

REIMAGINING THE FUTURE

**A sneak peek into UAE's Corporate
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Expo 2020: After the Curtains Close

"The holy month of Ramadan began on 2nd April, and brings with it a sense of spirituality and togetherness. This holy season, His Royal Highness Mohammed bin Rashid Al Maktoum launched the 1 Billion Meals Initiative, the largest humanitarian initiative of its kind in the region. It aims to provide support in the form of food to some of the most in need groups around the world, such as women, children, refugees, displaced people as well as disaster victims. The campaign is based on sustainable community financing to provide food support and security for underprivileged groups around the world. It relies on the values of giving, of charitable and humanitarian work, inherent in the holy month of Ramadan. This is truly a time to be more mindful, give back and reconnect with oneself."

Wishing everyone a
happy and prosperous
RAMADAN
from Team Evas!

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HELLO FROM US



The ability to learn is a skill that is taught, emphasized and deeply embedded in our daily lives. To be good at something, we know we must learn and understand it. But as the world shifts farther and farther from the existing state of affairs, old ways of working and solving problems do not seem to match the current challenges we face. Almost everything seems unprecedented. In a time like this, what matters more than intelligence is one's ability to rethink, unlearn and watch a new world unravel as you open your minds to varied ideas and learnings. On that note, we welcome you back to Evas Plus, our quarterly newsletter series, where we bring you the latest industry insights and key academic concepts in simple, bite sized capsules.

For our academic section, we will be covering the below topics:

IFRS DESK

IAS 16: Property, Plant and Equipment

IAS 16 provides guidance on the recognition, measurement, disposal and disclosures in relation to property, plant and equipment. We deep dive into the what, why and how of this standard.

ISA DESK

ISA 501: Audit Evidence – Specific considerations for selected items

Further to the discussion on ISA 500: Audit Evidence in the last newsletter, this time we are covering ISA 501. This standard deals with specific considerations by the auditor when it comes to obtaining sufficient and appropriate audit evidence in relation to inventory, litigation and claims and segment information.

TAX DESK

Indirect Tax

In this edition, we cover the various taxation aspects in relation to the real estate industry in UAE.

Direct Tax

The UAE is all set to introduce Corporate Tax on business profits for financial years commencing on or after 1 June 2023. We bring you a summary of all relevant matters you need to know about the upcoming corporate tax regime.

We sincerely hope you find value in our content and do let us know any other topic that you would like us to cover in the upcoming editions.

Happy Reading!

VIJAYA MOHAN

Managing Partner

A SNEAK PEEK INTO UAE'S CORPORATE TAX REGIME

Putting an end to all the rumours on direct taxes in the UAE, the Ministry of Finance (MOF) announced the introduction of a federal corporate tax regime for businesses and commercial activities undertaken by legal entities and individuals across seven emirates. The federal corporate tax Law is applicable for financial years starting from 01 June 2023 and is expected to be issued soon along with executive regulations.

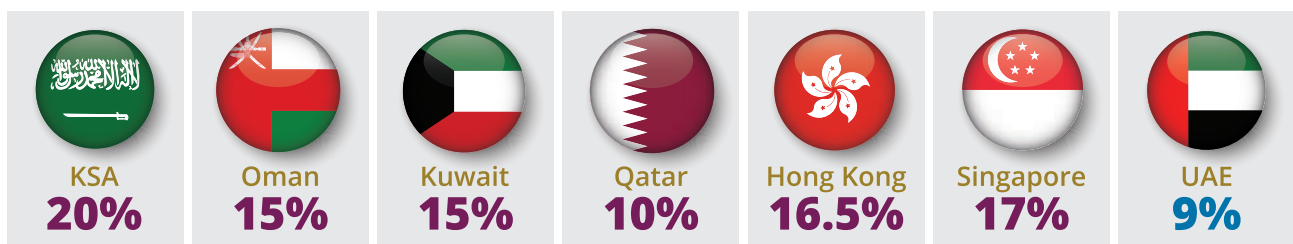


The tax rate is a uniform 9% across all emirates and all commercial activities and is payable on profits earned above AED 375,000 during a financial year. While this looks very straightforward, this article tries to delve into the corporate tax regime and also explore what a business must be ready with before the official implementation.

WHY SUCH A TAX?

The MOF explains that this tax regime is based on international best practices and will cement UAE's position as a leading global hub. It also reaffirms UAE's commitment to meeting international standards for tax transparency and preventing harmful tax practices.

Whilst that objective is fulfilled, the tax rate and related compliance is kept at a global minimum to reduce the burden for Small and Medium Enterprises (SMEs).



SCOPE OF APPLICATION

The activities carried out by legal entities shall be deemed as "business activities" and net income from the same will be under the ambit of Corporate Tax. Activities of individuals however will be deemed as "business activities" only if such individual has (or is required to obtain) business license or permit to carry out the relevant commercial, industrial or professional activity in the UAE.

Companies incorporated in UAE's free zones or financial free zones will also be subject to the federal corporate tax. However, such companies shall continue to enjoy applicable tax breaks and incentives in the manner and for the duration set out under the legal framework of the relevant free zone authority.

However, until the laws and regulations are published, it remains unclear whether the tax treatment will differ based on the nature of transactions of free zone companies.



TAXABLE PROFITS, INVESTMENT INCOME AND FREELANCERS

The Corporate Tax is applied on Taxable Net Profit of the entity, which is ascertained by adjusting the entity's Accounting Net Profit for the year by adding back inadmissible accounting expenses, deducting expenses admissible with a different tax base, deducting exempt incomes and adding incomes that may not be reported as such in accounting records but required to be taxed as per the corporate tax law.

