Grant Thornton

Tax Newsletter

February 2024

Landscape

In our February 2024 edition of GT's regional monthly Tax Newsletter, we provide the latest news updates affecting International Tax, Corporate Tax, Transfer Pricing, and Indirect Taxes in the UAE and across the Middle East region.

Contents

Value Added Tax in UAE

The Federal Tax Authority ('FTA') publishes 'VATP036' on SWIFT messages

The FTA has issued a public clarification on SWIFT message (VATP036) regarding the treatment of interbank services received from non-resident banks.

The FTA has clarified that when a financial institution receives interbank services from a non-resident bank, they are considered to be making supplies to themselves in relation to those services. As a result, they are required to issue VAT invoices to themselves for these interbank services and fulfil all other applicable obligations, and account for the due VAT accordingly.

Given the high volume of SWIFT messages that UAE financial institutions handle on a daily basis, the FTA has acknowledged that issuing a VAT invoice for each SWIFT transaction would be impractical. In recognition of this, the FTA has released the following clarification stating: UAE financial institutions are not obligated to issue a VAT invoice to themselves for interbank services received from non-resident banks if the necessary information is contained within the SWIFT message to establish the particulars of the supply. The below particulars are required to be reflected from the SWIFT message ('qualifying SWIFT message'):

- Name and address of the non-resident bank (SWIFT sender/supplier)
- Name of the UAE financial institution receiving the service (SWIFT receiver/customer)
- Date of the transaction
- SWIFT message reference number
- Transaction reference number
- Description of the transaction
- Consideration charged and currency used

Generally, financial institutions are able to recover input VAT to the extent that costs are incurred to make taxable supplies. As the Swift message is considered to be accepted as sufficient documentary evidence to support the recovery of input VAT and financial institutions can recover the VAT in line with the standard conditions for input VAT recovery.

For further information on the above-mentioned update, please click **here**.

Should you need any further clarification and details regarding this update, please contact VAT Director **Harsh Bhatia**, or VAT Associate Director **Charlotte Stanley**.

Value-Added Tax in Middle East Countries

Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') circulates letter on the VAT treatment of Private Educational Services for Saudi Citizens

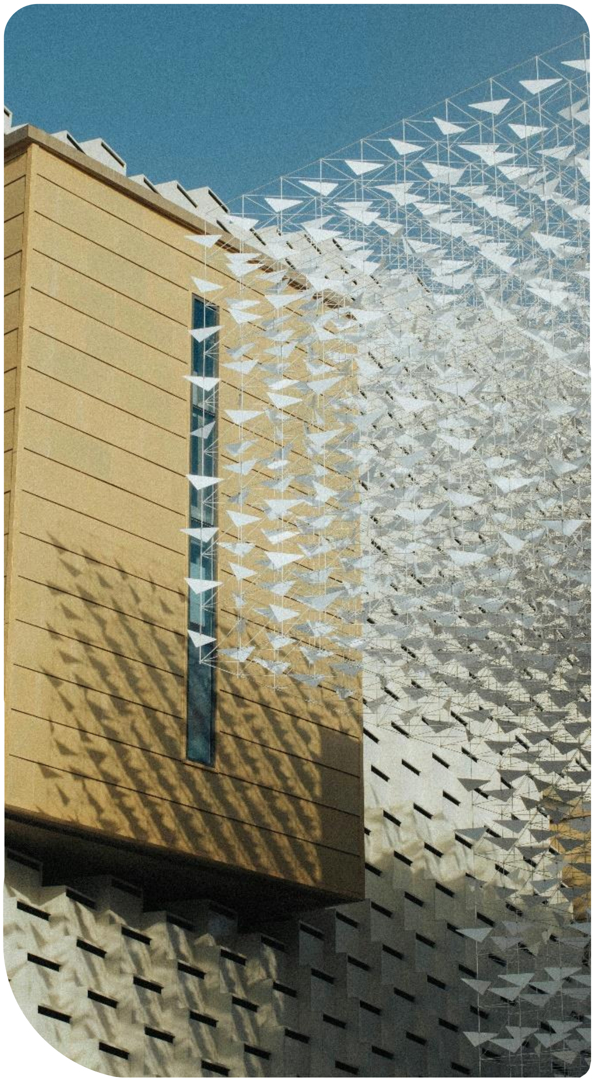
In accordance with Royal Order no. A/86 published on 4 April 2018, the Saudi government will cover VAT costs for private education services for Saudi nationals. This circular covers the following:

