

Dear Valued Readers,

"In a world of constant change, adaptation is the key to success."

As we step into the fourth quarter of 2024 and dive into October's tax updates, it's evident that the global tax landscape is more dynamic than ever. Each update brings opportunities to align with evolving tax structures and stay ahead in compliance. Our commitment to keeping clients well-informed and compliant remains at the core of our mission, and staying updated with these developments is key.

In the UAE, new guidance on real estate investments and residency provides valuable clarity for individuals navigating Corporate Tax requirements. For instance, natural persons investing in real estate will find clear guidelines on tax exemptions, while businesses can benefit from simplified residency certification procedures. Additionally, UAE announces cancellation of Economic Substance Requirements, and the FTA issued public clarification regarding the waiver of penalties on the late updation of information in the tax records kept by the FTA.

Across the Gulf, new treaties and regulatory changes—from Bahrain's foreign ownership rules to Oman's recent tax treaties—underline the region's commitment to strengthening economic ties and providing an attractive business environment. Updates from the OECD, the UK, and other global jurisdictions emphasize the importance of staying informed and agile in response to changing policies worldwide.

Thank you for your engagement and commitment to staying updated. These insights empower each of us to make informed decisions and successfully navigate the complexities of today's tax environment in the region.

Happy reading!

CA Manu Palerichal
Founder Partner & CEO



Our Team

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United Arab Emirates

Corporate Tax Guide on Real Estate Investment for Natural Persons

On October 24, 2024, the Federal Tax Authority (FTA) published a guide for natural persons engaged in real estate investment, clarifying when such income is exempt from the UAE Corporate Tax. According to Cabinet Decision No. 49 of 2023, Real Estate Investment includes activities related to the sale, leasing, sub-leasing, or renting of land or property in the UAE that do not require a license from a Licensing Authority.

The guide defines the term “Licensing Authority” as the authority in the UAE that is responsible for, and authorised to, license the conduct of a Business or Business Activity in the UAE and clarifies that a “Licence” refers to any document that permits business activities, such as Ejari in Dubai or Tawtheeq in Abu Dhabi. Illustrations in the guide further clarify the relationship between real estate activities and licensing requirements, aiding individuals in understanding their tax obligations.

UAE Withdraws Economic Substance Requirements after December 2022

The UAE Cabinet of Ministers released Cabinet Resolution No. (98) of 2024 which amends Cabinet Resolution No. (57) of 2020 on Economic Substance Requirements. The amendments provide that licensees and exempted licensees are no longer required to submit notifications and reports for the fiscal year ending after 31 December 2022. The reason for this is the introduction of the UAE's new Corporate Tax regime.

UAE Federal Tax Authority Provides Tax Procedures Guide on Tax Residence and Tax Residency Certificates

On October 18, 2024, the FTA released a guide providing an overview of the tax residency rule in the UAE which explains how a person can determine whether they are a Resident Person

- For Corporate Tax purposes
- Under domestic law
- Under Double Taxation Agreement (“DTA”)

The guide also provides information on how a UAE Tax Resident can obtain a Tax Residency Certificate.

Grace period to Update Information in Tax Records

On November 6, 2024, the FTA issued Tax Procedures public clarification regarding the waiver of penalties imposed on the late updation of information by the registrants in the tax records kept by the FTA. Administrative penalties will not be imposed during the grace period starting from January 1, 2024 to March 31, 2025. For situations where the registrant is imposed or have already settled the penalty during January 1, 2024 till the implementation of this decision, the FTA reverses the penalty imposition and reverts back the amount paid by the registrant.

Collaboration Between Ministry of Justice and Federal Tax Authority to Enhance Electronic Linkage in "Tax Dispute System"

Through this collaboration, the Ministry of Justice and the Federal Tax Authority aim to achieve several strategic objectives, including electronic linkage between the two parties' systems to exchange data through application programming interfaces, defining the main roles and tasks of each party to maintain business continuity and provide high quality services. It also maintains and updates accurate, integrated data, facilitates data exchange between the two parties, achieves integration of records, and streamlines and expedites tax-related processes.



