



Awareness Webinar – Country by Country Reporting in the United Arab Emirates

2 November 2020

This document contains slides presented during the webinar on CbCR on November 2, 2020. This is strictly for the purpose of awareness. If any information mentioned herein is contradictory to the UAE Cabinet Resolution No. 44 of 2020, the Cabinet Resolution will hold precedence.



Agenda

1.	Introduction and opening statement
2.	UAE CbCR journey
3.	Updated CbCR legislation in the UAE
4.	Compliance requirements - CbCR notification/ CbC report
5.	Updates on the CbCR portal
6.	Updates from the OECD
7.	Key takeaways
8.	Q&A

01

Introduction and opening statement

Opening Statement

UNITED ARAB EMIRATES
MINISTRY OF FINANCE



الإمارات العربية المتحدة
وزارة المالية



His Excellency Younis Haji Al Khoori

Under Secretary

Presenters

UNITED ARAB EMIRATES
MINISTRY OF FINANCE



الإمارات العربية المتحدة
وزارة المالية



Safae Guennoun

Partner - Transfer Pricing, PwC

Safae is a Transfer Pricing Partner based in Dubai. Safae has undertaken transfer pricing and value chain transformation projects for various industries. Safae also has extensive experience in providing transfer pricing support to the governmental organisations in the Middle East region.



Jaikishan Kothari

Manager - Transfer Pricing, PwC

Jaikishan is a Transfer Pricing Manager in the Middle East, with experience in implementation of Country by Country reporting for GCC government and interaction with tax authorities through APAs and litigation experience and has experience in implementation of CbCR requirements from a business perspective.



Ainur Zhamisheva

Senior Associate - Transfer Pricing, PwC

Ainur is a Transfer Pricing Senior Associate in the Middle East with experience in undertaking transfer pricing compliance for various multinational groups, as well as interacting with tax authorities on improvement of the existing transfer pricing regime and law-making.

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UAE CbCR journey



Overview of BEPS initiative

- Base Erosion and Profit Shifting (**BEPS**) project is led by the **G20** and the Organisation for Economic Co-operation and Development (**OECD**)
- The BEPS initiative involves 15 Action Points, with following objectives. These Action points are aimed at **preventing tax planning** that exploits gaps in tax rules to **artificially shift profits to low or no-tax locations** where there is little or no economic activity

 Minimum standards are highlighted

The 15 BEPS Action Points

<i>Action 1</i> Address the challenges of the digital economy	<i>Action 2</i> Effect of hybrid mismatch arrangements	<i>Action 3</i> Controlled foreign company rules	<i>Action 4</i> Interest deductions and other financial payments
<i>Action 5</i> Counter harmful tax practices	<i>Action 6</i> Prevent treaty abuse	<i>Action 7</i> Prevent the artificial avoidance of PE status	<i>Action 8</i> Align TP with value creation - Intangibles
<i>Action 9</i> Align TP with value creation – Risk and Capital	<i>Action 10</i> Align TP with value creation – high risk transactions	<i>Action 11</i> Methodologies to collect and analyse data on BEPS	<i>Action 12</i> Disclose their aggressive tax planning arrangements
<i>Action 13</i> TP documents, including CbCR	<i>Action 14</i> Make dispute resolution mechanisms more effective	<i>Action 15</i> Develop a multilateral instrument	



The four BEPS minimum standards

Action	Commitment	Description
Action 5	Addressing harmful tax practices	<ul style="list-style-type: none"> ● Address harmful tax practices ● Commitment to transparency through mandatory spontaneous exchange of information on taxpayer-specific rulings
Action 6	Preventing treaty abuse	<ul style="list-style-type: none"> ● Prevent the use of conduit companies to channel investments through countries with favourable tax treaties in order to reduced tax liability
Action 13	Implementing Country-by- Country Reporting (CbCR)	<ul style="list-style-type: none"> ● CbCR is expected to give tax administrations a global picture of where MNEs' profits, tax and economic activities are reported ● The ability to use this information to assess TP and other BEPS risks on a high level, so they can focus audit resources where they will be most effective
Action 14	Improving dispute resolution process	<ul style="list-style-type: none"> ● Strong political commitment to the effective and timely resolution of disputes through the mutual agreement procedure (MAP)



UAE's CbCR journey

2018

- UAE joined the BEPS Inclusive Framework and committed to implement the four BEPS minimum standards (i.e. Actions 5, 6, 13 and 14)

2019

- UAE introduced CbCR regulations with the objective to enhance international cooperation and increase tax transparency
- The UAE CbCR regulations were **effective from January 1, 2019**

2020

- UAE introduced updates to the CbCR regulations to comply with OECD standards
- The requirements are now **restricted to the UAE-headquartered MNE Groups**, effective January 1, 2019

03

Updated CbCR legislation in the UAE



Snapshot of the updated UAE CbCR legislation

Applicability

- Ultimate parent entities of **UAE-headquartered Multinational (MNE) Groups**
- Consolidated Group **revenue exceeding AED 3.15 billion** in previous financial year

Requirements

- **CbCR notification** to be filed - **Before end of the financial year**
- **CbC Report** to be filed - **Within 12 months from the end of the financial year**

Consequences for non-compliance

- **Penalties** ranging from **AED 100,000 to AED 1.25 million**



Overview of key updates to the CbCR legislation

	CABINET RESOLUTION NO (32) OF 2019	CABINET RESOLUTION NO (44) OF 2020
CbCR notification	All UAE resident entities of covered MNE Groups (whether headquartered in UAE or outside UAE) required to submit the notification	Only Ultimate Parent Entities of the MNE Groups headquartered in the UAE are required to submit the notification
Surrogate parent entity (SPE) filing	Non-UAE headquartered MNE Groups had option assign a group entity in UAE to file CbC report on behalf of the Group in certain cases (e.g. Group does not have CbCR legislation in country of headquarter).	SPE filing is not allowed in the UAE
Secondary filing	UAE group entities of non-UAE headquartered Groups were required to file CbC report in the UAE in certain cases (e.g. no exchange relationship between UAE and headquarter jurisdiction).	Secondary filing is not required in the UAE, thus legislation is now more business friendly

