



Tax Updates

February 2025

Dear Valued Readers,

As we embrace the arrival of the holy month of Ramadan, I extend my warmest wishes for a time of peace, reflection, and unity. May this sacred month inspire compassion, strengthen connections, and bring blessings to you and your loved ones. Ramadan Kareem!

As the first quarter of 2025 draws to a close, the ever-evolving tax world demands information delivered with equal agility. At CLA Emirates, we remain steadfast in our commitment to providing unparalleled insights and services. We are pleased to present the latest tax updates for February 2025, focusing on key developments in the United Arab Emirates (UAE), the wider GCC, and other global regions.

Significant updates across the GCC include the issuance of two new FTA decisions on Corporate Tax by the UAE tax authority, the introduction of Corporate Tax for Natural Resource Businesses in Sharjah, and the extension of the grace period for updating tax records. In Oman, revisions have been made to the Digital Tax Stamps (DTS) scheme, while Saudi Arabia has released guidance on Double Taxation Relief and Advance Pricing Agreements.

On the global front, Singapore unveiled its 2025 national budget, India approved a new income tax bill as part of the 2025 budget, and various other nations have updated their taxation requirements and deadlines.

These developments underline the ever-changing global tax landscape, emphasizing the importance of staying informed. At CLA Emirates, we are committed to guiding you through these changes and supporting compliance with evolving tax frameworks.

Thank you for your continued dedication to our shared goals. Together, by staying informed and united, we can turn challenges into opportunities and achieve lasting success in an ever-dynamic business environment.

Once again, Ramadan Kareem to you and your family. May this month bring joy, harmony, and prosperity to all.

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United Arab Emirates

UAE Imposes Corporate Tax on Natural Resource Businesses in Sharjah

On February 13, 2025, Sharjah introduced a new law imposing Corporate Tax of 20% on companies involved in both extractive and non-extractive natural resource activities. Upon failing to pay the due tax amount by the specified deadlines, a financial penalty of 1% of the outstanding taxable base will be imposed for every 30 days of delay until the full payment of the due tax amount and any applicable penalties for the delay.

FTA urges Taxpayers to Update Tax Records by 31 March 2025 to Benefit from Penalty Grace Period

On February 4, 2025, the UAE's Federal Tax Authority (FTA) called out registrants to take advantage of the grace period to update the tax records. The FTA mandated deadline of 20 business days to update your tax records has been extended till March 31, 2025. Tax registrants whose records need correction must make use of this grace period and amend their tax information at the earliest to avoid penalties.

FTA Decision No. 1 of 2025 On Cases of Extension of the Deadlines for Accepting the Submission of a Tax Assessment Review Request or a Request for Reconsideration

On February 17, 2025, the FTA issued Decision No. 1 of 2025 providing the cases where the authority may accept the submission of a Tax Assessment Review request or a request for Reconsideration post deadline. The reasons are as follows -

- The occurrence of an accident or a serious illness for the authorised signatory.
- The death of the authorised signatory
- A temporary Business disruption that is beyond the Person's control.
- A damage of records due to a disaster
- General malfunctions in the Authority's systems
- Sudden business record discontinuation due to new computer systems
- Authority's request for additional documents
- Force majeure situations

The reasons for rejection of extensions are -

- Taxpayer's unawareness of obligations
- Negligence of third parties (e.g., Tax Agents)
- Complexity of the request topic
- Applicant being busy with business operations



On February 13, 2025, Sharjah introduced a new law imposing Corporate Tax of 20% on companies involved in both extractive and non-extractive natural resource activities.



FTA Decision No. 2 of 2025 on The Authority's Policy Issuance of Clarifications and Directives

