



BRITISH CENTRES
FOR BUSINESS

British Centres for Business

Dubai Incubator Frequently Asked Questions

July 2018

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The BCB is a business-to-business professional services company established with the mandate to provide operational support and market entry services in the UAE to British companies. We work alongside the British government to deliver on-demand trade services, providing practical assistance, guidance and orientation for UK exporters.

Our primary aim is to help British businesses, particularly SMEs, expand into the UAE.

Through the BCB, we provide UK companies with Trade Advisory Services and incubator-style support to help them understand and explore the market and get underway in the UAE.

1. Application & acceptance process

Q How many places are available for incubator clients?

A In total we have capacity for a maximum of 36 UK firms in the incubator at one time.

Q What do I need to do in order to be considered for the BCB?

A You must be an established UK company looking to expand your business into the UAE market. You should be in a position to support your growth in the UAE. Once you are certain that the BCB model is right for you, and have consulted a local lawyer, you will need to complete the application form and provide the additional documents and information requested.

Q What additional documentation do I need to provide to complete my application?

A You will need to provide the BCB with:

- ☐ A completed BCB application form.
- ☐ A brief business plan (approximately 5 pages) for your company in the UAE, including the following elements: revenue growth over 5 years, staff growth over 5 years, impact on UK business (staff, investment, turnover etc.), client profile, competitor analysis, risk analysis, post-incubation plans, regional growth prospects, UAE business experience that is not already covered in the application form.
- ☐ A copy of your financial statements for the last financial year (Note: if your company's turnover is more than GBP6 million, please provide the audited financial statement for the last financial year).

Q Is it 'first come, first served'?

A No. We are looking for quality rather than quantity and are filling the spaces based on identifying the right companies for the incubator. Applications are not guaranteed to be approved and we look at a number of criteria, listed below, to review applications.

- ☐ KYC (know your client). It is vital that we are 100% satisfied that each company's application is accurate, genuine and that their intended operations & activities are entirely within the bounds of the regulations & laws of the UAE.
- ☐ Corporate structure, resources & wherewithal to support the incubation period and bear the costs of market entry.

- ☐ Readiness in terms of local legal understanding, prior-engagement with DIT, SDI, INI or Welsh Government or the BCB's Trade Services division, or export experience elsewhere in the world.
- ☐ Long-term plan & vision for the company in the UAE and / or GCC region.
- ☐ Direct economic benefit to the UK from the company's growth in the UAE. It is key that we see how your UK operations will support your UAE branch and grow accordingly.
- ☐ Long-term value to the UAE in terms of knowledge & skills transfer to the private sector and employment opportunities.

Q Who reviews the applications and makes the decision? How long does it take?

A This is done by a joint panel comprising of the BCB and DIT in the UAE. Typically this process takes less than a week.

Q Once the application is approved, how long does it take for my trade licence to be issued?

A This depends on a number of factors.

The first stage is for you to sign your BCB contract and action your first quarterly payment.

Secondly, you will then need to assemble your parent company documentation attested, notarised & translated as required for use in the UAE. Once the documentation is complete the BCB will apply to the Dubai Department of Economic Development (DED) for your trade licence.

There are a number of steps in the process, but typically it should take 6 to 8 weeks from initial application to obtaining the licence. This could be longer if further regulatory approvals are required from other UAE authorities.

Note: All applicants are subject to due diligence and KYC by the BCB. Granting of a licence is at the DED's sole discretion & cannot be guaranteed. First quarter fees cannot be refunded once paid.

2. Company formation & structure

Q Is the BCB onshore or in a Free Zone?

A We are onshore and all UK firms who join the initiative are also incorporated onshore, thus gaining a Dubai Department of Economic Development (DED) trade licence.

Q What types of company am I able to incorporate through the BCB?

