



CIRCULAR REGARDING REGISTRATION IN THE ECONOMIC SUBSTANCE FILING PORTAL

The Ministry of Economy works with local registration authorities to provide all information and clarifications that assist companies in complying with Cabinet Resolution No. (57) of 2020 on the Requirements of Economic Substance Activities, such that they maintain a clear understanding of what is required of them and are able to fulfil all prerequisites within the deadline, in order to avoid any breaches or administrative penalties.

REQUIREMENTS OF ECONOMIC SUBSTANCE ACTIVITIES

The Ministry of Economy, together with local registration authorities, confirms that Cabinet Resolution No. (57) of 2020 on the Requirements of Economic Substance Activities does not impose any additional commitments upon companies, however it does warrant the following:

01.

Authorizing the activities undertaken by companies to determine whether they are subject to the regulations.

02.

Should the company practice any of the relevant activities, it may be listed under the exempted companies category and as such, must submit a notification containing the data verifying its exempted status.

03.

If the company is not exempted, then it shall be required to present an economic substance report.

DETERMINING WHETHER A COMPANY IS SUBJECT TO THE ECONOMIC SUBSTANCE ACTIVITIES RESOLUTION

In order to facilitate the process and enable you to fulfil all requirements without any additional inconveniences, kindly login to the economic substance portal via the following link: [“Economic Substance Regulations”](#) and respond to the following questions. This shall assist you in determining whether your company is subject to Cabinet Resolution No. (57) of 2020 on the Requirements of Economic Substance Activities.



QUESTION

HAS YOUR COMPANY PRACTICED ANY OF THE FOLLOWING ACTIVITIES DURING THE REPORTABLE PERIOD?



HEADQUARTERS BUSINESS

- Taking relevant management decisions
- Incurring operating expenditures on behalf of the group
- Coordinating group activities



SHIPPING BUSINESS

- Managing crew (hiring, paying and overseeing crew members)
- Overhauling and maintaining ships
- Overseeing and tracking shipping
- Determining what goods to order and when to deliver them, organizing and overseeing voyages.



INTELLECTUAL PROPERTY BUSINESS (patents, trademarks and copyrights)

- Research and development
- Branding, marketing and distribution
- Taking strategic decisions and managing the material risks associated with developing intellectual property assets, with the subsequent utilization of generated income.
- Taking strategic decisions and managing the material risks associated with the acquisition by others of intellectual property assets, with the subsequent utilization of generated income.
- Undertaking associated commercial activities, through which intellectual property rights are utilized, which generate income from any third party.



HOLDING COMPANY BUSINESS

- Practicing all activities that are relevant to this business



DISTRIBUTION & SERVICE CENTER BUSINESS

- Transporting and storing goods, components and materials or goods ready for sale
- Managing inventories
- Taking orders
- Providing consulting or other administrative services



OUTCOME OF RESPONSES

First

If the answer is **No** to all the previous activities, please note the following:

The regulations do not apply to you

for the reportable period and you shall not be required to undertake any additional action.

Trust that responses shall be accurate in order to avoid any legal liabilities, which may be imposed in the event of falsely claiming that any of the aforementioned activities are not practiced.

Second

If the answer is **Yes** to any of the aforementioned activities, you must complete the required procedures as detailed below:

Login to the economic substance portal via the following link:

“Economic Substance Regulations” and select “Notification” to report an economic substance activity undertaken by your company, by responding to a set of questions.

Responding to the questions is crucial and in the interest of your company, since it verifies that your company – practicing a relevant activity – is listed under a category that is exempt, should any of the following cases be applicable to you:

- An entity that is a tax resident in a jurisdiction other than the UAE (if the entity is subject to corporate income tax on all its income from an activity, by virtue of its tax residence).
- An entity wholly owned by residents in the UAE and partakes in its business activities only in the UAE (when it does not constitute part of a multinational group of companies, only practices its activities in the UAE or all owners reside in the UAE).
- A licensee who is a branch of a foreign entity whose income is subject to taxation in another country other than the UAE (when an entity is a branch of a foreign company whose income is subject to taxation in another country other than the UAE, then it is a tax resident of that country).
- No income was generated by the activity of your company during the reportable period.

Should any of the previous cases be applicable to you, your company shall only be required to complete the notification by following the above link, while attaching all supporting documents, without the need to undertake any additional action on your part.

Third

In the event that none of the previous cases are applicable to you, then your company is not listed as an exempted company and you must therefore complete the requirements of economic substance. Follow the same link: **“Economic Substance Regulations”** and answer the questions listed, in order to fulfil the economic substance requirements.



ALERT ISSUED BY THE MINISTRY OF ECONOMY

01

The Ministry of Economy and local registration authorities hereby urge all companies operating in the UAE to prioritize this crucial matter and to promptly access the economic substance filing portal via the following link: **“Economic Substance Regulations”** to respond to the questions and/or file a notification and/or report, depending on the activity partaken by your company and pursuant to the clarifications stipulated in this circular.

02

The Ministry of Economy and the Departments of Economic Development encourage the cooperation of companies operating in the UAE and their acknowledgement that this subject pertains to upholding the commitments and responsibilities of the UAE, as opposed to seeking to impose any additional burdens on companies. However, failure by any company to file the notifications and reports as prescribed in this circular shall subject it to the penalties stipulated in Cabinet Resolution No. (57) of 2020 and Ministerial Decree No. (100) of 2020 on the Requirements of Economic Substance Activities.

CONTACT DETAILS

The Ministry of Economy can be contacted by email or phone for inquiries and clarifications regarding registration on the economic substance filing portal.

Ministry of Economy

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 info@economy.ae

Thanking your efforts and good cooperation