

Tax '23 August Updates

Tax updates

2023 August Edition

Dear Readers,

I hope this message finds you well as we dive into the August 2023 edition of our monthly tax updates. In the ever-evolving landscape of taxation, staying informed is paramount, and I'm proud that our tax team continues to provide you with the latest insights and updates.

As we navigate these ever-changing and dynamic times, it's crucial not only to adapt but also to proactively stay compliant with evolving regulations. Our unwavering commitment to excellence remains the cornerstone of our approach. In this edition, you will find invaluable information on the latest tax reforms within the GCC and its surrounding regions.

Remember, knowledge is power. By staying informed, you are better equipped to make informed decisions that can positively impact your business. Our mission is to be your trusted source for all things tax-related, empowering you to navigate the tax terrain with confidence.

Thank you for entrusting us with your tax needs. Together, we can conquer the challenges and remain compliant adhering to the challenges. I encourage you to make the most of the insights presented in this edition and look forward to your continued success.

May all our readers derive both enjoyment and enlightenment from your reading journey, as learning remains an essential part of our shared path to success.

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United Arab Emirates

Federal Tax Authority (FTA) has published Taxpayer user manuals

The Federal Tax Authority (FTA) has published a series of taxpayer user manuals for Corporate Tax purposes on the EmaraTax portal, with step-by-step instructions and reference screenshots.

The Resources can be accessed through the link provided hereunder:

- i. Change Corporate Tax Period: [CT Change Corporate Tax Period Taxpayer Training Manual EN.pdf](#)
- ii. Corporate Tax De Registration: [CT De-Registration Taxpayer Training Manual EN.pdf](#)
- iii. Small Business Relief: [Small Business Relief Guide - EN - 29 08 2023.pdf \(tax.gov.ae\)](#)
- iv. Registration of Juridical Persons: [R CT Registration of Juridical Persons - EN - 31 08 2023 final.pdf \(tax.gov.ae\)](#)
- v. Tax Procedures Public Clarification- Issuance of a New Tax Procedures Executive Regulation [TAXP006 - Issuance of Tax Procedures Executive Regulation - For Publishing.pdf](#)

Ministry of Finance enables UAE pass for all services

The UAE Ministry of Finance on 2nd August 2023 announced the enablement of the UAE Pass digital identity for all its services across systems, in line with the UAE's efforts to enhance digital quality of life.

The Ministry of Finance shall replace the traditional login feature on its services page and exclusively adopt the UAE Pass login mechanism, starting from August 2023. Hence, the Ministry encourages its customers to register with the digital identity to continue benefiting from its digital services.



Federal Tax Authority (FTA) has published VAT Guides

The FTA published 4 new user VAT process and procedure manuals on the EmaraTax Portal on VAT Voluntary Disclosure, Process Final VAT return, VAT Returns form - VAT 201 and Resubmit VAT Voluntary Disclosure.

The Resources can be accessed through the link provided hereunder:

- i. VAT Voluntary Disclosure: [DownloadOpenTextFile \(tax.gov.ae\)](#)
- ii. Process Final VAT Return: [DownloadOpenTextFile \(tax.gov.ae\)](#)
- iii. VAT Returns form - VAT 201: [DownloadOpenTextFile \(tax.gov.ae\)](#)
- iv. Resubmit VAT Voluntary Disclosure: [DownloadOpenTextFile \(tax.gov.ae\)](#)

The Kingdom of Bahrain

Economic Substance (ES) return for FY 2022 to be filed by 13th September 2023

On 13th August 2023, Ministry of Industry and Commerce (MOIC) made an announcement that all entities regulated by MOIC that conducts the relevant activities for ES purpose is required to file the ESR for FY 2022 by 13th September 2023 on ITIES portal in adhere with the reporting requirements.

Companies that fail to comply with the filing reporting window will be subject to the violations and sanctions mentioned in (MO 106) regarding the Economic Substance, which includes suspension of the CR, crossing off the CR, fines, and referral to Public Prosecution.

