



Redomiciliation from the UAE: Leave or Stay?

April 2026

Amid the conflict in the Middle East, businesses are increasingly considering whether to diversify their footprint or shift it to other jurisdictions. For companies operating in the UAE, redomiciliation may be an optimal solution where the objective is not merely to move to a different jurisdiction, but also to preserve the company's legal personality, corporate history, and existing contracts. In a redomiciliation, the company changes its jurisdiction of incorporation, the law governing it and, if its management is properly structured, its tax residence. In most cases, everything else remains unchanged.

Procedural Aspects of Redomiciliation from the UAE

The UAE allows companies incorporated in Free Zones to redomicile out of the country. Relevant legal frameworks exist, in particular, in ADGM, DIFC and RAK ICC. That said, the availability of outward redomiciliation from a particular Free Zone should always be confirmed on a case-by-case basis.

The key stages of the process generally include the following:

1. A preliminary review of whether exit from the relevant UAE Free Zone is possible and whether any restrictions apply in the receiving jurisdiction.
2. A review of the company's constitutional documents and preparation of the shareholders' resolution approving the redomiciliation.
3. Obtaining preliminary approval from the receiving jurisdiction.
4. Termination of the lease agreement, work visas and P.O. box arrangements.
5. Preparation of financial statements and tax filings.

6. Prior notification to the bank regarding the proposed redomiciliation and discussion of whether the UAE bank account can be retained.
7. Notification of creditors and observance of any waiting period requirements (in DIFC, for example, a notice should be published 60 days before the redomiciliation application is filed).
8. Preparation of the full document package and filing of the redomiciliation (de-registration) application with the Registrar/ Authority of the relevant UAE Free Zone.
9. Obtaining a No Objection Certificate from the Free Zone and a certificate of continuation from the receiving jurisdiction.
10. Removal from the relevant Free Zone register, receipt of confirmation for the new jurisdiction and final registration in the new country.
11. Deregistration for tax purposes in the UAE.

In terms of timing, outward redomiciliation from the UAE typically takes between two and six months.

Tax Implications of Redomiciliation from the UAE

As a general rule, redomiciliation from the UAE does not trigger tax consequences in the UAE, as the country does not impose an exit tax. The company should file its Corporate Tax and VAT returns, settle all outstanding tax liabilities and deregister for UAE Corporate Tax purposes within three months following the redomiciliation.

Key Considerations: Bank Accounts, Contracts, And Taxes in the New Jurisdiction

To reduce the risk of bank accounts in the UAE being blocked or otherwise restricted, banks should be notified well in advance of the planned redomiciliation. Depending on the destination jurisdiction and its risk profile, it may in some cases be possible to retain the existing UAE bank account.

The company's key contracts should also be carefully reviewed. Particular attention should be paid to change-of-jurisdiction clauses, change-of-control provisions, and financial covenants, given that some of them may treat redomiciliation as a trigger event, as well as to any terms requiring the consent of, or notice to, counterparties.

Before deciding on redomiciliation, it is equally important to assess the tax regime applicable to the company's activities in the new jurisdiction, including the availability and conditions of any reliefs, as well as the local requirements for documentation and tax compliance.

Intra-UAE Redomiciliation as an Interim Step Before Exiting the UAE

Practical Aspects

In October 2025, the UAE introduced a statutory framework for domestic redomiciliation under Federal Decree-Law No. 20 of 2025. This made it possible, in particular, to redomicile within the UAE from a Free Zone to the mainland and vice versa, as well as between Free Zones. When planning such a move, it is important to verify whether an equivalent license is available in the mainland or Free Zone of

destination, since the absence of such a license is often an underestimated obstacle to redomiciliation.

This mechanism creates an opportunity for an intermediate step when moving a company out of the UAE in cases where the company was originally incorporated on the mainland or in a Free Zone that does not yet have an operative outward redomiciliation regime. For example, instead of liquidation or an asset sale, a mainland company may consider a two-step redomiciliation: first into DIFC, and only then onward to another country.

