

TAX NEWSLETTER

Monthly Updates on Tax

Dubai Customs published new customs policy for acquiring customs code

Dubai Customs published a new customs policy no. 53/2022 on February 14, 2022. This policy supersedes all the existing policy. The policy provides rules and obligation for a customs client, procedure for obtaining policy and general provisions for customs clients.

Key Highlights are as below:

Duties and Obligations of Customs Client:

- Periodically renew Customs code upon expiry;
- Electronically update subsequent changes in information related to customs code;
- Apply for cancellation of Customs code in the event of cancellation;
- Archive the relevant documents electronically and make them available to the authority upon request.

Procedure for Acquiring Customs Code:

- Application for customs code on online portal by uploading valid trade license relevant Documents and details;
- The department shall review the application and then decide on accepting and rejection based on compliance with the conditions set out in the policy

IN THIS EDITION

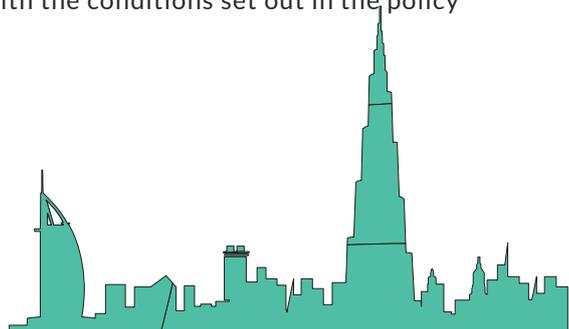
- UAE - Dubai Customs published new customs policy for acquiring customs code
- UAE - Tax Procedures Public Clarification
- WCT - Revised Customs Tariffs 2022
- Oman - Overview of the new vat guides
- KSA - Reclassifications in the VAT Field Violations (ZATCA)
- KSA - ZATCA Cancels Fees for issuing Customs Statements for Saudi Exports

Validity of Customs Code and Suspension Norms

The validity of the Customs code is based on the validity of license issued by the Competent Authority. The Authority reserves the right to suspend the customs code if the client fails to comply with the provisions of GCC Common Customs Law and Rules of Implementation thereof as well as customs policies and legislations including clearance of duties, claims and customs cases.

UAE Tax Procedures Public Clarification

In February 2022, UAE's Federal Tax Authority (FTA) has published amendments on the voluntary disclosure user guide for VAT and Excise Tax. The updates in the guide aims to provide an overview of the complete voluntary disclosure application process for active and de-registered tax groups. For more details on the same please use [this link](#).



Revised Customs Tariffs 2022

On January 1, 2022, the World Customs Organisation published Harmonised System Convention (HS 2022) replacing the HS 2017 version. The Harmonized System is a standardized numerical method of classifying traded products, used by customs authorities to identify products when assessing duties and taxes and for gathering statistics. The Kingdom of Saudi Arabia, Sultanate of Oman and The U.A.E. have announced the adoption of HS 2022.

The Key changes for consideration are as below:

- Changes in Tariff classification of goods,
- Introduction of new Tariff codes,
- Amendments to description of goods, and
- Deletion of Tariffs

The new changes will affect various sectors such as agriculture, manufacturing, chemicals, woods, metals, transportation and so on. New headings and sub-headings were added for environment, security, technology and innovation, tobacco and prohibited/controlled materials sectors.

GCC businesses should review their Customs Classification procedures to ensure compliance with HS 2022 and adapt to the updated guidance, Non-Compliance with updated GCC tariff may lead to delayed customs clearances and increase risk of fines.



Oman - Overview of the new vat guides

Recently Oman Tax authority has issued simplified guides which includes the most important information of interest to the consumer to ensure that the VAT application is not misused.

General Guide:

This guide sets out general and fundamental principles of VAT in Oman, providing an overview of the rules and procedures, as well as basics of determining the VAT treatment of different types of supplies.

This document covers a wide range of topics, including transactions within the scope of VAT, place of supply, VAT treatment of supplies, taxable value, tax invoices, input tax recovery, the tax return and payment process, record-keeping, and VAT assessments.

