حكومة دبي
GOVERNMENT OF DUBAI

سلطة دبي للتطوير
Dubai Development Authority

Dear Business Partner,

In April 2019 the UAE introduced **Economic Substance Regulations** (Cabinet of Ministers Resolution No. 31 of 2019, the "Regulations") as part of its commitment as a member of the Organisation for Economic Co-operation and Development Inclusive Framework, and in response to an assessment of the UAE's tax framework by the European Union Code of Conduct Group on Business Taxation.

The Regulations require UAE onshore and free zone companies and other UAE business forms that carry out any of the "Relevant Activities" listed below to maintain an adequate "economic presence" in the UAE relative to the activities they undertake.

It is the Business Partner's responsibility to evaluate his obligations under the Regulations, determine whether or not he conducts a Relevant Activity and ensure compliance with the Regulations if required.

All Relevant Activities as per the Regulations:

- 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

Of these Relevant Activities, the following may be carried on by companies licensed under the jurisdiction of Dubai Development Authority (the "Authority"):

- Headquarters Business
- Intellectual Property Business ("IP")
- Distribution and Service Centre Business

Business Partners that are carrying on one or more of the Relevant Activities will need to complete an Economic Substance Notification and submit it to the Authority through **axs portal**, on or before **25 June 2020**.

Please navigate to DDA Declaration Form(s) section to submit the form.

Corporate → Amendment → DDA Declaration Form(s)

In order to determine whether a Relevant Activity is taking place, a substance over form approach is required; this means looking beyond what is stated on the commercial licence to what activity is actually being undertaken. While some of these activities are easy to identify (i.e. Headquarters Business), some of them require careful examination and further guidance in order to decide whether it is a Relevant Activity or not. The Regulations provide a definition for each of the Relevant Activities and further guidance can be found in the Relevant Activities Guide issued by the UAE Ministry of Finance.

Click here to refer the ESR Notification template and Supporting Guidance.

Please note that the Regulations apply to financial years commencing on or from 1 January 2019.

The Economic Substance Legislation, the Relevant Activities Guide and the FAQs can be found at the Ministry of Finance website here: https://www.mof.gov.ae/en/StrategicPartnerships/Pages/ESR.aspx.

Regards,
Dubai Development Authority



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