



**Premier
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AUDIT | TAX | ADVISORY

Monthly Updates on Tax

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TAX NEWS LETTER

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United Arab Emirates (UAE)

CORPORATE TAX

H.H. SHEIKH MAKTOUM CHAIRS FTA BOARD MEETING TO REVIEW KPIS, ACHIEVEMENTS AND FUTURE PLANS FOR THE IMPROVEMENT OF THE TAX SYSTEM

His Highness Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum, First Deputy Ruler of Dubai, Deputy Prime Minister, Minister of Finance and Chairman of the Board of Directors of the Federal Tax Authority (FTA), chaired a board meeting of the Federal Tax Authority ("FTA") in Dubai, where he reviewed FTA's performance and achievements in the first quarter of 2025 highlighting the importance of enhancing transparency, digital services, and voluntary compliance to support economic growth. The FTA successfully launched all core Corporate tax ("CT") services and conducted 56 awareness events. Registrations rose to 537,340 under CT, 510,940 for VAT, and 1,756 for excise tax. 1,656 citizens were refunded VAT of AED 148 million paid on new homes.

[Read the official update – click here](#)

UAE'S MOF ISSUES NEW DECISION ON AUDITED FINANCIAL STATEMENT REQUIREMENTS UNDER CORPORATE TAX LAW

The UAE Ministry of Finance (MoF) on 14 April 2025 issued Ministerial Decision No. 84 of 2025 (effective for tax periods beginning on or after 1 January 2025).

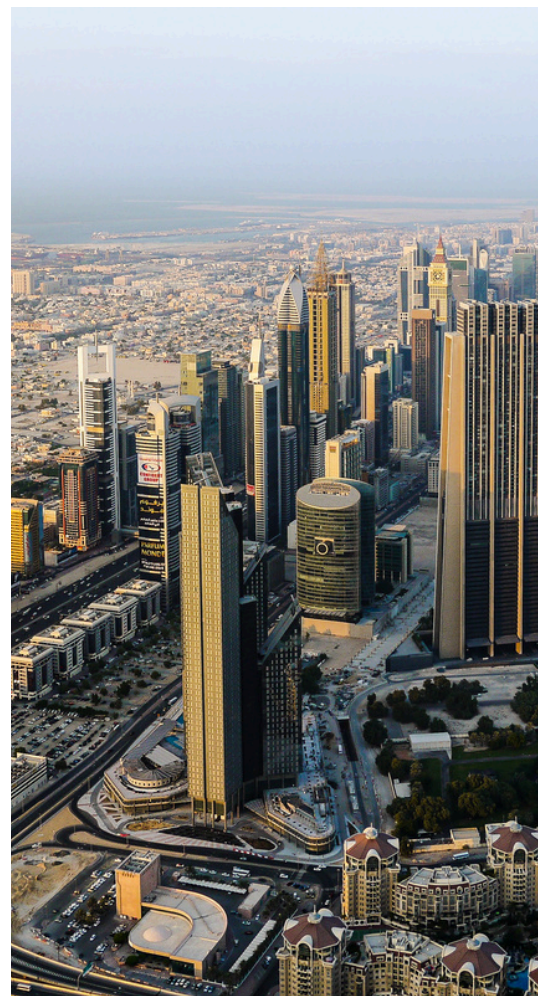
Under the said decision, the following taxable person must prepare and maintain audited financial statements:

- Taxable Person (including a Tax Group) whose revenue exceeds AED 50 million in the relevant tax period.
- Qualifying Free Zone Persons ('QFZP')

Tax Groups to prepare Special Purpose audited financial statements as per the prescribed rules of the Federal Tax Authority (FTA).

Further, the said decision states that QFZPs engaged in the distribution of goods within or from a Designated Zone to comply with additional procedures as prescribed by the Authority.

[Read the official update – Click here](#)



UAE'S MOF ISSUES NEW DECISION ON DETERMINATION NON-RESIDENT PERSON'S UAE NEXUS



The UAE MOF on 11 April 2025, issued Cabinet Decision No. 35 of 2025 (effective for tax periods beginning on or after 1 January 2025).

The said Decision clarifies the taxable presence of non-resident by way of having a Nexus in the UAE.

