounts, interest rates, and terms vary depending on the lender and the specific needs of the business.

### Types of Business Loans Available

#### Working Capital Loans

These loans are designed to cover the day-to-day operational expenses of a business. They help businesses manage cash flow and ensure smooth operations.

#### Equipment Financing

Businesses often require expensive equipment to operate. Equipment financing allows businesses to purchase necessary equipment without depleting their cash reserves.

#### Trade Finance

This type of financing supports businesses involved in international trade. It includes products like letters of credit, trade loans, and invoice financing.

#### Commercial Mortgages

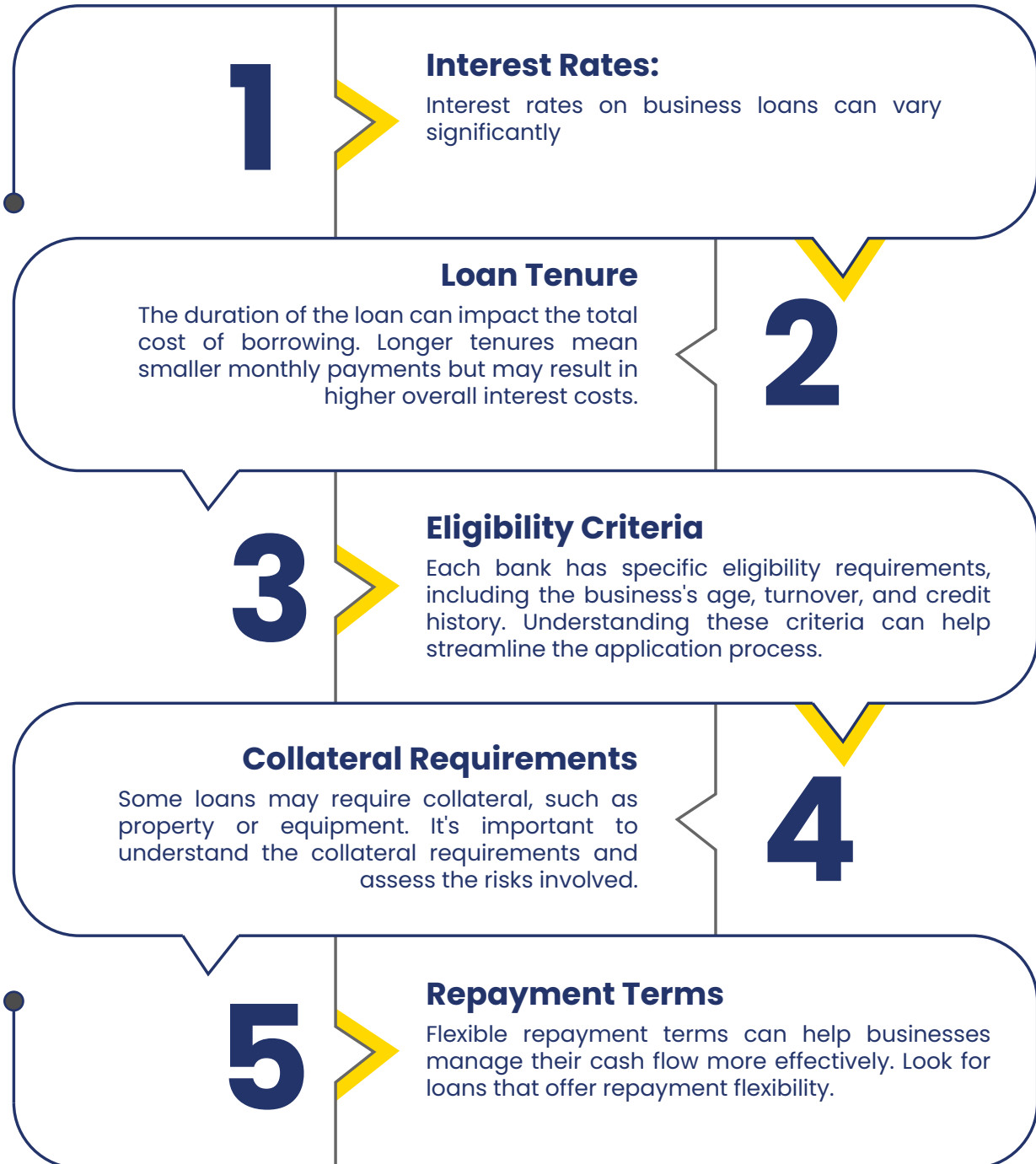
For businesses looking to purchase property or expand their premises, commercial mortgages provide the necessary funds.

