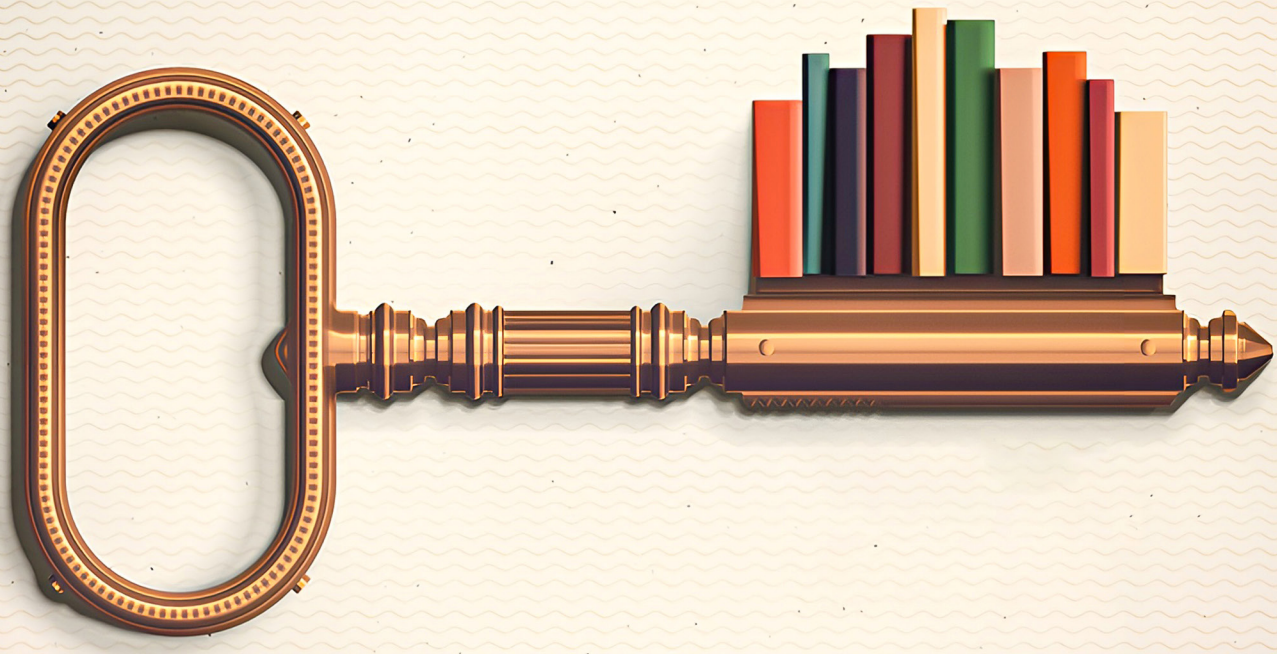
MI CAPITAL
Comprehensive Financial Services

MARCH 2023

KNOWLEDGE Series



Providing Comprehensive Financial Services:
Corporate Finance | Audit & Accounting | Tax and Compliance | Risk & Assurance | Debt and Equity Advisory | Investment Advisory | Valuations and Due Diligence | Company Formations | Banking & PRO services

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Tax Groups Under UAE Corporate Tax

What is tax group?

A Resident Person, which for the purposes of this Decree-Law shall be referred to as a "Parent Company", can make an application to the Authority to form a Tax Group with one or more other Resident Persons, each referred to as a "Subsidiary" for the purposes of this Chapter, where all of the following conditions are met:

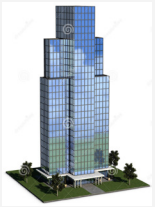
- Both the parent company and its subsidiaries must be resident juridical persons, have the same Financial Year and prepare their financial statements using the same accounting standards.

- The parent company must:
  - own at least ***95% of the share capital*** of the subsidiary;
  - hold at least ***95% of the voting rights*** in the subsidiary; and
  - is entitled to at least ***95% of the subsidiary's profits*** and net assets.

- The ownership, rights and entitlement can be held either directly or indirectly through subsidiaries, but a Tax Group cannot include an Exempt Person or Qualifying Free Zone Person.

Who will be responsible for complying the Corporate Tax framework?

Once formed, the Tax Group is treated as a single taxable person, with the parent company responsible for the administration and payment of corporate tax on behalf of the group.



