

Tax Newsletter

July 2024



Landscape

In our July 2024 edition of GT's regional monthly Tax Newsletter, we provide the latest news updates affecting International Tax, Corporate Tax, Transfer Pricing, and Indirect Taxes in the UAE and across the Middle East region.

Contents

Section	Page
General Tax Update	3
General Tax Update in Middle East Countries	3
Indirect Tax Update	5
Value Added Tax in Middle East Countries	5
Corporate Tax Update	7
Corporate Tax in UAE	7
International Tax	8
GCC Update	8
Tax Treaty Developments	9
GCC Tax Treaty News	9
Our Experts	12

General Tax Update

General Tax Update in Middle East Countries

Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') extends the amnesty initiative till 31 December 2024

The ZATCA has announced the extension of their penalty exemption period initially launched in 2020 until 31 December 2024. Previously, the initiative was set to expire on 30 June 2024.

The amnesty will cover exemptions from the following:

- Penalties resulting from late registration under all tax systems.
- Penalties for late payment and late tax return filing in all tax systems.
- Penalties resulting from the correction of a VAT return; and
- Penalties imposed due to violation of VAT field controls for e-invoicing and other general provisions.

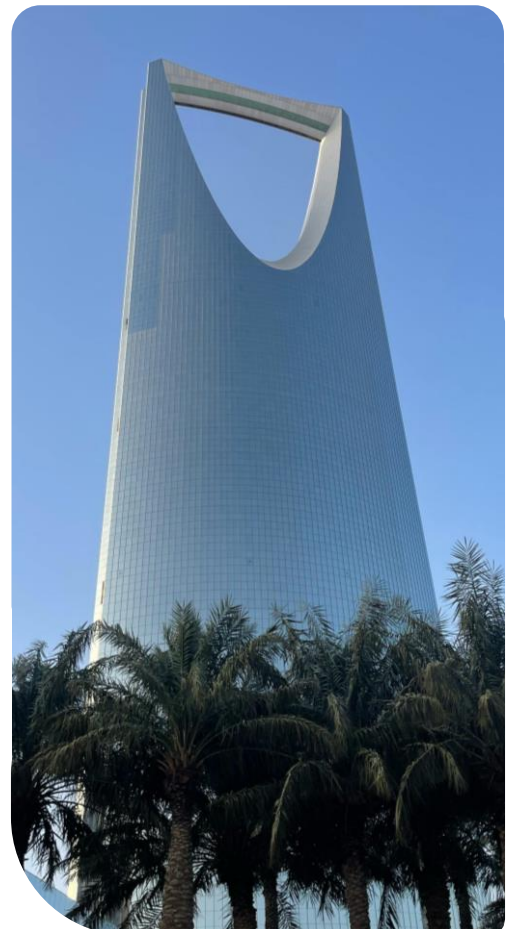
For businesses that intend to benefit from these exemptions will have to comply with the following requirements:

- The taxpayer needs to be registered with the tax system and must submit all previously unsubmitted returns to ZATCA.
- The taxpayer must clear all the principal tax debt associated with the returns that will be submitted or modified for accurate disclosure of outstanding tax liabilities.
- The taxpayers will have the option to request an instalment payment plan from ZATCA throughout the period of this initiative.

However, it is important to note that certain penalties are excluded from this initiative such as penalties relating to tax evasion violations, penalties paid before the effective date of the initiative on 1 June 2022.

For further information on the above update, please click [here](#).

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax Team – Head of Tax [Adel Douglas](#) or Tax Director [Mohammad Huwitat](#).

