

# ECONOMIC SUBSTANCE REGULATIONS IN UAE

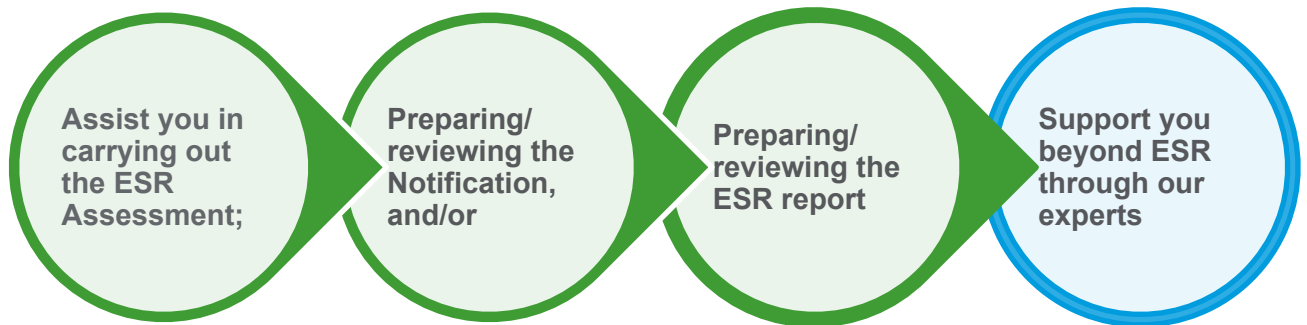
During April 2019, the UAE government released The Economic Substance Regulations (ESR). Under ESR, the United Arab Emirates (UAE) businesses carrying out “Relevant Activities” listed in the regulation must maintain a proper economic presence in the UAE. When the regulation is applicable, businesses carrying out Relevant Activities must submit an Economic Substance Report within twelve months following the fiscal year-end of the company. The report must be submitted to the regulatory authority under which the business legally operates, which usually is the business license issuing authority. As of date, the nature of the actual ESR Reports.

## Does that affect your business? What steps to take?

ESR is applicable to all the companies (limited exceptions) licensed in the UAE. We recommend that you carefully evaluate the business’s economic activities to determine ESR applicability and to ensure ongoing compliance with the regulations. The evaluation should include an assessment of the substance-over-form test to adequately file the Notification or annual reports (if applicable) on time to avoid non-compliance.

## How can RSM help?

RSM employs a team of talented and experienced specialists that can:



### Relevant Activities under ESR:

- Banking Business
- Insurance Business
- Investment Fund management Business
- Lease - Finance Business
- Headquarters Business
- Shipping Business
- Holding Company Business
- Intellectual property Business (“IP”)
- Distribution and Service Centre Business

### Contact us

For further assistance please contact our Consultant – Shahim Mukadam, at

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## ESR Notification filing with the Relevant Authorities

As ESR is a federal regulation released as part of the UAE's commitment to align with the Base Erosion and Profit Shifting (BEPS) directives issued by the Organization for Economic Cooperation and Development. All relevant UAE Authorities, Free Zone and LLC entities, require the entities licensed by them to submit an Economic Substance Notification within a notified deadline. Some Regulatory Authorities require a notification regardless if ESR applies to the licences. It is imperative to note the due dates announced by the Relevant Authority to take necessary steps ahead within the provided timeframe.

## Due dates for ESR notification

31 May 2020

- Dubai Airport Free Zone

7 June 2020

- Dubai Aviation City Corporation (Dubai South)

12 June 2020

- Dubai International Financial Center

30 June 2020

- Dubai Multi Commodities Centre
- Dubai World Trade Centre
- Hamriyah Free Zone
- RAK Economic Zone
- RAK ICC
- Sharjah Airport International Free Zone
- Ajman Free Zone

Scheduled To Be Announced

- Abu Dhabi Global Market
- Other Regulatory Authorities will announce their deadlines in line of the ESR

Deadlines may vary as they are dependent on the regulatory authority announcements and updates. Continuously checking with the relevant authority for updates is important to avoid non-compliance.