Net Profit:
320,000 AED

Subsidiary A



Net Profit:
380,000 AED

Subsidiary B



Net Profit:
360,000 AED

Subsidiary C

Parent Co. will consolidates the financial statement of its subsidiaries and will be responsible for the administration and CT payment.



Parent Company

Net Profit:
580,000 AED

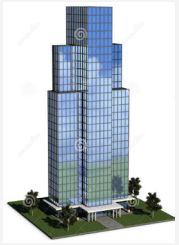
PARTICULARS	AED
Consolidated net profit/loss as per financial statements (Parent+Subs.A+Subs.B+Subs.C +Subs.D)	1,640,000
Tax on income up-to AED 375,000	NIL
Tax on income above AED 375,000 @9%	113,850

Tax Groups Under UAE Corporate Tax

Transfer of TAX LOSSES between group companies:

The UAE Corporate Tax framework allows the transferring of Tax losses between the group companies who does not meet the 95% ownership criteria or who don't want to form a tax group with certain conditions:

- UAE group companies are at least 75% commonly owned.
- No loss transfers will be allowed from companies that are exempt or that benefit from the 0% free zone CT regime.
- The total tax loss offset will not be able to exceed 75% of the taxable income of the company receiving the transferred losses in the relevant period.



Company A

Net Loss: AED (1,400,000)

Particulars	AED
Net Profit/loss	1,400,000
CT Payable	NIL



Parent Co.



Company B

Net Profit: AED 1,650,000

Particulars	AED
Net Profit/loss (1)	1,650,000
Transfer of losses from Co. A (Maximum 75% of Net Profit of Co. B) (2)	1,237,500
Taxable Profit	412,500
Tax on income up-to AED 375,000	NIL
Tax on income above AED 375,000 @ 9%	3,375

CT regime allows group companies to transfer tax losses if at-least 75% of shares is commonly owned

Remaining loss of AED 162,500(1.4Mn-1.2375mn) of Co. A can be carry forward for 10 consecutive years.

VAT Applicability On Ecommerce Operators

The E-commerce industry is growing at a rapid pace with various stakeholders across business in one transaction.

Application of VAT rules will be dependent on how the E-Commerce business is structured.

1. An e-commerce business sells its own goods on its own website to businesses and consumers and retains the full profit from its sales.
2. An e-commerce business lists goods and services from various suppliers and markets them on its own website to potential customers. The e-commerce business acts as an electronic marketplace which connects suppliers and customers and earns a share (commission) of the profit from each sale



Role of electronic market place in E-Commerce:

An Electronic marketplace acts as an agent or a facilitator of transactions where the suppliers allow the electronic marketplace to market and sell their goods or services.
Electronic Marketplace acting as an agent can either be ***disclosed agent or undisclosed agent.***

Disclosed Agent

A disclosed agent is an agent who supplies goods and services in the name and on behalf of a supplier, i.e., the supplier. **The disclosed agent is not the supplier of the goods or services but earns a commission /fee for the service it performs.**

Undisclosed Agent

An undisclosed agent is an agent who supplies goods and services in their own name but on behalf of a principal. Such agents are deemed to be making a direct supply to the customer and for their benefit. The difference between the consideration received from the customer and the amount paid to the supplier is deemed to be the profit of the undisclosed agent.

VAT Applicability On Ecommerce Operators

SUPPLIER	E-COMMERCE / ONLINE PLATFORM OPERATOR	PERSON LIABLE FOR VAT	VAT TREATMENT
Local	Local	Supplier – local supplies	Standard rated VAT
Local	Foreign	1. Supplier – local supply Importer of record (IoR) **– import of goods by local supplier under RCM**. 2. Online platform operator – where they are acting as an undisclosed agent (needs to register for VAT in the country of where the supply is made)	Standard rated VAT
Foreign	Local	1. The foreign supplier must register and account for VAT if the goods are supplied locally, unless the local online platform operator is acting as an undisclosed agent. 2. In case of import of goods, the Importer should be liable for VAT.	Standard rated VAT
Foreign	Foreign	The foreign supplier must register and account for VAT if the goods are supplied locally, unless the foreign online operator is acting as an undisclosed agent in which case they must register for VAT and charge VAT on the supply.	Standard rated VAT

As per the recent amendment for Criteria and Conditions for Electronic Commerce for Purposes of Keeping Records of the Supplies Made Ministerial Decision No. 26 of 2023 – Issued 22 Feb 2023:

A supply of Goods and Services shall be considered to be an electronic commerce supply made via an Electronic Commerce Medium where all of the following criteria and conditions are met:

1. The Goods and Services are listed or advertised on an Electronic Commerce Medium;
2. The Goods and Services are ordered through the Electronic Commerce Medium, regardless of whether the payment is made online or not;
3. In the case of a supply of Goods, the Goods are delivered to a location specified by the customer whereby this location is not owned by the supplier nor operated by that supplier.
4. 4. In the case of a supply of Services, the Services are provided, or the right to receive the Services is granted to the customer with minimal or no human intervention.

