



## Monthly Updates on Tax

### UAE - TAX PENALTY RELIEF DEADLINE APPROACHING I.E 31ST DEC 2022

Cabinet Decision No. 108 of 2021 amended the timelines to benefit from the redetermination of administrative penalties and extension was announced till 31<sup>st</sup> Dec 2022.

In January 2022, UAE Federal tax authority ("FTA") released a Public Clarification TAXP004 to replace Public Clarification TAXP002 released in May 2021. This clarification provides detailed information on the redetermination of the penalties.

Basically, as part of the penalty relief scheme, the tax payers can benefit from 70% reduction in penalties which were imposed before 28<sup>th</sup> June 2021. This benefit can be availed if the taxpayer ensures to settle all tax liability and 30% of the unpaid penalties by the extended timeline of 31<sup>st</sup> Dec 2022.

Businesses, which are eligible for this relief, should take the required action over the remaining 3 months.

### UAE - INPUT VAT REFUND FOR MOSQUES

Cabinet Resolution No. 82 of 2022 issued in Aug 2022 regarding the procedures for getting refund of the input VAT borne on the construction and operation of Mosques. This resolution is said to take effect 60 days after the date of its publication.

As of now VAT refund scheme is there for following input VAT

- Charities, as per the list issued by the government
- Tourist Refunds
- Business visitor's reimbursements
- Emirati Citizen building their own house

Through this VAT refund scheme people can claim the VAT input amount tax paid beginning on January 1, 2018, for the mosque's construction and operation, as the case may be. However, this decision will be published in the Official Gazette after sixty (60) days from the initial announcement and expected to come into effect on 30th Oct 2022.

## IN THIS EDITION

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## UAE: PAPERLESS TAX REFUND SCHEME FOR TOURISTS

In September, the UAE Federal Tax Authority (FTA), in partnership with Planet Tax Free, made an announcement for 100% digital VAT-refund scheme for tourists.

This will involve use of electronic invoices issued at the point of sale registered within the authority's system, instead of paper invoices.

This will be achieved through the electronic integration of retail outlets with the tourist refund scheme system.

Customers scan their passport, complete their purchase and their transactions are automatically shared as a digital invoice with Planet Tax Free. Customers can also view their invoices by accessing the portal.



## OMAN - UPDATE OF COMMUNICATION DETAILS ON TAX PORTAL

Oman Tax Authority ("OTA") issued a notice recently that all the taxpayers should update the communication data of their institutions when they access the tax Authority's portal: [www.taxoman.gov.om](http://www.taxoman.gov.om).

This will help in ensuring that all the communication and other details from OTA are properly received by the taxpayers.

### Details can be updated as below:

- 1- AFTER LOGIN YOU WILL NEED TO FILL :
  - EMAIL ADDRESS
  - MOBILE PHONE NO
- 2- AFTER FILLING BOTH FIELDS CLICK ON BUTTON "UPDATE"
- 3- YOU WILL GET EMAIL WITH VERIFICATION LINK
- 4- CLICK ON LINK "EMAIL VERIFICATION LINK"

After the completion of verification, taxpayers will be able to access the electronic services provided by OTA.



## KSA - TAX AMNESTY PERIOD ENDING ON 30TH NOVEMBER 2022

Zakat, Tax and Customs Authority (ZATCA), had launched the amnesty initiative that waives off the penalties on all taxes for the taxpayers for six months starting from 1 June 2022 till 30 November 2022.

### Taxes Covered under this Initiative:

- Value Added tax
- Withholding Tax
- Excise Tax
- Income Tax
- Real Estate Transaction Tax

Customs duties are not covered in the scope of amnesty initiative

### Penalties covered under this initiative:

Exemptions from unpaid fines, including:

- Exemption from Fine resulting from late registration in all Tax Systems or Tax laws;
- Exemption of payment delay fines and delay in filing a tax return in all the tax systems;
- Exemption from fine resulting from correcting VAT return; and
- Exemptions from fines resulting from field detection of violations of VAT and e-invoicing

### Penalties excluded from this initiative:

- Fines paid before 1st June 2022
- Fines resulting from tax evasion violation
- Fines of late payment associated with the tax principal included in an installment plan, which becomes payable after the initiative expires on 30 November 2022.

### Exemption shall be subject to specific conditions, including but not limited to:

- Registering in the tax system where registration required for non-registered persons;
- Filing all tax returns that shall be filed to ZATCA and which have not been previously filed and/or correctly stating all unstated taxes; and
- Paying the full tax debt principal associated with the tax return to be filed or amended to correctly state the tax liabilities due.



## KSA - VAT GUIDELINE FOR ELECTRONIC CONTRACTS

The Zakat, Tax and Customs Authority ('ZATCA') published a VAT guide in September 2022, to provide clarification on the VAT consequences on electronic contracts.

### Below are the key highlights of the topics covered in the guideline:

- ▶ Electronic contracts may be negotiated and executed electronically over the internet. Offer and acceptance may be done by electronic means and they have the same legal recognition and effects as per paper contracts, provided they are concluded in accordance with the provisions of relevant law.
- ▶ The form of a contract does not affect how supplies made under the contract are treated for VAT purposes. An assessment will need to be made of the underlying nature of the supplies for VAT purposes under any form of contract.
- ▶ The VAT Guide discusses some common scenarios where electronic contracts are executed for making taxable supplies and explains how VAT applies in such cases. These include Goods sold via a manufacturer's website, goods sold via an Agent's online interface or portal, Provision of consultancy services where an electronic contract is executed, purchase of online content through a mobile app store.
- ▶ For example, in the scenario of goods sold on the manufacturer's website, the customer selects the product and adds to the online cart. Then usually before the payment option, customer has to give consent to the general terms and conditions. In such cases, this is an offer and acceptance for the sale of product via an electronic means (i.e. an electronic contract). Accordingly, an electronic contract is entered to supply the product and if the product is subject to standard rate of VAT, the supplier will be required to issue tax invoice and account for VAT.





## BAHRAIN - COUNTRY-BY-COUNTRY REPORTING (CbCR)

Recently, National Bureau for Revenue ("NBR") in Bahrain updated details on CbCR implementation on their website.

The Base Erosion and Profit Shifting (BEPS) Project is a joint project between the Group of Twenty (G20) countries and the Organization for Economic Co-operation and Development (OECD) that consists of 15 standards to reduce tax evasion and to ensure that profits are subject to tax wherever the economic activities that generate these profits are carried out and where the value is created and to ensure an environmental environment Tax more transparent.

BEPS Action13 aims to exchange reports between relevant countries to assess high transfer price risks and other risks related to base erosion and profit shifting and to provide tax authorities with information on the operations of large Multination Enterprise Groups (MNEs) and associated tax risks.

### CbCR implementation in Bahrain

The Ultimate parent entity (UPE) of the large MNE groups that is resident in Bahrain is required to notify the Ministry of Industry and Commerce (MOIC) and file a CbC report in accordance with the MOIC Ministerial order No. 28 of 2021.

### Reporting Process:

The ultimate parent entity of the MNE group submits CbC Reports on an annual basis to be exchanged between the countries in which the MNE group conducts its business.

Notifications and reports must be submitted through the National Revenue Authority's International Tax Information Exchange System (ITIES) which is used for information and collect data based on the legislation.



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