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### Economic Substance Regulations - Update

The UAE Ministry of Finance has introduced **Cabinet Decision No. 98 of 2024**, amending the previous **Cabinet of Ministers Resolution No. 57 of 2020**. This amendment stipulates that the economic substance requirements no longer apply to any financial year ending after **31 December 2022**.

Moreover, the amendment clarifies that the **Federal Tax Authority (FTA)**, acting as the National Assessing Authority, will annul any pending penalties and refund paid penalties related to rejected appeals for financial periods following **31 December 2022**. For additional information, please contact **FTAESR@tax.gov.ae**.

Entities involved in relevant activities are still obligated to file **Economic Substance Notification(s)** and **Economic Substance Report(s)** and comply with the **Economic Substance Test** for periods between **1 January 2019** and **31 December 2022**. However, due to the recent changes, entities will not be required to submit an **ES Notification** for any reportable periods ending after December 2022.

Following these amendments, the UAE's Economic Substance Regulations now consist of:

- **Cabinet of Ministers Resolution No. 57 of 2020**, which amended and repealed **Cabinet of Ministers Resolution No. 31 of 2019**.
- **Cabinet Decision No. 98 of 2024**, introducing the latest amendments.
- **Ministerial Decision No. 100 of 2020**, which provides guidance on the implementation of the ESR.

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