Offshore Banking In UAE

What is Offshore Banking?

Offshore banking refers to banking services offered outside of the country of residence of the account holder. Offshore banks are usually located in tax-haven countries that offer greater financial privacy, minimal government intervention, and lower tax rates.

If you're looking to take advantage of the many benefits of offshore banking in the UAE, you're in the right place. Offshore banking is becoming increasingly popular for individuals and businesses alike, and for good reason. In the UAE, opening an offshore bank account can provide you with tax benefits, increased privacy, and more access to international markets. However, there are plenty of other reasons why someone might choose to open and operate a UAE offshore bank account instead of in their home country.

Why else would someone want to make use of offshore banking in UAE?

For one, there is a large amount of privacy associated with these banks. Money is certainly a touchy subject for many, and privacy is of utmost importance when dealing with business deals and offers. For wealthy individuals, the privacy offered by offshore banking in UAE is well worth any kind of disadvantages there might be to banking this way. Your anonymity is important to both you and the banks.

Legal regulations are also different in UAE, so this can be a great asset to many people who are not necessarily wealthy but need this sort of protection. By putting your money into an offshore bank account, you limit a creditor's access to these figures. Nothing that is stored in an offshore account can be seized by your home country. Nothing here should be able to be tracked, and you remain anonymous. Liability can play a big part of why someone might want to keep their funds in a bank account in another country. Be careful while you're placing money into an offshore account but remember that you have a right to put your money wherever you want if you aren't doing it for dishonest reasons.

There are many options for offshore banking in UAE, but most of them are in Dubai. This is because Dubai has become the commercial center and hub of the Middle East. Dubai is home to one of the fastest-growing economies in the world. Its strategic location and business-friendly policies make it an ideal destination for international companies looking to expand their operations. One of the key advantages of doing business in Dubai is the availability of offshore banking services.

Offshore banking Dubai is supervised by the Dubai Financial Services Authority (DFSA) and the Central Bank. Dubai is known for its high-rise buildings and ambitious plans for development in many areas, offshore banking Dubai being no exception.



Offshore Banking In UAE

Advantages of Offshore Banking in Dubai

Dubai is considered one of the top destinations for offshore banking due to its liberal banking laws and business-friendly environment. Here are some of the advantages of offshore banking in Dubai:

Taxation Benefits

Dubai has a zero tax or low policy on personal and corporate income. This makes it an attractive destination for those looking to protect their wealth by minimizing tax liabilities.

Business Expansion

Dubai offers a variety of business opportunities in various sectors, including finance and real estate. The availability of offshore banking services allows international companies to set up their regional headquarters in Dubai and expand their operations in the Middle East and Asia.

Financial Privacy

Dubai banks offer a high level of privacy to their clients. It is easy to open an offshore bank account in Dubai without revealing personal or business information.

Accessibility

Dubai is connected to major financial centers across the world. This makes it easy for clients to conduct offshore transactions quickly and efficiently.

Conclusion

Dubai's reputation as a global financial hub makes it an attractive destination for offshore banking. Its favorable business environment, financial privacy laws, and zero-tax or low policy make it an ideal choice for individuals and businesses looking to protect their wealth and expand their operations. However, due diligence is necessary to ensure compliance with all applicable laws and regulations.

04 Platform: Dubai Introduces Platform To Enhance Government Services

The new platform will allow residents to rate and evaluate the quality of services provided by the government, such as visa application processes, health and wellness services, public transportation, and more.

Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of The Executive Council, has launched the 04 platform.

The 04 platform – named after Dubai's dialing code – enables customers to submit suggestions, comments and complaints to Dubai government officials across 40 entities in three steps via an omnichannel experience.

The launch of 04 Platform aligns with Dubai's '360 Services' policy, which places customers at the heart of the process of developing government services. This platform was developed by the Dubai Model Centre of the General Secretariat of The Executive Council and Dubai Digital Authority, with the participation of more than 40 government entities and others.