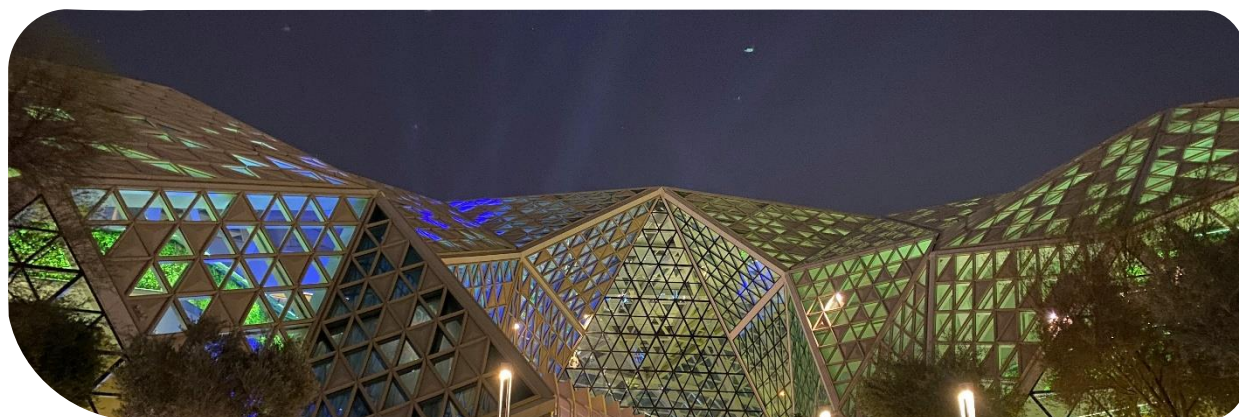


Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') Issues Guidelines on Settlement of Zakat, Tax and Customs Disputes

The Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') has released guidelines for resolving zakat, tax, and customs disputes. These guidelines aim to clarify the rules and procedures approved by the ZATCA Board of Directors for settling disputes that may occur between the authority and taxpayers, including:

- The fundamental principles, concepts, and legal foundation for settlement procedures;
- The legal definition of dispute settlement and the types of disputes that can be resolved, such as those related to the calculation method of tax, the amount of tax liability due owed, the calculation and imposition of amount of financial fines/penalties/fines, and tax obligations including filing and payment deadlines;
- The methodologies that may be used to settle tax disputes, which include:
 - Negotiation: Taxpayers can negotiate with the Authority directly through the competent internal committee to reach a compromise solution satisfactory to the parties;
 - Mediation: Taxpayers can turn to a neutral mediator and a specialized tax consultant to assist help in resolving e disputes with the Authority through the competent internal committee;
 - Assignment of experts: The internal committee with authority may engage third-party experts (as needed), depending on the case's complexity of the cases and the nature of the dispute, to enhance comprehension and facilitate alignment of differing perspectives; and
 - Ending the dispute amicably before the judiciary: Taxpayers can resort to the competent judicial authority to settle disputes with the Authority, which allows both parties to request a solution to a dispute; and
- The settlement application procedure and timeframe and other general provisions.

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax Team – Head of Tax [Adel Douglas](#), or Tax Director [Mohammad Huwitat](#).



Indirect Tax Update

Value Added Tax in Middle East Countries

Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') sets guidelines for selecting Taxpayers in Wave 13 for implementing the Integration Phase of E-invoicing

On 28 June 2024, the ZATCA announced its 13th wave of taxpayers for implementing Integration Phase (Phase 2) of E-invoicing, which now includes taxpayers whose taxable revenue exceeds 7 million Saudi Riyals ('SAR') during the tax years 2022 or 2023. The taxpayers who meet the criteria should integrate their E-invoicing solutions with the FATOORA platform with effect from 1 January 2025.

ZATCA has outlined the below additional requirements for Phase 1 & 2 of the implementation of E-invoicing, which includes:

- Integrating E-invoicing solutions with FATOORA;
- Issuing invoices in a specific format;
- Including additional fields in the invoice.

The below table provides a summary of the sequence of target groups and important timelines.

Target groups	Taxable turnover in 2021	Go-live date	To be fully integrated by	Likely penalty dates for non-compliance
1 st wave	Exceeds SAR 3 Billion	1 January 2023	30 June 2023	1 July 2023
2 nd wave	Exceeds SAR 500 Million	1 July 2023	31 December 2023	1 January 2024
3 rd wave	Exceeds SAR 250 Million	1 October 2023	1 February 2024	Post 1 February 2024
4 th wave	Exceeds SAR 150 Million	1 November 2023	29 February 2024	Post 1 March 2024
5 th Wave	Exceeds SAR 100 Million	1 December 2023	31 March 2024	Post 1 April 2024
6 th Wave	Exceeds SAR 70 Million	1 January 2024	30 April 2024	Post 1 May 2024
7 th Wave	Exceeds SAR 50 Million	1 February 2024	31 May 2024	Post 1 June 2024
8 th Wave	Exceeds SAR 40 Million	1 March 2024	30 June 2024	Post 1 July 2024
9 th Wave	Exceeds SAR 30 Million	1 June 2024	30 September 2024	Post 1 October 2024
10 th Wave	Exceeds SAR 25 Million	1 October 2024	31 December 2024	Post 1 January 2025
11 th Wave	Exceeds SAR 15 Million	1 November 2024	31 January 2025	Post 1 February 2025
12 th Wave	Exceeds SAR 10 Million	1 December 2024	28 February 2025	Post 1 March 2025
13 th Wave	Exceeds SAR 7 Million	1 January 2025	31 March 2025	Post 1 April 2025

For further information on the above update, please click [here](#).