The ES rules apply to entities (branches, corporations, and partnerships) that are carrying on one or more of the following relevant activities:

a.	Distribution and Service Centre activities
b.	Headquarter activities
c.	Holding Companies
d.	Leasing activities
e.	Shipping activities
f.	Intellectual Property activities
g.	Banks
h.	Financing companies
i.	Insurance
j.	Investment firms (CBB categories 1 & 2)
k.	Fund administrators

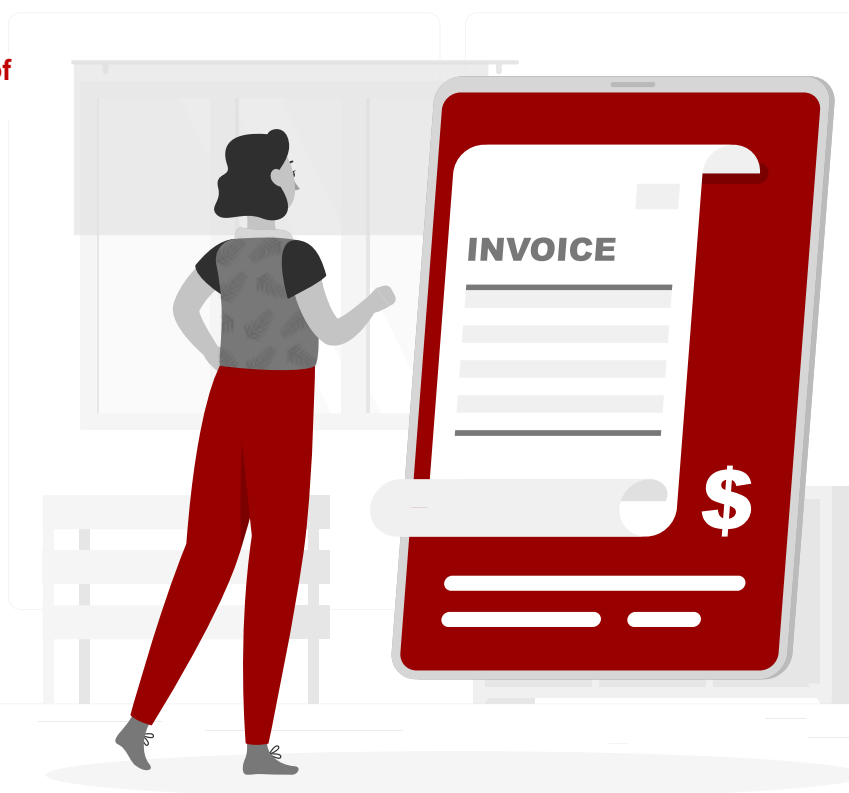


Kingdom of Saudi Arabia

Eighth wave in the integration phase of Electronic Invoicing

On 18th August 2023, the Saudi Arabia Zakat, Tax and Customs Authority (ZATCA) announced that taxpayers resident in Saudi Arabia, with a taxable turnover exceeding 40m Saudi Riyal during calendar year 2021 or 2022 are required to integrate their E-invoicing solutions with the FATOORA platform starting from 1st March 2024.

The ZATCA will notify the impacted taxpayers in preparation for linking and integrating their electronic invoicing systems with the ZATCA's e-invoicing platform (Fatoorah).



Amendments to the RETT Implementing Regulations

The Minister of Finance and Chairman of the Board of Directors of Zakat, Tax and Customs Authority ('ZATCA'), through decision number (1331) dated 07/01/1445 (corresponding to 25 July 2023) has approved amendments/additions to certain provisions of the RETT Implementing Regulations.

The approved amendments/additions have been published in the official Gazette on 11 August 2023.

Saudi Cabinet approves pending tax treaty with Sri Lanka

On 29 August 2023, the Saudi Cabinet approved the ratification of the pending income and capital tax treaty with Sri Lanka.

The treaty signed on 27 January 2023 is the first of its kind between the two countries and will enter into force after the ratification instruments are exchanged.

Sultanate of Oman

Oman's Consultative Assembly approves signing of tax treaty with Kazakhstan

On 18th July 2023, the Consultative Assembly of Oman (the lower house of the Council of Oman, the country's parliament) authorized signing of an income and capital tax treaty with Kazakhstan.

The agreement is first of its kind between the two nations, needs to be signed and confirmed in order to become effective.



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The Contract Declaration module in Dhareeba now allows taxpayers to upload contract details through excel templates.

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State of Qatar

Changes to the Dhareeba portal process of contract reporting submission

On 3rd August 2023, Qatar's General Tax Authority (GTA) made changes to the Dhareeba portal regarding the contract reporting submission process with an immediate effect.

These changes aim to improve the efficiency and accuracy of the contract reporting process through collecting relevant information to enable the GTA to assess taxpayers' information accurately.

The Contract Declaration module in Dhareeba now allows taxpayers to upload contract details through excel templates. This update will significantly help the taxpayers to easily input information of several number of contracts in the Contract Declaration Module in Dhareeba.