#### SME Loans

Tailored specifically for small and medium-sized enterprises (SMEs), these loans come with favorable terms to support the growth of smaller businesses.

## Key Factors to Consider

Before applying for a business loan in the UAE, it's essential to consider several factors:





## Article 5

# UAE's Long-Term Solution: The 10-Year Blue Residency Visa



**Muhammed Shamlan**  
Operations Head

### Definition:

• The "Blue Visa" is a residency visa introduced by the UAE government to encourage remote workers and freelancers. It enables eligible persons to live and work in the UAE without requiring a standard job offer from a local firm. It is intended to help the country achieve its objective of becoming a hub for digital nomads and remote workers, providing them with a stable and appealing environment in which to live and work.

### Eligibility:

• The Blue Visa in the UAE is often granted to remote workers, freelancers, and digital nomads from all over the world. Eligibility criteria frequently include having a source of income, such as remote work or freelance projects, and reaching certain income minimum set by the UAE government.

### How to apply?

• Obtaining a Blue Visa in the UAE requires a few simple steps. First, candidates must obtain the necessary documentation, such as proof of income and a passport.

• Apply online using the official UAE government webpage. The process includes filling out the relevant documents and paying fees. Once granted, the timing for acquiring the visa varies but often takes a few weeks to process.



## BENEFITS OF OBTAINING 10 YEAR BLUE RESIDENCY VISA



### Work Permission

You can work as a freelancer or remote worker without requiring a local sponsor.



### Access to Services

You may quickly create a bank account, obtain a local phone number, and use a variety of other services.



### Quality of Life

The UAE offers a high level of living, contemporary conveniences, and cultural activities.



### Networking Opportunities

Meet other professionals and entrepreneurs in a worldwide center for business and innovation.

## CONCLUSION:

Blue Visa in the UAE offers a fantastic chance for freelancers and remote workers to live and work in a dynamic atmosphere free of the limits of regular employment. It provides stability, convenience, and access to a thriving international community, making it an appealing option for individuals seeking to advance their professions while enjoying a high standard of living in the UAE.



## Article 6

# Valuation of Businesses in UAE



**Dr. Dimple Bhojwani**  
Head of M&A Strategic Advisory

### Introduction:

The Gulf Cooperation Council (GCC) region, particularly the UAE, has emerged as a significant hub for business activities. The UAE's strategic location, robust infrastructure, and progressive regulatory environment have made it an attractive destination for investors and entrepreneurs worldwide. The country's economic diversification efforts, moving away from an oil-dependent economy to one that embraces real estate, technology, tourism, and finance, have further fueled business growth and investment opportunities.

Valuation of businesses is a critical aspect in this vibrant market, providing insights into the true worth of companies. Accurate valuation is essential for various purposes, including mergers and acquisitions, investment analysis, financial reporting, and strategic planning. For investors, a reliable valuation helps in making informed decisions about where to allocate their capital. For business owners, it offers a clear picture of their company's market position and future potential.

This article aims to demystify the valuation process, focusing on the UAE market. It is designed for readers without a background in financial modeling or valuation, providing them with a foundational understanding of key valuation methods and the specific considerations unique to the UAE. By the end of this article, readers will have a better grasp of how business valuation works and why it is crucial for maintaining a healthy and transparent business environment in the UAE.

### Understanding Business Valuation:

Business valuation is the process of determining the economic value of a company. It is essential for various purposes, including mergers and acquisitions, investment analysis, financial reporting, and strategic planning. Understanding the value of a business helps investors make informed decisions, ensures accurate financial reporting, and guides businesses in strategic planning and growth.



Valuation serves multiple purposes, such as facilitating negotiations in mergers and acquisitions, helping investors determine the viability of investments, and ensuring transparent and accurate financial reporting. Furthermore, a proper valuation can guide businesses in their strategic planning, including expansions, restructuring, and exit strategies. In the context of the UAE, where the economy is diversifying rapidly and new sectors are emerging, understanding how to value a business accurately is more important than ever.

## Key Valuation Methods:

### 1. Discounted Cash Flow (DCF) Analysis:

Discounted Cash Flow (DCF) Analysis estimates the value of a business based on its expected future cash flows, which are then discounted to present value. This method involves forecasting the future cash flows of the business, determining an appropriate discount rate, and calculating the present value of these cash flows. It is crucial to use realistic assumptions about future growth rates, discount rates, and terminal values to ensure an accurate valuation. The DCF method is particularly useful for businesses with predictable and stable cash flows.