The Decision further clarifies that any artificial transfer/disposal of immovable property in UAE, which is against the economic reality, by a Non-resident Person having Nexus in UAE shall be regarded as an arrangement to obtain Corporate Tax Advantage.

[Read the official update - Click here](#)



UAE'S MOF ISSUES NEW DECISION ON QUALIFYING INVESTMENT FUNDS AND QUALIFYING LIMITED PARTNERSHIPS

The UAE Ministry of Finance (MoF) On 5 April 2025 issued Cabinet Decision No. 34 of 2025, (effective for tax periods beginning on or after 1 January 2025).

The key aspects under the said Decision No. 34 of 2025 encompasses around below topics:

- Exemption from UAE Corporate Tax for QIF investors
- Extended grace periods for ownership diversity compliance
- Isolated impact non-compliance
- Graduated tax on real estate income
- Simplified registration for foreign investors
- Introduction of tax-transparent limited partnerships

[Read the official update - Click here](#)

UAE EASES FIRST-YEAR CORPORATE TAX ROLLOUT WITH LATE REGISTRATION PENALTY WAIVER

The UAE Ministry of Finance and Federal Tax Authority (FTA) have announced a new initiative to waive penalties for businesses and certain exempt entities that missed the deadline to register for corporate tax.

To qualify for the waiver, eligible companies must file their corporate tax returns or annual statements within seven months from the end of their first tax period, as outlined in the Corporate Tax Law.

The move is part of efforts to promote early compliance, reduce financial burden on businesses, and ease the transition into the newly implemented corporate tax regime. The FTA will also refund fines already paid by businesses that meet the requirements of the initiative.

Officials said the decision reflects a broader commitment to support businesses, simplify procedures, and encourage voluntary compliance, especially during the first year of the UAE's corporate tax rollout.

[Read the official update – Click here](#)



INTEREST LIMITATION DEDUCTION GUIDE ISSUED BY FTA

The Federal Tax Authority (FTA) has issued new guidance (CTGIDL1) shedding light on interest expense deductibility while calculating Taxable Income of a Taxable Person under the UAE Corporate Tax Law. The Guide elaborates the following aspects pertaining to Interest Deductibility:

- Criteria for deductible vs. non-deductible interest under General Interest Deduction Limitation Rule and Specific Interest Deduction Limitation Rule
- Detailed explanation of the term 'Interest' and understanding of inclusions / exclusions of expenditure under the ambit of 'Interest'
- Carry forward and utilisation of disallowed Net Interest Expenditure
- Interplay of Interest Limitation Rules with other provisions of UAE CT Law.

[Read the official guide – click here](#)



VALUE ADDED TAX

GOLD AND DIAMONDS – AMENDMENT TO TAX TREATMENT OF MAKING SERVICE

Between 1 June 2018 and 31 December 2022, under Cabinet Decision No. 25 of 2018, the reverse charge mechanism in the UAE applied not only to the supply of gold and products predominantly made of gold but also to Making Services directly related to that gold, provided specific conditions were met. This meant that registered recipients, not suppliers, were responsible for accounting for VAT on these supplies. However, effective 1 January 2023, the scope of the reverse charge mechanism has been narrowed. It now applies strictly to gold and products whose principal component is gold. If suppliers separately charge or disclose distinct prices for the gold and the associated making services, they are required to impose VAT on the service component from that date onward.

[Read the official clarification- Click here](#)

APPLICATION OF THE REVERSE CHARGE MECHANISM ON PRECIOUS METALS AND PRECIOUS STONES BETWEEN REGISTRANTS IN THE STATE FOR THE PURPOSES OF VALUE ADDED TAX:

The domestic reverse charge mechanism now includes supplies of precious metals, stones, and related jewellery, provided their value exceeds that of any other components. Covered precious metals are gold, silver, palladium, and platinum, while covered stones include diamonds (natural or synthetic), pearls, rubies, sapphires, and emeralds.

To apply the reverse charge, the recipient must be VAT-registered in the UAE and intend to resell or use the goods in producing other Precious Goods. A written declaration confirming this must be provided before the supply date, and the supplier must retain it and verify the recipient's VAT registration. The reverse charge applies only to the Precious Goods, not to related making/manufacturing services, unless those services form part of a single composite supply.