Certain Other Jurisdictions

OECD

OECD taxation working paper on the taxation of Labour vs Capital Income

On 28th August 2023, the OECD released a taxation working paper on his working on the taxation of labour vs. capital income. This paper presents analysis comparing in a consistent way the tax treatment of labour and capital income across OECD countries, through stylised effective tax rates (ETRs).

It shows that dividend income and capital gains are generally subject to lower ETRs than wage income at the personal level. In many countries, capital income is also tax-favoured even when considering taxes paid by both firms and individuals, although the gap between labour and capital income taxation tends to be smaller than when considering only personal-level taxes.

The paper highlights that differential tax treatment of labour and capital income can affect the efficiency and equity of tax systems.

OECD publishes comments received on draft toolkits to support developing countries in Minerals Transfer Pricing

On 10th May 2023, as part of the ongoing work of the OECD/IGF partnership on base erosion and profit shifting (BEPS) in the mining sector programme, the OECD and IGF sought public comments on two toolkits.

The first toolkit provides a framework that is designed to support developing countries in addressing the transfer pricing challenges faced when pricing minerals. The second toolkit applies this transfer pricing framework to a specific mineral (bauxite).

The OECD and IGF are grateful to the commentators for their input and now publish the public comments received.

China

China announces tax incentives for investors in tech firms' CDRs

Chinese authorities announced tax breaks for individuals and institutions that invest in overseas-listed innovative firms' Chinese depository receipts (CDRs).

For domestic individuals, any profit made on the transfer of the CDRs will be tax-exempt in China. Any taxes paid overseas on dividends will be credited by the Chinese authorities. Domestic corporate investors needn't pay taxes in China on profits from the transfer of the CDRs, as well as dividends and bonuses obtained by holding the CDRs. The tax benefits will be available from September 21, 2023 to December 31, 2025.



India

Amendment in rule for determining the requisite value of residential accommodation provided by employer

As per the Finance Act 2023, it was proposed to modify Rule 3 of the Income-tax rules, 1962 with respect to ascertaining the requisite value of rent-free residential accommodation provided by the employer.

In this regard, the CBDT has issued a Notification amending the Rule 3 with effect from 1st September 2023, the rates at which requisite value is determined has been reduced.

The categorisation and the limits of cities and population have now been based on the 2011 census as against the 2001 census earlier. The revised limits of population are 40 lakh in place of 25 lakh and 15 lakh in place of 10 lakh.

The earlier requisite rates of 15%, 10% and 7.5% of the salary have now been reduced to 10%, 7.5% and 5% of the salary respectively.

Guidelines for taxation of the consideration received from a life insurance policy

As per Finance Act 2023, maturity proceeds from a life insurance policy (LIP) (other than a Unit linked insurance policy (ULIP)) issued on or after 1st April 2023 would be subject to tax, if the aggregate annual premium paid on all policies except ULIP exceeds INR 500,000 in any of the financial years (FY or tax year) during the term of any of those life insurance policies.

However, such maturity proceeds would be exempt if the same is received on the death of the insured person on or for a term life insurance policy.

In this regard, CBDT vide notification dated 16 August 2023, has inserted a new Rule, wherein the method of computation and guidelines for such computation of exemption/taxable values had been specified.

Canada

Draft income tax legislative proposals related to the new investment tax credit (ITC)

On 4th August 2023, the Department of Finance released for public comment updated draft income tax legislative proposals relating to the new investment tax credit (ITC) for carbon capture, utilization and storage (CCUS). Interested parties are invited to provide comments on the draft legislative proposals by 8 September 2023.

The CCUS ITC (proposed section 127.44 and Part XII.7 of the Income Tax Act (the Act)) will be refundable and available to businesses that incur qualified CCUS expenditures after 2021 and before 2041. Qualified CCUS expenditures will include the cost of acquiring eligible equipment used in qualified CCUS projects.

Canada's Global Minimum Tax Act released for public comment

On 4 August 2023, the Department of Finance released a consultation draft of the GMTA to implement the GloBE Rules, with effect in general for fiscal years of MNEs that begin on or after 31 December 2023 as well as a revised draft of Canada's domestic digital services tax (DST), which is intended to serve as a backstop to the Pillar One proposals.

Interested parties are invited to provide comments on the DST until 8th September 2023 and on the GMTA until 29th September 2023.

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- 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

ECAG

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