

DUBAI INTERNATIONAL FINANCIAL CENTRE ('DIFC') FOUNDATIONS

The Dubai International Financial Centre (DIFC) passed Law No. 3 of 2018 ('Foundations Law') on 14th March 2018 which enable creation of foundations in DIFC.

Features

Foundation and trust are generally used as a tool for asset protection, wealth management and succession planning. However unlike a trust, Foundation is a separate legal entity without shareholders or members and can hold assets in its own right. It provides flexibility to the Founder to donate assets to the Foundation whilst at the same time maintaining control over the working of the Foundation.

In the context of Dubai, a DIFC Foundation can be used as a vehicle for holding Real Estate Assets in the Emirate of Dubai and other personal assets of individuals, shares in family business etc.

The constitution of a foundation consists of its Charter, a public document, which outlines the object(s) and duration of the foundation and its by-laws, which describe how the foundation will be governed and operated.

Objects

A Foundation may be established for:

- (a) objects which are exclusively charitable; or
- (b) one or more of the following:
 - objects which are not exclusively charitable; or
 - objects to benefit persons by name, category or class.

A Foundation may not carry out any commercial activities, except those necessary for, and ancillary or incidental to, its objects.

Requirements

A DIFC Foundation should have minimum one founder and two foundation council members.

It is required to have a registered office in the DIFC to which all communications and notices may be delivered. This may be satisfied by having an office in the DIFC, sharing an office with an affiliate entity or by appointing a Registered Agent, licensed by DIFC Authority.

It should appoint a guardian subject to:

- If a foundation has a charitable object or a specified non-charitable object, the foundation must have a guardian in relation to that object.
- A foundation may, but need not have a guardian in respect of an object to provide some or all of its property to a person or class of persons:
 - whether or not immediately ascertainable or
 - ascertained by reference to a personal relationship.

Accounts and accounting records

Foundation is required to keep and maintain accounts and make them available as required under this Law.

The accounts shall be approved by the Council and signed on their behalf by at least two members of the Council.

These should be filed with the Registrar through the Registered Agent within 30 days of approval by the Council.

Audited accounts are not required.

For more information, please email us at info@betaconsultants.ae

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