a) Qualifying individuals who can avoid paying VAT instead of the 15% rate

Individuals with "Saudi Arabian nationality" who receive 'qualified private educational services'.

b) The scope of qualified private educational services

- Private and international schools recognised by the Ministry of Education.
- Private universities supervised by the Ministry of Education, offering bachelor's degrees.
- Faculties offering educational and training programs administered by the Technical and Vocational Training Corporation that are similar to Ministry of Education certificates provided that the training duration is longer than 2 years.
- Tuition fees and educational books supplied by accredited educational institutions as part of the training.
- The KSA government's payment obligation is limited to those situations where the qualifying individual is originally liable to settle such payment obligations.



c) Service that are excluded from the VAT exemptions

- Non-compulsory educational and training services if the duration exceeds 2 years.
- Advanced courses lasting for one month or less.
- Qualifying courses lasting between one month and one year.

d) Supplier obligations

- Raise tax invoices including the national ID number and contact details of the individuals benefitting from those services.
- All documents must be kept for record-keeping purposes for VAT audit.
- Such services must be reported in the VAT return under the relevant fields.
- Comply with e-invoicing requirements.

For further information on the above update, please click **here**.

Should you need further clarification and details regarding this update, please contact GT KSA Head of Tax **Adel Douglas**, or Senior Tax Manager, **Syed Abul Rahman** or Senior Tax Manager, **Ganesh Nair**.

Customs and Excise Tax in UAE

Dubai Customs issue Customs Notice No. (03/2024) enforcing Industrial Waste Management Policy

Effective from 29 January 2024, all entities exporting industrial waste, even if located and licensed in free zones, must pay export fees based on the table mentioned below.

Sr. No.	Types of industrial waste	H.S. Codes	Export fee per unit in AED	Unit
1	Steel scrap	720450 720449 720441 720430 720429 720421 720410	400	Ton
2	Paper scrap	470710 47079090	140	Ton
3	Used cooking oils	15180019 15180020 15180090	400	Ton
4	Raw hides and skins	41012000 41015000 41019000 41021000 41022100 41022900 41032000 41033000 41039000	100	Ton
5	Aluminum waste and scrap	76020000	100	Ton
6	Cooper waste and scrap	74040000	400	Ton

7	Electrical and electronic waste and scrap	85491100 85491200 85491300 85491400 85491900 85492100 85492900 85493100 85493910 85493990 85499100 85499900	300	Ton
8	Pneumatic tyres waste	40040000 40121100 40121200 40121300 40121900 40122000 40129000 40131000 40132000 40139000	100	Ton
9	Hard plastic waste	39151000 39159000	100	Ton

Payment Guidelines

The exporting entity is required to log into the Ministry of Economy's online portal and the enter the product data. Once the relevant fields have been filled, the entity can pay the applicable export fees.

Customs Clearance Guidelines

- Validate the precision of industrial waste export fees in proportion to the exported quantity.
- Refrain from combining different types of waste in a single cargo or container.
- Ensure that the appropriate H.S. code and description of the product is provided in the declaration.
- Proof of payment for export fees is required throughout the customs declaration process.

For further information on the above-mentioned update, please click **here**.

Should you need any further clarification and details regarding this update, please contact our VAT Director **Harsh Bhatia**, or our VAT Associate Director **Charlotte Stanley**.

