

Tax Newsletter

March 2024



Landscape

In our March 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 UAE and across the Middle East region.

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Indirect Tax Update

Value Added Tax in UAE

The Federal Tax Authority ('FTA') has issued Decision No. 2 of 2024 on Tax Refunds for Tourist Schemes

The FTA has issued Decision No. 2 of 2024 on the amendments to the Tax Refunds for Tourist Scheme. The decision will be effective from 1 March 2024.

Article 2 of the decision is amended whereby the supplier shall follow the below purchase procedures when a tourist purchases goods under the scheme:

1. Conduct cheques as specified by the FTA to determine:
 - a. If the customer is an overseas tourist as prescribed by the VAT Executive Regulations and does not reside within the UAE.
 - b. If the goods are supplied within 90 days from the date of request issue the refund documents.
2. Maintain sufficient records of the purchase details and customer records for satisfying the FTA's and operator's requirements.
3. Provide adequate documents for the tourist to claim a VAT refund upon export of goods.
4. Adhere to the procedures for handling, packaging and delivery of certain goods, as directed by the FTA.
5. Satisfy any additional condition(s) outlined in the Retailer's authorised agreement to provide Tax-Free Purchase services.



It is important to note that the supplier shall issue the VAT refund forms only to tourists above the age of 18 years.

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 VAT Associate Director [Charlotte Stanley](#).

Corporate Tax Update

Corporate Tax in UAE

UAE Deadlines to Apply for Corporate Tax Registration

The UAE Federal Tax Authority (FTA) has introduced [FTA Decision No. 3 of 2024](#), outlining the schedule for the registration of taxable entities for Corporate Tax purposes. According to this decision, resident juridical persons established or recognised before March 1, 2024, are required to apply for Corporate Tax registration within specified timeframes based on the month of their license issuance, regardless of the year.

Date of License issuance irrespective of year of issuance	Deadline for submitting a CT registration application
1 January - 31 January	31 May 2024
1 February - 28/29 February	31 May 2024
1 March - 31 March	30 June 2024
1 April - 30 April	30 June 2024
1 May - 31 May	31 July 2024
1 June - 30 June	31 August 2024
1 July - 31 July	30 September 2024
1 August - 31 August	31 October 2024
1 September - 30 September	31 October 2024
1 October - 31 October	30 November 2024
1 November - 30 November	30 November 2024
1 December - 31 December	31 December 2024

In case a juridical person does not have a licence by the Decision's effective date of March 1, 2024, they are obliged to submit a registration application within three months, specifically by May 31, 2024. In cases where a juridical person holds multiple licences, the registration deadline is determined by the licence with the earliest issuance date.

If a juridical person becomes a resident entity through incorporation, establishment, or recognition under UAE laws on or after March 1, 2024, they are required to initiate Corporate Tax registration within three months from the date of their incorporation, establishment, or recognition. Additionally, if a juridical person is established under the laws of a foreign country but effectively managed and controlled in the UAE on or after March 1, 2024, they must apply for Corporate Tax registration within three months from the end of their financial year.

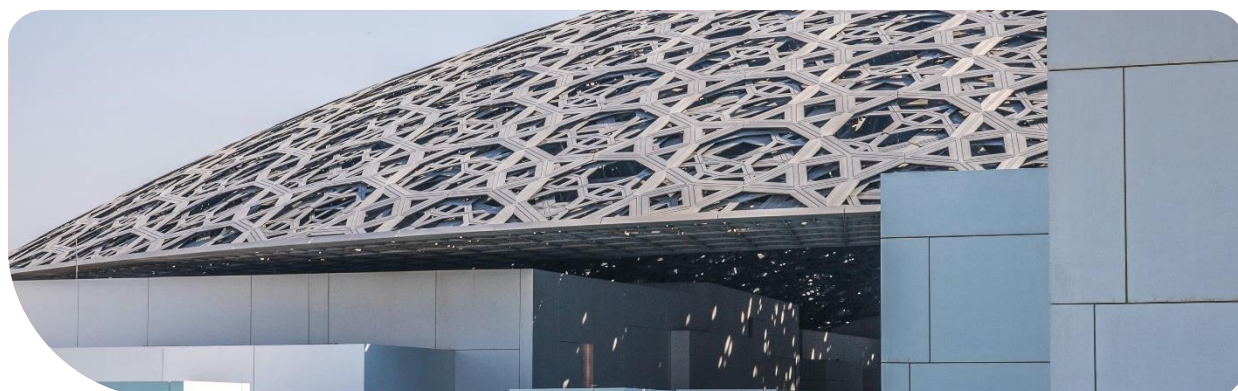
Regarding non-residents, it is stipulated that a juridical person categorised as a non-resident entity before March 1, 2024, must undertake Corporate Tax registration based on the following criteria:

1. A person possessing a permanent establishment in the UAE should apply within 9 months from the establishment's inception date.
2. A person with a nexus in the UAE should apply within 3 months from the establishment's inception date.

In cases where a non-resident entity establishes a permanent establishment or nexus in the UAE on or after March 1, 2024, the registration deadline is reduced to 6 months or 3 months, respectively.

GT has released a [Tax Alert](#) regarding the CT Registration application timelines across various social media platforms.

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



UAE Imposing Penalty of AED 10,000 for Late Corporate Tax Registration

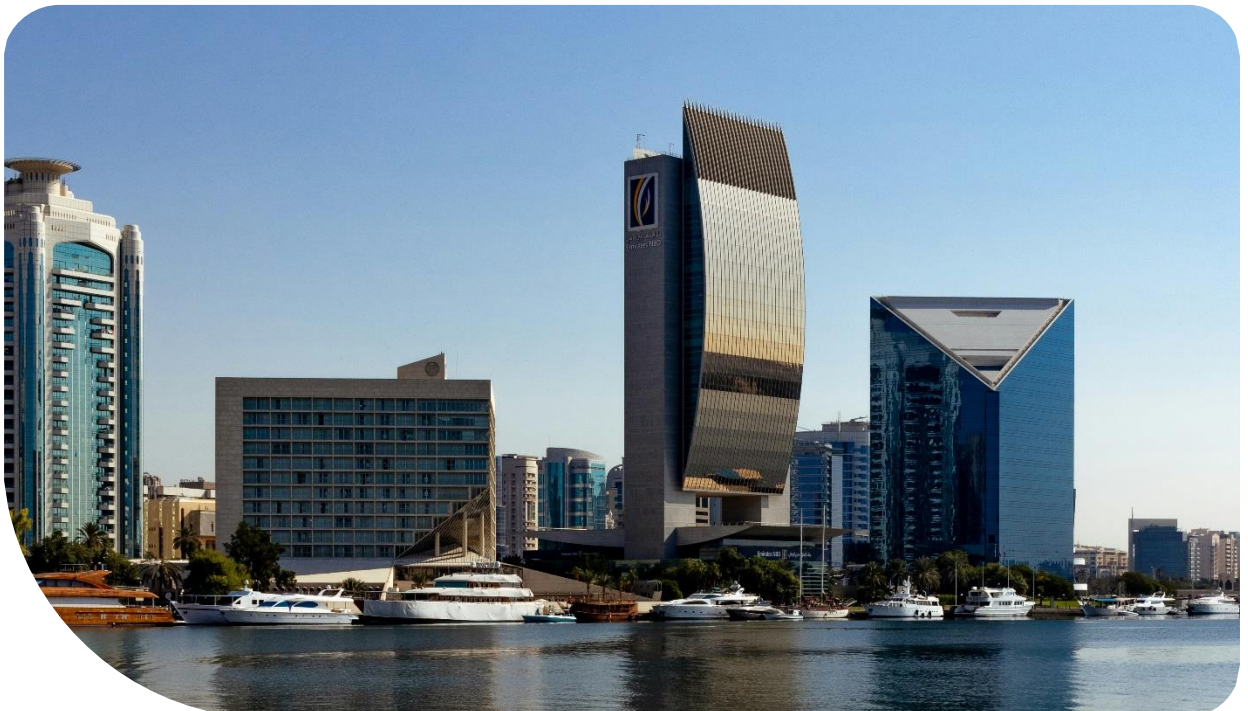
On 27 February 2024, the UAE Ministry of Finance announced an administrative penalty of AED 10,000 for late corporate tax registration. The penalty was set via Cabinet Decision No. 10 of 2024, which modifies the list of violations and associated administrative penalties outlined in Cabinet Decision No. 75 of 2023 concerning penalties for violations related to the implementation of Federal Decree-Law No. 47 of 2022 on corporate and business taxation. Cabinet Decision No. 10 of 2024 which came into effect on March 1, 2024.

