

To: All ADGM Licenced Persons

REGISTRATION AUTHORITY CIRCULAR NO. (28) OF 2020: UAE ECONOMIC SUBSTANCE REGIME ANNUAL NOTIFICATION FAQs

The purpose of this Circular is to provide guidance to ADGM Licensed Persons on the Economic Substance Annual Notification.

The UAE's Economic Substance Regime (Regime), comprises:

- Cabinet Resolution No. (31) of 2019 Concerning Economic Substance Regulations, as amended by Cabinet Resolution No. (7) of 2020;
- Cabinet Decision No. (58) of 2019 on the Determination of the Regulatory Competencies Related to the Activities Stated in the Cabinet Resolution No. (31) of 2019; and
- Ministerial Decision No. (215) of 2019 on the issuance of Directives for the Implementation of the provisions of the Cabinet Resolution No. (31) of 2019.

In ADGM, the Regime requires ADGM Licensed Persons carrying on one or more 'Relevant Activities' as defined in the Regime to satisfy the Economic Substance Test, file the Economic Substance Annual Notification and the Economic Substance Return (unless exempt).

Annual Notification FAQs

1. Which businesses are required to file a Notification by 30 June 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 30 June 2020.

2. What if the business has a financial year that ends after 31 December 2019 (e.g. a financial year ending 31 March 2020 or 30 June 2020)?

There is the possibility but no statutory requirement to file a Notification by 30 June 2020, and no administrative penalties will apply if a Notification for reportable periods ending after 31 December 2019 is not submitted by 30 June 2020. The ADGM Registration Authority will shortly communicate the Notification deadline for reportable periods ending after 31 December 2019.

3. What if the business has a long first financial reporting period which started in 2018 and ended during 2019 (e.g. 1 June 2018 to 31 December 2019), is the business required to file a Notification for the period by 30 June 2020?

No, in the above example, the Licensee's first reportable period will be 1 January 2020 to 31 December 2020 and the first Notification would be due in 2021.

Annual Notification Form and Guide

The Economic Substance Annual Notification Form and Filing Guide are available to download from ADGM's Economic Substance Resources page:

<https://www.adgm.com/operating-in-adgm/obligations-of-adgm-registered-entities/economic-substance>.

Significant financial penalties apply for failing to meet the requirements of the Regime and we recommend that you seek independent legal advice if necessary to ensure that you are in compliance with your obligations under the Regime.

The ADGM Registration Authority reminds ADGM Licensed Persons that it is your responsibility to determine whether you carry on one or more Relevant Activities, particularly as these may not accord with what is listed on your Commercial Licence.

Further Information

Further information and guidance on the Regime can be obtained from:

- ADGM's economic substance resources page, including a subscription feature to subscribe to ADGM economic substance updates, at this link:

<https://www.adgm.com/operating-in-adgm/obligations-of-adgm-registered-entities/economic-substance>; and

- The UAE Ministry of Finance, including a Relevant Activities Guide and FAQs on the Regime, at this link:

<https://www.mof.ae>.

Should you have any questions in relation to the Regime and its administration in ADGM, please email: economicsubstance@adgm.com.

Thank you for your cooperation.

Sincerely,



ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي 4D

Registration Authority

REGISTRATION AUTHORITY
سلطة التسجيل

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