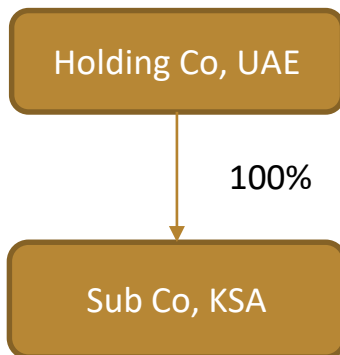


MNE Group

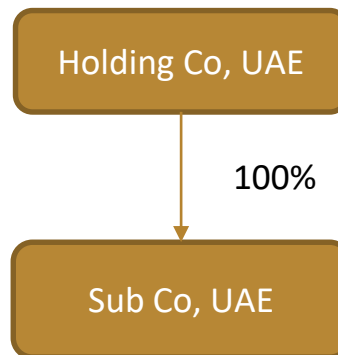
For CbCR purposes the **MNE Group** is the group which consists of **two or more enterprises** that are **residents for tax purposes in different jurisdictions**

Which is / are MNE Groups?

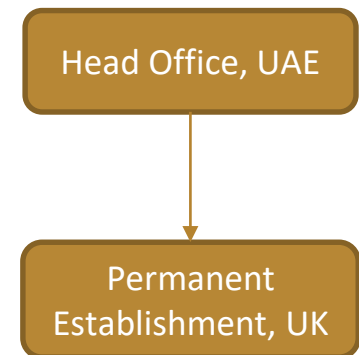
Option 1



Option 2



Option 3





Ultimate Parent Entity (1/2)

Constituent Entity

1. Any **separate business unit** of MNE Group that is included in the **Consolidated Financial Statements on a line by line basis** (including units excluded solely on size or materiality grounds); or
1. Any **permanent establishment** of any separate business unit of the MNE Group, **if separate financial statements prepared** for any purpose



Ultimate Parent Entity (2/2)

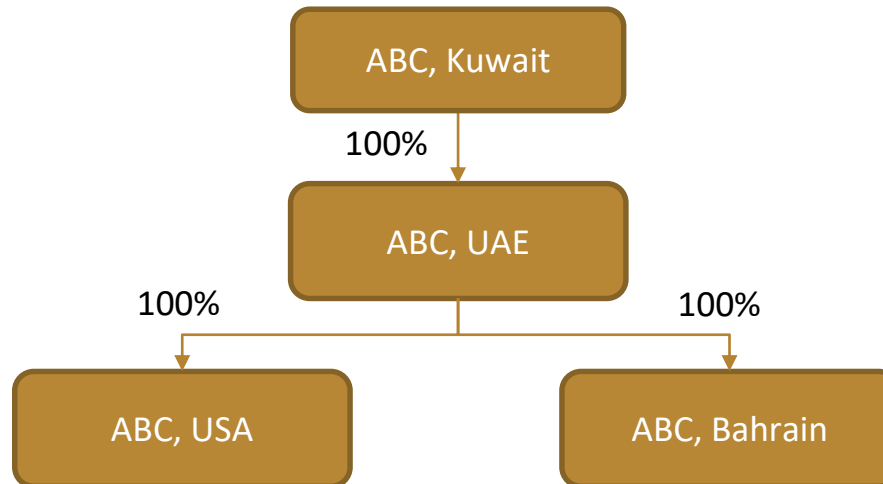
Ultimate Parent Entity

1. Constituent entity which owns directly or indirectly a sufficient interest in other Constituent Entities such that it is **required to prepare Consolidated Financials**; and
1. There is **no other Constituent Entity** of such MNE Group that **owns** directly or indirectly **an interest in the above Constituent entity**



Ultimate Parent Entity - Example 1

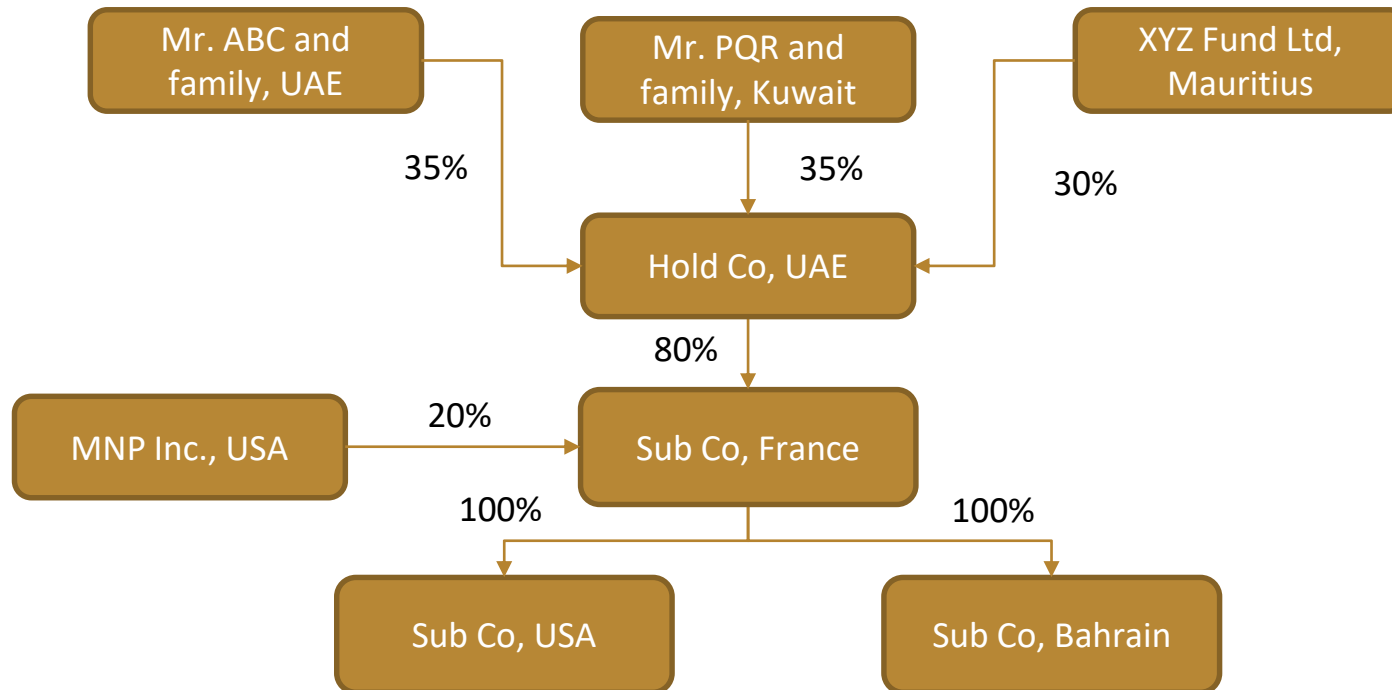
Which is the Ultimate Parent Entity of the Group?