Corporate Tax in UAE

Corporate Tax Registration Webinar

On 15 February 2024, the Federal Tax Authority ('FTA') conducted a Corporate Tax Webinar on companies that can register for Corporate Tax. Some of the points covered are as follows:

- Corporate Tax registration is open for all companies/businesses, except for government companies. While registering, the companies must ensure that the details as per the supporting documents are consistent e.g. date of Incorporation and the date of Memorandum of Association are the same.
- Registration is open for tax groups, where all entities including the parent entity of the tax group are required to register individually first before applying for tax group registration.
- Registration is open for Limited Liability Companies (LLC) that are in Mainland and Free Zone Companies with an entity subtype being a UAE Private Company. All Free Zone entities are required to register regardless of the entity generating qualifying income or not.
- Registration is open for UAE Branch of a foreign entity, where an entity subtype is foreign business having a UAE Trade License, and a foreign business without a UAE Trade License.
- Registration is open for Natural Person, where the entity subtype is individual i.e. a Sole Establishment, Sole Proprietorship, Service Agent, Trader License or Partner of an incorporated firm. The individual can either register through having a valid Emirates ID or a valid Passport.
- A newly incorporated entity can also register for corporate tax regardless of their turnover and whether they are in Mainland or Free Zone.

It must be noted that shareholders with 25% or more shareholdings must be registered under 'Ownership details'. Additionally, if a company is already registered for VAT or Excise Tax, the registration for Corporate Tax information will be pre-populated based on VAT or Excise details.

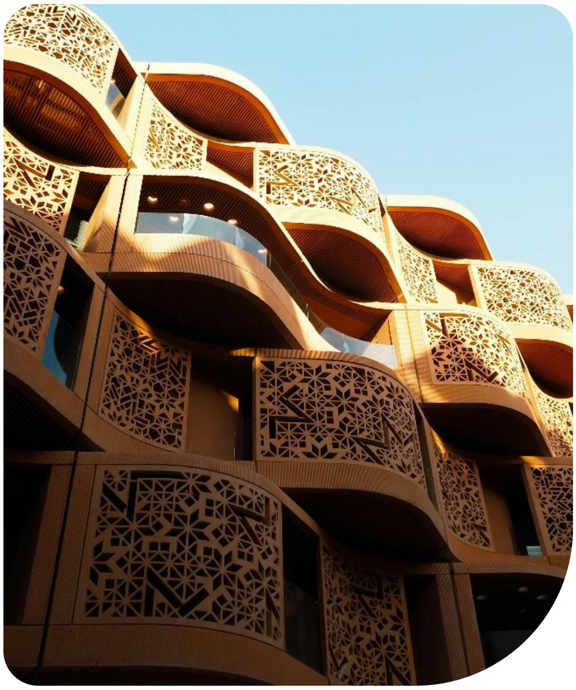
To access the recorded webinar and to access the link to future webinar, please click **here**.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor**, Tax Director **Isabel Strassburger** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.

Tax Treaty Developments

GCC Tax Treaty News

Corporate Tax Registration Webinar



UAE Announces Signing of Amending Protocol to Tax Treaty with Egypt

The United Arab Emirates Ministry of Finance declared on 12 February 2024 that an amending protocol had been signed to modify the 2019 income tax agreement with Egypt. The treaty's first amendment is the protocol, which will take effect after the ratification documents have been exchanged. The specifics of the protocol will be disclosed once they are available.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.

Saudi Arabia and Serbia Conclude Tax Treaty Negotiations

On February 8, 2024, representatives from Saudi Arabia and Serbia finalized discussions with the signing of an income tax agreement. This agreement marks the first time the two countries have entered such a treaty, and it must be formally signed and ratified before it can take effect. Further information about the treaty will be released later.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.

Protocol to Tax Treaty between Hungary and Kuwait to be Negotiated

Hungary issued a presidential proclamation in the Official Gazette on 11 February 2024, authorizing the Ministry of Finance to negotiate an amending protocol to the 1995 income and capital tax treaty with Kuwait. Any ensuing protocol will be the second to change the treaty, and it must be finished, signed, and ratified before it goes into effect.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.