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax Team – Head of Tax [Adel Douglas](#) or Tax Director [Mohammad Huwitat](#).

Bahrain – The National Bureau for Revenue (‘NBR’) notifies all VAT payers to update their contact details on the portal

On 1 July 2024, the NBR urged all VAT payers update their contact information on file through the NBR portal to ensure they receive all important updates and notifications. Keeping up-to-date contact information will enable the NBR to give the best service possible in order to achieve maximum transparency, while ensuring ongoing communication to facilitate smooth procedural operations for VAT payers.

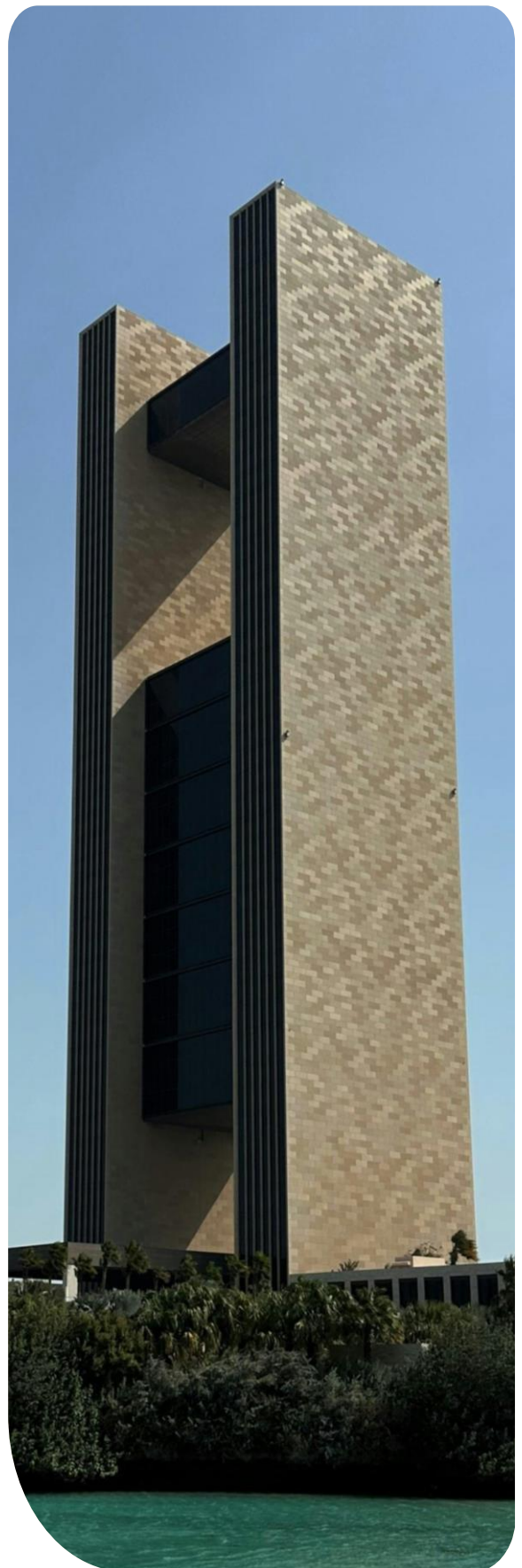
The NBR clarified that the contact person should be either the owner of the entity, the authorised signatory, or an authorised employee working within the same entity. The NBR emphasised the importance of not sharing the login credentials with any unauthorised persons, as the VAT payer is fully responsible for any implications resulting from failing to receive or respond to communications and notifications.

Should you need further clarification and details regarding this update, please contact GT Bahrain Senior Tax Partner [Jatin Karia](#), or Tax Director [Shashank Arya](#).

