

Jurisdiction Comparison Chart

Where should I set up my holding company?

Your holding company is important if you want to secure investment in your business. Investors will usually consider whether your company meets its basic corporate structure requirements. This can include what laws there are in the jurisdiction your company is incorporated in and how easily they can enforce their rights and reduce the risk in their investment.

	Cayman Islands	Delaware	ADGM	The Netherlands
What's the process?	Apply and submit your holding company formation online. Some KYC (Know Your Client) documentation required.	Apply and submit your holding company formation online.	Apply and submit your holding company formation online. Some KYC documentation required.	Apply and submit your holding company formation online. Some KYC documentation required.
How long does it take after submission?	Approximately 1-3 business days ¹	Approximately 1 day	Approximately 10 business days	Approximately 3 – 5 business days
How much does it cost?	<p>Incorporation Fee: USD 2,890²</p> <p>Annual Registered Office Fee: USD 2,350</p> <p>These costs include government, service provider and registered office fees.</p> <p>If you choose to form in the Cayman Islands, there are minimal bookkeeping and filing requirements.</p>	<p>Incorporation Fee: USD 50³</p> <p>Annual Registered Agent Fee: USD 150</p> <p>State of Delaware Franchise Tax Fee: USD 500 - 1,000⁴</p> <p>If you need to prepare tax returns, additional fees may apply and will differ depending on the nature of your company.</p> <p>To prepare the tax returns, the company must keep financial records regular books so this may be an additional cost if bookkeeping is not done internally. Finally, Some US laws may apply to the company (such as forms that have to be signed when paying or receiving funds for services rendered or received, including from non-US entities or persons.</p>	<p>Incorporation Fee: USD 3,295</p> <p>Renewal Fee: USD 3,195</p> <p>This cost includes government, service provider and registered office fees.</p> <p>Additional fees may apply for substance compliance.</p>	<p>Incorporation Fee: USD 5,000 to USD 10,000</p> <p>This includes government, service provider and registered office fees.</p> <p>Renewal Fee: USD 75 – 100</p> <p>This is a government fee. Additional fees will apply for substance, including the cost of a Dutch resident director, (approx. up to USD 5,000 per year), annual audited financial accounts preparation and annual submission (approx. USD 3,000 – USD 4,000).</p>

¹ After receipt of original KYC documents as required by law. Assumes express service.

² Assumes one-time incorporation fee of USD500. Additional fees apply for express service.

³ Approximate – significant variation between service providers. Additional fees apply for express service, tax filing number, etc.

⁴ For most startups this will be the tax payable using the Assumed Par Value Method.

	Cayman Islands	Delaware	ADGM	The Netherlands
Are there restrictions on shareholders or capital?	None.	No restrictions on C corps and LLCs.	None.	None.
Is my company required to carry out certain activities to demonstrate 'Economic Substance'?	Yes. Economic Substance Law came into effect on 1 January 2019.	No.	Yes. UAE Economic Substance Regulations were enacted on 30 April 2019.	Yes, there are EU Directives and Dutch-specific requirements. There are additional requirements to benefit from double taxation treaties.
What are the tax considerations?	<p>There are no local corporation, capital gains, income, profits, withholding or inheritance taxes attached to holding companies established in the Cayman Islands, or their investors.</p> <p>Companies can apply for a Tax Exemption Certificate from the Cayman Islands Government protecting the company from tax for a period of 20 years, if taxation is introduced in the Cayman Islands.</p>	<p>Delaware C corporations must pay taxes on income, and the shareholders must pay tax on dividends or other distributions received from the corporation. Both state (in any state where the company operates) and federal taxes may apply. This may be less of a concern for early-stage startups that are typically loss making, but all tax filings must be made.</p> <p>You'll also need to file annual tax returns and keep books and records in accordance with applicable US laws which can be subject to IRS audit.</p> <p>If you plan on using a Delaware C Corporation to hold shares of a foreign operating company, there may be an issue of double taxation on exit.</p>	<p>ADGM is generally a tax-free jurisdiction. However, VAT came into effect in the UAE on 1 January 2018 and corporate income tax on revenue derived from activities on the UAE mainland is expected to be implemented in 2024. There is no corporation tax on non-UAE mainland derived income, transfer, capital gains, inheritance, withholding taxes in ADGM or restrictions on the repatriation of profits from ADGM.</p> <p>ADGM registered companies are eligible to apply for a Tax Residency Certificate from the UAE Ministry of Finance. If it meets the criteria, the ADGM holding company/SPV will benefit from the UAE's Double Tax Treaty network.</p>	<p>Corporate income tax at 15-25% (potential 0% rate for cooperatives). Dividends and capital gains taxes are potentially exempt if certain requirements are met.</p> <p>There are more than 100 double taxation treaties to benefit from (although the value of this for early stage, loss-making startups is more limited).</p>
What are my Public Disclosure Obligations?	The Registered Office Provider is required to maintain beneficial ownership information and file it with the Registrar of Companies. A public beneficial ownership registry is expected to be implemented at some point. 🇰🇪	None.	Full disclosure is required to the ADGM Registration Authority. This includes the name of the company, its incorporation date, registered office address, names of directors and shareholders. The Ultimate Beneficial Owner (UBO) details are also filed but not publicly available.	Disclosure of ultimate beneficial owners is required.