UAE Announces Signing of Tax Treaty with Kuwait

On 8 February 2024, the UAE Ministry of Finance will sign an income and capital tax treaty with Kuwait. The deal is the first of its type between the two countries and will go into effect once the ratification instruments have been exchanged. Details of the pact will be released as soon as they are available.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.

Bahrain Cabinet Approves Signing of Tax Treaty with the UAE

On 5 February 2024, the Bahrain Cabinet approved the signing of an income tax treaty with the United Arab Emirates. The treaty will be the first of its kind between the two countries and must be signed and ratified before entering into force.

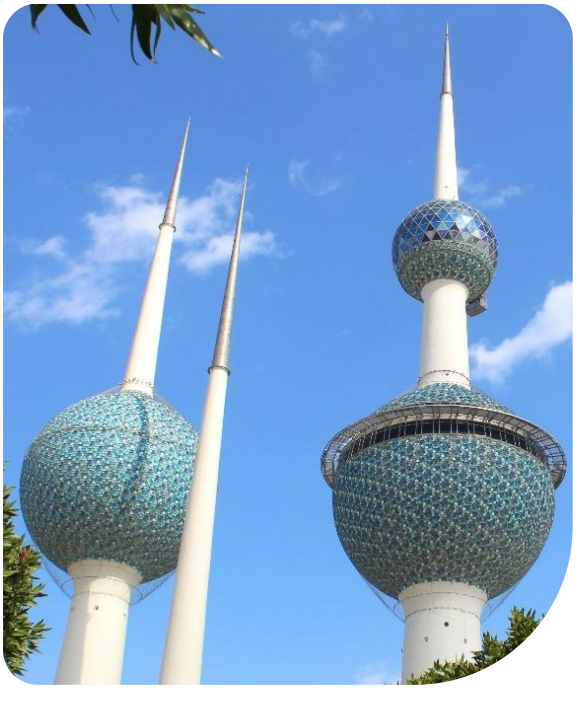
Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.

Kuwait and Saudi Arabia Looking to Sign Tax Treaty

According to the Saudi Press Agency, officials from Kuwait and Saudi Arabia met on 31 January 2024, to discuss bilateral ties and cooperation, including the two nations' interest in adopting an income tax treaty. The pact would be the first of its type between the two countries, and it must be negotiated, signed, and ratified before it can go into effect.

For more information, please click **here**.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.



Tax Treaty between Cyprus and Oman Under Negotiation

According to a notice from the Foreign Ministry of Oman, officials from Cyprus and Oman met on 28 January 2024, to evaluate relations and decided to ratify various accords, including an income tax treaty. Any resulting treaty would be the first of its sort between the two countries, and it would need to be negotiated, signed, and ratified before it could take effect.

For more information, please click **here**.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.

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

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

The treaty with Albania was signed on 30 May 2023. It is the first of its type between the two nations and will take effect on the first day of the third month after the ratification instruments are exchanged.

The agreement with Azerbaijan was signed on 7 June 2023. It is the first of its type between the two nations and will go into effect once the ratification instruments have been exchanged.
The agreement with Saudi Arabia was inked on 13 November 2023. It is the first of its type between the two nations and will go into effect once the ratification instruments have been exchanged.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.

Libya Seeking Tax Treaty with Saudi Arabia

Libyan and Saudi officials allegedly met on 22 January 2024, to discuss bilateral relations, particularly Libya's interest in signing an income tax pact. Any ensuing treaty would be the first of its type between the two countries, and it would need to be negotiated, signed, and ratified before it could go into effect.