The 04 platform represents an innovative customer interface for all citizens, residents, and even visitors, and aims to elevate customer satisfaction and happiness. The platform enables customers to submit suggestions, comments, and complaints to Dubai government officials in three easy steps:

- Visit the website (04.gov.ae)
- Select the feedback category
- Receive a reference number for tracking and follow-up on enquiries

The system also supports submission via WhatsApp for Business.
Users can add **call 600500055** and message directly to provide their feedback.





UAE To Introduce New Freelance Work Permits For 'All Skill Levels'

The UAE is set to introduce a flexible work permit that will allow people of all skills to take up freelance jobs in the country.

This new permit — which is expected to be rolled out by the third quarter of 2023 — enables freelancers to work within the country or from any part of the world.

Abdulrahman Al Awar, Minister of Human Resources and Emiratisation, said this new permit — which is expected to be rolled out by the third quarter of 2023 — enables freelancers to work within the country or from any part of the world.

The minister also reaffirmed that new policies are being developed to support all kinds of flexible and remote work.

In April 2022, the UAE announced a raft of new visas and residency permits that are expected to benefit the country's economy while attracting and retaining new talent and skilled workers from all over the world.

With such flexible work permits, talents won't have to be tied to employers. Some employers feel that this is more economical for them because they don't have to take risks and decide if they want to continue with an employee or not. On the other hand, the employee is not tied to one type of organization. This will enhance productivity in the labor market increasing people's value in the workforce.

24,000 new jobs

With such flexible work opportunities, as many as 24,000 jobs can be created by 2024, Al Awar said. This will attract different people with varied skill levels with businesses attracting and retaining a more diverse workforce.

"Two hundred people are working remotely in the ministry. These include men and women. We are looking at increasing the workforce by having 24,000 job opportunities soon. We want to support this trend. We want to attract a workforce and capital by having a supportive legal framework.

"Work opportunities will increase through these job opportunities, I am optimistic that this will increase productivity in the private sector as well," the minister said.



UAE Visa Rules

The UAE has announced new visa regulations and clarifications for expats in a new resolution.

Ali Mohammad Al Shamsi, Chairman of the Federal Authority for Identity, Citizenship, Customs & Port Security, issued Resolution No. 74 of 2022, which covers the conditions and controls under Cabinet Resolution No. 65 of 2022, which came into effect on October 3, 2022.

The new decision features all procedures related to the loss or damage of passports or identity cards for expats, inside or outside the country.

Lost passport/ID?

The decision allows expats to enter the UAE if they have lost their passport or identity card or both, and visit the competent department within three working days to complete procedures. The expats must first submit an entry request to the UAE through the smart services platform, reporting the loss.

The new decision also outlines the conditions for granting tourist visas, including that the sponsor or host should be a tourism-related institution, company, or registered body in the accredited facility card system and provide a tourism program. It also specifies the conditions for entry visas for truck drivers from land entry outlets or UAE embassies abroad, and for employees' entry visas on tourist ships and picnic boats.

Border ports

Foreigners may be granted an entry visa at adjacent border areas of land entry ports for a 90-day period. Visa holders can enter the country multiple times as long as the visa is valid, and stay every time for a period not exceeding 48 hours, provided that the holder has a valid residence visa in the adjacent border country, is a resident in it, and is not a worker. Domestic workers are excluded if accompanied by the employer or their family members, and visa holders are not allowed to work in the UAE with or without wages.

According to the decision, the Director General of Residence and Foreigners Affairs or their representative may issue an entry visa to expats who are required by relevant authorities in the UAE, based on an official request. In addition, the Director General of Residency and Foreigners Affairs is authorized to issue a "private entry permit" to individuals accompanying heads of state and ministers during their official visits to the UAE.

Entry Visas

The decision specifies that entry visas are valid for 60 days from the date of issuance, and permit the holder to stay in the country in accordance with the type of visa issued. All visit visas allow their holders to enter the UAE once or multiple times, as determined by the issuing entity. However, the visa holder is not allowed to stay in the country for more than 180 days.
Furthermore, the decision includes new regulations for issuing a visit visa to a friend or relative. These conditions apply in addition to previously announced requirements. To obtain the visa, the visitor coming to the UAE must be a friend or relative of an Emirati citizen, regardless of their degree of kinship. Alternatively, the visitor must be a first or second-degree relative of an expat residing in the UAE, in which case the resident expat must hold a job within the first or second level.

