

Dear Valued Readers,

"Reading daily and staying updated is more than just absorbing information—it's about expanding your mind, challenging your perspectives, and fostering continuous growth. This practice fuels knowledge, encourages innovation, and helps cultivate a well-informed, adaptable, and empowered individual."

As we enter a new month, ECAG is pleased to present our comprehensive tax updates for June 2024. Our dedicated team has worked diligently to gather and interpret the latest developments in tax regulations and policies, ensuring we remain informed and compliant in this dynamic environment.

This edition includes key updates from various jurisdictions. In the United Arab Emirates, the Federal Tax Authority has clarified Corporate Tax registration timelines, while the Abu Dhabi Department of Economic Development has issued new guidelines for businesses working with social media influencers. Oman has extended the deadline for CRS report submissions and the Majlis A'Shura has approved the draft law on Personal Income Tax. Additionally, Saudi Arabia has introduced new guidelines for settling tax disputes.

We also bring you significant global updates from the OECD, the United Nations, India, Singapore, Hong Kong, and the United States. These updates include new frameworks, guidelines, and regulatory changes that could affect our operations and strategic planning.

Each section of this update provides a detailed yet concise overview of the changes, highlighting their implications and outlining the necessary actions to ensure compliance and alignment with these developments.

Thank you for your attention to these important updates. Let's continue to stay ahead by being informed, proactive, and adaptable to the evolving tax landscape. Every reader's commitment to staying updated and compliant is vital.

Happy reading!

CA Manu Palerichal
Founder Partner & CEO



Our Team

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Federal Tax Authority (FTA) Issues Public Clarification on Registration Timelines for Taxable Persons for Corporate Tax

On 4 June 2024, the FTA has issued a Public Clarification on the Registration Timelines for Taxable Persons for Corporate Tax, to further explain and clarify the specific deadlines for the different categories of Taxable Persons subject to Corporate Tax, and to encourage them to submit their Tax Registration application to the FTA.

The Public Clarification includes a comprehensive analysis and examples to help Taxable Persons understand how the timelines apply to their specific category. Accordingly, all Taxable Persons are required to submit a Tax Registration application to the FTA by the specified deadlines. Non-compliance will result in an administrative penalty of AED 10,000.

Abu Dhabi Department of Economic Development (ADDED) calls on licensed economic establishments to comply with relevant conditions when contracting with social media influencers

On 19 June 2024, ADDED has called upon all licensed businesses within the Emirate to comply with relevant controls and conditions when contracting with social media influencers. The following are to be complied with –

- Social media influencers must obtain a license from the department to engage in advertising services through websites.
- Economic establishments are required to secure a permit from ADDED for any advertising, promotional, or marketing activities.
- When contracting with influencers and social networking sites, economic establishments must ensure they possess a valid license issued by ADDED.

Failure to comply with these regulations can result in penalties for businesses ranging from AED 3,000 to AED 10,000 according to a designated table of violations. Non-compliance may even lead to business closure for disregarding ADDED's circulars.



FTA InnoVATion Team organizes workshop to explore sustainable development of tax services in line with the UAE's Zero Government Bureaucracy Programme

On 6 June 2024, the Director General of the FTA asserted that the Authority is continuously launching more initiatives to speed up tax procedures, as part of the UAE's Zero Government Bureaucracy Programme, which aims to reduce the duration of government services by 50%.

The FTA Director General made his statement during a workshop which focused on the Zero Government Bureaucracy Programme, outlining effective ways for participants to contribute to it. The emphasis was given on the importance of exchanging views and learning about new and innoVATive ideas, especially those based on practical real-world experiences, to achieve positive results and drive forward the FTA's plans to develop its services and tax procedures, particularly when it comes to reducing the time required to complete transactions and further simplifying and accelerating procedures.

Customs Policy No. (58/2024) On Voluntary Disclosure System

On 12 June 2024, Dubai Customs published Policy No. (58/2024), emphasizing the importance of voluntary disclosures by clients as part of its efforts to improve service and compliance. According to Article 141 of the Common Customs Law, companies can receive partial or full exemption from customs fines if they voluntarily disclose violations before detection by Dubai Customs.

This initiative aims to foster a culture of transparency, trust, and cooperation, enabling clients to rectify errors in customs declarations promptly and fulfil procedural requirements while facilitating the payment of customs dues.



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Sultanate of Oman

Majlis A'Shura approves Personal Income Tax bill

On 27 June 2024, Majlis A'Shura approved the draft law on Personal Income Tax and forwarded it to the State Council completing the legislative cycle of the bill. The session was held under the chairmanship of H E Khalid Hilal Al Maawali, Chairman of Majlis A'Shura.