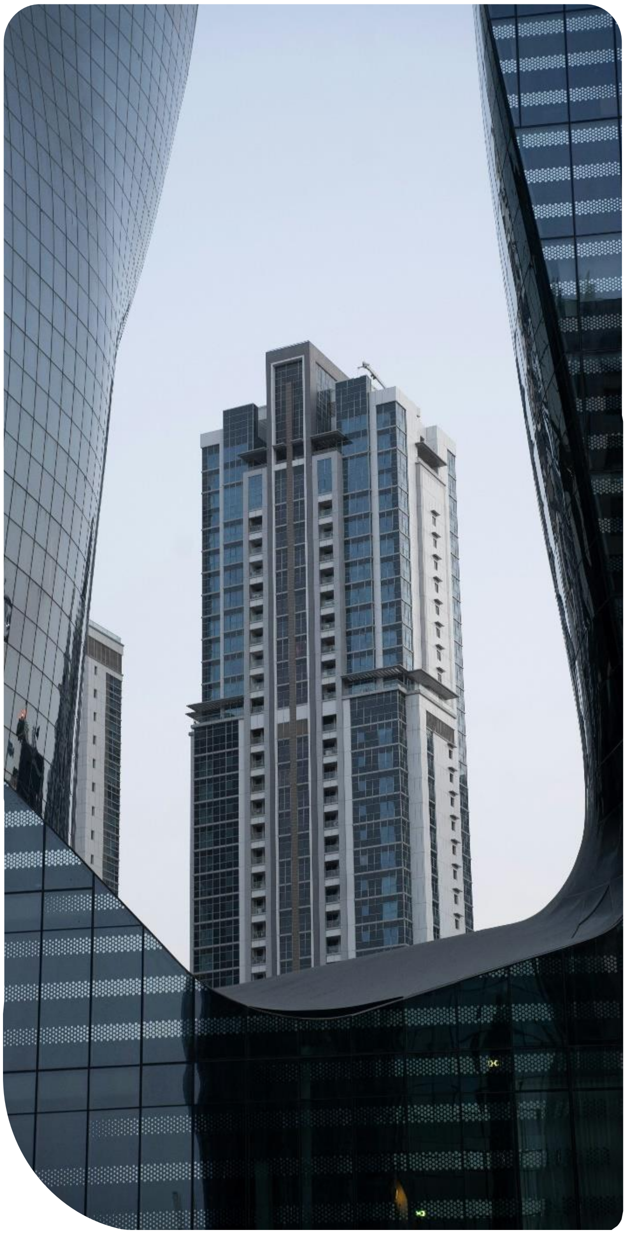
Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.

Romania Publishes Synthesized Texts of Tax Treaties with Thailand, Tunisia, Ukraine, UAE, UK, Uruguay, Vietnam, Saudi Arabia, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, South Korea, Spain, Malaysia, Malta, Mexico, Netherlands, Norway, Pakistan, Poland, Portugal, Qatar, and San Marino as Impacted by the BEPS MLI.

Romania's National Agency of Fiscal Administration (ANAF) has published the synthesised texts of Romania's tax treaties with Thailand, Tunisia, Ukraine, the United Arab Emirates, the United Kingdom, Uruguay, Vietnam, Saudi Arabia, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, South Korea, Spain, Malaysia, Malta, Mexico, the Netherlands, Norway, Pakistan, Poland, Portugal, Qatar, and San Marino are impacted by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI). The synthesised texts were created based on the reservations and notifications filed to the Depositary by the different nations. The treaties' and MLI's actual legal provisions take priority and will continue to be relevant.

The MLI applies for the 1996 Romania-Thailand tax treaty:

- with respect to taxes withheld at source on payments paid or credited to non-residents, when the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Thailand, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.



The MLI applies for the 1987 Romania-Tunisia tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2025; and
- with respect to all other taxes levied by Tunisia, for taxes levied with respect to taxable periods beginning on or after 10 June 2024.

The MLI applies for the 1996 Romania-Ukraine tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Ukraine, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 1975 Romania-United Kingdom tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by the United Kingdom, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 2012 Romania-Uruguay tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024; and
- with respect to all other taxes, for taxes levied with respect to taxable periods beginning on or after 1 January 2024.

The MLI applies for the 1995 Romania-Vietnam tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024; and
- with respect to all other taxes, for taxes levied with respect to taxable periods beginning on or after 1 January 2025.

