



Category - Basic

Quiz No: 1

How is the “Foreign Connected Person” defined in the UAE Economic Substance Regulations?

Options:

1. A natural or juridical person who is related to one or more natural or juridical person(s) through direct or indirect ownership or control or common control.
2. A Connected Person that is not resident or deemed as resident in the State.
3. Two or more natural or juridical related persons together called Foreign Connected Person.
4. None

Correct Ans: 2 - A Connected Person that is not resident or deemed as resident in the State



Category - Basic

Quiz No: 2

What should be the ideal Sequencing of events for a business to ensure ESR compliance?

Options:

1. Identification of RA – Check for CIGA – Notification – Reporting
2. Check for CIGA - Identification of RA - Notification – Reporting
3. Notification – Check for CIGA - Identification of RA – Reporting
4. Note sure

Correct Ans: 1 - Identification of RA – Check for CIGA – Notification – Reporting



Category - Basic

Quiz No: 3

Which one is the “Ultimate Beneficial Owner” as per the UAE ESR?

Options:

1. A Foreign Company which has management control on a UAE Local Company without holding shares.
2. An UAE National, owns 50% shares of an UAE company
3. A Foreign Company holding 10% of its shares with 25% voting rights in local UAE company
4. Quite complicated, move to next

Correct Ans: 2 - An UAE National, owns 50% shares of an UAE company



Category - Banking Business

Quiz No: 4

A trading company in UAE, provides loan with interest @12% per annum to its employees.

Loan with interest is deductible in EMI form salaries.

Does trading company need to report this under Banking Business?

Options:

1. No
2. Yes
3. None

Correct Ans: 1 – Not in Banking Business, it needs to check on Lease Finance



Category - Banking Business

Quiz No: 5

An Exchange House in UAE is conducting only currency exchanges and fund remittance business.

The Exchange House needs to file ESR notification under Banking Business Relevant Activity. True or False.

Options:

1. False
2. True
3. True/ False
4. None

Correct Ans: 1 – Exchange Houses dealing only with currency exchange or fund remittance business are not classified under Banking Business in the UAE ESR



Category - Banking Business

Quiz No: 6

PQR is a UAE branch of the Investment Banking division of the STV Banking Group.

Activities of PQR are limited to facilitating and advising buyers and sellers on mergers and acquisitions, marketing financial products of STV.

Does PQR need to report under Banking Business?

Options:

1. Yes
2. No
3. Not Sure
4. None

Correct Ans: 2 – Banking Advisory services are not classified under Banking Business in the UAE ESR



Category - Banking Business

Quiz No: 7

If a business is unable to determine whether it conducts a Relevant Activity, then as per “ESR Guide on Relevant Activity” what action it should take?

Options:

1. Wait for ICAI Dubai Chapter’s workshop to ask queries
2. Take help from WhatsApp Group
3. Seek professional advice
4. Let it go, no worries

Correct Ans: 3 – Seek professional advice



Category – Intellectual Property Business

Quiz No: 8

A licensee in UAE created an IP asset in the state which it holds for business purposes.

The licensee assigned the right to use this IP asset to other Foreign Connected Persons.

Does this IP asset qualify as a High-Risk IP Business?

Options:

1. Yes
2. No
3. Not Sure
4. None

Correct Ans: 2



Category – Intellectual Property Business

Quiz No: 9

Chandu Tailors is a famous tailoring brand in UAE and has its technical know-how in specialized stitching of suits.

Chandu stitches suits and sells to unrelated third parties. Technical Know-how is an IP to Chandu.

Does Chandu need to notify under IP Business for Technical Know-how?

Options:

1. No
2. Yes
3. Not Sure
4. None

Correct Ans: 1



Category – Intellectual Property Business

Quiz No: 10

Chandu Tailors is a famous tailoring brand in UAE and has its technical know-how in specialized stitching of suits.

It assigns the license to use its brand “Chandu” to other companies in return for a royalty. Is this activity of assignment of brand rights, within the scope of an IP business?

Options:

1. Yes
2. No
3. Not Sure
4. None

Correct Ans: 1



Category – Intellectual Property Business

Quiz No: 11

As per the UAE ESR, any High-Risk IP Licensee is, by default, deemed to have Failed the ESR test. What will be the responsibility of licensee in this case?