This was unveiled at the 12th regular session of the Shura's first annual convening of 2023 - 2024.



Deadline for CRS reports submission for the fiscal year

In reference to Tax Authority Chairman Decision No. 78/2020 concerning the rules for the automatic exchange of financial account information, the Tax Authority has extended the deadline for submitting financial account information for the fiscal year 2023 from May 31st, 2024, to June 30th, 2024.



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Saudi Tax Authority Issues Guidelines on Settlement of Zakat, Tax and Customs Disputes

The Saudi Zakat, Tax, and Customs Authority (ZATCA) has issued guidelines on the settlement of zakat, tax, and customs disputes. The guidelines are meant to clarify the rules and procedures approved by the ZATCA Board of Directors related to the settlement of disputes that may arise between the authority and taxpayers, including:

- The main principles and concepts and the statutory basis for settlement procedures;
- The legal concept of dispute settlement and types of disputes that may be settled, such disputes concerning the method of calculating tax, the amount of tax due, the calculation and amount of fines/penalties, and tax obligations including deadlines for returns and payment;
- The methodologies that may be applied for the settlement of tax disputes, which include:
 - ◆ Negotiation
 - ◆ Mediation
 - ◆ Assignment of experts
 - ◆ Ending the dispute amicably before the judiciary
- The settlement application procedure and timeframe and other general provisions.



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OECD

U.N. Publishes Framework Tax Convention Reference Terms

The United Nations have published a 'Zero-Draft' terms of reference for a United Nations Framework Convention on International Tax Cooperation on 7 June 2024.

The UN Framework Tax Convention will seek to include commitments on: fair allocation of taxing rights, including equitable taxation of multinational enterprises; effective taxation of high-net worth individuals; ensuring that tax measures contribute to addressing environmental challenges; transparency and exchange of information for tax purposes; and effective prevention and resolution of tax disputes.

The second session and update to the terms of reference is currently scheduled for 15 July.

OECD Guidance on Report on Amount B of Pillar 1 & Application of Pillar 2

The OECD has now released additional guidance relating to the report on Amount B of Pillar One and guidance to ensure consistent implementation and application of the global minimum tax under Pillar Two. The updated Guidance concerns Statement on the definitions of qualifying jurisdiction within the meaning of section 5.2 and section 5.3 of the simplified and streamlined approach and Statement on the definition of covered jurisdiction for the Inclusive Framework political commitment on Amount B.

The Guidance includes a list of countries (qualifying jurisdictions) within the meaning of section 5.2 (Operating expense cross-check) and a list of qualifying countries within the meaning of section 5.3 (Data availability mechanism) as of June 2024.



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India

Recommendations of the 53rd Meeting of India's GST Council

India's Press Information Bureau has published a release from the Ministry of Finance on the recommendations of the 53rd meeting of India's GST Council, which was held on 22 June 2024. Some of the highlights from the 53rd GST Council Meeting are:

- B2C reporting threshold lowered to Rs.1 lakh for interstate supplies in GSTR-1 Table 5.
- Extended due date of GSTR-4 to 30th June 2024 for composition taxpayers from FY 2024-25 onwards.
- Proposed TCS rate reduction from 1% to 0.5% for electronic commerce operators.
- Mandatory GSTR-7 filing, even with no TDS deduction, with no late fee for nil filing.
- Annual return filing (GSTR-9/9A) is exempted for taxpayers with turnover up to Rs.2 crore for the fiscal year 2023-24.
- New Section 128A has been introduced to waive interest and penalties for specific demand notices under CGST.
- Revised GST appeals monetary limits for filing appeals across different legal fora.
- Reduced pre-deposit amounts for filing appeals before appellate authorities.

Kerala Co-operative Deposit Guarantee Fund Board exempted from Income Tax

The Central Board of Direct Taxes (CBDT) exempted Kerala Co-operative Deposit Guarantee Fund Board under Section 10(46) from Income Tax Act, 1961. The board vide notification no. S.O. 2242(E) dated 12th June 2024 has notified the same. The Board has put the following requirements –

- Contribution received from the Government of Kerala
- Contribution received from defined society
- Interest on bank deposits

This shall be effective subject to the conditions that Kerala Co-operative Deposit Guarantee Fund Board-

- shall not engage in any commercial activity
- its activities and the nature of the specified income shall remain unchanged throughout the financial year(s)
- shall file return of income in accordance with section 139(4C) of the Income-tax Act, 1961



