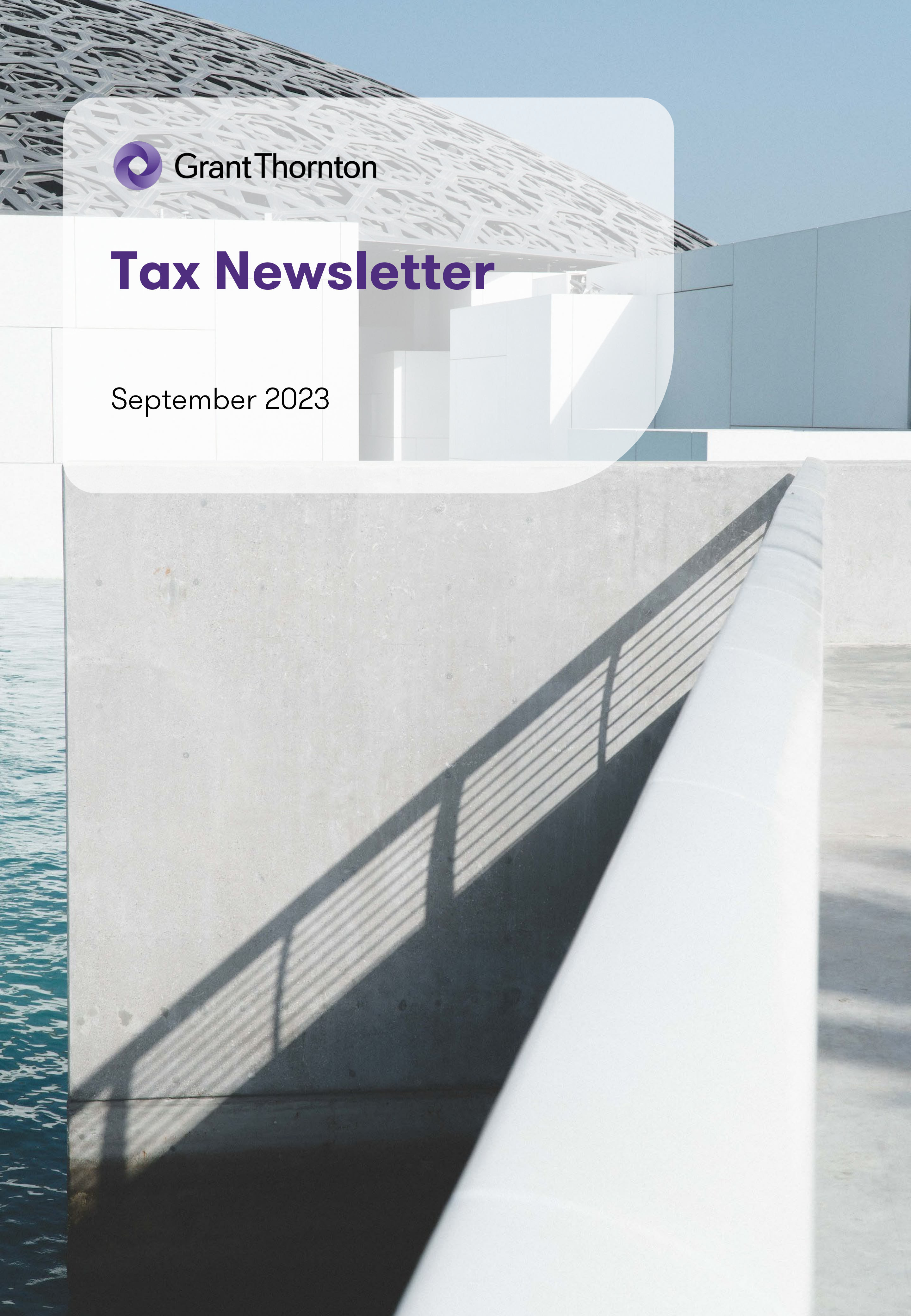


Tax Newsletter

September 2023

Landscape

In our September 2023 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 GCC region.