The MLI applies for the 2011 Romania-Saudi Arabia tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Saudi Arabia, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 1996 Romania-Serbia tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Serbia, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 2002 Romania-Singapore tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Singapore, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 1994 Romania-Slovak Republic tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by the Slovak Republic, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 2002 Romania-Slovenia tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Slovenia, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 1993 Romania-South Africa tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by South Africa, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 2017 Romania-Spain tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Spain, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 1982 Romania-Malaysia tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Malaysia, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 1995 Romania-Malta tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024; and
- with respect to all other taxes, for taxes levied with respect to taxable periods beginning on or after 1 January 2024.

The MLI applies for the 2000 Romania-Mexico tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024; and
- with respect to all other taxes, for taxes levied with respect to taxable periods beginning on or after 1 January 2025.

The MLI applies for the 1998 Romania-Netherlands tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by the Netherlands, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 2016 Romania-Norway tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Norway, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 1999 Romania-Pakistan tax treaty:

Romania:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024; and
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024;

Pakistan:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 5 April 2023; and
- with respect to all other taxes levied by Pakistan, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 1994 Romania-Poland tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Poland, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 1997 Romania-Portugal tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Portugal, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 1999 Romania-Qatar tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024;
- with respect to all other taxes levied by Romania, for taxes levied with respect to taxable periods beginning on or after 1 January 2024; and
- with respect to all other taxes levied by Qatar, for taxes levied with respect to taxable periods beginning on or after 5 October 2023.

The MLI applies for the 2007 Romania-San Marino tax treaty:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024; and
- with respect to all other taxes, for taxes levied with respect to taxable periods beginning on or after 1 January 2024.

Please click here for **ANAF Tax Treaty Webpage** which includes the synthesized texts of Romania's tax treaties.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor** or Associate Tax Director **Amisha Anil**.

Nigeria Approves Pending Tax Treaty with the UAE

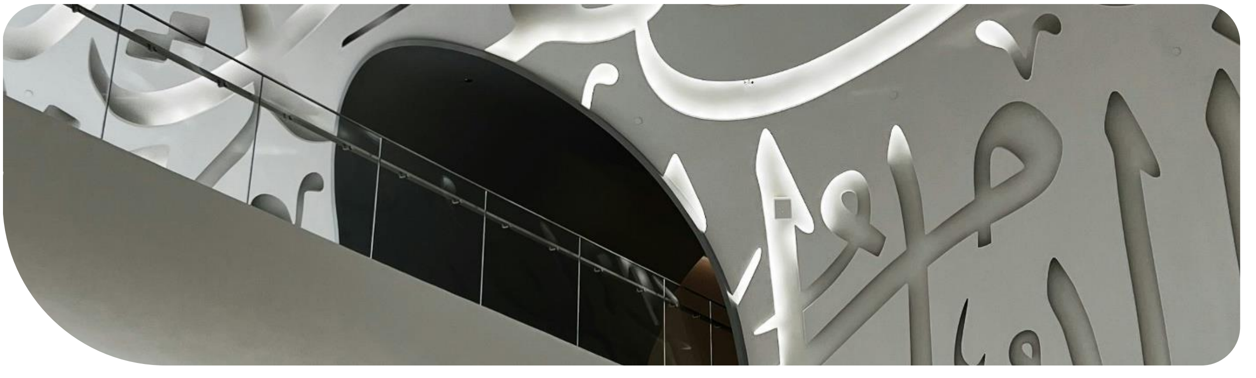
On 17 January 2024, Nigeria's Cabinet accepted the pending income and capital tax agreement with the United Arab Emirates. The treaty, signed on 18 January 2016, is the first of its type between the two countries. It will enter into force after the ratification instruments are exchanged and will take effect on 1st January of the following year.

General Tax Update in Middle East Countries

OECD Provides Updates on Review of Harmful Tax Practices

The OECD has **announced** fresh conclusions indicating that governments are making progress in tackling unfair tax practices.

Jurisdictions continue to make progress in combating harmful tax practices by implementing the international standard under BEPS Action 5. This advancement is reflected in the publication of new results on favorable tax regimes and significant activity in no or nominal tax countries.