Humanitarian cases: 5 rules to sponsor relatives

The decision outlines the issuance of a residence permit that is valid for one renewable year, subject to the availability of a sponsor or host. The decision also lays out 5 conditions that must be met to issue a residence visa for expats from countries affected by wars, disasters, or unrest. These conditions include holding the nationality of a country classified as being in a state of war, disaster, or unrest, as determined by the chairman of the authority, being present in the UAE, having sufficient financial solvency, and having suitable accommodation.
The residence permit may also include family members of the applicant, whether they are inside or outside the country.



UAE Visa Rules

Who can be sponsored?

Expats must have Dh10,000 in monthly income to sponsor relatives With regards to expat relatives, the decision specifies that those wishing to bring their relatives or their wives' relatives must meet certain requirements to obtain a residence permit. If the expat is related to an Emirati in the UAE, they must prove their kinship. If the foreigner is related to a UAE resident or their spouse, they must have the following degree of kinship: the foreigner's father, mother, or underage siblings, provided that they can financially sponsor them, or the wife's father and mother.
Additionally, the decision requires that a foreigner who wishes to bring their relatives or their wives' relatives must have adequate housing and monthly income. They are allowed to bring in up to 5 individuals if their monthly income is Dh10,000, and up to 6 individuals if their monthly income is Dh15,000. If the number of individuals exceeds 6, the chairman of the authority will determine the applicant's suitability.

Staying outside UAE

The decision outlines 3 categories of individuals exempt from having their residence visa cancelled if they stay outside of the country for more than 180 days. The residence permit will remain valid until its expiration for holders of golden visas and their families, green visas and their families, and individuals approved for exemption by the Director General of Residence and Foreigners Affairs for legitimate reasons and upon payment of the prescribed fee.

Furthermore, the decision specifies 6 categories of foreigners who are exempt from the passport validity requirement upon entering the UAE, as long as their passport is valid for at least one month. These include airplane crews, sailors, workers on board tourist and picnic ships, those with emergency entry, transit, and entry visas, and individuals entering adjacent areas.

The decision also identifies 5 categories of individuals permitted to stay in the UAE for up to 180 days after the cancellation or expiration of their residence permit. These include holders of golden and green visas and their families, foreign widows and divorced expats residing in the UAE, students continuing their studies after graduation, and spouses, parents, and children of Emiratis or foreign passport holders.

Only two categories of individuals are permitted to stay in the country for 90 days after visa cancellation or visa expiration: skilled professionals from the first, second, and third levels, and property owners. Holders of visas issued by sponsors or hosts are allowed to stay for 60 days, while all other categories are only permitted to stay for 30 days.



The age Of Artificial Intelligence (AI) Has Begun

Bringing Enormous Opportunities And Responsibilities

AI has revolutionized diverse sectors and is expected to increasingly impact the world in the future

AI development has been motivated by advancements in machine learning, big data analytics, and computing power which have made it possible for machines to perform complex tasks that were once solely performed by humans. The deep learning algorithms of AI enables the machines to learn and offer superior decision-making abilities.

The predictive maintenance of machines in the manufacturing sector, accurate disease diagnosis in healthcare, personalized recommendations in retail, and automated investment advice in the finance sector are a few examples of how AI is transforming the world.

The renowned entrepreneur and philanthropist Bill Gates has also acknowledged that the age of AI has begun, bringing opportunities and responsibilities for humanity.
The benefits that AI presents to the society are incredible. It has tremendous potential to solve some of the world's most pressing challenges, from detecting and curing diseases to mitigating climate change. Responsible use of AI could enhance human lives and contribute to global progress.

One of the most significant applications of AI is in the field of predictive maintenance. In traditional maintenance, parts are replaced or serviced based on a predetermined schedule or when they fail. However, with predictive maintenance, machines can now monitor themselves and detect as and when they require maintenance, reducing the risk of downtime and increasing the lifespan of equipment.

AI is making a significant impact in the field of healthcare. With the help of AI-powered machine learning algorithms, doctors can diagnose diseases accurately and efficiently. AI can analyze large amounts of data from medical records, images, and genetic data to identify patterns and predict diseases. AI-powered tools are also helping physicians identify patients at risk of developing chronic conditions, allowing them to take preventive measures.
The impact of AI is also felt in the field of finance. AI algorithms can now analyze investment patterns and market trends to make predictions and investment recommendations. This has led to development of robo-advisors, which offer automated investment advice to their clients.
The retail industry is also leveraging AI to enhance customer experience. With the help of AI powered chatbots, customers can get instant support and recommendations, which can increase engagement and satisfaction rates. AI is also being used to personalize product recommendations, allowing retailers to boost sales and customer loyalty.

