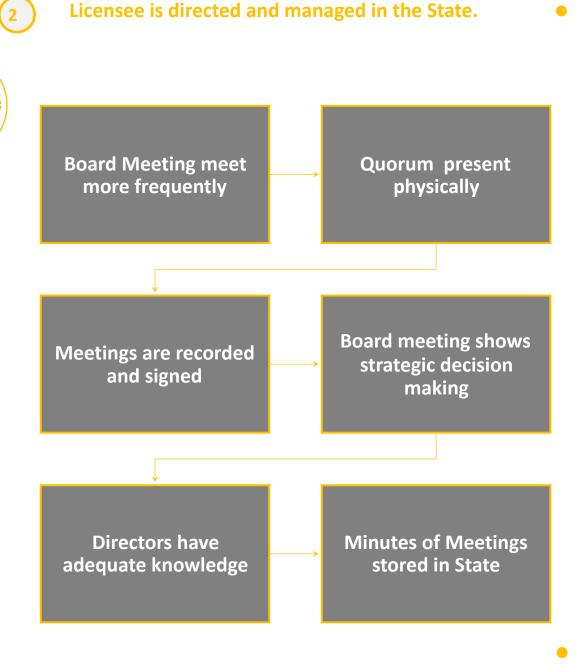


## **Economic Substance Regulations**



Licensees are now required to meet economic substance requirements.

Licensee must conduct State Core **Income-Generating** Activity in the State. **Monitor and Economic** Be directed control the substance and managed carrying out of **Test** in the State in that activity by relation to the other that activity. entity In State or **Outsourcing to third** parties



### **3** Outsourcing

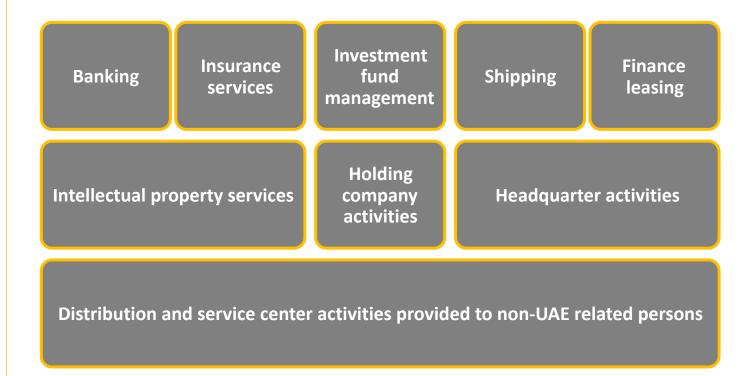
In case of outsourcing; the following conditions should be satisfied:

Supervision of outsourced activity.

Outsourced activity is conducted in the State.

Evidencing of Economic substance of service providers

#### **State Core Income-Generating Activities**



#### **Reporting Requirements:**

<b>Existing Entities</b>	New Entities
Must comply with the Regulations from 30th April 2019, with the first return due in 2020	Must comply with the Regulations upon receiving its trade license, with the first return due in 2020 (or later)

#### **Penalties:**

#### Failure to comply would result in;

- Administrative penalties (not less than AED 10,000 but not exceeding AED 50,000 in the first year, increased to an amount not less than AED 50,000 but not exceeding AED 300,000 in the subsequent year), subject to a sixyear limitation period.
- Additional penalties such as suspending, revoking or not renewing the UAE Relevant Entity's trade licence could also apply.





# Thank You

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