

TAX NEWSLETTER

Monthly Updates on Tax

United Arab Emirates (UAE)

Treatment of all businesses and business activities undertaken by Government Entity as “Single Taxable Person” under UAE Corporate Tax law

The UAE’s Ministry of Finance has issued Ministerial decision No. 68 of 2023 highlighting the conditions for Federal and Emirate government run businesses and businesses activities to be treated as a ‘single taxable person’ for corporate tax law purposes.

The decision also highlights the determination of taxable income along with other procedural & administrative aspects, for being treated as “single taxable person”.

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Qualifying Public Benefit Entities (QBPEs) under UAE Corporate Tax law

The UAE’s Ministry of Finance (MOF) has issued Cabinet Decision No. 37 of 2023 which lists the names of over 500 bodies considered to be QBPEs. These are among the few bodies qualified for exemption from corporate tax (subject to the conditions in Article 9 of the corporate tax law).

The decision also highlights procedural & administrative aspect

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The Federal Tax Authority (FTA) decisions under the UAE Corporate Tax law

CHANGE IN TAX PERIOD

The FTA has issued decision No. 5 of 2023 stating conditions for changing the tax period for Corporate tax purposes.

The Decision provides for the conditions under which tax payers can change their tax period.

TAX DEREGISTRATION

The FTA has issued decision no. 6 of 2023 relating to the timeline for natural persons / juridical person to apply for the de-registration. The timelines are as under:

- Natural Person – Should be filed within 3 months from the date of cessation of the Business / Business Activity.
- Juridical Person – Should be filed within 3 months from the date the entity ceases to exist / cessation of the business / dissolution / liquidation or otherwise.

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EXEMPTION FROM REGISTRATION

The FTA has issued decision no. 7 of 2023 relating to the registration and application for Corporate Tax exemption. The Decision caters to following categories of exempt persons:

- Qualifying Public Benefit
- Qualifying Investment Fund
- Public / Private (as applicable) Pension and Social Security Fund
- Person incorporated in UAE and wholly owned and controlled by prescribed Exempt Persons
- Any other person, as notified

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Temporary and exceptional presence of the natural person in the UAE not resulting in creation of Permanent Establishment in UAE under UAE Corporate Tax law

The UAE's Ministry of Finance has issued Ministerial decision No. 83 of 2023 which provides for the conditions which qualify as temporary and exceptional situation of the natural person (acting on behalf of non-resident) in the UAE.

Exceptional situation relates to a situation or an event (Public / Private nature) beyond the control of the natural person which has occurred while he was already in the state and could not be predicted.

The decision also provides few examples of common exceptional circumstances of public / private nature in this decision.

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Small business relief under UAE Corporate Tax law

The UAE's Ministry of Finance has issued Ministerial decision No. 73 of 2023 on small business relief to support the start-ups and other small businesses with an intent to reduce tax and compliance burden.

To be regarded as a small business, the taxpayers need to be a tax resident in the UAE and have revenues equal or less than AED 3 million in the given and previous tax period.

This decision also clarifies on the following aspects:

- Tax periods for the revenue threshold .
- Entities not qualified for small business relief.
- Voluntary opting out from the scheme.
- Anti-abuse mechanism.

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Exception from Registration for UAE Corporate Tax

The UAE's Ministry of Finance has issued Ministerial decision No. 43 of 2023 providing the list of categories of persons who are not required to register for Corporate Tax with the FTA.

The Decision also highlights the fact that non-resident earning only source-based incomes from UAE without having a Permanent Establishment in the UAE would also not require to take registration.

This decision also states that the exception is without prejudice to the obligation to register if the person becomes a 'taxable person' under the corporate tax law.

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Categories of Taxable Person required to prepare and maintain audited financial statements for UAE Corporate Tax

The UAE's Ministry of Finance has issued Ministerial Decision No. 82 of 2023 with regards to the categories of taxable persons who

are required to prepare and maintain audited financial statements for Corporate Tax purposes. The categories are mentioned below:

- A taxable person reporting revenues exceeding AED 50,000,000 (Fifty Million AED) during the relevant Tax period.
- A Qualifying Free Zone person.