Contents

The UAE Update

Value Added Tax

Ministry of Justice in Abu Dhabi publishes a new Cabinet Resolution for the application of Reverse Charge Mechanism (‘RCM’) on electronic devices

On 11 September 2023, the UAE Ministry of Justice – Abu Dhabi announced the issuance of new laws through its Official Gazette (Issue No. 758). Among these laws, Cabinet Resolution No. 91 of 2023 addresses the application of RCM on electronic devices by VAT registered persons within the UAE.

The highlights of the Cabinet Resolution are reprinted as given below.

- **Article 1** – This article provides items listed as "electronic devices", which include smart mobile phones, computers, and tablets, as well as associated parts and components.
- **Article 2** – This article outlines the conditions for applying the RCM to electronic devices as follows:

  In case of supply of electronic devices to registered customers in the UAE, and where the recipient intends to either resell or use them to produce or manufacture electronic devices, the following rules shall apply.

  - The supplier shall not be responsible for calculating VAT and reporting in his VAT return for such supplies.
  - The recipient shall be responsible for calculating VAT and its reporting.

  The supplier would be relieved from his obligation to account for VAT on the supply of qualifying electronic devices on the following conditions:

  - The recipient should provide a written statement explaining the intention to resell or use the devices for the production of such electronic goods purchased.
  - The supplier should retain the above records for documentation purposes.
  - The supplier should verify the customer is registered and retain records for the same.

  In case the written declaration is not obtained, then the supplier must charge VAT. It should be noted that the supply of electronic devices is currently subject to VAT at the standard rate of 5% by the supplier.

  Exception: This provision would not apply where such supplies qualified for zero-rating due to export of goods as per Article 45(1) of the UAE VAT Law.
- **Article 3** – To effectively implement this resolution, the UAE Minister of Finance ("MoF") is expected to issue further directives specifying the criteria for determining the parts and components of electronic devices.

The publication date of the Official Gazette is 25 August 2023. The Cabinet Resolution takes effect 60 days after the date of publication i.e., 25 October 2023.

This would be a welcome move for the wholesale traders and manufacturers engaged in the dealing of electronic devices aimed towards easing their cash outflow burden due to VAT payments to their suppliers. The recipient would have to carefully consider complying with the date of supply rules and the reporting requirements.

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 Directors **Harsh Bhatia**, or **Sunny Kachalia** or our VAT Associate Director **Charlotte Stanley.**

Value Added Tax

Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') sets guidelines for selecting Taxpayers in Wave 8 for implementing the Integration Phase of E-invoicing

On 18 August 2023, the ZATCA announced its 8th wave of taxpayers for implementing Integration Phase (Phase 2) of E-invoicing, which now includes taxpayers whose taxable revenue exceeds 40 million Saudi Riyals ('SAR') during the tax years 2021 or 2022. The taxpayers who meet the criteria should integrate their E-invoicing solutions with the FATOORA platform with effect from 1st March February 2024.

ZATCA has outlined the below additional requirements for Phase 1 & 2 of the implementation of E-invoicing, which includes:

- Integrating E-invoicing solutions with FATOORA;
- Issuing invoices in a specific format;
- Including additional fields in the invoice.

The below table provides a quick summary of the sequence of target groups and important timelines.

Target groups	Taxable turnover in 2021	Go-live date	To be fully integrated by	Likely penalty dates for non-compliance
1st wave	Exceeds SAR 3 Billion	1 January 2023	30 June 2023	1 July 2023
2nd wave	Exceeds SAR 500 Million	1 July 2023	31 December 2023	1 January 2024
3rd wave	Exceeds SAR 250 Million	1 October 2023	1 February 2024	Post 1 February 2024
4th wave	Exceeds SAR 150 Million	1 November 2023	29 February 2024	Post 1 March 2024
5th Wave	Exceeds SAR 100 Million	1 December 2023	31 March 2024	Post 1 April 2024
6th Wave	Exceeds SAR 70 Million	1 January 2024	30 April 2024	Post 1 May 2024
7th Wave	Exceeds SAR 50 Million	1 February 2024	31 May 2024	Post 1 June 2024
8th Wave	Exceeds SAR 40 Million	1 March 2024	31 June 2024	Post 1 July 2024