It is explicitly provided that passive investment income including bank interests, rent, capital gains, dividend from qualifying shareholding and other income of an indirect, passive and personal nature shall be exempt from tax. However, net income of freelancers earned from activities carried out under a freelance permit exceeding AED 375,000 during a year shall be applicable to tax.

FOREIGNERS AND FOREIGN INVESTMENT

The lawmakers acknowledge the impetus provided by foreign investment to the economy, and hence foreign investor's income from dividend, capital gains, interest, royalties and other investment returns shall not be taxed. However, net income earned by foreign entities and individuals conducting a trade or business or profession in an ongoing and regular manner shall be subject to tax.

Taxable income	Exclusions from taxable income	Non-taxable income
<ul style="list-style-type: none"> Regular and ongoing income from business and commercial activities registered under a trade, commercial, professional or industrial license. Dividends and capital gains from non-qualifying shares. Income of freelancers functioning under a permit (freelance permit). 	<ul style="list-style-type: none"> Dividends and capital gains from qualifying shareholdings. Qualifying intragroup transactions and reorganisations subject to fulfilment of necessary conditions. 	<ul style="list-style-type: none"> An individual's Income from salary, investment in real estate (held in personal capacity), dividends, capital gains and other income in personal capacity. Foreign investor's income from investment provided it is not an ongoing and regular activity carried out by them. Income from extraction of natural resources.

REGISTRATION AND FILING OF RETURN

The businesses will be required to register and file an annual corporate tax return electronically. However, the exact details on the compliance obligations will only be clear in due course.



WITHHOLDING TAXES AND FOREIGN TAX CREDIT

Withholding tax is tax collected at source by the payer on behalf of the recipient of the income. Withholding taxes exist in many tax systems and are typically used in respect of dividends, interest, royalties and similar payments. It is explicitly stated that withholding tax will not be applicable for domestic and cross border payments of any nature under the UAE corporate tax regime.

However, foreign withholding taxes paid on UAE taxable income shall be allowed as a credit against UAE taxes.

Taxability, and applicability of Double Taxation Avoidance Agreements (DTAA) that UAE has signed with other countries also need to be assessed to understand the relief available for income doubly taxed. For application of DTAA's, a valid Tax Residency Certificate validating the residency of taxpayer should be procured from the Federal tax Authority.

TRANSFER PRICING

Transfer pricing refers to the rules and methods for pricing transactions within and between enterprises under common ownership or control. Because of the potential for cross-border controlled transactions to distort taxable income, tax authorities in many countries can adjust intragroup transfer prices that differ from what would have been charged by unrelated enterprises dealing at arm's length.

The OECD and World Bank recommend intragroup pricing rules based on the arm's-length principle, and 19 of the 20 members of the G20 have adopted similar measures through bilateral treaties and domestic legislation, regulations, or administrative practice. Countries with transfer pricing legislation generally follow the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations in most respects.

UAE businesses too will also need to comply with transfer pricing rules and documentation requirements set with reference to the OECD Transfer Pricing Guidelines. Additional domestic Transfer Pricing rules may also be expected to be formed and complied in parallel to it.

OUR TAKE

The introduction of corporate tax in the UAE is a colossal development to the tax and compliance framework of the nation. This is undoubtedly going to have a significant impact on how business is done, and how business decisions will be made going forward.

We encourage businesses to concentrate on understanding the potential impact of this legislation including the way international related party transactions are made. Thrust needs to be emphasised on structuring the accounting and compliance operations to secure requisite data for decision making. Training and development of finance staff also is a matter of priority once the final provisions are issued.

EVERYTHING YOU NEED TO KNOW ABOUT VAT ON REAL ESTATE IN THE UAE (PART 1)



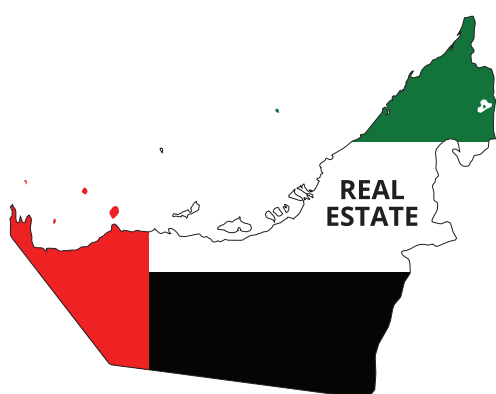
While VAT was first introduced in the UAE back in 2018, the laws and regulations relating to the Real Estate sector has increased in importance today due to the multitude of related provisions. It is therefore important for a VAT registered person to assess the applicability, circumstances, and facts at the time of entering into such transactions to ensure the correct VAT treatment.

Here we are summarizing aspects of VAT applicability in relation to different transaction types, so that our readers can use it as a ready reference. However, since the topic is quite vast, we will be sectioning it into 2 parts. The latter half will be covered in the next edition of Evas Plus.

SI No.	Areas covered in current edition of newsletter	PART-01
1	Place of supply	
2	Residential buildings	
3	Labour camps	
4	Farm houses	
5	Conversion of a building into a new residential building	
6	Charitable building	
7	Bare land	

SI No.	Areas to be covered in the next edition of newsletter	PART-02
8	Commercial real estate	
9	Mixed use developments	
10	Owners Associations	
11	Development infrastructure	
12	Supplies between landlords and tenants	
13	Construction industry	
14	VAT refund	

1 PLACE OF SUPPLY



- ▶ Any real estate located in the UAE (except property located in a Designated Zone) is supplied in the UAE. As a result, it will be subject to UAE VAT.
- ▶ Any **services** which are related to real estate located in the UAE shall also be treated as supplied in the UAE and UAE VAT will be applicable on the supply.
- ▶ **Non-resident landlords**
Where a non-resident landlord makes any taxable supplies related to any real estate located in the UAE, they will be required to register, charge and account for VAT.

