

TAX NEWSLETTER

Monthly Updates on Tax

UAE: Amendments to Tax Procedures law

UAE Federal Tax authority (FTA) published the Federal decree law No. 28 of 2021 changing some of the provisions of Federal decree law No. 7 of 2017 on Tax procedures.

These amendments are effective from **1st Nov 2021**.

There have been some important changes on the time limits for submitting reconsideration applications, appeals to Tax dispute resolution committee, objections to FTA's decisions, time frame for appeal before the courts etc.

Below are the key highlights of the amendments:

- **Changes related to timelines:** New Amendments include some changes in time-lines for different applications. Click on the [link](#) for details on the changes in time line for different application
- **Objection to TDRC:** As per the amended provisions, when taxpayer is filing an objection to the TDRC, it is not required anymore to settle the penalty amount and only Tax amount needs to be settled
- **Appeal to court:** For making an appeal to Federal Primary Court it has been stated that one will be required to make payment of at least 50% of the penalties in dispute and payments can be settled via cash or approved bank guarantee in favor of FTA.
- **Special Committee:** FTA will be forming a special committee who will be responsible for making decisions over the applications of penalty waivers, permission to pay penalties in instalments, and penalty refunds.
- **Appeal by Government taxpayers with TDRC:** FTA will create a new mechanism for handling objections and appeals from federal or local government taxpayers. There will be a separate cabinet decision issued in this respect in future.

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UAE Vat Update

While making the application for registration/tax group amendment/de-registration, taxpayers need to submit a “Turnover declaration letter” where they have to provide the month wise turnover for past 12 months.

UAE Federal tax authority has recently updated “Turnover Declaration Letter” format. While preparing a turnover declaration letter now company has to provide additional and detailed bifurcation of their turn over between”

- Standard rate sales (5%)
- Zero rated sales (0%)
- Sales out of scope

Also, company has to include the details of its taxable Expenses subject to VAT 5% in the declaration letter.

This letter has to be signed by the authorized signatory and needs to be stamped. Further to this tax payer have to provide the supporting financial document such as Invoices/LPOs/contracts/title deed/tenancy contracts.

KSA: ZATCA announces penalties for E-invoicing violations

On December 4, 2021, the first phase of the E-invoicing (FATOORA) in KSA will commence. All taxpayers (excluding non-resident taxpayers) will be required to issue their tax invoices electronically.

The Zakat, Tax and Customs Authority (ZATCA) has announced the violations and respective fines for non-compliance with this new regulation.

VIOLATIONS	PENALTIES (SAR)
- Fail to issue / archive e-invoices	5,000 – 50,000
- Exclusion of QR code in simplified tax invoices	Initially, a warning will be issued to the taxpayer. The maximum penalty can be up to SAR 50,000.
- Failure to inform the ZATCA of any malfunction which hampers the issuance of e-invoices	
- Failure to include the buyer VAT registration number on the e-invoices (as applicable)	10,000 – 50,000
- Cancelling/Amending of e-invoices after issuance (other than by credit/debit note)	

KSA: E-invoicing: ZATCA SDK Toolkit

Zakat, Tax and Customs Authority (‘ZATCA’) published a Compliance and Enablement toolbox called ‘SDK toolkit’. This enables taxpayers to validate the generated electronic invoice and note XML files and the embedded QR codes against the e-invoicing requirements and regulations.

The purpose of this toolkit is to verify the compliance of E-invoices to be generated by taxpayers with the E-invoicing Regulations.

Oman and Qatar DTAA

Oman and Qatar signed a Double Tax Avoidance Agreement (DTAA) on 22 November 2021. This is the first DTAA signed by Oman with a GCC country.

Currently DTAA is not yet published in the official gazette. Effective date of the DTAA has not been known yet.

It is expected that DTAA may offer certain tax benefits regarding the cross payments between the two countries and will further facilitate trade and commerce.

