



Tax Newsletter

March 2023



Landscape

In our March 2023 edition of GT's Monthly Tax Newsletter, you can read the latest news updates affecting International Tax, Transfer Pricing, and Indirect Tax in the UAE and across the Middle East Region.

Contents

Section	Page
The UAE Update	3
Value Added Tax	3
UAE Customs and Excise	5
The GCC Update	6
Value Added Tax	6
International Tax and Tax Treaty	9
GCC Tax Developments	9
GCC Tax Treaty Developments	14
Our Experts	16

The UAE Update

Value Added Tax

The Federal Tax Authority ('FTA') introduces VAT Public Clarification "VATP033" on Amendments to Emirates' Reporting of Electronic Commerce Supplies and the related record-keeping requirements.

On 24th February 2023, the FTA issued a new VAT Public Clarification VATP033, detailing the reporting requirements for e-commerce supplies in the country. The clarification outlines that from 1st July 2023, Qualifying Registrants must report their e-commerce supplies in box 1 of the VAT return based on the Emirate in which the goods or services are received by their customers.

To be considered a "qualifying registrant," taxable persons supplying goods and services through e-commerce must exceed AED 100 million in a calendar year. The FTA has provided four conditions that must be met for e-commerce supplies to be considered in determining if the threshold is exceeded:

- The goods and services are listed or advertised on the e-commerce medium.
- The goods and services are ordered through the e-commerce medium, regardless of whether payment is made online or not.
- In the case of a supply of goods, the goods are delivered to a location specified by the customer, which is not owned or operated by the supplier.
- In the case of a supply of services, the services are provided or the right to receive the services is granted to the customer with minimal or no human intervention.

Qualifying registrants, including those acting as undisclosed agents, must notify the FTA via their first VAT return once they exceed the AED 100 million threshold and confirm the date on which they exceeded it. If the threshold is not exceeded for the calendar year 2022, registrants must regularly conduct assessments to determine if the threshold has been exceeded during any subsequent years and notify the FTA through their first return submitted after the threshold is exceeded.

To ensure compliance with the new reporting requirements, qualifying registrants must adhere to the following timelines:

Sr No	Calendar Year Ending (in which Taxable Supplies exceed AED 100 million)	Period for which the record must be kept	Period till which the record must be kept
1	31 st December 2022	From the first tax period beginning on or after 1 st July 2023	For 18 months
2	From 31 st December 2022 onwards	From the first tax period of the calendar year subsequent to the calendar year, during which taxable supplies exceeds AED 100 million	For 2 years

At the end of the applicable period, qualifying registrants must reassess whether they exceeded the threshold for the preceding calendar year and notify the FTA accordingly if they need to continue applying the special reporting mechanism for e-commerce supplies.

The FTA had also displayed its readiness to support Taxable Persons by organising an awareness session and inviting questions on this topic. Therefore, businesses engaged in the e-commerce industry are encouraged to evaluate their eligibility and related record-keeping 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](#).

The UAE Government updates that “Clarification requests” are no longer free of charge

The UAE Cabinet of Ministers have issued Cabinet Resolution No. (7) of 2023, which introduces a fee for clarification requests specified in Cabinet Resolution No. (65) of 2020. Effective from 1st June 2023, individuals or businesses who wish to submit a clarification request will be required to pay a fee, as per the new cabinet decision. The fee for a request related to a single tax will be AED 1,500, while a request related to multiple taxes will cost AED 2,250.

The new fees on clarification requests now means that these services will no longer be free of charge from the aforementioned date and to take favorable action accordingly.

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](#).



UAE Customs & Excise

The Federal Tax Authority ('FTA') issues new public clarification on the registration and renewal processes for Designated Zones and Warehouse Keepers, replacing the previous one.

The FTA has released a new public clarification EXTP010, which will replace the previous EXTP005, with effect from 1st April 2023. The updated clarification offers important details regarding the registration and renewal processes for Designated Zones and Warehouse Keepers. It outlines the important timelines for registration and renewal processes, necessary documentation and compliance measures for adhering to the law and tax obligations, as well as the consequences of failing to comply.

To operate a designated zone for Excise Tax purposes, a person must first register as a warehouse keeper and register each Designated Zone they supervise or plan to supervise. When applying for registration or renewing a Designated Zone's registration, the Warehouse Keeper must provide various information, such as:

- The types of excise goods kept or to be kept in the Designated Zone;
- The amount of excise goods kept or to be kept;
- A financial guarantee for the excise goods that are stored or are to be stored;
- Evidence of sufficient security measures; and
- Evidence of record-keeping systems, keeping track of the movement of the goods.