Preferential tax regimes

At its October 2023 meeting, the Forum on Harmful Tax Practices (FHTP) reached four regimes as part of the implementation of the BEPS Action 5 minimum standard on harmful tax practices. The regimes in Hong Kong (China) and the United Arab Emirates were found to be not harmful and two regimes in Albania and Armenia have now been abolished.

The Forum on Harmful Tax Practices (FHTP) met in October 2023 and adopted **new conclusions** on four regimes as part of the execution of the BEPS Action 5 minimum standard on harmful tax practices. The governments in Hong Kong (China) and the United Arab Emirates were proven to be harmless, while two regimes in Albania and Armenia have since been abolished.

With the conclusion of this work, the total number of regimes reviewed by FHTP has now reached 322 with over 40% of those regimes being (or in the process of being) abolished.

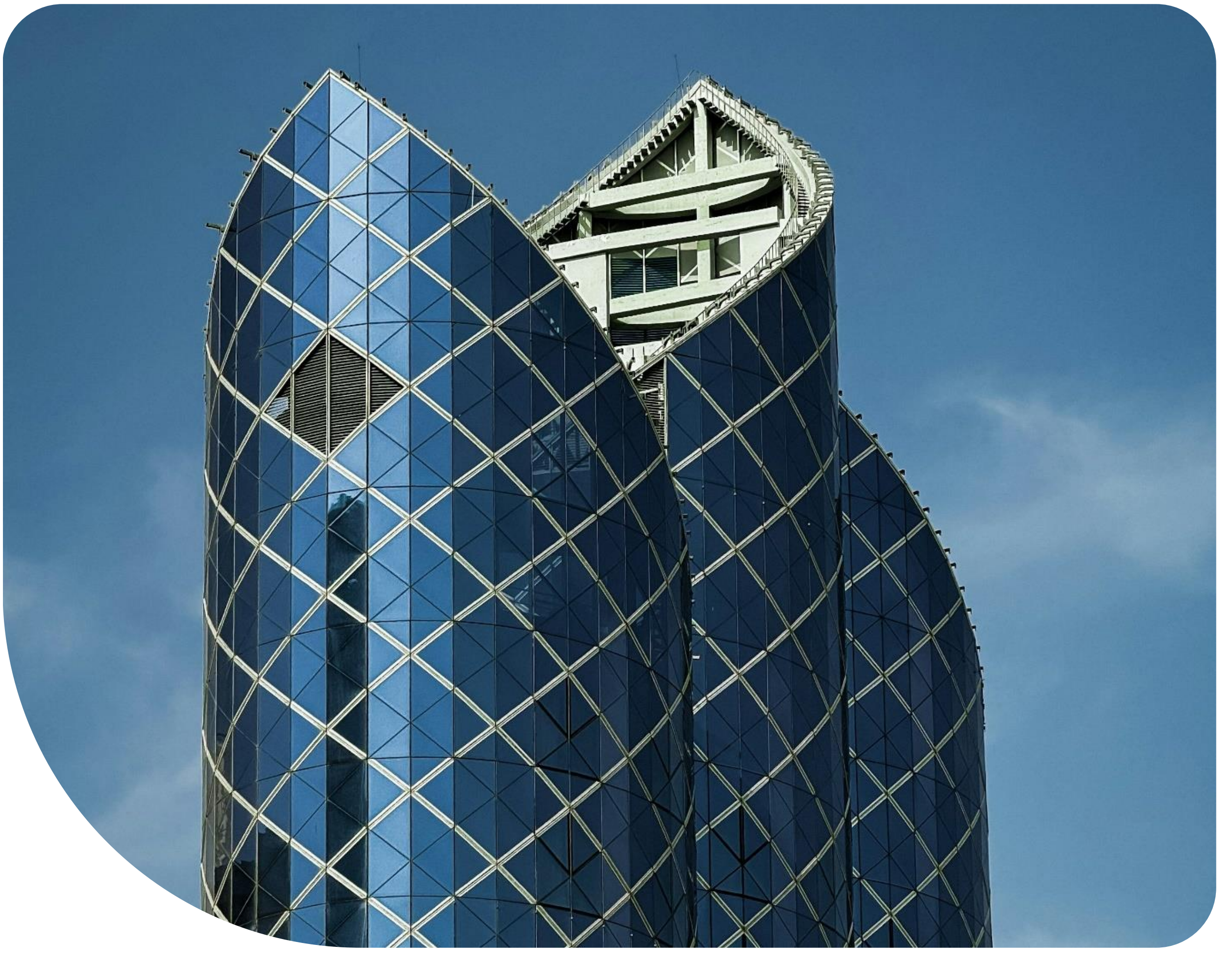
As part of the standard on substantial activity requirements in no or only nominal tax countries, the FHTP conducts an annual monitoring exercise to determine whether the standard is effective in practice. This experiment began in 2021, and the FHTP has now decided on the conclusions for the third monitoring year.

