

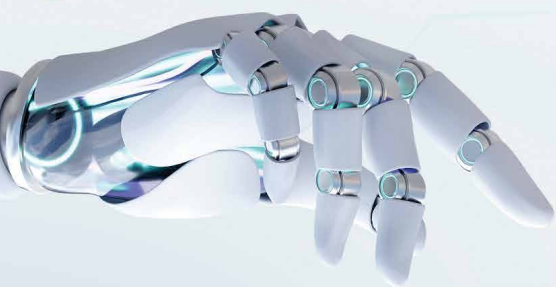
## TRANSLATING VISION INTO REALITY



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## A NEW CHAPTER AT EVAS CONSTANTIN LAUNCH OF OUR NEW VERTICAL



## DIGITAL TRANSFORMATION & INNOVATION





## VIJAYA MOHAN

### *A Warm Greeting from Evas Constantin*

*Dear Readers,*

**"Dream is not that which you see while sleeping;  
it is something that does not let you sleep."**

— Dr. A.P.J. Abdul Kalam

Somewhere in the quiet temple town of Rameswaram, India a young boy delivered newspapers before dawn—his hands filled with headlines, his heart filled with questions. Long after the world slept, he would gaze at the night sky, not just to admire the stars, but to chase them. That boy, born to modest means but driven by boundless vision, would one day shape missiles, design dreams, and ignite minds. He rose not by chasing power, but by embodying purpose. Not through force, but through foresight. His journey was not one of mere ambition—it was about translating vision into reality. And in doing so, he became more than a President of a Nation—he became a symbol of what is possible when conviction meets compassion, and when science is guided by service.

Dr. A.P.J. Abdul Kalam's life reminds us that true leadership begins not with position, but with vision—and the courage to realise it. In a world shaped by rapid innovation, evolving expectations, and global interconnect- edness, the challenge is not just to keep pace, but to align: ambition with impact, strategy with substance, and vision with value. Leadership is the ability to turn intent into impact and build systems that endure.

At Evas Constantin, we believe that leadership is not about reacting to change but about **harnessing it with purpose**. It is in the measured decision, the deliberate pause, the thoughtful build—not in the loudest voice or the fastest move. In this edition, we reflect on how clarity, consistency, and a long-term view remain the cornerstones of enduring leadership.



## A NEW CHAPTER AT EVAS CONSTANTIN

We are proud to announce the launch of our new **Digital Transformation & Innovation** vertical—a bold step that reaffirms our commitment to **future-focused advisory and technology-led growth**. With this strategic expansion, we aim to empower clients to navigate complexity, unlock efficiency, and accelerate value creation.

This new vertical will provide integrated solutions across key focus areas such as **ERP-enabled business transformation, tax technology, robotic process automation (RPA), artificial intelligence (AI), data analytics, and performance optimisation**. Our goal is to bridge the widening gap between operational intricacies and strategic clarity, helping businesses not just adapt—but thrive.

At the helm of this vertical is **Ajaya Kumar K**, a seasoned transformation leader with over **30 years of global experience** in business innovation and digital enablement across industries. Under his leadership, we aim to help clients not just embrace change—but lead it with clarity, confidence, and purpose.

This marks a shift—not just in what we offer, but in how we help businesses shape what's next.

## OUR FOCUS – THIS EDITION

### • IAS 32 – Financial Instruments: Presentation

A clear guide to classifying and disclosing financial instruments—reinforcing how transparency builds trust, compliance, and credibility.

### • Enduring Empires: Why Sustainable Business Models Outlast Explosive Growth

Longevity in business is driven by strategy, resilience, and lasting value—not rapid scale.

### • Corporate Tax Insights

As UAE corporate tax takes hold, we explore key considerations and the growing need for globally aligned tax strategies.

### • ISA 330: The Auditor's Response to Assessed Risks

A look at how auditors tackle risk through professional judgment, tailored procedures, and trust-driven assurance.

### • E-Invoicing in the UAE

From mid-2026, structured e-invoicing will become mandatory in the UAE—advancing digital tax compliance through integrated systems.

### • Corporate Governance: The Quiet Power Behind Sustainable Success

Strong governance is more than a standard—it's a cornerstone of accountability, culture, and long-term success.

**"Do not go where the path may lead, go instead where there is no path and leave a trail."**

— Ralph Waldo Emerson

This edition is not just a collection of articles—it is a reflection of the times we live in and the future we are helping to shape. As regulations tighten, expectations rise, and technologies accelerate, the call is not for speed, but for **direction**. Not just for knowledge, but for **wisdom in action**.

When we look back—past numbers, past milestones—what will define us is **not what we intended, but what we built**.

We thank you for your continued trust. May this edition guide, provoke, and inspire as you lead, build, translate and transform.

