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TAX NEWSLETTER

United Arab Emirates (UAE)

CORPORATE TAX ("CT")

REGISTRATION OF THE UNINCORPORATED PARTNERSHIP AND DETERMINING THE DISTRIBUTIVE SHARES OF PARTNERS IN AN UNINCORPORATED PARTNERSHIP

The Federal Tax Authority ("FTA") have published Federal Tax Authority Decision No. 16 of 2023 on Determining the Requirements for the Registration of the Unincorporated Partnership and Determining the Distributive Shares of Partners in an Unincorporated Partnership for the purposes of the CT Law.

Unincorporated Partnership Registration

As per the decision, the partners in an Unincorporated Partnership that is not treated as a Taxable Person are required to appoint one of the partners to be the authorised partner who will act on behalf of all the partners in any tax obligations and procedures. The authorised partner are required to do the following:

- Submission of the registration application to the FTA to obtain the Tax Registration Number.
- Submission of an annual declaration on behalf of all the partners in the Unincorporated Partnership within a period not exceeding (9) nine months from the end of the relevant Financial Year of the Unincorporated Partnership or part thereof while keeping the following into account:
 - 1.The Financial Year of an Unincorporated Partnership shall be the Gregorian calendar year or the (12) twelve-month period for which the Unincorporated Partnership prepares its financial statements.
 - 2.The annual declaration shall include all the data necessary data that help to determine the Taxable Income of the partners in the Unincorporated Partnership.

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Determining the Distributive Shares of Partners

The decision specifies that where the distributive share of the partners is not identified, the assets, liabilities, income and expenditure of the Unincorporated Partnership shall be allocated equally to each partner in the Unincorporated Partnership.

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

TAXATION OF EXTRACTIVE BUSINESS AND NON-EXTRACTIVE NATURAL RESOURCE BUSINESS CORPORATE TAX GUIDE

In December 2023, The Federal Tax Authority (“FTA”) published CT guide CTGEPX1 on the Taxation of Extractive Business and Non-Extractive Natural Resource Business. The guide is issued with the purpose of providing guidance on Extractive Businesses and Non-Extractive Natural Resource Businesses for Corporate Tax purposes. It covers the following concepts:

- Scope of the Corporate Tax exemption for Extractive Businesses and Non-Extractive Natural Resource Businesses
- The Corporate Tax rules that apply to Extractive Businesses and Non-Extractive Natural Resource Businesses.
- The determination of the Taxable Income of any other Business of an Extractive Business or Non-Extractive Natural Resource Business.
- Compliance requirements for Extractive Businesses and Non-Extractive Natural Resource Businesses as per the CT Law.

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

REGISTRATION OF NATURAL PERSONS CORPORATE TAX GUIDE

In December 2023, The Federal Tax Authority (“FTA”) published CT guide CTGRNP1 on the Registration of Natural Persons.

The guide is issued with the purpose of providing guidance on the registration requirements of Natural Persons for the purpose of CT. It covers the following concepts:

- The CT registration rules for a Natural person
- Basis on which a natural person can determine whether they need to register for CT.
- The CT deregistration process.

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



GENERAL NEWS

FTA ANNOUNCES NEW FEATURE FOR TAX ASSESSMENTS

The FTA recently announced that taxpayers can now submit additional documents when requesting a tax assessment review through email (assessmentreview@tax.gov.ae).

The request must specify the reasons for submission and must be presented within 50 business days from the date a taxpayer is notified of a tax assessment

UAE AND COLOMBIA INITIATE COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT (CEPA)

On 2nd December 2023, Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade, and German Umaña, Minister of Industry, Commerce and Tourism for Colombia, have finalized the terms of a Comprehensive Economic Partnership Agreement (CEPA) between the two nations.

Prior to the implementation, the CEPA with Colombia will remove or reduce tariffs on the majority of product lines, eliminate unnecessary barriers to trade, improve market access, and deepen collaboration across energy, environment, digital trade, financial services, telecommunications, hospitality, tourism, infrastructure, agriculture and food production.

CHANGES TO THE EMARATAX PORTAL DASHBOARD

Recently, The Federal Tax Authority (FTA) has made innovative updates to its Taxable person dashboard of the Taxpayers on the EmaraTax Portal. These significant changes have enhanced the user interaction on the portal and provides a detailed overview of various records and information relating to the Taxable person.