Failure to comply with these requirements could lead to the refusal of the application or suspension of the Designated Zone's registration, which would result in the interruption of imports and production of excise goods into the zone.

The registration for a Designated Zone is valid for 12 months and must be renewed before it expires. If the renewal is not completed on time, the registration status will first be "suspended" for 20 business days and then "expired".

Moreover, if a financial guarantee is requested or requires updating, the warehouse keeper must provide it within 40 business days. Failure to comply would risk the rejection of the registration application or suspension/expiration of the Designated Zone's registration.

Businesses are advised to note the changes in the Excise Tax registration and renewal processes for Designated Zones and Warehouse Keepers for ensuring compliance with the above 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](#).



The GCC Update

Value Added Tax

Saudi Arabia (KSA) – The Zakat, Tax and Customs Authority ('ZATCA') has released a summary report on the draft proposal for implementing the use of the Profit Margin Method on used cars.

The ZATCA has exercised its authority under Article 48 of the VAT Implementing Regulations to propose the application of the Profit Margin Scheme ('PMS') on used cars. The proposition lists the definition of a used car and the potential list which cannot be classified as used cars. The ZATCA had also proposed the below criteria for the application of PMS:

- The car must be a used car and must be registered in KSA.
- It should have been used for personal or job reasons and must have been driven on the road.
- It must be fit for reuse in its present condition, or after making some repairs or improvements to it, provided that it has not undergone modifications or repairs that altered its basic nature.
- The supply of the used car must be by a Taxable Person registered with the ZATCA, who is licensed to practice car trading activities, authorised through commercial registration or any similar license.

The ZATCA had invited the opinion of the public to decide on the above criteria and has published a summary of the survey in Arabic.

For further information on the above survey, 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](#).

Oman – The Oman Tax Authority ('OTA') has released Decision No. 462/2022 on the Refund of VAT to foreign governments, diplomatic, consular, and military authorities' missions and international organisations and heads and members of the diplomats and consular services accredited to the Sultanate of Oman

The OTA issued decision No. 462/2022 with reference to the Royal Decree No 121/2020 determining the terms and conditions of refunding the VAT paid to the foreign governments, diplomatic, consular, and Military authorities' missions and international organizations and heads and members of the diplomats and consular services accredited to the Sultanate of Oman. The VAT shall be refunded to the individual eligible under following circumstances.

Below are the key amendments to be noted:

- The principle of reciprocity in the home country of the eligible individual refers to the principle of equal exchange or mutual agreement between two or more countries. This principle can be applied to the issue of refunding VAT to eligible individuals. The Ministry of Foreign Affairs ('MFA') shall be responsible for determining this treatment. In case the home country doesn't apply the VAT system or a similar taxation system, the requirement of the principle of reciprocity shall be considered available.

- The VAT was paid for goods and services exclusively intended for official use in the Sultanate of Oman and not for personal use.
- The VAT was paid for goods and services received by the eligible individual in the Sultanate of Oman.
- The eligible individual should ensure that the supplier has charged the correct amount of VAT on the goods and services received by the applicant and not to any other party.
- The total value of VAT refund should not be less than Omani Riyals 15.
- The goods and services are not obtained for the purpose of resale.
- The goods and services are not used for official purpose for which they were exempted, thereby the OTA has the right to determine a value of VAT for the goods used other than the official use.
- Any other terms and conditions determined by OTA in coordination with the MFA.

Below are the key amendments to be noted under Article 188 of the Executive Regulation wherein the VAT paid on the goods and services stipulated in this clause shall be refunded based on the below permissible maximum limit of recovery for each applicant, as follows:

Sr No	Goods & Services	Permissible Maximum Limit of Recovery during the Period of Recovery
1	Petroleum products detailed in Chapter 27 of the consolidated tabulation of goods of the GCC States, which are used as fuel for road vehicles	1,500 liters per vehicle, and with a maximum table for classification and limit of: <ul style="list-style-type: none"> • 6 vehicles for foreign Governments Diplomates, Consular and Military bodies or Missions, International organizations, and members of Diplomates • 2 vehicles for the Head of the Mission. • 2 vehicles for each member of the embassy.
2	Tobacco products and manufactured substitutes of tobacco are detailed in chapter 24 of the consolidated table for the classification and tabulation of goods of the GCC states	Any of the following 3,000 cigarettes, or tobacco or 250 cigars, or up to 1 kg of other tobacco products or manufactured tobacco substitutes.
3	Alcoholic beverages are detailed in chapter 24 of the consolidated table for clarification and tabulation of goods of the GCC states.	The maximum permissible limit for refunding the customs tax.
4	Wired and wireless telecommunication services as defined in Article 27 of the Executive Regulations	The total amount of consumption at RO 400 per month (including VAT) for the Head of Mission, and RO 300 for each member. Without a maximum limit for foreign governments, embassy and organizations.
5	Automated vehicle detailed in Chapter 87 of the consolidated table for classification and tabulation of goods if the GCC states	6 vehicles for foreign Governments Diplomatic, Consular and Military bodies or Missions, International organizations, and members of Diplomates and 2 vehicles for the Head of the Mission or the member of the mission every 3 consecutive years.

