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# TAX NEWS LETTER



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## United Arab Emirates (UAE)

### CORPORATE TAX

#### **UAE's MoF Issues New Decision prescribing conditions on Foreign incorporated taxable person for exemption under UAE Corporate Tax laws**

The UAE Ministry of Finance (MoF) on 02 May 2025 issued Ministerial Decision No. 55 of 2025 (retrospectively effective from 1 June 2023).

Under the said decision, a foreign incorporated taxable person which is wholly owned/controlled by an Exempt Person, shall also be exempt if it conducts any of the following:

- Undertakes part or whole of the activity of the Exempt Person.
- Is engaged exclusively in holding assets or investing funds for the Exempt Person's benefit.
- Only carries out activities that are ancillary to those carried out by the Exempt Person.

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



#### **UAE'S MOF ISSUES NEW DECISION ON UNINCORPORATED PARTNERSHIP**

The UAE MOF on 14 May 2025, issued Cabinet Decision No. 63 of 2025 (effective from 1 June 2023).

The said Decision states that upon approval of the application to treat the unincorporated partnership as a taxable person in its own right, the unincorporated partnership shall be considered as Resident Juridical person.

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

## VALUE ADDED TAX

### **FTA and UAE Media Council Raise Tax Awareness Among Influencers:**

The Federal Tax Authority (FTA), in collaboration with the UAE Media Council and in the presence of representatives from the New Media Academy, has held an awareness session for content creators and influencers on the topic of tax compliance in the UAE. These sessions are part of the FTA's ongoing and wider efforts to highlight tax compliance requirements for corporate tax and VAT, in the UAE and companies eligible to pay UAE federal taxes.

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

### **CLARIFICATION : IMPORT OF CONCERNED SERVICES - ACCOUNTING FOR OUTPUT TAX, ISSUING TAX INVOICES, AND INPUT TAX RECOVERY :**



In case of receipt of concerned services, there is a requirement to issue Tax Invoice to oneself. With this clarification, FTA has granted permission to recover the related Input Tax the extent the Concerned Service was acquired to make Taxable Supplies, provided the Recipient is registered for VAT and obtains and retains the relevant supporting documents, e.g. the supplier's invoice. In case the supplier does not issue an invoice or an alternative documents with mentioned key supply details, an administrative exception may be requested.

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

### APPLICATION OF THE REVERSE CHARGE MECHANISM ON PRECIOUS METALS AND PRECIOUS STONES :



When a supplier provides Goods to a VAT-registered Recipient in the UAE, and the Recipient intends to resell or use them in manufacturing, the Recipient—not the supplier—is responsible for accounting for VAT on the supply. To apply this rule, the Recipient must provide two written declarations to the supplier before the supply date: (1) confirming that the Goods will be used for resale or production, and (2) confirming VAT registration with the Federal Tax Authority (FTA). The supplier must keep these declarations and verify the Recipient's VAT registration status using FTA- approved methods. If the Recipient does not provide the required declarations before the supply, this special VAT treatment does not apply. In that case, the supplier must charge and account for VAT in their return. Additionally, this rule does not apply if the supply is already subject to VAT at the zero rate under Article 45(1) of the VAT Law. Therefore, the correct VAT treatment depends on both parties fulfilling their responsibilities before the supply takes place.

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



**KINGDOM OF SAUDI ARABIA**



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

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](#)

## GLOBAL PARTNERSHIPS AND INTERNATIONAL EXPERTISE SUPPORT THE DEVELOPMENT OF TAX SYSTEM IN THE SULTANATE OF OMAN

The Sultanate of Oman continues to strengthen its tax system through strategic global partnerships and the integration of international expertise. These collaborations aim to align Oman's tax framework with global best practices, enhance compliance, and support the country's economic diversification goals. By leveraging the knowledge and experience of international tax authorities and organizations, Oman is committed to building a transparent, efficient, and sustainable tax environment that fosters investor confidence and promotes long-term growth.

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

### The Tax Authority and Oman Telecommunications Company – Omantel – Support the Digital Transformation by Using the E-Invoicing System

The Tax Authority, in collaboration with Oman Telecommunications Company (Omantel), is advancing the Sultanate's digital transformation through the implementation of the e-invoicing system. This strategic initiative aims to enhance tax compliance, improve efficiency, and promote transparency in business transactions. By leveraging Omantel's technological capabilities, the e-invoicing system represents a key step towards modernizing Oman's tax infrastructure and supporting the nation's broader digital economy objectives.

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

### Tax Culture Initiative in the Governorates of Al Batinah North & Al Batinah South

The Tax Authority has launched a Tax Culture Initiative in the governorates of Al Batinah North and Al Batinah South, aimed at raising awareness of tax obligations and promoting a culture of voluntary compliance. The initiative focuses on educating individuals, businesses, and institutions about the importance of tax in supporting national development, while fostering transparency and accountability. Through workshops, outreach programs, and community engagement, the Tax Authority seeks to strengthen partnerships with stakeholders and build a more informed and responsible tax community.

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



**"Reach out and let's connect!"**

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