Warm regards,

*Happy Reading!*

# IAS 32 UNPACKED

## PRESENTATION OF FINANCIAL INSTRUMENTS



### WHAT IS IAS 32 ALL ABOUT?

At its heart, IAS 32 is like a rulebook that tells companies how to classify their "money contracts" (financial instruments) on their financial statements. The most important distinction it makes is: Is this contract a debt (a financial liability) or an ownership stake (an equity instrument)? Its primary aim is to distinguish whether a financial instrument is a:

- |  |
|--|
| ▶ Financial liability (debt)                                 |
| ▶ Equity instrument (ownership)                              |
| ▶ Or a mix of both, known as a compound financial instrument |

IAS 32 also covers offsetting, presentation of treasury shares, and how to treat interest, dividends, gains, and losses—all essential to giving users a complete and honest financial picture.

### A PRACTICAL SCENARIO: FUTURE INNOVATIONS INC.

Imagine a company, Future Innovations Inc., is looking to raise capital. It has a few options:

#### Borrowing Money (Debt):

They can take out a loan from a bank, promising to pay it back with interest. This is clearly a debt.

#### Selling Ownership (Equity):

They can sell shares of their company to investors, making those investors part-owners. This is clearly ownership (equity).

But what about something in between? What if Future Innovations Inc. issues a financial instrument that looks like a loan but also has features of ownership, or vice-versa? This is where things get tricky, and this is exactly why IAS 32, *Financial Instruments: Presentation*, comes into play.

**The Instrument:** Tech Innovations Ltd. issues something they call a "Convertible Note." It works like this:

- ▶ It pays annual interest: Just like a normal loan, Tech Innovations Ltd. promises to pay a fixed percentage of money to the holder every year.
- ▶ It has a maturity date: After 5 years, the holder can choose to either:
  - Get their initial money back in cash.
  - Convert the note into a fixed number of Tech Innovations Ltd. ordinary shares.

The problem for Tech Innovations Ltd.: How should they show this "Convertible Note" on their balance sheet? Is it a debt because they might have to pay cash back? Or is it equity because it can turn into shares?

## HOW IAS 32 HELPS (THE "SUBSTANCE OVER FORM" PRINCIPLE):

IAS 32 says, **"Don't just look at what you call it. Look at what it really is and what the company is obligated to do."** This is called the substance over form principle.

### Definition of a Financial Liability:

The core test is: Does the company have a contractual obligation to deliver cash or another financial asset to the holder? Or to exchange financial assets or liabilities under conditions that are potentially unfavourable to the company? If yes, it's a liability.

### Definition of an Equity Instrument:

This is simpler: it's any contract that shows a residual interest in the assets of an entity after deducting all of its liabilities. Basically, if it's not a liability, it's equity.

Applying it to Tech Innovations Ltd.:

**1. The Cash Repayment Option:** The fact that the holder can choose to get their money back in cash at maturity is crucial. This creates an obligation for Tech Innovations Ltd. to potentially deliver cash. Even if the holder might choose shares, the option to demand cash means Tech Innovations Ltd. must be prepared to pay cash.

**2. Split Accounting (A Key IAS 32 Concept):** Because this "Convertible Note" has both a potential obligation to pay cash (debt characteristic) and a potential to become shares (equity characteristic), IAS 32 often requires companies to split the instrument into its components.

- **Liability Component:** The part that represents the obligation to pay cash (or the present value of the future cash payments if the conversion option wasn't there) is recognized as a financial liability.
- **Equity Component:** The value of the conversion option itself (the right to turn it into shares) is recognized as an equity instrument. It's the "residual" value of the instrument after accounting for the debt part.

This "split accounting" ensures that both the debt-like features and the equity-like features are transparently presented on the financial statements.

### Split Accounting: Reflecting Both Components

IAS 32 requires split accounting for compound instruments:

- Liability component: Present value of the cash repayment obligation
- Equity component: The value of the conversion right into shares

This dual classification ensures both debt-like and equity-like features are reflected properly on the balance sheet.

### Treasury Shares: What If the Company Buys Back Its Own Shares?

IAS 32 clarifies that treasury shares—a company's own shares it reacquires—should be deducted directly from equity. These do not create assets or liabilities, nor should any gains or losses from reissuance affect profit or loss. The standard prioritizes transparency in equity structure.

## INTEREST, DIVIDENDS, GAINS & LOSSES: WHERE DO THEY GO?

**Interest on financial liabilities** → goes to profit or loss

**Dividends on equity instruments** → not expensed; instead, shown as distribution of equity

**Gains or losses on financial liabilities/equity instruments** → classified based on the nature of the instrument

This clear treatment allows users to see how the type of financial instrument impacts financial performance and position.

## OFFSETTING FINANCIAL ASSETS AND LIABILITIES: CAN YOU NET THEM OFF?

Under IAS 32, offsetting a financial asset and a financial liability on the balance sheet is permitted only when both of the following conditions are met:

1. There is a legally enforceable right to offset the recognized amounts; and
2. The entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### Example:

If a company both borrows from and lends to the same counterparty, it cannot simply present a net figure on the balance sheet—unless both of the above criteria are satisfied.

This safeguard is crucial. It prevents companies from masking obligations or presenting a more favorable financial position than what actually exists. By enforcing strict offsetting rules, IAS 32 promotes transparency and comparability in financial reporting.

