

# Tax '22 December Updates

# Tax updates

## 2022 December Edition

Dear Readers,

The flamboyant new year celebration in the UAE made its way into record-breaking fireworks and laser, water, and drone show across the UAE welcoming 2023. I hope you too celebrated the start of 2023 safely and in good spirits with family, friends, and at work too!

I want to thank everyone for your continued commitment and effort to learn and keep progressing. Every one of us has an important role to play in the work ahead, and I'm confident that by reading and learning great things can be achieved. 2022 was definitely a good year that brought a lot of opportunities for our progress, and the credit goes to our invaluable clients. Hoping and wishing our association gets stronger in the upcoming year with blended synergies and prosperity along the way. Looking forward to a promising year head full of satisfaction and trust.

The unwavering spirit underlying our operations to provide the best consultancy services and continuous learning shall be continued as the need for knowledge and competencies continues to increase. With imagination, vision, perseverance, and determination, we have been evolving since our inception and remain committed to our quest to continue growing in the coming year as well.

Wishing you, your family, and all your loved ones a very Happy New Year 2023. May the New Year bring new wonders into your life and let's continue reading!

**CA. Manu Palerichal**  
CEO & Partner



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# United Arab Emirates

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## UAE Ministry of Finance releases Corporate Tax Law

On 9 December 2022, the Ministry of Finance of the United Arab Emirates (UAE) has issued the highly anticipated UAE Corporate Tax Legislation, Federal Decree-Law No. 47 of 2022 ('the Law') on the Taxation of Corporations and Businesses. In addition, MOF released FAQs to provide clarifications to the law.

Following the Consultation Document that was issued in April 2022, the Law clarifies and expands on many key provisions. However, several areas remain to be clarified in subsequent Cabinet and Ministerial decisions as well as guidance from the tax authority.

The Law represents an important development for all businesses in the UAE and must be thoroughly evaluated.

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## Dubai Customs Notice amending temporary suspension of export and re-export of wheat and wheat flour

The Customs Notice No. 6/2022 has been amended vide Customs Notice No. 12/2022 with effect from 30th November 2022. Article 2 of the Notice No. 6/2022 has been repealed and Article 3 has been amended to mentioning the following:

- The export permit issued by MOE shall be valid for 30 days from date of issuance and must be submitted via electronic clearance systems to complete the process for exporting the shipment out of UAE.
- The request for such export shall be submitted to MOE through the Ministry website using e-services link.



## FTA issues Guidelines for using the new 'EmaraTax' platform

The Federal Tax Authority (FTA) of the UAE has launched its new integrated and fully developed digital tax administration platform EmaraTax from December 2022. The platform has been successfully activated, providing the taxpayers a seamless experience enabling them to easily use the new digital platform.

With the objective of making the new platform user friendly, the FTA released the following guides for VAT and Excise Tax related services

- a. Account creation/Login
- b. Tax Return filing procedures
- c. Tax Refund procedures
- d. Tax Payment procedures

These guides are intended to ensure that the users are not facing any hindrances while using the newly launched platform.



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### **Austria-United Arab Emirates protocol to tax treaty comes into effect:**

The 2021 protocol to the 2003 Tax Treaty between Austria and the UAE enters into force on 1 March 2023 and will apply as from 1 January 2023 for withholding tax purposes.

When in effect, the protocol provides for a 0% withholding tax rate on dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise, the rate will be 10%.

The withholding tax rates on interest and royalties will not be affected by the protocol.



# Sultanate of Oman

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## Russia has added Sultanate of Oman to its list of jurisdictions for automatic exchange of financial account information

On 5 December 2022, Russia published Order No. ED-7-17/986@ of 28 October 2022 in the Official Gazette, which provides a revised list of jurisdictions with which Russia will automatically exchange financial account information under the Common Reporting Standard (CRS).

Oman has been added to the list and the new list will be effective from 16 December 2022.

## Tax treaty between Sultanate of Oman and Qatar entered into force

In November 2021, the Sultanate of Oman and the State of Qatar signed the Double Tax Treaty on income and capital ('Tax Treaty'). It is the first Tax Treaty signed by Oman with a Gulf Cooperation Council (GCC) Member.

