



## RELEVANT ACTIVITIES UNDER ESR

### OUR SERVICES

- Accounting Services
- Auditing Services
- Bookkeeping
- VAT Services
- Compliance services (ESR & UBO)



**PARTH**



+971 561672533



Info@elevateauditing.com



Office No: 1203, HDS Business Center, Cluster M, JLT, Dubai, UAE



Office No: 807, Exchange Tower, Business Bay, Dubai, UAE,



elevateauditing.com | elevatebs.com

## **RELEVANT ACTIVITIES**

- Listed as per Article 3 of the resolution.
- Any entity carrying out relevant activity comes under the scope of ESR Regulations.
- A substance over form approach should be used to determine applicability.
- Active engagement in relevant activity is not required for ESR applicability. Hence any passive income earned would also be considered for the purpose.
- If more than one relevant activity done by a licensee ES should be met for each activity separately. However only one single notification and report needs to be submitted reporting all the relevant activities.



ACCOUNTING & AUDITING

## **CORE INCOME GENERATING ACTIVITIES (CIGAS)**

- Activities of central importance in the generation of gross income from RA.
- Gross Income from relevant activity needs to be reported.
- Gross Income = Gross revenue without any deductions.
- CIGAs should be carried out in the state to prove economic substance.



# **BANKING BUSINESS**

## **Definition**

- Licensed as Commercial banks.

## **CIGAs**

- Raising funds & Managing risks
- Taking hedging positions
- Providing loans, credit & other financial services
- Managing capital & preparing reports to investors and govt. authorities.

# **INSURANCE BUSINESS**

## **Definition**

- Regulated by UAE Securities & Commodities Authorities for onshore and relevant regulatory authorities for FZs.
- Insurance brokers, agents or other businesses providing insurance related services without assuming all or some of the risks do not fall under the category.

## **CIGAs**

- Predicting & calculating risks
- Insuring or re-insuring
- Underwriting insurance & reinsurance.

# **INVESTMENT FUND MANAGEMENT BUSINESS**

## **Definition**

- Providing discretionary investment management services for domestic and foreign IFs.
- Eg: Making investment, divestment and risk related decisions on behalf of IFs.
- IFs is itself not considered as IFMB unless self managed.

## **CIGAs**

- Taking decisions on holding & selling investments
- Calculating risks & reserves.
- Taking decisions on currency or interest rate fluctuations.
- Preparing reports to investors and govt. authorities.

## **LEASE-FINANCE BUSINESS**

### **Definition**

- Offering credit or financing for any kind of consideration
- Intra-group financing.
- Finance lease in relation to assets other than land.
- Hire purchase agreements.

### **CIGAs**

- Agreeing the type of funding.
- Identifying and acquiring assets to be leased
- Setting the terms and duration
- Monitoring and revising any agreements
- Managing any risks

## **HEADQUARTERS BUSINESS**

### **Definition**

Providing the following services to one or more 'foreign connected person':

- Provision of senior management
- Assumption or control of material risks for activities carried out by FCP
- Provision of substantive advice in relation to assumption of risk

The licensee need not be the direct or ultimate parent of the group for the purpose.

### **CIGAs**

- Taking relevant management decisions
- Incurring operating expenditures on behalf of group entities
- Coordinating group activities

## **HOLDING COMPANY BUSINESS**

### **Definition**

Sole function of:

- Acquiring and holding shares
- Only earns dividends & capital gains from such interests

An investment fund is not considered a Holding Company Business

### **CIGAs**

- All activities related to acquiring and holding shares or equitable interests in other companies



# **DISTRIBUTION & SERVICE CENTRE BUSINESS**

## **Definition**

Distribution Business:

- Purchase of goods from foreign group company and Distribution of those goods

Service Centre Business:

- Consulting, administrative, or other services are provided to a foreign group company.

Hence, licensees carrying out only third party transactions not covered here.

## **CIGAs**

Distribution business

- Transporting and storing goods,
- Managing inventories
- Taking orders.  
Service Centre Business
- Providing consulting or other administrative services.

# **INTELLECTUAL PROPERTY BUSINESS**

## **Definition**

- Holding, exploiting or receiving income from IPAs.
- IPAs means IPR in intangible assets from which Separately Identifiable Income (SII) like royalties, license fees, or any income from sale of IPA is earned.

## **CIGAs**

- Patent & the like: R&D
- Marketing intangibles (brands, trademarks):  
Branding, marketing & distribution.

# **HIGH RISK IP LICENSEE**

## **Definition: Licensee**

- Did not create the IPA held by it for business and
- Acquired it from either:
  - A connected person or
- In consideration for R&D funding by another person situated in a foreign jurisdiction. And
- Licenses or has sold the IPA to group companies or earns SII from foreign group companies for the usage.

## **How to prove ES?**

- Should prove sufficient control over DEMPE functions
- Show a business plan showing reasons for holding the IPA in UAE.
- Employee information who resides permanently in the UAE giving level of experience, qualifications

# SHIPPING BUSINESS

## Definition

- Operate one or more ships in international traffic for transport of passengers, cargo or both.
- Travel agencies and international agencies not covered.
- Entities arranging transporting their own or others goods overseas also not covered unless they themselves operates it.
- Chartering of ships on bareboat basis not covered.

## CIGAs

- Managing crew.
- Overhauling and maintaining ships.
- Overseeing & tracking shipping
- Determining what goods to order and when to deliver.



+971 (0) 42424336  
+971 (0) 44258131



[info@elevateauditing.com](mailto:info@elevateauditing.com)



[www.elevatebs.com](http://www.elevatebs.com)  
[www.elevateauditing.com](http://www.elevateauditing.com)



Office No: 1203, HDS Business Center  
Cluster M, Jumeirah Lakes Towers  
Dubai, UAE



Office No: 807, Exchange Tower, Business  
Bay, Dubai, UAE, PO Box:336293