



# Tax Updates

January 2025

## Dear Valued Readers,

As we embrace the new year, I extend my warmest wishes to you all. Change is in the air, and we are excited to share a significant milestone—CLA Emirates is now a proud network member of CLA Global.

CLA Global is a leading international organization comprising independent accounting and advisory firms. With over 220 offices worldwide and 14,500 professionals, it supports businesses of all sizes, particularly dynamic, cross-border middle-market enterprises. Our affiliation grants CLA Emirates access to extensive knowledge, best practices, and shared resources from top professionals across the network.

Key tax updates across the GCC include UAE's Corporate Tax registration deadline (March 31, 2025) for natural persons, new compliance rules, and a Domestic Minimum Top-up Tax (DMTT). Qatar set tax return deadlines and is negotiating a treaty with Moldova, while Bahrain intensified compliance and signed a tax agreement with Oman. Oman is implementing the GCC Unified Tariff, and Kuwait introduced a selective tax on harmful goods. Saudi Arabia updated withholding tax rules, extended penalty waivers, and advanced e-invoicing. Globally, the OECD refines tax policies, and India's Union Budget 2025 was released.

Tax laws are constantly evolving, and staying informed is essential. Our team is committed to keeping you updated on the latest changes, ensuring you navigate compliance with confidence. Whether it's strategic planning, regulatory requirements, or simply understanding how these updates impact you, we are here to simplify the complexities. Stay informed with our latest tax insights.

Wishing you success in the year ahead!

**CA Manu Palerichal**  
Founder Partner & CEO



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# Contents

United Arab Emirates.....	5
Qatar .....	7
Kingdom of Bahrain.....	7
Sultanate of Oman.....	9
Kingdom of Saudi Arabia .....	10
Kuwait.....	12
OECD .....	12
India.....	13
Singapore .....	14
Hong Kong .....	16
United States .....	16
United Kingdom .....	17

## United Arab Emirates

### **FTA urges Natural Persons to Register for Corporate Tax before end of March 2025**

On January 28, 2025, the UAE's Federal Tax Authority (FTA) called out all natural persons who are subject to Corporate Tax to submit their Tax Registration applications no later than March 31, 2025, to avoid Administrative Penalties. If a natural person conducts a Business or Business Activity in the UAE during the 2024 calendar year, and their Revenue exceeded AED 1 million by July 31, 2024, they are required to submit an application to register for Corporate Tax no later, and, subsequently, submit a Corporate Tax Return no later than September 30, 2025.



### **Cabinet Issues Decision No. (127) of 2024 on the Reverse Charge Mechanism for Precious Metals and Stones**

On January 10, 2025, the UAE Ministry of Finance announced the issuance of Cabinet Decision No. (127) of 2024, expanding the application of the Reverse Charge Mechanism to include precious metals and stones for VAT-registered businesses, repealing the earlier Cabinet Decision No. (25) of 2018, which applied only to supplies of gold and diamonds among registered dealers. Suppliers in the precious metals and stones sector will no longer need to charge VAT on their B2B transactions or remit VAT to the FTA. Instead, buyers will now account for the VAT on both the sale and purchase of goods in their VAT returns, provided that both parties are registered for VAT in the UAE.

**On January 28, 2025, the UAE's Federal Tax Authority (FTA) called out all natural persons who are subject to Corporate Tax to submit their Tax Registration applications no later than March 31, 2025 ”**

## VAT Treatment of Cryptocurrency Mining

On January 14, 2025, the FTA issued VAT Public Clarification - VATP039 on cryptocurrency mining. Crypto currency mining by a person for his own account is not a taxable supply, thus input tax would not be recoverable. However, input tax incurred by a registrant mining on behalf of another person may be recovered to the extent that the input tax is incurred to make a taxable supply.

### UAE to introduce Domestic Minimum Top-up Tax (DMTT) and R&D Tax Incentive

On December 9, 2024, the UAE Ministry of Finance announced the amendments brought to certain provisions of the CT Law. A Domestic Minimum Top-up Tax (DMTT) will be effective in the UAE for financial years starting on or after January 1, 2025, applying to multinational enterprises operating in the UAE with consolidated global revenues of €750 million or more in at least two out of the four financial years immediately preceding the financial year in which the DMTT applies.

To promote sustainable growth, innovation, and investment, the Ministry of Finance is currently considering a Research and Development (R&D) Tax Incentive which is expected to take effect for tax periods starting on or after January 1, 2026.