According to the Ministry, a penalty of AED 10,000 will be imposed for the late registration of UAE Corporate Tax on businesses failing to submit their Corporate Tax registration applications within the specified deadlines set by the Federal Tax Authority.

This penalty has been introduced to incentivise taxpayers to adhere to tax regulations by promptly registering for corporate tax. The penalty amount for delayed tax registration aligns with the penalties associated with late registration for excise tax and value-added tax.

For more information, please click [here](#).

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



UAE Federal Tax Authority Provides Guidance on Taxation of Partnerships

On 4 March 2024, the UAE Federal Tax Authority (FTA) published the Corporate Tax Guide on Taxation of Partnerships - CTGPTN1.

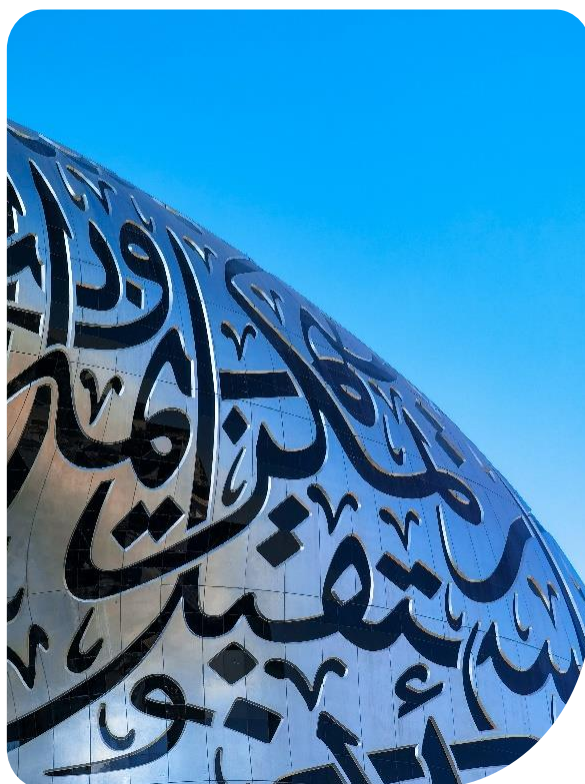
The guide aims to offer broad guidance on partnership taxation, encompassing the following aspects:

- An overview of how partnerships are treated under the Corporate Tax Law.
- Information into the application of the Corporate Tax Law to partnerships and their partners, including special provisions and tax implications related to common occurrences.
- Details concerning registration, filing obligations, compliance, and other tax responsibilities pertinent to partnerships and their partners.

In UAE partnerships are categorised as “Incorporated” or “Unincorporated”. One significant development in this guide involves identifying whether the partnership is incorporated or unincorporated. For instance, the guide clarifies that a Limited Partnership established under the Limited Partnership Law DIFC Law No. 4 of 2006 for any lawful purpose by two or more persons and may consist of General Partners and Limited Partners should be regarded as incorporated.

An Incorporated Partnership possesses a distinct legal identity and is automatically subject to Corporate Tax (CT). The Guide offers examples such as General Partnership, Limited Partnership, and Limited Liability Partnership as entities falling under incorporated partnerships, thus recognised as legal entities under CT Law.

An Unincorporated Partnership, such as a consortium of companies or contractual joint venture, is typically viewed as “fiscally transparent”, with individual partners being liable for CT. Nevertheless, these partnerships are still required to register for CT, although this does not imply that the partnership itself is a Taxable Person and it will incur CT liabilities. The authorised partner is required to submit an application to the FTA for registration of the Unincorporated Partnership for Corporate Tax purposes and obtain a Tax Registration Number, which will not be active.



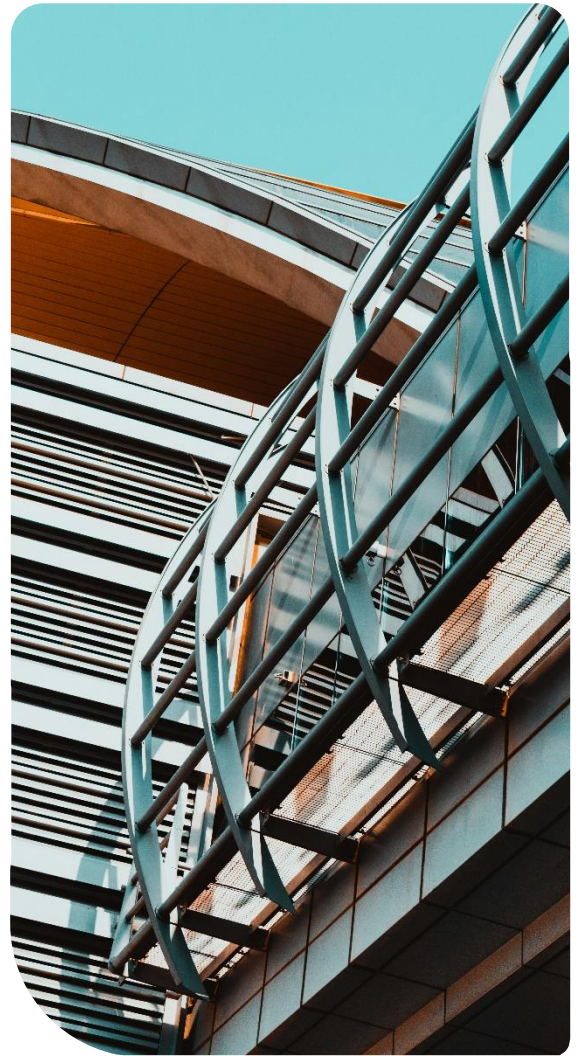
Partners in an unincorporated partnership have the option to apply for the partnership itself to be treated as a Taxable Person, known as "fiscally opaque," thereby subjecting it to CT independently.