Bahrain Announces New Amendments on Foreign-Owned Companies

On October 17, 2024, Bahrain issued Decision Number 53 of 2024, introducing amendments to Decision Number 40 of 2021 regarding the commercial activities that foreign-owned companies can engage in within Bahrain. These includes –

- Ownership conditions that companies with up to 100% non-Bahraini ownership must meet to act as authorized distributors in Bahrain. These conditions include –
 - ◆ Presence of a Local Partner
 - ◆ Global Trademark Compliance
 - ◆ Economic Significance
- Licensing requirements for foreign-owned companies engaging in activities listed in Appendix 4 of Decision Number 40 of 2021. Key changes are –
 - ◆ Capital Requirement
 - ◆ Revenue Threshold



Sultanate of Oman

Oman and Estonia Sign a Tax Treaty

On October 27, 2024, the officials from Estonia and Oman signed an income tax treaty in Muscat.

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

Tax Treaty between Luxembourg and Oman Signed

On October 17, 2024, the officials from Luxembourg and Oman signed an income tax treaty.

The treaty is the first of its kind signed between the two countries and will enter into force after the ratification instruments are exchanged. Negotiations for an earlier treaty had concluded in 2011, but that treaty was never signed.



Kuwait

Tax Treaty between Kuwait and San Marino Signed

On September 27, 2024, Kuwait's Ministry of Foreign Affairs met with the officials of San Marino to sign an income and capital 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.

Amending Protocol to Tax Treaty between Kuwait and Switzerland

On October 14, 2024, the Swiss State Secretariat for International Finance, announced that the amending protocol to the 1999 income and capital tax treaty with Kuwait entered into force 2024.

The protocol, signed 6 November 2019, is the first to amend the treaty. The protocol applies from 1 January 2025.



ZATCA Encourages Taxpayers to Benefit from the Cancellation of Fines and Exemption of Penalties Initiative

On November 3, 2024, The Zakat, Tax and Customs Authority (ZATCA) issued a reminder urging all taxpayers to leverage from the “Cancellation of Fines and Exemption of Penalties Initiative” which ends on December 31, 2024. The fines include fines for late registration, late payment, late filing of returns fines in all tax laws, and fines to correct VAT returns, as well as fines for violations of VAT field control related to applying the e-invoicing regulations and other VAT general regulations. It is to be noted that the Initiative excludes penalties related to tax evasion violations and fines paid before the initiative's effective date.



OECD

Corporate Income Tax Statutory and Targeted Small Business Rates

On September 17, 2024 OECD published a tax table showing statutory and targeted, sub-central and combined corporate income tax rates for OECD member countries. The targeted rates for 'small incorporated business' are on the basis of size alone (e.g. number of employees, amount of assets, turnover or taxable income) and not on the basis of expenditures or other targeting criteria. Targeted rates data are only available for OECD member countries.

OECD Report on Tax Arbitrage Through Closely Held Businesses

On October 7, 2024, the OECD published a paper, that explores tax arbitrage incentives and behaviours in OECD countries, and their implications for tax systems more broadly. It focuses on how OECD tax systems might encourage business owners, in particular owners of unincorporated businesses and owner-managers of closely held incorporated businesses, to minimise their tax burdens through tax arbitrage.

India

India Extends Annual Return Deadline to 15 November 2024 for Companies and Certain Other Taxpayers

On October 26, 2024, India's Central Board of Direct Taxes (CBDT) announced the extension of the due date for annual tax returns for the assessment year 2024-25 (tax year 2023-24) from October 31, 2024 to November 15, 2024. The extension was provided through Circular No. 13/2024 of 26 October 2024 for companies, persons (other than companies) whose accounts are required to be audited, and partners of firms whose accounts are required to be audited.