## ► Qatar

### **Qatar General Tax Authority Announces the Tax Return Filing Dates for the Tax Year Ending December 31, 2024**

On December 31, 2024, Qatar's General Tax Authority announced that the tax filing period for the fiscal year ended December 31, 2024, will commence on January 1, 2025, and conclude on April 30, 2025. All companies holding a commercial registration or license must submit their returns through the Dhareeba tax portal.

### **Qatar to Begin Tax Treaty Negotiations with Moldova**

On January 17, 2025, officials from Moldova and Qatar met and agreed on the need to begin negotiations for an income tax treaty. Any resulting treaty would be the first of its kind between the two countries and must be finalized, signed, and ratified before entering into force.



## ► Kingdom of Bahrain



### **Violations Reported from Inspection Visits Conducted by the NBR in 2024**

On January 30, 2025, the NBR announced that 1,875 inspection visits were conducted during the year 2024, which led to the detection of 320 VAT violations. The reported violations were related to failure to comply with the conditions for issuing VAT invoices, failure to display VAT inclusive prices, and failure to display the VAT certificate in a visible location.

### **New Guidance on Entities in Scope of the Domestic Minimum Top-Up Tax and Updated Registration Guidance**

On January 16, 2025, the National Bureau for Revenue (NBR) of Bahrain issued a guide on the entities in scope of DMTT. The guide details on matters relating to the scope including definitions of certain entity types and the application of the revenue test that applies in order to bring entities within scope, as well as certain "safe harbors" and an exclusion that may reduce the tax liability of in-scope entities to zero.

On January 19, 2025, the NBR made updates to the DMTT registration manual. The manual outlines the procedures for the DMTT registration process and system, offering support and guidance to help taxpayers navigate the NBR online portal and complete the forms for DMTT registration.

### **Bahrain and Oman Sign an Agreement on the Elimination of Double Taxation**

On January 15, 2025, Ministers from Bahrain and Oman met to sign number of agreements, memoranda of understanding, and executive programs in various fields. The agreement aims to continue developing economic relations and enhancing cooperation between Bahrain and Oman in tax matters and to eliminate double taxation on persons residing in one or both countries.



**On January 16, 2025, the National Bureau for Revenue (NBR) of Bahrain issued a guide on the entities in scope of DMTT. ”**







# Sultanate of Oman

## **Oman Implements Domestic Minimum Top-Up Tax**

On December 31, 2024, Oman Tax Authority confirmed the introduction of a domestic minimum top-up tax to ensure a minimum effective tax rate of 15% is applied on entities in Oman that are members of MNE groups with annual revenue of approximately OMR 300 million (EUR 750 million).

## **Oman Implements New GCC Unified Tariff**

On January 1, 2025, Oman Customs implemented a new version of the GCC Unified Tariff, expanding the Harmonized System (HS) code structure from 8 to 12 digits for all products. This change aims to improve the accuracy of statistical data on imports and exports. Notably, the first 8 digits of each HS code remain unchanged, and there are no alterations to customs duty rates. The additional 4-digit subcodes allow for more specific categorization of products, enhancing tracking and management.

## **Oman and India Sign Amending Protocol to Tax Treaty**

On January 27, 2025, officials from India and Oman signed an amending protocol to the 1997 tax treaty between the two countries. The protocol is the first to amend the treaty and will enter into force after the ratification instruments are exchanged.



# Kingdom of Saudi Arabia

## **Guidance on Withholding Tax Including Claims for Reductions and Exemptions Under Tax Treaties**

On January 1, 2025, The Saudi Zakat, Tax, and Customs Authority (ZATCA) issued guidance on withholding tax under domestic legislation and tax treaties. It covers how withholding tax applies to payments made to non-residents from sources within Saudi Arabia, including the domestic rates and specific examples for various income types, such as dividends, interest, royalties, etc.

## **ZATCA Once Again Extends the Cancellation of Fines and Exemption of Financial Penalties Initiative**

On December 29, 2024, the Saudi Zakat, Tax, and Customs Authority (ZATCA) announced the Minister of Finance's decision on the extension of the Cancellation of Fines and Exemption of Financial Penalties Initiative for taxpayers subject to all tax laws for 6 months until June 30, 2025. ZATCA also issued a simplified guide on Cancellation of Fines and Exemption of Financial Penalties on January 1, 2025, to help the taxpayers with the exemption process.

