



ENTREPRENEUR'S GUIDE TO  
SMEs IN THE UAE



LET'S CREATE SUCCESS TOGETHER

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## Overview

Small and Medium Enterprises (SMEs) are known to be the prototype of tomorrow's global companies. They are the backbone of all economies, driving innovation, job creation, exports, and even new business models.

Did you know that in Dubai alone, SMEs account for over 90% of the enterprise population, 40% of the value added, and 43% of the workforce in the Emirate?

## Definition of SME in Dubai

Before we dive into the details, let's begin with the basics. What is an SME in Dubai? An SME is any enterprise that meets specific thresholds based on the number of employees and sales turnover, which can vary depending on the sector it belongs to. The classification of the enterprise size into Micro, Small, and Medium is also based on the threshold that's set for each sector. To be considered a SME, the company should be engaged in economic activity and registered as a business with a commercial or Free Zone authority.

Figure 4 provides an illustration of the SME definition for Dubai, classified according to the sectors and size of businesses.

	SME DEFINITION FOR DUBAI					
	TRADING		MANUFACTURING		SERVICES	
	EMPLOYEES	TURNOVER	EMPLOYEES	TURNOVER	EMPLOYEES	TURNOVER
Micro	<=9	& <=AED 9mn	<=20	& <=AED 10mn	<=20	& <=AED 10mn
Small	<=35	& <=AED 50mn	<=100	& <=AED 100mn	<=100	& <=AED 100mn
Medium	<=75	& <=AED 250mn	<=250	& <=AED 250mn	<=250	& <=AED 250mn

## Importance of SMEs in Dubai

The UAE economy was formerly dominated by the gas and oil industry; however, now the country is known to be one of the most diverse business landscapes globally. According to research, non-oil industries such as real estate, technology, and tourism are expected to maintain their position and grow further by 3.9%.

At the heart of the development is a thriving SME economy. Accounting for over 94% of the UAE's business, the country's GDP is expected to grow based on the government's support for startups in the region.

According to a report, the number of SMEs operating in the UAE at the end of 2022 totalled 557,000. This is primarily due to the ease of company formation, low entry barriers along with a supportive business landscape.



## UAE Government's Efforts to Boost SMEs

Based on the crucial role SMEs play in the economy, the UAE government is working to further enhance the contribution and performance of this sector. There is an increasing number of initiatives being created to encourage and support startups to succeed.

One of the most significant developments is the Ministry of Economy-Entrepreneurial Nation 2.0 program. Its goal is to develop over 8,000 SMEs and startups by 2030, with a focus on technology and digitization. Other initiatives include the Mohammed Bin Rashid Establishment for SME Development, the National SME Programme for funding, business, and marketing assistance, and the Khalifa Fund to support small and medium enterprises.

These projects demonstrate the UAE's strong commitment to unlocking the full potential of the SME sector by providing a range of incentives to drive growth, diversity, flexibility, and innovation. The government's ultimate aim is to establish the UAE as a leading hub and global business destination for small and medium-sized businesses.

To achieve this, the Ministry of Finance has launched several digital solutions to create a business-friendly and encouraging environment for entrepreneurs. These solutions include referrals to business opportunities and contracts, funding solutions, guarantee schemes, and customized support and accelerator services.



## Creation Of Free Zones

One of the most successful drivers of Dubai's transformation is the creation of Free Zones. These Free Zones help promote UAE's expanded economic growth and are integral to the country's diversification strategy. Each Free Zone focuses on a different theme or industry cluster, allowing businesses to find an area that offers the right support and infrastructure that caters to their unique business requirements.

## Steps to Open a Small Business in Dubai

### 01 \_\_

#### Decide on Free Zone or Mainland Setup

The first step is to decide whether to set up your business in a Free Zone or on the Mainland. Consider the advantages of both options, such as the business support, financial incentives, and license types available. The decision you make will depend on the nature of your business.

### 02 \_\_

#### Apply For a Business License in Dubai

To operate a business in Dubai, one of the initial steps is to apply for a license. The UAE government issues various types of licenses, including commercial, industrial, and professional licenses, among others that are specific to certain activities.

### 03 \_\_

#### Choose a Company Name

Choosing a company name is a crucial step in the process of establishing a UAE business. The name must follow a set of naming conventions and avoid any offensive or blasphemous language, as well as the names of well-known organizations. Ensure that your chosen name is available to register.