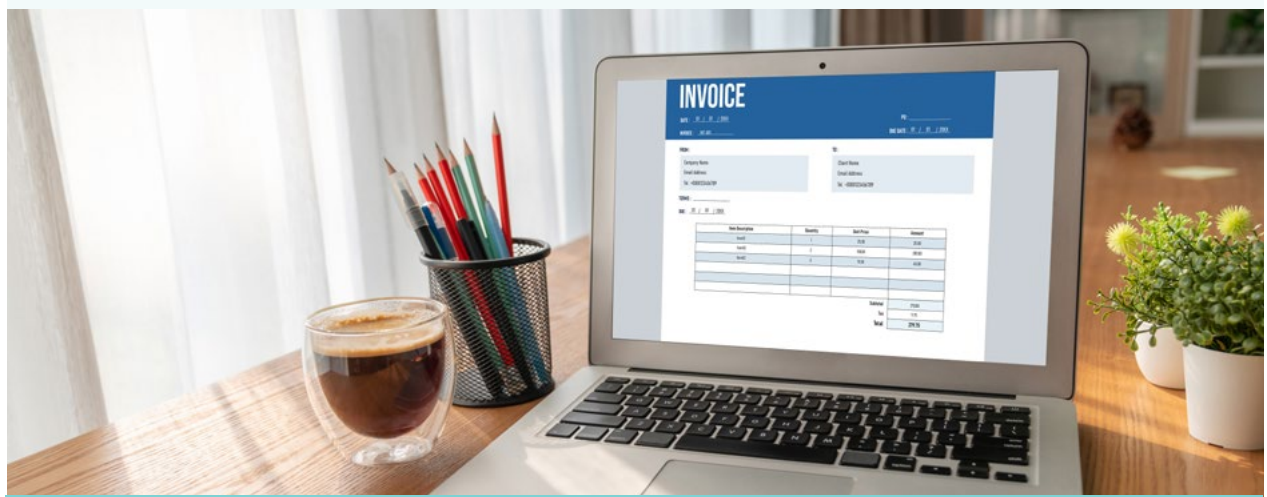
On February 19, 2025, the FTA issued Decision No. 2 of 2025, which outlines the FTA Policy for the Issuance of Clarifications and Directives. This decision, which took effect on March 1, 2025, provides detailed steps and mechanisms for issuing clarifications and directives. It covers several key areas, including private clarifications, the framework for implementing these clarifications, and the procedures for issuing them. The decision also addresses public clarifications, guides, e-learning programs, and all clarifications issued by the Authority. Additionally, it includes directives on administrative exceptions, detailing the FTA's mechanisms and frameworks for issuing administrative exception decisions. Further, it outlines the procedures for issuing and implementing input tax apportionment decisions, as well as the FTA's approach to advance pricing agreements.

UAE published a Consultation Document on the Introduction of Electronic Invoicing (e-invoicing).

On February 6, 2025, the UAE Ministry of Finance (MoF) announced the launch of the public consultation on UAE eInvoicing with the intention to introduce it in 2026. The consultation period closed on February 27, 2025.

UAE – Russia Concludes Negotiations on Double Taxation Avoidance Agreement

According to Emirates News Agency-WAM, on February 17, 2025, UAE and Russia signed a new income and capital tax treaty, replacing the limited tax treaty signed in 2011. The treaty covers Russian corporate income tax, personal income tax, corporate property tax, and personal property tax. It covers UAE income tax and corporate tax. The treaty will enter into force once the ratification instruments are exchanged and will apply from January 1, 2026 following its entry into force.



► State of Qatar

Qatar Launches Financial Penalty Exemption Initiative

On February 25, 2025, the General Tax Authority of Qatar announced the launch of a 100% financial penalty exemption initiative, designed to alleviate financial burdens on businesses while enabling them to rectify their tax compliance status. This will be effective from March 1, 2025 and will run for 6 months.

Tax Treaty between Qatar and India Signed

On February 19, 2025, officials from Qatar and India signed a new income tax treaty aimed at avoiding double taxation and preventing tax evasion concerning income taxes. This replaces the 1999 tax treaty between the two countries.

Source: [General Tax Authority - Qatar](#)



► Kingdom of Bahrain



Bahrain and Hong Kong Ratifies Tax Treaty

On February 28, 2025, Bahrain ratified Law (7) of 2025, formalizing an agreement between Bahrain and the Hong Kong Special Administrative Region of China. This aims to eliminate double taxation on income and prevent tax evasion and avoidance.

Source: [The Daily Tribune | Kingdom Of Bahrain](#)

► Sultanate of Oman

Oman Postpones Digital Tax Stamps (DTS)

The Oman Tax Authority announced changes to the DTS scheme on excisable drinks. DTS implementation dates are as follows –

- Customs Enforcement: from June 1, 2025 the distinctive mark must be applied and activated on all products entering the Sultanate of Oman for sale in the local market.
- Local Enforcement/Market Clearance: as of August 1, 2025 the circulation of any products without digital stamps within the Sultanate of Oman will be prohibited.

Sweetened drinks are currently outside the scope of DTS scheme implementation, until further notice. The current scope of products includes –

- Carbonated drinks
- Energy drinks
- Alcoholic drinks.

Oman and Iraq Tax Treaty Negotiations Concluded

On February 21, 2025, officials from Oman and Iraq signed a joint agreement to prevent double taxation and enhance economic cooperation. The agreement aims to avoid double taxation on income and profits arising from economic and investment activities between the two countries, which contributes to providing an attractive environment for capital and enhancing joint financial and tax cooperation. The treaty is the first of its kind between the two countries.