This Tax Treaty was ratified by Oman in January 2022 *vide* Royal Decree 4/2022 and Qatar in November 2022 *vide* Emiri Decree No. 45 of 2022.

The Oman-Qatar Tax Treaty generally applies from 1 January 2023, for both withholding tax and other taxes on income and capital.

# Kingdom of Bahrain

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## Isle of Man publishes the Bahrain double taxation agreement modified by the MLI synthesized text

On December 2022, the government of the Isle of Man published the English synthesised text of the Bahrain - Isle of Man Income Tax Treaty (2011), which reflects the modifications made to the treaty by the MLI.

# State of Qatar

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## Tax treaty between Ivory Coast and State of Qatar signed

On 7 December 2022, officials from the Ivory Coast and Qatar signed an income tax treaty.

The treaty is the first of its kind between the two countries and will enter into force after the ratification instruments are exchanged.





# Kingdom of Saudi Arabia

## Kingdom of Saudi Arabia becomes a signatory to the Apostille Convention

Effective 7 December 2022, Saudi Arabia became a signatory to the Convention Abolishing the Requirements of Legalization for Foreign Public Documents (i.e., the Apostille Convention).

The 1961 Apostille Convention enables a country that is a member of the Convention (i.e., Contracting Party) to authenticate documents issued in that country (e.g., birth certificates, marriage certificates and educational certificates) for use in all other Contracting Parties. The legalization process, on the other hand, often involves multiple approvals and is time-consuming. Documents legalized by an embassy or a consulate of one country (e.g., Saudi Arabia) may only be used in that country (e.g., Saudi Arabia).

## Criteria for second wave of the integration phase for new e-invoicing requirements

The Zakat, Tax and Customs Authority ('ZATCA') has announced the end of 'Fatoora Pilot Testing' project for selected participants from 23 December 2022 and a new pilot testing portal, "Fatoora Simulation Portal", has been established. The portal will be available for taxpayers from 27 December 2022 and will act as a replica of the production environment.

More importantly, the official Fatoora portal will be available (Go-Live) from 26 December 2022 and taxpayers can begin onboarding their respective production systems. Any invoices shared with the Fatoora portal will be considered as official tax invoices, according to the VAT Implementation Regulations and the E-invoicing Regulations.

## Certain Other Jurisdictions

### OECD

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#### OECD invites comments on compliance and tax certainty aspects of Pillar Two - GloBE Rules

The OECD is seeking public comments on compliance and co-ordination aspects of the Pillar Two global minimum tax. Two documents are released for public consultation:

- The public consultation document on the **GloBE Information Return** seeks input on the amount and type of information that MNE Groups should be expected to collect, retain and/or report for the application of the GloBE Rules.
- The public consultation document on **Tax Certainty for the GloBE Rules** outlines various mechanisms, including dispute prevention and dispute resolution, for achieving tax certainty under the GloBE Rules.

The comments provided will assist members of the Inclusive Framework in completing the work relating to compliance and co-ordination aspects of the Pillar Two GloBE Rules to preserve consistent and co-ordinated outcomes for MNEs while minimising compliance burdens and avoiding the risk of double taxation.

Interested parties are invited to send their comments on each of these documents before 3 February 2023.

#### OECD releases consultation document on the withdrawal of digital service taxes

As part of Pillar One of the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework), the OECD is seeking public comments on the Draft Multilateral Convention (MLC) provisions relating to digital services taxes and other relevant similar measures of Amount A Pillar One.

The stakeholder input received on the Draft will assist members of the Inclusive Framework on BEPS in further refining and finalising the relevant provisions.

Interested parties are invited to send their written comments by 20 January 2023.

#### Azerbaijan joins the Inclusive Framework on BEPS

Azerbaijan joins OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) package of 15 measures to improve the coherence of international tax rules and ensure a more transparent tax environment.