DCF analysis is grounded in the principle that the value of money changes over time. A dollar today is worth more than a dollar in the future due to its earning potential. Therefore, DCF involves discounting future cash flows back to their present value using a discount rate, which typically reflects the company's weighted average cost of capital (WACC).

For example, if a business expects to generate AED 1 million annually for the next five years, and the discount rate is 10%, the present value of these cash flows would be calculated to determine the business's current worth.

### 2. Comparable Company Analysis:

Comparable Company Analysis values a business by comparing it to similar companies within the same industry. This method involves identifying a group of comparable companies, analyzing their financial metrics (such as revenue, profit margins, and earnings multiples), and applying these metrics to the company being valued. The key is to select truly comparable companies and ensure the data used is current and relevant. This method is commonly used because it reflects how the market values similar businesses, providing a market-based perspective on valuation.

In practice, this involves creating a peer group of similar businesses, then comparing financial ratios such as Price-to-Earnings (P/E), Enterprise Value-to-EBITDA (EV/EBITDA), and others. For example, if similar companies in the industry are trading at an EV/EBITDA multiple of 8x, and the company being valued has an EBITDA of AED 5 million, its implied enterprise value would be AED 40 million (8 x 5). This method offers a quick and market-oriented valuation, which can be very insightful in dynamic markets like the UAE.

### 3. Precedent Transactions:

Precedent Transactions valuation is based on analyzing the prices paid for similar companies in past transactions. This method involves researching recent transactions within the industry, examining the terms and conditions of these deals, and applying the derived valuation multiples to the company in question. This approach is valuable as it considers real transaction data, reflecting the market's willingness to pay for similar assets. However, it is important to ensure the transactions are recent and relevant to the current market conditions.

For instance, if recent acquisitions of similar businesses were made at a multiple of 3x revenue, and the business in question has a revenue of AED 10 million, its value might be estimated at AED 30 million. This method provides insights based on actual market behavior and investor sentiment, which can be particularly useful in negotiating deals or understanding market trends.

### 4. Specific Considerations in the UAE Market:

Understanding the regulatory environment in the UAE is crucial for accurate business valuation. The UAE has a unique regulatory framework that governs business operations, foreign ownership, and financial disclosures. Familiarity with these regulations ensures compliance and provides a clear understanding of the legal landscape, which can significantly impact a company's value. Additionally, a thorough market assessment is necessary to grasp the dynamic and rapidly evolving business environment in the

UAE. This includes analyzing market trends, consumer behavior, and competitive landscape. Assessing economic factors, such as the UAE's diversification efforts away from oil dependence, helps identify growth opportunities and potential risks. Accurate data collection, realistic assumptions about future cash flows, and a deep understanding of local market conditions are essential components of a reliable business valuation in the UAE.

The UAE's business environment is also influenced by its efforts to position itself as a global financial hub, offering various incentives for foreign investors, such as free zones with 100% foreign ownership and zero taxes on personal and corporate income. These factors must be considered in the valuation process, as they can significantly affect the potential profitability and attractiveness of businesses operating in the region.

### 5. Practical Steps for Valuing a Business in the UAE:

- The first step in valuing a business is to gather relevant data, including financial statements, market reports, and industry analyses. This data must be accurate and up to date to ensure a reliable valuation.
- Next, choose the appropriate valuation method that fits the nature of the business and the purpose of the valuation. Often, using a combination of methods provides a more comprehensive view.
- Then, conduct the valuation by applying the chosen method(s) meticulously. If using DCF, ensure realistic assumptions about future cash flows and discount rates.

- For comparable analysis, select truly comparable companies.
- For precedent transactions, consider recent and relevant deals.
- Finally, review the results for any discrepancies or unusual findings, adjusting assumptions and calculations as necessary to ensure accuracy.

Effective valuation also involves regular updates and adjustments to reflect changes in the market conditions and the business’s performance. It is crucial to keep abreast of economic indicators, industry trends, and regulatory changes that may impact the valuation. Engaging with local experts who understand the nuances of the UAE market can provide additional insights and enhance the accuracy of the valuation.

**Conclusion:**

Valuation of businesses in the UAE is a critical exercise that requires a solid understanding of various methods and local market conditions. Business valuation not only supports informed decision-making but also fosters transparency and trust in the dynamic UAE market. As the UAE continues to grow and diversify its economy, the ability to accurately value businesses will become increasingly important for investors, entrepreneurs, and business leaders.





