



UAE PRIVATE WEALTH SERIES (I) FOUNDATION COMPARISON SHEET

1. What is a foundation?

A foundation is an **independent legal entity** which holds assets separately from the founder's personal wealth. The Foundation shares similarities of functions and mechanisms with both a company and a trust, while not strictly considered a hybrid of the two. Unlike a trust - a concept derived from common law principles - the foundation originates from civil law jurisdictions.

It is similar to a company in that it has its own legal personality. However, it does not issue shares or any other legal title of ownership - it is an **"orphan" structure**. A foundation must further **have one or more objects**, which may be a purpose and/or serve for the benefit of beneficiaries, just like a trust.

A foundation is governed by its **charter and by-laws**, which together reflect the desires of the founder. It is managed by a **foundation council** and may be supervised by a **guardian**.

The **assets** of a foundation are **owned by the foundation** in its own name and may be held directly by the foundation or consist of shares in an underlying company.

2. When is it used?

Foundations are being used for a variety of reasons, chief among which are:

- Wealth structuring, succession and estate planning;
- Asset protection (forced heirship rules, creditors and hostile takeovers);
- Long term holding structure for businesses;
- Specific purposes in commercial transactions (to own certain assets or to perform particular roles); and
- Charity and/or philanthropic purposes.

3. The main differences and similarities between the trust and the foundation are:

- **Shares or members:** Neither have shares or members.
- **Distinct legal entity and ownership of assets:** A trust is a contractual agreement; a foundations forms a distinct legal entity. Foundation legally owns assets in its own name and can enter into contracts, in a trust relationship; trustee legally owns the assets and enters into contracts on behalf of the beneficiaries.
- **Use for the benefit of Beneficiaries:** Optional for foundation, mandatory for trust.
- **Use for commercial purposes:** Impossible for foundation (may hold shares in a commercial company though), allowed for trust.
- **Registration and lifespan:** Foundation must be registered (with few exceptions) and have unlimited lifespan. Trusts are not registered; often limited in time.

Generally speaking, foundation regimes provide more flexibility with regards to the powers of the founder. Foundations having their own legal personality may offer advantages in the management of the operations, and they are more widely accepted in civil law jurisdictions, where trusts may face ownership restrictions. That being said, there is no one-size-fits-all solution and the answer always depends on the individual circumstances and objectives of each client, which is why comprehensive legal advice should be sought.

4. How to choose a jurisdiction

When setting up a foundation the following **key factors** should be taken into consideration for choosing the right jurisdiction:

- Reputation of the jurisdiction;
- Regulatory framework;
- Legal and court system;
- Tax regime (applicable tax rate and access to double taxation treaties);
- Confidentiality;
- Governance controls;
- Firewall provisions (i.e. foreign forced heirship rules and creditor claims); and
- Ease of registration.

The UAE have introduced three foundation regimes. On page 2 you may find a comparison chart to see how they match other international regimes.

Who we are

We are a multi-services platform catering to a broad spectrum of clients - from individual entrepreneurs and local SMEs to wealthy international families, to established blue-chip companies and multinationals. Our one-stop-shop offering is unique in the Middle East: a holistic and cross-disciplinary combination of a market-leading corporate services firm, a law firm's specialist expertise and a regulatory & compliance services practice, all through one single platform.

We have broad experience advising successful individuals and international families on a broad range of legacy planning and wealth structuring issues, including structuring of operational and non-operational assets. We are regularly assisting clients on all aspects of a SFO - e.g. defining the family's vision; identifying, fine-tuning and implementing governance aspects and management strategies; selecting, incorporating and providing ongoing support to the appropriate structure.

Headquartered in the UAE, we are an entrepreneurial firm for entrepreneurial clients.

