

Monthly Updates on Tax

UNITED ARAB EMIRATES

FTA Notice on sale of Commercial Land and Property

The Federal Tax Authority has issued notification to few Tax Registrants to declare their undisclosed sale of commercial Land & Property (which are subject to VAT) in their respective VAT Returns as "Voluntary Disclosures" for the relevant periods.



[Click here to read our detailed blog](#)

Excise Tax Public Clarification (EXTP010) - Warehouse Keeper & Designated Zones

The Federal Tax Authority have issued **Public Clarification (EXTP010)** which replaces the **Public Clarification (EXP005)**. This leads to changes in the submission period for **Designative Zone's Registration Renewal Form** and **Financial Guarantee** effective from 1 April 2023.



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Apart from the above changes, this public clarification elaborates more on:

- The Responsibilities & Requirements of a Warehouse Keeper such as:
 - Registering themselves as Warehouse Keepers for the Designative Zone's they intend to supervise.
 - Carrying out Renewal of registration application / Registration for the respective Designative Zone.
 - Reviewing information such registration expiry dates & value and type of Excise goods which is examined by FTA to see if the Financial Guarantee needs to be updated.



- The Requirements that must be met by the Warehouse Keeper in the application for Designated Zone Registration Renewal or New Registration to determine their eligibility and avoid rejection/suspension. Following are the requirements:
 - Specifying the categories of excise goods that are or will be stored in the designated zone.
 - Specifying the quantity of excise goods in the designated zone.
 - Proving evidence that sufficient physical security measures are in place.
 - Proving evidence that a stock and record management system is maintained.

[Click here to read our detailed blog](#)

The Federal Tax Authority issues “Input Tax Apportionment” Guide

In March 2023, The Federal Tax Authority published the guide on “Input Tax Apportionment” (“the Guide”) replacing the erstwhile “Input Tax Apportionment: Special Methods” VAT Guide.

In accordance with the UAE VAT law, taxable person is not entitled to recovery of input tax incurred on goods and services used (intended to be used) solely for non-business purposes or making an exempt supply.

However, there might arise circumstances under which the said goods or services are used partially for making supplies that allow use of recovery of input tax. In such circumstance, the taxable person shall determine the actual portion of the input tax that are attributable to supplies that allow recovery of input tax.

The recoverable input tax (attributable to supplies that allow recovery of input tax) and non-recoverable input tax (relating to goods and services used / intended to be used solely for non-business purposes or making an exempt supply) together would be referred to as “Residual Input Tax”)

Such determination can be done with the help of Standard Input Tax Apportionment Method and Special Input Tax Apportionment Methods (to be used by certain types of entities where the standard input tax-based apportionment method does not yield a fair and reasonable result).

The Standard Input Tax Apportionment Method is determining the “Apportionment Rate” by dividing the wholly recoverable input tax by wholly non-recoverable input tax (expressed in percentage).

This is to be calculated by Taxpayers for each period where Residual Input Tax is incurred followed by a mandatory annual adjustment (annual washup).

The Guide also helps taxpayers in choosing Special Input Tax Apportionment Methods if it produces a better yield **and** variance of more than 10% compared to Standard Input Tax Apportionment Method in the whole tax year.

Below are the types of Special Input Tax Apportionment Methods:

- Output-based method.
- Transaction count method.
- Floorspace method; and
- Sectoral method.

Each of above Special Methods are subject to specific conditions, validity and other administrative procedures.

*Detailed procedures and calculations with examples are provided in the Guide. The same can be accessed on the following link: [FTA Guide](#)

KINGDOM OF SAUDI ARABIA

Updates on Electronic Invoicing (E-Invoicing) – Implementation (Integration Phase)

The Zakat, Tax and Customs Authority (ZATCA) announced the criteria for selecting the Taxpayers in Wave 3 for Implementing (Integration Phase) of E-invoicing on 24th March 2023.

ZATCA mentions in the announcement that, all Taxpayers whose annual taxable revenue (Taxable Supplies) exceeds **250 million Saudi Riyals** during 2021 or 2022 would fall under the Wave 3 criteria for implementing “Integration Phase” of E-invoicing.

VAT registrants meeting the criteria are required to integrate their e-invoicing solution with (FATOORA) from 1st October 2023.

[Click here to read more.](#)



Amendments on Implementing Regulations on Excise Tax

Zakat, Tax and Customs Authority (ZATCA) published Council Decision No. 13-1-23 in the Official Gazette amending some portions of implementing regulations on Excise Tax.