ABOUT



Comprehensive Financial Services



# KNOWLEDGE Series

MICS is a team comprising of experts who work together to serve clients on a broad range of advisory services including: Corporate Finance | Audit & Accounting | Tax and Compliance | Risk & Assurance | Debt and Equity Advisory | Investment Advisory | Valuations and Due Diligence | Company Formations | Banking & PRO Services | Startup Advisory and Funding.

Our team has decades of combined experience and a track record of successfully delivering solutions in diversified market conditions. Our presence in the region and deep relationships with the eco- system allows us to provide our Clients with efficient business solutions across various industries and client segment.

## **OTHER USEFUL RESOURCES**

- <https://mics.ae/family-foundation-in-uae/>
- <https://mics.ae/family-foundation-in-uae/>
- <https://mics.ae/article-1-uae-corporate-tax-free-zones/>
- <https://mics.ae/mic-ct-freezones-taxability/>
- <https://mics.ae/understanding-freezones-mainland-of-uae/>
- <https://mics.ae/doing-business-in-uae-v4/>
- <https://mics.ae/tax-and-compliance-handbook/>
- <https://mics.ae/april-28-flash-news/>
- [www.mics.ae/understanding-of-economic-substance-regulation-esr/](http://www.mics.ae/understanding-of-economic-substance-regulation-esr/)



# OUR Previous Webinars



**VAT APPLICABILITY ON GOLD & DIAMOND IN UAE**  
Simplified For You By MICS

**Jun 3, 2024**

VAT applicability on Gold and Diamond



**UAE CT FREEZONES GUI**  
02-07-2024

**May 29, 2024**

Taxability of Free zone Persons Simplified



**May 22, 2024**

Navigating UAE Corporate Tax



**May 14, 2024**

Virtual Assets Compliances In UAE



**May 13, 2024**

Unveiling UAE's Top Free Zones



**April 29, 2024**

Deciphering the complexities of UAE Free Zone Taxation



**March 25, 2024**

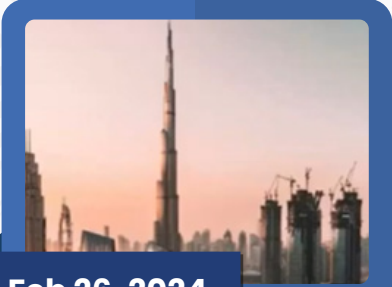
Transfer Pricing - Managerial Remuneration



**March 11, 2024**

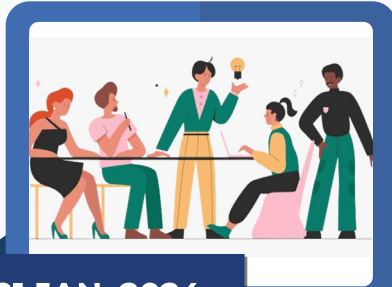
Deciphering UAE Corporate Tax Registration Deadlines as per recent FTA

# OUR Previous Webinars



**Feb 26, 2024**

UAE Family Foundations



**21 JAN, 2024**

Tax Groups Simplified



**26 AUG, 2023**

Seminar at Abu Dhabi with ICAI Dubai Chapter/Khaleej Times



**31 AUG, 2023**

UAE CT: Investment Fund & Fund Manager Taxation



**12 SEPT, 2023**

Staff Training for Shipping industry



**14 SEPT, 2023**

Decoding UAE CT In partnership with *Tally Solutions*



**15 SEPT, 2023**

Staff Training for real estate industry



**27 SEPT, 2023**

Simplify UAE CT In association with *Dubai eye & EY*



# OPENING OF OUR NEW OFFICE





# OPENING OF OUR NEW OFFICE





# GLIMPSE OF TAX PARTY



Last Tax Free day celebrated on 31<sup>st</sup> May 2023

## Client testimonials

“

“The team was really professional, timely and made sure that customer satisfaction is always the priority”

”



“

“The experience was amazing; they always try the best to meet your demands at the earliest convenience.”

”

“

“Highly recommend MI Capital and will surely deal with them if any new opportunity comes up in the future”

”

“

“The work MI CAPITAL does is reliable and was completed ahead of schedule”

”

“

“Very success driven team. Once promised a job, they always deliver. Highly recommend working with them”

”

“

“Their high level of professionalism is spot on”

”

OVER  
**50+ FIVE**  
**STAR REVIEWS**  
FROM SATISFIED  
CLIENTS



# Events | Media Presence | Recognitions



**FOCUS BUSINESS**

**MI CAPITAL SERVICES: Bringing a touch of innovation to financial needs of Global Giants with exceptional services in field of Corporate Financial Services, International Tax Structuring and Transaction Support Services**

