

# Tax Updates

## January 2024



## Dear Readers,

As we embark on the new year, I wanted to take a moment to connect with you and release our January 2024 Tax Updates.

At ECAG we understand the importance of staying informed and well-prepared for the updates in the tax environment. Our commitment to providing you with the latest and most relevant information remains steadfast, and with our January release, we aim to empower you with knowledge that will not only keep you compliant but also enhance your financial decision-making.

In this release, you can expect comprehensive coverage of the latest tax updates on the evolving tax landscape. We recognize the complexity of tax regulations, and as such our team has worked diligently to put the information into digestible insights that will benefit both seasoned professionals and those new to the world of taxation.

As you lay hands on the release of our January 2024 Tax Updates, keep in mind that our goal is not only to inform but also to foster a community of collaboration and shared knowledge. We encourage you to reach out with any questions, concerns, or feedback you may have. Your input is invaluable as we strive to tailor our offerings to best meet your needs.

In our commitment to excellence and compliance, these updates aim to empower our team and businesses with the knowledge needed to navigate the dynamic tax environment successfully. As we continue to adapt to these changes, our dedication and collaboration remain instrumental in our ongoing success.

Thank you for entrusting us, and we look forward to a year of continued growth and success.

**CA Manu Palerichal**  
Partner & CEO



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Designer



### **UAE Federal Tax Authority Provides Corporate Tax Guide on Tax Group**

The UAE Federal Tax Authority unveiled the Corporate Tax Guide CTGTGR1 on January 8, 2024, with a primary focus on Tax Groups. This guide provides comprehensive insights into the formation, eligibility, and consolidated taxation approach for entities forming a Tax Group, streamlining the submission process with a single Tax Return for the entire group to the FTA.

The guide covers essential aspects such as defining a Tax Group, eligibility criteria for forming or joining one, conditions for its formation and cessation, methods for determining Taxable Income, and associated compliance requirements.

### **Updates in UAE VAT Emara Tax Portal**

In a recent update regarding the UAE VAT system, registered taxpayers are now mandated to ensure the timely renewal of all expired documents within their Emara Tax portal. This obligatory process is essential for facilitating any requests made to the Federal Tax Authority pertaining to portal amendments. Failure to promptly update the necessary documents may result in penalties for delayed updates.

### **Nigeria Approves Pending Tax Treaty with the UAE**

On 17 January 2024, Nigeria's Cabinet approved the pending income and capital tax treaty with the United Arab Emirates. The treaty, signed 18 January 2016, is the first of its kind between the two countries. It will enter into force once the ratification instruments are exchanged and will apply from 1 January of the year following its entry into force.

### **Romania Publishes Synthesized Texts of Tax Treaties with Thailand, Tunisia, Ukraine, UAE, UK, Uruguay, and Vietnam as Impacted by the BEPS MLI**

Romania's National Agency of Fiscal Administration (ANAF) has published the synthesized texts of Romania's tax treaties with Thailand, Tunisia, Ukraine, the United Arab Emirates, the United Kingdom, Uruguay, and Vietnam as impacted by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI).



### **Parliament approves tax exemption proposal in Bahrain**

In a significant development, a parliamentary proposal led by five MPs, including Mohammed Al Marafee, suggests the possibility of exempting Bahrainis with a monthly income below BD600 from all state-imposed taxes. This initiative aims to alleviate the financial strain on low-income individuals, aligning with the 2023-2026 Government Action Plan to enhance Bahraini citizens' living standards. It's essential to note that official confirmation on this tax exemption is still pending.

Source: GDN online



In a significant development, a parliamentary proposal, suggests the possibility of exempting **Bahrainis with a monthly income below BD600** from all state-imposed taxes.



### **Tax Treaty between Oman and Saudi Arabia to be Signed**

On 9 January 2024, the Saudi Cabinet authorized the Ministry of Finance to sign an income tax treaty with Oman. The treaty will be the first of its kind between the two countries and must be signed and ratified before entering into force.

### **New Tax Treaty between Oman and Russia has Entered into Force**

The new income tax treaty between Oman and Russia entered into force on 28 December 2023. The treaty was signed on 8 June 2023. An earlier treaty was signed in 2001 but was never ratified. The latest treaty will enter into force once the ratification instruments are exchanged and will apply from 1 January of the year following its entry into force.