Real estate within a designated zone

- ▶ VATG203 confirms that supplies of real estate made within Designated Zones will be outside the scope of VAT, subject to the conditions attaching to supplies of goods within Designated Zones.
- ▶ It should be noted that real estate will not be treated as being “consumed” when sold or leased within a Designated Zone to another business to be used by that business – and therefore such supply of real estate is eligible to be treated as outside the scope of UAE VAT.



First supply of a residential building

- ▶ Output - The first supply of a residential building will be zero-rated for VAT purposes.
- ▶ Input - VAT incurred on costs relating to the first supply of the building is recoverable in full.
- ▶ The 'first supply' includes a supply of the building by either sale or lease, but it must be made within 3 years of the building's completion date.
- ▶ The completion date of a building is normally the date the building is certified as being complete by an appropriately qualified party.
- ▶ Any subsequent supplies of the building, either by sale or lease, within 3 years from its completion date shall not be zero-rated, as they will not qualify as the first supply of the building.

Service charges relating to residential building

- ▶ Where charges are billed to the tenants for the upkeep of the communal areas of a property, such charges will be subject to VAT at the standard rate, on the basis that they represent a charge for the services of maintaining and running the communal areas.
- ▶ Such charges do not represent the consideration for a supply of a residential building and as such will not be eligible for zero-rating or exemption.

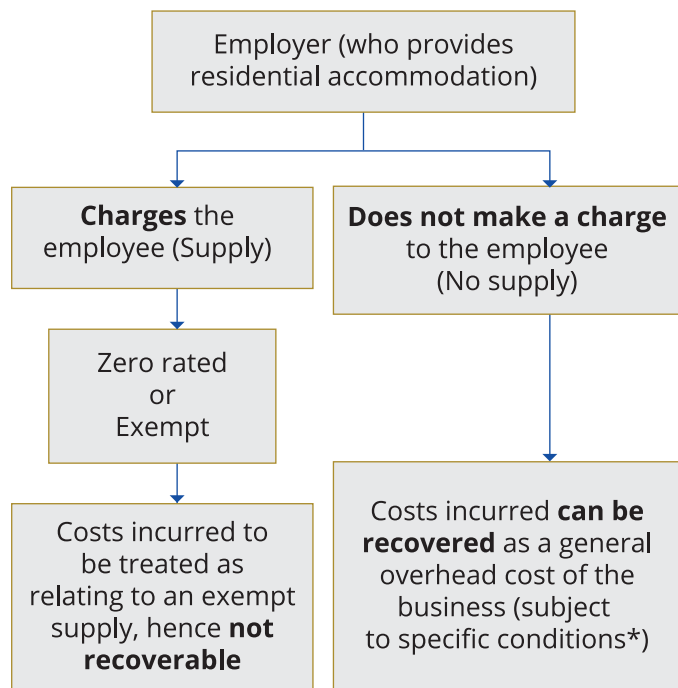
Subsequent supply of a residential building

- ▶ Output - The supply of a residential building other than the first supply, is exempt from VAT.
- ▶ This includes where, the subsequent supply of the property is supplied within 3 years from the building's completion.
- ▶ Any subsequent supplies of the building, either by sale or lease, within 3 years from its completion date shall not be zero-rated, as they will not qualify as the first supply of the building.
- ▶ Input - VAT incurred on costs relating to such subsequent supply of the building is not recoverable.



3 LABOUR CAMPS

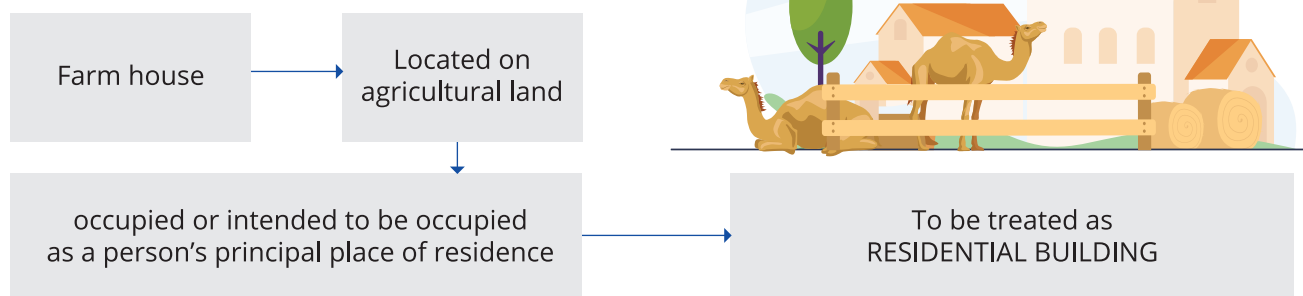
- ▶ Are labour camps residential buildings?
Labour camps are generally areas where labourers are housed by their employers.
- ▶ A labour camp will be considered as residential building where:
 - Occupied by the employee as their principal place of residence
 - It is a building which is fixed to the ground, and which cannot be moved without being damaged
 - The building has been constructed or converted with lawful authority
 - It is not a building which is similar to a hotel, motel etc. for which services in addition to the supply of accommodation are provided.



