

VOL. 38 | OCTOBER 2023

TAX NEWSLETTER

United Arab Emirates (UAE)

CORPORATE TAX ("CT") ISSUANCE OF TAX RESIDENCY CERTIFICATE

On 16th October 2023, The Ministry of Finance ("MOF") published Ministerial Decision No. 247 of 2023 on the Issuance of Tax Residency Certificate for the Purposes of International Agreements.

This decision states that a person who qualifies for Tax residency must submit an application to Authority mentioning all the necessary details as required in order to obtain a Tax Residency Certificate ("TRC"). Based on the approval from the Authority and the relevant provision of the international agreement, a TRC shall be issued for the Taxable person in the Format attached to this official decision or in any other form acceptable to the Authority

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

EXEMPT INCOME CORPORATE TAX GUIDE

On 10th October 2023, The Federal Tax Authority ("FTA") published Corporate Tax Guide 'CTGEXII' - Exempt Income: Dividends and Participation Exemption.

This guide provides general guidance on exemptions in the Corporate Tax Law for Dividends and other profit distributions, such as the Participation Exemption. It relates to taxable persons who receive Dividends from a Resident juridical person, and income or gains from a Participating Interest.

Participation Exemption permits certain income to be exempt from Corporate Tax such Dividends and Capital Gains where the Taxable person holds a significant long-term ownership interest in a Juridical Person.

This Guide also provides insight into how the Exemption initiative operates, how dividends and other profits and defined, eligibility conditions for the exemption and the implications that may arise in term of Tax Groups.

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

IN THIS EDITION

United Arab Emirates (UAE)

- Corporate tax ("CT")
 - Issuance of Tax Residency Certificate
 - Exempt Income Corporate Tax Guide
 - Transfer Pricing Corporate Tax Guide
- Value Added Tax ("VAT")
 - VAT Refund App for UAE Tourists
 - Parts and Pieces related to Electronic Devices
- Tax Treaty Updates

Kingdom of Saudi Arabia (KSA)

- Income Tax Law Draft and Zakat and Tax Procedural Law Draft
- Taxpayers warned against Fraudulent Refund or Financial Dues Messages

Oman

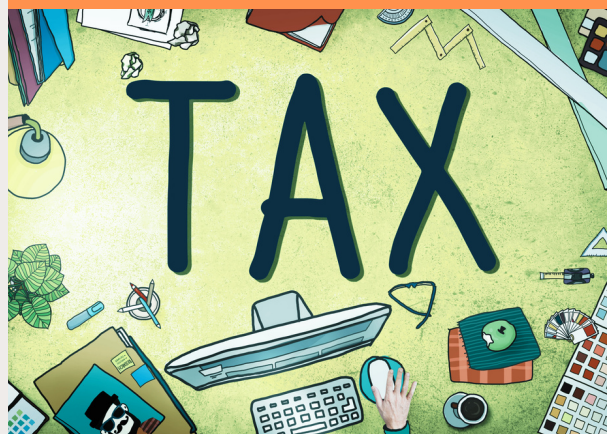
- Amendments to the VAT Executive Regulations

Qatar

- Amendments to the Qatar Customs Law
- Qatar removed from 'EU' Grey List

KUWAIT

- Business Profits Tax Law



TRANSFER PRICING CORPORATE TAX GUIDE

On 23rd October 2023, The Federal Tax Authority (“FTA”) published Corporate Tax Guide ‘**CTGTPI**’ – Transfer Pricing.

This decision provides guidance on the Transfer Pricing Regime and an overview of the Transfer Pricing rules and procedures, including the determining Related Party transactions, if such transactions are done on an Arm’s Length basis, and other related compliance requirements including Transfer Pricing documentation.

This guide is intended towards juridical or natural person who wants to know more about the Transfer Pricing regime in the UAE.

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

VALUE ADDED TAX (“VAT”)

VAT REFUND APP FOR UAE TOURISTS

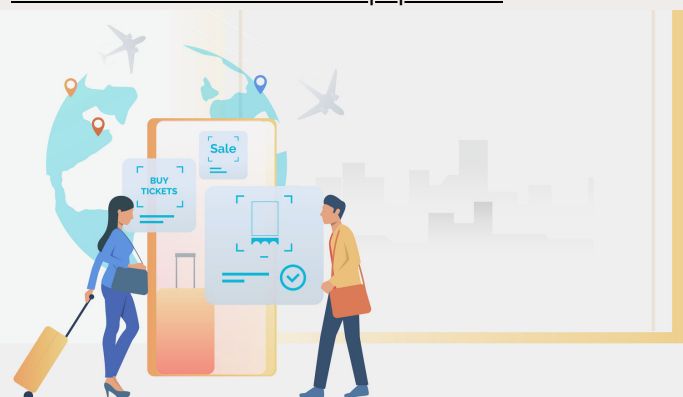
During the GITEX Global exhibition held in Dubai, UAE. The Federal Tax Authority (FTA) has launched a new app “**Tourist Refund**” for tourists to conveniently claim VAT refunds on their purchases in UAE. Tourists are no longer required to retain all their purchase receipts as all these would be recorded digitally through the Application.