For education, AI-driven software might revolutionize teaching and learning in the next 5-10 years by offering personalized content, engagement monitoring, and immediate feedback. But AI will never replace the importance of student-teacher interaction. We must address the existing digital divide and that equitable accessibility of AI to low-income schools will be crucial. Additionally, AI must be trained on diverse datasets to avoid bias.

While AI is transforming the world, it is important to acknowledge the potential challenges posed by this technology. The critical limitations presented by AI technology that should be carefully managed are also to be recognized. For instance, AI could displace humans from employment in different sectors as machines perform tasks that were previously accomplished by humans. There is a need to ensure that AI-related work opportunities also increase and require more human skills, such as data analysis and AI programming.
Moreover, the transparency, accountability, and ethics of AI-related applications are essential to ensuring responsible AI use. AI algorithms can perpetuate discrimination and biases if not appropriately designed and trained. The concern for data privacy and compliance with regulations also needs to be addressed to avoid AI misuse.

In conclusion, the age of AI has begun, and its impact will only continue to increase in the coming years. AI has great potential to impact the world positively. However, it is vital to understand its potential risks and responsibilities to maximize its benefits. To ensure responsible development and use of AI, collaboration among governments, academics, industry experts, and civil society is vital. By doing so, we can maximize the potential of AI and create a better world for all.

ABOUT

MI CAPITAL

Comprehensive Financial Services

KNOWLEDGE Series

MI CAPITAL Services comprises of a team of experts who work together to serve clients on a broad range of advisory services including: Corporate Finance I Audit & Accounting I Tax and Compliance I Risk & Assurance I Debt and Equity Advisory I Investment Advisory I Valuations and Due Diligence I Company Formations I Banking & PRO Services I 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

- **UAE Corporate Tax Simplified:**
  www.youtube.com/watch?v=Tp9fKHQaTn8&list=PL6Hq2B2kB5C0sansu1f-Ng_NUm_rvH4cs
- **Understanding Corporate Tax in the UAE (webinar):**
  www.youtube.com/watch?v=8C9Ta0hp0kQ
- **Proposed UAE Corporate Tax Regime Simplified (By MI Capital Services):**
  www.youtube.com/watch?v=O5KdVbETdo4
- **OTHER TOPICS**
  www.micapitalservices.com/company-formation/
  www.micapitalservices.com/startup-valuations-more-art-than-science/
  www.micapitalservices.com/latest-vat-updates-and-opportunity-to-benefit-from-significant-penalty-waiver-from-fta/

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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

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.

Established in 2018, MI CAPITAL Services was founded by Mr. Sheetal Soni and later joined by Mr. Prateek Tosniwal as partner. Sheetal is a CFA 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 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 aisle 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 facilitates at UAE offers rebates and relaxations for companies. 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.

Nominal 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 Organisations for Economic Co-operation and Development. According to recent data Foreign Direct Investment rose from $17.9 billion to $79.9 billion in 2020 and increased to $20.7 billion in the FYI 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. Throughout their professional careers, the founding members analyzed that CEOs and CFOs are capable of handling experienced teams to manage the operational finance of the organization, however when it comes to strategic finance matters like valuation, financial modeling, 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 clients, Prateek mentions, "To help companies grow through effective advisory MI Capital Services has developed a 3P support strategy. First is 'people' - we hire and nurture qualified professionals to help deliver the best results. The second is 'process' - Well managed international best practice processes that include 'due diligence, pre-merger negotiations, and post-merger integration. And the third value is 'product' - A typical M&A process involves understanding of business, working out valuation metrics, 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 bullish about the growing business sector across Asia and UAE and MI CAPITAL Services plans on expanding its business considering 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.



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MI CAPITAL Services

UAE's 652,885 private sector companies remain under-prepared for Corporate Tax that comes into effect in June 2023

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PAGE 06 UAE

DES PARDES

Founder / Chief Editor: Sohail Ashraf

Desopardes.ae

UAE's 652,885 private sector companies remain under-prepared for Corporate Tax that comes into effect in June 2023

Most UAE businesses are not yet ready for the 9 percent Corporate Tax that will be levied on companies generating more than Dh375,000 net profit per year from June 2023, which requires thorough accounting and auditing process.