Unincorporated partnerships classified as "fiscally opaque" Taxable Persons are not eligible for Free Zone status and may not meet the criteria for a 0% Corporate Tax (CT) rate. This restriction also applies to branches of unincorporated partnerships located within Free Zones.

Unincorporated partnerships that opt to be subject to CT must maintain financial records and obtain audited financial statements if their revenue exceeds AED50 million.

"Fiscally opaque" partnerships must submit a CT return by the standard deadline, which is typically 9 months after the conclusion of the tax year.

Apart from that, transactions between related parties and connected persons, including partners in the same unincorporated partnership and any related party of a partner in an unincorporated partnership, should be in accordance with the arm's length standard.



The guide is intended for individuals conducting business activities in the UAE through partnership arrangements, trusts, or any similar associations involving multiple persons.

To access the guide, please click [here](#).

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

International Tax Update

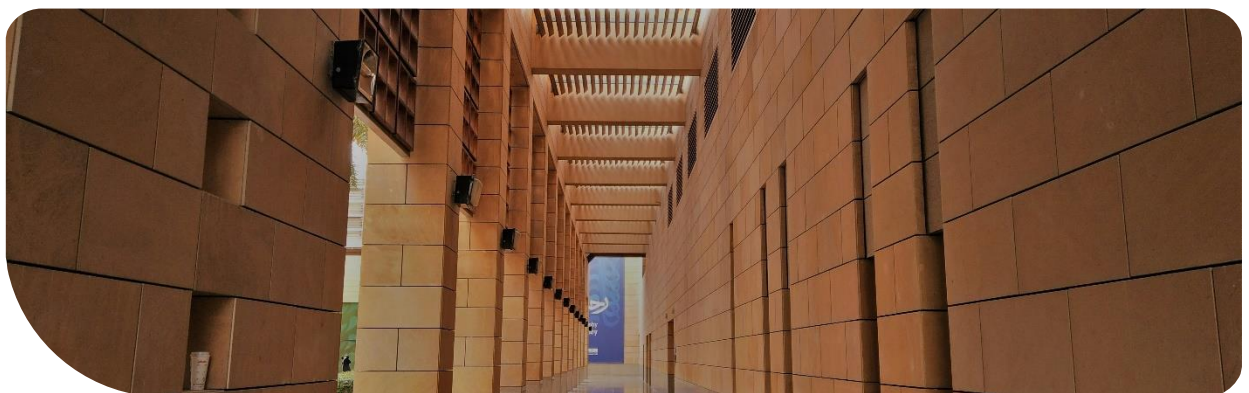
GCC Update

Saudi Arabia Issues Regional Headquarters Tax Rules

The Saudi Zakat, Tax, and Customs Authority (ZATCA) has released the Regional Headquarters Tax Rules (RHQ Rules), outlining the regulations and criteria for the Regional Headquarters (RHQ) Programme announced in December 2023. As previously outlined, the RHQ programme entails a corporate income tax rate and withholding tax rate of 0% for approved RHQ activities. The RHQ Rules comprise six sections covering general provisions, tax incentives, economic substance requirements, tax and zakat procedures, penalties and violations, and final provisions. Key highlights from these rules are summarised below.

The tax incentives are applicable for a duration of 30 years, with the possibility of extension, commencing from the date of obtaining the RHQ licence. These incentives encompass:

- Exemption from income tax, set at 0%, on eligible income derived by an RHQ from qualified activities. These activities entail the principal functions of the RHQ aimed at enhancing the group's presence in the region, as well as providing strategic oversight and administrative support for the internal operations of the company, its subsidiaries, and affiliated entities in accordance with the National Classification of Economic Activities.
- A withholding tax rate of 0% on payments disbursed by an RHQ to non-residents, covering:
 - Dividends
 - Transactions with related parties
 - Payments to unrelated parties for services essential to the RHQ's operations.



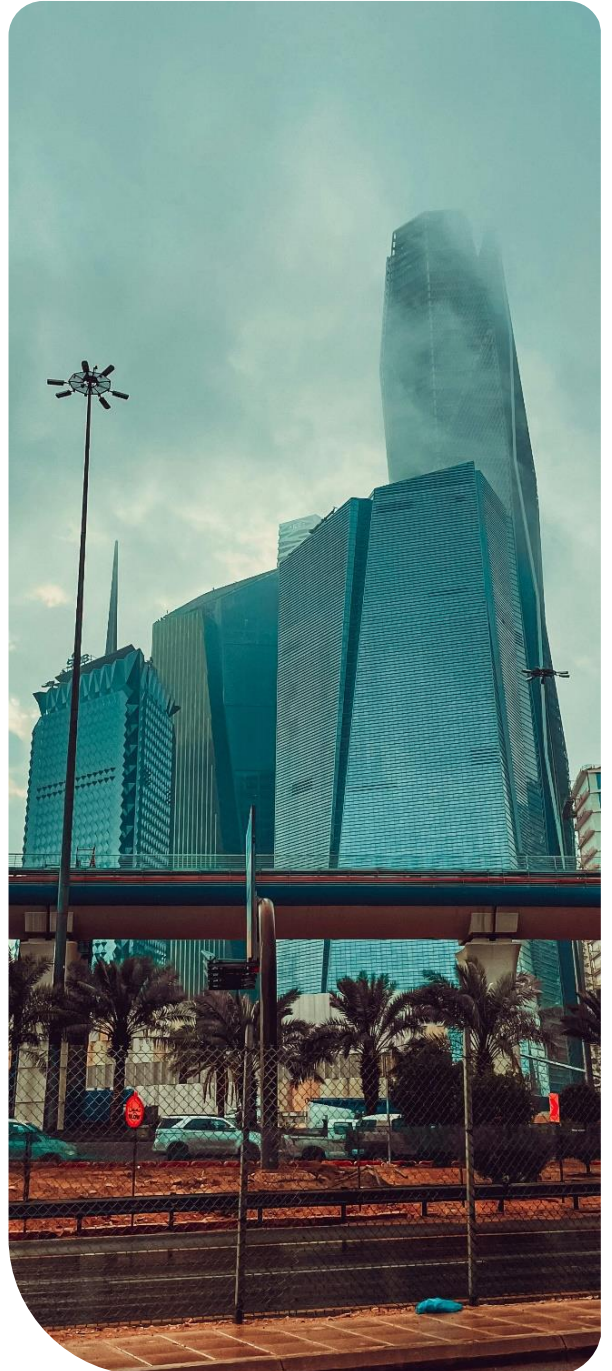
Additionally, it is specified that the 0% withholding tax rate does not extend to the following scenarios:

- Payments made by the RHQ concerning activities that are not deemed eligible (i.e., activities other than those qualifying as eligible activities).
- Instances of circumvention as outlined in Article 12 of the RHQ Rules, which mandates adherence to anti-avoidance and tax evasion measures outlined in applicable tax laws, including compliance with Transfer Pricing Bylaws.

Furthermore, it is outlined that the taxation of RHQ income derived from noneligible activities is governed by the pertinent Saudi tax regulations.