Except for the goods and services detailed above, the total amount of VAT may not exceed Omani Riyals 500 for the Head of Mission and Omani Riyals 300 for each of its delegates with regards to its VAT refund.

The applicant may apply for an exemption for the limits detailed above, wherein the proof from the Omani embassy or its Head or members, where they have got additional privileges in their home country must be submitted.

Further, the MFA, in coordination with the OTA, may conclude a bilateral agreement on VAT refunds, in case there is a need for such a bilateral agreement.

The key amendments to be noted under Article 189 of the Executive Regulations are as follows to apply for the VATIN for VAT refund purposes are as below:

- Only one refund application shall be submitted for any given refund period.
- The right of refund for eligible individuals shall start from the date at which they joined work and shall expire at the date of the end of their tenure of duty in the Sultanate of Oman. The Head of the organisation or embassy shall notify OTA and MFA of such dates.
- The right of refund shall lapse upon the expiry of the grace period without submitting the application or required documents. However, the OTA may extend this grace period in the cases where the application or documents are submitted after the deadline due to unforeseeable reasons or circumstances.

Should you need further clarification and details regarding this update, please contact GT Oman Tax Partner [Nasser Al-Mughairy](#), or Tax Director, [Deepika Rajan](#).



International Tax & Tax Treaty

GCC Tax Developments

UAE Decisions on Determination of Tax Residency Effective 1 March 2023

[Ministerial Decision No. 27 of 2023](#) has been released by the UAE Federal Tax Authority (FTA), outlining the implementation of specific provisions from [Cabinet Decision No. 85 of 2022](#) concerning tax residency determination. As previously mentioned, Cabinet Decision No. 85 establishes the primary tax residency regulations, which are as follows:

Legal entity tax residency:

A legal entity will be considered a tax resident in the UAE if it meets either of the following conditions:

- It was incorporated, formed, or recognized in accordance with the UAE's current legislation, with the exception of a branch registered by a foreign legal entity in the UAE; or
- It is considered a tax resident in accordance with the UAE's current tax law (mentioned below).

A natural person will be considered a tax resident in the UAE if any of the following conditions are met:

- They satisfy the requirements and circumstances stipulated by a Ministerial decision, or UAE serves as their principal residence and the center of their financial and personal interests.
- They have been physically present in the UAE for 183 days or more during the relevant 12 consecutive months; or
- They are a national of the UAE, holding a valid residency permit in the UAE, or are a citizen of any country that is a member of the Gulf Cooperation Council, and they have physically resided in the UAE for 90 days or more during the pertinent 12 consecutive months, and meet any of the following:
 - They have a permanent residence in the UAE,
 - They conduct employment or business in the UAE.

It should be noted that additional regulations regarding tax residency are included in the new Corporate Tax regime introduced by Federal Decree-Law No. 47 of 2022 on Taxation of Corporations and Businesses ([as previously covered](#)). Under the Corporate Tax regime, a resident person includes:

- A legal entity that is established or recognized under the current legislation of the UAE, including free zone entities;
- A legal entity that is established or recognized under the current legislation of a foreign jurisdiction but is effectively managed and controlled in the UAE;
- A natural person who conducts business or business activity in the UAE; or
- Any other person as may be specified in a Cabinet decision.

Ministerial Decision No. 27 of 2023 provides further information on the determination of tax residency for natural persons, including the following:

Usual or Primary Place of Residence and Center of Financial and Personal Interests in the UAE:

1. A natural person's usual or primary place of residence in the UAE is where they habitually or normally reside.
2. The jurisdiction where the natural person spends most of their time in comparison to other jurisdictions as part of their settled routine should be taken into consideration in determining their usual or primary place of residence in the UAE.
3. A natural person's center of financial and personal interests is in the UAE if their personal and economic interests are closest to or of the greatest significance to the natural person.
4. In determining whether a natural person's center of financial and personal interests is in the UAE, the place of their occupation, familial and social relationships, cultural or other activities, place of business, place where their property is administered, and any other relevant factors and circumstances should be considered.