It has also committed to address the tax challenges arising from the digitalisation and globalisation of the economy by joining the two-pillar plan to reform the international taxation rules and ensure that multinational enterprises pay a fair share of tax wherever they operate.





## Brazil

### **Brazil publishes provisional measure to align transfer pricing rules with OECD guidelines**

After almost five years of discussions between representatives of Brazil's federal tax authorities and the Organization for Economic Co-operation and Development (OECD), on 29 December 2022, the Executive Branch of Brazil's federal government published a provisional measure (PM 1,152/2022) containing new transfer pricing rules to apply as from 1 January 2024, provided the provisional measure is approved by the Federal Congress within 120 days.

The publication of PM 1,152/2022 represents a significant milestone for Brazil and would align domestic transfer pricing legislation with the OECD guidelines, allowing multinational groups to apply global standards on intercompany transactions without specific adjustment for Brazilian entities.

## Hongkong

### **Hong Kong and Mauritius sign comprehensive double taxation arrangement**

Hong Kong and Mauritius signed a comprehensive double taxation arrangement (CDTA) on 7 November 2022.

The CDTA is largely based on the 2017 version of the Organisation for Economic Co-operation and Development Model Tax Convention.

The CDTA would become effective in Hong Kong for tax years beginning 1 April 2023.

## Germany

### **Germany amends tax haven defense ordinance on non-cooperative jurisdictions**

On 21 December 2022, Germany published the Ordinance amending the Tax Haven Defense Ordinance in the Official Gazette which provides a list of jurisdictions treated as non-cooperative for the purpose of the Law to Prevent Tax Avoidance and Unfair Tax Competition.

Anguilla, the Bahamas, and the Turks and Caicos Islands have been added to the list, along with American Samoa, Fiji, Guam, Palau, Panama, Samoa, Trinidad and Tobago, the U.S. Virgin Islands, and Vanuatu.



# Egypt

## Egypt extends final deadline for individual entities to register for e-invoicing

The Egyptian Tax Authority has issued a release announcing that the final deadline for individual entities to register in the electronic invoicing system has been extended from 15 December 2022 to 30 April 2023.

A number of tracks were instructed by the Minister to increase tax awareness about the electronic invoice system among individual entities and groups, and to explain its mechanisms, as well as the procedures for joining this system, during this period, which expires next April.

# India

## India's GST Council recommends decriminalization at its 48th meeting

India's Press Information Bureau has published a release on the recommendations of the 48th meeting of India's GST Council.

One of the key recommendations is for decriminalization under GST, which includes:

- Raising the minimum tax amount threshold for launching prosecution proceedings under GST from INR 10 million to INR 2 million, except for the offense of issuing invoices without the supply of goods or services or both
- Reducing the compounding amount from the present range of 50% to 150% of the tax amount to the range of 25% to 100%; and
- Decriminalizing certain offenses specified under clauses (g), (j), and (k) of sub-section (1) of section 132 of CGST Act 2017, including:
  - obstruction or preventing any officer in the discharge of his duties
  - deliberate tempering of material evidence and
  - failure to supply information

# Singapore

## Singapore publishes updated e-tax guide on tax exemption for certain foreign-sourced income

Inland Revenue Authority of Singapore (IRAS) published Income Tax: Tax Exemption under Section 13(12) for Specified Scenarios, Real Estate Investment Trusts and Qualifying Offshore Infrastructure Projects/Assets (Ninth Edition) on 1 December 2022.

The e-Tax Guide explains how resident taxpayers may be granted tax exemptions under section 13(12) of the Income Tax Act, with effect from 31 May 2006 (retrospectively), in respect of following income:

- Certain foreign-sourced income received in Singapore by resident companies
- Certain foreign-sourced income received in Singapore by the trustees of Real Estate Investment Trusts listed on SGX (S-REITs), S-REITs' wholly-owned (directly or indirectly) by Singapore
- incorporated and resident companies, or S-REITs' wholly-owned Singapore sub-trusts;
- Certain foreign-sourced income received in Singapore by listed resident entities or their wholly-owned Singapore resident subsidiary companies from qualifying offshore infrastructure projects/assets and
- Foreign-sourced income received in Singapore by resident taxpayers on a case-by-case basis.