A You can establish a Branch of a Foreign Company with the BCB. There are two types of licence that are available to you depending on the activity that you will be undertaking in the marketplace – please see the table below:

Professional Branch	OR	Commercial Branch (Representative Office)
<ul style="list-style-type: none"> • Activity = services/consultancy • Business activity must be specified • UAE bank account needed • Can invoice and generate income locally in UAE • Additional approvals may be required (e.g. Dubai Municipality, KHDA) 		<ul style="list-style-type: none"> • Activity = promotional/admin • UAE bank account needed (but for administration purposes only) • Contracts/invoicing direct to HQ in UK • Can appoint a distributor/agent to take orders locally • No additional approvals required from other bodies
<ul style="list-style-type: none"> • 100% owned by UK parent company <ul style="list-style-type: none"> • 'Onshore' trade licence • Requires a local National Service Agent (=DED) <ul style="list-style-type: none"> • Same legal entity as parent company • MOE bank guarantee required at set-up (Dhs50k)* <ul style="list-style-type: none"> • MOE registration required (Dhs15k and then Dhs10k renewal per year)* <p><i>*Note: some BCB clients (professional branch only) may be waived from MOE registration, at the DED's discretion</i></p>		

Note: all BCB clients are required to engage formal local legal advice in the UAE to ensure that you choose the most appropriate option for your business, long term plans, and fully understand the implications of each option.

Q What if I require a different type of company set up?

A If the Incubator scheme is not right for your company, the BCB can support you in determining the correct model for you, through a chargeable Site Selection project. We can also refer you to partner companies who can provide set up services for all company types & jurisdictions in the UAE, including LLCs, Free Zone entities and in other emirates.

Q Does this require me to have a local sponsor or shareholder?

A No, you are, however, required to have an Emirati 'National Service Agent'(NSA). This is provided through the BCB under the management of the DED itself (Dubai Government). This is provided free of charge under the BCB incubator scheme and satisfies the requirement to have an Emirati named on your trade licence.

Q So, this I don't need to worry about someone owning 51% of my UAE business?

A That is correct. As a Foreign Branch company, your UAE entity is 100% owned by the parent company and there are no other shareholders involved. The NSA (outlined above) provides a regulatory necessity for UAE-local involvement, without any management, capital or operational participation.

Q Where can I find out more about the laws, options available to me and how this all works?

A You can consult with a lawyer to assess all options available in the UAE and to ensure that the BCB Incubator suits your business. Please see our shortlist of lawyers who are familiar with the BCB platform as a starting point.

Q Do I need to rent my own office in order to gain my licence?

A No. This is one of the big advantages of the BCB in that all incubated UK firms are registered to the BCB's address, rather than taking an independent commercial lease which is mandatory otherwise.

Q What documents are required?

A The documents that you will need to prepare are listed below. For an additional charge we can assist you with this process by providing you with form documents for the Power of Attorney and the Board Resolution, or you can engage with a UAE lawyer to help you draft your documentation.

- DED application form (typed in Arabic)
- Certificate of Incorporation (English and official Arabic translation) *
- Memorandum and Articles of Association (English and official Arabic translation) * ○
- Power of Attorney (English and official Arabic translation) *
- Board Resolution (English and official Arabic translation) *
- GM passport copy, and most recent UAE entry stamp (or visa copy if currently resident) Note:

1. * documents must be formally legalised/notarised/attested and stamped by MOFA (Ministry of Foreign Affairs in the UAE).
2. Translations must be done by a Ministry of Justice Approved translator and stamped as such.
3. It is also highly advisable to have an attested copy of the GM's degree certificate, if available. This must be provided in English.

Note: this list is indicative; and may vary based on your own circumstances.

As per any company formation in the UAE (onshore or Free Zone), the above documents are typically required to be notarised in the UK, legalised at the UAE Embassy in London and attested at the Ministry of Foreign Affairs in Dubai. Some of these will also need to be translated into Arabic.

The BCB works with a specialist in this area, Vital Certificates, themselves a BCB Incubator alumnus, to assist with this process. Please see www.vitalcertificates.ae for more details.

Most of these documents are also needed for opening a corporate bank account in the UAE, so the process is essential for any move into the UAE, and drafting should be done with wider & future use in mind, beyond the branch opening itself.

Q Do I need to be in the UAE while the company is being established?