**specific conditions*

- It is a legal obligation to provide those services or goods to those employees under any applicable labour law in the UAE or Designated Zone; or
- It is a contractual obligation or documented policy to provide those services or goods to those employees in order that they may perform their role and it can be proven to be normal business practice in the course of employing those people; or
- Where the provision of goods or services is a deemed supply under the provision of the VAT Decree-Law.

4 FARM HOUSES



5 CONVERSION OF A BUILDING INTO A NEW RESIDENTIAL BUILDING

First supply of a building or part of a building which has been converted to a residential building will be **zero rated**



Conditions for zero-rating:

- the supply must take place within 3 years of the completion of the conversion
- the original building which was converted, must not have been used as a residential building within 5 years prior to the conversion work commencement

6 CHARITABLE BUILDING

A charitable building means any building, or any part of a building, that is specifically designed to be used by a charity and solely for a relevant charitable activity.

Only those charities which are listed in a decision of the cabinet regarding Designated Charitable Bodies shall be eligible to use a building for a relevant charitable activity.



First supply of a charitable building is **Zero rated**.

- The 'first supply' includes a supply of the building by either sale or lease
- There is no time limit from the date of completion during which the first supply must be made

Subsequent supply of a charitable building is Standard rated on the basis that the building is then considered to be for commercial purposes.

7 BARE LAND

The supply (lease or sale) of bare land is **exempt** from VAT.

Any VAT on costs associated with the supply of bare land e.g. legal fees or agents fees, shall **not be recoverable** by the supplier



In order for land to be considered "bare land" for UAE VAT purposes, none of the following must be present on top of the land:

- Completed buildings;
- Partially completed buildings; or
- Civil engineering works.

Where a plot of land is covered only by natural objects such as natural trees and natural plants, this will be considered bare land for VAT purposes.



INTERNATIONAL ACCOUNTING STANDARD-16 (IAS-16)

PROPERTY, PLANT & EQUIPMENT



WHAT IS IAS 16?

IAS 16 is an international financial reporting standard adopted by the International Accounting Standards Board (IASB). It revolves around the accounting for property, plant and equipment (PPE), including its recognition, determination of their carrying amounts, the depreciation to be charged and impairment losses to be recognised in relation to these assets.

WHY IAS 16?

The objective of IAS 16 is to prescribe the accounting treatment for property, plant and equipment (PPE) so that users and stakeholders of the financial statements can obtain information about an entity's investment in its PPE and the changes that occurred with this investment.

WHAT IS PPE?

PPE are defined as tangible assets with the following properties:

- a. Held by an entity for use in the production or supply of goods or services, for rental to others, or for administrative purposes.
- b. Expected to be used during more than one fiscal period

RECOGNITION

An item of PPE should be recognised as an asset when:

- a It is probable that future economic benefits associated with the item will flow to the entity, and
- b The cost of the item can be measured reliably

The recognition criteria applies to costs which are incurred initially and subsequent expenditure

MEASUREMENT

Property, plant and equipment should initially be measured at cost, which includes

- 1 Purchase price, less trade discount/rebate (including: import duties and non-refundable purchase taxes)
- 2 Directly attributable costs of bringing the asset to working condition for intended use (including: employee benefit costs, site preparation, initial delivery and handling costs, installation and assembly costs, professional fees, net costs of testing)
- 3 Finance costs, capitalised for qualifying assets (IAS 23)
- 4 The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

1. Subsequent Recognition

Replacement parts:

An entity recognises the cost of replacement parts in the carrying amount of PPE when the recognition criteria is met.

Major inspections:

Costs incurred for major inspections are recognised to the carrying amount of the item of PPE. Any remaining carrying amount of the cost of the previous inspection is derecognised.

Day to day servicing:

An entity does not recognise the costs of the day-to-day servicing of PPE items in the carrying amount.

2. Costs that are not considered under property, plant and equipment include but are not limited to:

- A** Costs of opening a new facility
- B** Costs of introducing a new product or service
- C** Costs of conducting business in a new location or with a new class of customer
- D** Costs incurred during the period when construction is interrupted
- E** Administration and other general overhead costs
- F** Incidental expenses

3. Ceasing recognition

Recognition of PPE costs ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

SUBSEQUENT MEASUREMENT

After recognition, entities can choose between two models, the revaluation model and the cost model (IAS 16: paras. 30–31):

A	COST MODEL	B	REVALUATION MODEL
	Carry asset at cost less depreciation and any accumulated impairment losses		Carry asset at revalued amount, i.e. fair value less subsequent accumulated depreciation and any accumulated impairment losses

If the revaluation model is applied (IAS 16: para. 36):

- (a)** Revaluations must be carried out regularly, depending on volatility.
- (b)** The asset should be revalued to fair value, using the fair value hierarchy in IFRS 13.
- (c)** If one asset is revalued, so must be the whole of the rest of the class of assets at the same time.
- (d)** An increase in value is credited to other comprehensive income (OCI) (and the revaluation surplus in equity).
- (e)** A decrease is an expense in profit or loss after cancelling a previous revaluation surplus.

DEPRECIATION

An item of property, plant or equipment should be depreciated (IAS 16: para. 42).

- (a) Depreciation is based on the carrying amount in the statement of financial position. It must be determined separately for each significant part of an item.
- (b) The residual value and useful life of an asset, as well as the depreciation method, must be reviewed at least at each financial year end. Changes are treated as changes in accounting estimates (IAS 8) and are accounted for prospectively as adjustments to future depreciation.
- (c) Depreciation of an item does not cease when it becomes temporarily idle or is retired from active use and held for disposal unless it is classified as held for sale under IFRS 5.

DERECOGNITION

IAS 16 says that an asset should be derecognised when disposal occurs, or if no further economic benefits are expected from the asset's use or disposal.