[Read the official Clarification- Click here](#)



VAT Clarification on Swift Messages :

When UAE Financial Institutions receive interbank services from banks outside the UAE, they are treated as making Taxable Supplies to themselves and must account for the applicable VAT. While they are generally required to issue Tax Invoices to themselves, this requirement does not apply to each SWIFT transaction, provided the SWIFT message contains sufficient details to establish the supply. In such cases, the SWIFT message serves as adequate documentation. Input Tax may only be recovered to the extent the cost is incurred in making Taxable Supplies, and proper supporting evidence must be retained.

[Read the official clarification - Click here](#)



VAT TREATMENT OF CRYPTOCURRENCY MINING ACTIVITIES IN THE UAE

The Federal Tax Authority (FTA) has issued a clarification on the VAT treatment of cryptocurrency mining. Mining using the "proof-of-work" mechanism, such as Bitcoin and Ethereum (Classic), involves using computational power to validate blockchain transactions. This activity can be done for personal gain or on behalf of others, which determines its VAT implications.

If a person mines cryptocurrency for their own account, it is not considered a taxable supply under UAE VAT law. The reward received is not guaranteed and comes directly from the network, not from a specific customer. Therefore, this type of mining activity falls outside the scope of VAT, and any VAT incurred on related expenses (e.g., equipment, utilities) is not recoverable.

On the other hand, if a person provides mining services on behalf of someone else and receives payment, it is treated as a taxable supply of services. In such cases, the service provider must charge VAT and may recover input tax, provided proper documentation is maintained. If the client is outside the UAE, the supply may qualify for zero-rating, subject to specific conditions.

[Read the official update- Click here](#)

VAT TREATMENT AND VALUATION RULES FOR BARTER TRANSACTIONS:

Barter transactions occur when goods or services are exchanged without monetary payment, and each party is considered to make a separate supply. These transactions are subject to VAT just like cash transactions, with specific rules for valuing the supply. The value is based on the market value of the non-monetary consideration received, excluding VAT. If a supply involves both money and goods/services, the total value includes both elements. Market value is determined through actual or comparable transactions, or replacement cost if needed. VAT-registered parties must issue tax invoices and account for VAT based on the value of what they supply, regardless of the form of consideration.

[Read the official update- Click here](#)

KINGDOM OF SAUDI ARABIA



VALUE ADDED TAX

ZATCA EXECUTIVE REGULATIONS OF THE VAT SYSTEM CHANGES

On 18 April 2025, the Saudi Arabian Tax and Customs authority, ZATCA, issued a major range of amendments to the VAT law. This included new and clearer rules on: VAT groups; transfer of going concern; e-commerce obligations for sellers and marketplaces; VAT registrations; tourist reclaims; and export & imports. The changes now gazetted in the Umm Al Qura Gazette.

The major changes include:

VAT Grouping Rules Tightened

Saudi Arabia has revised its VAT grouping criteria with stricter rules around residency, control, and eligibility. Entities eligible for VAT refunds—such as real estate developers and public interest projects—can no longer join VAT groups, except in limited cases. A 180-day grace period is granted for existing VAT groups to align with the new requirements.

Deemed Supply Provisions Expanded

The use of business assets after VAT deregistration is now clearly classified as a deemed supply, making it subject to VAT. Supplies made free of charge are not taxable if input VAT was not previously claimed. Also, input VAT recovery must be adjusted for invoices that remain partially unpaid after 12 months.

BUSINESS TRANSFERS (TOGC) REFORMED

The Transfer of a Going Concern (TOGC) rules now require the transferee to continue the same business activity to qualify for VAT relief. In addition, the transfer must be reported to ZATCA within one month of completion.

REVERSE CHARGE FOR E-SERVICES CLARIFIED

A new Article 47 introduces clear guidance on when digital platforms or marketplaces are treated as the VAT supplier. If a platform facilitates sales by non-resident or unregistered suppliers, it may become liable for VAT collection.



VAT REFUND SYSTEM OVERHAULED

Article 70 has been completely restructured. Key changes include:

- Quarterly or annual refund eligibility, depending on the applicant type.
- Refund claims must be submitted within 6 months.
- A minimum refund threshold of SAR 5,000 applies.

