

Dear Valued Readers,

"The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn." – Alvin Toffler

As we conclude another productive and busy month, I am delighted to share with you the latest tax updates from across the GCC region and beyond. Staying informed on the ever-evolving tax changes is not just important—it is essential for businesses that are navigating the increasingly complex landscape of compliance requirements in today's dynamic global economy.

In the UAE, the FTA is actively promoting corporate tax compliance with upcoming deadlines and updated guidelines for VAT recovery for charities. Bahrain has introduced a new tax for large multinational enterprises, aligned with global standards, while its tax authority issued important updates on VAT usage. Oman launched a program to encourage market participation, and Saudi Arabia announced new E-invoicing requirements for certain businesses.

Globally, significant updates came from the OECD, India, Singapore, US, and UK, with changes in tax policies impacting transfer pricing, income tax standards, and corporate regulations.

As always, Emirates Chartered Accountants Group (ECAG) encourages all of you to remain proactive in your compliance efforts and to stay ahead of the curve when it comes to upcoming deadlines and regulatory shifts. It is more important than ever to ensure that your business operations are aligned with the latest tax requirements.

Should you require any assistance or need further clarification, do not hesitate to reach out to our expert tax team. Our dedicated professionals are always ready to provide you with the necessary guidance and support to navigate this complex environment with confidence.

Thank you for your continued trust in ECAG, and we look forward to supporting your success in the months ahead.

Happy reading!

CA Manu Palerichal
Founder Partner & CEO



Our Team

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United Arab Emirates

Corporate Tax Return Filing Due on September 30, 2024 for Entities Incorporated in June or July 2023

Under the UAE Corporate Tax Law, all taxable persons are required to file a corporate tax return within 9 months from the end of the relevant tax period.

For businesses incorporated in June or July 2023 and having Gregorian year as their financial year, the first tax period would start from the date of incorporation until December 2023. Consequently, their corporate tax return filing deadline would be September 30, 2024. This is provided that the first tax period is not less than 6 months or greater than 18 months.

FTA Publishes Updated List of Designated Charities Entitled to Recover VAT

On August 05, 2024, FTA published an updated list of designated charities for VAT purposes. Qualifying charities that are listed as designated charities are entitled to recover VAT (input tax). Along with the updated list, the FTA also republished the April 2020 guide that contains guidance concerning the characteristics of a charity that must be present in order for it to qualify as a designated charity for VAT purposes.

FTA Notes Efforts to Raise Awareness of Corporate Tax Compliance Requirements

On August 18, 2024 the UAE FTA issued a release on its efforts to raise awareness of corporate tax compliance requirements. FTA organised 40 events in six months to raise awareness about Corporate Tax compliance.

The workshops gathered more than 8,000 participants across the UAE, with participant satisfaction growing to 97.5%. The first half of 2024 saw the number of awareness sessions increase by 135% from the same period last year.

The FTA highlighted a series of key topics such as timelines for submitting tax registration applications, creating tax groups; general principles of Corporate Tax, registering free zone companies, and Corporate Tax services available through the EmaraTax digital tax services platform.





Kingdom of Bahrain

New Tax for Multinational Enterprises

Bahrain announced the introduction of a Domestic Minimum Top-up Tax (DMTT) for Multinational Enterprises (MNEs) [as outlines in Decree Law \(11\) of 2024.](#)

The new framework for MNEs is aligned with the Organization for Economic Co-operation and Development (OECD) guidelines, and will be effective January 1, 2025. The OECD established a Global Minimum Corporate Tax to ensure large MNEs pay a minimum tax of 15% on profits in each country where they operate.

This Decree Law will apply exclusively to large MNEs operating in Bahrain, with global revenues surpassing the Pillar Two threshold of Euro 750 M.

National Bureau of Revenue (NBR) Alerts Taxpayers on Incorrect Use of 5% VAT Return Sales Field

The NBR has recently reached out to taxpayers who reported sales or adjustments in the 5% VAT return sales field in their recent tax submissions. The NBR emphasized that the transitional provisions for the 5% VAT rate ceased on January 1, 2023, and now only specific cases may justify using this field. Taxpayers who have used the 5% VAT field incorrectly are urged to self-amend their VAT returns to avoid potential penalties.

Bahrain Updates VAT guide

On August 06, 2024, the NBR published updated versions of the VAT Financial Services Guide and the General Guide. The updated guides provide further clarification on the VAT treatment of interchange fees and punitive charges.