## WHY IAS 32 WAS INTRODUCED: A LOOK BACK

Before IAS 32, companies had broad flexibility in how they classified financial instruments, leading to misleading presentations and inconsistent reporting. Some firms structured debt-like instruments to appear as equity, making their balance sheets look healthier than they truly were. This lack of clarity:

- Allowed companies to mask liabilities and keep debt off the books,
- Made it difficult to compare financial statements across companies, and
- Left investors unaware of the true risks involved.

Without clear definitions, hybrid instruments blurred the line between debt and equity. IAS 32 was introduced to restore transparency, comparability, and trust in financial reporting. IAS 32 closed these gaps, bringing consistency, comparability, and integrity to financial reporting.



# IAS 32



## WHY IAS 32 MATTERS FOR INVESTORS AND LENDERS

For those analysing companies—whether to invest, lend, or assess risk—clarity in financial instruments is essential. IAS 32 enhances that clarity by:

### Improving comparability:

Similar instruments are classified consistently across companies, enabling more accurate benchmarking.

### Revealing true obligations:

It distinguishes between what a company truly owes (debt) and what belongs to its owners (equity), helping users gauge financial risk.

### Supporting better decisions:

Investors and lenders can more confidently assess a company's capital structure and determine its financial health.

### Reducing surprises:

By requiring full disclosure of hybrid or complex instruments, IAS 32 minimizes the risk of hidden liabilities.

### Helping forecast cash flows:

Knowing whether a company must pay fixed interest (debt) or optional dividends (equity) enables more precise cash flow planning.

In today's financial landscape, where innovation in financial instruments often outpaces regulation, IAS 32 plays a vital role in keeping reporting honest, comparable, and transparent. By offering clear definitions and classification principles, it ensures that users of financial statements—whether accountants, investors, auditors, or lenders—can trust what they see. Whether it's a straightforward loan or a complex convertible instrument, IAS 32 reminds us that what matters most is not how an instrument is labelled, but what it truly represents in substance. As businesses continue to evolve in how they raise capital, the principles of IAS 32 act as a safeguard against ambiguity and a guide toward fair financial storytelling. Understanding and applying it correctly is not just about compliance—it's about upholding integrity in financial reporting.



# A NEW CHAPTER AT EVAS CONSTANTIN LAUNCH OF 'DIGITAL TRANSFORMATION & INNOVATION' VERTICAL



## SHAPING THE FUTURE THROUGH TECHNOLOGY – LED BY AJAYA KUMAR K

In response to the UAE's shift toward real-time, automated, and technology-driven compliance, EVAS Constantin is pleased to announce the launch of its **Digital Transformation & Innovation** vertical, under the **Advisory line of service** - a bold move guided by the leadership of Ajaya Kumar.

With over 30 years of global experience in Business Transformation and Technology Consulting, Ajaya brings a proven track record of delivering ERP-enabled transformation programs, designing bespoke applications, and implementing cutting-edge automation, data, and analytics solutions across jurisdictions—including leadership roles at Big 4 firms.

Ajaya reaffirmed the division's purpose and vision, stating:

"Transformation isn't just about adopting the latest technology—it's about understanding where the real gaps lie. As Bill Gates said, automation applied to an efficient process magnifies the efficiency; if applied to an inefficient one, it magnifies the inefficiency. Our goal is to help clients uncover those gaps first, then build intelligent, agile, and scalable systems that drive real progress."

Ajaya, also played a pivotal role in **Tax Technology and Digital Transformation**, focusing on process improvement, performance analysis, and the rollout of tax tech solutions across multiple jurisdictions. As a senior leader in tax consulting, he has spearheaded **digital enablement initiatives** and led the implementation of technology solutions to enhance both client outcomes and internal service delivery.

### HIS NOTABLE CONTRIBUTIONS

- Driving **standardisation, automation, and centralisation** efforts, including Centres of Excellence (CoEs)
- Leading **e-invoicing implementations** for major clients in India
- Introducing **RPA, OCR, and ML-powered automation** tools
- Embedding **data analytics frameworks** into financial and compliance reporting

With his experience, insight, and clarity of vision, Ajaya is set to lead this new initiative with purpose and precision. We are delighted to welcome him to the EVAS Constantin leadership team and look forward to the transformation journey ahead—together.

## WHY THIS DIVISION, AND WHY NOW?

With the **UAE Corporate Tax regime now live**, the **e-Invoicing mandate fast approaching** (starting mid-2026) and the regulatory landscape is undergoing a fundamental transformation.

Businesses in the UAE are expected to:

1. Digitally integrate with FTA systems
2. Maintain real-time tax transparency
3. Embrace end-to-end automation
4. Navigate cross-functional compliance obligations (ESR, UBO, AML, ESG)

Compliance functions must evolve—from manual processing to data-driven, technology-enabled operations. Our new division is designed to help organisations **adapt to this shift proactively and sustainably**.