- The gain or loss on disposal is the difference between the proceeds and the carrying amount and should be recognised in profit and loss.
- When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings.

DISCLOSURE

Disclosures include but are not limited to:

- 1 Measurement bases used for determining the gross carrying amount
- 2 Depreciation methods used
- 3 Useful lives or the depreciation rates used
- 4 Gross carrying amount and the accumulated depreciation at the beginning and end of the period
- 5 A reconciliation of the carrying amount at the beginning and end of the period showing: additions / disposals / acquisitions through business combinations / revaluation increase or decrease / impairment losses and reversals / depreciation / net foreign exchange differences on translation / other movements
- 6 Existence and amounts of restrictions on title, and PPE pledged as security for liabilities
- 7 Contractual commitments for the acquisition of PPE



INTERNATIONAL STANDARDS ON AUDITING - 501 (ISA-501)

AUDIT EVIDENCE - SPECIFIC CONSIDERATIONS FOR SELECTED ITEMS

SCOPE OF THE STANDARD:

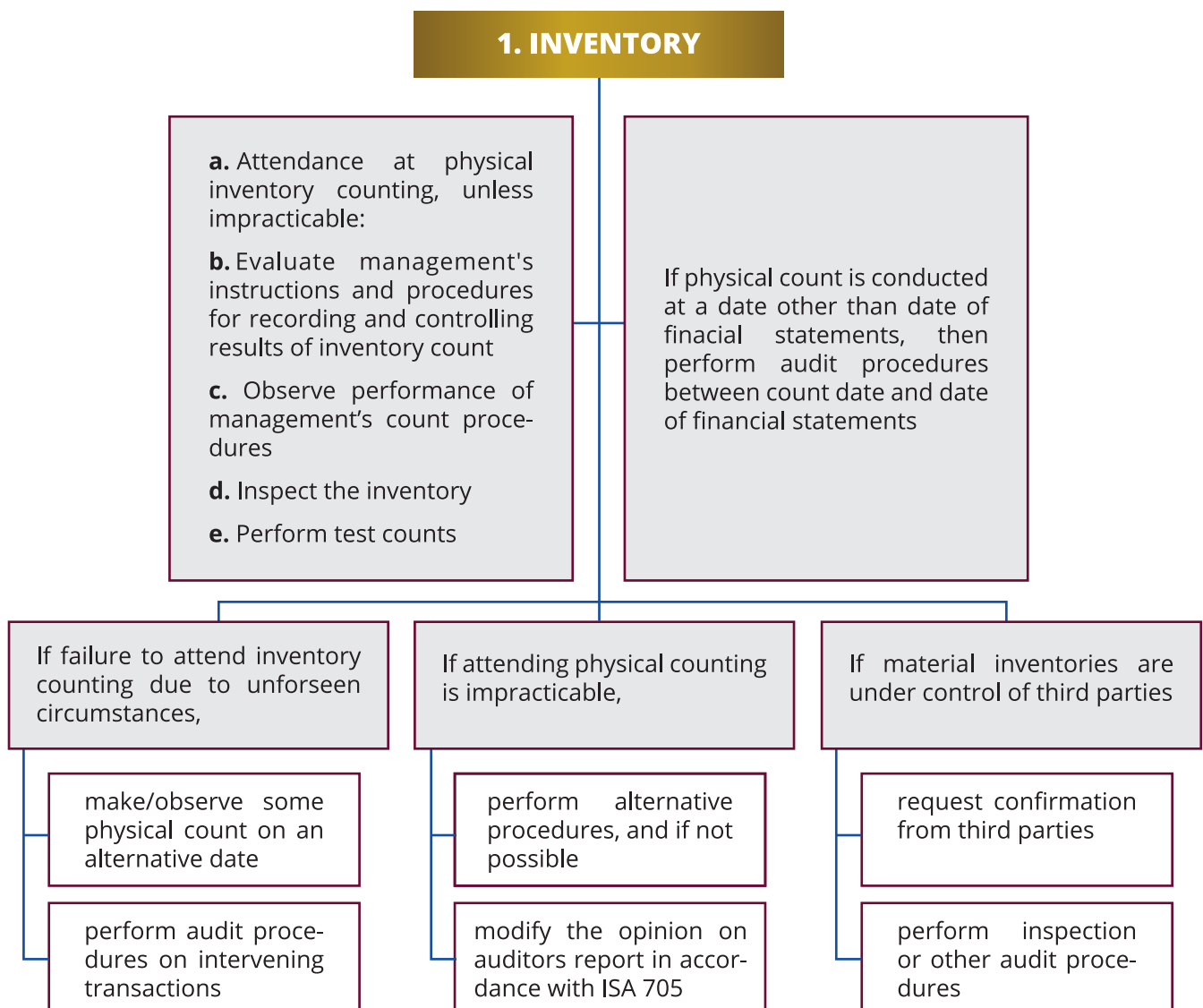
This standard deals with specific considerations by the auditor in obtaining sufficient appropriate audit evidence with respect to certain aspects of inventory, litigation & claims and segment information.

OBJECTIVE:

The objective of the auditor is to obtain sufficient appropriate audit evidence regarding:



1. INVENTORY





A company operating in the manufacturing sector having significant volume of inventory appointed their auditors to be present during verification of inventory. However, due to unavoidable circumstances, they could not be present. In such a case, what are the alternatives? Secondly, if the company gets work done through job workers and the latter holds certain inventory as of year-end, how should the auditor approach the matter?