Bahrain – The National Bureau for Revenue (‘NBR’) publishes guidelines steps to assign VAT Agents and Representatives on the portal

On 11 July 2024, the National Bureau for Revenues published guideline steps of how to assign VAT agents or representation on the NBR portal to ensure effective implementation.

Should you need further clarification and details regarding this update, please contact GT Bahrain Senior Tax Partner [Jatin Karia](#), or Tax Director [Shashank Arya](#).



Corporate Tax Update

Corporate Tax in UAE

Federal Tax Authority ('FTA') Launches Corporate Tax Awareness Workshop for Real Estate on YouTube

The Federal Tax Authority (FTA) has launched a comprehensive Corporate Tax Awareness Workshop specifically for real estate, now available on its official YouTube channel. This initiative aims to enhance the understanding and compliance of real estate with the latest corporate tax regulations.



The workshop, which is part of the FTA's ongoing efforts to promote tax awareness and education, covers key topics relevant to the real estate industry. These include tax registration, compliance requirements, and the latest updates on corporate tax laws. By providing this information in an accessible online format, the FTA seeks to ensure that individuals and companies are well-informed and prepared to meet their tax obligations.

This workshop also emphasises the necessity for proper documentation when transacting with a Related Party or a Connect Person to support the Arm's length nature. For instance, if a natural person sets up his or her wholly-owned LLC to manage his or her properties, the transactions with the natural person should reflect the market value with supporting documents. Such documentation may be requested to be provided to the FTA within 30 days if required.

To watch the Corporate Tax Awareness Workshop for Real Estate, visit the FTA's official YouTube channel, or you may click this link [here](#). The FTA encourages all real estate professionals to take advantage of this valuable resource to stay informed and compliant.

For more information, please visit the official FTA [website](#).

Should you need any further clarifications and details regarding this information, please contact our Corporate Tax Team – Tax Partner [Anuj R. Kapoor](#) or Tax Director [Isabel Strassburger](#) or Associate Tax Directors [Tatiana Stupenkova](#) and [Amisha Anil](#); and our Transfer Pricing team – Tax Director [Anna Nikolayko](#).

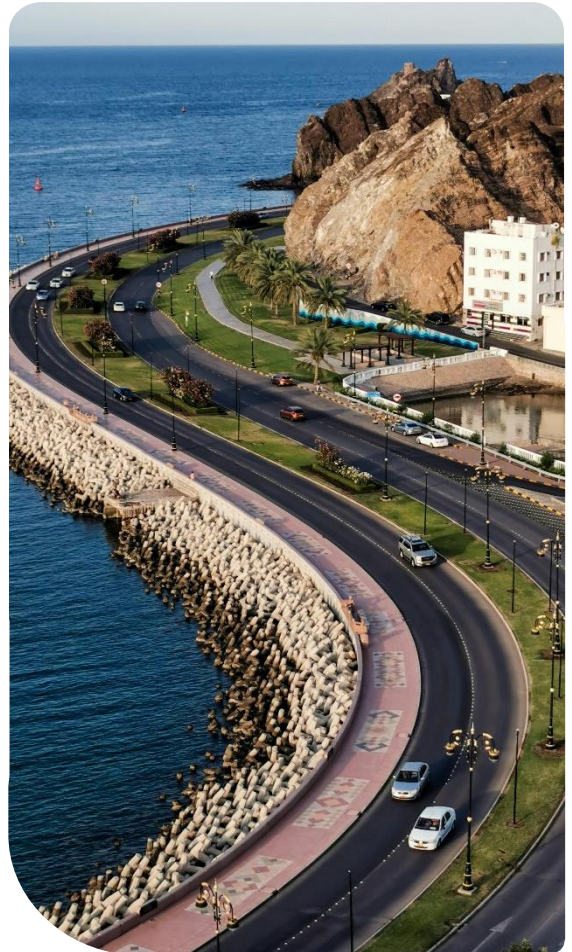
International Tax

GCC Update

Oman Tax Authority ('OTA')'s Shura Council Approves Draft Personal Income Tax Law

On 27 June 2024, Oman's Shura Council approved a new draft law proposing the introduction of a personal income tax which has been submitted to the State Council for approval. The anticipated law provides provisions to tax foreign nationals on state sourced income exceeding USD 100,000 and to tax resident citizens on net worldwide income exceeding USD 1 million. For foreign nationals, the tax rates would range from 5% to 9%, whereas residents would face a flat 5% rate. However, the application/imposition of the specific rates is yet to be finalised.