A First and foremost, it is essential that your nominated General Manager has visited the UAE at least once before - even as a tourist - so that he/she is registered on the UAE's security & immigration system. Secondly, your GM (or someone with a Power of Attorney to act on the company's behalf) needs to be present to sign at the Notary in Dubai to formalise the establishment towards the end of the set-up process.

Q What activity can I have on my trade licence?

A As a foreign branch company, your licence activity must match one of those already showing on the parent company's documents so that you are operating in the same field. If you are setting up as a Representative Office, this is the designated licence activity on your licence in Dubai.

Q Can I list more than one activity on my trade licence?

A Yes, you can, however, the BCB annual fee only covers a single activity and any additional activities will attract additional charges from the DED that must be covered by you.

Q How long does the incubation last for?

A Each company has a maximum of 24 months in the incubator. Your 24 months' incubation will start from the day that you attain your trade licence.

Q What are my options post-incubation?

A The BCB platform enables you to continue with your Foreign Branch set-up and current company post graduation, so there is continuity and you aren't required to re-establish a new entity when you graduate.

Assuming you do continue with a Foreign Branch, a new NSA will need to be identified, and the BCB will be able to assist with this at the appropriate time. You would also need to take your own commercial office lease at this time.

Q What happens if I wish to leave the incubator early after, say, eight months?

A If you wish to depart before the full 24 months has been served, we would help you on your way just the same as if you had spent the whole two years with the BCB. As long as your fees have been paid in full to the end of the current quarter, you can leave at any time.

Q Am I required to sign a contract with the BCB?

A Yes. It is important for both parties that terms & conditions, indemnities, liabilities etc. are explicit from the outset so the relationship has a formal structure. The BCB has a standard template that we will provide upon acceptance of your application.

Q Do I need report on our commercial progress whilst with the BCB?

A The BCB's services are subsidised by DIT to boost exports and help UK companies develop their overseas earnings. As such, we are required to measure and report the outcome of the support we provide by tracking our clients' commercial progress; measuring what is known as 'Export Wins'.

You will therefore be contacted on a regular basis (bi-annually) to share with us an aggregated summary of business won in the UAE as a result of being part of the Incubator. When we contact you, we will provide an example or reference of the information required.

Once we have communicated this through the BCB's reporting process, you will then be automatically contacted, by DIT, to verify and validate the information provided. All information provided will be treated in strictest confidence and only used for the purposes of Export Win reporting to DIT.

3. Costs

Q What are the BCB's annual incubator fees?

A We charge each incoming British firm AED 90,000 excluding VAT per year. Recognising that cash-flow is crucial for SMEs, the fees are spread over four quarters according to the below schedule:

<u>Year 1</u>		<u>Year 2</u>	
Q1	AED 36,000 (40%)	Q5	AED 36,000 (40%)
Q2	AED 18,000 (20%)	Q6	AED 18,000 (20%)
Q3	AED 18,000 (20%)	Q7	AED 18,000 (20%)
Q4	AED 18,000 (20%)	Q8	AED 18,000 (20%)

Q What is the billing & payment process?

A Upon acceptance into the BCB we invoice you for the first 40% of the annual fee. Upon receiving the first payment, you become our client and we begin working with you to get things started for your company in Dubai.

You can pay by bank transfer or local cheque.

Dates for the payment of Q2, Q3, Q4, Q5, Q6, Q7 and Q8 quarterly fees will be set once you attain your trade licence and are expected to be settled promptly at the beginning of each quarter.

Q Can I pay in other currencies?

A Yes. OCO also accepts payments in US Dollars. The AED-USD exchange rate is fixed at USD 1 : AED 3.6725.

Q What about VAT in the UAE?

A Effective January 1st 2018, the UAE introduced VAT for the first time, at a rate of 5%.

This will be added as appropriate to all invoices from this date according to the below outline.

If your Dubai branch is not yet formed, then the Incubator service is deemed to be a genuine export (on the grounds that supply is to an external / non-resident company) and invoices will be zero rated for VAT (i.e. 0%). However, once your Dubai Branch is formed then VAT will be payable.