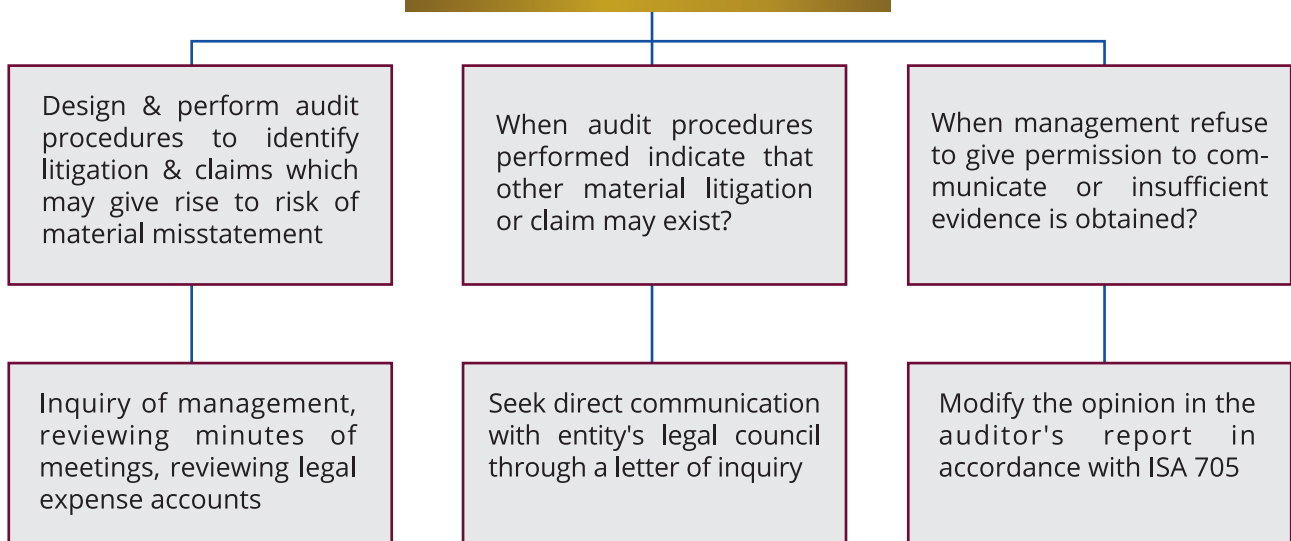


Answer:

If the auditors are unable to be present at the physical inventory count on the date planned due to unforeseen circumstances, the auditor should take or observe physical count on an alternative date and where necessary, perform alternative procedures. The auditors would also ensure that appropriate cutoff procedures were followed by the company.

Secondly, when inventories under the custody and control of a third party is material to the financial statements, the auditor shall obtain sufficient appropriate audit evidence regarding existence and condition of inventory by either requesting confirmation from job workers or by performing inspection in the premises.

2. LITIGATION & CLAIMS

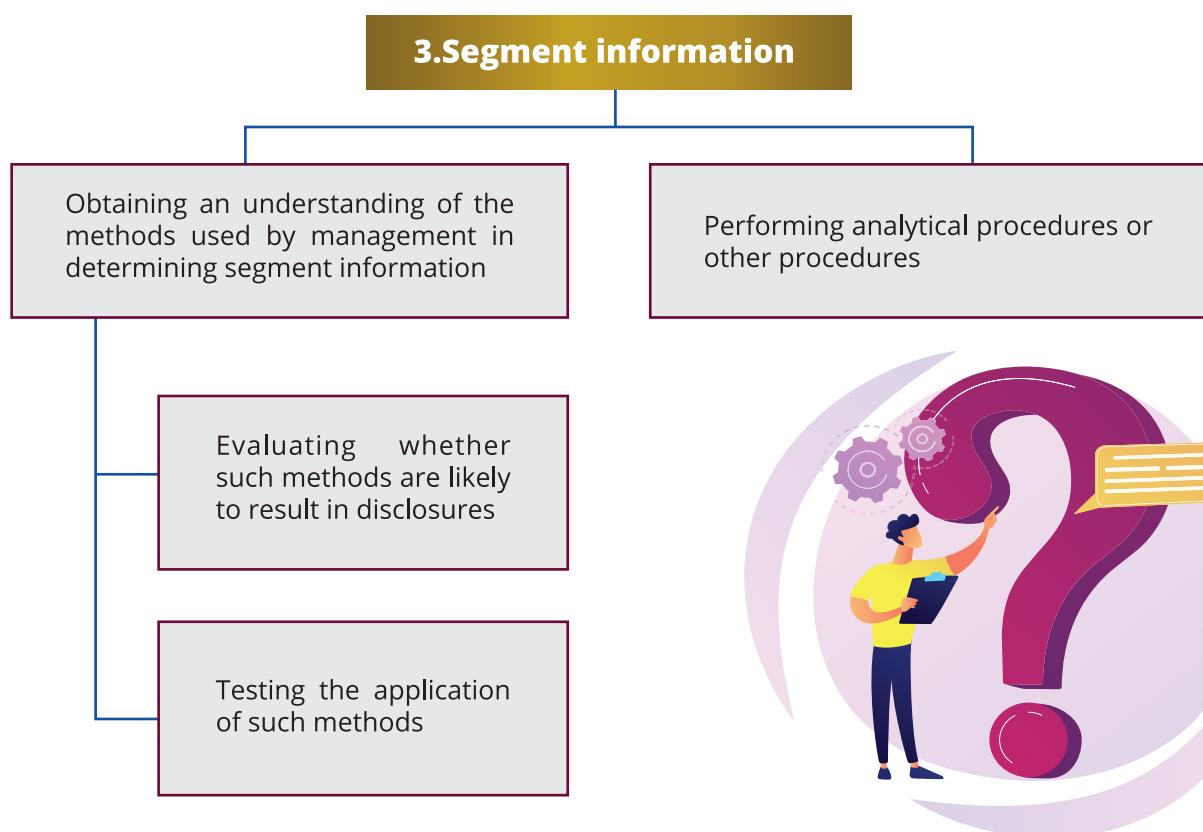




A company manufacturing various FMCG range of products has several cases of litigation pending in court. How could the auditor identify litigation and claims resulting to risk of material misstatements?

