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Monthly Updates on Tax

VOL. 41 | January 2024

TAX NEWSLETTER





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United Arab Emirates (UAE)

CORPORATE TAX (“CT”)

TAX GROUPS CORPORATE TAX GUIDE

In January 2024, The Federal Tax Authority (“FTA”) published CT guide CTGTGR1 on Tax Groups. The guide is issued with the purpose of providing guidance on understanding the taxation of two or more juridical Resident Persons that form a Tax Group.

Once a Tax Group is formed, the juridical Resident Persons that are part of the Tax Group are treated as a single Taxable Person and, therefore, Taxable Income needs to be calculated on a consolidated basis for the entire Tax Group. As a result, only one Tax Return for the Tax Group needs to be submitted to the FTA. This guide provides an overview on the below concepts:

- what is a Tax Group;
- who is eligible to form or be a member of a Tax Group;
- when a Tax Group can be formed and when it ceases to exist;
- how the Taxable Income of a Tax Group is determined; and
- related compliance requirements.

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

VALUE-ADDED TAX (“VAT”)

INPUT TAX RECOVERY ON INTERNATIONAL BANK CHARGES FOR FINANCIAL INSTITUTIONS

On 5th February 2024, The Federal Tax Authority (FTA) published VAT Public Clarification VATP036 on the Input Tax Recovery for Banks and exchange houses (Financial Institutions) on the international bank charges incurred from banking institutions outside the UAE provided that such costs are incurred to make taxable supplies and relevant supporting documentation is obtained and retained.

This public clarifications provides guidance to financial institutions who incur international bank charges which are usually evidenced through SWIFT messages. It is also important to note the taxpayer may only recover the Input VAT on such international bank charges that are incurred for the purpose of making taxable supplies.

[Click here to read the official public clarification](#)





CHARITIES GUIDE

In January 2024, The Federal Tax Authority (“FTA”) published VAT guide VATGCH1 on Charity Institutions in UAE. The guide is issued with the purpose of providing guidance on about the characteristics of a charity which must be present in order for it to qualify as a designated charity for VAT purposes.

This guide also provides guidance for charities seeking to understand which of the services they provide are business activities and which are non-business activities, and in turn, the extent to which VAT recovery on costs is possible.

The link to the list of Charities That May Recover Input Tax for the purposes of Federal Decree-Law No. 8 of 2017 on Value Added Tax is also attached below.

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

[Click here to read the list of charities that may recover Input Tax for VAT purposes](#)

GENERAL NEWS

UAE CONFIRMS NO PLANS TO INTRODUCE INCOME TAX ON INDIVIDUALS

According to a local newspaper article, On 23rd January 2024, Mr. Younus Al Khouri the Undersecretary of UAE’s Ministry of Finance has stated during the 9th meeting of the Under-Secretaries of Ministries of Finance in the Arab Countries, organized by the Arab Monetary Fund that UAE does not plan to introduce income tax on individuals.

The Gathering featured the participation of experts from the IMF, the World Bank, and the Organization for Economic Cooperation and Development (OECD) in a two-day meeting, six discussion sessions and three dialogue sessions by the Arab countries that aimed at sharing their relevant experiences.

Kingdom of Saudi Arabi(KSA)

EXTENSION OF THE CANCELLATION OF FINES AND EXEMPTION OF PENALTIES INITIATIVE

On 29th December 2023, Saudi Arabia’s Zakat, Tax and Customs Authority (ZATCA) has announced that its initiative of the “Cancellation of Fines and Exemption of Penalties” has been extended until 30th June 2024.

This initiative included exemption from fines from late registration in all tax laws, late payment, late filing of returns fines in all tax laws, and fines to correct VAT returns, as well as fines for violations of VAT field control related to applying the e-invoicing regulations and other general regulations provided a taxpayer had to be registered with the tax law and submit all previously unsubmitted returns to ZATCA

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



BONDED ZONES RULE

On 26th January 2024, Saudi Arabia's Zakat, Tax and Customs Authority (ZATCA) issued the Bonded Zones Rules that outlines the statutory provisions for licensing for bonded zones and for practicing the activities within these zones. These rules can be accessible in ZATCA's official website.

Bonded zones refers to as a special customs area that permits importers, exporters and logistics companies to store goods and carry out logistic activities and operations without being subject to customs duties and taxes until they are entered into the local market or re-exported, this helps in increasing liquidity management flexibility, providing an environment supporting movement of goods, and increasing flexibility of clearance, storage and re-exporting to different destinations.

The rules includes clarification on the procedures for licensing activities of the bonded zones, requirements to acquire licenses, as well as the conditions, specifications and obligations, in addition to the provisions related to the obligations of operators and the powers of ZATCA relating to bonded zones.

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



Oman

TAX LIABILITY SETTLEMENT INITIATIVE

On 2nd January 2024, The Oman Tax Authority (OTA) issued the 'Tax Liability Settlement Initiative' that aims to reduce the impact of tax liabilities on Income tax payers by helping in decreasing the total amount owed and simultaneously helping them fulfil their tax obligations.

The OTA has invited taxpayers with outstanding tax liabilities to submit their settlement requests via email to mubadara@taxoman.gov.om within 6 days from the announcement date so the application may be processed and reviewed based on the following conditions:

- Supporting evidence must be provided proving the taxpayer's financial burden, such as:
 1. Bouncing cheques
 2. Financial issues related to debt payments
 3. Bank statements that prove the taxpayer's financial solvency
- Tax returns for the year 2020 and following years should have been submitted by the taxpayer.
- Tax Settlements should be due before January 1st 2020, to apply for this Initiative.
- Any requested taxes for settlement should not be disputed.

Bahrain

TRADE OF SPECIFIC EXCISE GOODS WITHOUT DIGITAL STAMPS

The NBR has announced that from 24th December 2023, the final phase of the Digital Stamp scheme shall be enforced. This implies that all available for possession, trade, supply, or sale in the local markets must have valid and activated digital stamps. This shall apply for products such as heated tobacco products (EHTP), jirak, chopped or pressed tobacco for pipes, chopped or pressed tobacco for dokha and chopped or pressed tobacco for cigarettes.

The NBR has urged importers to deal with appropriate quantities of the specified tobacco products in order to avoid storage of products without digital stamps and ensuring compliance requirements are satisfied. Any product that does not possess a valid and activated digital stamp from 24th December 2023 shall be either returned through the relevant supply chain for destruction or for sale outside the Kingdom of Bahrain. This aims to ensure effective implementation and avoidance of future penalties that might be imposed to the taxpayer as a result of future inspection or other operations conducted by Bahrain.

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

CORPORATE INCOME TAX LAW

Based on the discussions held on 22nd December 2023 held by the Members of the Parliamentary Financial and Economic Affairs committee along with the National Bureau for Revenue (NBR) and His Excellency Shaikh Salman bin Khalifa Al Khalifa the Minister of Finance and National Economy. It was later disclosed that this meeting revealed the intention of the government to share a Corporate Tax Law draft for their review in March of 2024.

This initiative follows the implementation of the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) along with the approval of the framework for international tax reform in Bahrain, this would be implemented in the form of a global minimum tax of 15% (Subject to certain conditions being met).



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"Reach out and let's connect!"



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