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## A Partnership to Celebrate: the UAE, the UK and Expo 2020 Dubai



### Guest Article **HIS EXCELLENCY SIMON PENNEY**

Her Majesty's Trade Commissioner for the Middle East and Her Majesty's Consul General to Dubai and the Northern Emirates

**Expo 2020 Dubai:  
Precursor for the Future**

**Evolving Tax Landscape in  
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**Israeli Companies to make  
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in Technology and Food  
Industries in the UAE**

## EDITOR'S NOTE



CA. Raju Menon

The world's most awaited mega event, Expo 2020 Dubai, has indeed taken the global center stage. In just five weeks since the world fair opened its doors on October 1, officials have recorded nearly three million visits.

This issue's guest article features His Excellency Simon Penney, Her Majesty's Trade Commissioner for the Middle East and Her Majesty's Consul General to Dubai and the Northern Emirates talking about 'A Partnership to Celebrate: the UAE, the UK and Expo 2020 Dubai'. The deep friendship between UK and UAE formed over the years has served as the foundation to form the "Partnership for the Future". "This partnership addresses two central pillars of great importance to the UK and the UAE: sustainable prosperity and addressing global issues", His Excellency said.

To stimulate the emerging UAE-Israel market, Kreston Menon in collaboration with the Israel's Directors Union (IDU) hosted "UAE-Israel Business Meet 2021 – A Hybrid Event". The event featured thought-provoking sessions from the prominent industry leaders across UAE and Israel. To name a few, Ibrahim Ali, Director - Investment Promotion Division, Dubai FDI, Jamal Bin Marghoob, Senior Director - Sales, Dubai Airport Free Zone, Faisal Jassim, Senior Manager - Sales, Jebel Ali Free Zone and Rashed Al Mulla, Vice President - Marketing, Dubai Commercitiy, shared insightful and informative presentations that fully encapsulate the overview of doing business in the UAE market. They interacted with the visiting Israeli delegation of 26 investors in person and with over 200 delegates who attended this hybrid event online.

Moving on to the Middle East Tax scene, Surandar Jesrani, Group CEO & Managing Partner of MMJS Consulting, wrote a commentary on the "Evolving Tax Landscape in the Middle East". The commentary details several vital tax law updates in the areas of Transfer Pricing, BEPS and CbCR. Surandar advises the businesses to develop the right policies to achieve full compliance on every directive.

2021 has been a year of embracing the new normal, meeting new people and building better business relationships. I assure that Kreston Menon will continue to adapt to global transformations and equip more clients to achieve steady growth in this evolving market for years to come.

## UAE-ISRAEL BUSINESS MEET 2021



The "UAE-Israel Business Meet 2021 - A Hybrid Event" hosted by Kreston Menon and Israel's Directors Union (IDU).





**2022  
EDITION**



I am glad to see the 7th edition of 'Doing Business in Dubai', published by Kreston Menon, one of the leading business consulting firms in the region. The handbook which will act as a guide to potential local and foreign investors, as the entire content of this book is updated with the latest requirements of all jurisdictions and is checked and verified by the Dubai DED.

'Doing Business in Dubai' will undoubtedly be one of the reliable sources of business information for the thousands of visitors and investors who will be flocking to Dubai due to the favourable changes in the FDI rules.

**His Highness Sheikh Ahmed bin Saeed Al Maktoum**  
President of Dubai Civil Aviation Authority,  
Chairman of Dubai Airports,  
Chairman & Chief Executive of Emirates Airline & Group

**Book your copies now!**

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## A Partnership to Celebrate: the UAE, the UK and Expo 2020 Dubai



### His Excellency Simon Penney

Her Majesty's Trade Commissioner for the Middle East and Her Majesty's Consul General to Dubai and the Northern Emirates  
Twitter: @SimonPenneyHMTc

The UK and the UAE share a deep and enduring friendship, built on decades of economic, cultural and people to people ties. This friendship, and the history that we share, lay the foundations for our future relationship.