Answer:

The auditors shall design and perform audit procedures to Identify litigation and claims either by inquiring management of the company including in-house legal counsel or reviewing minutes of meeting of legal counsel or by reviewing legal expense accounts. If the auditor is unable to obtain sufficient evidence, he shall modify the opinion in the auditor's report.



Examples of matters that may be relevant when obtaining an understanding of methods used by management in determining segment information in relation to the financial statements?

Answer:

- Sales, transfers and charges between segments, and elimination of intersegment amounts.
- Comparison with budgets and other expected results. For example, operating profits as a percentage of sales.
- The allocation of assets and costs among segments.
- Consistency with prior periods, and adequacy of disclosures with respect to inconsistencies.

VALUE ADDED CERTIFICATE

What ? - Why ? - How ?

In order for a UAE based factory to export its products outside the country, the factory must register in the 'certificates of origin' system of the Ministry of Economy. To do so, they must have a Value-Added Certificate with a score of not less than 40%. The certificate is issued by the Ministry of Industry and Advanced Technology (MoIAT) and is provided to factories that have an industrial production license. And the percentage, which is calculated based on the factory's financial statements, is an indication of the national component in the total production costs of the factory.

It's important to note that a Value Added Certificate is different from an In-Country Value Certificate. The latter, also issued by MoIAT, is required by companies while participating in tenders and win contracts in the UAE, whereas the former is required by companies intending to export its products out of the country.



HOW TO GET A VALUE ADDED CERTIFICATE?

- STEP 01** Login or Register to the digital platform for MoIAT's services.
- STEP 02** Through the platform, fill and submit the Value-Added Certificate application under 'industrial services'.
- STEP 03** Payment of service fees.
- STEP 04** Review of application by MoIAT.
- STEP 05** In case of approval, you will receive the confirmation within 3 business days.



REQUIREMENTS FOR A VALUE ADDED CERTIFICATE



Audited Financial Statements for the factory's last fiscal year, including balance sheet, statement of profit & loss, detailed analysis of cost of sales and administrative expenses.



Raw material invoices purchased from local factories/companies during the year. The raw material information is pre-filled in the application form for Value Added Certificate. If this information is to be modified, another application to 'Modify Industrial Production License' must be applied for. In the latter form, each raw material purchased by the factory must be updated along with HS Code, total quantity and value of purchase during the year and country of origin of the product.



Completion of all the particulars of the application form. Before submission of the form, ensure the accuracy of disclosed information using the below formula:

Annual Sales = Total Production Cost + Net Profit + Opening Stock – Closing Stock

The Value Added Percentage

$$\text{Value Added Percentage} = \frac{A}{B}$$

A

Wages & Salaries + Depreciation (Building & Machinery) + Rent (Building, Warehouse & Labour Accommodation) + Interest on Long-term Loans + General & Administrative Expenses + Patent Cost + Total Cost of Local/Gulf Origin Materials.

B

A + Total Cost of Foreign Origin Materials.

THE RUSSIA-UKRAINE CONFLICT

Impact on the UAE economy



BACKGROUND

Russia and Ukraine have a deeply tangled history, and the tensions between them go back to over ten centuries. After the collapse of the eastern superpower, the Soviet Union, a western superpower, NATO (North Atlantic Treaty Organization) expanded eastward.

It is important to note that unlike the United Nations (UN) which is also an intergovernmental organization designed to maintain peace and avoid war, NATO is designed to fight war. Therefore, when Ukraine announced its interest in enrolling with NATO, tensions arose.

On 24 February 2022, Russia ordered hundreds of military troops to be stationed at the Russia-Ukraine border and launched attacks from multiple fronts and targeted toward multiple cities.

SANCTIONS

- Some Russian banks were blocked from SWIFT, a global messaging system, which would prevent these institutions from doing any global transactions
- The US has banned all Russian oil and gas imports and the UK will phase out Russian oil by the end of 2022 and other nations are expected to follow. (Russia is the third largest exporter of oil in the world, just behind the US and Saudi Arabia)

Following this, the US and its allies in Europe and the UK imposed major sanctions (i.e., penalties imposed by one country on another, to stop it from acting aggressively or breaching international law) on Russia

WHAT THE UKRAINE CRISIS MEANS FOR THE UAE ECONOMY

TOURISM INDUSTRY

The emirate of Dubai in the UAE hosts large numbers of Russian tourists annually. In 2021, Dubai was the destination of choice for 6% (600,000 visitors) of tourists from Russia, ranking after Egypt with 10% (1 million) and Turkey with 45% (4.7 million).

With the huge fall off in inbound Chinese tourism flows to Dubai due to coronavirus-related travel restrictions in China, Russia has become even more significant as a source market of visitors.

The Russia-Ukraine war is likely to result in a fall in the number of Russian visitors, particularly if the military phase of the war drags on.

Tourism in UAE and other countries including Turkey and Egypt is likely to be impacted.

The tourism spending per Russian visitor will also be impacted in line with the decline in tourism flows, therefore worsening the dollar exchange rates.





