



Tax Updates

March 2025

www.claemirates.com

© 2025 CLA Emirates. All rights reserved.

Dear Valued Readers,

As the holy month of Ramadan concludes, I extend my heartfelt wishes for continued peace and prosperity. Ramadan Kareem once again!

The first quarter of 2025 saw consistent updation in the tax laws worldwide. At CLA Emirates, we assure these are provided to you at your fingertips. We are pleased to present the latest tax developments for March 2025, covering key updates in the United Arab Emirates (UAE), the broader GCC region, and global markets.

In the UAE, the Federal Tax Authority (FTA) has provided ongoing guidance on the newly introduced DMTT, amendments to VAT, and enhanced service offerings via the EmaraTax portal. Qatar has announced a four-month extension for tax return filings, while Bahrain has updated its DMTT manual and retained its VAT rate at 10%. Meanwhile, Saudi Arabia has outlined the eligibility criteria for the 21st and 22nd phases of the FATOORA program.

On the global front, the tax filing season has begun. Singapore has introduced updates to its tax computation tools, Hong Kong has implemented a one-time tax concession in alignment with its budget, the United States has revised its beneficial ownership reporting requirements, and the United Kingdom continues to advance proposed budgetary measures.

Navigating these evolving tax landscapes requires continuous awareness and adaptability. At CLA Emirates, we are dedicated to ensuring you remain well-informed with seamless access to the latest tax insights.

Sincere gratitude for your continued dedication throughout this journey. Let us leave no stone unturned and move forward, making the most of the ever-evolving business environment.

CA Manu Palerichal
Founder Partner & CEO



Our Team



CA. Purvi Mehta
Manager, Direct Tax



Akhil S Kumar
Manager - Indirect Tax



John Jose
Manager - Bahrain Operations



Nithin Mathew
Assistant Manager - Direct Tax



Vaishnavi M. V.
Junior Executive – Direct Tax



Hareesh Mohanan
Designer

Contents

United Arab Emirates	5
State of Qatar	6
Kingdom of Bahrain	6
Kingdom of Saudi Arabia	7
Others	8



United Arab Emirates

FAQs on Domestic Minimum Top-up Tax

On March 4, 2025, the UAE Federal Tax Authority (FTA) published FAQs on Domestic Minimum Top-up Tax (DMTT), which applies from January 1, 2025. The Ministry of Finance (MoF) aims to provide clarity on UAE's DMTT which aligns with OECD GloBE rules for QDMTT safe harbour, excludes the income inclusion rule (IIR) for now, and includes mechanisms for future OECD guidance and compliance adjustments.

Launch of "Family Foundations as an Unincorporated Partnership" application in EmaraTax Portal

On March 10, 2025, the FTA enabled Family Foundations to apply for status as an Unincorporated Partnership, provided it meets the required conditions as per Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses and Ministerial Decision No. 261 of 2024 on Unincorporated Partnership, Foreign Partnership and Family Foundation. Once the application is approved, the Family Foundation will no longer be required to file Corporate Tax Returns.

VAT Public Clarification on Amendments to the Executive Regulation of Federal Decree-Law No. 8 of 2017 on Value Added Tax – Cabinet Decision No. 100 of 2024

On March 14, 2025, the FTA issued VATP040 detailing the main changes to the Executive Regulation made by the Cabinet Decision, including changes to clarify various aspects of VAT, such as definitions, supply of goods and services, registration and deregistration procedures, and specific rules for zero-rating and tax recovery, among others.

Accredited Service Provider Accreditation Process and Criteria Published

On March 19, 2025, the UAE MoF released Ministerial Decision No. 64 of 2025, setting out the eligibility criteria and accreditation procedure for service providers under the UAE's upcoming eInvoicing system. Businesses should prepare to carry out a readiness assessment of their invoicing processes, before engaging an ASP, and understand their eligibility and compliance requirements.

Updated Version of the Excise Tax Guide

On March 25, 2025, the FTA released an updated version of the Excise Tax Guide (EGAE01), which outlines the criteria and procedures for applying for administrative exceptions. The updated guide includes new sections specifying the required supporting documents and documentary evidence that must be obtained and retained for both direct and indirect exports, in line with the amended Executive Regulation.