The UK stands shoulder to shoulder with the UAE as the nation celebrates its 50th year, and looks ahead to the next fifty years. This is why the Partnership for the Future is so important. The Partnership for the Future was announced in September by Prime Minister Boris Johnson and HH Sheikh Mohamed bin Zayed, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces during His Highness the Crown Prince's visit to the UK.

I was honoured to have taken part in the visit which saw a wide ranging programme of engagement including a business reception at No. 10 Downing Street, lunch with the Prime Minister, and a number of bilateral Ministerial meetings over two days. One personal highlight for me was seeing His Highness inspecting the guard of honour on Horse Guards Parade.

### A Partnership for the Future

The Partnership for the Future encompasses many areas of collaboration from trade and investment to climate change and energy transition to artificial intelligence. At its core, the Partnership addresses two central pillars of great

importance to the UK and the UAE: sustainable prosperity and addressing global issues.

Within trade and investment, our countries extended the existing UAE-UK Sovereign Investment Partnership (SIP) signed in March of this year by the UK's Office for Investment and Mubadala Investment Company. In addition to the £1bn committed when the SIP was launched in March 2021, a further £9bn investment was agreed during the Crown Prince's visit taking the total to £10bn.

The SIP will serve as the framework of our future-focused investment relationship. Over a five-year period, the SIP will invest across four key innovation-led sectors – technology, infrastructure, healthcare & life sciences, and clean & renewable energy – that will support job creation in both countries, strengthen national research and development capabilities and originate new areas of investment collaboration. These sectors were selected because they are of strategic importance to both countries as we address the challenges of today and tomorrow. Indeed, the UAE has already committed over £1.1bn across 12 transactions and we have visibility on a further £1bn this year, taking 2021 investment to over £2bn.

The UAE will gain access to world leading R&D in the UK. It provides a channel for the UAE to invest in tomorrow's unicorns as well as encouraging more UK firms to establish a presence in the UAE in sectors that matter to the UAE's economic plans.

For the UK, which is the leading destination for investment in new projects in Europe (EY UK Attractiveness Report, June 2021), the SIP will provide much needed investment to drive R&D, provide a further source of growth capital for emerging firms, and ensure UAE investment aligns with

UK priorities of attracting investment to all four corners of the UK.

A major focus of the SIP is identifying opportunities that benefit the whole of the UK, particularly outside London and the South East including Scotland, Wales and Northern Ireland. Greater investment in the UK's industries of the future will create high-value jobs, boost the economy and level up the country as we build back better and greener.

### Creating trade and investment foundations for the next 50 years

As the UAE celebrates its 50th year, the exchange of knowledge, innovation and ideas resulting from the Sovereign Investment Partnership will lay the groundwork as the nation looks ahead to the next 50 years.

The UAE's Principles of the 50 is the strategic roadmap for the next fifty years, and hold important synergies with the UK's levelling up agenda and our strategy to Build Back Better. Part of the Principles of the 50 includes the 10x10 goal to increase the UAE's exports to ten key global markets – including the UK – by 10% per annum for ten years, and we look forward to supporting businesses in the UAE to achieve this.

While 2020 saw a drop in global trade figures, I look forward to the resumption of strong trade between the UK and the UAE, which saw a total of £18.6bn of bilateral trade in 2019.

When you look at the UAE's economic roadmap for the coming decades and the UK's growth industries, there's a clear opportunity for our nations to be deeply linked as trade, investment and innovation partners.

### Innovating for a Shared Future at Expo 2020 Dubai

This is clearly in evidence when we look at the UK's engagement in Expo 2020 Dubai. Not only did the UK openly support Dubai's bid for Expo 2020 back in 2011, it was also host to the Great Exhibition in 1851, the very first Expo if you will.

We are extremely proud of the UK Pavilion at Expo 2020 Dubai, and I am delighted to share some highlights with Kreston Menon News.

