

# Tax Newsletter

September 2024





## Landscape

In our September 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

<b>Section</b>	<b>Page</b>
<b>Indirect Tax Update</b>	3
Value Added Tax in Middle East Countries	3
<b>Corporate Tax Updates</b>	5
Corporate Tax in UAE	5
Corporate Tax in Middle East Countries	8
<b>International Tax</b>	9
GCC Update	9
<b>Tax Treaty Developments</b>	11
GCC Tax Treaty News	11
<b>General Tax Update</b>	13
General Tax Update in Middle East Countries	13
<b>Our Experts</b>	14

# 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 15 for implementing the Integration Phase of E-invoicing.

On 30 August 2024, the ZATCA announced its 15<sup>th</sup> wave of taxpayers for implementing Integration Phase (Phase 2) of E-invoicing, which now includes taxpayers whose taxable revenue exceeds 4 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 March 2025. ZATCA has outlined below the 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, i.e. in XML format or a PDF/A-3 (with embedded XML);
- 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 <sup>st</sup> wave	Exceeds SAR 3 Billion	1 January 2023	30 June 2023	1 July 2023
2 <sup>nd</sup> wave	Exceeds SAR 500 Million	1 July 2023	31 December 2023	1 January 2024
3 <sup>rd</sup> wave	Exceeds SAR 250 Million	1 October 2023	1 February 2024	Post 1 February 2024
4 <sup>th</sup> wave	Exceeds SAR 150 Million	1 November 2023	29 February 2024	Post 1 March 2024
5 <sup>th</sup> Wave	Exceeds SAR 100 Million	1 December 2023	31 March 2024	Post 1 April 2024
6 <sup>th</sup> Wave	Exceeds SAR 70 Million	1 January 2024	30 April 2024	Post 1 May 2024
7 <sup>th</sup> Wave	Exceeds SAR 50 Million	1 February 2024	31 May 2024	Post 1 June 2024
8 <sup>th</sup> Wave	Exceeds SAR 40 Million	1 March 2024	30 June 2024	Post 1 July 2024
9 <sup>th</sup> Wave	Exceeds SAR 30 Million	1 June 2024	30 September 2024	Post 1 October 2024
10 <sup>th</sup> Wave	Exceeds SAR 25 Million	1 October 2024	31 December 2024	Post 1 January 2025
11 <sup>th</sup> Wave	Exceeds SAR 15 Million	1 November 2024	31 January 2025	Post 1 February 2025
12 <sup>th</sup> Wave	Exceeds SAR 10 Million	1 December 2024	28 February 2025	Post 1 March 2025
13 <sup>th</sup> Wave	Exceeds SAR 7 Million	1 January 2025	31 March 2025	Post 1 April 2025
14 <sup>th</sup> Wave	Exceeds SAR 5 Million	1 February 2025	30 April 2025	Post 1 May 2025
15 <sup>th</sup> Wave	Exceeds SAR 4 Million	1 March 2025	31 May 2025	Post 1 June 2025

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

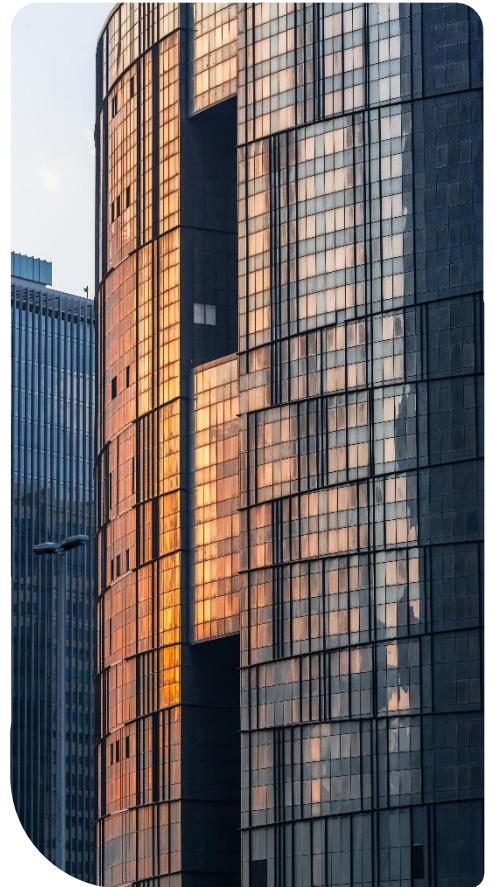
Should you need any further clarification and details regarding this update, please contact our GT KSA Tax Team – Head of Tax [Adel Douglas](#) or Tax Director [Mohammad Huwitat](#).

## Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') publishes proposed amendments to provisions of the VAT Implementing Regulations

On 28 August 2024, the ZATCA published proposed amendments to the Implementing Regulations of the VAT Law on the ISTITLAA portal, which is open now for public consultation till 17 September 2024. These amendments are currently only available in Arabic and were proposed with the aim to enhance compliance, increase the efficiency of VAT refund processes, provide relief to VAT payers and introduce new rules covering several aspects.

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

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



## Bahrain –The National Bureau of Revenue ('NBR') updates the VAT Real Estate Guidelines on rental and retail promotional stands

On 4 September 2024, the NBR updated the Real Estate Guide version 1.4 on the VAT treatment for the rental of retail and promotional stands.

Effective from 1 January 2025, providing space for retail or promotional stands (such as in a shopping mall, retail, or entertainment area) will no longer be considered as an exempt supply for VAT purposes, regardless of the rental duration. This type of supply will be subject to a 10% VAT if the supplier is registered for VAT. However, if the designated space within a shopping mall, retail, or entertainment area is equivalent to and serves the same function as a standard shop in those premises, it will not be classified as a supply for retail or promotional stands. Therefore, such a supply will be treated as an exempt supply of real estate for VAT purposes, provided that all relevant conditions mentioned in the Real Estate Guide are satisfied.

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

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

### UAE Corporate Tax Return Deadline and EmaraTax Portal Update for Entities Established in June 2023

The deadline for submitting Corporate Tax Returns for entities established on or post 1st June 2023 is approaching, with the final submission date set for 30 September 2024. This marks a key compliance milestone for businesses incorporated around this time, as they are required to file their first Corporate Tax Return under the new tax regulations that came into effect last year.

In preparation for Corporate Tax Returns for such entities, the EmaraTax portal, has undergone significant updates. As of September 2024, the portal has been enhanced to allow newly established taxpayers to submit their first Corporate Tax Return with ease.

Entities incorporated on or after 1st June 2023, the First Tax Period is defined by the duration of their financial period. This period must run for a minimum of 6 months and can extend up to 18 months, depending on the entity's financial reporting cycle. This flexibility ensures that businesses have adequate time to align their financial records with their tax reporting requirements.

In our **Tax Alert** released in August 2024, we provided a comprehensive breakdown of these updates to the EmaraTax portal, offering detailed guidance on how businesses should navigate the new system. This includes insights into the submission process, the calculation of taxable income, and the necessary documentation required for filing. The Tax Alert is an essential resource for entities looking to ensure their Corporate Tax Returns are both compliant and submitted on time.

With the deadline just around the corner, it is crucial for businesses to act now, review their financial records, and make use of the updated EmaraTax portal to complete their Corporate Tax Return submissions by the **30th of September 2024**.

To access the Tax Alert released by GT UAE, 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](#).



## UAE Federal Tax Authority ('FTA') Notes Efforts to Raise Awareness of Corporate Tax Compliance Requirements

The FTA has intensified up its awareness activities and events this year, focusing on the Corporate Tax Law, which came into effect last year for financial years beginning on or after 1 June 2023. These initiatives were designed to educate businesses on the importance, objectives, procedures, and requirements of Corporate Tax compliance.

According to the FTA, participation in these Corporate Tax awareness activities has grown significantly. In the first half of 2024, a total of 8,220 individuals attended these events—both in-person and virtually—across all emirates, compared to 7,520 participants during the same period in 2023, marking a 9.23% increase in attendance.

The Authority also reported a sharp increase in demand and engagement for its awareness programmes. Surveys conducted by the FTA revealed a rise in participant satisfaction, reaching 97.5% in the first half of 2024, up from 93% in the previous year.

This growth in both the number of events and participants is attributed to a series of new awareness initiatives launched this year, in addition to the ongoing expansion of the FTA's core Corporate Tax programmes. These events provided detailed explanations of the Corporate Tax Law, including compliance requirements, criteria for identifying taxable persons, applicable tax rates, tax periods, and the Small Business Relief programme.



The Small Business Relief initiative, designed to assist startups and micro, small, and medium-sized enterprises (MSMEs), aims to ease the Corporate Tax burden and lower compliance costs. Topics covered in the awareness sessions included **revenue thresholds and the conditions that must be met to qualify for the relief programme, as well as other essential information to facilitate accurate Corporate Tax compliance.**

The Federal Tax Authority (FTA) remains committed to supporting individuals and businesses by offering a range of educational opportunities. These initiatives aim to ensure that participants have the knowledge and resources necessary to meet their tax obligations efficiently. By attending these sessions, participants can benefit from expert guidance and interactive discussions that promote a deeper understanding of various tax related matters.