Established in 2018, MI CAPITAL Services was founded by Mr. Sheetal Soni and later joined by Mr. Pankaj Ladoo as partner. Sheetal is a CA Charter holder and Chartered Accountant who comes in with 18+ years of experience in the field of Corporate Finance, Strategic Finance, Investments, Debt Advisory, M&A, Private Equity Advisory, Project Financing, Trade and Working Capital Financing, Alternative Finance, Treasury, Financial Management and Controls, Financial Modelling, Valuations and Feasibility Studies. Pankaj is equally equipped and is a Chartered Accountant with rich experience in the field of debt finance, Startup Advisory, and Investments, International Tax Advisory. He possesses 7 years of Experience in the field of International Advisory and Structuring and has served many government organizations back in India.

MI CAPITAL Services was built with an aspiration to rule the business side and help the fraternity get the right business support at every juncture. Today, the company is a growing team boasting of 25+ qualified professionals (CFAs, CAs, MBAs) delivering best-in-class comprehensive financial services across prominent areas like corporate finance, audit, tax and compliance, risk, debt and equity, and much more.

Well-known as the best business destination in World – UAE offers splendid opportunities to enterprises and aspiring startups to set up base here. Thanks to its flexible commercial and federal tax structure and business-friendly environment. Competitive tax facilities at UAE offers rebates and relaxations for corporates. UAE has led the MENA (Middle East and North Africa) region for last 12 years and is a universal monetary base for approximately over 1,500 international companies.

Normal Taxation: UAE's attractive tax system is the primary reason various enterprises are exploring business opportunities here. No tariffs are levied on personal income and corporate tax is only applicable to oil companies and foreign bank branches. The administration of taxes in the UAE is governed by Federal Tax Authority. It is noteworthy that UAE's 47+ free zones facilitate exemptions in Personal Income Tax, Value-added Tax, Capital gains tax, Corporate Tax and Withholding Tax to boost foreign investment," says Sheetal Soni.

Global Business Hub: Cited as one of the world's richest nations with its GDP per capita almost 80% higher than Organizations for Economic Co-operation and Development. According to recent data Foreign Direct Investment rose from \$17.9 billion to \$19.9 billion in 2020 and increased to \$20.7 billion in the FY1 2021-2022. Due to its promising fiscal future, approximately 90% of MENA conglomerates and their CEOs are based in UAE.

Growing across nations: MI CAPITAL Services caters to the needs of Large public and private sector corporates, Mid-Corporates, SMEs, and Startups with "strategic financial" matters.

**MI CAPITAL**  
 Comprehensive Financial Services

**Corporate Finance and Investment Advisory services are slowly becoming a priority for the business sector, globally given the rise in the startup ecosystem. Moreover, well-known as the best business destination in World – UAE offers splendid opportunities for enterprises and aspiring startups to set up a base in the country to mark more growth. Thanks to its flexible commercial and federal tax structure and business-friendly environment. Driving growth with innovation, headquartered in Dubai, MI CAPITAL Services is a financial advisory company that is driven by ethics of efficiency and time-bound delivery.**

best results. The second is 'process' - Well managed international best practice processes that include financial due diligence, pre-merger negotiations, and post-merger integration. And the third virtue is 'product'. A typical M&A process involves understanding of business, working out valuation models, carrying out detailed due diligence, negotiations, drafting term sheets, and drafting agreements. We see each step involved as a product and work on delivering the best quality "product" to help for an efficient and successful M&A process."

Registering a future of growth: Currently, MI CAPITAL Services operates from their offices in UAE and India, with a roadmap to build their presence in 3 more major financial cities covering Europe and America in near future.

The team is built about this mission business partner senior Anil and Pankaj and MI CAPITAL

**MI CAPITAL**  
 Comprehensive Financial Services

**MI CAPITAL Services: Bringing a touch of innovation to financial needs of Global Giants with exceptional services in field of Corporate and Strategic Finance | Audit & Accounting | Tax and Compliance | Risk & Assurance | Debt and Equity Advisory | Investment Advisory | Valuations and Due Diligence | Startup Investing | Company Formations | Banking & PFD services**

MI CAPITAL Services: Bringing a touch of innovation to financial needs of Global Giants with exceptional services in field of Corporate and Strategic Finance | Audit & Accounting | Tax and Compliance | Risk & Assurance | Debt and Equity Advisory | Investment Advisory | Valuations and Due Diligence | Startup Investing | Company Formations | Banking & PFD services

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**Business Outlook**



**Sheetal Soni, Founder & Partner**

A Qualified Chartered Accountant as well as CFA Charter holder, Sheetal Soni holds over 18 years of rich expertise in Capital Raising, Project and Corporate Financing / Funding, Treasury, Investments, Trade Finance, Financial Modeling, Feasibility Studies, Financial Structuring, M&A and Valuations. Over the years Sheetal has worked with numerous clients across UAE, India, Thailand, Africa, China, Hong Kong, Japan, UK, and Germany. Other leadership roles handled by Sheetal include Executive Committee Member, ICAI Dubai Chapter, while he is also the speaker at various platforms: ICAI Dubai Chapter, RBPG-Dubai, KSA IMA Chapter.