Who will assist you



Kath Zagatti I. De Moura
Director - Legal
zagatti@m-hq.com



Yann Mrazek
Managing Partner
mrazek@m-hq.com



UAE PRIVATE WEALTH SERIES (I) FOUNDATION COMPARISON SHEET

	ADGM	DIFC	RAK ICC	GUERNSEY	JERSEY	LIECHTENSTEIN	PANAMA	WYOMING
Law	The Foundations Regulations, 2017	The Foundations Law of 2018	RAK ICC Foundations Regulations 2019	The Foundations (Guernsey) Law, 2012	Foundations (Jersey) Law 2009	Persons and Companies Act, 1926 (as amended, 2008), Art. 552 [1-43]	Private Interest Foundation Law 1995	Wyoming Statutory Foundation Act 2019
Currency	United States Dollar (USD)	United States Dollar (USD)	United States Dollar (USD) (statutory) UAE Dirham (AED) (administrative)	Great Britain Pound (GBP) (1 USD = 0.75 GBP)	Great Britain Pound (GBP) and Jersey Pound (JEP) (1 USD = 0.75 JEP)	Swiss franc (CHF) (1 USD = 0.946CHF)	United States Dollar (USD) and Panamanian Balboa (PAB) (1USD= 1 PAB)	United States Dollar (USD)
Language	English	English	English	English and French	English and French	German	Spanish	English
Political System	The UAE is a federation of 7 emirates – including Abu Dhabi – which was formed in 1971; Hereditary absolute monarchy	The UAE is a federation of 7 emirates – including Dubai – which was formed in 1971; Hereditary absolute monarchy	The UAE is a federation of 7 emirates – including Dubai – which was formed in 1971; Hereditary absolute monarchy	Guernsey is a sub-jurisdiction of the Bailiwick of Guernsey, a British Crown dependency (not independent), although it does not form part of the UK; a parliamentary democracy, with its own legal and fiscal system, however laws are subject to Royal assent	British Crown dependency although does not form part of the UK; Autonomous parliamentary democracy under a constitutional monarchy with its independent legal, administrative and fiscal systems, and the power of self-determination	Liechtenstein is a principality governed under a constitutional monarchy, with a form of mixed constitution in which political power is shared by the monarch and a democratically elected parliament	Presidential representative democratic republic; President is head of state and head of government	The USA are a federal republic in which the President, Congress and federal courts share powers reserved to the national government, according to its Constitution
Legal System	ADGM's legal system and courts are based on Common Law principles. Its Civil and Commercial Laws are largely based on the laws of England and Wales, which directly apply	DIFC's legal system and courts follow a Common Law framework, with its own Civil and Commercial Laws, which refer to English law in case of ambiguity	ADGM's and DIFC's legal systems and courts are based on Common Law principles. Its Civil and Commercial Laws are largely based on the laws of England and Wales, which directly apply	The Law of Guernsey originates in Norman Customary Law, overlaid with principles taken from English common law and Equity, as well as from statute law enacted by the competent legislature(s)	Customary legal system derived from Norman customary law and includes elements of French civil law and English common law	Civil law system influenced by Swiss, Austrian and German law	Civil law with influences of Spanish and Roman law	Wyoming's legal system and courts are based on Common Law principles
Compatibility with UAE Assets	Real Estate – Yes [Directly: in Abu Dhabi only] By virtue of the MOU executed between the Department of Urban Planning and Municipalities of Abu Dhabi (DPM) and ADGM on 22 September 2019, ADGM entities, including Foundations and SPVs, can own properties outside ADGM, i.e. in Abu Dhabi mainland.	Real Estate – Yes [Directly: in Dubai only] By virtue of the MOU executed between the Dubai Land Department and DIFC on 4 May 2017, DIFC entities, including Foundations, can own properties outside the DIFC, i.e. in Dubai mainland.	Real Estate – Yes [Directly: in RAK only] By virtue of the MOU executed between the Dubai Land Department and RAK ICC on 16 July 2019, certain RAK ICC entities can own properties in Dubai.	Real estate – No [whether directly or indirectly]	Real estate – No [whether directly or indirectly]	Real estate – No [whether directly or indirectly]	Real estate – No [whether directly or indirectly]	Real estate – No [whether directly or indirectly]
	Shares – Yes [Some restrictions apply to direct holding]	Shares – Yes [some restrictions apply to direct holding]	Shares – Yes [some restrictions apply to direct holding]	Shares – Yes [Indirectly only, subject to heavy red-tape (superlegalisation)]	Shares – Yes [Indirectly only, subject to heavy red-tape (superlegalisation)]	Shares – Yes [Indirectly only, subject to heavy red-tape (superlegalisation)]	Shares – Yes [Indirectly only, subject to heavy red-tape (superlegalisation)]	Shares – Yes [Indirectly only, subject to heavy red-tape (superlegalisation)]