The updated guides provide further clarification on the VAT treatment of Interchange fees and Punitive charges (fines or penalties).



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Oman Unveils Capital Market Incentive Program to boost Economic Growth

On August 11, 2024, Oman's capital market regulator, the Financial Services Authority (FSA) and other key departments announced details of the Capital Market Incentives Program (CMIP or Program), a strategic initiative based on Royal Directives and aimed at enhancing Oman's investment and business climate. The program outlines three pathways that are intended to bolster capital market participation from all market segments.



ZATCA Determines the Criteria for Selecting the Targeted Taxpayers in Wave 15 for "Integration Phase" of E-invoicing

Zakat, Tax and Customs Authority (ZATCA) determines the criteria for selecting the targeted taxpayers in the Fifteenth Wave for implementing the "Integration Phase " of E-invoicing, as it clarified that the Fifteenth Wave included all taxpayers whose revenues subject to VAT exceeded (SAR 4 Mn) during 2022 or 2023.

ZATCA explained that it will notify all targeted taxpayers in the Fifteenth Wave to integrate their E-invoicing solutions with the (Fatoora) Platform from March 1, 2025.



OECD

OECD Releases Transfer Pricing Framework for Lithium

On August 12, 2024, the OECD announced the release of a transfer pricing framework for lithium. OECD and IGF have joined forces to support developing countries with practical guidance when addressing the transfer pricing challenges faced when pricing lithium. The OECD's Centre for Tax Policy and Administration (CTPA) is collaborating with the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) to address some of the challenges developing countries face in raising revenue from their mining sectors.

India

Institute of Chartered Accountants of India Amends Income Tax Accounting Standard in Relation to Pillar 2 Global Minimum Tax

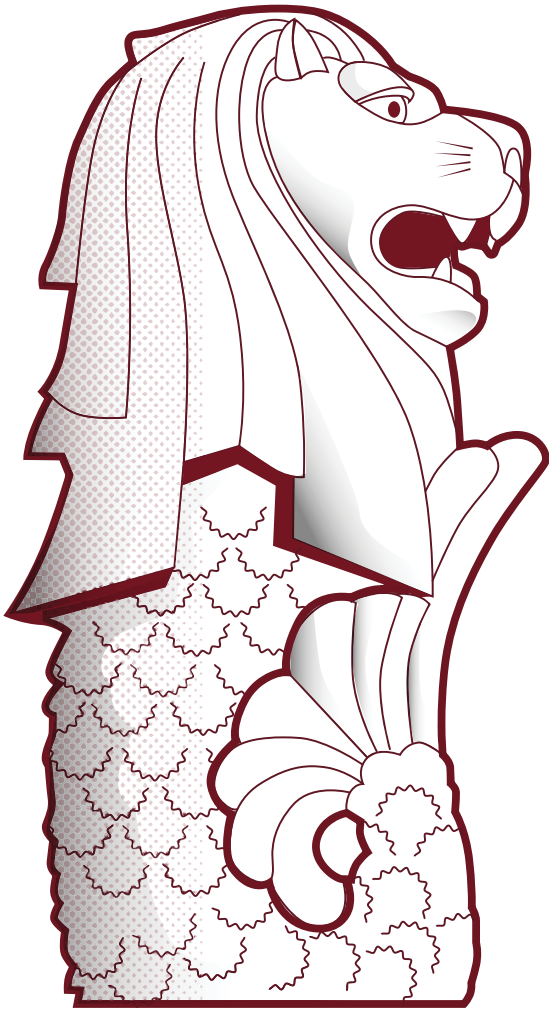
The Institute of Chartered Accountants of India has announced amendments to the income tax accounting standard in relation to the Pillar 2 global minimum tax, including a temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar 2 taxes, as well as targeted disclosure requirements for affected entities.

Amendments to AS 22, Accounting for Taxes on Income issued by the ICAI for non-company entities are effective for annual reporting periods beginning on or after April 01, 2024.

CBDT issues clarification in respect of Income-tax clearance certificate (ITCC)

On August 20, 2024, the Ministry of Finance of India issued a statement clarifying that it is being erroneously reported that all Indian citizens must obtain income-tax clearance certificate (ITCC) before leaving the country.