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**MI CAPITAL Services provides solutions to clients throughout the entire M&A deal life cycle including Valuations, Due Diligence, Term sheet negotiations, and other transaction support activities for both buy side and sell side**

## Making Trust-worthy Corporate Financial Advisory Solutions Accessible through Experience & Innovation

**W**ith speeding growth across sectors and industries, as well as increase in high-net-worth individuals in the region, large, mid and small-size organizations, especially startups, are now actively seeking Corporate Finance and Investment Advisory services for their growth objectives. Additionally, increased awareness about economies, markets and financial tools are driving discerning businesses and individuals to look for advisory across an array of verticals such as tax, risk management, and transaction services to name a few. However, given the lack of knowledge of comprehensive financial products and involvement of large sums, businesses want to rely on trustworthy financial advising partners for consultation and execution of capital investments.

Headquartered in Dubai, MI CAPITAL Services is a financial advisory company that is driven by ethics of efficiency and time-bound delivery. With a combined professional experience spanning decades and a track record of successfully delivering solutions in diversified market conditions, MI CAPITAL Services has managed to build trust and reliance in the industry for their effective & high-yielding corporate financial services.

Established in 2018, MI CAPITAL Services was founded by Mr. Sheetal Soni and later joined by Mr. Prateek Tosniwal as partner. Sheetal is a Charter holder and Chartered Accountant who comes in with 18+ years of experience in the field of Corporate Finance, Strategic finance, Investments, Debt Advisory, M&A, Private Equity Advisory, Project Financing, Trade and Working Capital Financing, Alternative Finance, Treasury, Financial Management and Controls, Financial Modelling, Valuations and Feasibility studies. Prateek Tosniwal is a Chartered Accountant with rich experience in the field of debt finance, Startup Advisory and In-

vestments, International Tax Advisory. He possess 7 years of Experience in the field of International Advisory and Structuring and has served many government organizations back in India.

MI CAPITAL Services now has team of 25+ qualified professionals (CFAs, CAs, MBAs) delivering best in class comprehensive financial services in following areas: Corporate Finance, Audit & Accounting, Tax and Compliance, Risk & Assurance, Debt and Equity Advisory, Investment Advisory, Valuations and Due Diligence, Company Formations, Banking & PRO services.

Talking about the factors that are driving growth in the acquisitions consulting space in Asia, Sheetal mentions, "Mergers & Acquisitions in Asia-Pacific remains robust despite strong geopolitical and financial headwinds. Majority of the global M&A deals in Q2 2022, affecting the Technology, Media & Telecom (TMT) sector, were driven by several themes including AI, cloud, cybersecurity, carbon emissions, renewable energy, ESG, and big data. M&A can be a painful process for clients and they feel the need of qualified and experienced professionals to help through the process. This is where MI CAPITAL Services comes in with our experienced team and professionally manages the overall process on behalf of the clients be it sell side or buy side."

**Strategic Support for Growing Businesses**

MI CAPITAL Services caters to the needs of Large public and private sector corporates, Mid-Corporates, SMEs and Startups with "strategic financial" matters. Throughout their professional careers, the founding members analyzed that CFOs and CEOs are capable of handling experienced teams to manage operational finance of the organization, however when it comes to strategic finance matters like valuation, financial modelling, feasibility studies, pre-merger negotiations, post-merger integration etc. they feel the need of external qualified and experienced advisors. Therefore, the team at MI Capital Services has designed an effective blueprint to help CFOs with such support services.

Shedding light on the support strategy utilized to help client, Prateek mentions, "To help companies grow through effective advisory MI Capital Services has developed a 3P support strategy. First being 'people' - we hire and nurture qualified professionals to help deliver best results. Second being 'process' - Well managed international best practice processes that include financial due diligence, pre-merger negotiations, and post-merger integration. And the third virtue being 'product' - A typical



**Prateek Tosniwal, Partner**

M&A process involves understanding of business, working out valuation models, carrying out detailed due diligence, negotiations, drafting term sheets, and drafting agreements. We see each step involved as a product and work on delivering the best quality "product" to help for an efficient and successful M&A process."