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 Abdul Rehman** or Senior Tax Manager, **Ganesh Nair.**

Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') has published its implementing amended to the Real Estate Transaction Tax Regulations

The ZATCA Board of Directors, ('BoD'), has officially released recent revisions to several articles pertaining to the Real Estate Transaction Tax ('RETT'). According to the announcement, these amendments will take effect immediately upon their publication in the official gazette, which occurred on August 11, 2023.

Below are the key points summarising these amendments. It's important to note that ZATCA has presently made available only an Arabic version of the authorised modifications.

Overview of the latest amendments

Article 3(a)(16) – The exemption has been extended to real estate transfers executed by individuals to an 'Investment Fund' established within the KSA, provided that the transferor maintains complete direct or indirect ownership of the fund. Additionally, a condition for eligibility is the absence of any alterations in ownership for a continuous duration of five years subsequent to the date of the real estate transfer.

Article 3(a)(17) – The exemption expands further to include the following:

- Real estate disposals among companies incorporated in KSA, where one of the companies directly or indirectly owns all of the other company's shares.
- Real estate disposal involving a firm and an investment fund incorporated in KSA, where the company directly or indirectly owns every unit of the fund.
- Real estate disposals between businesses or investment funds incorporated in KSA, where all of their shares or units are directly or indirectly owned by the same individual(s).

In order for the above exemption to apply, there must be no ownership changes for a period of five years since the date of transfer of the Real Estate.

Article 11 - The RETT Regulations Article 11 illustrates ZATCA's administration of granting binding effect to decisions and specific publications issued by ZATCA. According to the new provision, ZATCA has the authority to issue any decisions, guidelines, or notices it sees fit. Additionally, it stipulates that ZATCA must abide by all decisions, instructions, and notices. It is noteworthy that the amendment makes it explicit that the binding nature of decisions, guidelines, and notices would not apply to the periods prior to the issuance of publication or amendment. However, ZATCA will not be bound by decisions that are made in reliance on information that the applicant withheld, misrepresented, or that contradicts the circumstances of the actual the agreement.

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 Abdul Rehman** or Senior Tax Manager, **Ganesh Nair**.

Oman – The Oman Tax Authority ('OTA') announces taxpayers with HSBC Bank account to update the required details

As per the latest announcement from OTA, taxpayers with registered bank accounts at HSBC Bank are required to update their bank account details with the tax Authority in order to avoid any delays in Tax Refunds.

Should you need further clarification and details regarding this update, please contact GT Oman Tax Partner **Bader Al Hashmi**.

Bahrain – The National Bureau for Revenue ('NBR') has published a VAT Deregistration Manual

On 31 August 2023, the NBR has published the VAT Deregistration Manual on the official website. The manual aims to provide its taxpayers with the required guidance for VAT Deregistration along with an overview of the conditions for voluntary and mandatory deregistration.

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

Should you need further clarification and details regarding this update, please contact GT Bahrain Senior Tax Partner **Jatin Karia**, or Senior Tax Manager, **Shashank Arya**.

Excise Tax

Bahrain – The National Bureau for Revenue ('NBR') has confirmed the final phase of tobacco 'molasses' products within the Digital Stamps Scheme

On 18 June 2023, The National Bureau for Revenue (NBR) has confirmed that the final phase of the tobacco "molasses" products within the Digital Stamps Scheme will be implemented, where all tobacco "molasses" products available for possession, trade, supply, or sale in the local markets must have valid and activated digital stamps as part of their product packaging.

The NBR encourages all importers and traders in the local market to deal in appropriate quantities and to avoid the storage of waterpipe tobacco "molasses" products without digital stamps in order to be cleared prior to the last phase going into effect by June 18, 2023, where the possession, trade, supply, or sale of waterpipe tobacco "molasses" products without valid and activated digital stamp in the local market will be prohibited.