Ultimate Parent Entity - Example 2

Which is the Ultimate Parent Entity of the Group?





Penalties for non-compliance

Failure to file CbCR / CbCR notification in time

An administrative fine of upto AED 1,000,000 (plus AED 10,000 for each day of failure up to a maximum of AED 250,000)

Failure to provide full and accurate information in the CbCR / CbCR notification

An administrative fine of no less than AED 50,000 and not exceeding AED 500,000 is applicable

Failure to maintain information and documentation for five years

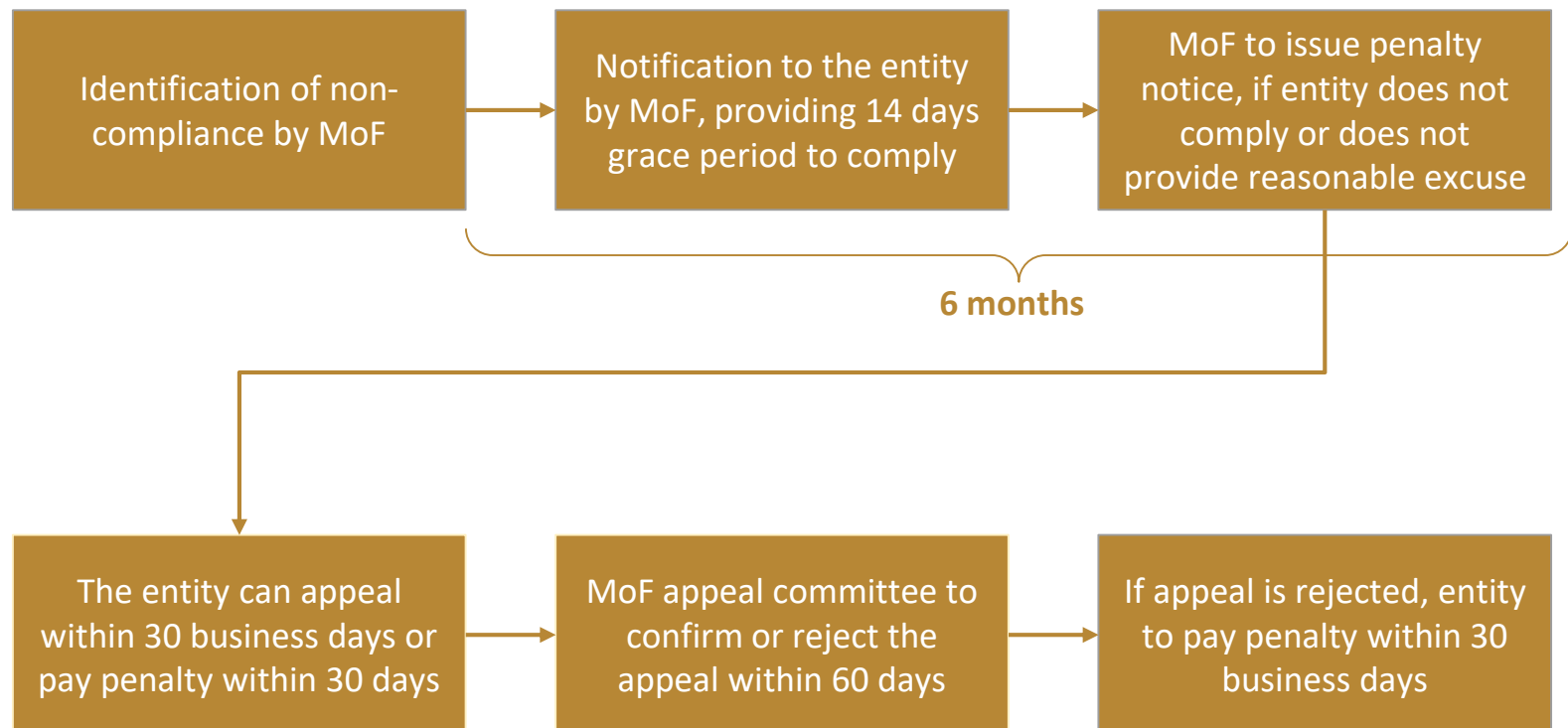
AED 100,000

Failure to provide any other information requested

AED 100,000



Penalty process as per the legislation





Reasonable excuse for non-compliance

Not a reasonable excuse as per the legislation

- The entity does not have sufficient funds to comply with legislation
- The information required to comply is in possession of a third party

Acceptance of a reasonable excuse

- Acceptance of reasonable excuse will be determined on a case to case basis by MoF
- MoF may provide an extension to comply with filing requirements within reasonable time established by MoF on a case to case basis, depending on the excuse
- Compliance to be undertaken within a reasonable time after the reasonable excuse ceases to exist



Impact of UAE CbCR legislation (1/2)



Key Benefits

- **Reporting** CbCR information **to the UAE MoF** (rather than to foreign tax authorities), thereby **preserving confidentiality** on such (potentially sensitive) information to be within the UAE only
- **Extensive network of UAE exchange of information framework** (currently **56 agreements**) will ensure **minimum secondary filing requirements** in other jurisdictions
- Groups to get an **birds-eye view of operations** through CbCR information, where **risks can be identified** and where Groups can take **proactive steps to mitigate** such risks



Impact of UAE CbCR legislation (2/2)



Key challenges

- Additional **administrative and compliance burden**, only for those UAE headquartered businesses that are not already subject to CbCR requirements elsewhere
- **Increased oversight from international bodies** on how UAE headquartered groups conduct their businesses

04

Compliance requirements - CbCR notification and CbC report



CbCR notification requirement

Who?