### **Qatar Cabinet Approves Pending Tax Treaty with Egypt**

On 10 January 2024, the Qatar Cabinet approved the ratification of the pending income tax treaty with Egypt. The treaty, signed 27 February 2023, is the first of its kind between the two countries. It will enter into force 15 days after the ratification instruments are exchanged and will apply from 1 January of the year following its entry into force.

### **Tax Treaty between Qatar and Tajikistan Signed**

On 22 January 2024, officials from Qatar and Tajikistan 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. Details of the treaty will be published once available.



### **Tax amnesty extension until 30 June 2024**

The Zakat, Tax and Customs Authority (ZATCA) has extended the fines and financial penalties waiver initiative and made this available for taxpayers who wish to submit a voluntary disclosure through their returns and pay the taxes due.

The exemption has been extended for an additional 6 month's period, starting from 1 January 2024 until 30 June 2024. This is an extension of the tax amnesty introduced on 1 June 2022 and covers tax obligations required to be fulfilled before the effective date of the initiative's extension.

## **Consultation sought on amendments proposed for Licensed Real Estate Developers VAT recovery rules**

The Zakat, Tax and Customs Authority ('ZATCA') have published proposed amendment relating to VAT recovery by qualified licensed real estate developers, on goods and services purchased by them in relation to their exempt supplies of real estate, for public consultation.

Interested stakeholders and taxpayers are encouraged to express their opinions - on this platform - and share feedback on such proposed changes no later than 8 February 2024.

## **Slovak Republic Ratifies Pending Tax Treaties with Albania, Azerbaijan, and Saudi Arabia**

On 18 January 2024, Slovak Republic ratified the pending income tax treaties with Albania, Azerbaijan, and Saudi Arabia.



## **OECD**

### **OECD Publishes Comments Received on Changes to Commentary on Article 5 of the Model Tax Convention**

The OECD has published the comments received on its consultation on changes to the Commentary on Article 5 of the OECD Model Tax Convention and its application to extractible natural resources.



## India

### India Provides Tax Exemption for Non-Residents on Investments in Financial Products Through IFSC Capital Market Intermediaries

India's Central Board of Direct Taxes has released Notification No. 4/2024 on 4th January 2024, granting income tax exemption to non-residents under sub-clause (ii) of clause (4G) of section 10 of the Income-tax Act, 1961. The notification specifically highlights the exemption for income earned by non-residents from investing in financial products through contracts with capital market intermediaries in Units of International Financial Services Centres (IFSCs), where the income is received in the non-resident's account maintained with the Offshore Banking Unit of the IFSC.

### Blocking the generation of E-Way Bill without e-Invoice/IRN details for B2B and B2E transactions for e-invoice enabled taxpayers will be done from 1st March 2024:

On 5th January 2024, the National Informatics Centre announced that the generation of E-way bills will require inclusion of e-invoice details starting from 1st March 2024. This is applicable for e-invoice enabled taxpayers and for the transactions related to supplies under B2B and Exports. However, EWBs for other transactions such as B2C and non-supplies will function as usual without any change.



## Singapore

### Singapore Updates CbC Report Exchange Relationships

On 19 January 2024, the Inland Revenue Authority of Singapore updated its Country-by-Country Reporting guidance with respect to the list of jurisdictions with which CbC reports can be automatically exchanged. This includes the addition of Kenya with effect from financial year (FY) 2022 and Montserrat with effect from FY 2024.

### Singapore's New Reporting Requirement for Foreign Income with Effect from Year of Assessment 2024

The Inland Revenue Authority of Singapore has updated its guidance on Taxable & Non-Taxable Income, to include information on new reporting requirements for foreign income with effect from the Year of Assessment 2024.

When foreign income is considered received in Singapore, companies must declare their income in their tax returns and ensure that it is brought to tax. Companies are expected to track the movement of their foreign income and maintain records to substantiate their treatment.

### Singapore Provides Indicative Margin for Related Party Loans for 2024

The Inland Revenue Authority of Singapore (IRAS) updated its Transfer Pricing guidance on 2 January 2024, including the indicative margin for related party loans for 2024. The indicative margin is an alternative to performing a detailed transfer pricing analysis to determine arm's length interest rates and is not mandatory.

## **Singapore Provides Guidance on Advance Rulings for New Economic Substance Requirement for Gains from Sale or Disposal of Foreign Assets**

The Inland Revenue Authority of Singapore has published guidance on the application procedures for an advance ruling in relation to the new economic substance requirement for the taxation of gains from the sale or disposal of foreign assets. From 1 January 2024, such gains may be taxed in Singapore unless an entity has adequate economic substance in Singapore.