The major enhancements to the Taxable person Dashboard are as follows:

Registration Overview

This section provides a detailed overview on the various types of registrations that relates to the taxable person such as Corporate Tax, Value Added Tax, Tax Group, VAT Clearing Company – TINCO, Excise Tax and Warehouse Keeper. This section provides the following details for each type of registration:

- Registration Status
- TRN/WHK No.
- GIBAN No. relating to the registration type.
- Effective Date of Registration

Taxable person details

This section provides a detailed overview of the mandatory details of the Taxable person such as:

- Entity Details
- License Details
- Address Details
- Authorized Signatories of the taxable person

Certificates

The Certificates section displays the Registration Certificates that is issued by FTA each type of registration applied for by the Taxable Person.

Account Access

This section displays the Authorized users who have access to the taxable person dashboard who may carry out the services on behalf of the taxable person.

Required Actions

The "Required actions" now displays an additional prompt that notify the taxable on the expiration of any documents / records that are uploaded on the portal and require to be updated by submitting an Amendment application to the FTA.



KINGDOM OF SAUDI ARABIA (KSA)

GUIDE ON SPECIAL INTEGRATED LOGISTICS ZONE

On 10 December 2023, Saudi Arabia's Zakat, Tax and Customs Authority (ZATCA) published the General Guideline for the Zakat, Tax and Customs Provisions of the Special Integrated Logistics Zone (Guideline). The Special Integrated Logistics Zone (SILZ or Zone) was previously known as the Integrated Logistics Bonded Zone or ILBZ

The Guideline provides the necessary clarifications and guidance for the application of the tax and customs provisions relating to the Zone. It outlines the specific tax and customs rules applicable in the Zone

The Zone aims to attract qualitative investments with added value to the national economy. Existing establishments within the Zone can practice the following activities:

- Maintenance, repair, processing, modification, development, assembly, and storage of goods
- Sorting, packing, repacking, packaging, trading, distribution, handling and use of goods or other goods, including simple manufacturing processes, in any form
- Import, export and re-export
- Value-added services, logistics and after-sales services
- Recycling waste and e-waste.

Tax and Customs Incentives

Tax relief period - 50 years commencing from the date the entity is licensed to carry out Prescribed Activities in ILBZ, until the earliest of the following:

- The 50-year period lapses; or
- The entity ceases to be an ILBZ entity (e.g. due to it no longer meeting the eligibility requirements or violates the special rules set for ILBZ)

Eligible income from Zone activities is subject to 0% tax for a period of 50 years starting from the date the establishment receives a license for Zone activities. Income not derived from activities allowed in the Zone and income after the relief period are taxed at the standard corporate tax rate of 20%

No withholding tax on certain payments to non-residents during the tax holiday period: Certain payments to non-residents (dividends, loan payments, royalties, technical services, etc.) are not subject to withholding tax.

Suspension of VAT and customs duties on goods related to Zone activities: Goods imported into the Zone are temporarily exempted from customs duties, VAT and certain restrictions, if related to licensed activities. The suspension ends upon entering the local market, with customs duties and VAT applied at that time.

Zakat and other taxes: There are no special exemptions for zakat, excise tax and real estate transaction tax.

Transactions with the mainland and anti-tax avoidance provision: Businesses established in the zone are independent from those set up in the mainland. Transactions between any establishment operating within the designated Zone and its affiliated entities in the mainland must be reported as related-party transactions.

Tax/zakat base returns and payments: Businesses operating in the Zone must fulfil their tax obligations by filing returns and paying any owed amounts, including those not covered by incentives or exemptions, as outlined in the Zakat Collection laws.

Supply of goods from the mainland to the Zone: Goods supplied within the Zone must be in a suspended status for customs duties and VAT. Zero rate applies to supplies from the mainland to the Zone if the supplier is VAT-registered and the goods are related to Zone activities. Goods from the Zone to the mainland are considered as imported goods and are subject to VAT and customs duties upon exit.

Temporary exports from the mainland to the Zone are exempted from customs duties if returned in accordance with the conditions and controls stipulated in the Common Customs Law and its Implementing Regulation. Movement of goods from the Zone to another country is considered as export with no VAT payable. Goods moved to other special economic zones under tax suspension are suspended for customs duties and VAT if both zones have such provisions.

VAT deduction: Businesses in the Zone registered for VAT can deduct input tax for taxable supplies, including zero-rated ones. As such, refundable credit balances may occur. Mainland businesses importing from the Zone will pay VAT at exit from the Zone and can deduct input tax incurred upon import. Refund requests can be submitted through the returns filed or as separate requests.