- **Ultimate Parent Entities** of MNE Groups based in the UAE

When?

- On or before the **last day of the MNE Group's financial year**

What?

- **Advance notice** about the applicability of CbCR requirements for the relevant year
- Includes details of Ultimate Parent Entity including entity name, trade license, year end, etc.

How?

- Through the **online portal** (to be demonstrated on the webinar tomorrow)



CbC report requirement

Who?

- **Ultimate Parent Entities** of MNE Groups based in the UAE

When?

- Within 12 months from the **last day of the Group's financial reporting year**

What?

- **Quantitative and Qualitative information** about the MNE Group
- Contents further discussed in subsequent slides

How?

- Through the **online portal** (to be demonstrated on the webinar tomorrow)



Contents of the CbC Report

Table 1

- Contains the **quantitative information per tax jurisdiction** such as third party and related party revenues, stated capital, taxes accrued and paid, employee count, etc.

Table 2

- Contains the **qualitative information per constituent entity** on the main business activities undertaken during the year

Table 3

- Contains any **additional information necessary to facilitate the understanding of Tables I and II** (e.g. assumptions on exchange rates, source of data, etc.)



General guidance

Data Sources

- Consolidation reporting packages or Statutory financial statements or Internal management accounts
- The source should be **consistent year on year**

Currency

- CbCR should be in the stated **functional currency of the MNE Group** (e.g. AED or USD)
- Conversions, if any, should be made at **average exchange rate during the year**, with the source mentioned in Table 3

Year of data to be included in the CbCR

- For Ultimate Parent Entity – Group financial year
- For other constituent entities – Group financial year or local financial year immediately preceding the Group financial year. E.g. if Group financial year ends December 31, 2019, the financial year end for other constituent entities can be anywhere between Jan 1, 2019 to Dec 31, 2019



Table 1: Key points for consideration

Information to be reported on an aggregated basis and not a consolidated basis within a jurisdiction

Whole amounts should be reported. No rounding off in thousands, millions, etc.

Revenues should include extraordinary income and gain from investment activity, but exclude dividends from other constituent entities

Related parties mean the constituent entities of the MNE Group

Income tax accrued includes current year taxes accrued, whereas income tax paid includes any taxes paid during the year (advance tax, WHT, prior year taxes arising from dispute, taxes paid under protest, etc.). Tax refunds should be reduced from tax paid. If refunds included as revenue, a note should be included in Table 3

For PEs, stated capital and accumulated earnings to be reported under legal entity and not PE

Employees should be reported as of year end on Full Time Equivalent basis. Independent contractors may be included



Table 2: List of all constituent group entities included in each aggregation per tax jurisdiction

Tax jurisdiction	Constituent entities resident in tax jurisdiction	Tax jurisdiction of incorporation if different from residence	Main business activities (Refer key below)												
			1	2	3	4	5	6	7	8	9	10	11	12	13
	1				√			√							
	2							√							
	1											√			
	2														√

Business activity

- | | |
|---|--|
| 1. Research and Development | 8. Internal Group Finance |
| 2. Holding or managing Intellectual Property | 9. Regulated Financial Services |
| 3. Purchasing or Procurement | 10. Insurance |
| 4. Manufacturing or Production | 11. Holding Shares or Other Equity Instruments |
| 5. Sales, Marketing or Distribution | 12. Dormant |
| 6. Administrative, Management or Support Services | 13. Other |
| 7. Provision of services to unrelated parties | |



Table 2: Key points for consideration

All the constituent entities to be listed tax jurisdiction wise

In case jurisdiction of incorporation is different than the tax residence jurisdiction, jurisdiction of incorporation to be reported

Main business activities performed by each constituent entity to be indicated

In case the activity selected is 'Other', short description to be provided

Two additional columns - 'TIN' and 'Address' mandatorily required as per OECD xml schema, but not included in Action 13 report



Table 3: Additional information

Please include any further brief information or explanation you consider necessary or that would facilitate the understanding of the compulsory information provided in Table 1 and Table 2 of the Country-by-Country Report

The disclosures are based on the facts of each case. Certain examples of Table 3 disclosures are provided below:

Data source

Reporting periods of constituent entities, if different from Group reporting year

If tax refunds included in 'revenue' instead of deduction from 'income tax paid'

Description of 'Other' activities selected in Table 2

Whether any part year information is included (In case of mergers / demergers)

Reasons in case Tax ID numbers of certain entities are not available

Assumptions made with respect to computation of FTE employees

If accumulated earnings include negative figures

Exchange rates

Explanations about any inconsistencies on a year on year basis



Table 3: Template note for source of information as per OECD

Source of information

Information has been obtained from the MNE Group's consolidation package with the exception of the following:

- *[Specified items for jurisdictions A, B and C] were obtained from entity financial statements prepared in accordance with local GAAP.*
- *[Specified items for jurisdictions D, E and F] were obtained from regulatory financial statements prepared in accordance with local law.*
- *[Specified items for jurisdictions B, D and F] were obtained from internal management accounts.*
- *Since the CbC report for [previous reporting fiscal year], the source of data used for [specified items for jurisdiction D] has changed from [previous source] to [current source]. [Description of the reasons and consequences of this change].*



Common errors in preparation of CbCR as per OECD (1/3)

Error	Correct treatment
NOTIN is reported in Table 2 for Constituent Entities in jurisdictions where a Tax Identification Number is required	NOTIN should only be entered in cases where a Constituent Entity has not been issued a Tax Identification Number
The Tax Identification Number field is blank or includes only spaces	In no circumstances should this field be left blank or completed using spaces
The same Tax Identification Number is repeated for multiple Constituent Entities	Tax Identification Numbers should not be repeated, except where the same number is issued to more than one Constituent Entity by the jurisdiction of tax residence
Multiple currencies are used in Table 1	An MNE's CbC report should be completed in the functional currency of the Ultimate Parent Entity
Shortened numbers are included in Table 1	Full numbers must be used for completing Table 1, without decimals



Common errors in preparation of CbCR as per OECD (2/3)