► State of Qatar

4-month Return filing Extension for the FY 2024

On March 9, 2025, the General Tax Authority (GTA) of Qatar announced a four-month extension of the return filing deadline to August 31, 2025 for the fiscal year ended on December 31, 2024. This applies to all entities and individuals subject to the provisions of the Income Tax Law No. (24) of 2018, with the exception of companies in the petroleum and petrochemical industries, whose deadline is April 30, 2025. This is in conjunction with the recently launched 100% Financial Penalty Exemption Initiative by the GTA.

Pillar 2 Global Minimum Tax Rules

On March 27, 2025, Qatar published Law No. 22 of 2024 to introduce measures for the Pillar 2 global minimum tax. This includes the introduction of a Qualified Domestic Minimum Top-up Tax (QDMTT) of 15% and the introduction of the Income Inclusion Rule (IIR) for in-scope groups. The global minimum tax rules are effective from January 1, 2025.



► Kingdom of Bahrain



DMTT Registration Manual Updated

On March 9, 2025, Bahrain updated its DMTT registration manual. The guide provides an overview of the procedures in relation to the registration process and system, and guides the taxpayers to navigate the NBR online portal and forms for DMTT registration application.

Businesses in Bahrain to comply with Digital payment regulations

On March 16, 2025, the Bahrain News Agency (BNA) put out a statement urging all commercial establishments in Bahrain to ensure compliance with Ministerial Decision (43) of 2024 on payment regulations before the June 13, 2025 deadline.

Businesses are required to maintain a commercial bank account with a licensed bank in Bahrain and conduct all transactions through this account. Additionally, they must offer at least one electronic payment method, such as POS terminals, online payment gateways, or other digital payment systems.

Bahrain to Maintain VAT at 10% and Plans to Raise Excise Tax


Bahrain has decided to maintain its VAT at 10% while increasing excise taxes on products such as energy drinks, sugary beverages, and tobacco. Additionally, the government will introduce carbon emission fees for companies. The agreement lays the foundation for the 2025-2026 national budget.

Kingdom of Saudi Arabia


Saudi Arabia Determines Criteria for 21st and 22nd Wave of the Integration Phase for the Country's New E-Invoicing Requirements

On February 28, 2025, the Saudi Zakat, Tax, and Customs Authority (ZATCA) announced that it has determined the criteria for the 21st wave of the integration phase for the country's new E-Invoicing (FATOORA) requirements. The 21st wave of taxpayers with VAT taxable revenue that exceeded SAR 1.25 million in 2022, 2023 or 2024 must integrate their e-invoicing solutions with the FATOORA platform by November 30, 2025.

On March 21, 2025, ZATCA announced that it has determined the criteria for the 22nd wave of the integration phase for the country's new E-Invoicing (FATOORA) requirements. The 22nd wave of taxpayers with VAT taxable revenue that exceeded SAR 1 million in 2022, 2023 or 2024 must integrate their e-invoicing solutions with the FATOORA platform by December 31, 2025.



On March 21, 2025, ZATCA announced that it has determined the criteria for the 22nd wave of the integration phase for the country's new E-Invoicing (FATOORA) requirements.