The building itself was conceptualised by Es Devlin OBE, and inspired by one of Stephen Hawking's final projects, 'Breakthrough Message', where Hawking challenged the world to design a message representing Earth, life and humanity that could potentially be understood by another civilisation with the aim of encouraging us to think together as one world. Devlin took the concept further, drawing on the UAE and the UK's shared history of poetry. Her idea was to invite humanity to create a poem using the power of Artificial Intelligence that could be beamed to outer space from Dubai.

Innovating for a Shared Future is the UK's theme at Expo 2020 Dubai, and Artificial Intelligence underpins the UK Pavilion's offer. The Pavilion will display AI technology

first-hand, using a bespoke algorithm to generate poetry from contributed words. Crafted and designed by thought leaders and industry experts, and trained with thousands of poems, this unique technology will demonstrate the power of UK AI innovation.

Among the most notable elements of the UK Pavilion during the six-month long Expo will be the immersive Choral Space, where visitors will be surrounded by the Soundscape: music, voices and sounds donated from around the world. Visitors can contribute a word to the poem generated by our AI algorithm, which will be on display at the UK Pavilion. The poem will be known as the Collective Message and I hope all Kreston Menon readers will contribute to it, in person or virtually.

The UK Pavilion structure is simply stunning, and a truly accurate representation of Devlin's vision.

### Breakthrough Moments

The power of innovation is the driver behind the UK Pavilion's Breakthrough Moments – a series of eight thought-provoking questions about our future designed to spark discussion around the world's most pressing issues. These eight questions – which include How will we Travel?, What will we Eat? and How will we Thrive? – form the foundations of our programme, which will comprise exhibitions, panel discussions, seminars, podcasts, summits and much, much more.

Speakers from the UK and across the globe have been invited to contribute to the Breakthrough Moments, which will feature leaders and experts from a wide range of industries including fashion, design, technology and sustainability, showcasing the best of UK innovation. The UK Pavilion's contribution will be presented alongside the 191 nations participating at Expo 2020 Dubai. Find out more about the Breakthrough Moments on the UK Pavilion website.

All this and more await you at the UK Pavilion. I hope to see you there.■







# Expo 2020 Dubai: Precursor for the Future



## Sudhir Kumar

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### World's Mega Event

The UAE has taken the global center stage with the opening of Expo 2020 Dubai which is termed rightly as the extravaganza of business, technology, connectivity, and culture. One may wonder on the long term objectivity of this mega event, but the policymakers of the UAE are confident about the long term economic legacy the Expo is bound to create.

With 191 country pavilions and themed exhibitions at the Opportunity, Mobility and Sustainability pavilions, the eagerly awaited Expo 2020 Dubai is expected to draw in more than 25 million visitors.

Many countries and large companies are looking to the expo, which is the first major global event open to visitors since the pandemic, to spur economic activity and boost investor confidence. Expo 2020 Dubai will showcase the latest and boldest innovations across the globe and will be a platform to present solutions to the future for the world in quest for remedies.

### UAE – Today and Future

UAE's approach to future and progress are reflected in the words of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Prime Minister of the UAE and Ruler of Dubai,

"The future belongs to those who can imagine it, design it, and execute it. It isn't something you await, but rather create."

The UAE has set its target high to be the numero uno in all the competitive indexes by the centennial anniversary of the Union in 2071. The aspiring national strategy "Towards the next 50" aims to represent the UAE's next 50 years, building on the foundation of the progress made in the past 50 years.

The roadmap chartered by the UAE for the future includes visionary initiatives like the UAE Centennial Plan 2071, Food Security Strategy 2051, Dubai Clean Energy Strategy, Fujairah 2040 plan, National Advanced Sciences Agenda 2031, Abu Dhabi Economic Vision 2030, Environment Vision 2030, Dubai Industrial Strategy 2031, Plan Abu Dhabi 2030, Dubai 2040 Urban Master Plan, United Global Emirates and Make it in the Emirates and these programs will be guided by the recently announced 'Principles of the 50'.