Therefore, starting from this date, any waterpipe tobacco "molasses" product in the supply chain that does not have a valid and activated digital stamp must be returned through the relevant supply chain to either be destroyed or moved for sale outside the territories of the Kingdom of Bahrain; this is to ensure effective implementation starting from this date to avoid any violations through the inspection's efforts or other operations conducted by the NBR, which requires taking further legal actions such as imposing administrative penalties or filing a criminal case for Excise evasion.

The Digital Stamps Scheme aims to track excise goods from the manufacturing stage to the consumption point through digital stamps, which will protect against the circulation of counterfeit or illegal products.

This phase comes within a specific time plan that was effective with its first implementation milestone on waterpipe tobacco "molasses" products as of November 20, 2022, where the system was made available to place the orders for the Digital Stamps, followed by the second milestone of banning the import of waterpipe tobacco "molasses" products into the Kingdom of Bahrain for Customs clearance that does not have valid and activated digital stamps as of March 19, 2023.

Should you need further clarification and details regarding this update, please contact GT Bahrain Senior Tax Partner **Jatin Karia**, or Senior Tax Manager, **Shashank Arya**.

GCC Tax Developments

UAE Federal Tax Authority calls for Companies to register for Corporate Tax

In a recent development, the UAE Federal Tax Authority (FTA) has taken significant steps to improve corporate tax compliance among businesses operating within the country. On September 4, 2023, the FTA issued a reminder for certain taxpayers to register for Corporate Tax. Such taxpayers include Public Joint Stock Companies (PJSCs), Private Shareholding Companies (PSCs), limited liabilities companies and private companies' resident in the UAE, especially those whose fiscal year commenced on June 1st.

In January 2023, the FTA introduced the registration process for Corporate Tax via the EmaraTax portal, extending invitations to specific groups of Taxable Individuals to enroll. Subsequently, in May 2023, the FTA expanded Corporate Tax registration to include Public Joint Stock Companies and Private Shareholding Companies domiciled in the UAE. The FTA assured taxpayers that they would receive ample time to finalise their registration and fulfill their legal duties. Priority, however, would be granted to Taxable Individuals whose fiscal year commenced on 1 June 2023, aligning with the FTA's strategy to streamline the registration procedure.

The Registration is always available on the EmaraTax portal on the FTA's website. The EmaraTax platform has been designed based on international best practices to facilitate seamless tax registration, tax return filing and payment for all users.

Taxpayers who are presently registered for VAT and Excise tax can access their tax account via the EmaraTax portal. From there, they should choose the Taxable Person, opt for corporate tax registration, and then follow through by filling out the registration form and submitting the necessary documentation. Taxpayers who are not registered for VAT or Excise tax will need to create a new User Profile in EmaraTax.

The FTA has stressed the importance of entering accurate details into the online application form and furnishing up-to-date supporting documents.

Corporate Tax registration for Legal Persons requires various documents such as, Trade License/Business License, the authorised signatory's Passport and Emirates ID, and proof of authorisation for the authorised signatory (POA/MOA).

The FTA also stated that it is essential for owners to accurately represent their shareholdings in the application form, aligning with the real percentage ownership. Furthermore, the incorporation date should align with the company's official commencement date as specified in the Memorandum of Association (MOA). Additionally, the application should include the relevant tax period for the entity in question.

To create a Corporate Tax Group, organisations must follow a two-step process: initially, they need to register individually and acquire a Tax Registration Number. Afterward, they can submit an application to establish a Corporate Tax Group at a future date, as specified by the FTA.

To access the guide, please click **here**.

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

Corporate Tax Comprehensive awareness by Federal Tax Authority (FTA)

The UAE Federal Tax Authority (FTA) has embarked on an expansive awareness campaign aimed at enhancing corporate tax awareness within the country's business community. This initiative, which commenced earlier this year, is set to run until the year's end, with the objective of providing comprehensive knowledge about Corporate Tax regulations and fostering self-compliance among businesses.