## WHAT WE OFFER – BUILT FOR UAE BUSINESSES

We blend regulatory insight with intelligent technologies to deliver tailored, future-ready solutions:

Technology	Business Need	Where It Helps
<b>Robotic Process Automation (RPA)</b>	Automate repetitive workflows	VAT/CT filing, AML checks, ESR reports
<b>E-Invoicing Integration</b>	ERP-to-FTA real-time sync	Trading, logistics, retail, manufacturing
<b>AI &amp; Machine Learning</b>	Detect patterns, predict risks	Tax forecasting, audit analytics
<b>Process Mining &amp; Data Transformation</b>	Identify and fix bottlenecks	Shared services, consolidation reporting
<b>Natural Language Processing (NLP)</b>	Enhance stakeholder communication	Multilingual chatbot, FTA correspondence
<b>RegTech (AML/ESG/UBO)</b>	Streamline compliance alerts & reporting	Ongoing disclosures, internal tracking
<b>ERP Implementation</b>	Single source of truth for data	Integrated accounting system for the organisation
<b>Cloud Platforms &amp; IAM</b>	Enable secure access & remote control	CFO dashboards, mobile reporting
<b>Advanced Analytics</b>	Turn data into decisions	Financial strategy, exception monitoring

These capabilities are implemented through **fit-for-purpose platforms, FTA/MoF-aligned strategies, and ERP-integrated digital solutions**.

## WHO CAN BENEFIT?

- CFOs & Finance Leaders upgrading ERP or reporting systems
- Tax Heads & Compliance Officers facing VAT/CT/e-Invoicing obligations
- Process & IT Managers looking to automate and scale finance functions
- Conglomerates & Groups with cross-border or multi-jurisdiction operations
- High-growth businesses & startups needing agile digital foundations

## OUR OBJECTIVE – TRANSFORM, NOT JUST COMPLY

Inspired from Bill Gates' observation: "The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency and inefficiency if the operation is not efficient to begin with."

### That's why our approach begins with:

- Mapping current transaction flows
- Identifying key gaps
- Implementing practical, scalable digital solutions

### Our mission is to drive:

- Higher operational efficiency
- Reduced compliance cost
- Improved data accuracy and availability
- Enhanced audit-readiness and transparency
- Real-time decision-making, growth and scalability

## PARTNERING FOR PROGRESS

At EVAS Constantin, we view transformation as more than a technology initiative - it is a strategic evolution. The formation of this division reflects our commitment to guiding clients through the UAE's changing regulatory landscape with **clarity, foresight, and trusted expertise**.

**As we embark on this exciting journey, we look forward to connecting with business leaders, finance professionals, and transformation partners who share our commitment to purposeful, technology-led change.**

As we welcome Ajaya to the EVAS Constantin leadership team, we also look forward to helping clients shape **resilient, agile, and future-ready operations** in the region and beyond.





# E-INVOICING IN UAE: A TRANSFORMATIONAL SHIFT IN COMPLIANCE

## INTRODUCTION

The United Arab Emirates (UAE) is about to embark a new era of digital transformation with the introduction of electronic invoicing (E-invoicing). Spearheaded by the Ministry of Finance (MoF) and enforced by the Federal Tax Authority (FTA), this initiative aims to transform how tax documents are generated, shared, and processed, thereby contributing to a more efficient and transparent fiscal ecosystem.

## WHAT IS AN E-INVOICE?

An E-invoice is a structured form of an invoice data that is issued and exchanged electronically between a supplier and a buyer and reported electronically to the UAE Federal Tax Authority. Unlike PDFs, scanned documents, or emails, E-invoices must be processed through approved digital platforms and conform to UAE-specific format known as PINT-AE, a localized version of the international Peppol standard, designed to align with the country's tax and reporting framework.

## APPLICABILITY & SCOPE OF E-INVOICING

The UAE's e-invoicing system is part of a broader strategy to digitize tax compliance. It will be introduced in phases, starting with Business-to-Business (B2B) and Business-to-Government (B2G) transactions regardless of the VAT registration status of the parties involved. Both supplier and buyer must be identifiable via a Tax Identification Number (TIN), which refers to the first 10 digits of the Tax Registration Number (TRN).

Although currently out of scope, The Ministry of Finance (MoF) may later extend the scope to cover business-to-consumer (B2C) transactions as well. Both domestic as well as cross-border transactions are in scope of E-invoicing.