Tourists can download the new application through the FTA services provider ‘Planet’. As per the new app, the UAE merchant scans the invoice and records it in the app where all the purchases information along with the VAT recoverable on those purchases will be displayed.

Upon exiting the country either from ports, land borders or airports, Tourists will no longer be required to stand at kiosks to claim their VAT refund, but instead visit the designated areas for VAT refund claim and provide the Invoices recorded in the App. The Refund would be provided either through cash or bank transfer.

The “Tourist Refund” App is currently available on the Android Platform but will be accessible by Apple users by the end of this year.

[Click here to read the official Newspaper Article](#)



PARTS AND PIECES RELATED TO ELECTRONIC DEVICES

On 25h October 2023, Ministerial Decision No. 262 of 2023 was issued on the Criteria to be Followed in the Determination of Parts and Pieces of Electronic Devices. This decision shall come into effect from 30th October 2023.

Parts and pieces would be considered related to Electronic Devices if they are normally necessary for the operating, manufacturing and production of the Electronic Devices such as chargers, power cords, battery packs and other similar pieces and parts.

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

TAX TREATY UPDATES

On 9th October 2023, the Emirati Cabinet of UAE approved the Income Tax Treaty with Tanzania. This treaty was initially signed on 27th September 2022. During the meeting, both parties deliberated means of bolstering bilateral relations and agreed on the need to continue enhancing joint cooperation and work in various fields. They also exchanged views on certain international issues of common interest.

The full text of the sanctioned is not yet available, it is expected to be released in the near future.

[Click here to read the official announcement of the Signed treaty in September 2022](#)

KINGDOM OF SAUDI ARABIA (KSA)

INCOME TAX LAW DRAFT AND ZAKAT AND TAX PROCEDURAL LAW DRAFT

On 25th October 2023, the Zakat, Tax, and Customs Authority (ZATCA) has uploaded the Zakat and Tax Procedural Law draft and Income Tax Law Draft on the Istitlaa Portal. The survey is open for public consultation until the 25th of December 2023.

Income Tax Law Draft

These changes contribute towards reshaping the Kingdom's tax landscape, promoting transparency, encouraging compliance and economic growth. The draft proposes improvements in the key areas as mentioned below:

- Revision of the Withholding tax rates.
- Special incentives offered.
- Addressing tax avoidance
- Refining residency rules
- Embracing international standards.

Zakat and Tax Procedures Law Draft

The Zakat and Tax procedures Law draft aims to develop and procedural system that aims to form a set unified procedures system that help promote consistency and harmony.

The initiative aims to outline the rights and responsibilities of the Authority and taxpayers and which in turn enhance compliance, transparency and provide a clear set of guidelines to be followed.

The Draft consists of a variety of significant provisions such as:

- **Article 4** - Right of the Authority to access information to enforce Zakat and Tax laws.
- **Article 9** - Guidelines for record-keeping requirements.
- **Article 16** - Scenarios of Zakat or tax avoidance.
- **Article 20** - Right of Taxpayers challenge decisions issued by the Authority.

[Click here for the official Income Tax Law draft](#)

[Click here for the official Zakat and Tax Procedures Tax Law draft](#)



TAXPAYERS WARNED AGAINST FRAUDULENT REFUND OR FINANCIAL DUES MESSAGES

On 10th October 2023, the Zakat, Tax, and Customs Authority (ZATCA) has urged Taxpayers not to respond to suspicious refund / financial due message that attempt to obtain personal or banking information.

ZATCA explains such fraudsters attempt to obtain banking information by claiming to recover amounts paid to the Authority and seek access to links provided by them through SMS to provide more information or fill out data forms. ZATCA does not request access to such links and payments are only done through ZATCA's official website and mobile application.

ZATCA advises Taxpayers to contact the Customer Care that operates 24/7 and report such cases to the Authority.

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

OMAN

AMENDMENTS TO THE VAT EXECUTIVE REGULATIONS

On 25th October 2023, The Oman Tax Authority (OTA) issued Resolution No. 521 of 2023, introducing significant amendments to the Executive Regulations ("ER") of the VAT law and will come into force from the following day from its publication.

The amendments now allow refunds of VAT in certain additional instances as mentioned below along with the documents required in accordance with the conditions and controls stipulated in the Common Customs Law:

Refund of VAT paid on import from a non-taxable person in excess of the tax actually due on the import

This VAT refund request should be made using the provided form and should include the following documents:

- Proof of tax payment.
- Evidence of customs tax recovery if previously collected.

Refund of VAT paid on imported goods upon re-export

This VAT refund request should be made using the provided form and should include the following documents:

- Proof of tax payment.
- Statement of re-export and customs tax refund, if previously collected.

Refund of VAT paid by charitable organisations on its procurements

This VAT refund request should be made using the prescribed relevant forms and attached to either the tax invoice or a simplified tax invoice, along with a bank account deduction receipt.

