



Monthly Updates on Tax

United Arab Emirates

CORPORATE TAX (CT) - Federal Decree-Law No. 47 of 2022 on Taxation of Corporations and Businesses

On 9th December 2022, The Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law) was released by UAE Ministry of finance.

In accordance with the Corporate Tax Law, business entities will become subject to the UAE corporate tax from the start of the entity's first financial year that begins on or after 1st June 2023.

Corporate tax will apply to:

- ▶ Legal entities incorporated in UAE including free zone entities (qualifying freezone persons will benefit from 0% CT subject to conditions)
- ▶ Legal entities effectively managed and controlled in UAE
- ▶ Foreign entities with permanent establishment in UAE
- ▶ Individuals who are engaged in business activities in UAE (Cabinet decision will be issued for details)

Corporate tax rates are as follows:

Taxable Persons	
Taxable Income up to AED 375,000	0% (zero percent)
Taxable Income above AED 375,000	9% (nine percent)
Qualifying Free Zone Persons	
Qualifying income	0% (zero percent)
Taxable Income that is not Qualifying Income	9% (nine percent)



Registration, filing and payment of corporate tax:

All Taxable Persons (including Free Zone Persons) will be required to register for Corporate Tax and obtain a Corporate Tax Registration Number.

Taxable Persons must file a Corporate Tax return for each Tax Period within 9 months from the end of the relevant period. The same deadline would apply for the payment of any Corporate Tax due in respect of the Tax Period for which a return is filed.

[Click here for a more detailed Blog](#)

Upcoming effective dates for new and revised tax laws in UAE

There has been lot of activity in the tax landscape of UAE in the last couple of months. There were new laws introduced and some of the existing laws were amended.

Below are the effective dates of implementation of new/revised tax laws in UAE:

Tax law	Effective date of implementation
Amendments to UAE VAT law - Federal Decree Law No. 18 of 2022	1 January 2023
Amendments to UAE VAT executive regulations – Cabinet Decision No. 99 of 2022	1 January 2023
UAE Tax procedures law - Federal Decree-Law No. 28 of 2022	1 March 2023
Determination of Tax residency - Cabinet Decision No. 85 of 2022	1 March 2023
UAE Corporate tax law - Federal Decree-Law No. 47 of 2022	Financial years starting on or after 1st June 2023

FTA released updated user guide on Private clarifications – USEG001

An updated Clarifications User Guide has been recently released by FTA to provide guidance on who may apply for clarification, how qualified persons may submit clarification requests to FTA, the manner of submission and the situation where a clarification may be rejected.

The main focus of this Private Clarification mechanism is for the taxpayers to mainly seek guidance from FTA on specific queries on the application of federal tax laws.



Instance where a clarification request will not be accepted:

- ▶ The clarification form is not completed correctly
- ▶ The request is not clear
- ▶ Application is submitted another individual and not the authorized individual
- ▶ The clarification request is hypothetical or for the purpose of seeking tax or tax planning advice.
- ▶ Application is related to any issue or query that was raised during an audit or tax inspection.

Who is entitled to submit the clarification form?

- ▶ The person is a party to the transaction in respect of which the Clarification is requested.
- ▶ The person has analyzed the relevant tax law and regulations, as well as the relevant publications by the FTA and the answer is still uncertain.
- ▶ The Clarification request is based on an authentic and genuine matter.
- ▶ The matter at hand is not covered by previous Clarifications issued by the FTA to the same applicant.
- ▶ Appointed tax agents, Court appointed legal representatives can submit the clarification form on behalf of the authorized person.

It will take around 45 business days for FTA to issue a clarification and will request for additional information if the provided information is incorrect. This time limit may extend in situation where the case is relatively complex.

Some of the points addressed in the updated guide are as follows:

- ▶ In the clarification form, wherein the various fields mention to provide a brief description, in such cases summary information should be clearly mentioned in the relevant field and it will not be accepted if it only states “refer to attached letter”.
- ▶ In the previous guide, it was mentioned that if the person does not agree with the answer provided by FTA on the clarification request, the person may apply for reconsideration of the decision. However, the updated guide includes in Section 7 (Objection) that Clarifications do not constitute official decisions issued by the FTA and are, therefore, not subject to the dispute resolution process and applicants may not apply for a reconsideration in respect thereof.

[Click here for a more detailed guide](#)



Kingdom Of Saudi Arabia

ZATCA - the Fatoora go-live and simulation portal

Fatoora Simulation portal (FSP)

The Zakat, Tax and Customs Authority ('ZATCA') has concluded the "Fatoora Simulation Project" for specific participants and a new pilot testing portal called "Fatoora simulation portal" has been set up on December 27th, 2022. This new simulation environment is similar to the production environment and will act as a copy of it.

This new simulation portal's objective is to help taxpayers to test and experience the end-to-end E-invoicing journey

Fatoora go-live

Previously during the year, a specific group of people were selected by ZATCA for the pilot testing project. Once the testing period was ended the historical data and transactions were deleted. The platform was closed making it unusable for testing purposes.

Tax payers who were part of the first wave as announced by ZATCA (exceeding revenue SAR 1 billion) can integrate their e-invoicing solution with Fatoora portal from 26th Dec 2022

According to the VAT implementation regulations and the E- invoicing regulations, the invoices shared or send to the Fatoora portal will be considered as the official tax invoices.. No preapproval is required from ZATCA as any taxpayer will be eligible to onboard their production system.

Sultanate Of Oman

Oman - Qatar double tax treaty comes into force

After United Arab Emirates and Kingdom of Saudi Arabia being the first among the GCC countries to sign a double tax treaty (DTT) in 2018, the Sultanate of Oman and State of Qatar are among the next GCC countries which signed the DTT in November 2021. The Oman-Qatar DTT will apply from 1 January 2023 onwards, for both withholding tax ('WHT') and other taxes on income and capital.

Like any other DTT's, this covers the taxability of several types of income including dividends, fees. Interests, and royalties



Few significant provisions of the DTT include:

- ▶ With relation to permanent establishment the DTT is aligned with the OECD Model, covers areas such as fixed place P/E AND Agency P/E.
- ▶ If specific conditions are met the tax rate on certain payments are either reduced or NIL, which is one of the main advantages of DTT.
- ▶ The Oman – Qatar DTT also reflects Oman’s dedication towards executing the Base Erosion Profit Shifting minimum standards

International

OECD Pillar Two- implementation package

On 20th Dec 2022, OECD announced releasing an implementation package relating to Pillar Two Global Anti-Base Erosion (GloBE) Rules. The package consists of:

- ▶ Guidance on Safe Harbours and Penalty Relief;
- ▶ Public consultation document on the GloBE Information Return; and
- ▶ Public consultation document on Tax Certainty for the GloBE Rules.

This comes after the OECD Inclusive Framework published Model Rules for Pillar Two in December 2021 and analysis in March 2022, both of which were agreed upon by more than 135 members of the G20/OECD Inclusive Framework (the "OECD Inclusive Framework").



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