The campaign's multifaceted approach encompasses a series of awareness sessions and workshops conducted across all Emirates, featuring FTA representatives who delve into the intricacies of the Corporate Tax Law and the processes essential for maintaining compliance. Additionally, the campaign includes a suite of integrated Corporate Tax awareness webinars, conveniently accessible through the FTA's official website.

In June, the FTA introduced a specialised awareness platform tailored to educate and support both taxpayers and the broader business community. This platform offered virtual workshops presented in both Arabic and English, with a primary focus on 'Corporate Tax Registration.' Key topics covered during these workshops included guidance on establishing a new user profile on the EmaraTax portal, outlining the requisite documentation, explaining the registration application process, and providing insights into the issuance of a Corporate Tax Registration Number.

As the campaign progresses, UAE businesses are encouraged to actively participate in these awareness sessions and utilise the educational resources made available, ultimately contributing to a more informed and tax-compliant business community.

To access the workshops and webinars, interested parties can visit the official **FTA Website**.

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

UAE Corporate Tax Guide on Small Business Relief

The UAE Federal Tax Authority (FTA) has released an instructional manual titled "Small Business Relief for Corporate Tax Guide" (CTGSBR1). This guide is intended to offer comprehensive advice regarding Small Business Relief for Corporate Tax in the UAE. It covers various aspects, including:

a) What the Small Business Relief is;

b) Who is eligible for it;

c) How it works;

d) How long it is available; and

e) Related compliance requirements.

As previously outlined, the Small Business Relief allows a taxpayer to opt for a treatment wherein they are considered not to have accrued any taxable income for a specific tax period, provided that their revenue in the relevant tax period and preceding tax periods remains below AED 3 million per each tax period, subject to specific conditions. In essence, taxpayers whose revenue falls below the AED 3 million threshold may become eligible for tax exemption.

In addition to this tax relief, eligible small businesses will enjoy simplified processes for filing tax returns and maintaining records, which encompasses the ability to prepare financial statements using the cash basis of accounting.

It is important to note that this relief is applicable for tax periods commencing on or after 1 June 2023, and concluding on or before 31 December 2026.

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 Senior Manager **Tatiana Stupenkova**.

Kuwait Establishes New Requirements for KFAS Contribution Collection

The Ministry of Commerce and Industry (MOCI) in Kuwait has introduced new regulations pertaining to auditors and listed companies regarding the collection of contributions for the Kuwait Fund for the Advancement of Science (KFAS). This contribution, set at 1% of the net profits of listed companies, is remitted to the KFAS. The updated requirements entail the following:

Auditor's Statement: Auditors responsible for examining listed companies must incorporate a statement concerning the payment of the KFAS contribution within their auditor's report. Failure to do so will be considered a violation of the auditors' responsibilities.

Amendment to Memorandum of Association: Listed companies are obligated to modify their memorandum of association by including a provision that mandates the payment of the KFAS contribution. This amendment should be carried out during the earliest available extraordinary general assembly convened by the listed company. Importantly, MOCI approval for hosting any extraordinary general assembly for listed companies will not be granted unless the agenda includes an item regarding the KFAS contribution.

Clearance Certificate: Listed companies must secure a clearance certificate issued by the KFAS, certifying the payment of the contribution.

These regulatory changes underscore the commitment of Kuwait's Ministry of Commerce and Industry to ensure the proper collection and documentation of contributions to the KFAS from listed companies. Complying with these new requirements is imperative for both auditors and listed companies to meet their legal obligations and contribute to the advancement of science in Kuwait through the KFAS.

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

OECD Secretary-General Tax Report to G20 Leaders

The OECD has released the **OECD Secretary-General Tax Report**, which was presented to the G20 Leaders at the Summit that took place from September 9 to 10, 2023, in New Delhi, India. This report primarily delves into progress related on the two-pillar international tax package and initiatives concerning tax transparency. Additionally, it encompasses updates on topics such as indirect taxation, capacity enhancement for developing nations, the intersection of taxation and criminal activities, tax administration, tax policy in the context of climate change, and the implementation of the BEPS project.

