

**F2****BUILT FOR  
GOVERNMENT****OECD – ECONOMIC SUBSTANCE  
REGULATIONS**

INCREASING TRANSPARENCY TO  
EXCHANGE INFORMATION FOR TAX  
PURPOSES BETWEEN GOVERNMENTAL  
ENTITIES AND LOCAL COMPANIES

The Ministry of Finance of the United Arab Emirates (UAE) worked to align with the OECD's Economic Substance Regulations. A full end-to-end digital solution has been implemented in collaboration with cBrain to allow companies to submit relevant documentation for the annual reporting of their activities. The solution provides a key tax compliance service in a fully digital way and improves the speed and quality of public, private interactions on a governmental and global level.

## CUSTOMER PROFILE

### Customer Name

Ministry of Finance of the United Arab Emirates (UAE)

### Sector

Government - Ministry of Finance

### Service provided

End-to-end digital solution to manage Economic Substance Regulations applications (ESR)

### Volume of cases

The Ministry of Finance handles approx. 30.000 cases per year

**Government users:** 300 users

### Implementation date

December 2020

## TECHNICAL INTEGRATIONS INCLUDED

- 6 x self-services with integration to MoF website login
- Self-service with integration to Azure AD login
- 6 x automated check lists for notification, report, appeal, upload of penalty, exchange, company case
- 8 x reporting tool
- E-Dirham payment platform

## THE CHALLENGE

As part of the UAE's commitment as a member of the OECD Inclusive Framework and in response to assessing the UAE's tax framework by the European Union, the UAE introduced the Economic Substance Regulations. The Regulations require UAE businesses (including onshore, offshore, free zone companies, and other UAE business forms) that carry out any of the "Relevant Activities" to maintain adequate "economic presence" in the UAE relative to the activities they undertake.

## THE SOLUTION

cBrain's web-based solution, F2, in combination with online self-services, has been designed to allow:

- Companies to submit notifications via online self-service. Regulatory Authorities and the Federal Tax Authority can access and review these submissions via F2 (via their own Customized dashboard).
- Companies to submit Economic Substance Reports via self-service. Regulatory Authorities and the Federal Tax Authority can access and review these submissions, while the Federal Tax Authority carries out audits and the Ministry of Finance receives the respective information.
- The Ministry of Finance to be able to exchange information with the OECD countries via CTS – a Common Transmission System, which all OECD members use to share information. (The Ministry of Finance exchanges information with the OECD countries via CTS – a Common Transmission System, a platform for exchanging the data.)
- The Federal Tax Authority to give issue and administrate penalties and appeals to non-compliant companies via F2 dashboard. Federal Tax Authority business users have access to a decision-making support tool, called risk assessment engine.
- The Federal Tax Authority to be supported in their risk assessment by a Risk Assessment Engine, generating a Risk Scorecard and Risk Monitoring via F2.

## THE BENEFITS

The fully digital ESR solution:

- Enable the UAE government (including the Ministry of Finance, Federal Tax Authority, and 36 regulatory authorities) to provide a key tax compliance service in a fully digital way, improving high speed and quality of reviewing cases and interactions with all relevant parties.
- Allow to manage all information from one secure and robust system, with all basic administrative tasks being automated (emails reminders, deadlines calculation), enabling gains of efficiency and productivity, providing a single auditable record of all activities.
- Contribute to the SDG goals by offering F2 as software and digital solution for tax avoidance.