NIC Launches E-Way Bill 2 Portal

On 1 June 2024, NIC has released the E-Way Bill 2 Portal i.e. <https://ewaybill2.gst.gov.in> . This portal will ensure high availability and will run in parallel to the e-way Bill main portal i.e. <https://ewaybillgst.gov.in>. The e-way bill 2 portal will synchronise the e-way bill details with main portal. The highlights of the portal are as follows:

- E-Way Bill 2 Portal will provide the critical services of E-Way Bill system, and gradually it will be extended with other services of e-way bill system.
- The taxpayers and logistic operators can use the E-Way Bill 2 portal with the login credentials of the main portal.
- The taxpayers and logistic operators can use the E-Way Bill 2 portal during technical glitches in e-way bill main portal or any other exigencies. Thus, in case E-Way Bill main portal is non-operational because of technical reasons, the Part-B can be updated at portal 2.
- Updating of Part-B of the E-Way bills of portal 1 can be done at portal 2 and vice versa.



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Singapore

Singapore Updates Transfer Pricing Guidance on Related Party Loans and Other Matters

The Inland Revenue Authority of Singapore (IRAS) updated its Transfer Pricing guidance webpage on 14 June 2024, including new guidance in regard to related party loans. This includes the following:

- Related Party Loans - Applying the arm's length principle, the interest rates for related party loans should reflect the interest rates charged between unrelated parties for similar loans under similar circumstances.
- Indicative Margins for Related Party Loans - For each of your related party loans not exceeding S\$15 million, you can approximate an arm's length interest rate for that loan by adding the IRAS' indicative margin to your choice of a base reference rate. This threshold of S\$15 million does not apply to a related party domestic loan entered into or after 1 Jan 2025 where neither parties to the loan are in the business of borrowing and lending.

The IRAS has also published an updated version of the e-Tax guide Transfer Pricing Guidelines (Seventh Edition) in relation to the related party loan changes from 1 January 2025 and other changes.

Singapore Consulting on Draft GST Guide on Adopting InvoiceNow Requirement for GST-registered Businesses

On 12 June 2024, The Inland Revenue Authority of Singapore has published a draft e-Tax guide for consultation on the adoption of InvoiceNow for GST-registered businesses, which is an e-invoicing network based on the Peppol framework.

This draft guide accompanying the public consultation explains the GST InvoiceNow Requirement and provides details to support GST-registered businesses to fulfil or adopt the requirement.

IRAS is committed to consulting businesses and industry partners and will carefully consider all feedback given to ensure a smoother transition for the new voluntary GST-registrants on this requirement, and as part of the review on the implementation plan for the remaining GST-registered businesses.

Hongkong

Hong Kong Issues Notice on Property Tax Obligations of Property Owners

On 13 June 2024, the Hong Kong Inland Revenue Department has issued a notice on the property tax obligations of property owners, including for property solely owned by individuals, property jointly or co-owned by individuals, and property owned by corporations and bodies of persons.

Where a corporation has been exempted from property tax and there is a change in the ownership or use of the property, or in any other circumstances which may affect such exemption, the corporation must notify the Commissioner in writing of the change within 30 days after the event.

Failure to comply with the requirements of the Inland Revenue Ordinance may result in heavy penalties.

Hong Kong Reduces Interest on Tax Reserve Certificates

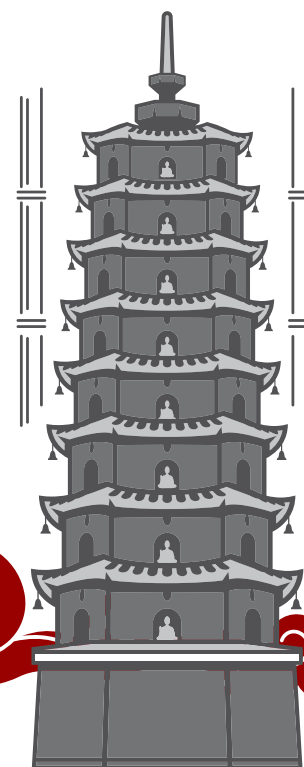
The Hong Kong Inland Revenue Department has announced a reduction in the annual rate of interest payable on Tax Reserve Certificates from a rate of 0.9250% to a rate of 0.8833% with effect from 3 June 2024. Tax Reserve Certificates bear simple interest, which is calculated monthly from the date of purchase to the date of payment of tax. Interest is only credited when certificates are used to pay tax and no interest is due where the principal value of a certificate is repaid to its holder.

The new rate applies to all certificates purchased on or after 3 June 2024. Certificates purchased before 3 June 2024, will continue to earn interest at the rates prevailing on their respective purchase dates.

Interest on Tax Reserve Certificates is always subject to the general rule that interest ceases to accrue after 36 complete months.