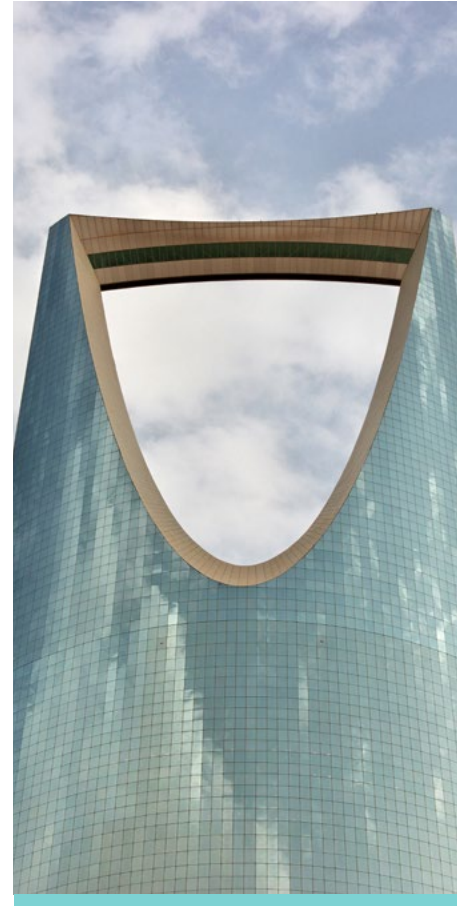


Public Consultation on New Draft RETT Implementation Regulation

In March 2025, ZATCA published the draft Implementing Regulations for the Real Estate Transaction Tax (RETT). It introduces a comprehensive framework for managing real estate transactions and provides guidelines across various aspects. Taxpayers are encouraged to participate in the public consultation to identify gaps in the draft regulations or clarify any ambiguities. The earlier issuance of the new RETT Law will take effect on April 9, 2025.

Optional ZAKATY Services to Taxpayers

ZATCA continues offering the optional "ZAKATY" service for individuals for the 8th consecutive year, allowing them to pay their Zakat through ZAKATY mobile app or the official website. The service allows individuals to calculate the amount due of Zakat of all kinds, including, money, gold, silver, Saudi & foreign stocks, investment funds, real estate, and trade offers.



Others

India

Clarification Issued on the Application of Tax Treaty Principal Purpose Tests

On March 15, 2025, India's Central Board of Direct Taxes (CBDT) issued a press release on the clarification of Circular No. 01/2025 on the application of the Principal Purpose Test (PPT) provisions in India's tax treaties. The release clarifies that the Circular only applies in relation to PPT provisions in tax treaties that contain such provisions and is not intended to interfere or interact with any other provisions of a treaty. Further, the Circular is not intended to interfere with any anti-abuse rules under Indian domestic law, such as the General Anti-Abuse Rule (GAAR), Specific Anti-Abuse Rules (SAAR), and Judicial Anti-Abuse Rules (JAAR).

Public Consultation on Income-Tax Rules and Related Forms

On March 18, 2025, India's CBDT issued a press release seeking stakeholder input for drafting Income-tax Rules and related forms consequent to the Income Tax Bill 2025. The new bill will replace the existing Income Tax Act 1961, providing a more concise, clear, and easy to understand Act. This new bill will enter into force on April 1, 2026.

► Singapore

Singapore Tax Computations for Year of Assessment 2024

- On February 28, 2025, the Inland Revenue Authority of Singapore (IRAS) updated its income tax computation calculators, providing 2 Basic Corporate Income Tax Calculators (BTC) for taxpayers filing Corporate Income Tax Returns for the assessment year 2024.
- On February 28, 2025, the IRAS updated its Exchange Rate Search Function tool (XLSX) for the tax computation of returns.

Tax Matters for Individuals for Year of Assessment 2025

On March 11, 2025, the IRAS put out the various tax matters for individuals for the tax year 2024, which includes the No-Filing Service (NFS) and Direct Notice of Assessment (D-NOA), the automatic tax rebate of 60% of tax payable, changes to dependent-related tax reliefs, and the standardization of the Paper Filing Due Date to April 18, 2025.



New e-Tax Guide on Adopting GST InvoiceNow Requirement for GST-registered Businesses

On March 7, 2025, the IRAS published a new e-Tax guide on adopting GST InvoiceNow requirement for GST-registered businesses (first edition). The guide outlines the requirement for GST-registered businesses to submit invoice data to IRAS using InvoiceNow-Ready Solutions via the InvoiceNow network. It also provides details to assist businesses in adopting this requirement.



Advance Rulings Issued

- On March 3, 2025, the IRAS published Advance Ruling Summary No. 2/2025 on whether the gains derived by a company from the redemption of its investment in a feeder fund of a master fund should be regarded as a capital gain, and therefore not taxable. The ruling states that the gains to be derived by the company from the redemption of the Class A Units is a capital gain and therefore not taxable.
- On March 3, 2025, the IRAS published Advance Ruling Summary No. 3/2025 on income tax issues relating to the transfer of banking business. The ruling states that the transfer of the entire banking business of a bank to the Transferee as a result of a restructuring is a capital transaction.
- On March 3, 2025, the IRAS published Advance Ruling Summary No. 4/2025 on the income tax implications of whether a company is carrying on a trade or business or a passive investment holding company. The ruling states that a passive investment holding company which did not carry on a trade or business for the purposes of the Income Tax Act (ITA), the income accrued for the year will be subject to tax on a remittance basis.