Error	Correct treatment
Excessive rounding of amounts in Table 1	Other than with respect to the number of employees, the rounding of amounts in Table 1 is not specifically provided for
Lengthened numbers are included in Table 1	Full numbers must be used in completing Table 1, without decimals
Amounts appear to have been included in the wrong column	There have been cases where the amounts included in columns in Table 1 appear to have been transposed
Total Revenues is either higher or lower than the total of Unrelated Party Revenues and Related Party Revenues	Total Revenues should always equal the sum of Unrelated Party Revenues and Related Party Revenues
Dividends from Constituent Entities are included in Profit (Loss) Before Tax or Revenues	Guidance makes clear that Profit (Loss) Before Tax or revenue does not include dividends from Constituent Entities



Common errors in preparation of CbCR as per OECD (3/3)

Error	Correct treatment
Information on sources of data is not included	Must be included in Table 3, as per the template provided
Incorrect jurisdiction codes are used	All jurisdictions included in an MNE's CbC report should be identified using a standard two-digit ISO code
Different jurisdictions are listed in Table 1 and Table 2	The same tax residence jurisdictions should be included in Table 1 and in Table 2
Non-consolidated Constituent Entities left out of Table 2	Permanent establishments (where separate accounts maintained) and constituent entities excluded from consolidation solely on materiality grounds should be reported in Table 2

05

Updates on the CbCR portal



Features of the UAE CbCR portal

Expected to be active by the end of this week to accept filings

Authentication through email and password of the user authorized by the entity

Existing entities (which had indicated a UAE Ultimate Parent Entity as per the notification filed last year) already migrated to the new portal

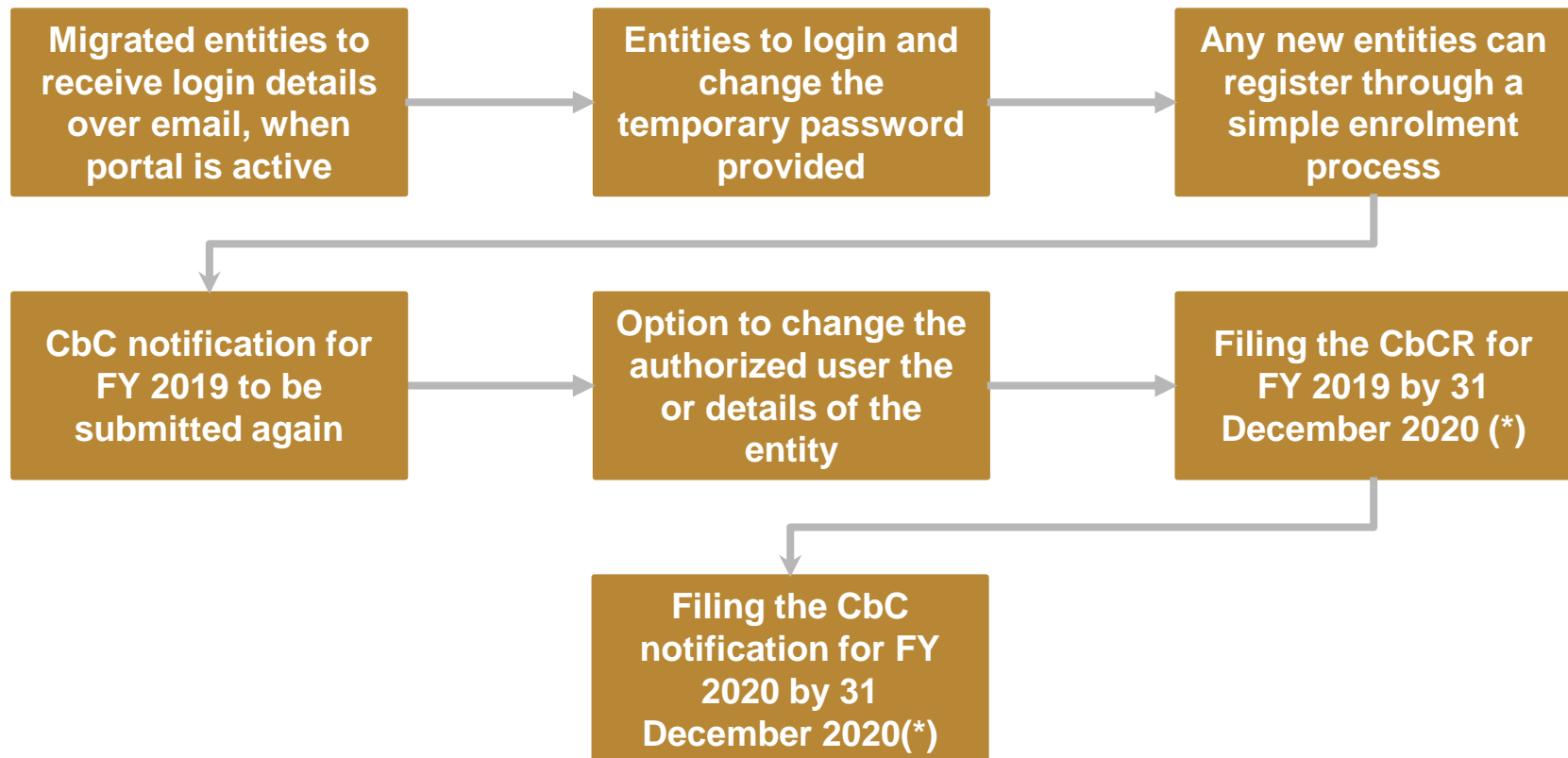
New entities can enrol using a simple registration form

Portal implemented by Vizor, which has implemented similar portal in multiple jurisdictions. Hence, consistency in user experience across jurisdictions where the MNE Group may be present

Same portal to be used for filing the annual CbCR notifications and CbCR



Overview of the business process



(*) For financials years ending per December 31st, 2019.