## OBJECTIVES OF E-INVOICING

**AUTOMATION:** Reducing human involvement to create a digitally mature fiscal ecosystem.

**INNOVATION:** Promoting the adoption of digital tools and innovation to build a future-ready business environment.

**OPERATIONAL EFFICIENCY:** Lowering operational costs, reducing paper usage, and minimizing processing time.

**GOVERNANCE:** Enabling the government to make informed decisions using real-time data.

**COMPLIANCE:** Enhancing tax compliance and reducing both unintentional and deliberate errors.

**SECURITY:** Ensuring encrypted, tamper-proof data exchange to reduce fraud risks.

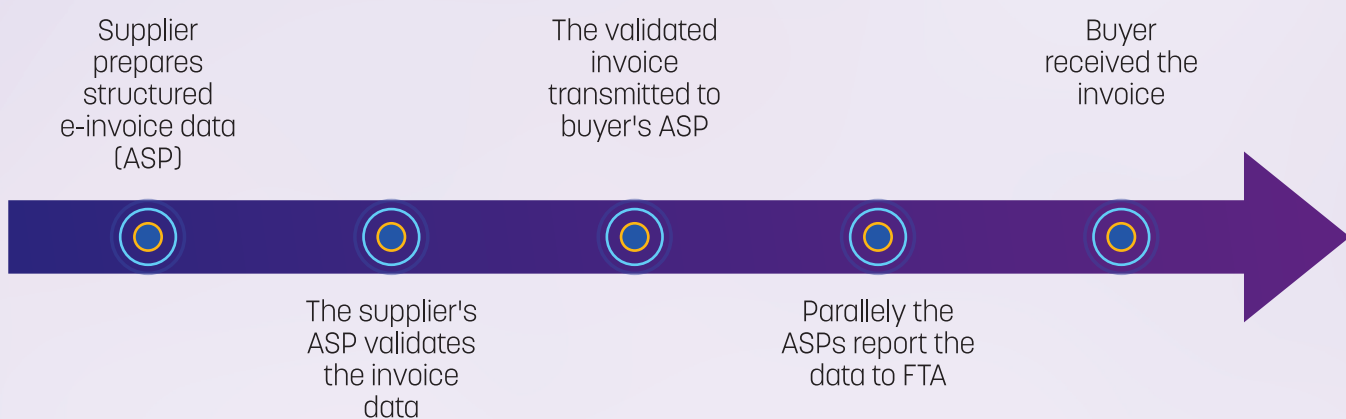


## BENEFITS OF E-INVOICING

- **Advanced Technology:** Empowering all businesses with the latest e-invoicing tools.
- **Cost Savings:** Minimize invoice processing costs by up to 66%.
- **Improved Cash Flow:** Faster invoicing, faster payments.
- **Financial Visibility:** Real-time visibility for better decisions.
- **Global Invoice Exchange:** Supports cross-border invoice exchange.
- **Simplified Compliance:** Easy alignment with FTA requirements.

## HOW DOES E-INVOICING WORKS IN THE UAE?

The UAE adopts a Decentralized Continuous Transaction Control and Exchange (DCTCE) model.



## ACTION REQUIRED BY BUSINESSES

<b>Assess the current system</b>	Start now by assessing the current systems and engage with ASP's.
<b>Choose an FTA-Accredited ASP</b>	Select a reliable, FTA-approved ASP that supports PEPPOL standards and aligns with your technical and operational requirements
<b>Training</b>	Ensure that the IT, Finance, and Tax teams are well-trained on the e-invoicing requirements is essential
<b>ERP Integration</b>	Integrate the ERP systems with e-invoicing providers and ensure the systems are compatible and have built-in flexibility for PEPPOL integration.
<b>Continuous monitoring</b>	Continuous support and monitoring after the go-live will help the businesses address technical issues quickly and maintain compliance.

## KEY TIMELINE



# ISA 330

## THE AUDITOR'S RESPONSES TO ASSESSED RISKS



ISA330 is a key auditing standard issued by the International Auditing and Assurance Standards Board which provides guidance to auditors on how to design and implement appropriate responses after identifying and assessing risks of material misstatement as required by ISA 315. Once the auditor has assessed the risks in an entity's financial statements (through understanding the entity, its environment, internal controls, etc.), ISA 330 outlines how the auditor should respond to those risks during the audit process. Think of ISA 315 as the diagnosis, and ISA 330 as the prescription.

However, knowing where risks lie is only the first act. The real story begins with the auditor's response—tailored, tactical, and targeted—based on the nature, likelihood, and impact of assessed risks.

At its heart, ISA 330 seeks to answer:

**"Now that risks are assessed, how do we respond to them?"**

Responses under ISA 330 are twofold:

1

### OVERALL RESPONSES AT THE FINANCIAL STATEMENT LEVEL

Emphasizing professional skepticism among the audit team

Deploying more experienced staff or engaging experts

Modifying the nature, timing, and extent of audit procedures (e.g., testing at year-end rather than interim)

2

### RESPONSES AT THE ASSERTION LEVEL

Tailored procedures are designed for specific classes of transactions, account balances, and disclosures. These include:

#### Test of Controls:

Assess operating effectiveness of internal controls

**Example:** Checking that purchase orders were duly approved before procurement.

## Substantive Procedures

A	TEST OF DETAILS	B	SUBSTANTIVE ANALYTICAL PROCEDURES
	<p>Direct tests of transactions, account balances and disclosures.</p> <p>For example: To verify the <b>existence and accuracy</b> of <b>receivables</b> reported in financial statements, auditor may send <b>External Confirmation</b> letters to selected customers.</p>		<p>Comparing recorded amounts with expectations developed by the auditor.</p> <p>For example: To verify the completeness and accuracy of payroll expense in the income statement, auditor may develop an independent expectation of total salary expense using payroll data (number of employees, average salary per grade etc) and compare it with the recorded amount to identify significant variances.</p>

But how does this play out in real audits? Let's explore ISA 330 through practical examples and mini case studies.