UAE PRIVATE WEALTH SERIES (I) FOUNDATION COMPARISON SHEET

	ADGM	DIFC	RAK ICC	GUERNSEY	JERSEY	LIECHTENSTEIN	PANAMA	WYOMING
Compatibility with UAE Assets	Listed Stocks – Yes	Listed Stocks – Yes	Listed Stocks – Yes	Listed stocks – No [Exception available]	Listed stocks – No [Exception available]	Listed stocks – No [Exception available]	Listed stocks – No [Exception available]	Listed stocks – No [Exception available]
	Portfolios – Yes	Portfolios – Yes	Portfolios – Yes	Portfolios – Yes [but subject to heavy red-tape (superlegalisation); deemed high risk]	Portfolios – Yes [but subject to heavy red-tape (superlegalisation); deemed high risk]	Portfolios – Yes [but subject to heavy red-tape (superlegalisation); deemed high risk]	Portfolios – Yes [but subject to heavy red-tape (superlegalisation); deemed high risk]	Portfolios – Yes [but subject to heavy red-tape (superlegalisation); deemed high risk]
Advantages	<ul style="list-style-type: none"> • Tier 1 international financial centre • Robust governance structure • 0% corporate tax rate • No tax filing • Comprehensive tax treaty network • Flexibility • No requirement to file or audit account unless requested by the Registrar • Possibility to migrate to ADGM from overseas • Low set-up and running costs • Digital registration process & quick processing • Strategic location in the Middle East & towards emerging high growth markets 	<ul style="list-style-type: none"> • Tier 1 international financial centre • Robust governance structure • 0% corporate tax rate • No tax filing • Comprehensive tax treaty network • Flexibility • Can issue depository certificates • Possibility to migrate to DIFC from overseas • Possibility to morph company into foundation • Private arbitration of disputes • Strategic location in the Middle East & towards emerging high growth markets 	<ul style="list-style-type: none"> • Flexibility with beneficial class • Robust governance structure • 0% corporate tax rate • Comprehensive global network of tax treaties • No requirement to file or audit accounts or tax returns • Possibility to migrate to RAK ICC from overseas • Governance • Perpetual Concept • Strategic location in the Middle East & towards emerging high growth markets 	<ul style="list-style-type: none"> • Stable international financial centre • Robust data security • Flexibility • Low set-up and running costs • Quick processing • Strategic location in Europe • 0% corporate tax rate 	<ul style="list-style-type: none"> • Stable international financial centre • Robust data security • Flexibility • Low set-up and running costs • Quick processing • Strategic location in Europe • 0% corporate tax rate 	<ul style="list-style-type: none"> • Stable onshore international financial centre • EU compatible investment vehicle • Robust data security • Strategic location in Europe 	<ul style="list-style-type: none"> • Robust data security • Flexible foundation law • Low set-up and running costs • Quick processing • Strategic location in the middle of Latin America • Exemption from all Panamanian taxes for income generated outside Panama 	<ul style="list-style-type: none"> • Stable international political and financial centre • Quick processing • No state income taxes • Possibility to migrate to Wyoming from a foreign jurisdiction • Combines wealth elements of trust law and governance fundamentals of corporate law with features of civil law foundations • No cumbersome management or regulatory requirements • Flexibility • Founder can be substituted by an “organizer” for registration purposes
Minimum Assets	Any property of a minimum value of USD 100	Any property as initial endowment	Any property of a minimum value of USD 100	Any property as initial endowment	Initial endowment is not mandatory	Cash or assets of a minimum value of 30,000 CHF/EUR/USD	Cash or assets with a minimum value of USD 10,000	Any property as initial endowment
Registration Fees	USD 200	USD 500	USD 200	GBP 100 (24 hours) GBP 350 (2 hours)	GBP 200 GBP 400 for a “same day” incorporation	Registration mandatory only for charitable foundations (CHF 700) Family foundations do not need to be registered but the core information ¹ need to be submitted to the Registrar (CHF 300) and possible stamp duty of 2% (from CHF 200 to CHF 250,000)	USD 350	USD 250

1. Date of establishment, objects, members of the foundation board and legal representative.
 2. “Qualified Person”: licensed under the Jersey Financial Commission (Jersey) Law 1998 to conduct foundations registration and business.
 3. A qualified professional with place of office in Liechtenstein.