Calculation of Time Periods

1. "Day" means a calendar day and "month" means a calendar month.
2. All days, including parts of a day, that a natural person is physically present in the UAE during a relevant consecutive 12-month period count towards the total number of days they are present in the UAE.
3. The days on which the natural person is physically present in the UAE do not need to be consecutive to determine if the 183-day or 90-day period has been met during the relevant consecutive 12-month period.

Exceptional Circumstances

1. The authority may disregard any day that a natural person's presence in the UAE was due to exceptional circumstances in determining whether the 183-day or 90-day period has been met during the relevant consecutive 12-month period.
2. An exceptional circumstance refers to an event or situation beyond the natural person's control, occurring while they are already in the UAE, which they could not reasonably have predicted or prevented, and which prevents them from leaving the UAE as originally planned.

Permanent Place of Residence

1. A permanent place of residence is a furnished house, apartment, room, or any other form of residence made continuously available to the natural person.
2. The natural person must have the continuous right of occupation in the residence at all times and on a regular basis with some degree of permanency and stability, not just occasionally or for short duration stays.
3. The natural person is not required to own the residence but can rent or occupy it as a residence.

Employment

1. A natural person is considered to be carrying out employment in the UAE under either of the following conditions:
 - a. If they have a contract with an employer recognized in the UAE under which they offer services to the employer under their administration or supervision for a promised remuneration paid by the employer in the UAE.
 - b. If they are in a continuing relationship where all or substantially all of their income for their labor is derived from one party, and the income received by them constitutes remuneration for their labor performed in the UAE.
2. The nature of the employment can be limited or unlimited, and the work may be carried out on a full-time or part-time basis.

3. A voluntary role for which the natural person does not enter into a contract does not constitute employment.

Both Cabinet Decision No. 85 and Ministerial Decision No. 27 are effective as of 1 March 2023.

Should you need any further clarification and details regarding this update, please contact our International Tax Team – Partner [Anuj Kapoor](#), and Associate Director [Nimesh Malik](#).

Saudi Arabia as a part of the G20 Finance Ministers and Central Bank Governors Affirms Commitment to Implement OECD/G20 Two-Pillar International Tax Package.

Following the G20 Finance Ministers and Central Bank Governors meeting held in Bengaluru, India on February 24-25, 2023, a [summary and outcome document](#) was published by the G20 Chair. This document was released in lieu of the usual official communique, as the group, including Saudi Arabia was unable to come to a consensus on the communique, specifically with regards to language denouncing the conflict in Ukraine. The summary and outcome document includes details related to taxation.

“We will continue our cooperation for a globally fair, sustainable and modern international tax system fit for purpose for the 21st century. We remain committed to the swift implementation of the OECD/G20 two-pillar international tax package. We urge the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (Inclusive Framework) to finalise Pillar One, including the remaining issues so that the Multilateral Convention can be signed in the first half of 2023. We welcome the release of the GloBE Implementation Framework which facilitates implementation of GloBE Rules as a common approach. We welcome the steps taken by countries to implement the GloBE Rules and call upon the Inclusive Framework to finalise the negotiations on the Subject to Tax Rule (STTR) under Pillar Two to allow for its implementation, including through the development of a Multilateral Instrument. We recognise the need for coordinated efforts towards capacity building to implement the two-pillar international tax package effectively. We look forward to receiving an update on the 2022 G20/OECD Roadmap on Developing Countries and International Taxation. We ask the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) to update the G20 on the implementation of the roadmap in its 2021 Strategy on Unleashing the Potential of Automatic Exchange of Information for Developing Countries, including efforts made to encourage such jurisdictions to adopt the Automatic Exchange of Information (AEOI) framework under the Common Reporting Standard (CRS). We also call upon the OECD to conclude the work on the implementation packages concerning the Crypto-Asset Reporting Framework and amendments to the CRS.”

Should you need any further clarification and details regarding this update, please contact our International Tax Team – Partner [Anuj Kapoor](#), and Associate Director [Nimesh Malik](#).