CBDT Consult on Suggestions for Comprehensive Review of Income-tax Act

On October 7, 2024, India's CBDT announced a comprehensive review of the Income-tax Act, 1961. The goal was to make the Act concise, clear, and easy to understand, which will reduce disputes, litigation, and provide greater tax certainty to taxpayers. The committee invites public inputs and suggestions in four categories: Simplification of Language, Litigation Reduction, Compliance Reduction, and Redundant/Obsolete Provisions.



Singapore

Singapore Updates the Guide on Tax Treatment for Shipping Income

The Inland Revenue Authority of Singapore has updated its guidance on Tax Treatment for Shipping Income, concerning the new alternative net tonnage basis of taxation with effect from the year of assessment 2024. A qualifying shipping entity that makes an election for the NTT basis will apply the NTT basis to all qualifying ships owned/operated by the entity. The election, once made, is irrevocable. For entities that do not elect for the NTT basis, the existing tax exemption under the relevant shipping incentives continues to apply.

Singapore Updates Guidance on Applying for Certificates of Residence

On October 7, 2024, the Inland Revenue Authority of Singapore published updated guidance on applying for a Certificate of Residence and Tax Reclaim Form. The update concerns additional requirements from 2025 for Foreign-Owned Investment Holding Companies, which are generally not eligible for a certificate of residence unless certain conditions are met. The change is to allow the companies to better substantiate that they have valid reasons for setting up operations in Singapore.

Hong Kong

Hong Kong Reduces Interest on Tax Reserve Certificates Again

On October 4, 2024, the Inland Revenue Department of Hong Kong announced a reduction in the annual rate of interest payable on Tax Reserve Certificates from a rate of 0.8833% to a rate of 0.8000% with effect from October 7, 2024. Interest will cease to accrue after 36 months.

Hong Kong Introducing Deduction for Reinstating Condition of Premises Under Lease and Removing Time Limit to Claim Allowances for Buildings or Structures

On October 18, 2024, the Inland Revenue Department of Hong Kong gazetted the Inland Revenue (Amendment) (Tax Deductions for Leased Premises Reinstatement and Allowances for Buildings and Structures) Bill 2024. The bill introduces a tax deduction for expenses incurred for reinstating the condition of premises under a lease to their original condition, and removing the time limit for claiming annual allowances in respect of industrial/commercial buildings or structures.

Hong Kong Cuts Down Duty on Liquor With Alcoholic Strength of more than 30%

With effect from October 16, 2024, the Hong Kong government reduced the duty on liquor with an alcoholic strength of more than 30% (liquor) by introducing a two-tier system with different duty rates for each tier. This aims to boost tourism and consumption of high-end food and beverages.

United States

IRS Tax Relief for Individuals and Businesses Affected by Hurricanes Helene and Milton

On October 11, 2024, the US IRS announced tax relief measures for affected individuals and businesses, including extended deadlines and penalty waivers for various tax obligations in impacted areas. Tax reliefs include an extension to May 1, 2025 for 2023 tax returns and for 2024 tax returns and payment. 2023 tax payments are not eligible for the extension.

IRS Independent Office of Appeals Launches Corporate Group Mailbox Pilot for Large Business Taxpayers with Multiple Representatives

On September 30, 2024, the IRS' Independent Office of Appeals (Appeals) launched a pilot program as part of the ongoing transformation efforts to expand online tools and improve user experiences. The new feature allows eligible business taxpayers with a team of representatives to request a Group Mailbox to communicate with the Appeals employee assigned to their case.



U.S. Congressional Research Service Report on SALT Deduction

On October 16, 2024, the U.S. Congressional Research Service published an updated report on the Federal Deductibility of State and Local Taxes (SALT). Congresses and Administrations have considered a variety of changes to the SALT deduction in recent years, including making the SALT cap permanent, raising and extending the SALT cap, eliminating SALT deduction claims for sales taxes, and capping the effect of SALT deductions on tax liability.