It is important to note that the below provisions remain unchanged and taxpayers must follow them in the amendments mentioned above:

- Submission of the VAT refund application with the refund not being less than 15 Omani Riyals.
- VAT refunds are requested using the relevant forms as specified along with its supporting documentation.
- The Authority requires 30 days to review the application after receiving all documents, the application will be considered rejected if there is no response provided within 30 days.
- Approved refund requests will be notified to the taxpayers and must be collected either in full or part within 15 days from the date of the notification.

[Click here to read the Amended Executive Regulations \(Only available in Arabic\).](#)

QATAR

AMENDMENTS TO THE QATAR CUSTOMS LAW

On 17th of August 2023, Qatar published Law No. (10) of 2023, introducing significant amendments to the Qatar Customs Law (Law No. 40 of 2002) via Official Gazette issue No. 11 of 2023, with an immediate effect.

These amendments are aimed at boosting trade and enhancing customs procedures through document centralization and technology-based solutions.

These Amendments bring significant changes to the Customs law, the highlights of the Amendments are as follows:

- Customs Duty paid on Lost / Abandoned goods are non-refundable.
- Customs procedures may be proceeded without the need of Commercial Invoices although subject to certain conditions.
- Customs Duty exemptions now have the following inclusions:
 1. Security-related Imports
 2. Rescue Materials
 3. Goods temporarily exported and returned back subject to conditions
 4. Commercial samples imported into GCC countries that do not exceed value of 5,000 Qatari riyals
 5. Goods imported by disabled persons / related to disability care and relevant governments agencies.
 6. Incoming personal postal parcels and dispatches that exclude tobacco and certain commodities.

QATAR REMOVED FROM 'EU' GREY LIST

On 17th October 2023, the European Union's (EU) Economic and Financial Affairs Council (ECOFIN Council or the Council) formally issued the conclusions (pdf) on the revised EU list of noncooperative jurisdictions for tax purposes and it was observed the state of Qatar was removed from the 'EU' Grey list.

It was confirmed that Qatar has fulfilled its commitments to implements principles that demonstrated tax-good government principles by way of amending the harmful Tax regime – the foreign-source income exemption (FSIE).

The country is now listed within those jurisdictions cooperating with the EU that currently have no pending commitments

- Penalties related to 'smuggling cases' have increased to three times the duty paid or double of the value of the related goods.
- Customs fines and penalties may partially or wholly be waived if they voluntarily disclosed before their discovery. These are applied to the following violations:

1. Violations of temporary admission.
2. Re-export violations.
3. Any other customs violation.
4. Warehouse violations.
5. Violations of the areas supervised by customs.
6. Customs declaration violations.
7. Violations of goods in transit.
8. Import and export violations.

- The Qatar customs authority aims to enhance trade by committing to the following:

1. Clearance of goods before they arrive at Customs with the aim of reducing time and cost and avoiding unnecessary port delays.
2. Electronic Documents may be accepted for Customs clearance subject to certain conditions and provided the data is verifiable and authentic.



KUWAIT

BUSINESS PROFITS TAX LAW

Kuwait is actively working on a new Corporate Tax Initiative 'Business Profits Tax Law' that is aimed to reshape the current tax structure of Kuwait. This law shall impose 15% tax on profits of all legal persons including major international companies and exemptions for citizens and small-scale projects. Kuwait has prioritized this initiative as one of its top 14 for the legislative agenda of the past parliamentary session on 31 October 2023.

The new tax initiative will be implemented in two stages:

Stage 1 is expected to begin on 1st January 2025 where the new framework will be applied to major companies with international operations which existing tax laws remain in effect.

Stage 2 is expected to begin on 1st January 2026 where the new framework will be applied to all legal entities and the current tax law would come to an end.

A high level-committee is expected to be formed name "Supreme Committee" that will develop policies related to the global minimum corporate tax recommended by the Organization for Economic Cooperation and Development ("OECD").

The Supreme Committee will likely consist of various member from various institutions including Ministries of Finance, Justice, Commerce and Industry, the Kuwait Petroleum Corporation, the Kuwait Chamber of Commerce and Industry, the Kuwait Direct Investment Promotion Authority, and the Kuwait Banks Association.

[Click here to read the Kuwait local news article](#)



"Reach out and let's connect!"



Rishi Chawla FCA, MBA
 Managing Partner
 M: +971 50 394 6911
 E : rishi@premier-brains.com



Mohammed Al Khateeri CPA
 Partner, FTA Tax agent
 M: +971 50 335 7176
 E : m.alkatheeri@premier-brains.com



Bhawna Chopra CA, MBA
 Tax Partner
 M: +971 50 2134525
 E: bhawna@premier-brains.com



Vinit Gala - ACA, DIIT, B.Com
 Director - Tax
 M: +971 50 9232194
 E : vinit@premier-brains.com



Darshani Gohil - CA
 Tax Manager
 M: +971 58 580 2852
 E : darshani@premier-brains.com



Piyush Papneja, ACA, B.COM
 Tax Manager
 M: +971 52 989 0842
 E: piyush@premier-brains.com

Address

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



Abu Dhabi-Dubai-Kuwait-Oman

Contact Info

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