**On A Path of Unstoppable Growth**

Although MI Capital Services is relatively a young entity, however, the firm has been able to scale and capture decent market share in a very short span of time. The credit goes to the guidance provided by their highly reputed and veteran Advisory BOD and passion to perform within experienced partners. Currently, MI CAPITAL Services operates from their offices in UAE and India, with a roadmap to build their presence in 3 more major financial cities covering Europe and America in near future.

Sheetal sheds light on how MI CAPITAL Services plans on expanding its business in light of the boom that the start-up culture has witnessed in the past decade. "Apart from driving market share in traditional M&A space, we aim to contribute to the new age and evolving start-up ecosystem in the region. The Global Startup Ecosystem has witnessed a dramatic growth in the past one decade with over 1000+ Unicorns and the reason behind it is the contribution of developing countries that have come forward to create next gen technological advancements and wealth creation opportunities. We at MI CAPITAL Services have developed a proprietary fintech platform called "Funding Possibilities," with this we wish to contribute to the startup ecosystem with a number of initiatives which will help startups from angel stage till IPO," signs off Sheetal.

**Asia**

# Business Outlook

recognizes

## MI CAPITAL SERVICES

as one of

**Asia Business Outlook TOP 10**

**MERGERS & ACQUISITIONS**

**CONSULTANTS FROM ASIA 2022**

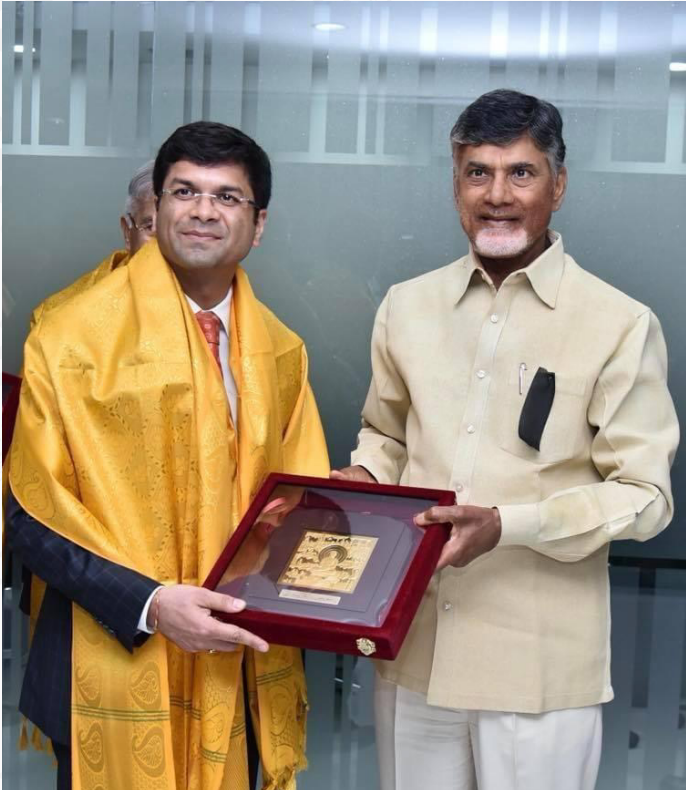
This certificate is awarded for the stellar performance in the industry. It works as a testament to the competence and excellent application of industry standards & methods combined with a strive towards brilliance.



*Emmanuel Christi Das*  
Managing Editor



# Events | Media Presence | Recognitions





# Events | Media Presence | Recognitions

**80% of property launches in free zone 2022 sold out**

**Ancillary to qualifying activities enjoy 0% tax benefits too**

**Family of kid who died in school seeks answers**

**Dubai halts inspections of schools**

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**Taxation of investment funds: Key considerations**

**Dubai halts inspections of schools**

**Who will invest in Dubai's property market in future and why**

**How AI can qualify for smart cities**

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**Green moves set to raise airfares**

**Navigating the realities of distributors and traders in free zones**

**Dubai mall to get even bigger**

**Subsidies powers into free zone**

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**UAE corporate tax registration deadlines loom**

**Rented-vac price gap**

**Dubai mall to get even bigger**

**Subsidies powers into free zone**

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# Events | Media Presence | Recognitions