Hong Kong

Hong Kong One-Off Tax Concession

On March 5, 2025, the Inland Revenue Department of Hong Kong announced that it will implement the one-off tax concessions proposed in the 2025-26 Budget, through the Inland Revenue (Amendment) (Tax Concessions) Bill 2025. The Inland Revenue (Amendment) (Tax Concessions) Bill 2025. It provides for the one-off reduction of profits tax, salaries tax, and tax under personal assessment proposed in the 2025-26 Budget for the year of assessment 2024/25.

Block Extension Scheme for Lodgement of 2024/25 Tax Returns

On March 19, 2025, the Hong Kong Inland Revenue Department (IRD) issued a Circular Letter to Tax Representatives on the Block Extension Scheme for Lodgement of 2024/25 Tax Returns being available to tax representatives. Additional extensions may be requested in addition to the stated ones, which will be granted only in the most exceptional circumstances.



United States

Report on Itemized Deductions Tax Reform

On March 4, 2025, the US Congressional Research Services (CRS) published a new report on Selected Issues in Tax Reform: Itemized Deductions. The report provides information on itemized deductions specifically and tax deductions more generally, upcoming changes in tax law, and the potential effects of making the Tax Cuts and Jobs Act (TCJA) reforms permanent.

Housing Costs Eligible for Exclusion or Deduction

On March 5, 2025, the US IRS issued Notice 2025-16 providing the adjustments to the limitation on housing expenses for specific locations for 2025, providing an increased amount that a qualified individual can elect to exclude from gross income as a housing cost amount in the income tax return. This came into effect on January 1, 2025.

United Kingdom

Final Evaluation Report on Making Tax Digital for VAT Published

On February 27, 2025, the UK HMRC published a final evaluation report on the impact of Making Tax Digital (MTD) for VAT. Making Tax Digital for VAT is an HMRC initiative requiring businesses in the UK to keep digital financial records and submit VAT returns electronically, aimed at reducing tax errors and improving efficiency.

Interest Rate on Unpaid Tax Liability to Increase

On March 26, 2025, the UK HMRC issued a policy paper on the increase in the late payment interest rate charged on unpaid tax liabilities by 1.5% points. This increase will apply from April 6, 2025 to any outstanding and future amounts from that date.

Groups Subject to Pillar 2 Multinational Top-up Tax and Domestic Top-up Tax Notified by HMRC

On March 19, 2025, the UK HMRC issued Issue 129 of Agent Update containing technical updates and reminders on the UK implementation of the Pillar 2 Multinational Top-up Tax and Domestic Top-up Tax. Direct communications will be sent to in-scope groups during the week commencing March 31, 2025.

Spring Statement 2025

On March 26, 2025, the UK announced the Spring Statement 2025. The speech focused on tax avoidance issues, some of the Government's thinking on certain tax areas it is considering going forward. This was followed by consultations published by the UK tax authorities soon after the Statement provided more details on these measures.

MTD to Extend in 2028

On March 26, 2025 alongside the Spring Statement 2025, it was announced that MTD for income tax will be extended to those with turnover of more than £20,000 from April 2028.



Contact us

► T: +971 4 2500290
communications@claemirates.com
www.claemirates.com



Emirates

Audit | Tax | Advisory

© 2025 CLA Emirates. All rights reserved.

The contents, company and brand names, logos, trademarks (collectively, the "Marks") contained in these documents, are either owned by CLA Global, CLA Emirates and/or third-party licensors. Any unauthorized use of any such Marks may be a violation of the rights of CLA Global, CLA Emirates or a third party. Receipt of these documents in no way grants any license or right to use any Mark contained therein.

CLA Emirates is an independent network member of CLA Global. See CLAglobal.com/disclaimer.