Understanding:

In a momentous development, the 15th Plenary Meeting of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (Inclusive Framework) marked a significant milestone on July 11, 2023. A resounding consensus was achieved as 138 members of the Inclusive Framework unanimously endorsed an Outcome Statement concerning the Two-Pillar Solution, which seeks to tackle the tax challenges stemming from the digitalisation of the global economy.

The Outcome Statement, detailed in **Annex A**, provides a concise summary of the comprehensive set of deliverables meticulously crafted by the Inclusive Framework. These deliverables have been designed to effectively address the outstanding components of the Two-Pillar Solution:

- A text of a Multilateral Convention (MLC) developed by the Inclusive Framework, which will allow jurisdictions to exercise a domestic taxing right over a portion of the residual profits of the largest and most profitable multinational enterprises (MNEs) (Amount A of Pillar One).
- A proposed framework for the simplified and streamlined application of the arm's length principle to in-country baseline marketing and distribution activities (Amount B of Pillar One).
- The Subject-to-Tax Rule (STTR) together with its implementation framework, which will enable developing countries to update bilateral tax treaties to "tax back" in respect of certain intra-group income where such income is subject to low or no nominal taxation in the other jurisdiction.
- The OECD will develop a thorough action plan in collaboration with regional and international organisations to facilitate the prompt and synchronised implementation of the Two-Pillar Solution.

This marks the culmination of extensive efforts spanning nearly 350 days of delegate meetings, aimed at translating the significant accord reached in October 2021 into action. It underscores the spirit of collaboration and the concessions made by all participating jurisdictions, regardless of their size or level of development, throughout the negotiation process.

In another notable development, the 138 members of the Inclusive Framework have additionally pledged not to impose newly enacted digital services taxes (DSTs) or analogous measures on any corporation until December 31, 2024, or until the Multilateral Convention (MLC) comes into effect, if it happens sooner. This commitment is a testament to the advancements achieved thus far and the imperative of averting any interference or postponement in the ratification process of the MLC.

Should you need any further clarifications and details regarding this information, please contact our Corporate Tax Team – Tax Partner **Anuj R. Kapoor** or Senior Manager **Tatiana Stupenkova.**

G20 Leaders Reaffirm Committed to Swift Implementation of Two-Pillar International Tax Package and Call for Swift Implementation of Crypto-Asset Reporting Framework

The G20 Leaders' Declaration has been released subsequent to the Summit conducted on 9 to 10 September 2023, in New Delhi, India. In terms of international taxation, the Declaration encompasses the following provisions:

Internal Taxation

It is to reaffirm the commitment to ongoing collaboration, working towards establishing a globally equitable, sustainable, and contemporary international tax framework that aligns with the demands of the 21st century. Remaining steadfast in our determination to expeditiously implement the two-pillar international tax package.

Considerable strides have been taken in advancing Pillar One, including the development of a text for a Multilateral Convention (MLC), progress in defining Amount B (a framework simplifying the application of the arm's length principle to domestic marketing and distribution activities), and the finalisation of the Subject to Tax Rule (STTR) under Pillar Two. Urging the Inclusive Framework to promptly address the remaining issues related to the MLC, with the aim of preparing it for signature in the latter half of 2023. Furthermore, we expect the completion of work on Amount B by the end of 2023.

Commending on the efforts of various nations in implementing the Global Anti-Base Erosion (GloBE) Rules as a unified approach and acknowledging the imperative of coordinated endeavors to improve capacity building, particularly for developing nations, to effectively execute the two-pillar international tax package.

It is to take note of the 2023 update to the G20/OECD Roadmap on Developing Countries and International Taxation.

Expeditious implementation of the Crypto-Asset Reporting Framework ("CARF") will be endorsed and the necessary amendments to the Common Reporting Standard (CRS). Tasking the Global Forum on Transparency and Exchange of Information for Tax Purposes ("Global Forum") with identifying a suitable and synchronised timeline for the commencement of exchanges by relevant jurisdictions. It is noteworthy that a substantial number of these jurisdictions aspire to commence CARF exchanges by 2027, and we anticipate receiving progress updates on this matter in our future meetings.