Saudi Arabia’s New Company Law in Force Including New Simplified Joint Stock Company

Saudi Arabia's new company law, which was approved in June 2022, has entered into force as of January 19, 2023. The new law replaces the previous company law issued in 2015 and introduces the following main corporate forms:

- General partnership company
- Limited partnership company
- Joint stock company (JSC)
- Simplified joint stock company (SJSC)
- Limited liability company (LLC)

Compared to the previous law, the new law no longer allows joint venture companies, but introduces a new corporate form called the SJSC. The SJSC is a flexible corporate form that can be established by one or more persons and has no minimum capital requirements. It also allows for simpler management structures, including the ability for a single shareholder to form and run an SJSC as a manager.

In regard to other types of companies, the new law also includes significant changes for Joint Stock Companies (JSCs) and Limited Liability Companies (LLCs):

- JSCs are subject to the following changes:
 - The minimum capital requirement for JSCs is set at SAR 500,000 (compared to a minimum of SAR 5 million previously required for single shareholder JSCs, unless established by a government entity).
 - There is no longer a cap on the maximum number of board members, although a minimum of three members is still required.
 - Different classes of shares with varying rights and obligations, including ordinary, preferred, and redeemable shares, can now be issued.
 - The lock-up period that previously restricted the trade of founders' shares following JSC incorporation (or conversion) is removed. Additionally, new rules allow for an IPO at different stages, including the incorporation stage.
- LLCs are subject to the following changes:
 - The restrictions on financing are removed, allowing LLCs to raise capital through the issuance of sukuks, debt instruments, or financing instruments.
 - The maximum number of shareholders condition is removed, which was previously limited to 50.
 - The restriction on single-shareholder LLCs owning another single-shareholder LLC is removed.

The new company law applies to all entities incorporated/formed on or after 19 January 2023, while existing entities are given a two-year grace period to comply with the new law.

Should you need any further clarification and details regarding this update, please contact our International Tax Team – Partner [Anuj Kapoor](#), and Associate Director [Nimesh Malik](#).

Multinationals moving HQs to Saudi Arabia likely to get tax relief, says minister

Saudi Arabia's Minister of Investment, Khalid Al-Falih, has stated that multinational companies moving their headquarters to the Kingdom in 2023 for the purpose of securing government contracts could be eligible for tax exemptions. Further, he also confirmed that an announcement regarding incentives will be issued soon to clarify the regulations for global firms. Saudi Arabia is becoming an increasingly popular destination for foreign direct investment as part of its economic diversification goals outlined in Vision 2030.

The Regional Headquarters Program was launched in 2021 by the Saudi Ministry of Investment and the Royal Commission for Riyadh City to encourage global companies to establish their headquarters in the Kingdom. Multinational firms relocating their headquarters to Saudi Arabia will be taxed only on limited profits, and they are likely to be granted tax relief. Saudi Arabia aims to reduce its dependence on oil revenues by transforming the nation into a trade hub.

The Kingdom's biggest economy in the Middle East and North Africa region is attracting global firms to open their headquarters in the country. As per the Financial Times report, 80 companies, including Unilever and Siemens, have already been granted licenses to move their regional headquarters to Saudi Arabia. Pepsico has also relocated its Middle East CEO office to the country earlier this month.

Multinational companies' operations outside Saudi Arabia will be taxed in the entities' country of operations and not be mixed with the regional headquarters in the Kingdom. Al-Falih clarified that the RHQ special purpose vehicle created in Saudi Arabia will be taxed for only limited profits that they make within the RHQ. Most likely, the limited income by the RHQ SPV will be granted tax relief.

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](#).

Zakat, Tax and Customs Authority proposes amendments to regulations governing zakat collection, sukuk and bonds, housing ownership programs, and financial guarantees.

The Zakat, Tax and Customs Authority (ZATCA) in Saudi Arabia has proposed amendments to the regulations governing the collection of zakat, including provisions for sukuk and bonds investment, employee housing ownership programs, and financial guarantees. The proposed changes were made in collaboration with the Capital Market Authority (CMA) and are intended to improve the tax treatment for investors in sukuk and debt instruments. ZATCA invited public feedback on the draft regulations via the Istitlaa platform from March 9-14. The aim of the amendments is to stimulate investment in these instruments, which would, in turn, provide more financing and investments for the Kingdom's economy.

For more information regarding the proposed amendments in KSA 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](#).

Suspension of Withholding Tax on Ship and Aircraft Leases Effective from 29 December 2022

Taxpayers are advised to take note that the withholding tax on leases of ships, aircraft, and aircraft engines has been suspended since 29 December 2022. This means that no tax will be imposed on such leases, and taxpayers are encouraged to comply with all other relevant tax regulations.

