

ECONOMIC SUBSTANCE REGULATIONS FAQ

1. Should the ESR return be submitted by All UAE licensed entities?

No, the ESR Notification and Report should be submitted by UAE licensed entities that carry out Relevant Activities.

2. What are the Relevant Activities?

Relevant activities are:

- 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

Please refer to the Relevant Activities Guide for a detailed description on the Ministry of Finance Economic Substance [webpage](#).

3. How can I file the ESR Notification and Report?

The Economic Substance Filing Portal can be accessed by businesses through the Ministry of Finance Economic Substance [webpage](#).

4. Where can I find further guidance on the filing requirements for ESR Notification and Report?

Detailed Notification and Report Guidance documents are available on the Ministry of Finance Economic Substance [webpage](#).

5. We are carrying out a Relevant Activity but not generating any income, should the ESR return be completed in such a case?

Yes, these entities will have to submit an ESR Notification. Licensees that carry out Relevant Activities but did not earn income from that activities during the Reportable Period are not required to file an Economic Substance Report and demonstrate substance in the UAE for that Reportable Period.

6. Which businesses are required to file a Notification by 31 December 2020?

Only businesses that have a financial year commencing on or after 1 January 2019 and ending on or before 31 December 2019 are required to submit a Notification by 31 December 2020.

7. What is to be mentioned under “Financial Year end/Accounting reference period” in the form?

As mentioned in the earlier FAQ, ESR submissions are required to be submitted by UAE licensees having their financial year starting on or after 1 January 2019 **AND** ending on or before 31 December 2019. Please therefore mention the last date of the financial year in this column. I.e: 31 December 2019.

8. What is to be mentioned under “Reportable period for Economic Substance purposes” in the form?

The UAE ESR Regulations (Cabinet of Ministers Resolution no 31 of 2019) requires ESR return submissions from financial/accounting years commencing from 1 January 2019 onwards. However, submissions are due now **ONLY** for Licensees with a financial year starting on or after 1 January 2019 **AND** ending on or before 31 December 2019. Therefore if your company’s financial/accounting year is from 1 January 2019 to 31 December 2019, the reporting period will be 1 January 2019 to 31 December 2019.