This means in practice that the Q1 invoice we be zero-rated VAT, but for the Q2 – Q8 invoices we must charge VAT.

Q I want to pay 100% up front. Is this possible?

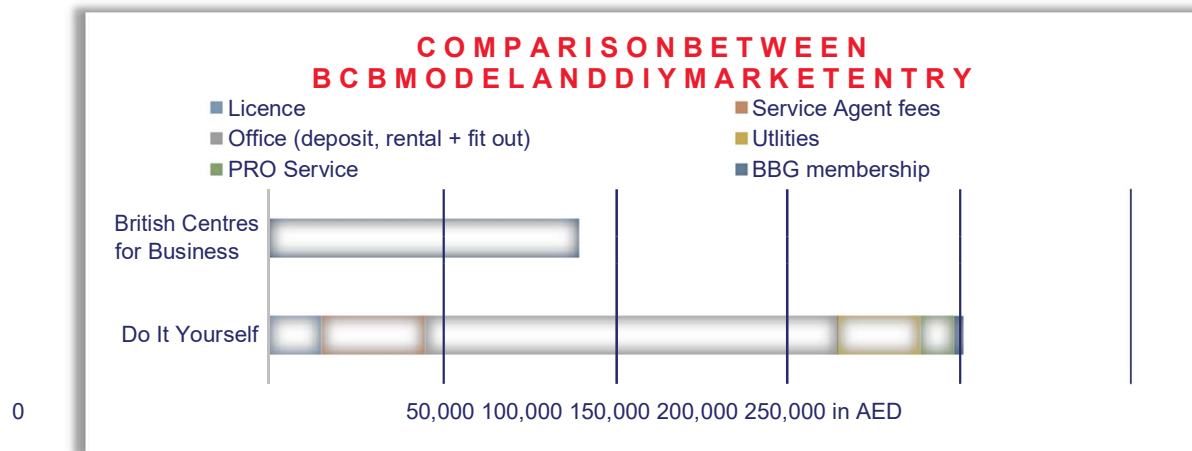
A Yes. We welcome this too, however we cannot refund any fees once received.

Q What happens, fees wise, if I leave early?

A We cannot refund any fees, so if you leave early after, say, eight months your fees for Q3 would not be pro-rated, but provided that you departed before the start of Q4 you would not be billed for the Q4 payment either.

Q How do your fees compare with alternatives in the market?

A As you would imagine, there is a wide cost spectrum for market entry depending on numerous factors, however we provide the below comparison to show approximate standard first year costs for a British SME setting up onshore in Dubai relative to the BCB offer:



Q What other costs am I likely to face related to the company set-up?

A There are additional costs required for company setup in Dubai:

- ☐ Legal fees. You may wish to engage with a local lawyer for professional advice on your company's incorporation in the UAE.
- ☐ Documentation costs (legalisation / notarisation / attestation / translation). You may wish to engage a professional agency to do this on your behalf to save effort and time (please see www.vitalcertificates.ae for more details), or do this yourself to reduce fees.
- ☐ Certain licence activities require additional approvals from other Government bodies (e.g. KHDA, Dubai Municipality etc.). Your lawyer will advise if these are required and what the process/timeframes/costs will be. You are responsible for any UAE government fees & deposits resulting from additional activities and additional approvals (the BCB fee covers all standard DED licence charges and a single licence activity). You are also responsible for their renewal each subsequent year.

- ☐ Representative Offices (commercial branch) have further mandatory fees applied by the Ministry of Economy (MOE). Currently, these are: AED 10,000 annual registration fee; AED 15,000 one-off non-refundable MOE application. You are also required to show an AED 50,000 bank guarantee through a local bank, however this is not 'cash out'.
- ☐ Professional branch set up through OCO may not require you to register with the MOE, this is determined by the DED at the time of application and is solely at their discretion.
- ☐ Visa and flexi-desk costs if required (please see sections 4 & 5 respectively).
- ☐ You will also face costs at the end of your time in the incubator when you move onto your new company arrangement. These can vary depending on your chosen path after graduation.

4. Visa & immigration

Q How many employment visas can our company have in the BCB?

