



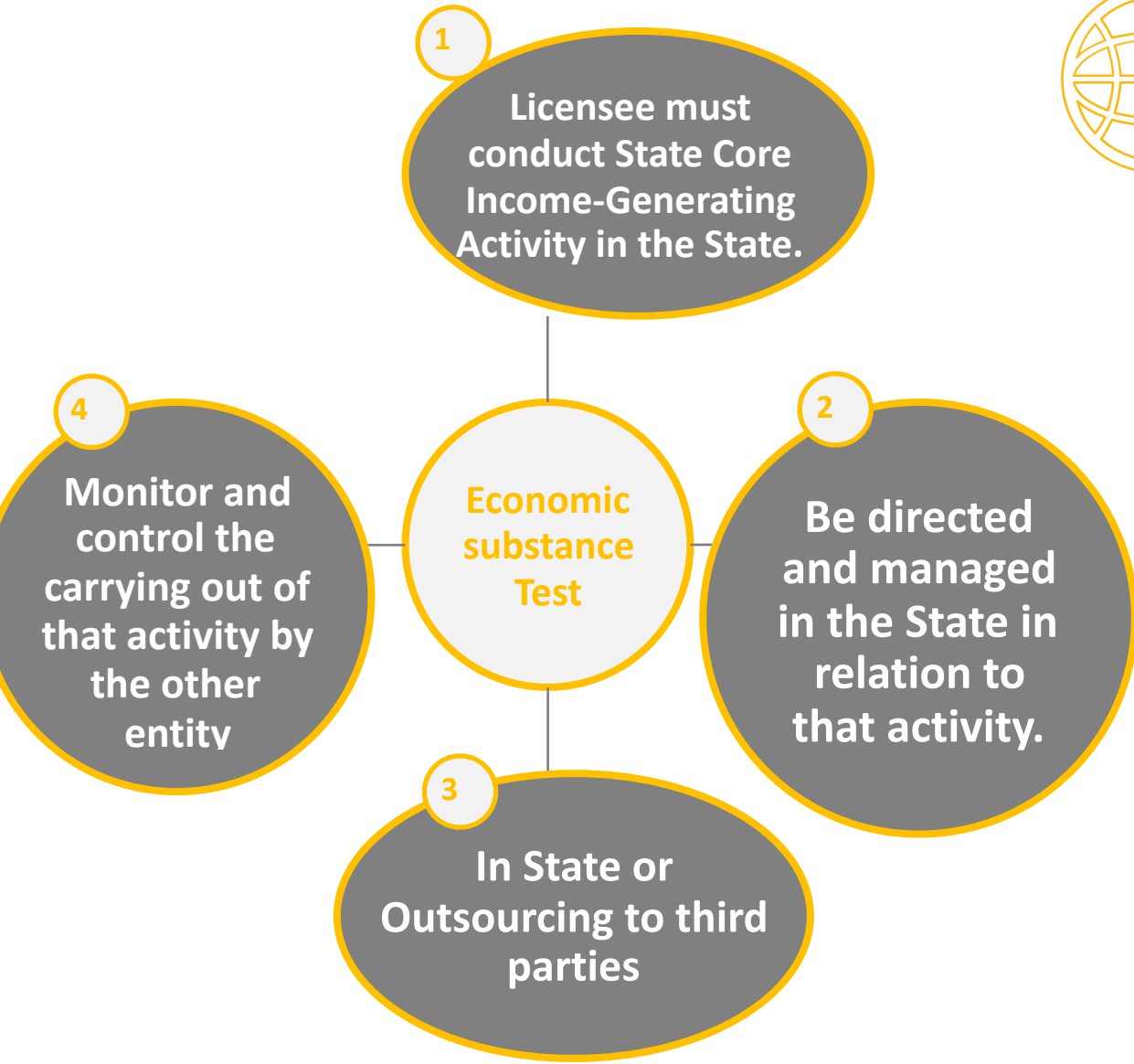
Smart decisions. Lasting value

# Economic Substance Regulations