CASE	SCENARIO	AUDITOR'S RESPONSE (AS PER ISA 330)	OUTCOME	LESSON
<b>Case 1:</b> Inflated Year-End Sales Tech Nova Pvt Ltd.	Unusual spike in December sales raised concerns of premature revenue recognition.	<ul style="list-style-type: none"> <li>✓ Cut-off testing</li> <li>✓ Review of delivery documents</li> <li>✓ Debtor confirmations for year-end sales</li> </ul>	₹12 lakhs worth of sales were recorded in December but dispatched only in January.	Substantive procedures like cutoff testing and confirmations helped detect premature revenue recognition.
<b>Case 2:</b> Undisclosed Related Party Transactions BrightSky Infrastructure	CEO's brother was supplying materials via an unregistered entity.	<ul style="list-style-type: none"> <li>✓ Supplier confirmations</li> <li>✓ Review of contracts and payment records</li> <li>✓ Inquiries with management</li> <li>✓ Ownership tracing</li> </ul>	Related party relationships were identified but not disclosed properly in financial statements.	Test of details and inquiries revealed undisclosed related parties and potential conflicts.
<b>Case 3:</b> Management Override of Controls GlobalTrak Logistics	Management capitalizes operating expenses like repairs as property, plant, and equipment with the intent to inflate profit by reducing current period expenses.	<ul style="list-style-type: none"> <li>✓ Check high-value capital additions and invoices or related contracts</li> <li>✓ Whether the expenses provide future economic benefits.</li> </ul>	A large manual journal reclassified expenses to capital, inflating profit.	Substantive testing and access review were essential in addressing risks of management override.

## TAILORING NATURE, TIMING, AND EXTENT OF PROCEDURES

- **Nature:** Choose procedures suitable for the specific assertion (e.g., occurrence vs completeness).
- **Timing:** Perform tests closer to year-end where higher risks exist.
- **Extent:** Increase sample sizes or perform detailed procedures when risk or materiality is high.

# ENDURING EMPIRES

## WHY SUSTAINABLE BUSINESS MODELS OUTLAST EXPLOSIVE GROWTH



In the economic world we are in, speed is often mistaken for strategy. Startups are praised for scaling at record pace, conglomerates race to innovate, and leaders are rewarded for bold, swift decisions. The tempo is relentless—and in this rhythm, motion is seen as mastery. Agility is currency. Urgency is celebrated. And yes—there is power in speed. In markets where windows of opportunity open and shut in days, where consumer behaviour evolves overnight, where competition is global and unforgiving—those who act with decisiveness and clarity often win the first round.



*But speed without substance  
becomes noise.*

*And growth without grounding  
becomes strain.*



The question isn't whether we should grow quickly or carefully - it's whether the growth is rooted in values that outlast market cycles, leadership transitions, and shifting trends. It's not a matter of pace, but of depth. History tells us something simple yet profound: the organizations that stand the test of time are not always the fastest - but they are the most grounded. They understood that long-term value isn't created by relentless hustle alone, but by thoughtful design - by systems, cultures, and principles that allow success to endure.

### PURPOSE BEFORE PACE

Sustainable businesses are not afraid of ambition - but they temper it with intention. They don't resist growth - they shape it. And most importantly, they center it around people. These are companies where every individual, from top to bottom, shows up with a sense of ownership - not because they were told to, but because they are empowered to.



In such environments, employees don't just clock in and out - they think, challenge, adapt, and build. Departments don't work in isolation - they collaborate. Hierarchies don't dictate progress - trust does. And with trust, speed becomes organic: decision-making accelerates, feedback loops shorten, and teams respond to challenges with agility because they are not waiting for permission - they already feel responsible.

This kind of culture doesn't happen by chance. It's the result of leaders who know that real speed doesn't come from pressure - it comes from purpose. That urgency born from alignment is far more powerful than urgency born from fear.

## THE LEADERSHIP BALANCE

Sustainable leadership is not slow leadership. It is steady, surefooted, and clear-eyed. These leaders know when to accelerate, when to pause, and most critically - when to step back and realign. They don't equate motion with progress. They measure success not by quarterly surges, but by whether their teams, stakeholders, and systems are strong enough to last. They delegate decision-making along with accountability. They understand that agility is not about haste, but about preparedness. And they build environments where speed is shared - where urgency rises naturally because the mission is felt by all.

In such businesses, purpose is not a plaque on the wall - it's a guiding force. Financial prudence, stakeholder trust, and long-term vision are not constraints - they are the very framework within which innovation happens responsibly.

## THE MYTH OF THE FALSE BINARY

This is not a debate between fast or slow. It's not a choice between being bold or being balanced. These are false binaries. The truth lies in orchestration. Knowing when to go fast and why. When to push forward with urgency, and when to pause and reflect. When to chase a market trend, and when to invest in a principle.

In reality, the world does reward boldness. But boldness that is not rooted in something timeless often fades. Explosive growth may dazzle, but it rarely sustains unless it's built on a model that can hold the weight of its own ambition.

## BUILDING FOR THE LONG RUN

Think of the companies that have endured for generations - not because they sprinted every quarter, but because they knew how to build. They evolved, yes - but always from a place of clarity and values. They remained relevant not by chasing every new trend, but by deepening the trust of those they served.