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Am I required to have a director who's a resident in the jurisdiction?	No. ^⑤	No.	No. ^⑦ A UAE resident or GCC National is required to be appointed as an Authorised Signatory. A nominee can be appointed.	In most cases, at least one Dutch resident director is required. This will be an additional cost if it's provided by your Registered Office Provider. For some tax benefits (including double-taxation treaties) board meetings may need to take place in the Netherlands.
What are some advantages of forming in this jurisdiction?	<p>Companies can issue stock options, preferred shares and issue shares without nominal par value.</p> <p>Holding companies established can accommodate non-US investors who want as little exposure to US tax as possible.</p> <p>Cayman Islands law is based on English common law which is appealing due to the general acceptability of English common law in international business transactions.</p> <p>The Limited Liability Companies Law 2016 allows for the creation of a Cayman limited liability company, like Delaware. This includes many concepts and provisions adapted to accommodate principles of Cayman Islands common law and existing Cayman Islands legislation.</p>	<p>The Delaware judiciary is well respected for its sophistication.</p>	<p>The ADGM SPV regime has a flexible ownership structure with no minimum share capital, no maximum number of shares or shareholders.</p> <p>Multiple classes of shares are allowed so you can create different rights for different types of shareholders.</p> <p>Share pledges can be registered and the jurisdiction benefits from being an independent, English Language jurisdiction that has adopted UK common law.</p> <p>It is a very user friendly and cost-efficient jurisdiction for ongoing transactions as all documents are accepted digitally and with digital signatures.</p> <p>ADGM requires documents to be submitted in English, but no attestations of documents are required which represents significant cost savings.</p>	<p>The key advantage for the Netherlands is its extensive network of double taxation treaties, which, under the right circumstances, can offer beneficial tax optimization. However, this comes with significantly increased costs and more complex substance requirements. This may be better suited to more mature startups as early-stage ones are less likely to make use of the benefits (e.g. if you are loss-making, not near a liquidity event or dividends etc. then tax optimization is of more limited use).</p> <p>The Netherlands is perceived to be one of the more transparent and reputable jurisdictions in this space and not at risk of periodic placement on watchlists (e.g. the FATF grey list).</p>

^⑤ Cayman Islands Government has confirmed that beneficial ownership registry will be public when European Union countries implement a similar regime.
^⑥ Subject to any requirements under Economic Substance Legislation.
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About Clara

Clara is a legaltech platform that gets startups venture-ready by empowering founders to form holding companies, create key startup legal agreements, manage their cap table, share their profile with investors and successfully navigate funding rounds. Clara can help you form your holding company in Cayman, ADGM or DIFC (Delaware, Singapore and UK coming soon). Find out more at www.clara.co.

About Levari

Levari Law was established in 2012 and is a full-service international law firm based in Cairo, Egypt with offices in Dubai, Jordan, London, and Washington, D.C.

Levari has the knowledge and experience to manage significant foreign investments and cross border transactions. We offer clients strength, depth, and commercially astute legal solutions. We boast regional leadership with a national reputation for delivering quality advice.

Levari has established its own international network of lawyers with offices in more than 70 countries worldwide from the Americas to Asia, which enables us to offer an integrated service worldwide especially in Europe & the Middle East.

About Levari

We understand that national borders frequently apply to legal systems, but not to client's businesses. We can undertake cross-border transactions and advise across different jurisdictions. Levari is a member of Interact Law, a powerful international network of lawyers with offices in 38 countries, which enables us to offer an integrated service across the world.

Sizeable international Team

Today, Levari boasts a team of 35 lawyers and 7 support staff operating in Amman, Cairo, Dubai, London, and Washington, D.C.

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Capital Markets	Dispute Resolution	Insurance
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Corporate Crime	Media	Real Estate & Construction
Corporate Offshoring	Oil & Gas	