• Expanded eligibility for foreign governments, international organizations, and diplomats



CUSTOMS SUSPENSION AND SPECIAL ZONES CLARIFIED

Zero-rating is now extended to supplies under customs suspension, re-exports, and movements to/from special zones, provided strict documentation is maintained.

The VAT refund scheme for tourists now offers clearer eligibility criteria, explicitly excluding food, fuel, and some personal items. Tourists from GCC countries remain eligible until full e-service integration is implemented

Overall, these updates significantly tighten compliance requirements, enhance transparency, and align with international VAT best practices, especially in areas like e-commerce, VAT recovery, and cross-border transactions

[Read the official update- Click here](#)

ZATCA URGES TAXPAYERS TO BENEFIT FROM THE CANCELLATION OF FINES AND EXEMPTION OF PENALTIES INITIATIVE

The Zakat, Tax and Customs Authority (ZATCA) has called on all taxpayers to take advantage of the "Cancellation of Fines and Exemption of Penalties Initiative," which runs until June 30, 2025. The initiative aims to ease compliance by waiving a wide range of tax-related fines, including those for late registration, payment, and return filing, as well as violations related to VAT return corrections and e-invoicing regulations.

To qualify for the exemption, taxpayers must be registered with ZATCA, submit all outstanding tax returns, and settle the principal tax amounts. Alternatively, they may apply for an instalment plan during the initiative period, provided all payments are made on time in accordance with the approved schedule. However, the initiative does not cover penalties related to tax evasion or any fines paid before its start date.

ZATCA encourages taxpayers to consult a simplified guide available on its official website, which outlines the eligible penalties, the conditions for exemption, and the steps for submitting instalment requests. The guide also provides clarification on violations subject to VAT field control.

[Read the official update- Click here](#)

ZATCA OPENS LICENSING FOR CUSTOMS CONSULTING PROFESSIONAL

The Zakat, Tax and Customs Authority (ZATCA) has announced the launch of a new licensing system for individuals interested in practicing as customs consultants. This initiative is part of ZATCA's broader efforts to raise the professional standards of customs consulting, ensuring improved quality, compliance, and service efficiency in the field. The licensing process is governed by clear regulations and requirements that aim to formalize and professionalize this sector.

Applicants can now apply for the Customs Consulting License through the E-Services portal on ZATCA's official website (zatca.gov.sa). To be eligible, individuals must meet all specified conditions and criteria outlined by the authority. ZATCA emphasizes the importance of ensuring applicants are well-qualified to provide guidance on key customs procedures including Customs Valuation, Tariff Codes, Rules of Origin, and other regulatory frameworks.

By establishing a structured licensing system, ZATCA aims to promote better compliance with customs regulations and support the broader goal of trade facilitation. This step is aligned with the authority's strategic objective of transforming Saudi Arabia into a leading global logistics hub.

[Read the official update- Click here](#)

QATAR

QATAR AND RUSSIA DISCUSS ENHANCING TAX COOPERATION AND DIGITAL EXPERTISE EXCHANGE

Qatar and Russia held a meeting to strengthen cooperation in tax systems, focusing on using modern digital technologies. Leaders from both countries discussed sharing experiences, improving tax compliance, and adopting international standards. They also looked at Russia's digital tax models to help develop Qatar's system. The goal is to make tax processes more efficient, transparent, and supportive of both countries' economic growth through better technology and international collaboration.

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OMAN



THE AIM OF THE TAX AUTHORITY TEAM'S VISIT TO MUSANDAM GOVERNORATE IS ENHANCING TAX AWARENESS AND GOVERNMENT PARTNERSHIP

As part of its strategic plan to improve services and raise awareness, the Tax Authority, in cooperation with the Oman Chamber of Commerce and Industry in Musandam, organized an awareness visit to Dibba and Madha. The visit included workshops for Sanad offices to explain tax procedures, recent updates, and the important role these offices play in helping people and businesses with tax matters. The visit also featured meetings with local government officials to strengthen cooperation in economic and investment areas.

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"Reach out and let's connect!"

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