

## **Country by Country Reporting (CbCR), UAE**

### **Background**

On 30 April 2019, the UAE MoF has issued 'Cabinet Resolution No. 32 of 2019 on Organizing the Reports Submitted by Multinational Corporations', setting out Country-by-Country Reporting (CbCR) compliance obligations (UAE CbCR rule) for **Multinational Entity groups (MNE)** based and/or operating in the UAE, effective for financial years commencing on or after 1 January 2019 ("FY19" or "reporting period").

### **Effective Date**

The rules are effective for financial years commencing on or after 1 January 2019 (i.e., FY19 shall be the first reporting period).

### **Eligibility Criteria**

The UAE CbCR rules shall apply to MNE groups:

- with consolidated revenues of at least AED 3.15 billion (approximately USD 857 million) in the financial year immediately preceding the reporting period, based on the consolidated financial statements of that preceding year (i.e., FY18); and
- if the ultimate parent entity (UPE) of the MNE group is resident in the UAE; or
- if a UAE-resident constituent entity (CE) of the MNE group (with its UPE outside the UAE) is nominated as the Surrogate Parent Entity (SPE); or
- if the MNE group has a UAE-resident CE, which neither the UPE or an SPE.

### **Filing Requirements**

- The CbC report must be submitted within 12 months of the end of the reporting period. Accordingly, for the financial years commencing on 1 January 2019, the CbC report must be submitted by 31 December 2020.
- Notifications to the UAE MoF shall therefore be due by the last day of the reporting period (i.e., by 31 December 2019).

### **Implications on MNE groups in the UAE**

- **MNE groups with UPE based in the UAE** are required to submit their CbC reports directly to the UAE MoF. Such MNE groups may also nominate an SPE to file the report in a foreign jurisdiction, if the SPE's country of tax residence has the necessary qualifying competent authority agreements in place, to allow for automatic exchange of the CbC reports with the UAE MoF.
- **UAE Entities (part of MNE group) not having UPE based in UAE** If for an MNE group, the UAE-based CE is not the group's UPE and/ or SPE, then any such CE must file a notification with the UAE MoF with details of the UPE and/or APE and the respective jurisdiction where the group's CbC report will be filed.

### **Penalties for Non-compliance**

| <b>Non-Compliances</b>                                                                     | <b>Penalty (AED)</b>                             |
|--------------------------------------------------------------------------------------------|--------------------------------------------------|
| Failure to retain the documentation and information for a minimum period of five (5) years | 100,000                                          |
| failure to provide information requested by Authority                                      | 100,000                                          |
| Failure in submission of CbC Report within 12 months from the end of the reporting period  | 1,000,000 + 10,000 per day upto a max of 250,000 |
| Failure to report the information in a complete and accurate manner in the CbC Report      | 50,000 to 500,000                                |

**For further details, please contact us:**

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