

KGRN Chartered Accountants helps in completing - UAE Economic Substance Requirements

What is Economic Substance Regulations (ESR) in UAE.?



Dubai, May 24, 2020 (IssueWire.com) - As part of the UAE's commitment as a member of the OECD Inclusive Framework, and in response to an assessment of the UAE's tax framework by the European Union ("EU") Code of Conduct Group on Business Taxation, the UAE introduced a Resolution on the Economic Substance (Cabinet of Ministers Resolution No.31 of 2019, the "Regulations") on 30 April 2019. The guidance that provides further clarity on the application of the Regulations was issued on 11 September 2019. 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.

Scope of the ESR in UAE.

The scope of the Economic Substance Regulations -ESR in Dubai has made it clear that the regulation applies to all the licensee having the commercial license, certificate of incorporation or any other form of permit necessarily taken from licensing authority to do business. Going with the spirit of the law and the provisions, it is interpreted that Free Zone includes Offshore Companies as well.

What are the Relevant Activities Under ESR In UAE?

FHTP have considered the geographically mobile activities for the substance requirements. Following are the activities falling into this category:

- Banking Business
- Insurance Business
- Lease-finance Business
- Headquartered Business
- Shipping Business
- Holding Company Business
- Intellectual Property Business
- Investment Fund Management

- Distribution and Service
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Deadlines For Notification Under ESR

- DIFC-31stMarch 2020
- JAFZA-31stMarch 2020
- DAFZA -03rdMay 2020
- RAKICC-30thJune 2020
- AFZ-30thJune 2020
- DMCC-30thJune 2020

Penalties For Failure to ESR.

Penalties for failing to notify the regulatory authority are between AED 10,000 – And AED 50,000

How KGRN Chartered Accountants Can help -ESR in Dubai?

KGRN Chartered Accountants can help you get a clear understanding of the new economic substance regulations in the UAE – requirements applicable. KGRN Chartered Accountants can conduct an impact analysis – studying and analysing the effect of the new economic substance regulations -ESR on your existing businesses in UAE

Identify gaps in the level of economic substance in affected entities and consider remediation options where gaps are identified. KGRN Chartered Accountants can assist in relevant compliances under the new regulations.

For more info please contact :

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<https://kgrnaudit.com/things-to-know-about-economic-substance-regulations/>

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Source : KGRN Accounting Associates

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