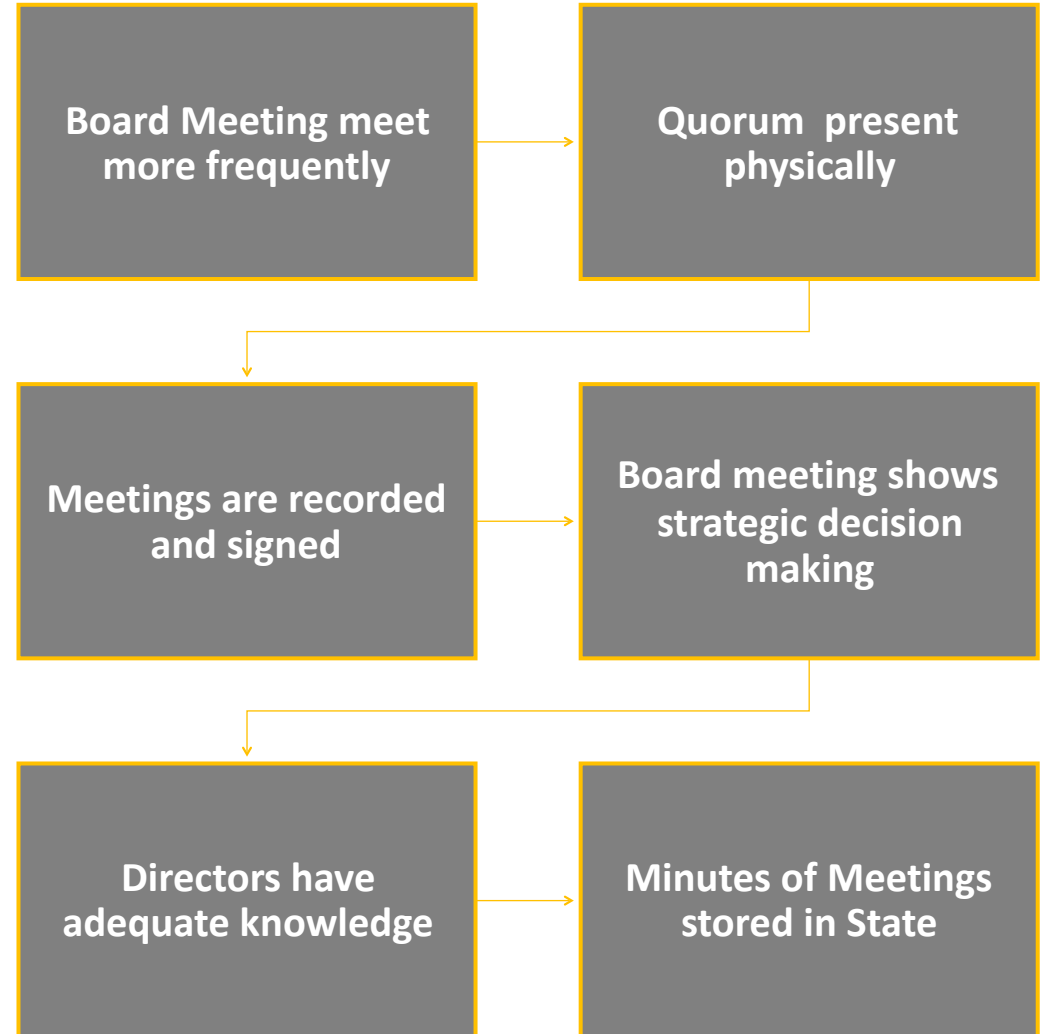
By Narasimha Das



- Licensees are now required to meet economic substance requirements.