Should you need any further clarification and details regarding the update, please contact our GT Oman, CEO and Head of Advisory, [Badar Al Hashmi](#).



Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') Issues English-Language Guidelines on New Regional Headquarters Program

The Zakat, Tax and Customs Authority ('ZATCA') has released English-language guidelines for the new Regional Headquarters (RHQ) Program, originally issued in Arabic in April 2024. As noted earlier, the RHQ program offers a 0% corporate income tax rate and a 0% withholding tax rate for approved RHQ activities. These tax incentives are available for 30 years from the date the RHQ license is obtained and are subject to renewal. To access the guideline, please click [here](#).

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax Team – Head of Tax [Adel Douglas](#) or Tax Director [Mohammad Huwitat](#).

Tax Treaty Developments

GCC Tax Treaty News

Kazakh Prime Minister Authorises Signing of Tax Treaty with Oman

On 20 June 2024, Kazakh Prime Minister Oljas Bektenov signed a decree granting the Minister of Finance authority to sign an income and capital tax treaty with Oman. This treaty will be the first between the two countries and requires signing and ratification before it can take effect. Details of the treaty will be released once available.

Should you need any further clarification and details regarding the update, please contact our GT Oman, CEO and Head of Advisory [Badar Al Hashmi](#).

Kuwait and Pakistan to Formalise MoU on Avoidance of Double Taxation

According to a release published by the Press Information Dept. of the Pakistan Ministry of Information and Broadcasting, the 5th session of the Pakistan-Kuwait Joint Ministerial Commission (JMC) convened from 28 to 30 May 2024 to discuss the strengthening of bilateral relations. Among other things, consensus was reached to formalize a memorandum of understanding (MoU) on the avoidance of double taxation. Although not specified in the release, it is understood that the MoU is reportedly for the revision of the 1998 tax treaty between the two countries.

Should you need any further clarification and details regarding this update, please contact our GT Kuwait Tax Team – Partner [Hazem Al-Agez](#), or Tax Manager [Karim Ezz El-Din](#).



Entry into Force Date of New Tax Treaty between the Czech Republic and the UAE

According to an update provided from the Czech Ministry of Finance states that the new income tax treaty between the Czech Republic and the United Arab Emirates came into effect on 29 May 2024. It was earlier reported that the treaty took effect on 13 May 2024. Signed on 24 May 2023, the new treaty will be applicable from 1 January 2025, and replaces the 1996 tax treaty between the two nations.

For further information, please click [here](#).

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner [Anuj R. Kapoor](#) or Tax Director [Isabel Strassburger](#) or Associate Tax Directors [Tatiana Stupenkova](#) and [Amisha Anil](#).



Malaysia Publishes Synthesized Text of Tax Treaty with Qatar as Impacted by the BEPS MLI

