

## CbC filing portals in UAE and KSA go LIVE

### Summary

Further to the issuance of Cabinet of Ministers Resolution No. 32 of 2019 concerning Country-by-Country ('CbC') reporting requirements for the implementation of CbC regulations in the UAE, the Ministry of Finance ('MoF') has updated the [CbC notification form](#) today on its website. The notification would include details of the Ultimate Parent Entity ('UPE'), Reporting Entity, constituent entities in the UAE and contact details of a person appointed by the group for communicating with the MoF. Non filing of the notification by the due date could attract a penalty of AED 1,000,000 plus AED 10,000 per day of failure (upto a maximum of AED 250,000).

In KSA, the General Authority of Zakat and Tax ('GAZT') has also included a separate section this week pertaining to [CbC report/ notification filing](#) on its existing Automatic Exchange of Information ('AEOI') portal. The portal was previously active only for Foreign Account Tax Compliance ('FATCA') and Common Reporting Standards ('CRS') filing. The portal allows KSA resident entities to electronically file their CbC notification and/ or report (as applicable). While KSA resident entities would have filed their CbC notification as a part of the Disclosure Form for the year ended 31 December 2018, renotification may be required on the portal as well. **It is recommended to do this immediately as opposed to waiting until 31 December 2019.** It is currently not clear whether one notification will suffice for all KSA constituent entities.

While the UAE CbC notification portal requires UAE resident entities of a qualifying Multinational Enterprise ('MNE') group to complete an electronic form, the KSA AEOI portal requires MNE Groups to first register on the portal, (if not already registered for FATCA and CRS), enter into a Service Level Agreement with the GAZT and then file the requested reports.

We have summarised the compliance requirements, key features of these new portals and next steps for qualifying MNE groups in these two countries below.

### Meeting CbC related compliances in UAE

#### CbC regulations in the UAE – A quick recap

CbC regulations apply to UAE tax resident entities that are members of an MNE group having annual consolidated revenues of AED 3.15 billion or more in the preceding year. The regulations are applicable for the years beginning on or after 1 January 2019. Following compliances are required by qualifying tax resident entities in the UAE:

- Notification to the MoF regarding the details of the UPE/ Reporting Entity and constituent entities in the UAE by end of the year (31 December 2019 for the year ended 31 December 2019); and
- Filing CbC report by the UPE/ Surrogate Parent Entity ('SPE') (if UAE entity is appointed as an SPE by the group) with the MoF within 12 months from the end of the year (31 December 2020 for the year ended 31 December 2019).

### Key features of UAE's online CbC notification form

1. Qualifying MNE groups will need to complete four sections documenting details of the UPE, Reporting Entity, constituent entities in the UAE and contact details (of a person who can communicate with the MoF regarding any future queries on the CbC notification) in the electronic form.
2. MNEs must choose between their Tax ID, VAT ID and Trade License Number as their ID Type for its UPE, Reporting entity and UAE resident constituent entities. The MoF has specified that the Trade License number is the preferable ID type for a UAE based UPE and for UAE constituent entities.
3. The MoF has also published a link to the '[CbCR Constituent Entities Template](#)'. This is an excel sheet in which users can document the list of UAE constituent entities, their ID type and ID number. Currently, there seems to be no provision in the electronic form to upload this excel sheet directly. The electronic form requires users to fill the UAE constituent entity details within the form itself.

In addition, the MoF has also published the [slides](#) presented during the awareness workshop on CbC reporting on October 28, 2019 on its website. These slides cover a brief background of UAE and the BEPS initiatives, CbC compliance requirements in the UAE, challenges and impact of the CbC reporting on UAE businesses and CbC notification and reporting guidance.