On 16 September 2024, the FTA conducted an informative public training session focused on Free Zone entities. During the session, further clarifications were provided on key aspects of tax regulations concerning Free Zone persons. However, an official statement on such updates from the FTA has not yet been released. It is anticipated that a formal announcement will be made in the coming days to provide additional details and official guidance.

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](#).



# Corporate Tax in Middle East Countries

## Bahrain Introduces Pillar 2 Domestic Minimum Top-up Tax

The Kingdom of Bahrain has announced the implementation of a Domestic Minimum Top-up Tax (DMTT) for Multinational Enterprises (MNEs), as outlined in Decree Law (11) of 2024. This new tax framework, set to take effect on 1 January 2025, aligns with the Organisation for Economic Co-operation and Development (OECD) guidelines, reinforcing Bahrain's commitment to global economic fairness and transparency.

Bahrain has been actively engaged with the OECD since 2018 when it joined the Inclusive Framework and endorsed the two-pillar tax reform initiative. To date, over 140 jurisdictions have committed to this reform, which includes a Global Minimum Corporate Tax to ensure large MNEs pay a minimum of 15% tax on profits in each country where they operate.

By introducing the DMTT, Bahrain reaffirms its dedication to international cooperation and aims to establish a fairer tax environment. The new law ensures that MNEs operating in Bahrain pay a minimum tax of 15% on profits generated within the Kingdom.

The DMTT will apply to large MNEs with global revenues exceeding EUR 750 million, as specified under the OECD's Pillar Two guidelines. Eligible businesses are required to register with the National Bureau for Revenue (NBR) by the deadline outlined in the relevant legislation.

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





# International Tax

## GCC Update

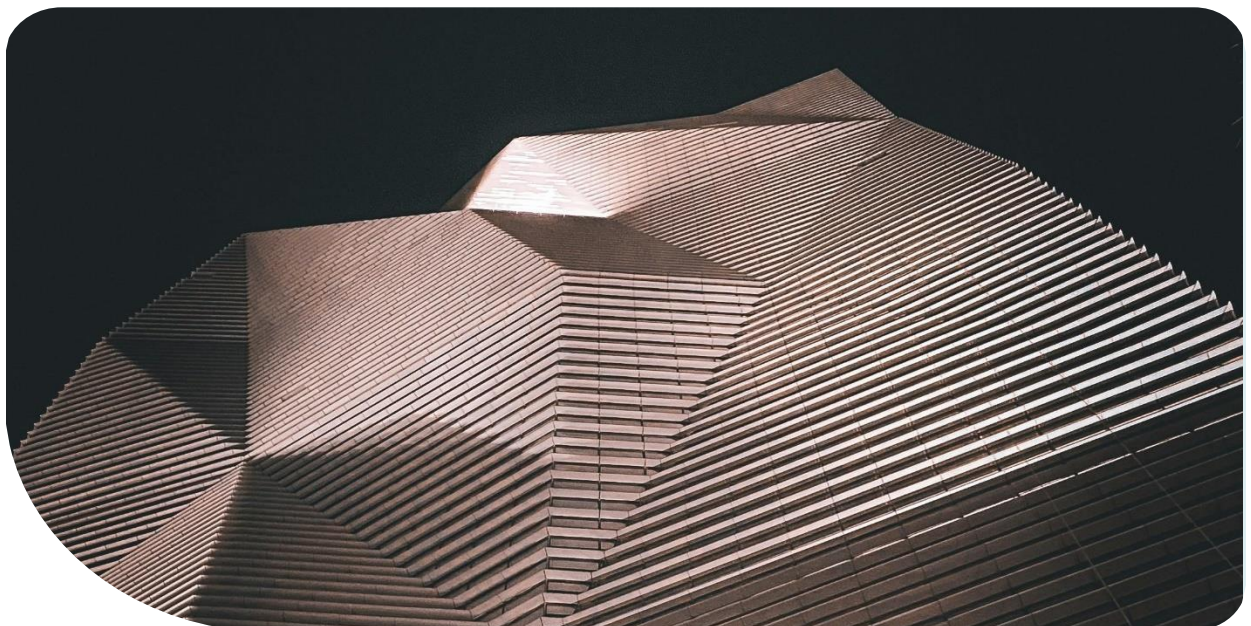
### Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') Releases English Version of Zakat Collection Implementing Regulations

Recently ZATCA has published the English version of its Implementing Regulations for Zakat Collection. These regulations provide detailed guidelines on the procedures and rules for Zakat collection in Saudi Arabia. The release of the English version is aimed at facilitating greater understanding and compliance among international stakeholders and businesses operating within the Kingdom.

