

Economic Substance Reporting

Date: 6th January, 2020

DMCC hereby advises the following information in respect to Economic Substance Reporting;

Background

- UAE Cabinet Decision No. 31/2019 dated 30th April, 2019 concerning the economic substance regulations (the “**Economic Substance Regulation**”)

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

- The Economic Substance Resolution is issued pursuant to the global standard set by the OECD Forum on Harmful Tax Practices (FHTP) which requires companies to have substantial activities in a jurisdiction.
- Every company registered and licensed in the UAE that carries on a “Relevant Activity” in the UAE, including any free zone company, must comply with the Economic Substance Resolution by satisfying the “Economic Substance Test” and complying with certain reporting requirements. The Relevant Activities are listed in Article 4 of the Resolution.
- DMCCA (“Regulatory Authority”) has been appointed as the regulatory authority for applicable DMCC Licensees as per Cabinet Resolution No. 58 of 2019.
- From 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.

DMCC is currently seeking further guidance and direction from Ministry of Finance in respect to the Relevant Activities and the parameters of the annual declaration that should be provided.

Further information will be provided once received.