As per section 230 of the Act, every person is not required to obtain a tax clearance certificate. Only certain persons, in respect of whom circumstances exist which make it necessary to obtain a tax clearance certificate, are required to obtain the said certificate. This position has been in the statute since 2003 and remains unchanged even with the amendments vide Finance (No. 2) Act, 2024.



The Inland Revenue Authority of Singapore (IRAS) has updated its guidance on Capital Allowances in regard to examples of assets that do not qualify as plant or machinery for allowance purposes.



Singapore

Singapore Updates Examples of Assets Not Qualifying as Plant or Machinery for Capital Allowance Purposes

The Inland Revenue Authority of Singapore (IRAS) has updated its guidance on Capital Allowances in regard to examples of assets that do not qualify as plant or machinery for allowance purposes. In general, capital allowances may be claimed in respect of qualifying fixed assets that are plant and machinery used in a company's trade, business, or profession.

Capital allowances cannot be claimed on the costs of assets bought solely for donation purposes as they are not used in the trade or business. Capital allowances also cannot be claimed on the costs of assets specifically prohibited under the Income Tax Act 1947.

Singapore Publishes e-Tax Guide on Deduction of Expenses Incurred on Renovation or Refurbishment

On August 08, 2024, IRAS has published an updated e-Tax Guide, Income Tax: Tax Deduction for Expenses Incurred on Renovation or Refurbishment Works Done to Business Premises (Seventh Edition). It explains the tax deduction granted under section 14N of the Income Tax Act 1947 (ITA) for capital expenses incurred by taxpayers for the renovation or refurbishment works done to their business premises (R&R expenditure).

Singapore Publishes e-Tax Guide on Filing of Income Tax Computations in Functional Currencies other than Singapore Dollars

On August 12, 2024 the IRAS published an updated version of its e-Tax guide, Filing of Income Tax Computations in Functional Currencies other than Singapore Dollars (Second Edition), which explains the rules for filing income tax computations in non-SGD currencies and applies to businesses.

Singapore Publishes New FAQs on Individuals and Corporate Income Tax

On August 19, 2024, the IRAS published new FAQs on Individual Income Tax Enquiries and Corporate Income Tax Enquiries.

The FAQs cover Income Tax for Individuals, Income Tax for Self-employed and Partnerships, Employer-related matters, ECI or Form C-S/ Form C-S (Lite)/ Form C Filing, General Corporate Income Tax Matters, Corporate Income Tax Treatment, Late Payment Penalty or Late Filing Fees (Corporate Income Tax) and Corporate Income Tax Payment/ Refund Matters.



United States

U.S. IRS and Treasury Propose Rules Regarding Dual Consolidated Losses and the Treatment of Certain Disregarded Payments

The U.S. IRS and Treasury on August 07, 2024 issued a Notice of proposed rulemaking on Rules Regarding Dual Consolidated Losses and the Treatment of Certain Disregarded Payments, including in relation to the Pillar 2 GloBE rules.

This document contains proposed regulations that address certain issues arising under the dual consolidated loss rules for foreign taxes that are intended to ensure that multinational enterprises pay a minimum level of tax and disregarded payments that give rise to losses for foreign tax purposes.



The U.S. IRS and Treasury on August 07, 2024 issued a Notice of proposed rulemaking on Rules Regarding Dual Consolidated Losses and the Treatment of Certain Disregarded Payments, including in relation to the Pillar 2 GloBE rules.



United Kingdom

UK Changes to the Taxation of non-UK Domiciled Individuals

UK HM Treasury published a policy paper on changes to the taxation of non-UK domiciled individuals on 29 July 2024, which was updated on August 08, 2024. The government will remove preferential tax treatment based on domicile status for all new foreign income and gains (FIG) that arise from 6 April 2025.

To replace the remittance basis of tax, the UK government will introduce an internationally competitive residence-based regime, providing 100% relief on FIG for new arrivals to the UK in their first four years of tax residence, provided they have not been UK tax resident in any of the 10 consecutive years prior to their arrival.