## Hong Kong

### **Hong Kong Provides Tax Deductions for Spectrum Utilization Fees Payable by Mobile Network Operators**

The Hong Kong Inland Revenue Department has announced the Inland Revenue (Amendment) (Tax Deductions for Spectrum Utilization Fees) Ordinance 2024, which has been published in the Official Gazette and provides tax deductions for spectrum utilization fees payable by mobile network operators in order to encourage proactive investment in telecommunications infrastructure.

### **Hong Kong launches consultation on Pillar Two measures**

Hong Kong issued a consultation paper 1 on the implementation of Pillar Two GloBE Rules and the domestic minimum top-up tax in Hong Kong (HKMTT) starting from fiscal years beginning on or after 1 January 2025.

The consultation paper explains the policy considerations and the design features of the GloBE Rules and invites views on administrative framework of the GloBE Rules as well as the design and administration of HKMTT.

## United States

### **IRS publishes transitional guidance for reporting of digital asset payments:**

On 16 January 2024, the US Internal Revenue Service (IRS) released Announcement 2024-4 clarifying that, until regulations are published, no reporting is required where digital assets in excess of USD 10,000 are received in a single transaction (or multiple related transactions) under Internal Revenue Code (IRC) section 6050I.

### **IRS May Consider Group Membership in Determining the Arm's Length Interest Rate for Intragroup Loans and Making a Section 482 Adjustment**

IRS may consider group membership in determining the arm's length rate of interest chargeable for intragroup loans and making a section 482 adjustment. The memorandum provides non-taxpayer-specific legal advice regarding the application of section 482 of the Internal Revenue Code in a case involving a foreign parent providing financial support to a U.S. subsidiary and the appropriate credit rating that should be used in determining the arm's length interest rate.

## **Notice 2024-16 provides that Section 961(c) basis of acquired CFCs carries over to domestic acquiring corporations in certain covered inbound transactions**

In Notice 2024-16 (Notice), issued December 28, 2023, the United States (US) Treasury Department (Treasury) and the Internal Revenue Service (IRS) allow domestic acquiring corporations in certain inbound liquidations and asset reorganizations (covered inbound transactions) to determine under IRC Sections 334(b) and 362(b) their basis in the stock of a controlled foreign corporation (CFC) acquired in the transaction (an acquired CFC) as if the transferor CFC's basis from subpart F income and global intangible low-taxed income (GILTI) inclusions (Section 961(c) basis) were adjusted basis.

## United Kingdom

### **UK HMRC Provides Lists of Reportable and Participating Jurisdictions for 2024 CRS Reporting Period**

On 5 January 2024, UK HMRC updated its International Exchange of Information Manual to include the lists of participating and reportable jurisdictions for the 2024 reporting period for the purpose of the automatic exchange of financial account information under the Common Reporting Standard (CRS). With respect to Participating Jurisdictions, the list of jurisdictions for 2024 includes the removal of Moldova, Montenegro, and Uganda as compared to the list for 2023. With respect to Reportable Jurisdictions, the list of jurisdictions for 2024 includes the addition of Georgia, Kenya, Moldova, and Ukraine as compared to the list for 2023.

# 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

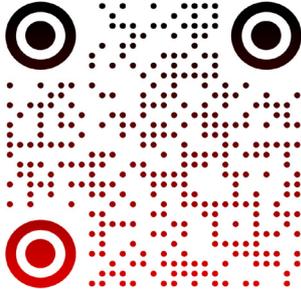
- UAE Corporate Tax
  - » First Time Adoption
  - » Tax Compliance
  - » Tax Advisory
  - » Tax Training
- Transfer Pricing [TP]
  - » Country by Country Reporting [CbCR]
  - » TP Local File and Master File
  - » TP Advisory
- International Tax
  - » Review of International Transaction
  - » Economic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

### Indirect Tax

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

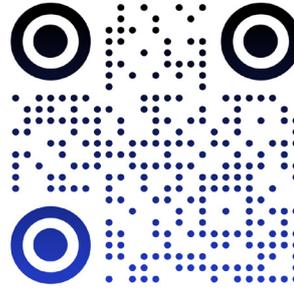
### Company Incorporation

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



**united auditing**  
Audit

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**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

## Group Entities

- **Emirates International Chartered Accountants Co. (Regd. Tax Agency)**
- **United Auditing (Audit Division)**
- **ECAG Taxation (Tax Division)**
- **Emirates CA Consultancy - Bahrain**
- **ECAG LTD - UK**



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