The regulations cover various aspects, including eligibility criteria, calculation methods, reporting requirements, and payment deadlines. They aim to promote fairness, transparency, and compliance, ensuring that Zakat contributions are collected efficiently and in line with Islamic principles. This framework helps both local and international entities navigate their Zakat responsibilities within Saudi Arabia's legal structure.

To access the guide, 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 Daglas](#) or Tax Director [Mohammad Huwitat](#).



## Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') Issues New Guidelines on Zakat Treatment for Investments in Funds

ZATCA has introduced new guidelines regarding the Zakat treatment for investments in funds. These guidelines aim to provide clarity on several key aspects, including Zakat registration, liability adjustments, and the collection process for fund-related investments.

The updated framework offers greater certainty to investors by outlining how Zakat should be calculated and reported for their investments. This move is part of ZATCA's ongoing effort to streamline and improve transparency in Zakat obligations for both individual and institutional investors. By offering clearer guidance, ZATCA seeks to enhance compliance and ensure that Zakat contributions are managed in accordance with Saudi Arabia's regulations and Islamic principles.

To access the guide, 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 Daglas](#) or Tax Director [Mohammad Huwitat](#).





# Tax Treaty Developments

## GCC Tax Treaty News

### Amending Protocol to Tax Treaty between Norway and Qatar Signed

On 4 September 2024, representatives from Norway and Qatar signed an amending protocol to their 2009 income tax treaty. The protocol will come into effect once the ratification instruments have been exchanged. Further details will be made available once published.

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](#).



### Cambodia Negotiating Tax Treaties with France, Japan, Morocco, Myanmar and the United Arab Emirates

The General Department of Taxation in Cambodia has recently announced that it is in the process of negotiating income tax treaties with several nations, including France, Japan, Morocco, Myanmar and the United Arab Emirates. These agreements, once finalised, will mark the first tax treaties between Cambodia and each of these countries. Before taking effect, the treaties must go through the formal steps of being finalised, signed, and ratified.

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

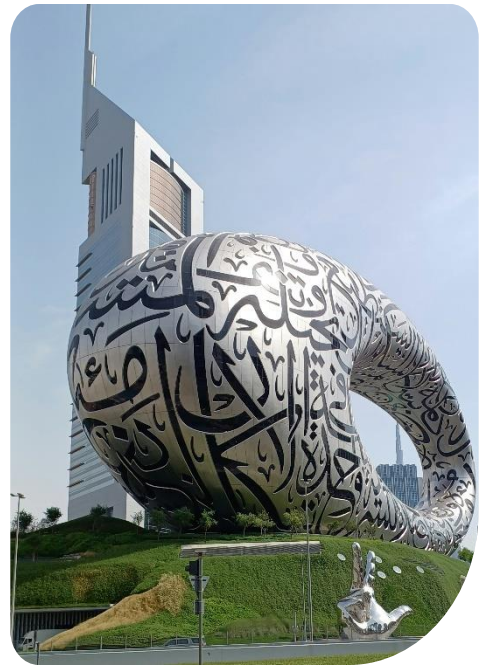
Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner [Anuj R. Kapoor](#) or Tax Director [Isabel Strassburger](#) or Associate Tax Directors [Tatiana Stupenkova](#) and [Amisha Anil](#).



## Ghana Negotiating Tax Treaties with Egypt, Hungary, Israel, South Korea, and the United Arab Emirates

Recent reports indicate that Ghana's Ministry of Finance is actively working on establishing income tax treaties with several nations. Daniel Nuer, Head of the Tax Policy Unit at the Ministry, announced that negotiations are currently underway with Egypt, Hungary, Israel, South Korea, and the United Arab Emirates. These agreements, once completed, will represent the first income tax treaties between Ghana and these countries. The treaties will need to be finalised, signed, and ratified before they can come into effect.

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](#).



## Tax Treaty between Eswatini and the UAE Under Negotiation

In a recent report, the Eswatini government announced that officials from Eswatini and the United Arab Emirates met on 20 August 2024, to negotiate an income and capital tax treaty. If concluded, the agreement will be the first tax treaty between the two nations. The treaty will need to be finalised, signed, and ratified before it can come into effect.

To access the post 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](#).