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United States

IRS Releases Revised Research Credit Form Including Revisions to Reduce Taxpayer Burden

On 21 June 2024, IRS releases revised draft Form 6765, credit for increasing research activities, also known as the Research Credit.

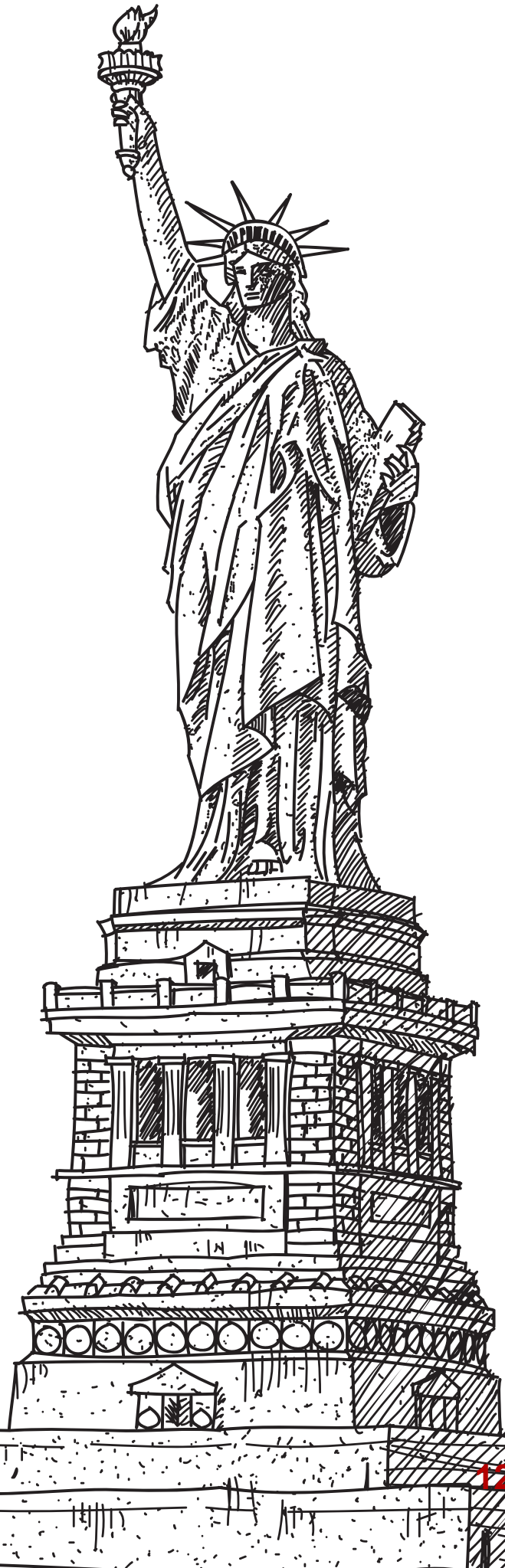
The IRS received helpful comments from various external stakeholders that have informed several revisions the IRS is making to reduce taxpayer burden. The feedback and changes will alleviate taxpayer burden, provide taxpayers with a consistent and predefined format and improve the information received for tax administration. The changes include:

- Optional reporting of Section G
- Reduced scope of Business Component Detail and other revisions

U.S. Treasury and IRS Announce New Guidance to Combat use of Partnerships in Abusive Related Party Basis Shifting Transactions

On 17 June 2024, the U.S. Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) announced a new regulatory initiative to close a major tax loophole exploited by large, complex partnerships. This initiative is one step in ongoing efforts to close loopholes and shut down abusive transactions using existing regulatory authority and ensure wealthy individuals, complex partnerships, and large corporations pay taxes owed.

Treasury and IRS encourage the public to submit written comments in response to these proposed rules and look forward to receiving further input and benefitting from additional stakeholder perspectives on these issues. Treasury and IRS will carefully consider public comments before issuing final rules.



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TAX

Direct Tax

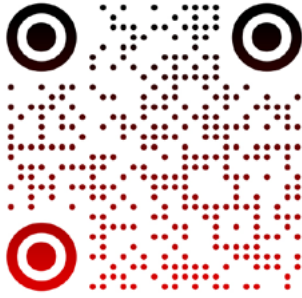
- UAE Corporate Tax
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 - » TP Local File and Master File
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- Customs Tax

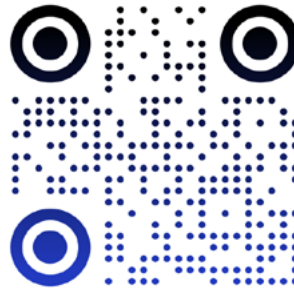
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Company Setup

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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