Each VAT registration certificate contains a tax identification number, which you can verify by visiting the electronic tax authority website. A VAT registration certificate comes with a QR Code which contains details about the certificate which can be verified using the "READER QR" app.

Transportation

This guide covers the understanding of the VAT treatments of international and local transportation in the Oman. Areas Covered under the guide are listed as below:

1. Place of supply of transport related service;
2. Tax treatment of passenger transportation services/ passenger transportation services;
3. International transport and certain associated services;
4. Local transportation services;
5. Qualifying means of transport; and
6. Input tax deduction on costs related to local and international transportation.

Related Persons

This guide reflects the OTA's interpretation and attitude to the application of VAT on related person transactions. It includes clarifications regarding VAT treatment on supply of goods and services to, from and between related persons and the VAT obligations which may arise.

Areas covered under the guide are listed below:

- Definition of Related Persons
- Application of VAT to Related Persons

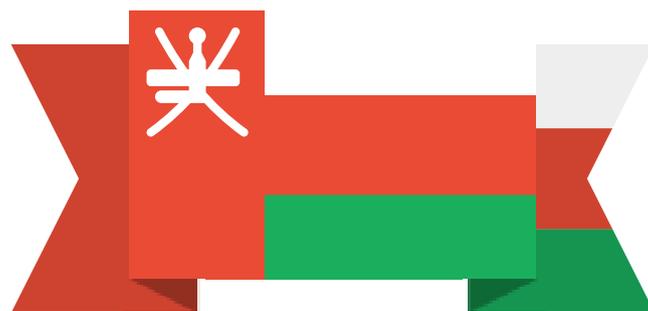
Reverse Charge Mechanism

The Reverse Charge Mechanism (RCM) is one of the more complex VAT topics, so this guide should help businesses in Oman that receive supplies from non-resident suppliers determine their obligations from a VAT perspective.

The guide addresses:

- The scope of the RCM and exclusions from it;
- Tax due date and reporting requirements in periodical VAT returns for the RCM; and
- Input tax deduction rules.

Currently all these guides are available only in Arabic version. Click the [link](#) to access the Arabic version of the guide



KSA - Reclassifications in the VAT Field Violations (ZATCA)

In the Kingdom of Saudi Arabia (KSA), the Zakat, Tax and Customs Authority (ZATCA) has recently published a simplified guide to clarify the decisions regarding the reclassifications of the value-added tax field violations effective from January 30, 2022.

The key highlights in the guide are as follows:

- The Tax Authority will alert and educate the tax payer before imposing a fine in case of first instance of violation;
- A period of 3 months will be granted to the violator from the date of issue of penalty to correct the violation, this grace period is not available in cases where violation of preventing or obstructing Authority's employees from performing their duties;
- A Cut-Off limit is set for a non-recurring violation, provided the violation is treated and not repeated within the 12 months;

- Violations committed before January 30, 2022 are not eligible for benefits under this guide

Exclusions:

Violations relating to tax evasions, late return submission, failure to file declarations, late payment of taxes, manipulation of returns are not covered under the scope of this guide.

Penalties:

The reclassification covers both VAT and e-invoicing violations. After alerting the violator and granting them up to 3-month period to address the violation, the penalties will be calculated as follows:

FIRST TIME	SECOND TIME	THIRD TIME	FOURTH TIME	AFTER THE FOURTH TIME
Alerting the taxpayer and clarifying the violation	SAR 1,000	SAR 5,000	SAR 10,000	SAR 40,000



KSA - ZATCA Cancels Fees for issuing Customs Statements for Saudi Exports

The Zakat, Tax and Customs Authority (ZATCA) of Saudi Arabia has cancelled fees for issuing a customs statement on Saudi exports to empower local industry exports, facilitating customs procedure to drive export environment in the Kingdom. The reduction in cost is seen as a positive push for homegrown industries and is expected to make Saudi Export more competitive in Global markets.



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