

Economic Substance Reporting – New Legislation Alert for Members

Date: 01 January 2020

UAQ FTZ wishes to alert all its members on the Economic Substance Reporting Resolution, issued by the UAE Government, pursuant to the global standard set by the OECD Forum on Harmful Tax Practices (FHTP).

Guidelines for Compliance with Economic Substance Reporting Regulations of the UAE Government

Reference - Ministerial decision no. 215 for the year 2019 on the issuance of directives for the implementation of the provisions of the cabinet decision no. 31 of 2019 concerning economic substance requirements

https://www.mof.gov.ae/en/lawsAndPolitics/CabinetResolutions/Documents/Cabinet%20of%20Ministers%20Resolution%20No%20%2031%20of%202019%20Concerning%20Economic%20Substance_English.pdf

- The Resolution mandates that companies should have substantial activities in a jurisdiction.
- Every company registered and licensed in the UAE, including any free zone company, that carries on a “Relevant Activity” in the UAE must comply with the Economic Substance Resolution by satisfying the “Economic Substance Test” and strictly following certain reporting requirements. The “Relevant Activities” include insurance; banking; lease - finance; investment fund management; shipping; holding company; intellectual property; company headquarters, and distribution and service centres, which are listed in Article 4 of the Resolution.
- From January 2020 onwards, every Licensee will have to make an annual declaration as to whether they have conducted any Relevant Activities in the preceding financial year.
- UAQ FTZ (“Regulatory Authority”) has been appointed as the regulatory authority for applicable UAQ FTZ Licensees as per Cabinet Resolution No. 58 of 2019.

For FAQs, on Economic Substance Regulations, visit the link below

<https://www.mof.gov.ae/en/StrategicPartnerships/Pages/ESR.aspx>

UAQ Free Trade Zone has approached the Ministry of Finance for further guidance and direction with respect to the provision of the notification. As soon as we receive further information from the Ministry, we shall communicate this to our members.



Date: 23 June 2021

Economic Substance Reporting – Compliance Advisory for UAQ Free Trade Zone registered companies

The following advisory will provide guidance to UAQ FTZ members on staying within the scope of **Economic Substance Reporting (“ESR”) issued by the UAE Government.**

The UAQ FTZ wishes to alert its members to ensure compliance with their annual submissions of ESR Notifications and Reports, by completing it within the timelines provided by the Ministry of Finance. The **Ministry of Finance’s website** serves as the **official and comprehensive resource for ESR regulations** and the relevant weblinks have been shared below.

UAQ FTZ shall also further notify its members as and when the Ministry of Finance provides updates on the same. Meanwhile, we advise our members to monitor the Ministry of Finance website for further official information.

Official ESR Regulations and Guidance from the Ministry of Finance

- Cabinet of ministers resolution No. (57) of 2020 concerning economic substance regulations. [Read here.](#)
- Ministerial decision No. (100) for the year 2020 on the issuance of directives for the implementation of the provisions of the cabinet decision no. (57) of 2020. [Read here.](#)
- Notification Guidance. [Read here.](#)
- Economic Substance Report Guidance. [Read here.](#)
- Updated FAQs. [Read here.](#)