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BUSINESS ADVISORY & SETUP · 12 JULY 2026 · 11 MIN READ

Buying a UAE Business: A Financial, Tax, Legal and Operational Due-Diligence Framework

Effective diligence converts historical exposures into a transaction decision, price protection and a practical 100-day integration plan.

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EDITORIAL GUIDE

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Effective diligence converts historical exposures into a transaction decision, price protection and a practical 100-day integration plan.

> Buying a UAE business means acquiring more than a revenue stream. The buyer may inherit contracts, employees, tax positions, licences, data, disputes and control weaknesses. Due diligence should convert those exposures into a decision, price mechanism and post-completion plan.

The scope depends on whether the transaction buys shares, assets or a business line. A share purchase generally leaves the target entity and its history in place. An asset transaction may allow selected assets and liabilities to transfer, but licences, contracts, employees, tax and consents still require careful analysis.

Five diligence questions

OWNERSHIP	Does the seller own the shares or assets, and are there pledges, nominees or restrictions?
EARNINGS	Are revenue, margin and cash conversion sustainable and supported?
COMPLIANCE	Are licences, tax, labour, UBO, data and sector obligations current?
CONTROL	Can the transaction complete without competition, regulatory, lender or contractual consent?
INTEGRATION	What must change on day one, in 100 days and before value can be realised?

Confirm the transaction perimeter

Prepare a legal entity and asset map. Identify shareholders, real beneficiaries, branches, subsidiaries, joint ventures, licences, premises, intellectual property, systems and employees. Reconcile the map to official registers and the National Economic Register where relevant.

Cabinet Resolution No. 109 of 2023 requires in-scope legal persons to identify ultimate natural-person ownership or control and maintain real-beneficiary and shareholder information. Compare those records with the seller's disclosure, bank KYC and constitutional documents.

For an asset deal, state precisely which contracts, receivables, inventory, permits, employees and liabilities transfer. Identify items that cannot transfer automatically and conditions needed for novation or reissue.

Test quality of earnings and cash

Reconcile reported revenue to contracts, delivery, invoices and cash. Analyse customer concentration, churn, rebates, credit notes, related parties and non-recurring sales. Review cut-off around reporting dates.

Normalise EBITDA transparently. Distinguish genuine non-recurring items from recurring costs labelled exceptional. Recalculate gross margin by product or customer and identify costs recorded outside the target.

Bridge earnings to operating cash flow. Review receivable ageing and subsequent collections, inventory movement and obsolescence, supplier terms, capital expenditure, tax and provisions. A profitable target can require substantial additional working capital after acquisition.

Review tax by return and reconciliation

Obtain corporate-tax and VAT registrations, returns, calculations, elections, correspondence, payments and assessments. Reconcile filed values to the ledger and financial statements. Test VAT treatment of major revenue streams and input-tax recovery.

Review related-party transactions, transfer pricing, free-zone qualification, permanent establishments and tax-group positions. A Qualifying Free Zone Person's 0% rate applies only to Qualifying Income when all conditions are met; do not value the target using a tax rate that has not been substantiated.

Identify uncertain positions, late registrations, voluntary disclosures and record gaps. Translate each finding into potential tax, penalty, interest, timing and remediation. Decide whether protection belongs in price, escrow, indemnity, warranty or a pre-completion action.

> *“A diligence finding creates value only when it changes the deal or the integration plan.”*

Verify licences, contracts and people

Confirm that licensed activities match actual revenue, every branch and premises is authorised, and sector permits are current. Review renewal dates and change-of-control approvals. A licence cannot be assumed to transfer with an asset sale.

Read material customer, supplier, lease, financing, insurance and technology contracts. Extract term, renewal, termination, exclusivity, assignment, change of control, liability, data and governing-law provisions. Confirm whether key relationships depend on the owner personally.

Review employee lists, contracts, compensation, leave, end-of-service obligations, visas, disputes and incentive promises. Identify people critical to customer relationships, systems and licences. Plan communication and retention without breaching confidentiality.

Assess competition notification early

Federal Decree-Law No. 36 of 2023 regulates economic concentration. Cabinet Resolution No. 3 of 2025 sets notification thresholds where UAE annual sales in the relevant market exceed AED 300 million or the combined share exceeds 40 per cent of transactions in that market, subject to the law’s scope and exceptions.

The legislation requires a qualifying notification before completion, with the statutory process considered in transaction timing. Parties should obtain competition advice early; signing structure and long-stop dates must allow for required approval.

Sector regulators may have separate control or approval regimes. Competition analysis does not replace financial-services, telecom, healthcare, education or other sector consent.

Design protections around evidence

Use diligence findings to define conditions precedent, warranties, indemnities, covenants and price adjustments. Completion accounts may adjust for cash, debt and working capital; locked-box structures depend on reliable historical accounts and leakage controls.

Set a working-capital peg using normalised, seasonal data and clear accounting policies. Define debt-like items, cash, provisions, shareholder balances and transaction costs. Ambiguous definitions move diligence disagreements into completion disputes.

Maintain a disclosure process in which the seller identifies exceptions with documents. The buyer should track unresolved requests, management explanations and reliance limitations.

Examine technology, data and intellectual property

Identify the systems required to operate, their owners, licences, administrators, hosting locations, renewal terms and change-of-control provisions. Confirm whether software was purchased by the target, another group company or a founder personally. Assess backup, access control, cyber incidents and the practical ability to separate systems after completion.

Map personal and confidential data by purpose, location and recipient. Review privacy notices, customer consent where relied upon, processor contracts, cross-border transfers, retention and breach history against applicable UAE and free-zone data-protection regimes. Include remediation cost in the integration plan.

Verify ownership of trademarks, domains, copyrighted work, software and inventions. Employee or contractor creation does not always produce clean ownership without the correct contract and assignment. Search registrations, disputes, licence restrictions and renewal dates.

Challenge management and commercial dependence

Management interviews should test the evidence, not replace it. Ask how forecasts were built, why customers leave, which supplier cannot be replaced, how prices are approved and what failed in the last year. Compare answers with data and with responses from finance, sales and operations.

Identify dependence on the seller’s relationships, personal guarantees, technical knowledge or regulatory standing. A business may appear transferable in the share register while its commercial value remains attached to one individual. Address transition services, retention, non-compete protection and customer communication in the deal plan.

Use site visits and transaction sampling to confirm that the documented process matches practice. Observe inventory, service delivery, cash handling, system access and premises. A well-organised data room can still describe controls that are not operating.

Turn diligence into a 100-day plan

01	**Control:** Secure bank, system, signing and governance authority.
02	**Comply:** Complete ownership, licence, tax and regulator notifications.
03	**Protect cash:** Reconcile banks, collections, suppliers and working-capital actions.
04	**Retain value:** Stabilise customers, employees, suppliers and operating permissions.
05	**Remediate:** Give every diligence finding an owner, date and closure evidence.
06	**Measure:** Track the investment case against an approved baseline.

Due diligence cannot eliminate uncertainty. It can distinguish priced commercial risk from undisclosed liability and reveal what the buyer must do to own the business safely. The strongest process connects investigation, transaction documents, valuation and integration in one evidence-based decision.

Official sources

1. **Federal Decree-Law No. 36 of 2023 Regulating Competition**

2. **Cabinet Resolution No. 3 of 2025 on competition thresholds**
3. **Cabinet Resolution No. 109 of 2023 on real beneficiaries**
4. **Federal Tax Authority: Free Zone Persons Guide**

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