Regarding economic substance, the RHQ Rules outline the following prerequisites:

- The RHQ must possess a valid licence issued by the Ministry of Investment and must engage solely in activities permitted by this licence.
- The RHQ must maintain suitable premises in Saudi Arabia appropriate for its operational activities.
- Operational control and management of the RHQ's activities must occur within Saudi Arabia, which includes convening board meetings where strategic decisions are made.
- The RHQ must incur operational expenses in Saudi Arabia proportional to its activities.
- Revenue generated from eligible activities must originate from within Saudi Arabia.
- The RHQ must appoint at least one director who is a resident of Saudi Arabia.
- Adequate full-time staff must be employed by the RHQ during a tax year, proportionate to the level of its activities.
- The RHQ's employees must possess the necessary qualifications and skills to fulfil their duties effectively.



Regarding tax and zakat procedures, the RHQ Rules stipulate that an RHQ must:

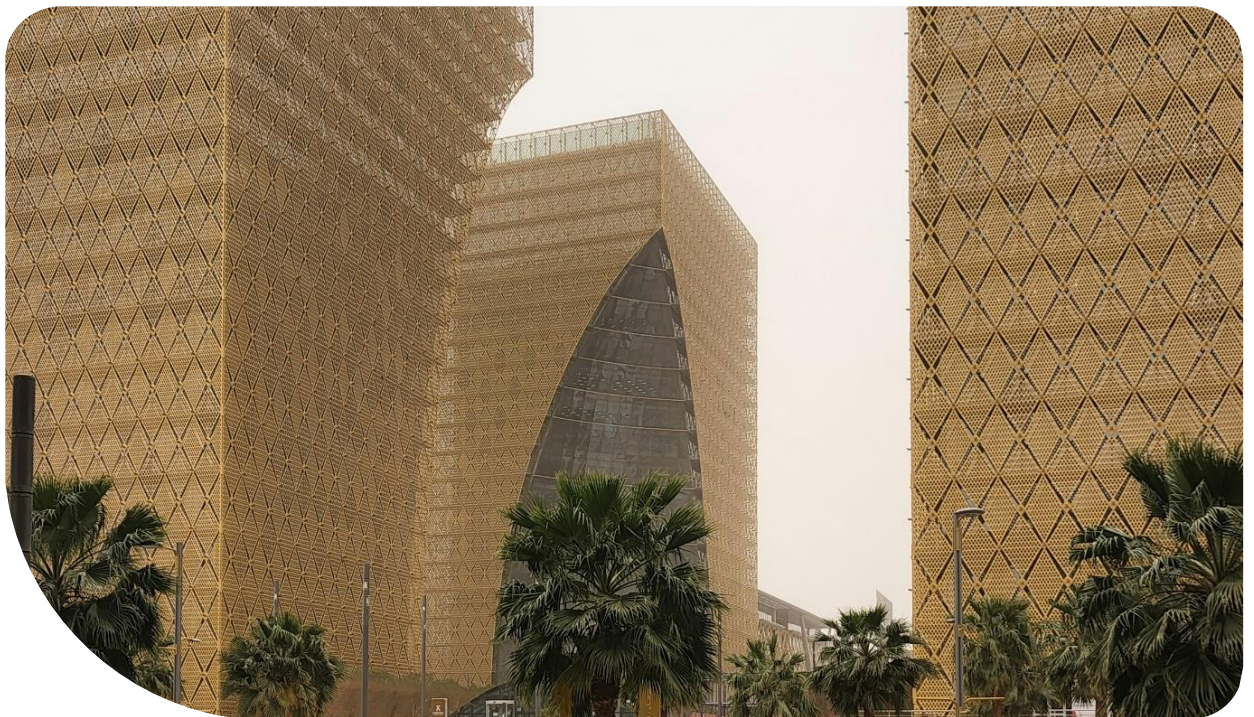
- Complete registration with ZATCA following the procedures outlined in relevant tax and zakat regulations.
- Submit tax and zakat returns as per the provisions specified in relevant tax and zakat laws.
- File an annual report, utilising a designated form provided by ZATCA and adhering to the specified procedures, to verify compliance with economic substance requirements.

In instances of non-compliance, penalties outlined in relevant tax and zakat laws will be applicable to the RHQ. Additionally, specific penalties are outlined concerning economic substance, including a SAR 100,000 fine if a violation is rectified within 90 days, and a SAR 400,000 fine if not corrected within 90 days or if a violation recurs within 3 years. Persistent violations may result in the suspension of tax incentives.

Furthermore, the RHQ Rules incorporate provisions regarding tax treaties. This entails the application of valid tax treaties in Saudi Arabia and international obligations to RHQs. Additionally, for tax treaty purposes, RHQs are regarded as residents of Saudi Arabia if they meet the residency criteria outlined in the Income Tax Law.

The RHQ Rules were released on February 16, 2024, and are generally applicable from that date onwards.

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax Team – Head of Tax [Adel Daglas](#), Tax Partner [Imad Adileh](#) or Tax Director [Mohamed Hwitat](#).