One jurisdiction (Anguilla) received recommendations for significant improvement, while areas requiring targeted monitoring were found in four jurisdictions (Anguilla, the Bahamas, Barbados, and the Turks & Caicos Islands). For Bahrain, Bermuda, the British Virgin Islands, the Cayman Islands, Guernsey, the Isle of Man, and Jersey, no problems were found. The FHTP also concluded that the United Arab Emirates is no longer a no tax jurisdiction or a nation with just nominal taxes after implementing a 9% corporate income tax rate on 1 June 2023.

The next annual monitoring exercise for no or only nominal tax jurisdictions will take place in the second half of 2024.

More information on BEPS Action 5 on harmful tax practices can be found **here**.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor**, Tax Director **Isabel Strassburger** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.



Our Experts

United Arab Emirates

Steve Kitching
Head of Tax, Partner
Indirect Tax

T +971 58 5520 90 64
E steve.kitching@ae.gt.com

Anuj R. Kapoor
Partner
International Tax

T +971 4 388 9925
E anuj.kapoor@ae.gt.com

Kingdom of Saudi Arabia

Adel Daglas
Head of Tax
Zakat & Tax

T +966 (0) 55 280 7442
E adaglas@sa.gt.com

Imad Adileh
Partner
Tax Advisory

T +966 (0) 59 558 0027
E iadileh@sa.gt.com

Mohamed Hwitat
Director
VAT Advisory

T +966 (0) 53 454 3017
E mhwitat@sa.gt.com

Kingdom of Bahrain

Jatin Karia
Senior Partner
Tax Advisory

T +973 3957 5562
E jatin.karia@bh.gt.com

Shashank Arya
Director
Tax Advisory

T +973 3544 2937
E shashank.arya@bh.gt.com

Sultanate of Oman

Badar Al Hashmi
CEO and Head of Advisory
GT Oman

T +968 90333330
E badar.alhashmi@om.gt.com

Kuwait

Hazem Al-Agez
Partner
Tax Advisory &
Compliance Services

T +965 9994 9147
E hazem.alagez@kw.gt.com

Karim Ezz El-Din
Manager
Tax Advisory &
Compliance Services

T +965 6624 6798
E karim.ezzeldin@kw.gt.com

Abu Dhabi

Al Kamala Tower
Office 1101, 11th Floor
Zayed the 1st Street
Abu Dhabi, UAE

T +971 2 666 9750
F +971 2 666 9816

Dubai

The Offices 5
Level 3, Office 303
One Central, DWTC
PO Box 1620
Dubai, UAE

T +971 4 388 9925
F +971 4 388 9915

Abu Dhabi

Unit 2, Floor 14
Sila Tower
ADGM Square
Al Maryah Island
Abu Dhabi, UAE

T +971 2 666 9750
F +971 2 666 9816

Sharjah

Al Bakr Tower
Office 305
7/9 Al Khan Street
Sharjah, UAE

T +971 6 525 9691
F +971 6 525 9690

Grant Thornton