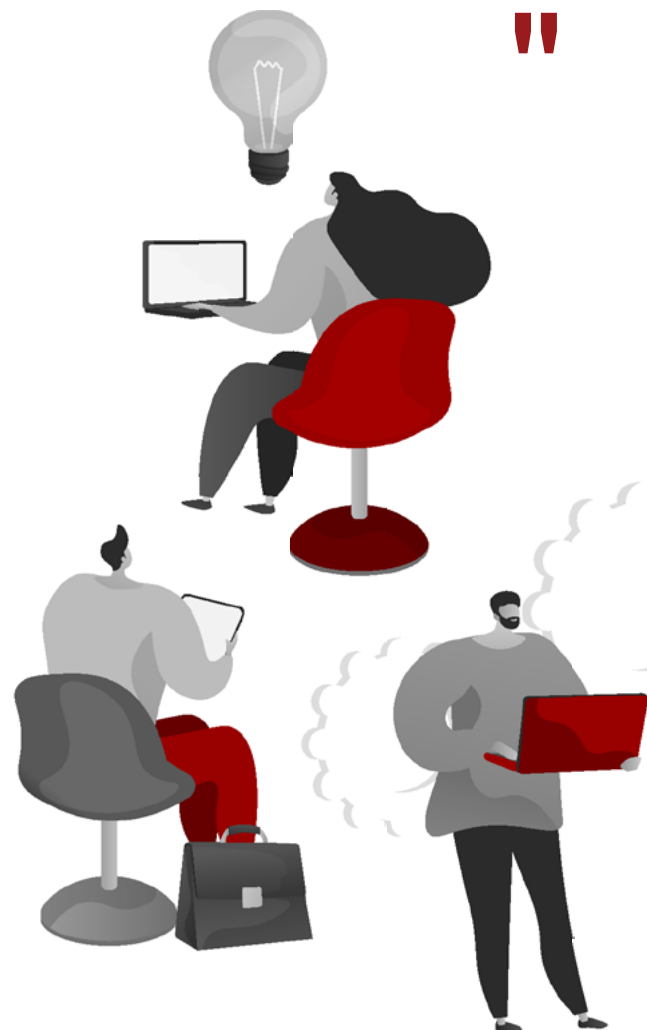
Employees must claim PAYE repayments

HMRC will no longer automatically issue a cheque where an employee is due a repayment under Pay As You Earn (PAYE). Instead, the employee must take action to receive the repayment. The repayment can be claimed by going online and either:

- requesting a cheque to be sent by post
- arranging a transfer into the taxpayer's bank account.



UK HM Treasury published a policy paper on changes to the taxation of non-UK domiciled individuals on 29 July 2024, which was updated on August 08, 2024.



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- Accounting & Financial Reporting
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TAX

Direct Tax

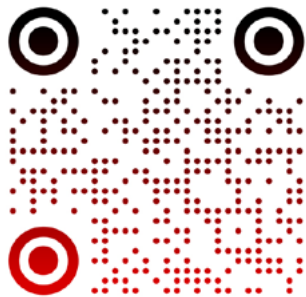
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 - » First Time Adoption
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- Transfer Pricing [TP]
 - » Country by Country Reporting [CbCR]
 - » TP Local File and Master File
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Indirect Tax

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 - » Pre- Tax Audit
 - » VAT Return Filing & Refund
 - » Registration/De-registration
 - » Representation to FTA
- Excise Tax
- Customs Tax

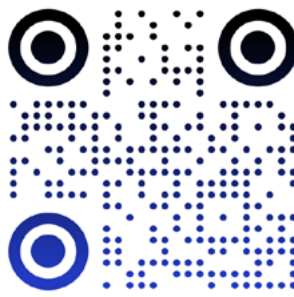
Company Incorporation

- Company Formation
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- Company Liquidation
- Offshore Registered Agent –JAFZA
- PRO Service



united auditing
Audit

United Auditing is headquartered in Dubai incorporated in the year 2005. United Auditing and its associate professional firms (Emirates Chartered Accountants Group) are ISO 9001-2015 Certified International Chartered Accountants Firms with branches spread across UAE in Dubai, Abu Dhabi, Jebel Ali Free Zone [JAFZA], Sheikh Zayed Road, and Sharjah. United Auditing is the Audit Division of Emirates Chartered Accountants Group providing Audit & Assurance Services listed in major banks and free zones in the UAE.



INCORP
Company Setup

INCORP is our newly rebranded version of the Company Incorporation Department under the Emirates Chartered Accountants Group (ECAG) trademark. Since 2005, we have been delivering premium and pragmatic business setup consultations in the UAE, Bahrain, India, and the UK. As a leading professional company incorporation consultant, we offer tailored services with seamless solutions, practical guidance, and proactive insights to local and expatriate business investors from all over the world. We are highly committed to consistently delivering high-quality services to all your business needs

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