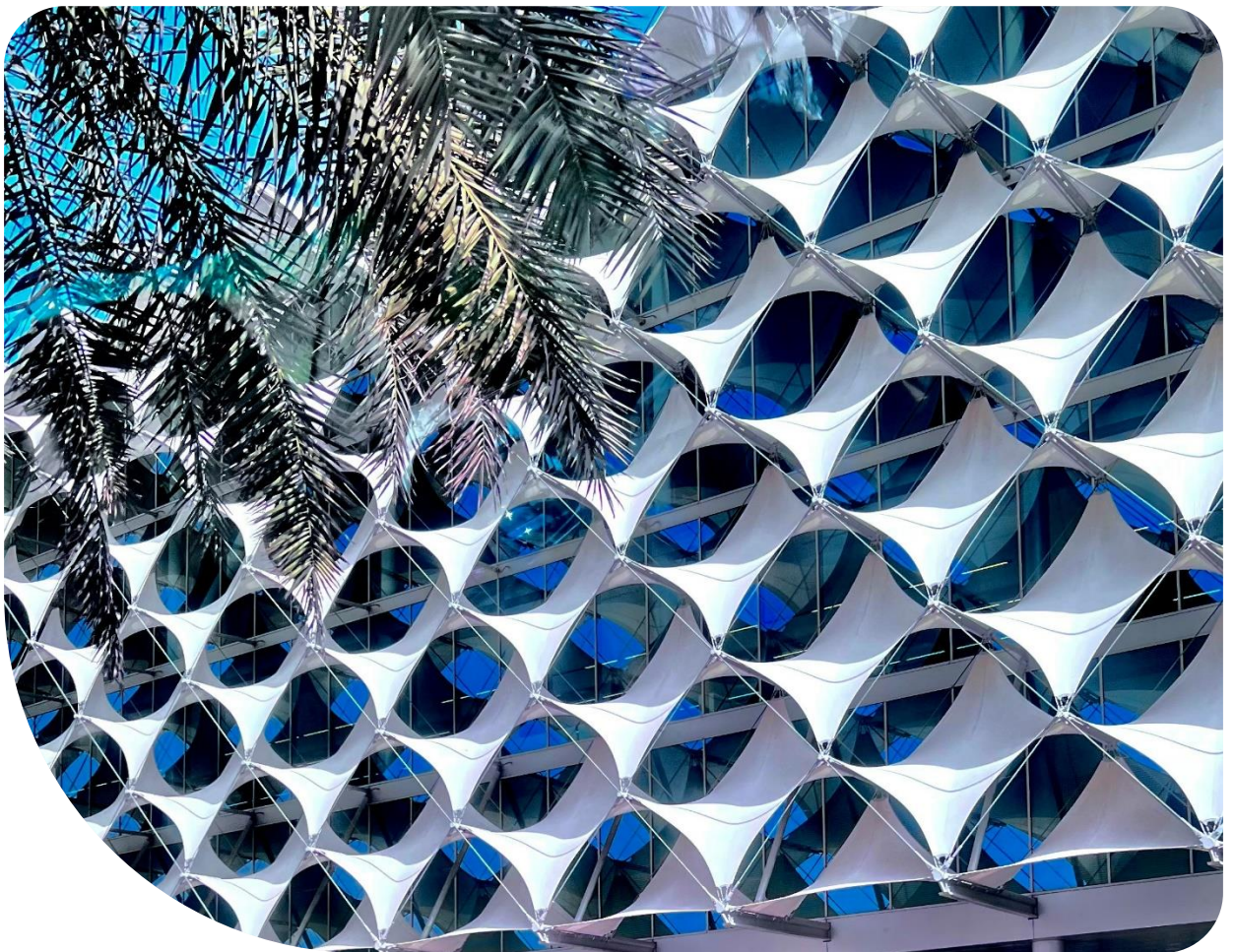


Saudi Arabian Taxation of software payments

The tax landscape in the Kingdom of Saudi Arabia (KSA) is continuously evolving, presenting challenges for foreign businesses operating within the country to manage their tax affairs efficiently. One area of complexity lies in the tax treatment of outbound payments from KSA for the utilisation of Intellectual Property (IP) rights, software, and digital services.

Distinguishing between Withholding Tax (WHT) rates for royalties (15%) and technical/consulting services (5%) is particularly crucial, especially for recipients of payments residing in jurisdictions without a concluded Double Tax Treaty (DTT) with the KSA.

As digitalisation becomes more prevalent in the economy and services are increasingly delivered digitally to KSA customers, foreign businesses must grasp the correct tax treatment, particularly regarding (withholding) tax on payments received from KSA counterparts. A guideline issued in January 2024 concerning the taxation of software payments offers additional clarity on the KSA tax stance.



Guideline on taxation of software payments

In January 2024, ZATCA issued a guideline outlining the taxation of software payments within the framework of the domestic Income Tax Law (ITL). The guideline encompasses a broad range of examples illustrating payments related to software and databases made by KSA companies to non-resident entities. These examples are detailed, and ZATCA's interpretation specifically pertains to the domestic tax treatment of these payments within KSA.

According to ZATCA, its stance on various payment types generally aligns with internationally recognised interpretations provided by the United Nations Committee of Experts on International Cooperation in Tax Matters and the Organisation for Economic Cooperation and Development.

As per the guideline, payments sourced from KSA for the following transactions would be categorised as royalties for tax purposes within KSA:

- Transfer of exclusive or non-exclusive rights for software reproduction and sale.
- Transfer of rights for software copying and sale of copies.
- Transfer of exclusive or non-exclusive rights for modification and resale via the cloud.
- Provision of source code access with modification and update rights.
- Transfer of rights for software elements reproduction and installation for business use.
- Accessing databases containing private and confidential data.
- Granting non-exclusive, non-transferable licenses for software access for business use.

Payments sourced from KSA for the following transactions would be classified as commercial profits instead of royalties:

- Payments related to software distribution, followed by distribution to customers.
- Agreements for selling packaged games with end-user licences between copyright owners and customers.
- Software development for a fee, with the transfer of usage rights for business purposes.
- Granting non-exclusive, non-transferable licences for accessing standardised or customised software for business use.

Furthermore, the guideline specifies that software development for a fee, whether with partial or full ownership, should be regarded as a technical service, subject to the lower 5% WHT rate in KSA.

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax Team – Head of Tax [Adel Daglas](#), Tax Partner [Imad Adileh](#) or Tax Director [Mohamed Hwitat](#).

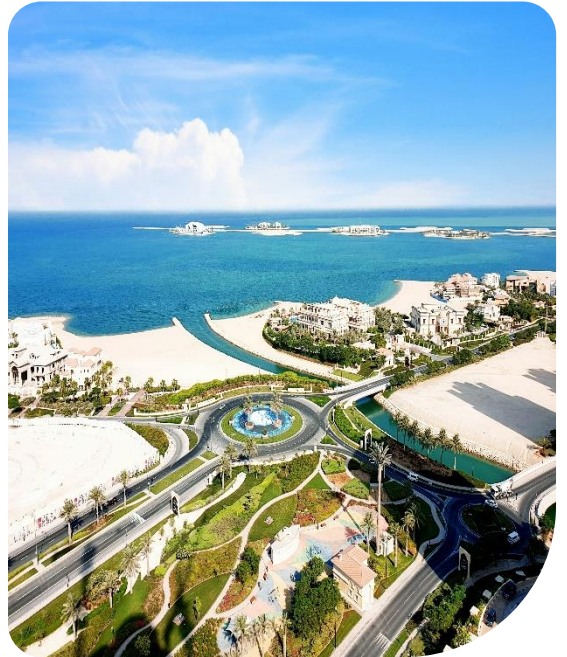
Tax Treaty Developments

GCC Tax Treaty News

Tax Treaty between Estonia and Qatar Signed

On March 7, 2024, representatives from Estonia and Qatar concluded an agreement on income tax. This treaty marks the inaugural collaboration of its nature between the two nations and will become effective following the exchange of ratification documents. Further information regarding the specifics of the treaty will be disclosed once it is made accessible.

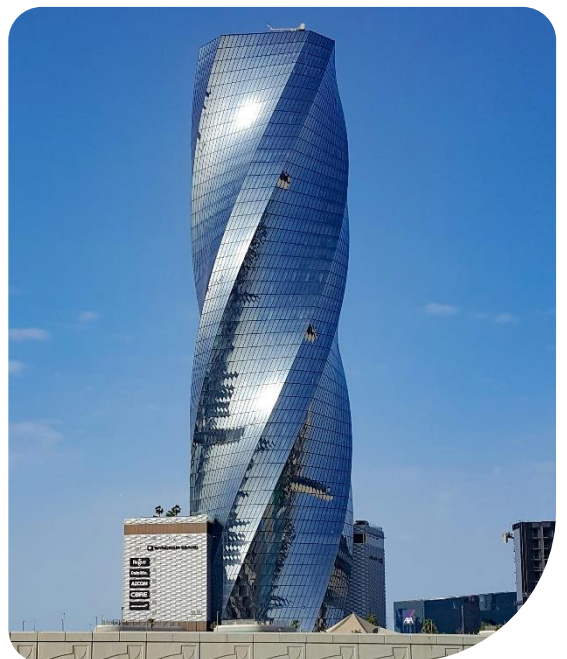
Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner [Anuj R. Kapoor](#) or Associate Tax Directors [Tatiana Stupenkova](#) and [Amisha Anil](#).



