

1. **INCORRECT ADVICE ON STRUCTURES**

The most crucial part of the [company setup](#) process is receiving the correct advice on your company structure. If your company is setup incorrectly, it can cost you thousands of dollars and weeks or months to correct – delaying your ability to start earning profits. Your company may also miss out on lucrative contracts because customers cannot award your company business. Ensure the advice you are receiving doesn't come from a sales pitch, rather from years of commercial experience and reputable qualifications.

2. **NOT RECOGNISING VALUE FOR MONEY**

With so many company structures to select from in the UAE, it can be overwhelming to understand which is the perfect fit for you. There are more than [50 free zones](#) to choose from and onshore companies have more than [2500 business activities](#) available.

Similarly in Saudi Arabia, there are more than [1000+ business activities](#) to select.

The cheapest option is not always the correct option. The best value you can find is a compliant company structure that maximizes your profit potential, both now and in the future.

3. **SETTING UP A COMPANY THAT LACKS CREDIBILITY**

Some banks are now refusing to issue corporate bank accounts to companies established in certain jurisdictions. This could render a newly established company worthless if it cannot open banking facilities. Check thoroughly before committing yourself to ensure you will have appropriate banking options to suit your business.

4. **PUTTING SHAREHOLDERS INVESTMENTS AT RISK**

Having the wrong shareholding structure for your company could mean you do not have control, putting your investors' money at risk. For a [Dubai mainland / onshore company](#), you need to know what to look out for and how to recognise and appoint a safe [corporate nominee](#). Likewise, free zone companies can eliminate their risk if their shareholdings are structured correctly. With several options available to safeguard shareholder investments, this is a risk that can be reduced by more than 85% if the correct advice is followed and implemented.

Conversely in KSA, nominee arrangements are highly illegal under the Anti-Concealment Law. Should companies have a nominee arrangement, they can face up to [5 years in prison and SAR 5 million in fines](#). Therefore, getting the correct advice from reputable professionals is crucial for your company's correct structuring arrangements.

5. **NOT PLANNING FOR THE FUTURE**

Establishing a company based purely on today's requirements could see you incurring the cost of another company setup in a years' time. Research shows that 64% of companies incur unnecessary costs to amend their [business licenses](#) between 18-24 months of establishment due to poor forward planning. Save your time and money by setting your company up correctly from the outset, safe in the knowledge that it will be suitable as your operations grow.

6. **ERRORS ON COMPANY TRADE LICENSES**

Nearly 1 in 3 companies have errors on their company licenses. Mistakes like this can be expensive to the shareholders, costing on average USD 3,000 to correct. These errors come from setting up the company incorrectly, not keeping current on changing regulations and not fully understanding the operations and requirements of your business to begin with. Make sure you are getting the **correct trade license** in the UAE and activities for your business before incorporating.

In Saudi Arabia errors to a company's Commercial Registration (CR) are also expensive to the shareholders and can cost thousands of US dollars to make the necessary corrections.

7. **OPERATING WITH THE INCORRECT LICENSE**

Your company needs to have the correct license when operating. Getting this wrong could lead to fines of up to USD 28,000 plus. Not only can the company face fines, the General Manager can be personally liable and penalized as well. To protect your shareholders, company, and General Manager, ensure your company setup is correct for the type of trading and operations it will be conducting.

8. **NOT MAXIMISING PROFITABILITY OPPORTUNITIES**

$\frac{3}{4}$ of all companies established in 2021 missed opportunities that could have boosted their profitability. When **setting up your company**, an in-depth knowledge of government processes and regulations will ensure that you receive the greatest number of activities on your company license. This gives access to additional target markets and revenue streams to boost profitability and returns to investors.

9. **NOT UNDERSTANDING LOCAL LAWS AND REGULATIONS**

An Australian woman in the UAE faced imprisonment for 6 months and a large sum of fines for allowing employees to work for her company without the correct visas. It is imperative that you are aware of the laws and regulations that you are required to abide. As soon as your company is setup, make sure you have an expert to familiarize you with the relevant laws to avoid expensive mistakes.

In Saudi Arabia it is against the law to work on a tourist visa or bypass the correct employment formalities. Once your company setup is completed, you need to comply as per Saudi Labour Law and complete a KSA visa and Iqama to be a legally employed employee.

10. **NOT KEEPING UP TO DATE WITH CURRENT AND CHANGING REGULATIONS**

UAE and Saudi Arabia strive to improve doing business and continue to develop their regulatory environments. Therefore, regular changes and updates to laws could affect your company. To avoid fines or worse, jailtime, it is vital that you understand the laws and regulation and know when these changes will impact you, your business, and shareholders. Ensure to only use a registered Corporate Services Provider to help with compliance processes and keep your company up to date with all these changes.