Lastly, it is acknowledged that the OECD Report on Enhancing International Tax Transparency on Real Estate and the Global Forum Report on Facilitating the Use of Tax-Treaty-Exchanged Information for Non-Tax Purposes.

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

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

Federal Tax Authority (FTA) releases Corporate Tax General Guide

FTA on 11th September 2023, released Corporate Tax - General Guide (CTGGCT1). This guide serves as a purpose to provide with the aim of helping readers comprehend the requirements of the Corporate Tax Law as clearly as possible. It provides readers with:

- A description of the key corporate tax regulations and processes, such as how to calculate corporate tax, determine the corporate tax base, file corporate tax returns, and meet other relevant compliance requirements.
- Assistance with the most common questions businesses might have.

It is recommended that the guide is read in its entirety to for a complete understanding of the definitions and interactions of the different rules.

Please click **here** to access the guide.

The UAE government has made a range of resources available to help the public understand and comply with the Corporate Tax regime. For further 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** and Senior Manager **Tatiana Stupenkova.**

GCC Tax Treaty

UAE Cabinet Approve Pending Tax Treaty with the Ivory Coast

On September 4, 2023, the Cabinet of the United Arab Emirates granted approval for the outstanding income tax treaty with the Ivory Coast. This treaty, which was initially signed on November 25, 2021, marks a pioneering agreement between the two nations and will become effective once the instruments of ratification are exchanged.

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

France Publishes Synthesised Text of Tax Treaty with Bahrain as Impacted by the BEPS MLI

The French General Directorate of Public Finance has released a synthesised text of the tax treaty with Bahrain, taking into account the modifications resulting from the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI). This synthesised text has been compiled based on the reservations and notifications submitted to the Depositary by the involved nations. It's important to note that the authoritative legal texts of the treaty and the MLI supersede and continue to be the legally binding documents in force.

The MLI applies for the 1993 France-Bahrain 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 2023; and
- with respect to all other taxes levied, for taxes levied with respect to taxable periods beginning on or after 1 December 2022.

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

Iran and Saudi Arabia Considering Tax Treaty Negotiations

Representatives from Iran and Saudi Arabia held a recent meeting to explore the negotiation and potential signing of an income tax treaty. Any resulting treaty would be the first of its kind between the two countries and must be finalised, signed, and ratified before entering into force.

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

Saudi Cabinet Approves Pending Tax Treaty with Sri Lanka

On August 29, 2023, the Cabinet of Saudi Arabia granted its approval for the formal ratification of the pending income and capital tax treaty with Sri Lanka. This treaty, initially signed on January 27, 2023, represents the inaugural agreement of its kind between the two nations. Its full legal effect will be realised following the exchange of ratification instruments.

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

Uzbekistan Ratifies Pending Tax Treaty with Qatar

Uzbekistan has released Decree No. PP-288 dated August 28, 2023, in the Official Gazette, which approves the ratification of the pending income tax treaty with Qatar. This treaty, originally signed on June 6, 2023, represents the inaugural agreement of its nature between the two nations. Its legal enactment will occur following the exchange of ratification instruments.

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

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

Czech Senate Approves New Tax Treaty with the United Arab Emirates

On August 23, 2023, the Czech Senate, the upper chamber of the Parliament, endorsed a bill for the formal approval of the new income tax treaty with the United Arab Emirates. This recently signed treaty, dated May 24, 2023, will come into effect upon the exchange of ratification instruments and will be applicable starting from January 1 of the year following its enforcement. Once this new treaty becomes operative, the 1996 tax treaty existing between the two nations will no longer be applicable.

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

Cambodia and the UAE Continue Tax Treaty Negotiations

Representatives from Cambodia and the United Arab Emirates convened through a teleconference on August 21, 2023, for the third round of discussions concerning an income tax treaty. The initial round of negotiations took place in September 2021, followed by the second round in April 2023. If an agreement is reached, it would represent the inaugural income tax treaty between these two nations and would need to undergo finalisation, signing, and ratification before becoming legally effective.