Tax Treaty between Bahrain and Hong Kong Signed

On March 3, 2024, representatives from Bahrain and Hong Kong signed an income tax treaty, marking the initial agreement of its kind between the two jurisdictions.

The treaty covers Bahrain income tax payable under Amiri Decree No. 22/1979. It covers Hong Kong profits tax, salaries tax, and property tax.



Service PE

The treaty incorporates a provision stating that a permanent establishment will be established if a company provides services using employees or other personnel engaged by them, and if these activities persist for the same or linked project within one of the contracting parties for a duration totalling more than 183 days within any 12-month period.

Withholding Tax Rates

- Dividends - 0%
- Interest - 0%
- Royalties - 5%

Capital Gains

The following capital gains earned by a resident of one Contracting Party may be subject to taxation by the other Party:

1. Gains from the sale of real estate located in the other Party;
2. Gains from the sale of movable assets that are part of the business assets of a permanent establishment in the other Party; and
3. Gains from the sale of shares in a company where over 50% of its asset value is directly or indirectly derived from real estate situated in the other Party, except for gains arising from the sale of shares:
 - listed on a mutually agreed stock exchange;
 - sold or exchanged within the context of a company reorganisation, merger, division, or similar operation; or
 - in a company primarily invested in real estate for conducting its business.

Gains from the alienation of other property by a resident of a Contracting Party may only be taxed by that Party.



Double Taxation Relief

Both jurisdictions apply the credit method for the elimination of double taxation.

Entitlement to Benefits

Article 26 (Miscellaneous Rules) stipulates that a benefit provided by the treaty shall not be conferred for a specific income item if it can be reasonably inferred, considering all pertinent facts and conditions, that obtaining that benefit was a primary objective of any arrangement or transaction leading directly or indirectly to that benefit. However, this exclusion does not apply if it's proven that granting the benefit under these conditions aligns with the intentions and objectives of the relevant provisions of the treaty.

Entry into Force and Effect

The treaty will become effective upon the exchange of ratification documents and will be applicable in Bahrain starting from January 1 of the year following its enactment, and in Hong Kong from April 1 of the year following its enactment.

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](#).



Estonia Reauthorises Signing of Tax Treaty with Qatar

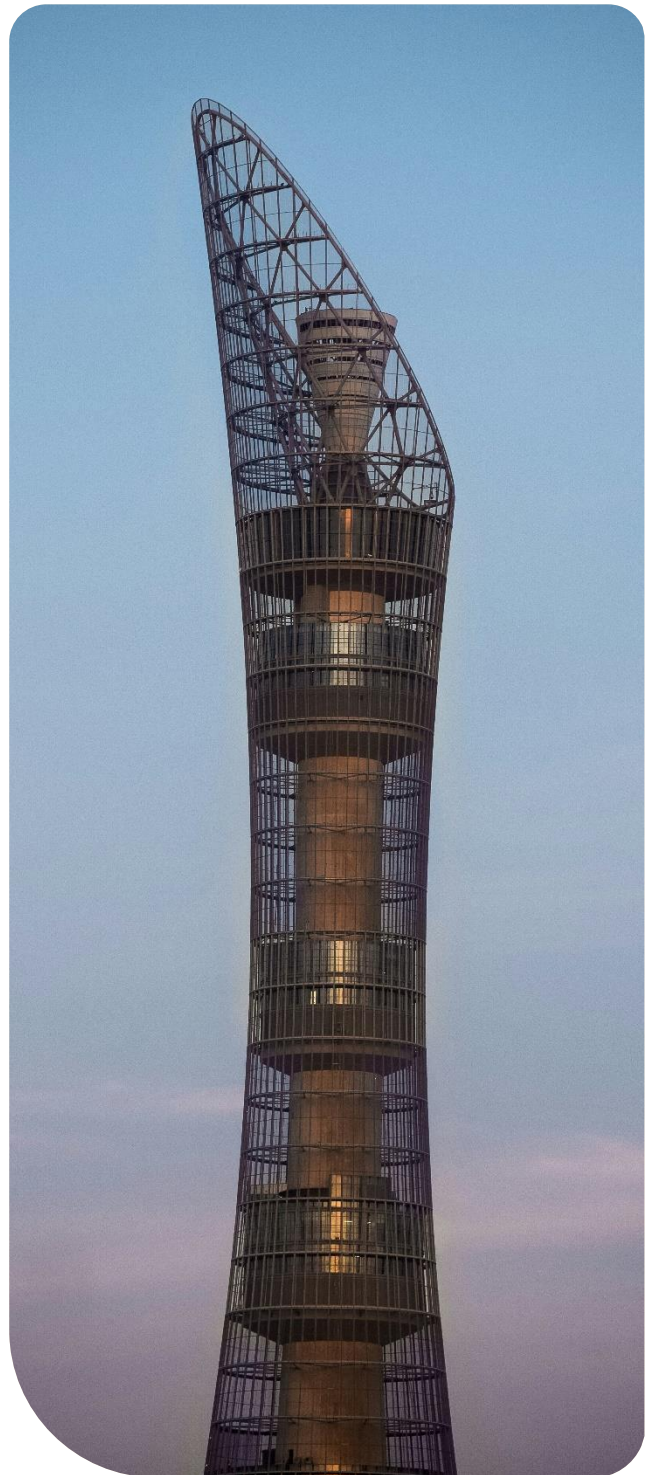
On February 29, 2024, the Estonian government renewed its approval for the signing of an income tax treaty with Qatar. Although initially authorised in 2021, the signing necessitated reapproval due to the formation of a new government in 2023. This treaty will mark the inaugural agreement of its nature between Estonia and Qatar and must undergo signing and ratification procedures before becoming effective.

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 Iceland and Saudi Arabia to be Signed

On February 20, 2024, the Saudi Cabinet granted authorisation to the Ministry of Finance to negotiate and sign an income tax treaty with Iceland. This treaty would mark the inaugural agreement between the two nations of its kind and must undergo both signing and ratification processes before becoming legally effective. Specifics regarding the treaty will be disclosed once they are finalised and made available.

