

## Economic Substance Regulations – EXTENSION of 31 March deadline for Bahrain (MOICT) and Cayman Islands to 30 June 2020

The Ministry of Industry, Commerce and Tourism ('MOICT') in Bahrain and the Department of International Tax Cooperation ('DITC') in Cayman Islands have extended the deadline for submission of the Economic Substance *Return* and Economic Substance *Notification* in Bahrain and Cayman Islands respectively for the year ended 31 December 2019 ('FY 2019') from 31 March 2020 to **30 June 2020**. The Central Bank of Bahrain ('CBB'), however, has not extended the deadline for filing Economic Substance Returns (due by 31 March 2020).

We have set out the requirements under the legislations for your ease of reference below:

### **Bahrain**

#### **MOICT – Due date for FY 2019 return submission extended to 30 June 2020**

Pursuant to the issuance of Ministerial Order 106 and related guidance concerning economic substance requirements ('ESR') by MOICT, its licensees undertaking a 'Relevant Activity' in Bahrain (Distribution and service centre, Headquarters, Holding company, Leasing, Shipping, Intellectual property activities) were required to submit their Economic Substance Return through the Sijilat portal before 31 March 2020. However, as discussed in our previous [alert](#), this functionality is yet to be activated on the portal.

Considering the coronavirus (Covid-19) pandemic and taking cognizance of the practical difficulties of completing the Economic Substance Return in this situation (including physical filing of return), the MOICT has now announced that it will extend the filing deadline to 30 June 2020. The MOICT has also indicated that it will inform the licensees once the Sijilat portal is launched or provide licensees with an alternative submission method. Please note that the return format is available in the MOICT's guidance dated 1 January 2020.

#### **Central Bank of Bahrain ('CBB') - Due date for FY 2019 return submission remains 31 March 2020**

ESR were also introduced by the CBB vide its directive dated 22 November 2018, for certain Financial Institutions including banks, financing companies, insurance licensees, investment business firms and fund administrators. Covered CBB licensees are required to submit the Economic Substance Return

through an email and certified hard copies to its postal address by 31 March 2020. The template to be filled in for the aforementioned report is available on the CBB website (<https://www.cbb.gov.bh/compliance/#eofi>).

The CBB has not granted any automatic extension for filing of returns and has advised that returns should be submitted via email by 31 March 2020. In case licensees are unable to submit the return by the due date because of critical implications due to the Covid-19 outbreak, the CBB has advised such licensees to submit an official letter requesting such an extension and demonstrating their inability to meet the deadline. All cases will be reviewed independently to assess whether an extension should be granted.

## Cayman Islands

### **DITC - Due date for FY 2019 notification submission extended to 30 June 2020**

The DITC in Cayman Islands, which had earlier directed all entities in Cayman Islands to submit their Economic Substance Notification through the General Registry's Corporate Administration Platform before 31 March 2020, has now extended this deadline to 30 June 2020 ([Link to the press release](#)). This decision has been taken in light of the disruptions and administrative challenges that companies in Cayman Islands are dealing with due to the Covid-19 pandemic.

The DITC is also expected to publish an updated version of the ESR guidance (Economic Substance Guidance v3.0) shortly which may include additional sector specific clarifications. Please note that licensees undertaking relevant activities in Cayman Islands would need to file a detailed return demonstrating meeting of the ESR tests by 31 December 2020.

## Contact us

If you would like to understand the specific implications of the ESR to your business and undertaking requisite compliances, please feel free to get in touch with us.

Nilesh Ashar  
[nilesh.ashar@dhruvaadvisors.com](mailto:nilesh.ashar@dhruvaadvisors.com)  
Phone: +971 50 182 7701

Wasim Chunawala  
[wasim.chunawala@dhruvaadvisors.com](mailto:wasim.chunawala@dhruvaadvisors.com)  
Phone: +971 50 344 8458

Sheheryar Sabir  
[sheheryar.sabir@dhruvaadvisors.com](mailto:sheheryar.sabir@dhruvaadvisors.com)  
Phone: +971 52 5062802

Vartika Jain  
[vartika.jain@dhruvaadvisors.com](mailto:vartika.jain@dhruvaadvisors.com)  
Phone: +971 58 559 8198  
Saroj Raghunath

[saroj.raghunath@dhruvaadvisors.com](mailto:saroj.raghunath@dhruvaadvisors.com)  
Phone: +971 52 937 4638

**WTS Dhruva Consultants****UAE**

WTS Dhruva Consultants  
U-Bora Tower 2, 11th Floor, Office 1101  
Business Bay P.O. Box 127165  
Dubai, UAE  
Tel: + 971 56 900 5849

**Dhruva Advisors****Mumbai**

1101, One IndiaBulls Centre,  
11th Floor, Tower 2B,  
841, Senapati Bapat Marg,  
Elphinstone Road (West),  
Mumbai 400 013  
Tel:+91 22 6108 1000 / 1900

**Ahmedabad**

B3, 3rd Floor, Safal Profitaire,  
Near Auda Garden,  
Prahlanagar, Corporate Road,  
Ahmedabad - 380 015  
Tel: +91-79-6134 3434

**Bengaluru**

Prestige Terraces, 2nd Floor  
Union Street, Infantry Road,  
Bengaluru 560 001  
Tel: +91-80-4660 2500

**Delhi / NCR**

101 & 102, 1st Floor, Tower 4B  
DLF Corporate Park  
M G Road, Gurgaon  
Haryana - 122 002  
Tel: +91-124-668 7000

**Pune**

305, Pride Gateway, Near D-Mart, Baner,  
Pune - 411 045  
Tel: +91-20-6730 1000

**Singapore**

Dhruva Advisors (Singapore) Pte. Ltd.  
20 Collyer Quay, #11-05  
Singapore 049319  
Tel: +65 9105 3645

**KEY CONTACTS****Dinesh Kanabar**

Chief Executive Officer  
dinesh.kanabar@dhruvaadvisors.com  
Phone: +91 22 6108 1010/11

**Nilesh Ashar**

Partner, International Tax and Transfer Pricing  
nilesh.ashar@dhruvaadvisors.com  
Phone: +971 50182 7701

**Pratik Shah**

Partner, Indirect Tax  
pratik.shah@dhruvaadvisors.com  
Phone: +971 55957 8232

**Nimish Goel**

Partner, Indirect Tax  
nimish.goel@dhruvaadvisors.com  
Phone: +971 50106 6531

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