A Only one. This is due to the special arrangements we have with the Dubai government as a designated 'incubator'.

Q What happens when I need to employ more staff?

A There are local providers of outsourced employment solutions who can help you to gain additional visas and the BCB can make an introduction should this be necessary.

Q How long is the visa valid for?

A Your BCB visa is valid for the period that you are on the BCB scheme. You will be obliged to change your visa when you leave the BCB scheme and move on to your long-term footing, post incubation.

Q Why is the visa cost not included in the BCB's annual fee?

A Different companies will have different requirements in terms of the timing of their visa and different needs. This also gives you the flexibility in case there are any personnel changes during your time in the incubator. It is also not essential for you to take a BCB visa, but it is essential that anyone employed by your company in the UAE should have the correct immigration and residency status.

Q How much does the BCB visa cost?

A Approximately AED 6,050, payable to the BCB. There is also a deposit required of AED 2,500 that will be refunded once the visa has been cancelled.

Q Can the visa be cancelled / transferred at the end of the incubation period?

A Your BCB provided visa must be cancelled as part of the graduation process. You will be able to gain new visas under the arrangement with your new NSA. Visas must be cancelled within

one month of your formal graduation from the BCB incubator. Delay in cancellation may result in reduction in loss of your visa deposit.

Q What is the situation with regards to medical insurance?

A Medical insurance is now compulsory for any company/individual in the emirate of Dubai. The BCB has a relationship with a local insurance broker whom we will gladly connect you with to develop your own options.

5. Office space & services

Q What am I getting in this regard, with the annual fee?

A It is mandatory for all companies in the UAE to have an independent & unique business address listed as their official premises, which is where much of the set-up cost is incurred. However, because of the Incubator's special status with Dubai DED, we are able to host all companies with us under the single address meaning that whilst the Incubator will be your registered place of business, you aren't obliged to enter into a separate expensive commercial lease of your own.

Q Why isn't a desk / office space included in the annual fee?

A Only a few UK companies have requested this as a must-have part of their set up, so it didn't make sense to add this to the cost base for everyone. For the majority of our clients a desk is not essential as they will work from home, project or client site, or will still be flying in & out as they get underway.

Q I will need a desk. Are there some available?

A Yes. We have approximately six desks that are available on a monthly hire basis for BCB clients, on a first come first served basis. If you are interested, please let us know on your application form and indicate when you would need the desk from.

Q Does the BCB offer full 'Virtual Office' services such as remote call management & dedicated phone lines etc.?

A No. Whilst we have our team to manage incoming calls & visitors and help look after BCB clients, we do not have a sophisticated software package that confers full Virtual Office management services.

Q I don't need a desk, but I do want to be able to have meetings, video conference and somewhere to work from on occasions. Can I still access the BCB?

A Yes. All BCB clients will have access to the common facilities, such as meeting rooms etc. The premises are managed by Dubai SME and our team can help you with the procedure for booking, arranging access etc.

6. Abu Dhabi

Q Do you offer the service in Abu Dhabi?

A We work with a partner in Abu Dhabi who provides the same BCB Incubator service to UK companies there. Please let us know if you'd like to learn more about this.

Q Can I participate in the scheme in both Dubai & Abu Dhabi?

A Yes. The two markets are separate jurisdictions.

7. Context & relationships with other British organisations in the UAE

Q BBC, BBG, BCB.....help!?

A Good point! Let us explain:

- BCB is the British Centres for Business. The BCB's website is www.bcbuae.com
- ☐ BBG is the British Business Group (in both Dubai & Abu Dhabi)
- ☐ BBC is the UK's public service broadcaster (and was indeed the previous working title for the BCB)

Q What is the difference between the BCB and BBG?

A The BCB's mandate is purely to help British companies explore and enter the UAE market and allow for swift, supported, cost effective and low-red tape progress in the first two years in market. The BBG is an established members network of British companies & individuals that helps represent the UK private sector and facilitates networking & meeting opportunities amongst its members. In Dubai, it is 40 years old and has over 1,500 active members and holds circa 100 events per year.