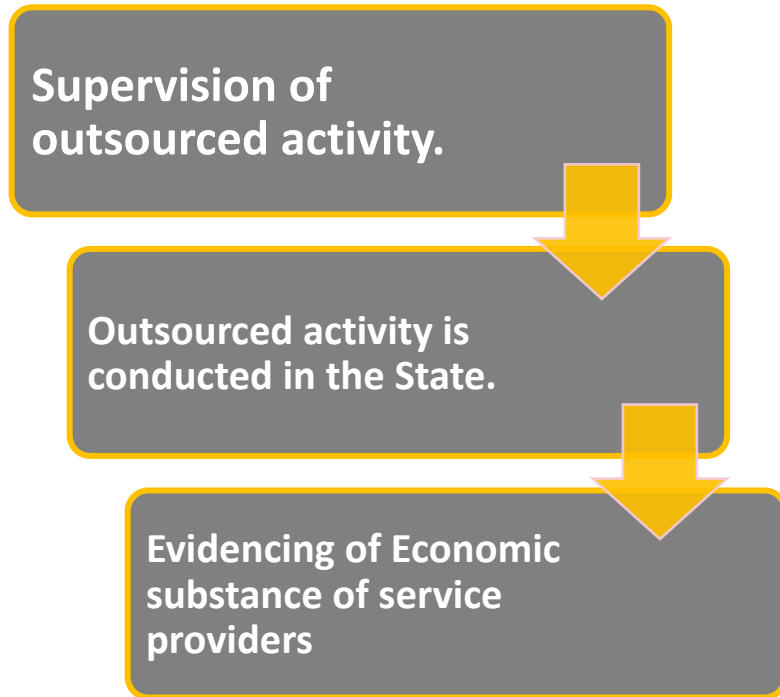


- **2** Licensee is directed and managed in the State.

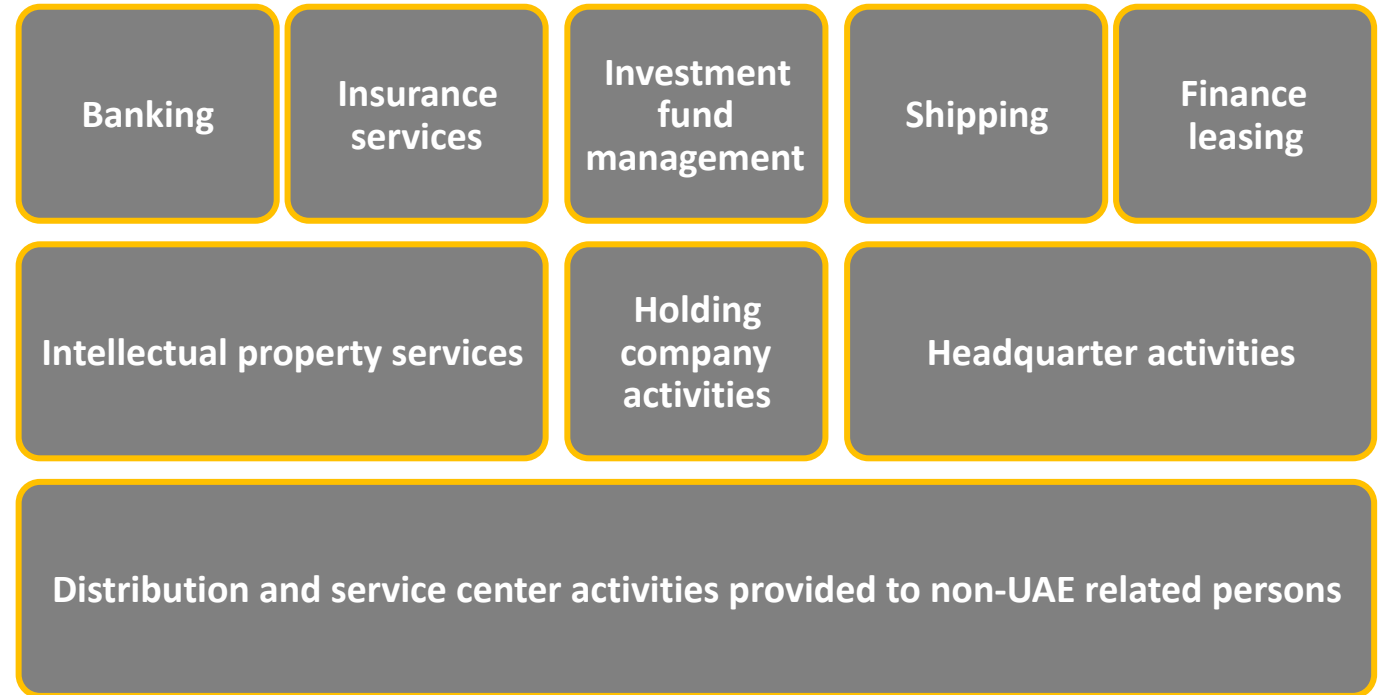


### 3 Outsourcing

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



### State Core Income-Generating Activities



## Reporting Requirements:

Existing Entities	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 six-year 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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