**Existing entities migrated to the
portal**



Points for consideration for existing entities migrated to the portal

In case the authorized user needs to be changed and the email of existing user is active → Login using portal password received on email and submit a request for change of the authorized user

In case the authorized user needs to be changed and the email of the existing user is inactive → Send an email to MoF with the required details to request for change in the authorized user

Entities which had provided VAT ID instead of trade license in the notification last year → Check the trade license information on the portal and submit request for change in reporting entity information, if VAT ID is included instead

After a first login, verify the details of authorized user (name, number) and entity (name, address, trade license, year end). In case of discrepancies, submit a request to change relevant information through the portal

Enrolment of new users



Enrolment of new users

Purpose of enrolment process

- Applicable MNE Groups can register on the CbCR system through enrolment process
- Only upon successful enrolment, MNE Groups will be able to comply with UAE requirements i.e. notification and filing

Content of enrolment request

- Particulars of entity being registered, including name, address, identification numbers
- Particulars of primary user authorized by the entity, including name, email and phone number
- Documentary evidence:
 - Signed letter from the Director of the Ultimate Parent Company of the Group, authorizing the primary user;
 - ID proof of authorized person (Emirates ID or passport or residency visa)



Documents required for enrolment

ID proof of the authorized person

- Only copies of passport, Emirates ID or UAE residency visas shall be considered acceptable
- Name of the user and validity of ID proof shall be clearly visible

Authorization letter

- Authorization letter shall be signed and a name of a signing director shall be identified
- Valid trade licence copy shall be attached to the letter
- Standard template of the authorization letter will be provided



Template authorization letter for enrolment

Template authorization letter

To be signed on the letterhead of the Company

<Date>

Ref: Authorization letter for appointing the primary user to use the UAE AEOI portal for the purpose of CbC Reporting

I hereby authorize the following user as the primary user responsible satisfy the obligations of <Name of the entity> under the Cabinet Resolution No. 44 of 2020 ('UAE CbCR legislation').

Name of the user -

Position -

Email -

Phone -

The primary user is authorized to represent the Company in that capacity for the purpose of compliance with the UAE CbCR legislation and also to provide any change notice in respect of any subsequent change in the information required under the Legislation.

We will promptly provide you with an updated version of this authorisation letter in the event there is any change in the information contained herein.

Sincerely yours,

<Name of the director>

Director,

<Name of the entity>

Attachment: Trade licence document

CbCR notification



CbCR notification

Purpose of notification process

- Applicable MNE Groups to notify one year in advance of CbCR filing due date to update MoF that CbCR is applicable to the Group (**Article 2 of the UAE legislation**)
- For FY 2019, the Groups had already filed notification last year. However, since notifications cannot be migrated to new system, Groups will be required to file notifications again

Content of notification

- **Most of the details will be auto-populated** from the registration (such as name of the entity, trade license number, tax ID, etc.), except:
 - Business activity of the Company; and
 - Name of the MNE Group
- Hence, limited information is required to be provided additionally for purposes of the CbCR notification

Change in user



Change in user

Purpose of primary user change

- In case the existing primary user is no longer associated with the Entity or no longer responsible for CbCR, this request will enable the entities to notify the MoF

Content of primary user change request

- Details of existing primary user (name, email, phone, position)
- Details of new primary user (name, email, phone, position)
- Documentary evidence:
 - Signed letter from the Director of the Ultimate Parent Company of the Group, authorizing the new primary user;
 - ID proof of authorized person (Emirates ID or passport or residency visa)



Documents required for change in user

ID proof of the new authorized person

- Only copies of passport, Emirates ID or UAE residency visas shall be considered acceptable
- Name of the user and validity of ID proof shall be clearly visible

Authorization letter

- Authorization letter shall be signed and a name of a signing director shall be identified
- Valid trade licence copy shall be attached to the letter
- Standard template of the authorization letter will be provided



Template authorization letter for change in user

Template authorization letter

To be signed on the letterhead of the Company

<Date>

Ref: Authorization letter for changing the primary user to use the UAE AEOI portal for the purpose of CbC Reporting

I hereby authorize the following user as the new primary user responsible satisfy the obligations of <Name of the entity> under the Cabinet Resolution No. 44 of 2020 ('UAE CbCR legislation').

Name of the user -

Position -

Email -

Phone -

The primary user is authorized to represent the Company in that capacity for the purpose of compliance with the UAE CbCR legislation and also to provide any change notice in respect of any subsequent change in the information required under the Legislation.

The new primary user replaces the existing primary user:

Name of the user -

Position -

Email -

Phone -

We will promptly provide you with an updated version of this authorisation letter in the event there is any change in the information contained herein.

Sincerely yours,

<Name of the director>

Director,

<Name of the entity>

Change in entity information



Change in entity information

Purpose of reporting entity information change

- In case the address, year end or trade license / tax ID number of the entity is updated, it can be changed through this request
- Please note that **name of reporting entity cannot be changed**; and should be requested through email

Content of reporting entity information change request

- All the following information of the reporting entity:
 - Address
 - Trade licence number (e.g. in case it was entered incorrectly)
 - Year end
- Relevant documentary evidence to support the change in information (e.g. tenancy contract, utility bills, trade license copy, etc.)

CbCR filing



CbC report filing process (1/2)

