



**Country-by-Country Reporting
("CbCR") awareness workshop**

Key takeaways

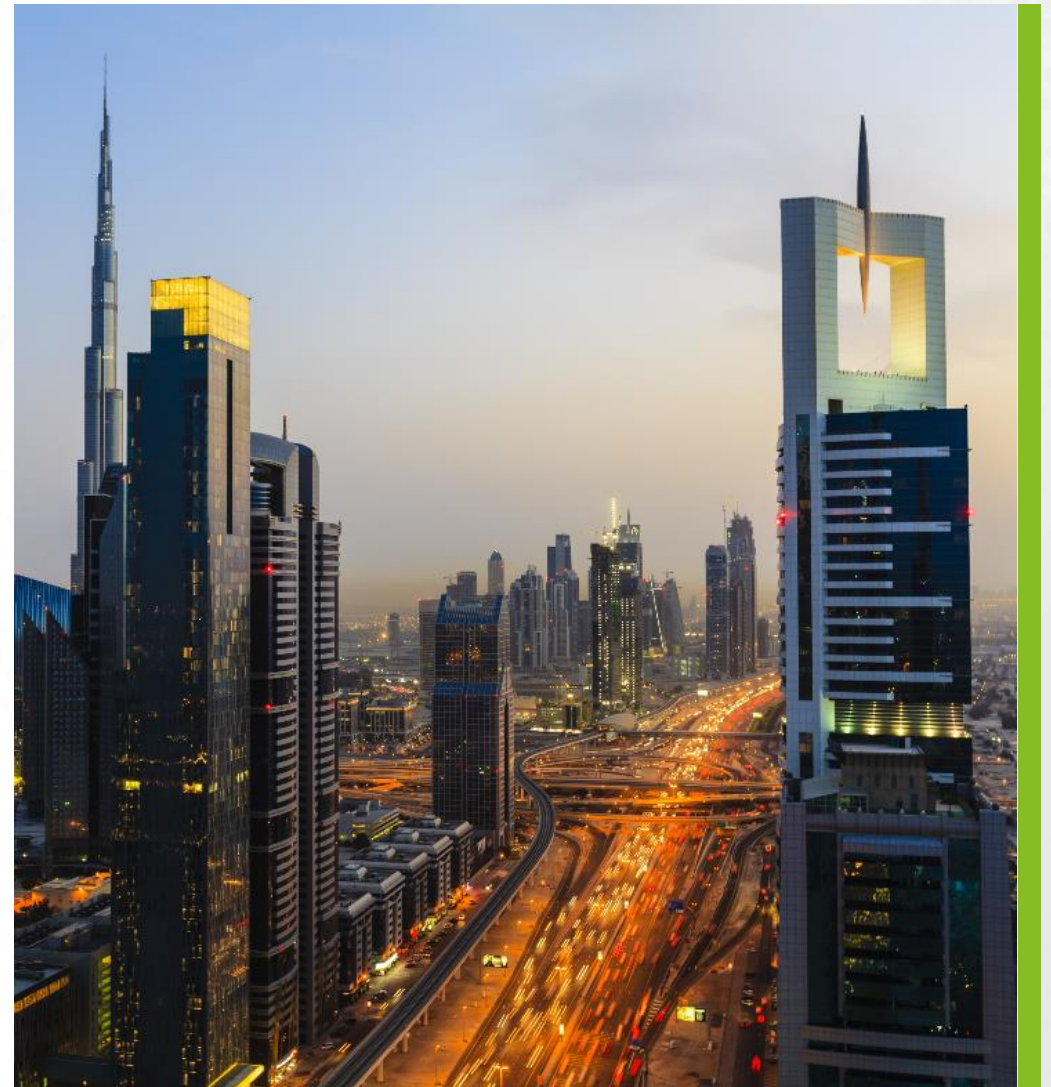
October 2019

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Background and purpose

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- ✓ On 30 April 2019, the United Arab Emirates (“UAE”) Ministry of Finance (“MoF”) issued ‘Cabinet Resolution No. 32 of 2019 concerning Regulation of the Submission of Reports by Multinational Companies’, setting out CbCR compliance obligations for multinational entity groups (“MNE groups”) based in the UAE.
- ✓ Subsequently, the UAE MoF published frequently asked questions (“FAQs”) relating to CbCR on its website.
- ✓ On 28 October 2019, the UAE MoF organized a CbCR awareness workshop to:
 - discuss technical aspects of the CbCR regulations;
 - outline key compliance obligations for qualifying MNE groups; and
 - answer taxpayer questions.
- ✓ The purpose of this alert is to summarize the key takeaways from the workshop.