UAE PRIVATE WEALTH SERIES (I) FOUNDATION COMPARISON SHEET

	ADGM	DIFC	RAK ICC	GUERNSEY	JERSEY	LIECHTENSTEIN	PANAMA	WYOMING
Annual Fees	USD 200	USD 500	USD 200	GBP 500, except for a Guernsey-registered charity (GBP 0)	GBP 150 + GBP 100/200 to be registered as an ISE (international services entity) for GST (Goods Service Tax) purpose	12.5% annual corporate income tax on the net income (with a minimum of CHF 1,200)	USD 400 administration fee to the government	USD 100
Parties	<p>Founder: 1 (or more) individual or legal entity</p> <p>Council: At least 2 members (individuals or a legal entity); Founder may be appointed as councilor</p> <p>Guardian: Mandatory if no surviving founder (individual or legal entity)</p> <p>Beneficiary/ies: Individual(s) or legal entity(ies) (incl. Founder)</p> <p>Registered Agent: Optional</p>	<p>Founder: 1 (or more) individual or legal entity</p> <p>Council: At least 2 members (individuals or a legal entity); Founder may be appointed as councilor</p> <p>Guardian: Mandatory if charitable or specified purpose(individual or legal entity)</p> <p>Beneficiary/ies: Person or class of persons (incl. Founder)</p> <p>Registered Agent: Optional</p>	<p>Founder: 1 individual or legal entity</p> <p>Council: At least 2 members (individuals or a legal entity); Founder may be appointed as councilor</p> <p>Guardian: Mandatory if charitable or specified purpose(individual or legal entity)</p> <p>Beneficiary/ies: Not mentioned</p> <p>Registered Agent: Mandatory</p>	<p>Founder: 1 (or more) individual or legal entity</p> <p>Council: At least 2 members unless the Constitution permits a single councilor, who may be an individual or a legal entity; Founder may be appointed as councilor</p> <p>Guardian: Mandatory if purpose with no beneficiaries or there are disenfranchised beneficiaries (individual or legal entity)</p> <p>Beneficiary/ies: Individual(s) or legal entity(ies) (incl. Founder)</p> <p>Resident Agent: Mandatory if neither a councilor nor a guardian are Guernsey licensed fiduciaries</p>	<p>Founder: 1 (or more) individual or legal entity</p> <p>Council: At least 1 individual or legal entity, including at least one qualified member²; Founder may be appointed as councilor</p> <p>Guardian: Mandatory</p> <p>Beneficiary/ies: Person or class of persons (incl. Founder)</p>	<p>Founder: 1 (or more) individual or legal entity</p> <p>Council: At least 2 members (individuals or legal entities), at least 1 qualified member³; Founder may be appointed as councilor</p> <p>Guardian/Control body: Optional (individual or legal entity)</p> <p>Beneficiary/ies: Individual(s) or legal entity(ies) (incl. Founder); Different classes of beneficiaries may be appointed</p> <p>Auditor: Mandatory if the foundation carries commercial activities or its constitution permits to do so</p>	<p>Founder: 1 (or more) individual or legal entity</p> <p>Council: at least 1 councilors (if legal person) or 3 councilors (if individuals); Founder may be appointed as councilor</p> <p>Protector/Supervisory body: Optional</p> <p>Beneficiary/ies: Individual(s) or legal entity(ies) (incl. Founder)</p> <p>Resident Agent: Mandatory</p>	<p>Founder: 1 (or more) individual or legal entity</p> <p>Contributor: any individual or legal entity, excluding a founder, who contributes property to a statutory foundation</p> <p>Board of Directors: at least 1 director is required (individual or legal entity). Founder may be a Director. A Director cannot simultaneously serve as a Protector</p> <p>Protector: required for a foundation with a charitable purpose. Optional for all other purposes. Founder may be appointed as a Protector. A Protector cannot simultaneously serve on the board.</p> <p>Beneficiary/ies: Individual(s) or legal entity(ies) (incl. Founder)</p> <p>Resident Agent: Mandatory</p>
Request for local representations	Must maintain at all times registered office in ADGM (may use the Registered Agent's address)	Must maintain at all times registered office in DIFC (may use the Registered Agent's address)	Must maintain at all times registered office in the UAE (may use the Registered Agent's address)	Mandatory to have a resident Guernsey licensed Fiduciary (GLF) as resident agent if neither the councilor nor the guardian is a GLF	Qualified Person on the foundation's council must be licensed in Jersey	At least one member of the foundation board must be resident in Liechtenstein or another EU Member State, and a qualified professional	Resident Agent must have address in Panama	Must maintain registered address in Wyoming (may use the Registered Agent's address)