Kingdom of Saudi Arabia

Saudi Arabia Determines Criteria for 20th Wave of the Integration Phase for the Country's New E-Invoicing Requirements

On January 31, 2025, the Saudi Zakat, Tax, and Customs Authority (ZATCA) announced that it has determined the criteria for the 20th wave of the integration phase for the country's new E-Invoicing (FATOORA) requirements. The 20th wave of taxpayers with VAT taxable revenue that exceeded SAR 1.5 million in 2022 or 2023 must integrate their e-invoicing solutions with the FATOORA platform by October 31, 2025.

Saudi Arabia issues Ministerial Resolution No. 947, Reactivating the Application Period for Early Adoption of the New Implementing Regulations for Zakat Collection

On February 15, 2025, Saudi Arabia's Minister of Finance issued Ministerial Resolution No. 947, reactivating the application period for early adoption of the new Implementing Regulations for Zakat Collection (Bylaws), allowing Zakat payers until April 30, 2025 to submit their application and opt into the new framework.

On January 31, 2025, the Saudi Zakat, Tax, and Customs Authority (ZATCA) announced that it has determined the criteria for the 20th wave of the integration phase for the country's new E-Invoicing (FATOORA) requirements.

ZATCA Publishes Advance Pricing Agreements (APA) Guidelines

In February 2025, ZATCA published the Guidelines on Advance Pricing Agreements (APA) which sets forth the eligibility criteria, application process and operational framework when entering into APAs with the ZATCA.

ZATCA Issues Guide on Double Taxation Relief

In January 2025, ZATCA issued guidance on double taxation relief under the country's tax treaties. The guide explains double taxation relief for Zakat taxpayers, different methods that may be available under different treaties, the steps for obtaining double taxation relief and a list of Saudi Arabia's tax treaties.

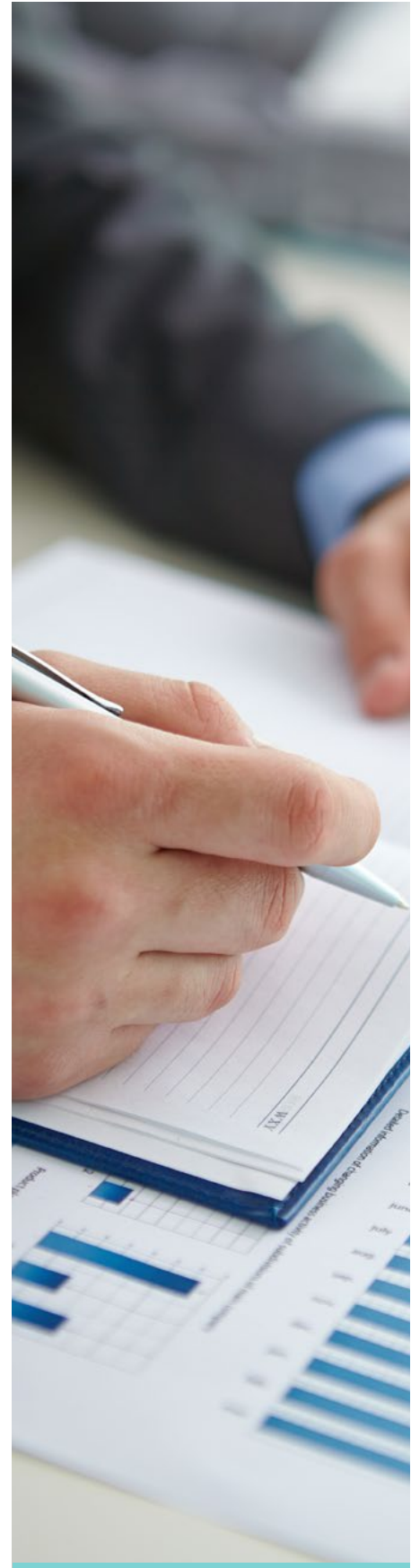
Saudi Arabia Announces Beneficial Owner Reporting Requirements

On February 25, 2025, Saudi Arabia announced the introduction of new beneficial ownership reporting requirements in connection with the country's new Commercial Registry system, with effect from April 3, 2025. It applies to every company operating in Saudi Arabia, including foreign companies, with the exception of publicly listed joint-stock companies, state-owned enterprises, and companies undergoing bankruptcy liquidation.

Ratification of Tax Treaty Between Saudi Arabia and Qatar

On February 13, 2025, Decree No. (1) of 2025 (Decree) on the Double Tax Treaty (DTT) between Qatar and Saudi Arabia was ratified. The DTT is aimed at enhancing economic cooperation between the two countries, reducing double taxation, and fostering a transparent and predictable tax environment for bilateral investment by businesses and individuals in both countries. The DTT shall enter into force on the first day of the second month following the month in which the last such notification was received.

