

TAX NEWSLETTER

Monthly Updates on Tax

UAE: FTA Inspections

The recent news published by UAE Federal Tax authority (FTA) media center indicates that FTA has intensified its effort by increasing inspection visits in 6 months to protect consumers from non-compliant products, combat tax evasion, and compliance with tax legislations and procedures.

During the first half of 2022, FTA conducted 9,948 inspections in collaboration with various government departments, comparing to 4,878 inspections conducted in the first half of 2021.

As a result, FTA seized and confiscated:

- A total of 5.5 million packages of tobacco products without 'Digital Tax Stamps'
- 1.07 million beverage packages of Excise Goods

Authority have stated that the campaigns come within the framework of its keenness to strengthen market control through intensified market inspections across all the emirates and plans aim to ensure:

- Laws, legislation and tax procedures are followed
- Highest levels of protection for consumers
- Prevention of commercial fraud, the trade of inferior and counterfeit products that harm public health

These increased frequency of visits clearly indicate that FTA expects greater compliance and all businesses should ensure that their tax positions are compliant with UAE laws and regulations.

Businesses should look at tax health checks to identify any issues and take actions to make the business compliant prior to any inspection from FTA..

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Noting that the total value of tax liabilities seized during these inspection visits amounted to 130.4 million dirhams.



UAE – Dubai customs notice

Dubai Customs issued notice on simplifying customs procedures for clearance of goods consignments via courier companies. This will become effective from 1st January 2023.

Consignments Being Exempted From Customs Duty And Exclusions From Exemptions

The importation of consignments by the companies that have a value of no more than AED 300 is exempt from customs taxes. The following items are excluded from exemptions:

- a) Tobacco
- b) Tobacco Products
- c) E-Cigarettes
- d) Nicotine Liquid
- e) Alcoholic Beverages
- f) Foods Containing Alcohol

Simplified Customs Clearance

The submission of the following customs declarations and electronic invoices through the Business to Government (B2G) e-channel is a must for the following items:

Type Of Form	Type And Value Of Shipments
Courier Import Form	Imported shipments with value no greater than AED 300
Courier Export Form	Export shipments with value no greater than AED 3000
Courier Transit Form	Transit shipments with value no greater than AED 3000

Customs service charges

No customs service charge will be applied for consignments of value lower than AED 3,000.

For goods consignments with values ranging between AED 3,000 and AED 15,000, a service charge of AED 10 shall apply.

For consignments above AED 15,000 and for Tobacco, tobacco products, e-cigarettes, nicotine liquid, alcoholic beverages and foods containing alcohol, previous prescribed service fee applies.



Customs Clearance

Normal approved customs clearance procedures shall apply. The submission of the customs declarations and the acceptability of the electronic documents and invoices will be as per the following:

Type Of Consignments	Conditions
Imported Consignments	Value Exceeds AED 300
Export/Transit Consignments	Value Exceeds AED 3000
Incoming/Outgoing And Transit Consignments	Transportation Is From/To Free Zones
Incoming/Outgoing And Transit Consignments	Transportation Is From/To Customs Warehouses



UAE Excise tax update – Marking of Tobacco and Tobacco products

Federal Tax authority (FTA) has issued amendment for its Decision No. 3 of 2021. FTA Decision No. 3 of 2022 (effective from 1st June 2022) amends the previous decision which set out a new Marking design.

As per the earlier decision, marks with a new design shall be approved, and approval is withdrawn from marks with the old design.

The scope, timeline and event of the marking scheme has been amended to include below:

- 31 December 2023 – timeline for local markets and duty-free markets in arrival and departure terminals to prevent the supply, transfer, storage or possession of designated excise goods in the UAE using marks with the old design.

UAE - FATCA/ CRS Deadline extended

UAE Ministry of Finance issued an announcement on its website that the reporting deadlines for Foreign Account Tax Compliance Act (FATCA) & Common Reporting Standard (CRS) have been extended until 15 August 2022.

Also, ministry has published Frequently Asked Questions ("FAQ") on Automatic Exchange of Information Portal - FATCA and CRS ("Portal"), which can be accessed by through the [link](#).

In addition, the Ministry published a circular containing guidance on reporting undocumented accounts, as well as a flowchart explaining reporting obligations for CRS in the United Arab Emirates.

VAT updates on charities for recovery of Input tax.

The UAE tax authorities have recently issued Cabinet decision No. 49 and 50 of 2022 on amending the list of Charities annexed to the Cabinet decision No. 55 of 2017 on charities that may recover Input Tax. These decisions are effective from 11 May 2022.

The original decision confirms that certain charities will be able to recover all the input tax paid by them, with the exception of tax excluded from recovery by virtue of the UAE Executive Regulations on VAT and tax paid for goods and services used for making exempt supplies.

Click on the [link](#) to access the decision and latest list of charities to which this decision is applicable.

OECD News: Progress Report on Amount A of Pillar One

As part of the ongoing work of the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework) to implement the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy, the OECD is seeking public comments on the Progress Report on Amount A of Pillar One.

This progress reports includes [Frequently asked questions](#), as well as a [fact sheet](#), to provide an overview on the application of the rules.

On this document Comments are requested from stakeholders by 19 August 2022.

OECD public consultation meeting on Amount A of pillar one will take place on 12 September 2022. To read the detailed OECD Release, click on the [link](#)

Bahrain: Excise update

Recently Tax Authority of Bahrain, National Bureau for revenue (NBR) has issued updated list of excise goods along with the amount of excise tax and rate applicable to excise Tax.

Click on the [link](#) to access the update list of Excise goods list.

KSA: ZATCA - Public Consultations for Excise Tax Amendments

Zakat, Tax and Customs Authority (ZATCA) invited the public to submit their views on amendments to some articles of the executive regulations of the Excise Tax Law (selective tax) through the Public Consultation platform (Istitlaa).

The public consultation opened on 4th July until 30th July 2022.

Amendments include permitting the licensing of additional tax warehouses for storage purposes, in order to mitigate the financial effects related to entities' cash liquidity, ZATCA stated.

Further, the proposed amendments clarify procedures for self-disclosure and settlement of any unpaid tax to ZATCA within a 15 day period.

Arabic version of proposed amendment can be accessed from [here](#)

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