Q How does the BCB work with the BBG?

A All BCB incubator clients automatically become BBG members so they can participate in the BBG's programme of events from day one. Depending on your location in the UAE, you will be able to choose between the BBG in Dubai & the Northern Emirates, or the BBG in Abu Dhabi.

Q What is the difference between the BCB and DIT?

A The BCB is DIT's official Delivery Partner in the UAE meaning that we manage Trade Services, across all sectors, on their behalf.

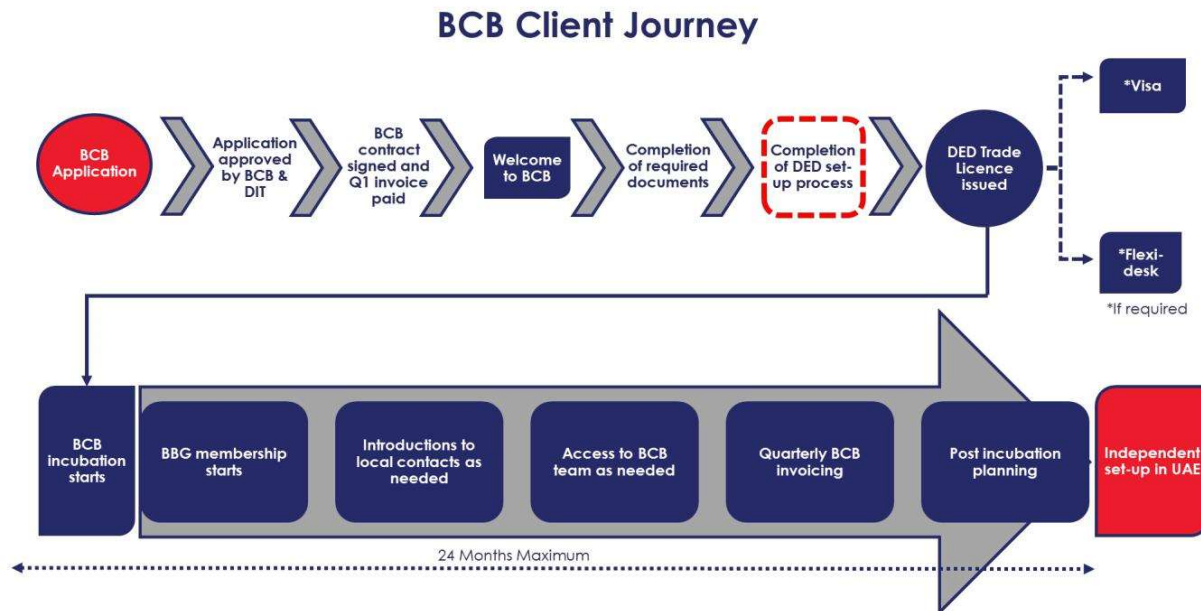
Q How does the BCB work with the DIT?

A The DIT team in the UAE and the BCB work closely together to assist all UK companies in the most effective manner. DIT is the key lead for major projects in the UAE and across the region and the BCB is happy to introduce companies where appropriate.

8. Support & other services from the BCB

Q What is the journey that I will take as a BCB incubator client?

- A The diagram below details the process that you will go through, and the order in which things work up to the point when you are set up on an independent basis in the UAE. Engagement starts with the signing of the contract & first payment and continues for up to 24 months once the year 1 trade licence is issued.



Q Can the BCB provide shortlists of local suppliers?

- A We have compiled shortlists of companies in key areas (e.g. legal advice, accountants & auditors, banks etc.) for BCB clients to access. These are reviewed on a regular basis and feedback is welcome on the companies selected.

Q What if I need something else, which cannot be provided from within the BCB?