Options:

1. No need to file notification with authorities, just chill
2. High Risk IP Licensee holder to demonstrate sufficient evidence that it has “DEMPE functions” in place
3. Licensee immediately inform the UBO on failure of ESR test
4. What is the DEMPE functions

Correct Ans: 2 – A High Risk IP licensee to demonstrate that it has control over the Development, Enhancement, Maintenance, Protection and Exploitation - “DEMPE functions” of the IP asset.



Category – Headquarters Business

Quiz No: 12

A Licensee's position in a group corporate structure is one of the most relevant factors for determining whether it is engaged in Headquarters Business.

Options:

1. True
2. False
3. Not Sure
4. None

Correct Ans: 2



Category – Headquarters Business

Quiz No: 13

ABC UAE is a branch of a German company. Senior management is based in UAE and spends time to provide strategic directions and helps in managing material risks of other group companies outside UAE.

ABC is not charging any fee for such services to group companies.

What can be the correct interpretation of the above?

Options:

1. ABC is not generating any revenue for these services; it cannot be treated as Relevant Activity.
2. ABC's Activities are well within the scope of a Headquarter Business
3. Being a branch, ABC is not required to file ESR notification
4. None of the above

Correct Ans: 2



Category – Headquarters Business

Quiz No: 14

For a UAE business to consider as having, “taken on the responsibility for overall or an important aspect of the overall group’s success or performance”, the services provided by the entity must involve:

Options:

1. The provision of senior management
2. The assumption or control of material risk for activities carried out by foreign group companies
3. Substantive advice in relation to the assumption or control of such risks
4. All of the above

Correct Ans: 4



Category – Lease - Finance Business

Quiz No: 15

A bank provides loan to corporates and individuals. Under which relevant activity, the interest generated out of these loans should be reported as :

Options:

1. Lease Finance Business, as this is actually the relevant activity
2. Banking Business to avoid unnecessarily reporting under two different relevant businesses
3. In both, as this activity is covered under both the Relevant Activities
4. Clarification awaited from Ministry of Finance



Category – Lease - Finance Business

Quiz No: 16

Financing & Leasing Activities needs to be reported under ESR only when the interest income is generated from :

Options:

1. Related Foreign Parties
2. All Foreign Parties
3. Related UAE Parties
4. All Parties



Category – Lease - Finance Business

Quiz No: 17

Which of these transactions are covered under Lease Finance?

Options:

1. Loan Financing
2. Financial Lease
3. Operational Lease
4. All above



Category – Distribution and Service Centre

Quiz No: 18

ABC UAE possesses Holding Company license. Its holding 100% shares in 2 subsidiaries, charging interest on loan from directors, buying the goods from a Foreign Connected Person and is selling locally in the UAE.

Which is the most suitable activity to submit ESR notification?

Options:

1. Holding Company Business
2. Distribution and Service Centre Business
3. Lease Finance Business
4. Both Holding Company Business & Lease Finance Business
5. None of the above



Category – Distribution and Service Centre

Quiz No: 19

UAE branch of a foreign company is engaged in local purchase/ import / storage/ sales/ distribution business from related and third parties.

It is also responsible for managing the risk and results of other related companies.

Which is the most suitable activity to report under ESR?

Options:

1. Distribution and Service Centre Business
2. Headquarters Business
3. Both
4. None of the above



Category – Distribution and Service Centre

Quiz No: 20

ABC FZC is providing IT services to its Ultimate Beneficial Owner (UBO) company “DEF” in India. Being a group company, ABC is charging only the actual cost of operation to “DEF”.

Does ABC fall under Relevant Activity for the UAE ESR?

Options:

1. No, as ABC is not charging any margin on its cost to group company
2. Yes, it may fall under Distribution and Service Centre Business
3. No, ESR is applicable only if UBO is in the UAE
4. Yes, IT services are part of technical know-how, thus notification has to be filled under Intellectual Property Business
5. Not Sure, better to file Notification and select two-three activities



Category – Distribution and Service Centre

Quiz No: 21

ABC, SAIF Zone Representative office of a German company (DEF) is working with flexi desk office. ABC is collecting orders from customers and coordinating with DEF for supply of goods. DEF makes direct supply and payment collection from customers. Does it fall under any Relevant Activity, if yes why?

Options:

1. No, as Rep office is only coordinating the activities.
2. Yes, it will be part of Distribution Business and need to report under Distribution and Service Centre Business.
3. No, Rep offices are not licensed to carry out business activities, these are exempted from ESR.
4. Yes, it will be part of Service Centre Business and need to report under Distribution and Service Centre Business.