FOOD INDUSTRY

Russia and Ukraine are major exporters of wheat with a combined global market share of over 25% in 2019. The two countries, known as the breadbasket of Europe, are responsible for over a quarter of the world's wheat exports. With these supplies no longer making their way into global supply chains, prices have risen by nearly 40 percent since the start of the year.

Russia's war with Ukraine has put food security (in terms of supply and price) on the top of the agenda for many countries in the Middle East.

The UAE has high level of wheat imports from Russia and Ukraine.

Between 2015 and 2019, Russia and Ukraine increased their market share from one-third to almost half of all wheat imported by the UAE, with Russia the origin of most of the wheat.

OIL AND GAS INDUSTRY

Prior to the Ukraine crisis, oil and gas exporters were already benefiting from higher than budgeted inflows of hydrocarbon revenue.

Increase in the oil price will add to the GCC countries' oil export receipts. On the other hand, the higher price of energy globally will translate into higher prices for imported goods like fertilizers, food, consumer goods, medicines, and solar inverters.

In the long term, European politicians will be under more pressure to reduce their countries' dependence on Russian coal, oils and gas.

If the UAE is able to deliver and certify their green hydrogen energy projects, then it may find receptive customers in Europe who are keen to minimize inputs of green hydrogen from Russia in applications such as vehicles, heating, and shipping.



BANKING SECTOR

UAE banks have minimal direct exposure to Russian or Ukrainian counterparties. The conflict may have a limited effect on the UAE's banking sector.

Banks in the GCC stand to gain from higher energy prices and a rise in interest rates that will significantly improve their bottom lines as cost of risk continues to decline amid economic growth in the region.

An increase in benchmark interest rates will also boost earnings for banks.

On March 16, the Central Bank of the UAE increased their benchmark interest rates after the US Federal Reserve raised its key rates to rein in inflation, which hit a 40-year high rate in the world's economy.

SUMMING UP...

It is hard to pinpoint exactly how the world and Ukraine in particular is going to recover, as the future looks uncertain. While a war has unimaginable dire consequences, let us hope that human creativity and commitment to protect the planet and its resources will pave the way forward.

EXPO 2020: AFTER THE CURTAINS CLOSE

The UAE is known as the melting pot of the global cultures for good reason - it has been the home to people from over 200 nations for over 50 years now. It is of little surprise, that this richness in culture and diversity has made its way to the first-of-its-kind global exposition in the Middle East - the Expo 2020 Dubai. It is in utter amazement that we look back at the star-studded events, culinary experiences and record breaking marvels - from the world's largest 360° projection dome to the longest interactive water feature presented to nearly 20 million of its visitors from across the world.

Once the countdown to the Expo 2020 was set off, experts from around the world voiced their expectations and thoughts on how this would impact the UAE economy. An investment of this nature in the country's future was estimated to drive a growth of AED 122.6 billion (USD 33.4 billion) and bring forth 905,200 jobs between 2013 and 2031. Moreover, during the pinnacle of the exposition - the 6-month period originally set to begin in October 2020, a GDP growth of 1.5% was foreseen, in part, due to an exponential contribution of AED 80.30 billion to the local tourism, hospitality, events management and business sectors.



While the reality of unraveling this vision came with its own hurdles - from the onset of the pandemic to the delayed opening and warnings of temporary closure of the Expo 2020 venue - the country is now at the edge of seeing all its efforts come into fruition.

WHAT HAPPENS NOW AFTER THE SHOW IS OVER AND THE CURTAINS CLOSE?

The connections made and the ideas exchanged between the 192 participating countries will translate into building a better tomorrow. The site of the world's greatest show will evolve into District 2020, a smart and sustainable city centered on the needs of its urban community.

DISTRICT 2020 – A HUMAN CENTRIC FUTURE CITY

District 2020 is being curated as a 'living lab' that encourages co-creation and connections between start-ups, SMEs, residents, governments, academia, and MNCs. It will be a gateway into the fast-paced, large, and innovative economy of Dubai and thereby opening the doors to all that the Middle East economy has to offer.

WHAT'S IN IT FOR SME'S AND INNOVATORS?

District 2020's global entrepreneur programme, Scale2Dubai presents immense opportunities for innovators in the region. The programme focuses on offering start-ups and small businesses the opportunity to broaden their horizon internationally by capitalizing on the partnerships that were formed during the six-month Expo. Scale2Dubai will carry forward Expo 2020's vision of gathering global minds and promoting diversity, innovation, and knowledge-sharing.



WHAT'S IN IT FOR THE PLANET?

District 2020 has signed a Memorandum of Understanding (MoU) with UK-based innovation accelerator, Connected Places Catapult. This agreement includes development of urban solutions in the areas of smart cities and mobility within District 2020 and will be integral to the Dubai Government's "Vision 2040" city-wide urban development plan. It also gives an opportunity to small business accelerators to develop new solutions that bring about growth and largely help eliminate carbon emissions.

WHAT'S IN IT FOR THE DISTRICT RESIDENTS?

The residents of District 2020 will have the luxury to live and work in the UAE's first 15-minute city. Everything one needs from offices, parks, groceries, retail shops, restaurants and coffee shops will be accessible by simply cycling, walking, or riding e-scooters and accessible in under 15 minutes! The city can house a population of up to 145,000 people who can experience District 2020's mission of bringing together people, businesses, technologies and industries.

EVENTS

Cheers to love, laughter and happily ever after!



Amal & Sivapriya



Kaveri & Sudeesh



Ellis Ronita with her newborn!

NEW JOINERS



AMIYA



ANANYA



ATHIRA



RENU



JERIN



VISHNU



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