[Click here to read the Ministerial Decision](#)

Customs notice for submitting customs declaration

The Dubai Customs authority has issued Customs Notice No. (04/2023) to advise clients to submit the customs declarations along with the required documents to Dubai customs.

Declarations along with documents must be submitted within a maximum of 30 days from the date of completion of customs declaration & days 90 days for customs cleared during the period 29/03/2020 to 26/09/2022 from the date the notice comes into force.

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

Kingdom of Saudi Arabia (KSA)

Zakat, Tax and Customs Authority (ZATCA) establishes Advisory Committee

ZATCA have announced the decision to establish an advisory committee to provide consultations in the areas of Zakat and Tax and activities relating to customs work and logistical services. The committee will submit proposals after thorough reviews and discussions.

The Advisory committee consists of a group of part-time, qualified, and experienced individuals from the private sector. It is formed with the aim of strengthening communication with its taxpayers and customers for identifying areas of growth and improvement.

[Click here to read the official announcement](#)

Economic Cities and Special Zones Authorities (ECZA) establishes Special Economic Zones

The ECZA have established four new special economic zones (SEZ's) across various regions of the kingdom as announced by the Saudi government. The main aim of this decision is to attract foreign investors to do business in KSA.

These new SEZ's are providing various benefits for businesses who are willing to invest in these newly established special zones. Investing businesses might receive the following benefits as follows:

- Exemption from operational fees for employees and their families within SEZ.
- 0% withholding tax on repatriation of profits from SEZ into foreign countries.



- Corporate income tax rate of 5% for up to a period of 20 years.
- Special tax treatment to avoid double taxation in line with OECD principles.
- 0% VAT for all instar-SEZ goods exchanged within and between special economic zones.

These SEZ's further support KSA's main vision to be a global business hub and to achieve its economic development goals.

[Click here to read the official announcement](#)

Saudi Arabia announces amendments to Transfer pricing regulations

On 7th April 2023, The Zakat, Tax, and Customs Authority (ZATCA) announced the application of transfer pricing bylaws to Zakat taxpayers, applicable for financial years starting on or after 1 January 2024.

The announcement also introduces Advance Pricing Agreements (APA) provisions for taxpayers and Zakat payers.

TRANSFER PRICING REGULATIONS FOR ZAKAT TAXPAYERS

Zakat taxpayers will now have to ensure that all related party transactions meet the arm's length principle. They will be required to prepare and maintain Transfer pricing documentation such as disclosure form & affidavit, local file, and a master file subject to prescribed conditions.

INTRODUCTION OF APA PROVISIONS

ZATCA announces to create Advance Pricing Agreement (APA) mechanism which will allow taxpayers to obtain an agreement from the tax authority which provides audit protection and reduced compliance requirements for Transfer Pricing arrangements for a certain period of years.

**ZATCA will release a further guide in the future which will provide detailed clarification for the amendments above.*

[Click here to read the official announcement](#)

Zakat, Tax, and Customs Authority (ZATCA) encourages individuals to pay Zakat via "Zakaty"

On 6th of April 2023, ZATCA announced to the public to use the "Zakaty" app or service website (zakaty.gov.sa) for individuals to pay their Zakat obligations.

ZATCA has clarified that individuals can pay their zakat through the safe and reliable methods of payments in the banks via SADAD, Apple Pay, mada and other methods ensuring the quick and reliability of paying zakat to those who are eligible, with the possibility of selecting the eligible categories registered in the Social Insurance.

[Click here to read the official announcement](#)

Address

Office 805, 8th Floor,
Exchange Tower,
Business Bay,
Dubai, UAE

Contact Info

+971 4 354 2959
info@premier-brains.com
www.premier-brains.com

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