Purpose of CbC report filing

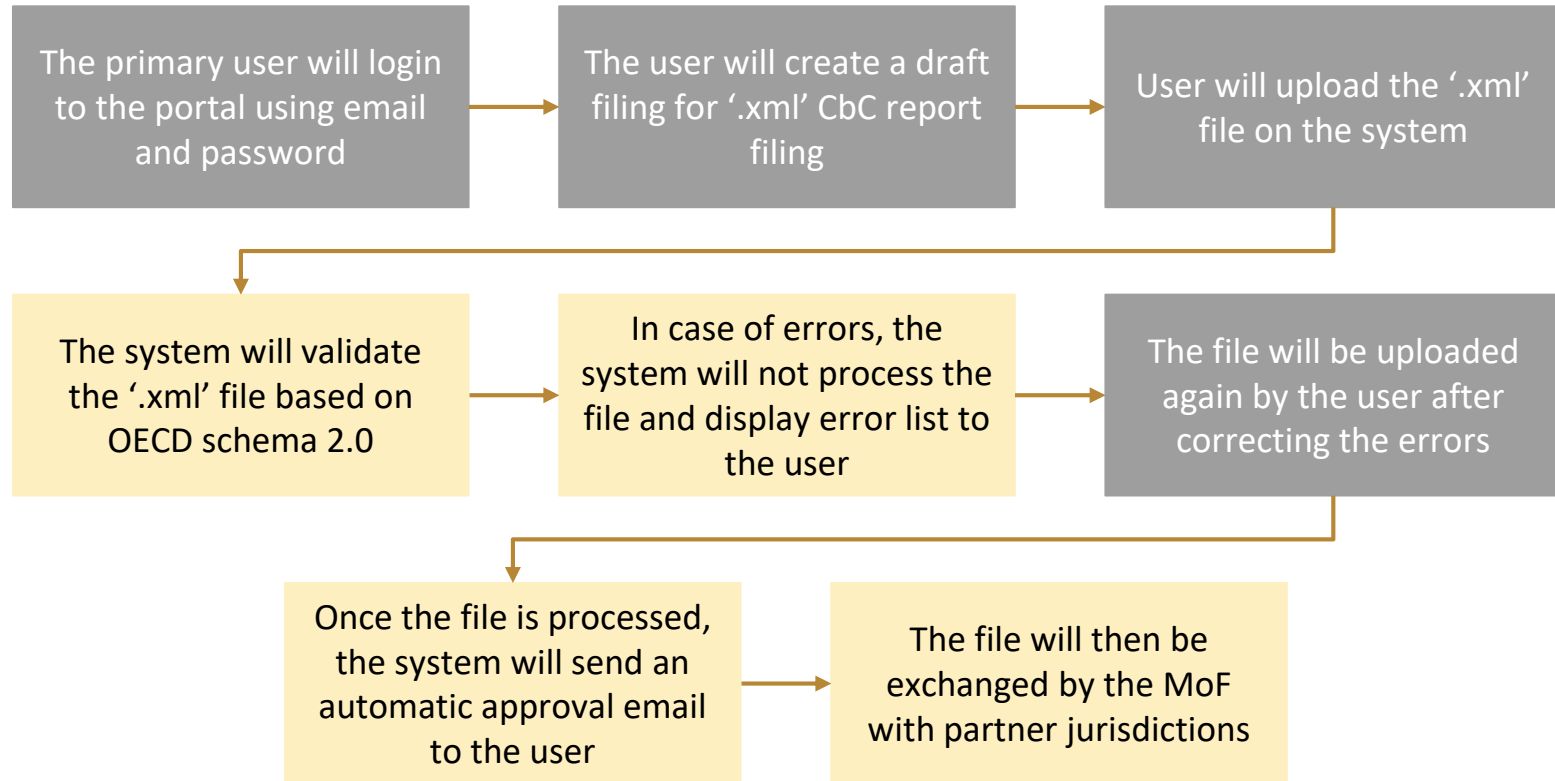
- This is the key requirement of the CbCR legislation, which includes Tables 1, 2 and 3 as discussed earlier
- The filing of CbCR needs to be completed within 12 months from the end of the year. Hence, for FY 2019, the filing needs to be completed by December 31, 2020

Content of CbC report filing

- The filing is undertaken in an '.xml' format compliant with the **OECD XML Schema 2.0**
- XML format is used as a common format globally for exchange of CbCR
- The file includes CbCR Tables 1, 2 and 3



CbC report filing process (2/2)



-  User actions
-  CbCR portal processes

06

Updates from the OECD



Filing format of CbCR - XML Schema 2.0

MNE Groups will be required to file the CbCR as per the latest OECD XML Schema i.e. CbCR XML Schema 2.0. There is no difference in contents of Schema 1.0 and Schema 2.0, apart from minor technical differences

**XML Schema 2.0
released**

June 2019

**Cut-off for jurisdictions to
implement Schema 2.0**

January 31, 2021

**Deadline for UAE to
exchange CbCR for FY
2019**

June 30, 2021



Review of the CbCR minimum standard

The BEPS Action 13 report also included a requirement that a review of the CbC reporting minimum standard be completed by the end of 2020 (the 2020 review). In view of this, OECD is facilitating discussions on changes to Action 13 implementation matters, including:

- Changes to the model CbCR legislation
- Changes to BEPS Action Plan 13
- Changes to implementation guidance
- Changes to the CbC template

As an inclusive framework member, the UAE has also participated in the review process by providing comments on the proposed actions

A public consultation document was released by the OECD in February / March 2020. The updated Action 13 is expected to be released later this year, based on the review

A summary of the **key issues** which were released for public consultation are listed in the subsequent slides. These issues may or may not form part of updated Action 13



Review of scope of the CbCR

Item	
1	Should separate CbC reports be prepared by MNE groups that are under common control and which in aggregate have consolidated group revenue above the CbC reporting threshold?
2	Should the level of the consolidated group revenue threshold be reduced?
3	Should a jurisdiction with a consolidated group revenue threshold denominated in a currency other than EUR be required or permitted to rebase its threshold periodically?
4	Should the threshold for Excluded MNE Groups take into account more than one year of consolidated group revenue?
5	In cases where the immediately preceding fiscal year of an MNE Group is of a period other than 12 months, should the consolidated group revenue threshold be adjusted?



Review of contents of the CbCR

Item	
1	Should information in Table 1 be presented by entity rather than by tax jurisdiction?
2	Should consolidated data rather than aggregate data be used in Table 1?
3	Should additional columns be added to Table 1?
4	Should predetermined fields be added to Table 3, in addition to free text?