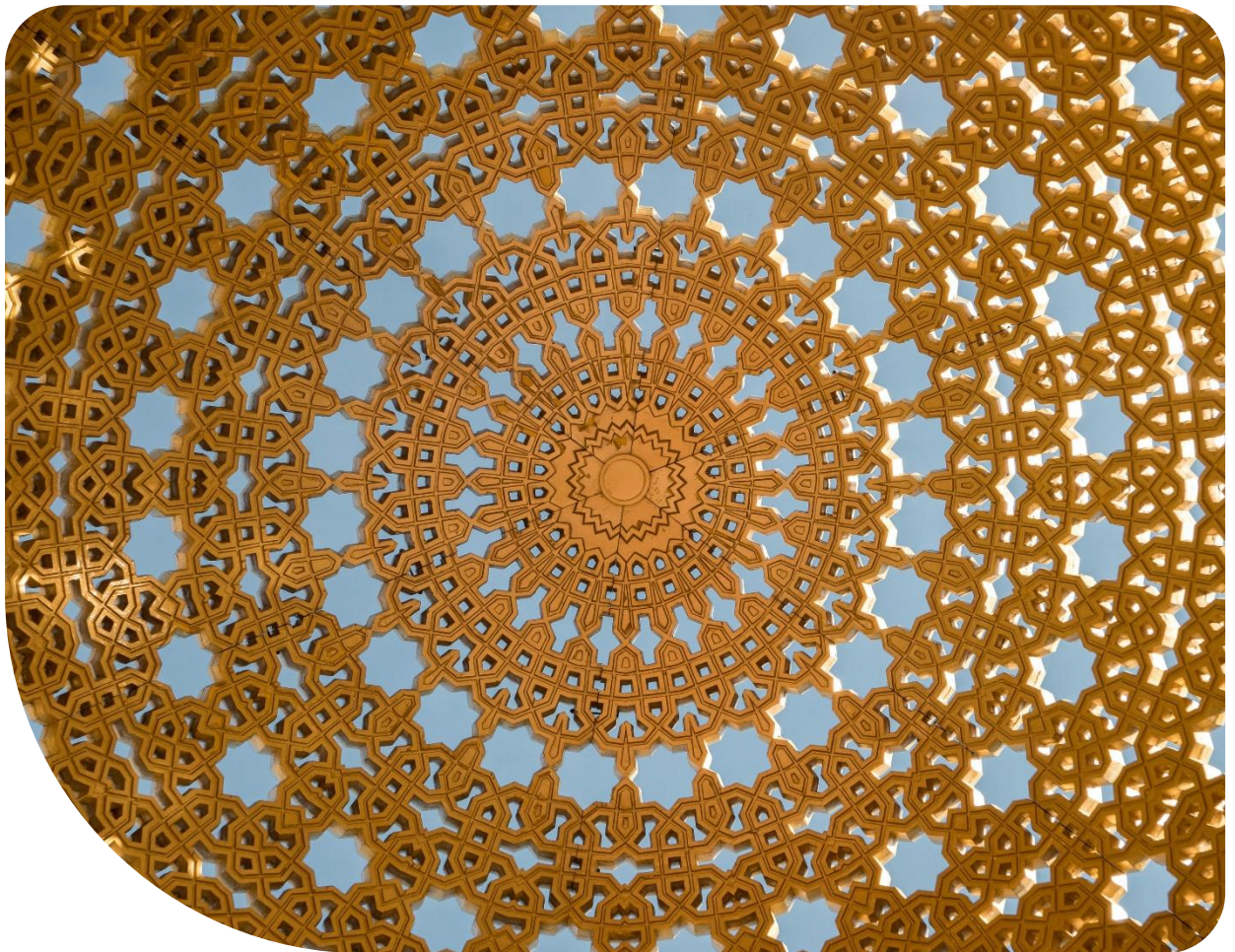
Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner [Anuj R. Kapoor](#) or Associate Tax Directors [Tatiana Stupenkova](#) and [Amisha Anil](#).



Tax Treaty between Azerbaijan and Oman Under Negotiation

On February 16, 2024, the Azerbaijan State Tax Service issued a statement declaring the initiation of initial discussions with Oman for an income tax treaty. Should an agreement materialise, it would represent the inaugural treaty of its nature between the two nations and would need to undergo finalisation, signing, and ratification processes before becoming operative.

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](#).



General Tax Update

General Tax Update in UAE

Upcoming Law on taxation of foreign banks operating within the Emirate of Dubai Banks

His Highness Sheikh Mohammed bin Rashid Al Maktoum, in his esteemed role as the Ruler of Dubai and Vice President and Prime Minister of the UAE, has ratified Law No.1 of 2024 concerning taxation on foreign banks operating within the Emirate of Dubai (the “Law”). This development has been widely reported in the press, while the Law itself is anticipated to be officially published soon and shall apply to all foreign banks operating within Dubai (including those within special development zones and free zones). However, foreign banks licenced to operate within the Dubai Financial Centre should be exempt from this law regarding income generated from activities conducted within or through DIFC.

As per the press release, this Law shall dictate an annual tax rate of 20% on the taxable profits of these foreign banks. In cases where a foreign bank is subject to taxation under the UAE's Corporate Tax Law, the corporate tax amount shall be subtracted from the total tax liability.

Further, the Law shall specify the principles governing the calculation of taxable income, tax filing and payments, procedures for the audit of tax filing, voluntary disclosure, and responsibilities and procedures related to tax auditing.

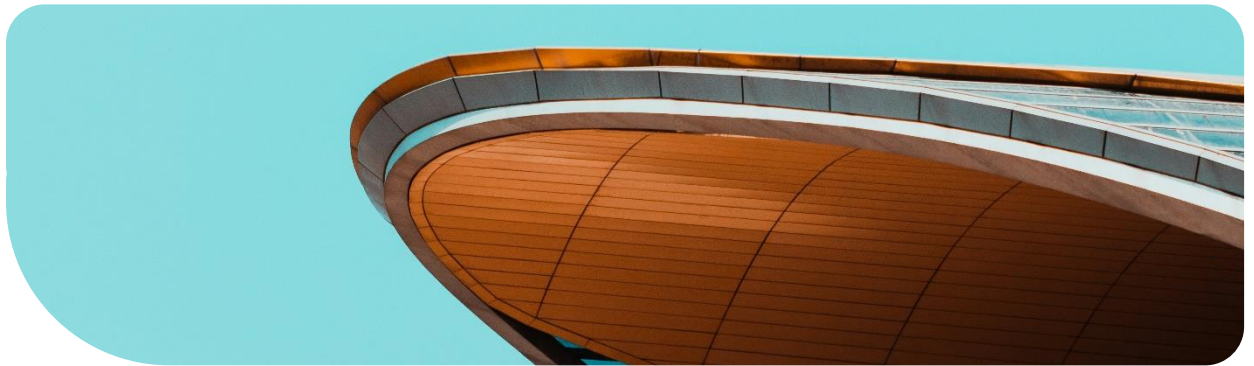
According to the Law, the Chairman of The Executive Council of Dubai will issue a decision on acts deemed as violations of this Law and penalties imposed for violations. The total penalties imposed should not exceed AED500,000.

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Barbados, Gibraltar, Uganda, and the United Arab Emirates Removed from FATF Anti-Money Laundering Grey List

During the FATF plenary session concluded on February 23, 2024, Barbados, Gibraltar, Uganda, and the United Arab Emirates were taken off the anti-money laundering grey list for heightened surveillance. In a separate [update](#) regarding Jurisdictions under Increased Monitoring, FATF elaborated on the advancements made by each jurisdiction:



BARBADOS

The FATF acknowledges Barbados' significant strides in enhancing its Anti-Money Laundering / Countering the Financing of Terrorism ('AML/CFT') regime. Barbados has bolstered the effectiveness of its AML/CFT framework to fulfil the commitments outlined in its action plan addressing strategic deficiencies identified by the FATF in February 2020. These enhancements encompass:

1. Demonstrating the application of risk-based supervision for financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs).
2. Implementing measures to prevent the misuse of legal entities and arrangements for illicit purposes, along with ensuring the availability of accurate and up-to-date beneficial ownership information in a timely manner.
3. Enhancing the capacity of its Financial Intelligence Unit (FIU) to improve the quality of financial information, thereby aiding law enforcement agencies (LEAs) in combating money laundering (ML) or terrorist financing (TF).
4. Ensuring that ML investigations and prosecutions align with the country's risk profile, reducing backlogs in adjudicating criminal cases, particularly those related to ML involving asset confiscation, and applying sanctions as necessary.
5. Furthering efforts to confiscate assets linked to ML, including through collaboration with foreign counterparts. Consequently, Barbados is no longer under the FATF's increased monitoring.