Because in the end, the businesses that outlast fads, founders, and funding rounds are not always the fastest. They are simply the wisest. The ones who chose to build - not just for the next market cycle, but for the **next generation**.

SUSTAINABLE BUSINESS



# CORPORATE TAX LATEST INSIGHTS



# A

## THE DOMESTIC MINIMUM TOP-UP TAX (DMTT)



### Domestic Minimum Top-up Tax (DMTT) – UAE Implementation under OECD Pillar Two Framework

The Domestic Minimum Top-up Tax (DMTT) represents a significant development in global tax policy, stemming from the OECD's Pillar Two initiative, which seeks to combat base erosion and profit shifting by ensuring a fair and consistent minimum level of taxation for large multinational enterprises (MNEs).

#### Purpose and Global Context:

The DMTT forms a critical component of the OECD's Global Anti-Base Erosion (GloBE) Rules under Pillar Two, which mandates that in-scope multinational groups are subject to a minimum 15% effective tax rate in each jurisdiction where they operate. This initiative is designed to prevent the shifting of profits to low or no-tax jurisdictions and to protect the tax base of participating countries.

#### Top-up Mechanism:

Where the effective tax rate (ETR) of a multinational group in a particular country falls below the 15% threshold, a "top-up tax" is imposed to make up the shortfall. The intent is to ensure that profits are taxed at a minimum level irrespective of where they are booked, thereby promoting tax equity and reducing aggressive tax planning.

#### UAE Legislative Response:

In line with its commitment to international tax transparency and to maintain its global competitiveness, the United Arab Emirates enacted the DMTT by amending its Federal Corporate Tax Law in November 2023. This move aligns the UAE with the OECD's global minimum tax framework, signalling its proactive stance in adopting international tax reforms.

### Effective Date:

The DMTT provisions will apply to financial years commencing on or after 1 January 2025. This allows MNEs sufficient lead time to assess their structures and prepare for compliance with the new tax obligations.

### Scope and Applicability:

The UAE's DMTT will apply specifically to multinational enterprise groups with annual consolidated global revenues of €750 million or more—in line with the OECD threshold. This ensures that only large MNEs, as defined under the GloBE rules, fall within the ambit of the DMTT, thereby minimizing the compliance burden on smaller businesses.

## B

## PENALTY WAIVER AND REFUNDS



### Purpose

This relief aims to encourage small companies, startups, and free zone businesses to comply with the newly introduced UAE Corporate Tax regime by removing the AED 10,000 penalty for late registration, provided they register now and file on time. It builds trust in the UAE as a business-friendly environment during this transitional period.

### Mechanism

For entities that registered late but haven't paid the penalty, the fine will be waived. If the AED 10,000 penalty has already been paid, the amount will be refunded to the business's tax account, supporting fairness and encouraging voluntary compliance.

### UAE Legislative Response

By waiving penalties for late registration and return filing (within specific deadlines), the UAE government is demonstrating flexibility and support for businesses adapting to the new corporate tax requirements. This step aligns with global best practices for smooth tax transitions.

### Effective Date

The waiver applies if the business files its corporate tax return or declaration within 7 months from the end of its first tax period. Timing is key to availing of this relief.

### Scope and Applicability

This measure is applicable to all businesses—including small companies, startups, and free zone entities—that have either registered late or not yet registered, if they complete registration and filing on time using the EmaraTax platform.

# C

## ENHANCED COMPLIANCE REQUIREMENTS



### Enhanced Compliance Requirements

The enhanced compliance requirements aim to strengthen corporate governance, increase financial transparency, and align with international tax standards as part of the UAE's evolving corporate tax regime

### Mechanism

Businesses must ensure they are equipped with robust internal systems to meet ongoing compliance requirements such as UBO tracking (identifies the real people who own or control a company), economic substance reporting (ensures companies doing certain activities have real operations and presence in the UAE), and IFRS-based financial reporting. Failure to comply can result in penalties, audits, or legal consequences—making proactive compliance a necessary investment.

### UAE Legislative Response

The UAE has introduced these measures in line with international commitments such as BEPS (Base Erosion and Profit Shifting), OECD standards, and FATF (Financial Action Task Force) requirements. These legislative reforms promote fair taxation and discourage harmful tax practices. To align with BEPS requirements, the UAE committed to key actions such as eliminating harmful tax practices, preventing treaty abuse, applying transfer pricing rules, implementing country-by-country reporting, and improving dispute resolution mechanisms.

In line with FATF standards, the UAE strengthened its anti-money laundering framework by enhancing legal regulations, increasing enforcement actions, enabling suspect extradition, and improving the reporting of suspicious financial activities.

### Effective Date

These requirements are applicable immediately and apply to all tax periods starting from the introduction of corporate tax in June 2023, with specific obligations like record retention enforced on a rolling 7-year basis.

### Scope and Applicability

All UAE-registered entities—including free zone and mainland companies—are subject to these requirements. Large businesses face additional obligations such as transfer pricing documentation and submission of audited IFRS-compliant financials via EmaraTax.