07

Key takeaways



Key takeaways (1/2)

The Ultimate Parent Entities of UAE headquartered Groups (with Consolidated Group Revenue more than AED 3.15 billion in previous year) need to file the CbCR and the CbCR notification in the UAE for the years beginning on or after January 1, 2019

No compliance requirements for UAE constituent entities of non-UAE headquartered Groups, effective retrospectively for years beginning January 1, 2019

The UAE CbCR portal expected to be active by the end of this week. The entities who submitted notifications already last year will be migrated to the new system. Any new entities will need to follow the enrolment process



Key takeaways (2/2)

Notifications for FY 2019 need to be submitted again on the new portal, followed by CbCR for FY 2019 on or before December 31, 2020. Further, notifications for FY 2020 are also due to be submitted before December 31, 2020

The CbCR needs to be submitted in an xml format, which is compliant with the OECD XML Schema 2.0

Based on the review by the inclusive framework and inputs from public consultation, the OECD is expected to publish the updated Action 13 minimum standard by the end of the year. The applicability date is yet to be seen

Q&A

Further resources available

Website: [UAE MoF CbCR website](#)

Social media channels:

- [UAE MoF LinkedIn page](#)
- [UAE MoF Instagram page \(@mofuae\)](#)

E-mail: info@mof.gov.ae

Phone: **600533336**



Q&A (1/6)

Question	Answer
What is TIN? Is it VAT TRN or TIN from another country?	For UAE entities it is the VAT TRN that can be used in the TIN field in Table 2 of the CbCR.
Should dividends received from investment securities be included or excluded from Profit (Loss) Before Tax or Revenue?	Dividends from other constituent entities of the Group (i.e. entities which are consolidated on a line by line basis) shall be excluded, dividends from entities other than constituent entities (i.e. entities which are not consolidated) shall be included.
What if the CbCR is not applicable for FY19 but is applicable for FY20 (due to threshold). Is there a requirement to file the CbCR notification for FY19?	If the CbCR regulations are not applicable for the Group for FY19, there is no requirement to submit CbCR notification for FY19.
What if you have several parent layers within UAE and all are subject to CbCR threshold? Will they all be required to notify and submit the CbC report?	Only the ultimate parent entity of the MNE Group is required to submit the CbCR notification and CbC report.
Does the CbCR system allow having multiple users?	Yes, it is possible to assign a secondary user through the CbCR portal.



Q&A (2/6)

Question	Answer
Will XML Schema 2.0 would work at the back-end by the portal itself, or taxpayers need to do anything in this regard?	Taxpayers are required to upload CbC reports to the portal in Schema 2.0 compliant XML format. The portal will validate the uploaded files and list errors if any.
Initially the report would be submitted to testing API gateway to validate the xml submission, means another submission would be required should the file comes error free after test?	If the submission on the portal is free of errors, it will be automatically accepted without requiring any resubmission.
Is a Power of Attorney ('PoA') required in case of the submission of CbCR Notification / Report by a third-party tax advisor?	It is at the discretion of each taxpayer whether a third-party advisor can be authorized to represent the company for CbCR purposes via the authorization letter. There is no requirement to attach PoA (if any) between the taxpayer and a third party advisor to the CbCR portal.



Q&A (3/6)

Question	Answer
<p>If the entity that is not is scope of the CbCR legislation submitted CBCR notification for FY19 using the last system, will it be required to re-submit it using the new CbCR portal?</p>	<p>This is not required.</p>
<p>MNE Group has presence in the UAE but is headquartered outside of the UAE. If a notification was submitted in December 2019, does anything need to be done in 2020 to note that the MNE Group is now out of scope of updated CbCR regulations?</p>	<p>No actions are required for UAE entities that are not ultimate parent entities of MNE Groups.</p>
<p>If there is any change in the assessment made while filing the initial notification in the Constituent Entities that were disclosed, can the same be rectified while re-filing the notification for the FY19?</p>	<p>There is no requirement to list the constituent entities in the CbCR notification in the new system. Only information regarding the ultimate parent entity is required.</p>



Q&A (4/6)

Question	Answer
<p>Consolidated revenue of MNE Group is AED 2.75 bn and the Group is looking to acquire a company. The anticipated date for the acquisition is 1 November 2020 and the transactions would conclude by 31 January 2021.</p> <p>Once the acquisition is complete the consolidated revenues for year ending 31 December 2020 would be more than AED 3.15 bn. There is a possibility that the transaction may not conclude.</p> <p>Should the group submit a notification by 31 December 2020?</p>	<p>On a conservative basis, in case it is expected that the deal will materialize and lead to a consolidated Group turnover exceeding AED 3.15 billion for FY20, a notification should be filed.</p> <p>The facts should be mentioned in the additional information field in the notification. In case the deal does not materialize at a later stage, MoF may be intimated through email.</p>
<p>AED 3.15 bn turnover is for whole group?</p>	<p>Yes, the threshold is for the consolidated group revenue.</p>



Q&A (5/6)

Question	Answer
Related party revenue will be considered for threshold 3.15 billion?	The threshold applies to the consolidated Group revenue. Hence, applicable accounting rules for consolidation should be considered for computation.
Does the Group consolidated revenue need to match the reported total revenue per each entity (as there are differences for eliminations)?	There is no such requirement to match the data. However, if requested at a later stage, the Group should be able to validate the information included in the CbCR from the source data used.
Does an entity need to file notification or report if its threshold was not met due to demerger in FY19, however, it met the threshold in FY2018 and notification was filed in 2019.	The revenue threshold should be applied to the previous year. Hence, if the revenue threshold was exceeded based on the FY2018 data, CbCR regulations apply for FY19 and the entity needs to submit CbCR notification and CbC report for FY19.
If entity wants to modify or correct the CbCR submitted earlier what are the rules and timelines ?	There is no extended timeline prescribed for making any corrections. Any corrections should be made before the original due date. Further, while submitting a corrected CbCR, xml file should mention that corrected data is being submitted, so that it will replace the existing CbCR uploaded.



Q&A (6/6)

Question	Answer
<p>If the consolidated turnover as per financial statements without considering fair valuation loss is more than 3.15 billion but after considering fair valuation loss on investment turnover is less than 3.15 billion is CbCR applicable?</p>	<p>All revenue, gains, income, or other inflows shown in the financial statement prepared in accordance with the applicable accounting rules relating to profit and loss should be considered as Revenues. For example, if the income statement shows sales revenue, net capital gains from sales of assets, unrealized gains, interest received and extraordinary income, the amount of those items reported in the income statement should be aggregated and reported as Revenues. Comprehensive income/earnings, revaluations, and/or unrealized gains reflected in net assets and the equity section of the balance sheet should not be reported as Revenues.</p>
<p>Can the taxpayers rely on guidelines from the Public consultation document: Review of Country-by-Country Reporting (BEPS Action 13)?</p>	<p>Public consultation documents issued by OECD for discussion cannot be considered as official guidance. Taxpayers shall rely on guidance issued by the UAE MoF (primary) and final OECD guidance documents in relation to CbCR (secondary).</p>