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

Tax Treaty between Gabon and the UAE in Force

As per a recent announcement by the UAE Ministry of Finance, the income tax treaty with Gabon officially commenced on February 16, 2023. This treaty, initially signed on March 1, 2019, represents the inaugural agreement of its kind between these two nations.

Taxes Covered

The treaty encompasses various aspects, including Gabon's corporate income tax and flat rate minimum tax, personal income tax, supplementary tax on salaries, and special property tax on rents. It also addresses UAE's income tax and corporate tax matters.

Service PE

The treaty incorporates a clause stating that a permanent establishment will be considered to exist when a business provides services within a Contracting State using its employees or other hired personnel for the same or related project, with a cumulative duration exceeding 6 months.

Income from Hydrocarbons

Article 6, which pertains to income from hydrocarbons, stipulates that, irrespective of any other provision within the treaty, it shall not impede the authority of either of the Contracting States or any of their local Governments or local authorities from enforcing their domestic laws and regulations concerning the taxation of income and profits generated from hydrocarbons and related activities within the territory of the respective Contracting State, as applicable.

Withholding Tax Rates

- Dividends - 10%
- Interest - 7%
- Royalties - 10%
- Fees for technical services (managerial, technical, or consultancy) - 7.5%

Capital Gains

The following capital gains derived by a resident of one Contracting State may be taxed by the other State:

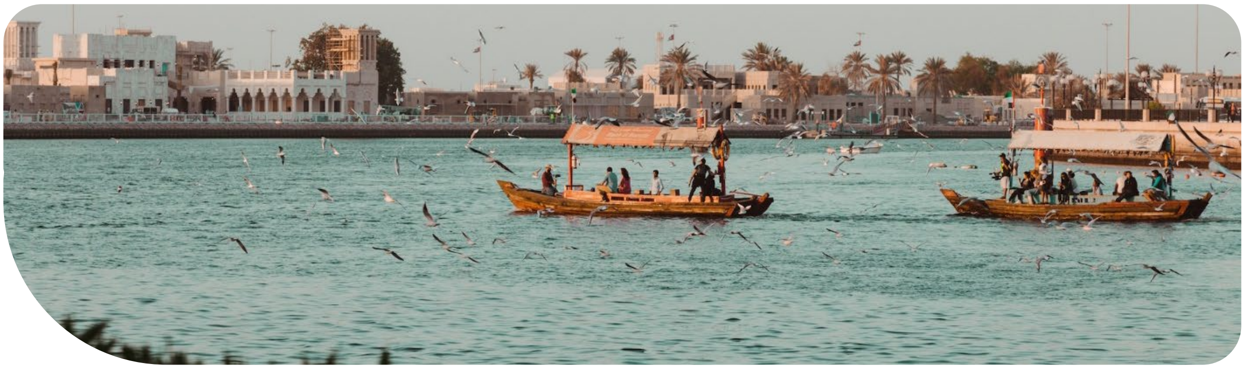
- Gains from the alienation of immovable property situated in the other State;
- Gains from the alienation of movable property forming part of the business property of a permanent establishment in the other State; and
- Gains from the alienation of shares of a company whose capital stock is formed, directly or indirectly, in more than 50% by immovable property located in the other State, unless listed on a recognised stock market.

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

Double Taxation Relief

The UAE employs the credit method to prevent double taxation, whereas Gabon typically uses the exemption method. Nevertheless, Gabon will employ the credit method for income items taxed in the UAE, specifically concerning dividends, interest, and royalties, in accordance with the relevant treaty articles.

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



Our Experts

United Arab Emirates

Steve Kitching
Head of Tax, Partner
Tax Advisory

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

Anuj R. Kapoor
Partner
Tax Advisory

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

Grant Thornton

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

DD-16-121-031
16th Fl. WeWork Hub 71
Al Khatem 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

grantthornton.ae