# CORPORATE GOVERNANCE

## THE FOUNDATION OF ETHICAL AND SUSTAINABLE BUSINESS



## GOVERNANCE

In today's fast-moving business world, how a company is governed matters just as much as what it does. Corporate Governance (CG) isn't just a boardroom buzzword; it's the backbone of responsible leadership and long-term success. It refers to the system of rules, processes, and practices by which companies are directed and controlled. It defines who is accountable, how decisions are made, and how risks are managed.

Strong governance fosters transparency, accountability, fairness, and trust, values that are essential not only to shareholders but to employees, customers, regulators, and society at large. In fact, governance is one of the three pillars of ESG (Environmental, Social, and Governance), a framework now central to how organizations are evaluated globally.

While leadership plays a central role in governance, a truly ethical culture is built across every level of an organization. One often underestimated—but incredibly powerful—tool that strengthens this culture is **whistleblowing**.

### WHISTLEBLOWING: A VITAL MECHANISM FOR ETHICAL OVERSIGHT

We've all heard the phrase "see something, say something." That's what whistleblowing is all about, raising a flag when something seems wrong. In the corporate world, it's the courageous act of reporting unethical, illegal, or harmful behaviour, usually by someone within the organization. The term "whistleblowing" finds its roots in sports and policing, where a whistle signals a foul play. But in the workplace, it represents integrity in action. Speaking up is not an act of betrayal, it's an act of protecting the values a company claims to uphold.

Contrary to popular belief, whistleblowing doesn't mean breaking trust or violating confidentiality. In fact, modern laws increasingly recognize and protect those who report misconduct in good faith. No employee should have to choose between their conscience and their career.

#### When supported properly, whistleblowing:

Encourages ethical decision-making

Stops small problems before they become crises

Builds trust among employees and stakeholders

According to the Association of Certified Fraud Examiners (ACFE), organizations with whistleblower hotlines detect fraud faster and experience over 50% lower losses than those without such channels.

## CASE STUDY: ENRON - THE COST OF SILENCE

The collapse of Enron in 2002 remains one of the most shocking corporate scandals in history. The company's downfall wiped out \$74 billion in shareholder value and destroyed thousands of jobs. But the red flags were there—long before the explosion. Sherron Watkins, then Vice President at Enron, had raised concerns internally about questionable accounting practices. Instead of being supported, she was sidelined and pressured into silence. Her memo to the CEO only came to light after the collapse, leading to congressional investigations and public outrage.

**This scandal became a turning point for corporate governance. It led to the Sarbanes-Oxley Act (SOX), which introduced:**

**Anonymous reporting mechanisms**

**Criminal penalties for retaliation**

**Stronger audit committee oversight**

*The lesson was clear: when employees can't speak up, everyone loses.*

## WHISTLEBLOWER PROTECTIONS IN THE UAE

Recognizing the importance of integrity and transparency, the UAE has taken significant steps to protect whistleblowers and align with global best practices:

- Federal Decree Law No. 31 of 2021: Encourages disclosure of crimes and protects those acting in good faith.
- Federal Decree Law No. 34 of 2021: Criminalizes defamation or retaliation against individuals who report crimes.
- Anti-corruption campaigns: Promote public reporting of fraud and embezzlement.
- e-Whistle Platform: A portal to report financial misconduct within government and public bodies.
- Etisalat Whistleblower Program: An internal, anonymous reporting system for corporate misconduct.

These initiatives reflect the UAE's commitment to building a safe and ethical business environment rooted in trust and accountability.

## WHAT CAN ORGANIZATIONS DO? BEST PRACTICES FOR BUILDING A SPEAK-UP CULTURE

*"Governance isn't just about having the right policies—it's about building a culture where people feel safe doing the right thing."*

**To make whistleblowing effective, organizations should:**

- Provide secure, confidential reporting channels (hotlines or digital platforms)
- Establish and communicate clear, accessible policies
- Ensure strong protections against retaliation
- Investigate concerns independently and promptly
- Promote ongoing awareness and training

## A CULTURE WORTH PROTECTING

Whistleblowing is not about making noise—it's about being heard. It's about creating a workplace where ethical concerns don't get buried, and where every voice has value. When organizations empower employees to speak up safely, they gain an early warning system against risk—and a powerful tool for safeguarding their reputation and values. In doing so, they don't just protect the business—they build a culture of trust, responsibility, and long-term resilience.





## New Office Inauguration

We are Growing! Evas Constantin expands to a Bigger, Better Space.



## Corporate Events

ICAI UAE Dubai hosted a landmark session titled "Know Silent Risks & How You Can Prevent the Next AML Breach"



UAE Corporate Tax and Transfer Pricing Explained at ICAI Dubai Masterclass



"LEGACY IN MOTION: Strategies for Seamless Succession in Family Business"- an event thoughtfully hosted by Amigas Holding.



The UAE's commitment to industrial development and economic diversification was on full display at the ICV Gathering Day, held on 20 May 2025 in Abu Dhabi



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**LEADERSHIP IS THE  
CAPACITY TO TRANSLATE  
VISION INTO REALITY.**

- Warren Bennis -

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