Currently, the UAE is placed very high on World Bank's annual ease of doing business ranking and is always streamlining the processes to better the position. The UAE is the only Arab Country to be listed in the top 10 competitive countries for 4 consecutive years. Dubai has been ranked the fifth best city in the world and was hailed for its innovation, infrastructure, iconic landmarks and world class entertainment.

The credit of the UAE being ranked third among 27 emerging global economies goes to the leadership's long term strategies on being a testbed for imagining, designing and executing future innovations.

The economic and political environments which are highly conducive for businesses to thrive make the nation a favourable destination for enterprises across the spectrum – from large multinational conglomerates, small and medium businesses to fleet-footed, innovative startups.

The decisive economic measures and new amendments to the residency and investment legislations initiated by the leadership of UAE has stimulated the flow of foreign investments into the country.

The word 'futuristic' has become synonymous with the UAE, as a country that not only embraces the future, but courageously create it!

## Expo and the UAE Economy

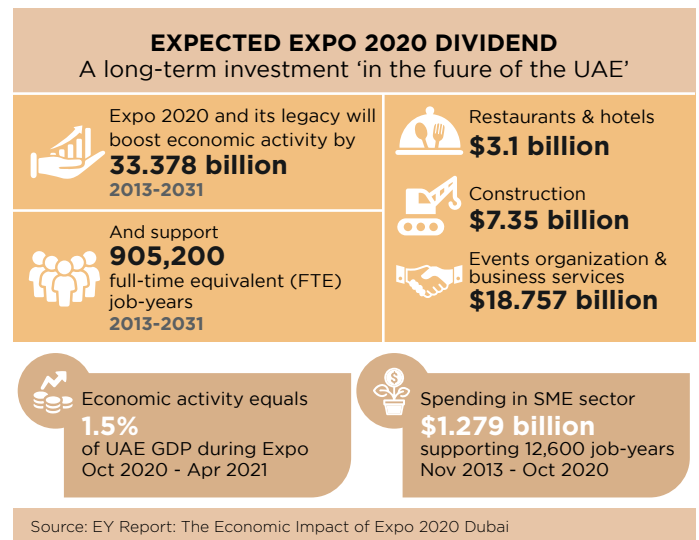
The positive impact of Expo 2020 Dubai, which is arguably the world's largest event is already visible in almost all the spheres of life, especially among businesses in the UAE. The local businesses are showing immense confidence and strong optimism and the immediate results are seen in key sectors such as travel and tourism and hospitality, with the influx of foreign visitors arriving for the mega event.

The global investment forums, investor pitching conferences and the networking opportunities at the Expo 2020 Dubai is set to create lot of investment interests from across the globe. Even if 0.5% of the visitors decide to invest in businesses in the UAE, we are talking about 125,000 new set ups!

The International Monetary Fund (IMF) has forecasted an economic growth of 3.1% this year for the country, which is higher than the Central Bank's estimate which projected that the UAE economy will expand 2.1% this year. The UAE economy is expected to reap benefits of the Expo for the next nine years as the Expo legacy is going to drive more international investments. Expo 2020 is expected to give a significant boost of USD33 billion to the UAE economy and is estimated to add more than 900,000 jobs between 2013 (Expo awarded year) and 2031.

UAE's banking assets are expected to grow by 10% next year, as the Expo has given a much needed impetus to the UAE economy, while other economies are still trying hard to recover from the pandemic-driven slowdown.

A diversified portfolio of public-private partnership (PPP) projects worth more than 25 billion Dirhams was recently announced by Dubai on the sidelines of Expo, which includes projects in the urban development, road and transport as well as health and safety sectors. It is noteworthy that the total value of Dubai's existing and announced PPP projects now exceeds 65 billion Dirhams. In addition to the fiscal benefits, PPP is a way forward in involving private capital for economic diversification, attracting FDI and promoting local businesses and start-ups, thus help Dubai in creating a sustainable economic growth model.