### **RETT implications for BOOT contracts**

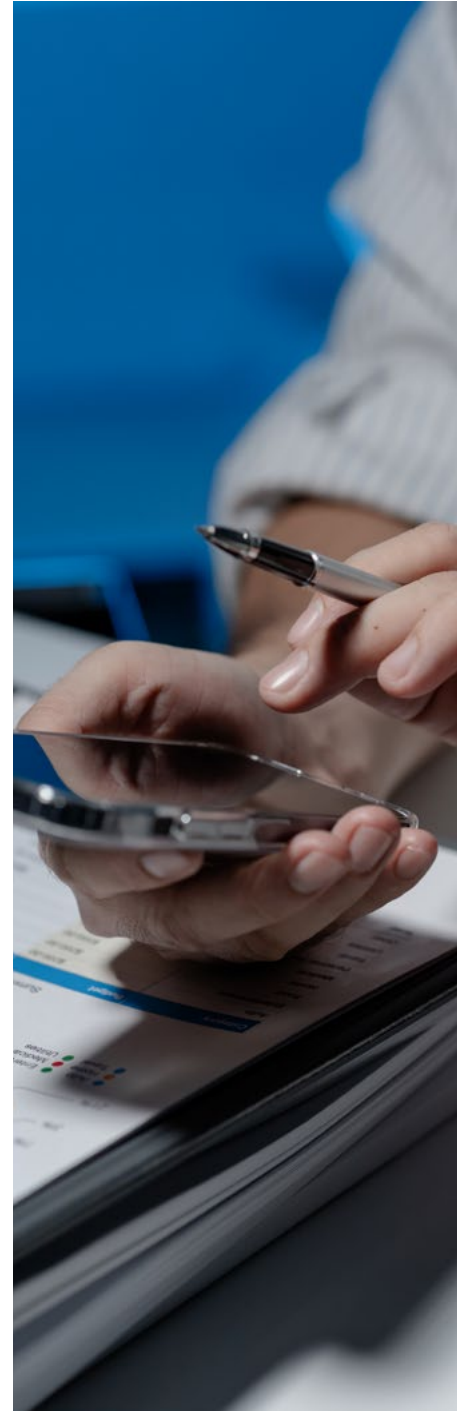
ZATCA issued a Real Estate Transaction Tax (RETT) circular clarifying the RETT treatment on Build, Own, Operate, Transfer (BOOT) contracts. It states that the transaction date for BOOT contracts shall normally be at the end of the contract when the transfer of ownership or actual possession to the transferee takes place. Exemptions shall be applicable if the transfer of real estate assets falls under any of the exemption scenarios as per the RETT Implementing Regulations. The fair market value determined for RETT is based on of the real estate at the time when ownership or actual possession is transferred, not at the time of signing the contract.

### **ZATCA Determines Criteria for 19th Wave of the Integration Phase for the Country's New E-Invoicing Requirements**

On December 27, 2024, ZATCA announced that it has determined the criteria for the 19th wave of the integration phase for FATOORA requirements. The 19th wave of taxpayers with VAT taxable revenue that exceeded SAR 1.75 million in 2022 or 2023 must integrate their e-invoicing solutions with the FATOORA platform by September 30, 2025.

### **Saudi Arabia and Slovenia Have Bilateral Talks**

On December 16, 2025, officials from Saudi Arabia and Slovenia met to discuss bilateral relations, including the progress of negotiations for an income tax treaty. Any resulting treaty would be the first of its kind between the two countries and must be finalized, signed, and ratified before entering into force.



## ► Kuwait

### Selective Tax on Harmful Goods

On January 15, 2025, Kuwaiti Ministry of Finance announced plans to introduce a selective tax law for harmful goods to human health such as tobacco and sugary beverages. This initiative is projected to generate approximately KD 200 million (around \$648 million) annually and is part of Kuwait's broader strategy to diversify non-oil income sources



## Others

## ► OECD



### Working Paper on MNE Business Functions and Corporate Taxation Published by OECD

On January 13, 2025, OECD published the working papers of the study conducted which explores the relationship between the location of business functions and effective corporate taxation. The findings indicate that higher average effective tax rates are associated with a lower prevalence of functions related to holding or the provision of internal group finance. In contrast, more routine functions, such as sales or manufacturing appear less sensitive to average effective tax rates.