Source: [Qatar ratifies double tax treaty with Saudi Arabia](#)



Others



▶ India

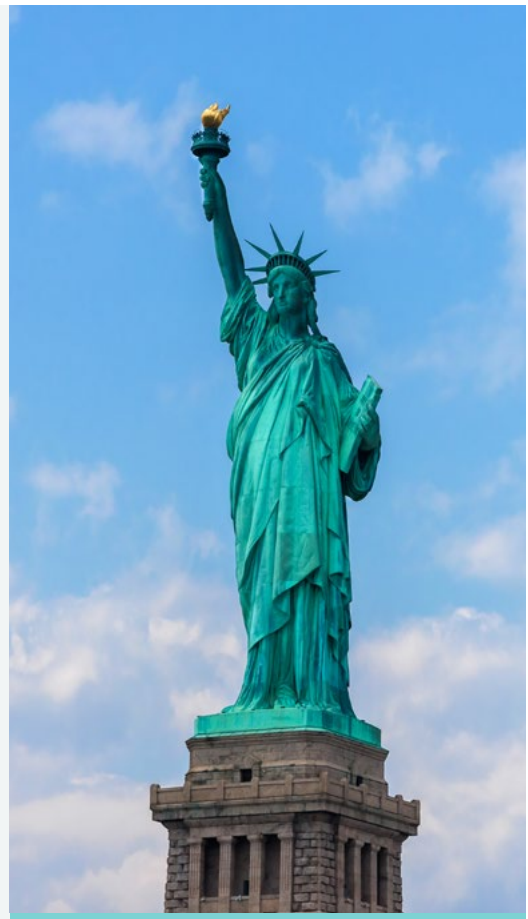
India Approves New Income Tax Bill

On February 7, 2025, the Indian Union Cabinet approved the Income Tax Bill 2025, replacing the existing Income Tax Act 1961. The bill aims to simplify and modernise India's tax system. It will also simplify legal language so that taxpayers can easily understand the provisions. Among the many changes the notable one is the introduction of "tax year" and eliminating "assessment year." The bill is intended to be implemented from April 1, 2026.

▶ United States

Beneficial Ownership Information Reporting Deadline Extended

On February 18, 2025, the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) announced that the Beneficial Ownership Information (BOI) reporting requirements under the Corporate Transparency Act (CTA) are back in effect. The new deadline to file an initial, updated, and/ or corrected BOI report has been extended from February 19, 2025 to March 21, 2025.



► Singapore

Singapore updates its Common Reporting Standard (CRS) Requirement

On February 3, 2025, the Inland Revenue Authority of Singapore (IRAS) updated the list of reportable jurisdictions, who are to submit 2024 CRS information by May 31, 2025. This update took effect from February 3, 2025.

On February 21, 2025, the IRAS put out the CRS registration deadline for an entity that became a Reporting SGFI between January 1, 2024 and December 31, 2024 to be March 31, 2025.



Pre-Filled Tax Returns Benefits for Employees and Employers

On February 11, 2025, the IRAS issued a release on the benefits of pre-filled tax returns for employees and the related compliance obligations for employers. Employees whose employers are on the Auto-Inclusion Scheme (AIS) will benefit from the convenience of pre-filled tax returns, No-Filing Service (NFS) or Direct Notice of Assessment (D-NOA) for Year of Assessment 2025. Employers who fail to submit their employees' 2024 employment income information to IRAS by March 1, 2025, can be fined up to \$5,000.

IRAS also announced the start of Income Tax filing season, from March 1, 2025 to April 18 2025.

Singapore Budget 2025

On February 18, 2025, Singapore presented Budget 2025 in the parliament introducing measures for sustainability, accelerate infrastructure developments, tackle cost pressures, and provide stronger support for families, seniors, and vulnerable groups.

“ On February 11, 2025, the IRAS issued a release on the benefits of pre-filled tax returns for employees and the related compliance obligations for employers. ”



United Kingdom

Late Payment and Repayment Interest Rates Reduction

On February 6, 2025, the UK HMRC announced the reduction of late payment and repayment interest rates following the base rate cut by the Bank of England from 4.75% to 4.5%. These rates are applicable to most tax payments, including Corporation Tax, Income Tax, NIC, Capital Gains Tax, and others. These changes will come into effect on:

- February 17, 2025 for quarterly instalment payments
- February 25, 2025 for non-quarterly instalments payments

Film Studios to Benefit from Business Rates Relief

On February 16, 2025, the UK HM Treasury announced the roll out of 40% business rates relief for film studios. The relief will be available on properties valued by the Valuation Office Agency (VOA) as film studios. The 40% reduction is inclusive of Transitional Relief. This is made available until 2034.

Public Consultation on E-Invoicing Proposals

On February 13, 2025, the UK HMRC launched a 12-week e-invoicing consultation on plans to cut paperwork for businesses and help improve productivity. UK businesses are invited to have their say on the government's e-invoicing proposals, with the commenting deadline on May 7, 2025.

Source: <https://www.gov.uk>

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