Should you need further clarification and details regarding this update, please contact GT Oman Tax Partner [Nasser Al-Mughairy](#), or Tax Director, [Deepika Rajan](#).



GCC Tax Treaty Developments

Tax Treaty between Moldova and Saudi Arabia to be negotiated

Representatives from Moldova and Saudi Arabia held a meeting on February 21, 2023, to explore opportunities for collaboration between the two nations. One of the topics discussed was the potential negotiation and implementation of an income tax treaty. If an agreement is reached, it would be the first of its kind between these two countries. However, before it can take effect, the treaty must be finalized, signed, and ratified by both parties.

Should you need further clarification and details regarding this update, please contact our International Tax team – Partner [Anuj Kapoor](#), and Senior Manager [Amisha Anil](#).

Tax Treaty between Egypt and Qatar signed

According to reports, representatives from Egypt and Qatar signed an income tax treaty on February 27, 2023. This marks the first such agreement between the two nations and will become effective once the ratification instruments are exchanged. Further information about the treaty's specifics will be made available once published.

Should you need further clarification and details regarding this update, please contact our International Tax team – Partner [Anuj Kapoor](#), and Manager [Tamer El Khatib](#).

Hong Kong Completes Internal Procedures for MLI to Take Effect on Covered Tax Agreements with UAE and KSA Amongst Others.

Based on the latest update from the OECD, Hong Kong (China) has submitted a notification on February 21, 2023, which confirms that it has completed its internal procedures for the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) to take effect for 31 of Hong Kong's covered agreements (tax treaties). This is essential because Hong Kong has taken a reservation that requires the submission of such notification for the MLI to become effective.

Once the notification is deposited, the MLI provisions will generally apply to the 31 covered agreements in Hong Kong, as follows:

- For taxes withheld at source on amounts paid or credited to non-residents, the provisions will apply where the event that triggers such taxes occurs on or after March 23, 2023.
- For all other taxes, the provisions will apply to taxes levied with respect to taxable periods starting on or after September 23, 2023.

For other countries, the MLI provisions generally become effective on January 1, 2024, for withholding taxes and September 23, 2023, for other taxes or, in some cases, January 1, 2024.

The covered agreements comprise Hong Kong's tax treaties with several countries, including Austria, Belgium, Canada, the Czech Republic, France, Guernsey, Hungary, India, Indonesia, Ireland, Japan, Jersey, Korea, Latvia, Liechtenstein, Luxembourg, Malaysia, Malta, the Netherlands, New Zealand, Pakistan, Portugal, Qatar, Romania, Russia, Saudi Arabia, South Africa, Spain, Thailand, the United Arab Emirates, and the United Kingdom.

Should you need further clarification and details regarding this update, please contact our International Tax team – Partner [Anuj Kapoor](#), and Senior Manager [Amisha Anil](#).

Bahrain included in Dutch Ministry of Finance's 2023 plans for tax treaty negotiations

The Dutch Ministry of Finance has [released](#) its plans for negotiating tax treaties in 2023. In a [letter](#) addressed to parliament, the Ministry has outlined its intention to:

- Sign tax treaties/arrangements with:
 - Andorra (new treaty)
 - Aruba (new tax arrangement)
 - Bangladesh (new treaty)
 - Belgium (new treaty, replacing existing treaty)
 - Kyrgyzstan (new treaty)
 - Spain (new treaty, replacing existing treaty)
 - Thailand (new treaty)
- Continue negotiations for new tax treaties and treaty amendments with:
 - Belgium (treaty amendment regarding cross-border workers)
 - Brazil (new treaty, replacing existing treaty)
 - Kenya (new treaty)
 - Morocco (new treaty, replacing existing treaty)
 - Moldova (treaty amendment)
 - Mozambique (new treaty)
 - Uganda (new treaty, replacing existing treaty)
 - Portugal (treaty amendment)
 - Rwanda (new treaty)
 - Sint Maarten (amendment of tax arrangement)
- (Re)start negotiations with:
 - Bahrain (treaty amendment)
 - Barbados (treaty amendment)
 - Germany (treaty amendment)
 - Romania (treaty amendment)
 - Suriname (treaty amendment)

The mentioned letter also highlights that there are tax treaties with Cyprus in 2021 and Colombia in 2022 that are still pending, and there is also a plan to approve a new tax arrangement with Curaçao.

Should you need further clarification and details regarding this update, please contact our International Tax team – Partner [Anuj Kapoor](#), and Manager [Tamer El Khatib](#).

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