## Czech Republic Expanding Scope of Tax Treaties Covered by BEPS MLI

On 15 August 2024, the Czech Republic reportedly submitted a notification to the depository of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI). This notification expands the range of tax treaties covered under the MLI, now including agreements with several countries such as Albania, Azerbaijan, Bahrain, Barbados, Bosnia and Herzegovina, Estonia, Indonesia, Jordan, Kazakhstan, Malaysia, Mongolia, Morocco, North Macedonia, Panama, Saudi Arabia, Thailand, Tunisia, Ukraine, and Vietnam.

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](#).



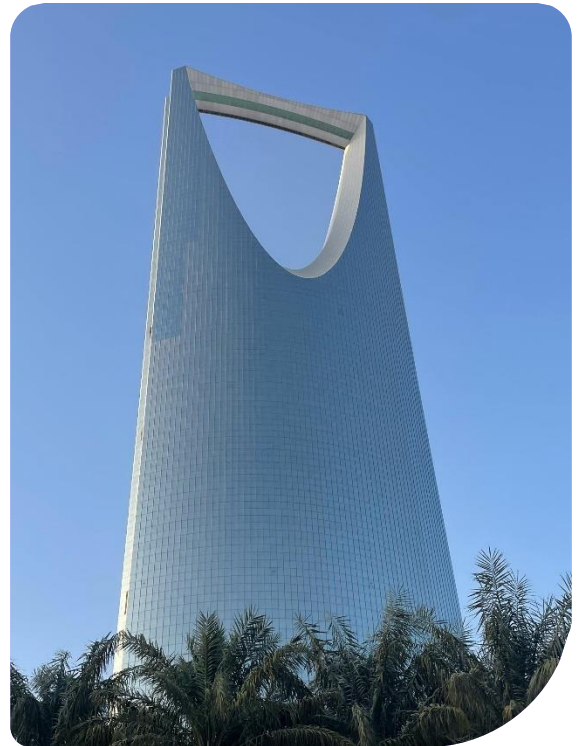
# General Tax Update

## General Tax Update in Middle East Countries

### Saudi Arabia Unveils Revised Investment Law to Boost Foreign Investment

Saudi Arabia's Council of Ministers has unveiled a revised investment law aimed at enhancing the Kingdom's attractiveness to foreign investors. This updated legislation represents a strategic shift towards fostering a more dynamic and welcoming investment environment.

The revised law introduces several key changes designed to streamline and encourage foreign investment. It offers clearer regulations, simplified procedures, and enhanced incentives for companies and investors looking to enter the Saudi market. By addressing previous barriers and improving the overall investment climate, the new law aims to position Saudi Arabia as a leading destination for global capital.



This proactive approach by Saudi authorities reflects the Kingdom's commitment to diversifying its economy and promoting sustainable growth. The updated investment law is expected to attract a wider range of international investors, contributing to the realisation of Saudi Arabia's Vision 2030 goals.

The changes outlined in the revised law are poised to facilitate a more robust and investor-friendly market, underscoring Saudi Arabia's ongoing efforts to enhance its economic landscape and drive foreign investment.

To access further information about the above article, please click [here](#).

For further information about National Investment Strategy, 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 Daglas](#) or Tax Director [Mohammad Huwitat](#).

# 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](mailto:steve.kitching@ae.gt.com)



### Anuj R. Kapoor

Partner  
International Tax

T +971 4 388 9925  
E [anuj.kapoor@ae.gt.com](mailto:anuj.kapoor@ae.gt.com)



### Imran Mushtaq

Partner  
Indirect Tax

T +971 4 388 9925  
E [Imran.mushtaq@ae.gt.com](mailto:Imran.mushtaq@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](mailto:adaglas@sa.gt.com)



### Mohamed Hwitat

Director  
VAT Advisory

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

## Kingdom of Bahrain



### Jatin Karia

Senior Partner  
Tax Advisory

T +973 3957 5562  
E [jatin.karia@bh.gt.com](mailto:jatin.karia@bh.gt.com)



### Shashank Arya

Director  
Tax Advisory

T +973 3544 2937  
E [shashank.arya@bh.gt.com](mailto: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](mailto:badar.alhashmi@om.gt.com)

## Kuwait



### Hazem Al-Agez

Partner  
Tax Advisory &  
Compliance Services

T +965 9994 9147  
E [hazem.alagez@kw.gt.com](mailto:hazem.alagez@kw.gt.com)



### Karim Ezz El-Din

Manager  
Tax Advisory &  
Compliance Services

T +965 6624 6798  
E [karim.ezzeldin@kw.gt.com](mailto: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.