As the stage is set with the 100% foreign ownership legislation, the visa reforms, ease of arbitration and excellent infrastructure, Dubai is set to see a transformation of industries from fintech to food production. Foreign investments are expected in key sectors particularly those associated with the knowledge economy and advanced technologies which includes Artificial Intelligence, the Internet of Things, Blockchain, innovative medical technologies, high-speed transportation, augmented virtual reality, self-driving cars and renewable energy.

The Expo 2020 will definitely attract more investment and talent to Dubai and the UAE, as this mega show will be showcasing the exciting opportunities not only for entrepreneurs and businesses but also for creative and innovative individuals.



Photo Credit: Expo 2020 Dubai





## Evolving Tax Landscape in the Middle East – A Commentary



### Surandar Jesrani

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procurement or intellectual property for their Middle East operations. With the introduction of the first set of BEPS reforms, multinationals in the region have already changed their strategies, but with the upcoming reforms expected as part of BEPS 2.0, their problems will be even more accentuated.

### Background

The Transfer Pricing (TP) landscape in the Middle East (ME) region has been continuously evolving in the last couple of years largely as a consequence of developments arising out of the Organisation for Economic Cooperation and Development's (OECD) Base Erosion and Profit Shifting (BEPS) project. Several countries in the ME have committed to implement minimum tax standards under the BEPS Implementation Framework (IF), one of which includes Action 13 - TP documentation and Country by Country Reporting (CbCR). As a result, countries such as Bahrain, Egypt, Jordan, Kingdom of Saudi Arabia (KSA), Oman, Qatar and United Arab Emirates (UAE) now have detailed TP and/or CbCR laws in place.

The complexity posed by new laws meant that businesses operating in the region have more tax thinking to do. It has increased TP/CbCR related compliances, more scrutiny/disputes, create additional documentation and the need to remodel or do away with existing company structures and intercompany dealings which will no longer work.

The interplay of Transfer Pricing with the Economic Substance Regulations introduced in UAE and Bahrain under BEPS Action 5 – Addressing Harmful Tax Regimes is another factor that can't be ignored. The more the substance housed in a particular location/entity, the more profits the entity needs to earn. Multinationals have all along made use of UAE & Bahrain's zero tax regimes to have centralized hubs in terms of headquarter,

### BEPS 2.0

On 1 July 2021, most of the BEPS IF member countries committed to a new overhaul tax reforms referred to as BEPS 2.0 which consist of two Pillars.

Pillar One is initially expected to be applicable only to multinationals with global turnover above EUR 20 billion. It calls for a certain pre-determined share of the consolidated profits of such multinationals to be allocated to markets where proportionate sales arise. Where consolidated profits exceed 10% of revenues, the profit to be reallocated (Amount A) will be 20 to 30% of the excess profit. This profit reallocation is expected to happen regardless of any intra-group Transfer Pricing mechanisms the group may have set in place. Consequently, Amount B aims to set standard margins for group entities that perform low risk marketing and distribution functions.

Under Pillar Two, member countries agree to a system whereby multinationals are to be taxed at a global minimum tax rate of 15%. This would apply to groups with global turnover above EUR 750 million (same threshold as for CbCR) but jurisdictions could decide to apply for a lower threshold. Pillar Two reforms could manifest as:

- A top-up tax in the jurisdiction of the multinational's parent entity in respect to any lower-taxed income of a group entity (i.e., where income has not been subject to an effective minimum tax of at least 15%).



- Where such top-up tax has not been applied, a secondary rule ensuring that lower-taxed group entities pay an effective minimum tax rate of at least 15%.
- An additional tax on royalties, interest and other defined payments made to a member jurisdiction that applies to a corporate tax rate lower than the minimum prescribed rate between 7.5 - 9%.