Barbados is encouraged to continue collaborating with CFATF to uphold the advancements in its AML/CFT framework.

GIBRALTAR

The FATF commends Gibraltar's substantial advancements in enhancing its AML/CFT framework. Gibraltar has reinforced the effectiveness of its AML/CFT measures to address the commitments outlined in its action plan addressing strategic deficiencies identified by the FATF in June 2022. These improvements include:

1. Implementing effective, proportionate, and deterrent sanctions for AML/CFT violations within non-bank financial institutions and designated non-financial businesses and professions (DNFBPs) sectors.
2. Pursuing final confiscation judgements that align with the risk and context specific to Gibraltar. Consequently, Gibraltar is no longer under the FATF's heightened monitoring process.

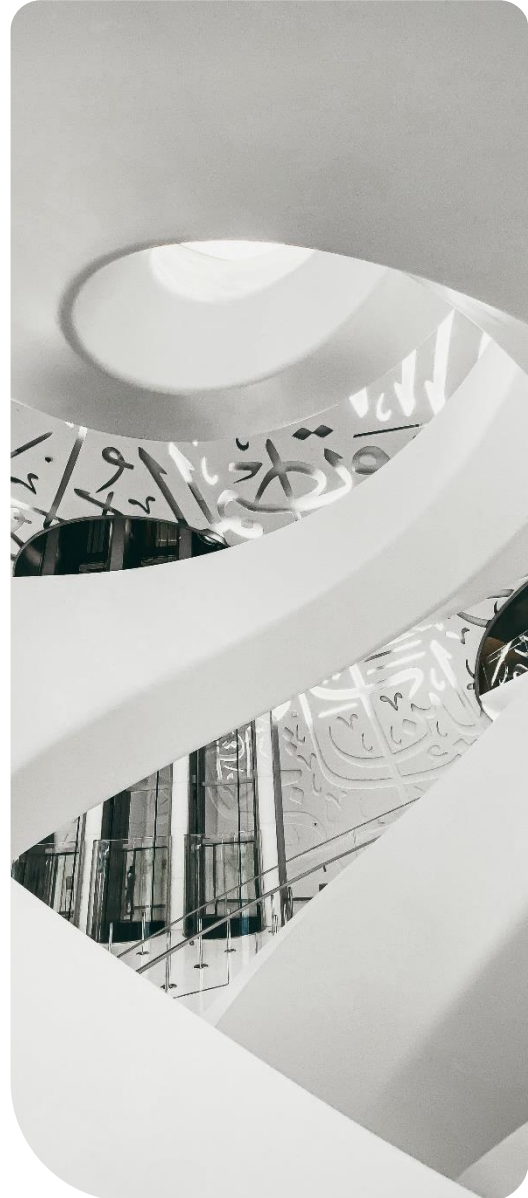
Gibraltar is encouraged to maintain collaboration with MONEYVAL to uphold the enhancements made in its AML/CFT framework.



UGANDA

The FATF acknowledges Uganda's significant advancements in enhancing its AML/CFT framework. Uganda has strengthened the effectiveness of its AML/CFT measures to fulfil the commitments outlined in its action plan addressing strategic deficiencies identified by the FATF in February 2020. These enhancements include:

1. Adopting a national AML/CFT strategy.
2. Improving the utilisation of mutual legal assistance (MLA) and maintaining statistics.
3. Developing risk-based supervision within the financial and designated non-financial businesses and professions (DNFBP) sectors.
4. Assessing money laundering (ML) and terrorist financing (TF) risks associated with legal entities and ensuring competent authorities have timely access to accurate basic and beneficial ownership information.
5. Pursuing ML investigations and prosecutions, applying ML charges in line with the country's risk profile, and establishing procedures to trace and seize proceeds of crimes.
6. Demonstrating capability in conducting TF investigations and prosecutions.
7. Addressing technical deficiencies in the legal framework to implement proliferation financing (PF)-related targeted financial sanctions (TFS).
8. Developing an outreach and risk-based oversight plan to safeguard its non-profit organisation (NPO) sector from potential TF exploitation.



As a result, Uganda is no longer under the FATF's increased monitoring process. Uganda is advised to maintain collaboration with ESAAMLG to uphold improvements in its AML/CFT framework, ensuring that its oversight of NPOs is risk-based and in accordance with FATF Standards, rather than categorizing all NPOs as obliged entities. Uganda is strongly urged to continue cooperation with ESAAMLG on this matter.

UNITED ARAB EMIRATES

The FATF acknowledges the UAE's significant strides in enhancing its AML/CFT framework. The UAE has reinforced the effectiveness of its AML/CFT measures to address the commitments outlined in its action plan concerning strategic deficiencies identified by the FATF in February 2022. These improvements encompass:

1. Enhancing the volume of outbound mutual legal assistance (MLA) requests to facilitate ML/TF investigations.
2. Enhancing the understanding of ML/TF risks among designated non-financial businesses and professions (DNFBP) supervisors, implementing effective and proportionate sanctions for AML/CFT non-compliance within financial institutions (FIs) and DNFBPs, and increasing suspicious transaction report (STR) filings in these sectors.
3. Improving understanding of the risk of misuse of legal entities and implementing risk-based measures to prevent such misuse.
4. Allocating additional resources to the Financial Intelligence Unit (FIU) to bolster its capacity in providing financial intelligence to law enforcement agencies (LEA) and leveraging financial intelligence, including from international counterparts, to combat high-risk ML threats.
5. Increasing investigations and prosecutions related to ML.
6. Ensuring effective implementation of targeted financial sanctions (TFS) by sanctioning non-compliance among reporting entities and demonstrating improved understanding of UN sanctions evasion within the private sector.

As a result, the UAE is no longer under the FATF's increased monitoring process.

The UAE is advised to continue collaboration with MENAFATF to uphold the improvements made in its AML/CFT framework.

For more information, please click [here](#).

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



General Tax Update in Middle East Countries

GOSI Launches Initiative to Waive Fines and Violations, Offering Relief to Employers and Employees

On March 2, 2024, GOSI introduced an initiative to completely waive fines and violations incurred by employers. This initiative is part of GOSI's efforts to rectify issues faced by non-compliant entities, settle outstanding debts, alleviate financial burdens, and uphold insurance commitments, thereby safeguarding the rights of both employees and employers.

According to GOSI, there will be a six-month grace period, starting from March 3, 2024, during which social insurance subscribers can benefit from this initiative. The objective is to ease the burden on companies facing fines and encourage them to rectify their compliance status, thus promoting adherence to insurance regulations. Employers will be excused from paying fines entirely, provided that they settle their full insurance subscription dues.

GOSI urges all employers with outstanding fines to seize this opportunity by applying through their organisation's account on the "My Insurance Business" platform, following a simple application process.

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax Team – Head of Tax [Adel Daglas](#), Tax Partner [Imad Adileh](#) or Tax Director [Mohamed Hwitat](#).



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