U.S. Final Rules for Repatriations of Intangible Property Subject to Section 367(d)

On October 10, 2024, the U.S. IRS and Treasury issued final regulations, Section 367(d) Rules for Certain Repatriations of Intangible Property, published in the Federal Register. The final regulations terminate the application of Section 367(d) if the transferee foreign corporation repatriates the intangible property to a "qualified domestic person" and certain reporting requirements are satisfied.



United Kingdom

UK Autumn Budget 2024

On October 30, 2024, the United Kingdom (UK) Autumn Budget was presented to the Parliament. The Finance Bill 2024-25 to have the following measures. Few of them are -

- Changes to the taxation of non-UK domiciled individuals: To abolish the remittance basis of taxation for non-UK domiciled individuals and replace it with internationally competitive residence-based regime, which will take effect from 6 April 2025.
- Corporation Tax charge and rate: The government has published a Corporate Tax Roadmap which includes a commitment to cap the Corporation Tax Rate at 25%.
- Changes to the Capital Gains Tax rates: The lower rate will increase from 10% to 18% and the higher rate from 20% to 24%. The lifetime limit for Investors' Relief will be reduced to £1 million for all qualifying disposals made on or after 30 October 2024.
- Inheritance tax: Inheritance tax will apply to pension wealth that is transferable at death from 6 April 2027.
- Stamp Duty Land Tax: From 31 October 2024, the higher rates for additional dwellings surcharge on Stamp Duty Land Tax (SDLT) will be increased by 2% points from 3% to 5%.



The United Kingdom (UK) Autumn Budget was presented to the parliament on October 30.



Pensions Lifetime Allowance Abolition

The UK government abolished the Lifetime Allowance for Pension with the Finance Act 2024 earlier this year. Further regulations to address the technical changes required to complete the work to abolish the LTA were laid on October 7 and October 9, 2024. The regulations will have effect from 18 November 2024 (subject to parliamentary process). Once effective, they will apply retrospectively from 6 April 2024 onwards.

UK HMRC Notice on Self-Assessment Tax Returns for the 2023 to 2024 Tax Year

On October 23, 2024, the UK HMRC has issued a notice encouraging Self-Assessment customers to prepare and file their tax return early as January 31, 2025. More than 12 million people need to file a tax return for the 2023 to 2024 tax year and pay any tax owed by the January 31 deadline. People who no longer need to file a tax return should inform HMRC as soon as possible to avoid any penalties.



Canada

Canada Reduces HST Rate to 14% from April 2025

On October 23, 2024, the Department of Finance of Nova Scotia, Canada has announced that it is reducing its Harmonized Sales Tax (HST) rate to 14% with effect from April 1, 2025. The HST is comprised of the 5% federal GST and a provincial rate, which Nova Scotia is reducing from 10% to 9%.



On October 23, 2024, the Department of Finance of Nova Scotia, Canada has announced that it is reducing its Harmonized Sales Tax (HST) rate to 14% with effect from April 1, 2025.



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TAX

Direct Tax

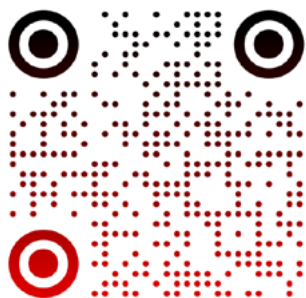
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 - » Country by Country Reporting [CbCR]
 - » TP Local File and Master File
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- Customs Tax

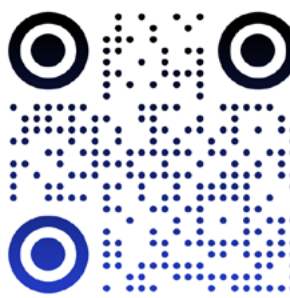
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- Offshore Registered Agent –JAFZA
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united auditing
Audit

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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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