It should be borne in mind, however, that domestic UAE redomiciliation is a new instrument that still requires further implementation in practice. In particular, its practical operation will depend on the adoption of secondary legislation, clarifications from the competent authorities, and updates to the internal rules of the relevant Free Zones.

Tax Aspects

Where a company redomiciles from a Free Zone to the mainland, it loses its status as a Qualifying Free Zone Person (QFZP) and, accordingly, its entitlement to the 0% Corporate Tax rate, subject to the continued availability of certain reliefs and exemptions, such as the participation exemption for dividends and gains on disposals of assets. In the case of redomiciliation between Free Zones, QFZP status may, at least formally, be preserved. However, the transition period requires particularly careful documentation and may be subject to closer scrutiny by the UAE Federal Tax Authority (FTA), especially with respect to the continuity and adequacy of the company's economic substance in each relevant Free Zone at the relevant point in time.

At present, the ability to obtain QFZP status when moving from the mainland to a Free Zone is not expressly regulated. That said, it may reasonably be assumed that, provided all relevant conditions are met, a new Free Zone resident should be entitled to the 0% Corporate Tax rate without any formal cooling-off period.

Where to Redomicile from the UAE

Factors to Consider

When selecting an appropriate jurisdiction for relocation from the UAE, businesses should take into account as many factors as possible. The primary consideration is whether the destination jurisdiction is legally able to accept companies by way of redomiciliation. It is also important to assess the tax regime and the applicable law of the new jurisdiction.

At present, Mauritius and Hong Kong are among the most popular destinations.

Mauritius

Mauritius applies a 15% corporate income tax rate, which may in certain cases be reduced to an effective 3% for particular types of income and activities, for example foreign-source dividends and interest income in the case of companies engaged exclusively in financial activities. In addition to corporate income tax, Mauritius companies are required to pay a number of mandatory levies, the principal ones being the Corporate (Climate) Responsibility Levy (CCR) and the Corporate Social Responsibility (CSR) levy. No withholding tax is imposed on dividends.

Mauritius also allows the incorporation of an Authorized Company (AC), which is not treated as a Mauritius tax resident and is not

subject to tax in Mauritius. However, when establishing an AC, it is important to assess the risk that the company may instead be treated as tax resident in another jurisdiction from which its central management and control is in fact exercised. An additional risk factor in this context is the AC's obligation to file an annual nil tax return in Mauritius, indicating the place of the company's effective management.

Mauritius operates under a mixed legal system combining common law and civil law concepts.

Hong Kong

The possibility of redomiciling to Hong Kong became available in May 2025.

Hong Kong's standard profits tax rate is 16.5%. At the same time, Hong Kong operates a territorial tax regime, under which income sourced outside Hong Kong may fall outside the scope of taxation. The availability of this regime, and the related tax risks, should be assessed in light of the Foreign-Sourced Income Exemption (FSIE) regime for passive income, as well as the rules on corporate tax residence. No withholding tax is imposed on dividends in Hong Kong. The jurisdiction applies English common law principles alongside the general laws of the PRC.

In practice, Hong Kong companies with links to the CIS may encounter practical difficulties in opening bank accounts with banks in Hong Kong and mainland China.

Other Jurisdictions

Other potential destinations for redomiciliation from the UAE include the international financial centers in Kazakhstan (AIFC) and Qatar (QFC), as well as the Seychelles.

Contact



Irina Fadeeva, Partner at Global Aim Consulting, PhD in Law, specializes in international tax planning, cross-border structuring, and the application of tax legislation across multiple jurisdictions, with a particular focus on the Gulf states.

She advises business owners, corporate groups, and family offices on tax-efficient holding, financial and operating structures, redomiciliation, and substance requirements in the UAE, Hong Kong, Mauritius, and other jurisdictions. Her practice also covers investment structuring, tax risks assessment and tax compliance.

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