## O4\_\_

### Submit Your License Application

The final step is submitting your business license application. If you are setting up on the mainland, you can apply directly to the Department of Economy and Tourism (DET). If you have chosen a Free Zone setup, you can apply directly to the Free Zone. Make sure to provide all the required documents and proof of payment for the charge for obtaining a trade license.

## O4\_\_

### Apply For Your Visa

This final step consists of four stages, including a medical test — but it shouldn't take more than a week.

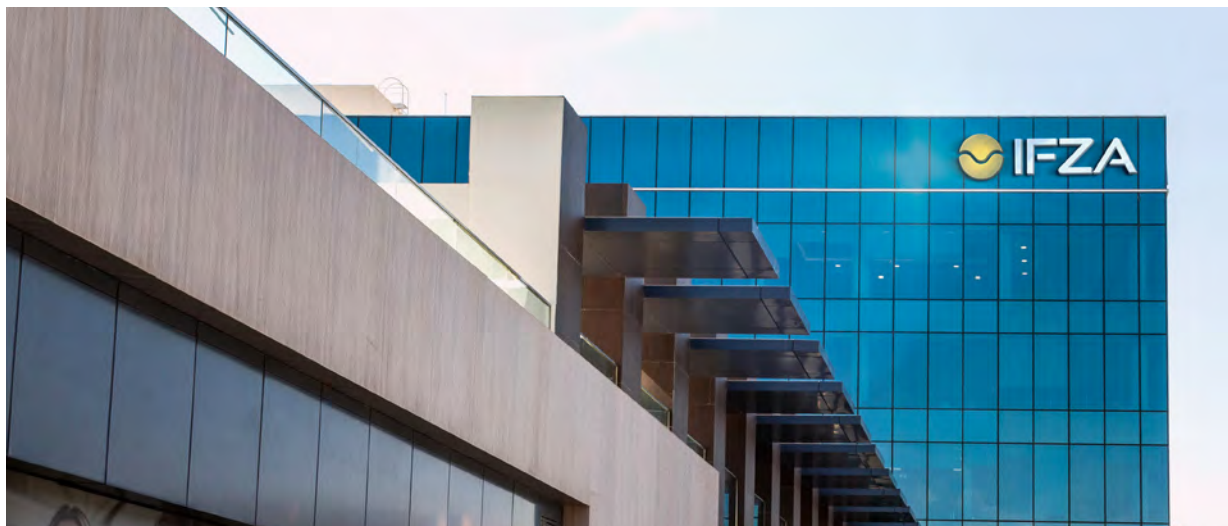
## Choose Dubai's Most Dynamic Free Zone Community

IFZA Dubai is the most dynamic and truly international Free Zone Community in the UAE, optimizing the country's strategic location and world-class infrastructure. It differentiates itself through its multi-national approach providing personalized business establishment solutions through its network of Professional Partners. IFZA provides fast and efficient company establishment and access to global markets. Businesses incorporated at IFZA can enjoy the following benefits:

- 100% foreign ownership
- 100% repatriation of capital and profits
- Tax-free import and export of goods in and out of the Free Zone
- 100% tax exemption (except 5% VAT)
- Incorporation of FZCOs or the registration of branch offices
- No paid-up share capital required
- All processes can be executed remotely (except medical tests and Emirates ID biometrics)
- Support beyond company formation through the IFZA ecosystem

Walking in line with the vision of the Ruler of Dubai His Highness Sheikh Mohammed Bin Rashid Al Maktoum, IFZA exists to bridge international investors to Dubai and to contribute to its economic prosperity by offering world-class benefits that would serve the local and global community. Dubai has opened the doors of opportunities to international businesses, if you want to be a part of this movement, contact a member of the global network of IFZA Professional Partners today.

With thousands of business activities to choose from, IFZA offers the flexibility to build your business the way you want it. Our international network of Professional Partners ensures easy navigation at every step of your IFZA License application.





FOR MORE INFORMATION, PLEASE CONTACT US ON  
T: +971 4 228 5285 | E: [info@ifza.com](mailto:info@ifza.com) | [www.ifza.com](http://www.ifza.com)

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IFZA BUSINESS PARK, DUBAI SILICON OASIS, DUBAI, UAE

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