FREE GUIDE

7 Critical Mistakes To Avoid When Setting Up A Business In UAE

(+Bonus: How To Save Your First AED 20,000 In Taxes)

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Starting your business in the UAE can be exciting — but a few common mistakes can cost you time, money, and peace of mind. Here’s how to avoid them

7 Critical Mistakes to Avoid Setting Up A Business in UAE

- [ ] Choosing the wrong legal structure (LLC vs Free Zone vs Mainland)
- [ ] Missing mandatory tax registrations
- [ ] Poor bookkeeping setup from Day 1
- [ ] Ignoring VAT rules
- [ ] Not preparing for compliance audits
- [ ] No proper financial planning
- [ ] Falling into hidden costs from "cheap" consultants

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BONUS TIPS

✅ Bonus Tip 1: Claim All Allowable Business Expenses

Many startups and SMEs in the UAE underutilize expense deductions. To legally reduce taxable income, businesses should ensure they are recording and claiming all allowable business expenses, such as:

- Office rent and utilities
- Salaries and staff benefits
- Professional services (legal, accounting, etc.)
- Marketing and advertising costs
- Software subscriptions and IT costs
- Business travel (where applicable)

👉 Tip: Keep digital receipts and proper bookkeeping from Day 1 — this not only reduces tax but also prepares you for audits.

✅ Bonus Tip 2: Register for VAT at the Right Time

Many businesses delay VAT registration or register too early — both can cost money.

- If you register too early, you may deal with unnecessary compliance headaches.
- If you delay past the AED 375,000 annual threshold, you risk heavy penalties from the FTA.

👉 Tip: Monitor your rolling 12-month revenue carefully.

Consider voluntary VAT registration (above AED 187,500) if you want to start claiming input VAT on expenses — especially if your business incurs high startup costs.

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