# India

## India Budget 2025

On February 1, 2025, India presented the Union Budget for 2025-2026. The key highlight of the budget:

- Individuals with an annual income of up to Rs. 12 lakhs are exempt from paying income tax. Additionally, the standard deduction has been raised from Rs. 50,000 to Rs. 75,000
- TDS Threshold on Rent raised to Rs. 6 lakh (from Rs. 2.4 lakh)
- TCS on Education Loans up to Rs. 10 lakh removed for loans from specified financial institutions
- Time Limit for Updated Returns extended from 2 years to 4 years
- Two Self-Occupied Properties can now be valued at Nil for tax purposes (up from 1)

## Exemption of IFSC Units from the Collection of Tax at Source on Goods

On January 6, 2025, the Indian Ministry of Finance issued Notification No. 6/2025 explaining the exemption of IFSC Units from the Collection of Tax at Source on Goods. The exemption is available for IFSC units claiming a 10-year deduction under section 80LA of the Income Tax Act, 1961.

## Clarification on the Application of Tax Treaty Principal Purpose Tests

On January 21, 2025, the Indian Ministry of Finance issued Circular No. 1/2025 clarifying the application of the Principal Purpose Test (PPT) provisions in India's tax treaties. PPT provisions only apply prospectively. Where PPT provisions have been incorporated through bilateral processes, they apply from the date of entry into force of the treaty or the amending protocol incorporating the PPT. Where PPT provisions have been incorporated via the BEPS MLI, they generally apply from the effective dates of the MLI in respect of withholding taxes and other taxes for India and the other party to a particular treaty covered by the MLI.







# Singapore

## **E-Tax Guide on Multinational Enterprise Top-up Tax and Domestic Top-up Tax**

On December 31, 2024, the Inland Revenue Authority of Singapore (IRAS) issued a new e-Tax Guide, Multinational Enterprise Top-up Tax and Domestic Top-up Tax, which explains the new Pillar 2 Income Inclusion Rule introduced by the Multinational Enterprise (Minimum Tax) Act 2024 with effect for financial years commencing on or after January 1, 2025. This is applicable to MNE groups with annual revenue of EUR 750 million or more in the CFS of the UPE in at least 2 of the 4 preceding FYs, in line with the Pillar Two GloBE rules.

## **Singapore Provides Indicative Margin for Related Party Loans for 2025**

On January 2, 2025, the IRAS amended its Transfer Pricing guidance to include the indicative margin for related party loans for 2025. It is another alternative to determine arm's length interest rates. The indicative margin applicable to Risk-Free Rates (RFRs) for related party loans not exceeding SGD 15 million that are obtained or provided between January 1, 2025 to December 31, 2025 is set at +170 bps (1.70%), which was +220 bps (2.20%) for January 1, 2024 to December 31, 2024.

“On January 2, 2025, the IRAS amended its Transfer Pricing guidance to include the indicative margin for Related Party loans for 2025.”



## Hong Kong

### **Interest on Tax Reserve Certificates Reduces Again**

On January 28, 2025, the Inland Revenue Department of Hong Kong announced the new annual rate of interest payable on Tax Reserve Certificates, with effect from February 3, 2025. The rate of interest which was previously 0.4250% is now reduced to 0.3417%. Interest will cease to accrue after 36 months.

## United States

### **U.S. Tax Season 2025 Commences**

On January 10, 2025, the U.S. IRS announced the country's tax season to start on January 27, 2025. The IRS has also expanded features and availability of Direct File program. This year, Direct File will be available starting January 27 to taxpayers in 25 states.

### **Clean Fuels Production Credit Guide released**

On January 10, 2025, the U.S. Department of the Treasury released guidance on clean fuels production credit (section 45Z). Section 45Z provides a tax credit for the production of transportation fuels with lifecycle greenhouse gas (GHG) emissions below certain levels. The credit is in effect in 2025 and is for sustainable Aviation Fuel (SAF) and non-SAF transportation fuels.

### **U.S. Joint Committee on Taxation Publishes List of Expiring Federal Tax Provisions 2024-2034**

On January 9, 2025, the U.S. Joint Committee on Taxation issued a list of Federal tax provisions that expired in 2024 or are scheduled to expire in the future. A provision is considered expiring if, on a statutorily specified date, the provision terminates or reverts to the law in effect before the current version of the provision.



## ► United Kingdom

### **Guidance on Corporation Tax When Selling Business Assets**

UK HMRC published guidance on corporation tax when business assets are sold. It explains about how the gains arises, who pays it and how to report the gain.

### **Draft HMRC guidance for Multinational Top-up Tax and Domestic Top-up Tax**

On January 28, 2025, the UK HMRC launched a supplementary draft HMRC guidance for Multinational Top-up Tax and Domestic Top-up Tax. HMRC invites comments from stakeholders on this draft guidance, as well as any previously released draft guidance. The consultation closes on April 8, 2025.



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## Emirates

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