

UPDATE!

ECONOMIC SUBSTANCE REGULATIONS

(UAE CABINET RESOLUTION 31 OF 2019)

The UAE Economic Substance Regulations (Cabinet Resolution 31 of 2019) apply to all entities including-

- Companies governed by DIFC Companies Law (5 of 2018)
- Partnerships
- Foundations
- NPIOs
- Branches

Annual Report

Entity which carries on a Relevant Activity is required to meet the Economic Substance Test requirements and submit an Annual Report within 12 months from the end of each Financial Year commencing from 1st January 2019. For e.g. the entities whose Financial Year is from 1st January 2019 to 31st December 2019, the first Annual Report has to be submitted on or before 31st December 2020.

What are Economic Substance Test requirements?

An Entity carrying on a Relevant Activity-

1. Must Conduct the relevant "core income generating activities" in the UAE;
2. Must be "directed and managed" in the UAE;
3. Have adequate number of qualified full-time employees in the UAE;
4. Incur an adequate amount of operating expenditure in the UAE; and
5. Have adequate physical assets in the UAE.

How can we help?

We offer following ESR related Services-

1. Initial assessment based on regulatory, financial, operational and governance aspects whether an entity is governed by these regulations
2. Advising restructuring to comply with regulations
3. Assistance in audit
4. Preparation of annual report
5. Policies, procedures and training

Contact us:

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