Recordkeeping requirements: Companies should maintain separate books and records for Zone activities from those of the parent company. Businesses should maintain the necessary documents for tax and customs calculations. E-invoicing is mandatory for Zone businesses registered with the ZATCA.

Tax and customs assessments and inspection: Zone businesses are subject to tax and customs assessments and inspections like any other businesses in Saudi Arabia. Businesses that wish to object to the ZATCA's decisions should follow designated procedures. Noncompliance with tax and customs rules may lead to fines, license withdrawal or other penalties.

Implications

Businesses planning to carry out licensed activities in the Zone should review the Guideline to assess their eligibility to avail of the applicable tax breaks and other benefits.

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

KSA ANNOUNCES 30-YEAR TAX RELIEF FOR ATTRACTING REGIONAL HEADQUARTERS OF LARGE MULTI-NATIONALS

On December 5th, 2023, The Ministry of Investment of Saudi Arabia (MISA), in coordination with the Ministry of Finance and the Zakat, Tax and Customs Authority (ZATCA) announced a 30-year tax incentive package for The Regional Headquarters (RHQ) Program, to further streamline the process for multinational companies (MNCs) to establish their RHQ in Saudi Arabia.

The RHQ relief is provided with the aim to attract MNCs to set up their RHQ in Saudi Arabia and position the Kingdom as the leading commercial, industrial and investment hub for the MENA region, by offering a range of benefits and premium support services that complement the Kingdom's globally competitive value proposition

The RHQ relief will be available from the day the RHQ license is received and provides a 0% rate for:

- Corporate Income tax
- Withholding tax ("WHT") related to the approved RHQ activities.



AMENDMENTS TO THE REAL ESTATE TRANSACTION TAX (RETT) REGULATIONS

On 5th December 2023. The Zakat, Tax and Customs Authority ('ZATCA') has published proposed amendments to the various provisions of the Implementing Regulations of the Real Estate Transaction Tax ('RETT').

The following amendments proposed to the public for consultation:

Clause 14 of Article 3

- Exemption from RETT application on disposal of real estate to a company is extended to any person provided that real estate was recorded in the company's assets before the effective date of the regulation and that person is a shareholder in that company on the date the real estate is recorded in the company's assets.
- The certification required for including real estate in the company's assets before the effective date of RETT regulations is to be obtained from a licensed Public Accountant.

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

Clause 15 Article 3

- RETT exemption on disposal of real estate as a contribution is to be extended to all types of real estate funds provided:
 1. Does not relate to disposal of fund's units or shares related to real estate disposal until the date of termination or liquidation of the fund.
 2. Valid for a period of five years from the date of registration or ownership of the units or shares, whichever is the earliest.

Paragraph 'C' of Article 3

- Change in the ownership percentage by listing or re-listing of shares of the company or a fund in accordance with the rules and regulations of the Capital Market Authority will not be considered as breach of the condition of not disposing of the shares or units related to the exempted real estate disposal.

Article 4

- The date of disposal in relation to the build, own, operate and transfer projects will be the date of actual transfer of ownership or possession to whom the real estate is disposed to.



OMAN

AUTOMATIC EXCHANGE OF INFORMATION "AEOI" PORTAL

On 28 December 2023, OTA has issue an announcement with relation to the non availability of AEOI portal due to rebuilding of new system in which it has announced several guidance including extension of the Country by Country reporting notification ("cbCr notification") which was due by 31 December 2023 for taxpayers who has a year ending on the same day.

TAX TREATY BETWEEN OMAN AND RUSSIA APPROVED

A Royal Decree (RD 89/2023) was issued on 27 December 2023 by His Majesty the Sultan of Oman, ratifying the DTT which was published in the Official Gazette on 31 December 2023.

The DTT adopts a combination of the provisions of the Organization for Economic Co-operation and Development (OECD) Model and the UN Model Tax Conventions. Both Oman and Russia are members of the Base Erosion and Profit Shifting (BEPS) inclusive framework and have signed the Multilateral Instrument (MLI) agreement

QATAR

AUSTRIA AUTHORIZES SIGNING OF PROTOCOL TO TAX TREATY WITH QATAR

On 29 November 2023, the Austrian Council of Ministers authorized the signing of an amending protocol to the 2010 tax treaty with Qatar. The protocol will be the first to amend the treaty and must be signed and ratified before entering into force.



"Reach out and let's connect!"



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