4. Person with Sufficient Interest under the RAK ICC Foundations Regulations 2019: in respect of a Foundation, means:
- The Foundation;
 - A Founder
 - A Contributor
 - If any rights a Founder had in respect of the Foundation have been assigned to some other person, that other person;

- A member of the Council
- A Guardian
- The Registered Agent
- A person appointed under the By-laws
- A Qualified Recipient in respect of an application under Regulation 28(4)
- A person who, in the view of the Court, can reasonably claim to speak on behalf of an object or object of the Foundation.



UAE PRIVATE WEALTH SERIES (I) FOUNDATION COMPARISON SHEET

	ADGM	DIFC	RAK ICC	GUERNSEY	JERSEY	LIECHTENSTEIN	PANAMA	WYOMING
Migration	Allowed	Allowed	Allowed	Allowed	Allowed for Jersey companies and Recognized Entities to continue as Jersey foundations and for Jersey foundations to continue as Recognized Entities	Allowed	Allowed	Allowed
Time Period	None	None	None	None	None	None	None	None
Public Information	<p>The following information is available upon request to the Registrar.</p> <p>Public information:</p> <ul style="list-style-type: none"> name and address of foundation; name and address of the founder; foundation charter; and registered agent <p>The following information is confidential:</p> <ul style="list-style-type: none"> name and address of each councilor; names and addresses of any beneficiaries; names and addresses of guardian (if any); and name and address of each beneficial owner of each founder which is a legal person (if any) 	<p>The register is open for public inspection (against a fee)</p> <p>Available data.</p> <p>Public information:</p> <ul style="list-style-type: none"> name and address of foundation; name and address of the founder; name and address of each councilor; foundation charter; and registered agent <p>The following information is confidential:</p> <ul style="list-style-type: none"> names and addresses of any beneficiaries; names and addresses of guardian (if any); and name and address of each beneficial owner of each founder which is a legal person (if any) 	<p>The Registrar is not open for public inspection.</p> <p>Limited information related to the management of the foundation is available to "Person(s) with Sufficient Interest" upon request to the Registrar. All other information is treated as private and shall not be disclosed unless so required by relevant authorities.</p>	<p>Only "Part A" of the register is publicly available:</p> <ul style="list-style-type: none"> name and registered number of foundation; name and address of councilors and guardians; and details of registered office 	<p>The foundation charter is public containing at least:</p> <ul style="list-style-type: none"> name, object, purposes of foundation; and initial endowment 	<p>No information is public as long as the foundation is not registered</p>	<p>The Foundation charter is publicly accessible, this includes:</p> <ul style="list-style-type: none"> name of foundation; name of founder; initial capital of the foundation; name and address of the councilors and the resident agent; purposes or objects of the foundation; manner of appointing the beneficiaries of the foundation; reservation of how to modify the foundation charter; duration of the foundation any other clauses deemed expedient by the founder 	<p>The following information is available upon request to the Registrar</p> <p>Public Information:</p> <ul style="list-style-type: none"> name of statutory foundation; address of its registered office; registered agent; foundation articles of formation <p>The Following information is confidential:</p> <ul style="list-style-type: none"> name and address of founder; name and address of director(s); name and address of protector (if any); name and address of beneficiary(ies); information related to the management of the foundation (beneficiaries have limited access to this information- only if expressly contemplated in the operating agreement, or if there is no protector or after death of the founder)