**Partner, Sheetal Soni - At ICAI Abu Dhabi Chapter 2024**



**Sponsors at ICAI Abu Dhabi Chapter Conference 2024**



**At IOD UAE Global Convention-2024**



**Meeting one of leading FMCG brand - Nature choice office**



**Binod Shankar- Leading voice on leadership & finance**



# Events | Media Presence | Recognitions



At ICAI Abu Dhabi Chapter 2024



At World Blockchain Summit



At Invest UAE: Gulf News



Team Bonding





# OUR TEAM



## Board Advisor



**Khalid Abdulla Janahi**

Chartered Accountants in England and Wales, Mr. Janahi holds a BSc in Computer Science and Accountancy from the University of Manchester, UK 18 years of experience in business advisory services. Chairman of Faisal Private Bank (Switzerland), DMI Administrative Services and Islamic Investment Co. of the Gulf (Bahamas) Ltd.



**Ala Khannak**

A fellow CA from Institute of Chartered Accountants in England & Wales (ICAEW). Graduate in Economics. American University of Beirut (AUB). Monitoring and controlling Investments & Responsible for many Investment & Corporate Banking as well as Treasury functions. Worked with many Organizations at a senior level.



**Dr. Jamil El Jaroudi**

The first chief Executive Officer of Bank Nizwa, the first Islamic Bank in Oman. Holds an MBA from Columbia University in New York and a PhD in Finance from Kellogg School of Management. He was named 'Islamic Finance Personality of the Year' at the 4th Annual Global Islamic Finance.

## Partners



**Sheetal Soni, CFA, FCA**  
Partner

CFA Charter holder as well as Qualified Chartered Accountant 16+ years of accomplished experience. Expertise in Capital Raising, Project and Corporate Financing/Funding, Treasury, Investments, Trade Finance, Financial Modeling, Feasibility Studies, Financial Structuring, M&A and Valuations.



**Prateek Tosniwal, CA**  
Partner

Strong accounting professional with a Bachelor of Commerce (BCom) focused in International Business/Trade/Commerce from Narsee Monjee College of Commerce and Economics. Experienced Senior Tax Accountant with a demonstrated history of working in the financial services industry. Chartered Accountant with experience in Financial Reporting & Accounting.



**Shweta Soni**  
Partner

Shweta is an experienced professional, with 4-years of experience. Her work at MI CAPITAL Services includes researching on various regulations and their impact on companies, preparing marketing collaterals such as Information Memorandum (IM), Investment Decks, Information packs and so on.



# OUR TEAM

## Management Team



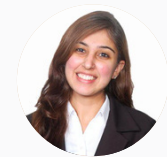
**Shubhangi Tosniwal, CA, CPA**  
Head Of Audit



**Natasha Gupta**  
Head of Human Resources



**Dr. Dimple Bhojwani**  
Head Of M&A Strategic Advisory



**Kinjal Sampat, CA**  
Associate Director-orporate Tax



**Karishma B. Suwarnakar, CA**  
Head of Direct Tax



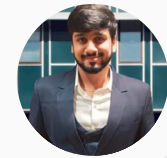
**Tarun Agarwal, CA**  
Head of Accounts and Taxation



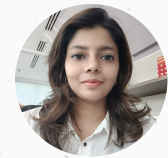
**Muhammed Shamlan**  
Operations Head



**Zorawar Singh**  
Manager-Licensing,  
Legal & Compliance



**Siddharth Singhvi, CA**  
Manager - Audi

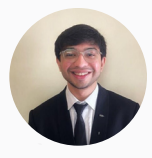


**Vidhi Shah**  
Manager - VAT

## Executive Team



**CA Kushal Kumar**



**CA Ashish Kapadia**



**CMA Shamil VK**



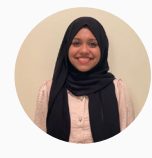
**CMA Jassim Karim**



**CMA Arshad VM**



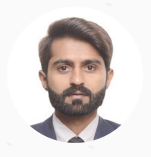
**CMA Sabik Mon MT**



**Hafia Haris**



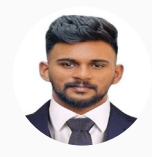
**Saurav Kalkal**



**Umer Farooq**



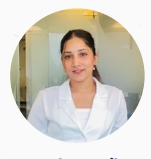
**Linomon K L**



**Muhammed Yasir  
Minhaj M**



**Nibin Benny**



**Pushpa Naik**



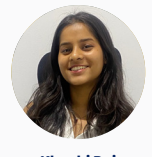
**Suffiyan Ahmed Khan**



**Aquila Noel**



**Reena Thakur**



**Khushi Raj**



**Thasneem P N**



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