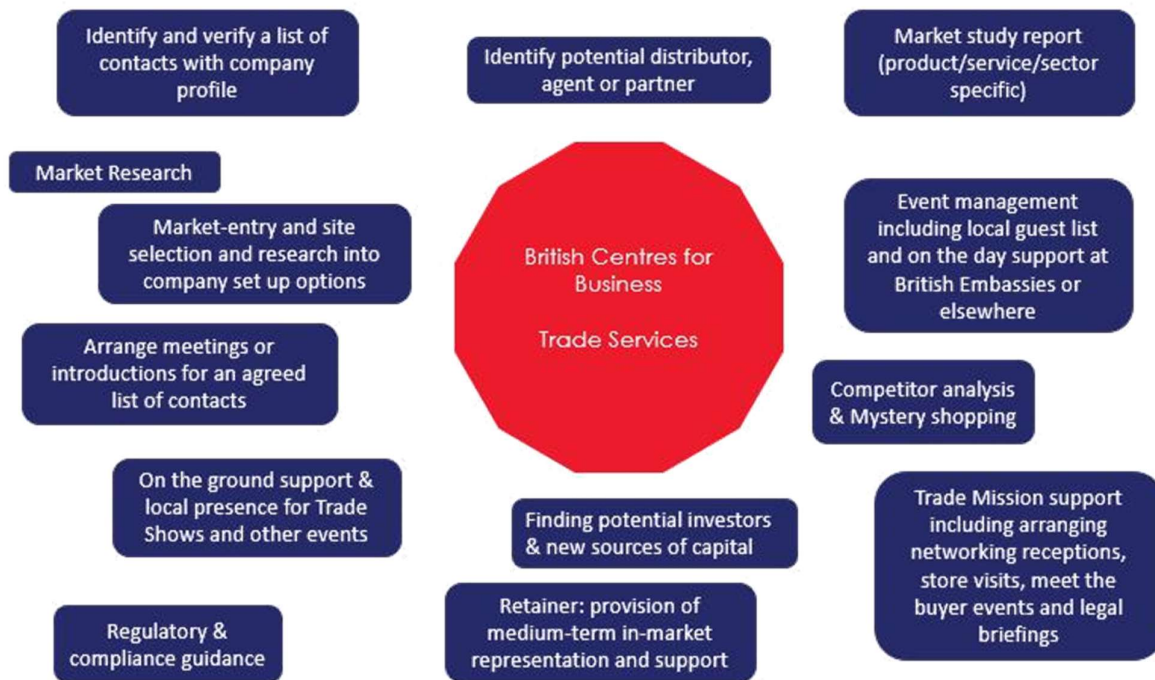
- A We are client led, so if there are requirements for additional services we would help you find the most appropriate source of information or provider.

Q I'd value having someone to talk to who has been there before and has experience in the region. How can you help?

- A We have more than 70 year's combined local experience within the BCB team itself, so we should be a good place to start! By joining the BBG, you will be part of a group of established & knowledgeable business people in the UAE that you can tap into at will. We'd also be happy to connect you to existing BCB clients or past graduates.

Q What I really need is commercial support. How can you help?

- A We are very keen that your time with the BCB is a success and that you graduate successfully, having put down firm commercial foundations in the UAE. On this basis, we are keen to support your business, through our Trade Services work, to complement your set up in the Incubator. These are outlined below:



Q I need someone to help promote my firm, do market research and provide a local commercial presence in the region. Is this something the BCB can do?

A Yes. We can provide you with local manpower on a medium-term basis to help you gain commercial traction and perhaps prepare the way for your own permanent staff in due course. We manage and charge this in accordance with your needs either in terms of defined input (i.e. days per month) or according to outcomes & deliverables (i.e. in accordance with your own KPIs).

Q Can you help us in the wider Middle East region?

A Yes. We are active throughout the region and work with a number of local governments & organisations which provides us with an extensive network and the ability to connect our clients.

9. For more information

Q Whom should I contact for more information?

A See the team contact details below. For incubator information and general enquiries please contact Joe, Christina or May. They will also direct you a Trade Manager if you would like to discuss the BCB's Trade Services.

- **Joe Hepworth**, CEO
Email: Joe.Hepworth@bcbuae.com
Tel: +971 56 354 6277
- **Christina Fordyce**, Business Operations Manager
Email: Christina.Fordyce@bcbuae.com
Tel: +971 56 255 2066
- **May Bseiso**, Incubator and Marketing Manager
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