# United Kingdom

## UK HMRC Consulting on Guidance for Changes in R&D Tax Reliefs

On 20 December 2022, UK HMRC published draft guidance to implement changes to Research and Development (R&D) tax reliefs.

This guidance clarifies technical aspects of how the reforms will work in practice and includes a list of the additional information that will be required for claims.

HMRC welcome comments from individuals or organisations who make use of or provide tax agent services for R&D tax reliefs before 11:45 pm on 28 February 2023

## Publishes Draft Legislation for Electricity Generator Levy

UK HMRC has published draft legislation for the introduction of Electricity Generator Levy, a new tax on exceptional electricity generation receipts from 1 January 2023 to 31 March 2028.

In accordance with the draft, the levy applies to companies and groups of companies that generate electricity in the UK and are connected to the National Grid or local distribution networks. The levy will be applied to companies or groups generating electricity from nuclear, renewable, biomass, and energy from waste sources.

A group of companies will be responsible for paying the levy through the Corporation Tax system. Electrical power generated under a Contract for Difference with the Low Carbon Contracts Company Ltd (LCCC) and imported electricity will not be subject to the levy.

## Scotland increasing higher and top individual income tax rates and reducing top rate threshold

On 15 December 2022, Scotland's Deputy First Minister, John Swinney, delivered the Budget statement: 2023 to 2024.

One of the key tax-related measures of the budget is the revision of the individual income tax rate/brackets, including an increase in the higher and top individual income tax rates by 1% each and a reduction in the top rate threshold from GBP 150,000 to as follows:

GBP 12,571 to GBP 14,732 - 19% Starter Rate  
GBP 14,733 to GBP 25,688 - 20% Basic Rate  
GBP 25,689 to GBP 43,662 - 21% Intermediate Rate  
GBP 43,663 to GBP 125,140 - 42% Higher Rate  
Over GBP 125,140 - 47% Top Rate

# Our

# Services

## Audit & Assurance

- External Audit
- Internal Audit
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- Investigation
- IFRS Advisory Services
- Business Valuation
- Project Cost Audit
- Forensic Audit & Fraud Investigation
- Anti-Money Laundering (AML) Compliance

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- Working Capital Finance
- Project Finance
- Financial Feasibility Study
- Business Feasibility Study
- Market Research & Business Plan
- Mergers & Acquisition

## Accounting & MIS Reporting

- Accounting & Financial Reporting
- Accounting Outsourcing
- Updating of Backlog Accounts
- Fixed Asset Management
- Standard Operating Procedures.
- Inventory Verification

## TAX:

### Direct tax

- UAE Corporate Tax
  - ✓ First Time Adoption
  - ✓ Tax Compliance
  - ✓ Tax Advisory
  - ✓ Tax Training
- Transfer Pricing [TP]
  - ✓ Country by Country Reporting [CbCR]
  - ✓ TP Local File and Master File
  - ✓ TP Advisory
- International Tax
  - ✓ Review of International Transactions
  - ✓ Economic Substance Regulation
  - ✓ Tax Residency Certificate
  - ✓ Ultimate Beneficial Owner Regulation [UBO]

### Indirect Tax

- Value Added Tax [VAT] | Excise Tax
  - ✓ Advisory
  - ✓ Tax Agency Service
  - ✓ Pre- Tax Audit
  - ✓ VAT Return Filing & Refund
  - ✓ Registration/De-registration
  - ✓ Representation to FTA
- Customs

## Company Incorporation

- Company Formation
  - ✓ Mainland
  - ✓ Free Zone
  - ✓ Offshore
- Local | Corporate Sponsorship
- Company Liquidation
- Offshore Registered Agent –JAFZA
- PRO Service

## Group Companies

- Emirates International Chartered Accountants Co. (Registered Tax Agency)
- United Auditing (Affiliated to IECnet)
- ECA Taxation
- Emirates CA Consultancy WLL
- ECAG LTD
- MECA & Associates



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