### Meeting CbC related compliances in KSA

#### CbC regulations in the KSA – A quick recap

CbC regulations apply to KSA tax resident entities that are members of an MNE group having annual consolidated revenues exceeding SAR 3.2 billion in the preceding year. The regulations are applicable for the years ending on or after 31 December 2018. Following compliances are required by qualifying tax resident entities in the KSA in respect of CbC:

- Providing CbC notification in the Disclosure Form (forming part of the Income tax/ Zakat declaration) and on the CbC portal regarding the details of the UPE and reporting entity within 120 days after the last day of the taxpayer's reporting year (by 30 April 2019 for the year ended 31 December 2018).
- Filing CbC report by the UPE/ SPE (if KSA entity is appointed as an SPE by the group) with the GAZT within 12 months from the end of the year (by 31 December 2019 for the year ended 31 December 2018).

#### Key features of the CbC Filing Portal in KSA

1. KSA has included a separate section pertaining to CbC report/ notification filing on its existing AEOI portal (the portal was previously active only for FATCA and CRS filing).
2. The AEOI portal cannot be accessed with the entity's Zakat/ Income Tax login ID and password, instead this requires separate login details (e-mail address and password).
3. The KSA entity must first complete the 'Reporting Entity and Primary User Enrolment' form in the portal to enrol for the CbC reporting service and register as a new user. The enrolment requires the details of the reporting entity along with following in respect of the primary user:

- A scan of a recognised legal form of identification; and
  - A letter, signed by a director of the Reporting Entity, which specifies the user as the responsible person for CbC compliance.
4. On completion and submission of the aforesaid form, the GAZT will review the form and the entity would receive an email notification (with further instructions) once the review is complete.
  5. A Service Level Agreement would be shared within one business day after request submission.
  6. Once the enrolment is complete, the entity can login to the portal using the new login details and upload the reports.
  7. The KSA entity must use the new portal to file the CbC report for the year ended 31 December (by 31 December 2019) and to make the CbC notification for the year ended 31 December 2019 (by 30 April 2020).
  8. While covered KSA resident constituent entities would have already filed their CbC notification in KSA for FY 2018 (vide Disclosure Form), with the introduction of the new portal, it is expected that the CbC notification for the said year is resubmitted via the online portal.

### Next steps for CbC compliances in KSA and UAE

Following table summarises the next steps for qualifying MNE groups in UAE and KSA:

S.No.	Particulars	UAE	KSA
1.	Registration for accessing the portal	Not required	Required to be made to access the portal and file notification/ reporting (see details above).
2.	CbC Notifications	CbC notification needs to be filed for the year ending 31 December 2019 (by 31 December 2019).  One notification can be made for all the UAE entities.	CbC notification needs to be filed for the year ending 31 December 2019 (by 30 April 2020). Resubmission may be required for the year ended 31 December 2018. <b>It is recommended to do this immediately as opposed to waiting until 31 December 2019.</b>  It is currently not clear whether one notification would suffice for all KSA entities of an MNE group.
3.	CbC Report filing (for local headquartered groups)	For UAE headquartered groups, CbC report needs to be filed for the year ended 31 December 2019 (by 31 December 2020).  Please note that the report filing portal is not yet active.	For KSA headquartered groups, CbC report needs to be filed for the year ended 31 December 2018 (by 31 December 2019).
4.	CbC Report filing (for non-local headquartered groups) i.e. secondary filing	Based on our understanding, currently non-UAE headquartered groups (meeting prescribed revenue threshold) are not required to file CbC reports in the UAE (unless it appoints a UAE based SPE).	A secondary filing obligation may arise in following cases:  1. the UPE of the MNE Group is not obligated to file a CbC Report in its country of tax residence;  2. the jurisdiction in which the UPE/ SPE is a tax resident is not a party to Qualifying Competent Authority

S.No.	Particulars	UAE	KSA
		The MoF is expected to issue clarification in this regard shortly.	Agreement that is enforceable by due date of filing the CbC report in KSA; or  3. the jurisdiction in which the UPE/ SPE is a tax resident systemically fails to automatically exchange CbC Reports with KSA.
5.	Penalties	Non-compliance could attract a penalty of AED 1,000,000 plus AED 10,000 per day of failure (upto a maximum of AED 250,000).	No specific penalties prescribed for non-compliance.

If you would like to discuss the above in more detail or require assistance in understanding and discharging your CbC obligations, please feel free to get in touch with:

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