The Highlights of the amendments are as follows:

- Payments of Excise Tax due on Imports can now be delayed upon request for a maximum of **45 days**.
- Addition of Article 37, Stating definitions and conditions for a place to be designated for the disposal of non-consumable excise goods.
- Addition of a paragraph to Article 52, Stating rights of Taxpayers for refund of Excise Tax paid on excise goods that are or became non-consumable.

[Click here to read more.](#)

ZATCA issues VAT guide for small and medium enterprises

Zakat, Tax and Customs Authority (ZATCA) issued a guide to ensure the small and medium businesses are VAT ready. This guide provides details and requirements to ensure VAT readiness. They aim to achieve this by providing them resources and detailed guidance regarding:

- Taxation policies
- Records system for invoice VAT details
- VAT return filing and registration.
- Technical solutions and tips to make tasks easier and convenient.

[Click here to read more.](#)

VAT Refunds procedures for Non-Residents

Zakat, Tax and Customs Authority (ZATCA) published a guide for non-resident businesses for submitting a VAT refund application.

Highlights of the guideline:

- VAT Refund application must be submitted by businesses within six months from the end of the calendar year.
- Taxpayers may submit an objection to the Dispute Committee if ZATCA fully/partially rejects the refund application.
- Refund applications relating to the period 2018 to 2021:
 - Businesses who have submitted protective claim letter within deadline are eligible for refund claim.
 - Businesses may submit an application if previous year's protective claim letter is not submitted (Subject to ZATCA approval).

[Click here to read more.](#) (Available in Arabic)

OMAN

Income Tax Exemptions for selected sectors

His Majesty Sultan Haitham bin Tarik announced an economic stimulus plan (ESP) to support and mitigate Covid-19's effects on the national economy.

Oman Tax Authority announced (OTA) announced rules for tax exemptions granted under the ESP for companies in the following sectors mentioned below who began their operations during the period from 1 January 2021 – 30 Dec 2022:

SECTORS:

- Industry sector
- Tourism sector
- Logistics sector
- Fisheries sector
- Agricultural wealth sector
- Mining sector

Companies who started operations in the above sectors and during the period would be qualified for exemption for a period of 5 years from commencement / operation date.

The OTA has provided rules and conditions for the Tax exemption which depend on many factors such as place of establishment, registration with the authority, compliance with Oman law, Scope of Tax exemption, Exemption Request for granting exemption and income tax returns

[Click here to read more](#)



QATAR

Social Media Announcements (LinkedIn)

- Tax Return submission for year 2022.
 - The General Tax Authority has extended the deadline for submitting the tax return for year 2022 for a period of one-month, last day to submit returns is now 31 May 2023.
- Tax evasion cases in Qatar
 - The General Tax Authority has released a statement on Tax evasion cases committed by a group of individuals and organizations in the contracting sector with the help of GTA's revenue protection team.
 - GTA referred these companies to public prosecution to take legal action evasion crimes such as concealing company's actual income, not registering with GTA and use of fraudulent methods to evade taxes.
 - The Court issued convictions to both the companies and their respective authorized signatories seeking to recover evaded amount along with administrative penalties as per Tax Law. Court also ordered deportation for one of the authorized signatories after serving one year imprisonment.

[Click here for the statement](#)

BAHRAIN

Inspection visits in Local Markets

- The National Bureau of Revenue (NBR) conducted 495 inspection visits within local markets of governorates during January and February 2023.

- NBR aims to protect consumers' rights, enhance the level of business compliance, ensure effective implementation of VAT & Excise Law (Digital Stamps Scheme), and monitor suspicions of VAT & Excise Tax evasion through these inspections.
- NBR will take legal action and impose administrative fines against violators such as:
 - Five years imprisonment and fine equivalent to three times the amount of VAT due under VAT Law, and
 - One year imprisonment and fine equivalent to double the excise evaded under Excise Law.
- NBR confirms to continue inspections campaigns and advised businesses registered with NBR to follow the Legislation to avoid penalties.

[Click here to read more](#)

GCC Tax Treaty updates

- The UAE signed a Double Tax Treaty (DTT) with the Republic of Congo Brazzaville. [\(LINK\)](#)
- The Qatar signed a Double Tax Treaty (DTT) with Egypt. [\(LINK\)](#)



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