The total number of registered active business licences in July 2022 amounted to 665,246, a 1.9 percent increase compared to 652,885 licences issued in December 2019, according to the UAE's National Economic Register (NER).

The register's data showed that over 81 percent of licensed businesses are located in Dubai, Abu Dhabi and Sharjah. Dubai accounts for some 46 percent of the country's total licensed businesses, Abu Dhabi for 23 percent and Sharjah 14 percent.

The largest percentage of issued licenses were for limited liability companies, accounting for 40 percent, followed by individual companies accounting for 33 percent.

The UAE Government in January this year said, it will introduce 9 percent corporate tax on businesses with net profits of more than Dh375,000 starting from June, 2023, about five-and-a-half years after the introduction of the 5 percent Value-Added Tax (VAT) in January 2018. This requires companies to make provision for proper accounting system and issue annual financial audit reports, based on which the Corporate Tax will be calculated and filed with the UAE Federal Tax Authority (FTA).

About 80-85 percent of the 665,246 registered active businesses fall under the Micro, Small and Medium Enterprises (MSME) and remain below the mandatory VAT threshold of Dh375,000 annual net profit range. Therefore, most of them do not maintain formal accounting practice, let alone publish audited financial reports every year, due to a prolonged non-tax regime in which they used to operate till now.

"All registered businesses, especially those coming under the purview of the Corporate Tax, will have to start formal accounting and auditing process from now on to establish their financial credentials for tax calculation and subsequently file tax returns," Mr Sheetal Soni, Partner of MI CAPITAL Services, says.

"The transition to a tax regime from a non-tax environment is not an easy one and requires a drastic change in the corporate culture that needs proper documentation, accounting and auditing in addition to transparency and accountability built-in the system."

Private businesses will need to strengthen accounting, auditing and tax compliance. They will either have to hire accounts and tax professionals or outsource these to accounting, auditing firms and tax advisors.

CA Prateek Tosniwal, Director at MI CAPITAL Services, says, "Once the new UAE Corporate Tax Law is issued, companies will scramble to start auditing process. However, the tax community might not be able to manage the rise in demand for Corporate Tax filing in short notice.

"So, private businesses should start the consultation process and strengthen the internal accounting and book-keeping process that are crucial for external audit and taxation."

CA Karishma Suwarnakar, Head of Tax and Compliance at MI CAPITAL Services, says, "MI CAPITAL Services understands the challenges and the burden of additional Tax and Compliance for Startups, SMEs and MSMEs and strives to provide cost efficient one stop solution specially designed for Startups, SME and MSMEs in the region including complete Accounting, Tax return filing, and other compliance requirements under one package."



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In The News

UAE's 652,885 private sector companies remain under-prepared for Corporate Tax that comes into effect in June 2023

by Editor - CL September 30, 2022 0

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Asia Business Outlook TOP 10
MERGERS & ACQUISITIONS CONSULTANTS FROM ASIA 2022

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.

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

MI CAPITAL SERVICES

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

With 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 Investments, 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 CEOs and CFOs 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.