Initially, the application of Pillar One and Pillar Two appears restricted to the largest multinationals, however, the actual implementation needs to be awaited. In addition, certain exemption areas have been factored under both Pillar One and Pillar Two. Initial indications are that both Pillars could become effective as early as 2023.

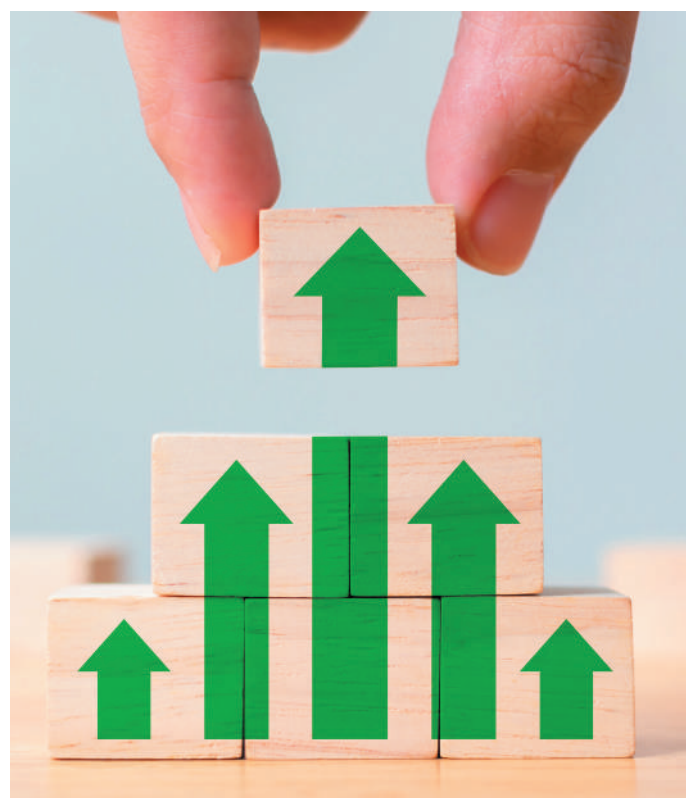
### BEPS 2.0 – ME Impact

Middle East countries such as Bahrain, Egypt, Jordan, KSA, Oman, Qatar and UAE have expressed support for these proposals. UAE in particular issued an official statement on 26 July 2021 stating its support for Pillar Two.

- Through Pillar One, excess profits of multinationals based in Bahrain/UAE could be reallocated to jurisdictions with higher tax rates, resulting to increased group taxes.
- Through Pillar Two, there is higher potential impact for multinationals headquartered/operating in the ME. Profits of businesses in Bahrain/UAE, where statutory tax rates are currently below the proposed global minimum tax of 15% could be subject to the top-up tax in an overseas jurisdiction. ME countries will in all likelihood themselves introduce local legislation to ramp up tax rates in order to protect their tax base.

### Conclusion

For large multinationals operating in the region, we first recommend that they track and address all the new country-specific tax compliance requirements that have arisen in the last couple of years and factor in the consequences of non-compliance i.e., adjustments and/or penalties into their tax planning. Secondly, we recommend that businesses be closely aware of the constant developments in the BEPS, TP and CbCR space so they are fore-warned and pre-prepared to develop appropriate future-oriented policies in response to these shifting variables.





## Israeli Companies to make huge investments in Technology and Food Industries in the UAE

As the bilateral trade relations between the UAE and Israel are steadily growing, more Israeli companies are looking for major investments in the UAE. According to Prof. Ehud Menipaz, Chairman of International Advisory Committee, Israel's Directors Union (IDU) the focus sectors would be Fintech and Digital Security, Food and Agriculture as well as in Energy. He was talking at the "UAE-Israel Business Meet 2021 - A Hybrid Event" hosted by Kreston Menon and IDU.



Shmulik Ben Tovim



Dr. Gitit Gur-Gershgoren

According to Shmulik Ben Tovim, President of the Fintech Community of Israel, major partnerships are in the pipeline in the Fintech sector, as Dubai is considered as the region's hub for financial services and Israel as the tech capital of the world.