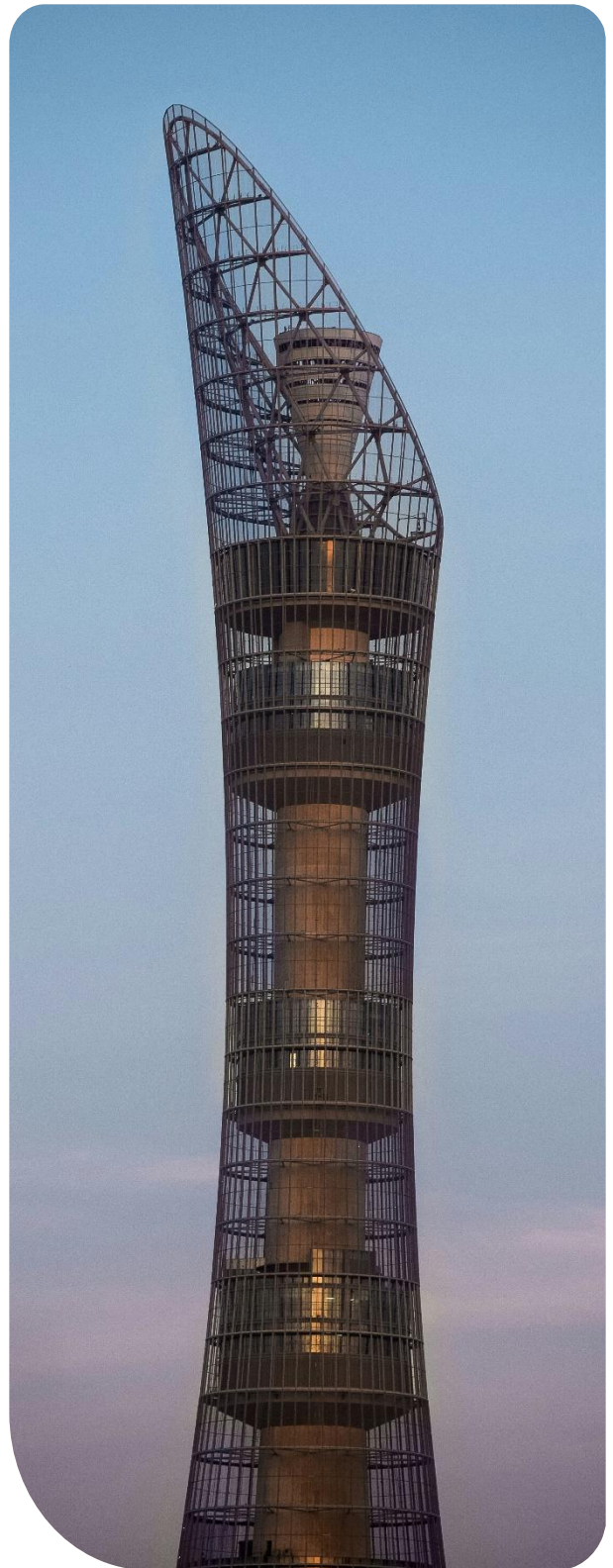
The Inland Revenue Board of Malaysia (IRBM) has released the synthesized text of the tax treaty with Qatar, reflecting the changes introduced by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting. This synthesized text is based on the reservations and notifications submitted by both countries to the Depository. However, the original legal texts of the treaty and the Multilateral Instrument (“MLI”) take precedence and remain the authoritative documents.

The MLI applies for the 2008 Malaysia-Qatar tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2022; and
- with respect to all other taxes levied by each Contracting State, for taxes levied with respect to taxable periods beginning on or after 1 December 2021.

To access the synthesized text of MLI and the agreement, please click [here](#).

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner [Anuj R. Kapoor](#) or Tax Director [Isabel Strassburger](#) or Associate Tax Directors [Tatiana Stupenkova](#) and [Amisha Anil](#).



Our Experts

United Arab Emirates



Steve Kitching

Head of Tax, Partner
Indirect Tax

T +971 58 5520 90 64
E steve.kitching@ae.gt.com



Anuj R. Kapoor

Partner
International Tax

T +971 4 388 9925
E anuj.kapoor@ae.gt.com

Kingdom of Saudi Arabia



Adel Daglas

Head of Tax
Zakat & Tax

T +966 (0) 55 280 7442
E adaglas@sa.gt.com



Mohamed Hwitat

Director
VAT Advisory

T +966 (0) 53 454 3017
E mhwitat@sa.gt.com

Kingdom of Bahrain



Jatin Karia

Senior Partner
Tax Advisory

T +973 3957 5562
E jatin.karia@bh.gt.com



Shashank Arya

Director
Tax Advisory

T +973 3544 2937
E shashank.arya@bh.gt.com

Sultanate of Oman



Badar Al Hashmi

CEO and Head of Advisory
GT Oman

T +968 90333330
E badar.alhashmi@om.gt.com

Kuwait



Hazem Al-Agez

Partner
Tax Advisory &
Compliance Services

T +965 9994 9147
E hazem.alagez@kw.gt.com



Karim Ezz El-Din

Manager
Tax Advisory &
Compliance Services

T +965 6624 6798
E karim.ezzeldin@kw.gt.com

Abu Dhabi

Unit 2, Floor 14
Sila Tower
ADGM Square
Al Maryah Island
Abu Dhabi, UAE

T +971 2 666 9750

F +971 2 666 9816

Sharjah

Al Bakr Tower
Office 305
7/9 Al Khan Street
Sharjah, UAE

T +971 6 525 9691

F +971 6 525 9690

Dubai

The Offices 5
Level 3, Office 303
One Central, DWTC
PO Box 1620
Dubai, UAE

T +971 4 388 9925

F +971 4 388 9915



© 2024 Grant Thornton UAE. All rights reserved.

Grant Thornton refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.