

17 October 2024

To: All ADGM Licensed Persons

REGISTRATION AUTHORITY CIRCULAR NO. (3) OF 2024: UAE's Economic Substance Regulations – IMPORTANT UPDATE

The purpose of this Circular is to provide ADGM Licensed Persons an update on the UAE's Economic Substance Regulations.

The Ministry of Finance has issued **Cabinet Decision 98 of 2024** amending **Cabinet of Ministers Resolution No. 57 of 2020** such that any current economic substance requirements cease to apply to any Financial Year ending after 31 December 2022. In addition, Cabinet Decision 98 of 2024 clarifies that the National Assessing Authority (Federal Tax Authority) will annul pending penalties and return any paid penalties related to rejected appeals for financial periods falling after 31 December 2022. For more information, please contact FTAESR@tax.gov.ae.

Applicable ADGM Licensed Persons are still required to file any required Economic Substance Notification(s), Economic Substance Report(s) and satisfy the Economic Substance Test for any periods between 1 January 2019 and 31 December 2022. The changes to ESR means that an ADGM Licensed person undertaking a relevant activity will not be required to submit an ES Notification for any applicable reportable period which ends after December 2022 (i.e.: 31 January 2023, 30 March 2023, 30 June 2023 or 31 December 2023).

Following the issuance of the Cabinet Decision referred to above, the UAE's Economic Substance Regulations (the "ESR"), comprises:

- **Cabinet of Ministers Resolution No. 57 of 2020** (the "Regulations") which amended and repealed Cabinet of Ministers Resolution No. 31 of 2019 which was issued in April 2019.
- **Cabinet Decision 98 of 2024**, amending the Regulations.
- **Ministerial Decision No. 100 of 2020** which was issued as guidance to the ESR.

Further Information

Further information and guidance on the ESR 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>

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