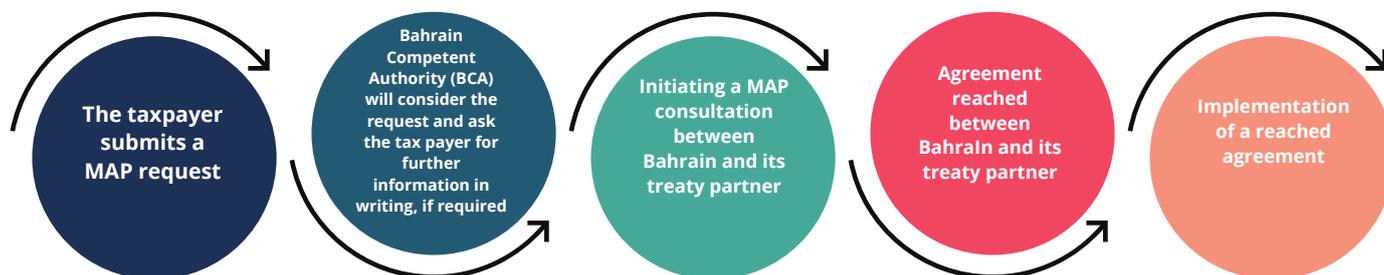


Bahrain published updated guidance on Mutual agreement procedures (MAP)

The National Bureau for Revenue (NBR) published updated guidance on mutual agreement procedures (MAP) in September 2021.

MAP is a procedure through which competent Authorities (CAs) consult and interact to resolve international tax disputes and to avoid double taxation arising from actions of one or both of the contracting states resulting in taxation not in accordance with the applicable Double Taxation Convention (DTC).

A MAP request is initiated by a request received either from a taxpayer or a Competent Authorities (CA) of a Contracting State.



The guidance contains details on the minimum information requirements to process a MAP request
 MAP requests will only be accepted if:

- If Bahrain has a DTC with the other jurisdiction
- It is apparent that the actions of one or both jurisdictions resulted in or will result in taxation not in accordance with the DTC; and
- The taxpayer notifies BCA within the time limits.

ACTION	TIME LIMIT
BCA will notify the taxpayer of receiving the request / BCA will notify the correspondent CA	Within 30 days of the request
Further information/documentation	Tax payer has to submit within 30 days
BCA will determine the eligibility of the MAP request and notify Taxpayer and request is accepted then notify another CA	Within 30 days of the receipt of document
BCA will regularly update the Taxpayer on the progress and the outcome of the CAs negotiations	BCA aims to resolve MAP cases within 2 years of receipt of application
Agreed outcome is reached between BCA and the relevant foreign CA	inform the taxpayer within 30 days of reaching a mutual agreement and advise tax payer
Taxpayer's approval of mutual agreement in writing	30 days deadline to respond
Confirmation of mutual agreement with terms and conditions: exchange of closing letters	As soon as possible
Implementation of mutual agreement	No later than 90 days after exchange of closing letters

The guidance also includes details on the updated list of Bahrain's in-force tax treaties.

UAE: Reconsideration request update

Recently, Federal Tax Authority (FTA) has updated its e-services portal to include the reconsideration request service. From 19th Nov 2021 onwards, taxpayers can submit reconsideration requests on the portal itself.

Previously, reconsideration form could be submitted from the "E-form" section on FTA's website.

FTA has also issued a Reconsideration user guide for registered and non-registered users.

Below are the steps to be followed by the registered person or Non-registered person to make the reconsideration request:

Registered user :

- Login to the e-services portal
- Click on "Reconsideration" to access the Reconsiderations dashboard
- Click on the "Registered Reconsideration" tab
- Click on "New Reconsideration Request"
- Fill in the form, attach the required documents, and submit the form.

For an unregistered user:

- Create an e-Services account with the FTA
- Verify your e-Services account
- Login to your e-services account
- Create a new taxable person account by clicking on "Add New Taxable Person"
- Click on "Reconsideration" to access the Reconsiderations dashboard
- Click on the "Non-Registered Reconsideration" tab.
- Click on "New Reconsideration Request"
- Fill in the form, attach the required documents, and submit the form



After submission FTA may require additional information that needs to be updated or adjusted. Person's request will be in the Resubmit state. Person will receive an email with a list of the information that needs to provide. FTA may also leave comments in the 'FTA Resubmit comments with date' section of the Form and accordingly person can resubmit the application.

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