Speakers from diverse industry sectors including Banking, Taxation, Real Estate, Legal and Healthcare talked about the investment opportunities in the UAE. Pushpakaran Parambath gave an overview of 100% Foreign Ownership in the UAE while Surandar Jesrani, Managing Partner and CEO of MMJS Consulting made a presentation on the VAT Scenario in the UAE.

Other speakers included Ali Imran, Head of Transaction Banking & Digital Services, Comemrcial Bank of Dubai, Benjamin David Martin, Chief Commercial Officer of VPS Healthcare, Michael Ghaderi, CEO of Aaronz & Co Real Estate, Mohammad Maria, Managing Partner of Just Wills and Gilles Gamon, CEO of BioMeat FoodTech Ltd from Israel.

Doron Rozenblum, Managing Partner of Kreston IL expressed his confidence that more bilateral business partnerships will emerge and Israeli companies with global plans will be looking at UAE as a launching pad.

Raju Menon, Chairman and Managing Partner of Kreston Menon and Sudhir Kumar, Senior Partner and Head of Corporate Communications assured that Kreston Menon, who has supported and guided more than 8000 investors to setup operations in the UAE, will partner with IDU and Kreston IL to promote FDI in both the UAE and Israel.



Prof. Ehud Menipaz



Ibrahim Ali

Ibrahim Ali, Director of the Investment Promotion Division of Dubai FDI presented the 'Dubai Advantage' and invited the Israeli investors to partner with Dubai to shape the future. He interacted with the visiting Israeli delegation of 26 investors in person and with over 200 delegates who attended this hybrid event online.

Jamal Bin Marghoob, Senior Director – Sales, Dubai Airport Free Zone (DAFZA), Faisal Jassim, Senior Manager – Sales, Jebel Ali Free Zone (JAFZA) and Rashid Al Mulla, Vice President – Marketing, Dubai Commerciti presented the sector wise advantages that the Free Zones can offer to Israeli businesses. They reiterated rather than being a passive facility provider they are committed to be active partners to the growth and expansion plans of Israeli investors by being a gateway to the world markets.

Dr. Gritt Gur-Gershgoren, Chair of the Chairman Club IDU reiterated that the progress made in the first year of signing the Abraham Accords Peace Agreement, is bound to grow beyond expectations.





Jamal Bin Marghoob



Faisal Jassim



Rashed Al Mulla



Raju Menon



Sudhir Kumar



Pushpakaran Parambath



Surandar Jesrani



Doron Rozenblum



Benjamin David Martin



Mohammad Maria



Ali Imran



Gilles Gamon



Michael Ghaderi

## UAE-Israel Business Meet 2021 - A Hybrid Event

November 3, 2021

hosted by

Kreston Menon and Israel's Directors Union (IDU)



**Kreston Menon  
is an authorized  
certifying body  
for the  
In-Country  
Value (ICV)  
Program.**

## UNIFIED IN-COUNTRY VALUE PROGRAM

In 2018, an In-Country Value (ICV) program was announced for Abu Dhabi National Oil Company (ADNOC) Group Companies with the objectives of Emiratization, GDP Diversification and Strategic considerations.

The ICV program ensures that certified suppliers are delivering services to the benefits of the national economy as well as to further support the Emirate's economic diversification and Emiratization Strategy.

In 2019 and 2020, various Government and Semi-Government Companies (referred to as "Participating Entities") have joined hands to broaden the ICV certification process for Suppliers across various sectors in Abu Dhabi and the UAE. Participating entities include ADNOC, the government of Abu Dhabi represented by Abu Dhabi Department of Economic Development, Aldar Properties, Abu Dhabi Ports, Mubadala and Emirates Nuclear Energy Corporation (ENEC).

ICV program accommodates all suppliers in UAE. The evaluation will examine the capabilities of your business within the UAE in areas including:



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