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Key takeaways

Applicability and deadlines

Applicability

- ✓ Effective for fiscal years beginning on or after 1 January 2019 ("FY19").
- ✓ Applies to multinational entity groups ("MNE group") tax resident in the UAE with annual consolidated revenues exceeding AED 3.15 billion in the preceding fiscal year.
- ✓ To qualify as an MNE group, the group must have at least two or more entities resident for tax purposes in different jurisdictions.

Deadlines

- ✓ Notifications are due on/before fiscal year-end.
- ✓ CbC report is due 12 months after fiscal year-end.
- ✓ All filing deadlines are aligned with the MNE group's fiscal year-end.

Example

- ✓ For fiscal years starting 1 January 2019, notifications due by 31 December 2019 and CbC report due by 31 December 2020.
- ✓ For fiscal years starting 1 July 2019, notifications due by 30 June 2020 and CbC report due by 30 June 2021.

Filing considerations

- ✓ MNE groups with UAE-based UPEs must submit notifications and file the CbC report in the UAE.
- ✓ The UAE presently has 49¹ exchange relationships with other tax jurisdictions, which should mitigate the need for secondary filings in other jurisdictions (but this should be monitored).
- ✓ Currently, UAE has active exchange relationships with 49 jurisdictions, all of which are non-GCC jurisdictions. Additionally, UAE does not have an active exchange relationship with the Kingdom of Saudi Arabia ("KSA") or Qatar.
- ✓ MNE groups with ultimate parent entities ("UPE") outside the UAE must submit a notification to the UAE MoF.
 - Such MNE groups only need to submit the CbC report in the UAE, if a UAE-based constituent entity ("CE") is also nominated as the surrogate parent entity ("SPE").
 - If the MNE group's reporting entity (i.e., either the UPE or SPE) is outside the UAE, there shall be no secondary filing requirements in the UAE. The UAE MoF is amending the CbCR regulations to reflect this position.

¹ Please refer to Appendix A for further details on the active exchange relationships.

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Key takeaways

Automatic exchange relationships

Reciprocity

- ✓ The UAE is a non-reciprocal jurisdiction:
 - it will exchange CbC reports filed in the UAE with other jurisdictions (49) with active exchange relationships.
 - it will **not** receive CbC reports filed outside the UAE.
- ✓ The MoF has confirmed that a secondary filing is not required in UAE, if the filing jurisdiction does not have an active exchange relationship with UAE.
- ✓ We note that the CbC regulations are in the process of being amended to exclude the secondary filing requirements.

Example

- ✓ An MNE group with a KSA-based UPE files its CbC report in KSA.
- ✓ The UAE will not automatically receive this CbC report from KSA.
- ✓ Instead, the UAE-based CE must only submit a notification to the UAE MoF.
- ✓ There is no requirement for a secondary filing in the UAE.

Notification process and format

- ✓ Qualifying MNE groups must submit a notification in the UAE, regardless of where the CbC report is filed.
- ✓ Notifications may be filed electronically using an online portal (currently under development).
- ✓ Only one notification (covering all UAE-based CEs) required.
- ✓ Notifications should include following details of the UPE, reporting entity (i.e., the UPE or SPE) and UAE-based CEs:
 - Full legal name
 - Address
 - Identification number
- ✓ Notification should also include details of a designated contact person (name, email address and phone number), in case the UAE MoF requires additional clarifications

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Conclusion and other relevant information

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- ✓ No filing exemption for government-owned MNE groups¹.
- ✓ No filing exemption for Free Zone entities, as long as eligibility criteria (i.e., UAE tax residency, MNE group and revenue threshold) is met.
- ✓ Important to clearly understand and analyze the UPE definition:
 - sub-group level CbC reports may be considered non-compliant and penalties may apply.
- ✓ Guidance on definitions is aligned with the OECD, but allows flexibility in interpretation and reporting.
- ✓ Consistency in terms data sources year-on-year is encouraged:
 - Any deviations should be explained on Table 3.
- ✓ Further details on the online portal through which Groups are required to file the Notifications will be shared by the MoF.

¹ Please refer to our publication on CbCR for Public and State owned Groups.



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Appendix A

Automatic exchange relationships

Please find below a list of active exchange relationships between UAE and other jurisdictions.

Active exchange relationships		
Andorra	Hungary	Netherlands
Argentina	Iceland	New Zealand
Australia	India	Norway
Austria	Indonesia	Pakistan
Belgium	Ireland	Poland
Brazil	Italy	Portugal
Chile	Japan	San Marino
Colombia	Jersey	Singapore
Croatia	Korea	Slovak Republic
Czech Republic	Latvia	Slovenia
Denmark	Liechtenstein	South Africa
Estonia	Lithuania	Spain
France	Luxembourg	Sweden
Germany	Malaysia	United Kingdom
Greece	Malta	Uruguay
Guernsey	Mauritius	-
Hong Kong	Mexico	-





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