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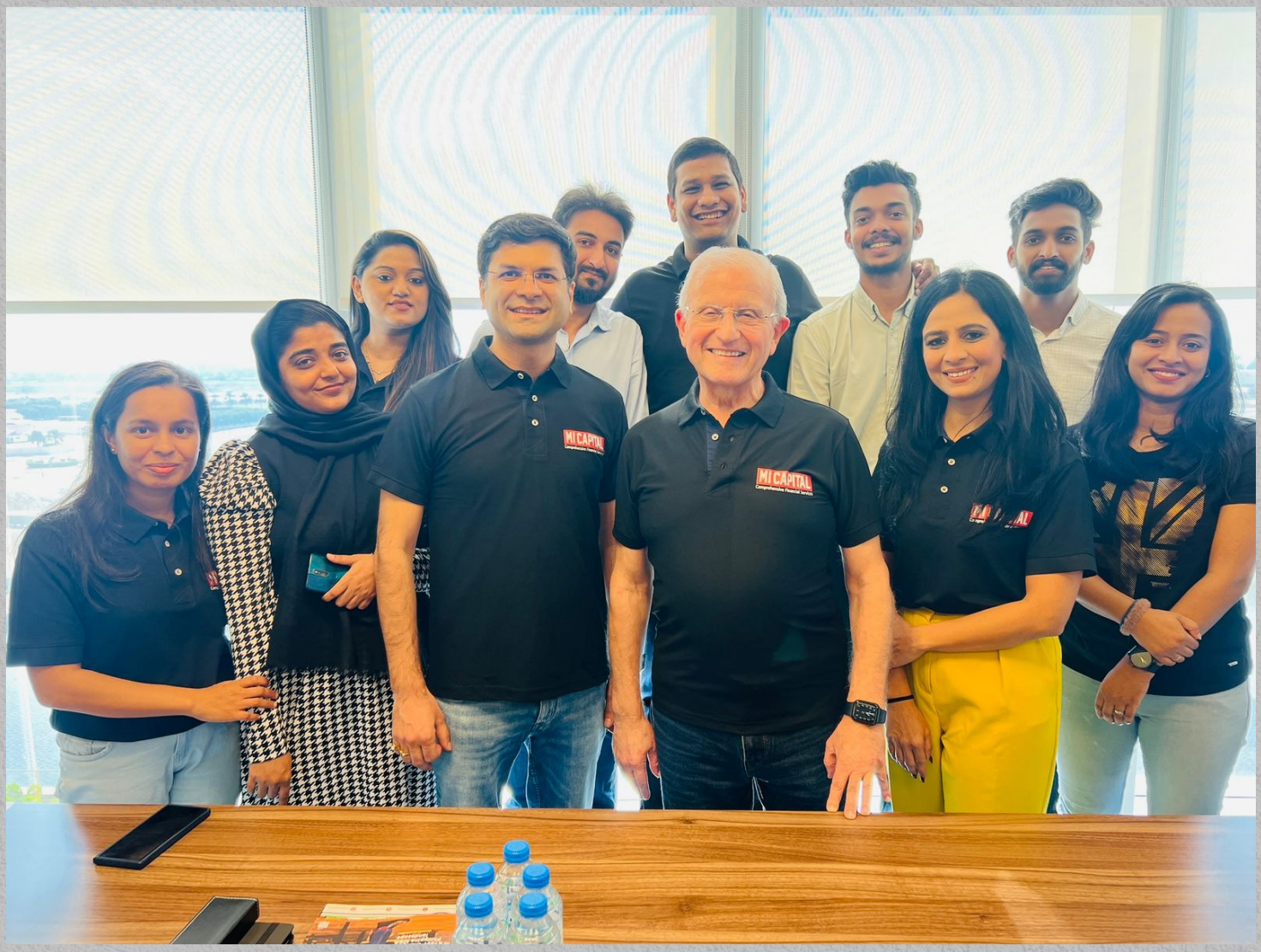


Meeting with **SRTI Park**



Meeting with **AstroLabs**

Meeting with Advisory Board



Thank you **Mr. Ala Khannak** For visting & guiding us always.



MI CAPITAL
Comprehensive Financial Services

OUR TEAM



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BOD Advisor



Ala Khannak
Advisory Board Member



Dr. Jamil El Jaroudi
Advisory Board Member



CFA, CA Sheetal Soni
Partner



CA Prateek Toshniwal
Partner



Mohamed Khannak, CFA
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Rachit Poddar
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Sumoli Banik
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Sumay Banerjee
Director



Mohammad Saleem
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Ramdin Osman
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Shweta Soni
Head of Corporate Services



Natasha Gupta
Head of Human Resources



CA Karishma Suwarnakar
Head of Accounts & Taxation



Fariya Rafique
Head of Incorporation



Diya Shajan
Customer Relations



Nilufar Kausar
Business Development Manager



Namrata Dighe
Operations Analyst



Muhammed Asad Jalal
BD Executive



Muhammed Shamlan
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Aquila Noel
Banking Analyst



Remya Sahadeven
Banking Analyst



Areeb Qasim
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Sanket Shanishchara
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CA Siddharth Singhvi
Chartered Accountant

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Comprehensive Financial Services

Our *New* Initiative

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POSSIBILITIES
Business Banking Simplified

An Initiative of MI CAPITAL Services

- Connections with 40+ banks worldwide
- Guaranteed opening of a Business IBAN account
- Priority lane and Fast Track
- The highest success rate in the UAE
- Free recommendations
- Single application
- Free Banking Profile
- Online status tracking
- Accept High-Risk businesses
- Accepting Non-UAE Owners
- Personal introduction with bankers responsiblefor opening your account

