Grant Thornton

Tax Newsletter

May 2023

Landscape

In our May 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

The UAE Update

Value Added Tax

The Federal Tax Authority (FTA) commences to accept applications for refunds of input VAT on operating mosques as per their operational date

The FTA has started accepting requests for VAT refunds incurred on operating mosques through the EmaraTax Platform. The move follows the Cabinet Decision no. 82 of 2022 for the refund of input tax incurred on the construction and operation of mosques, which has taken effect and applies to all mosques across the UAE.

The FTA has specified that the set deadlines for submitting VAT refund requests are determined by the date on which the applicant commenced operating the mosque.

As per the FTA's recent announcements, VAT Refund requests must be submitted strictly in adherence to the below table:

Operation date as per the Mosque Operation Commencement Certificate Refund applications may be submitted during	Operation date as per the Mosque Operation Commencement Certificate Refund applications may be submitted during
1 January 2018 – 31 December 2018	April 2023 to September 2023
1 January 2019 – 31 December 2019	April 2023 to September 2023
1 January 2020 – 31 December 2020	April 2023 to September 2023
1 January 2021 – 31 December 2021	April 2023 to September 2023
1 January 2022 – 31 December 2022	October 2023 – December 2023
1 January 2023 onwards	Between January and April of the following year

The FTA has emphasised that the operator must fulfill the criteria outlined in the Cabinet Decision no. 82 of 2022 to request a VAT refund, such as being registered as a mosque with the competent authority and holding a valid written fixed-term permission to operate the mosque to request a refund of input VAT incurred on the mosque and must also maintain the following documents to claim a VAT Refund:

- Copy of the Emirates ID or passport, bank account certificate,
- Chart of the expenses incurred for operating the mosque, and
- Copy of the five highest tax invoices.

Businesses are advised to note the above timelines for requesting VAT Refunds on operating mosques and take timely action.

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 Federal Tax Authority (FTA) announces the implementation of E-Invoicing in the UAE

The National News and Khaleej Times have recently released articles confirming that electronic invoicing (E-invoicing) will soon be implemented in the UAE.

This announcement follows the Kingdom of Saudi Arabia's (KSA) implementation of E-invoicing, which is currently in its second phase. Initial reports suggest that the E-invoicing regime in the UAE will be very similar to the KSA's method of E-invoicing.

Businesses will therefore need to align the issuance of their tax invoices and tax credit notes to meet the compliance requirements of E-invoicing. VAT Registered businesses will need to keep up to date with the announcements from the FTA to ensure once the implementation of E-invoicing starts that they are fully compliant.

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

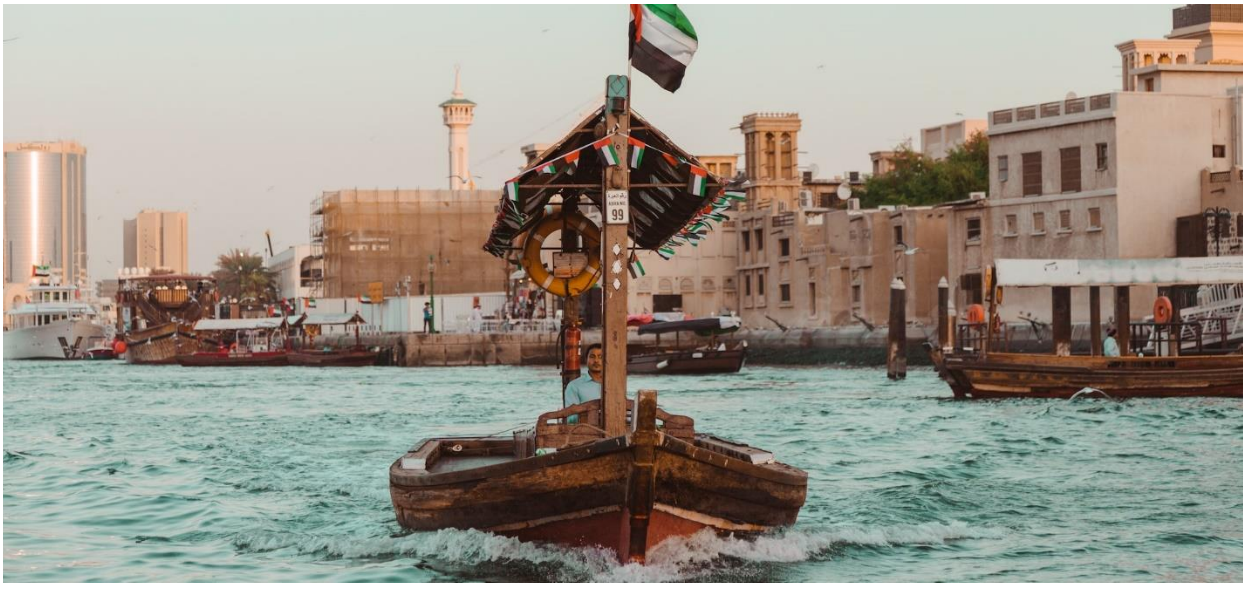
The Dubai Customs issues Customs Notice No. (03/2023), suspending the import and registering of electric Volkswagen cars.

On 10th April 2023, Dubai Customs notified the temporary suspension of the import of electric Volkswagen vehicles. The only exception subject to this temporary suspension is when the electric Volkswagen vehicles are imported into Dubai for the purposes of re-exporting outside the country. The announcement will be effective from 13th March 2023. Dubai Customs has also requested the departments within the purview to take necessary steps to ensure effective implementation.

Businesses are advised to note the above update and accordingly take necessary actions.

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 Dubai Customs issues Customs Notice No. (05/2023), extending the temporary suspension of exports of "Ferrous Scrap and Wastepaper"

Effective from 20th March 2023, the Dubai Customs Authority has temporarily prohibited the export of ferrous scrap and paper waste for three months until 19th June 2023.

The HS codes listed below which are under the "Customs Codes of the Unified Customs Tariff for the Gulf Cooperation Council" have been prohibited for export:

Heading Number	HS Code	Description
47.07		Recovered (Waste and Scrap) paper or paperboard.
	47 07 10 00	-Unbleached kraft paper or paperboard or corrugated paper or paperboard
	47 07 90 90	- - - Other
72.04		Ferrous waste and scrap; remelting scrap ingots of iron or steel.
	72 04 10 00	- Waste and Scrap of cast iron
		- Waste and Scrap of Alloy Steel:
	72 04 21 00	- - Of stainless steel
	72 04 29 00	- - Other
	72 04 30 00	- Waste and scrap of tinned iron or steel.
		- Other Waste and Scrap:
	72 04 41 00	- - Turnings, shavings, chips, milling waste, sawdust, fillings, trimmings and stampings, whether or not in bundles.
	72 04 49 00	- Other
	72 04 50 00	- Remelting scarp ingots

Businesses are advised to note the above update and accordingly take necessary actions.

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

Common Update

Saudi Arabia (KSA) – The Zakat, Tax and Customs Authority (ZATCA) reminds the taxpayers to utilise the "Cancellation of Fines and Exemption of Financial Penalties' Initiative

The ZATCA announced the initiative of 'Cancellation of Fines and Exemption of Penalties' in November 2022 and has reminded all the taxpayers to utilise the initiative until the program ends on May 31, 2023.

The penalties covered under the waiver decision include the following penalties in all tax systems:

- Late registration
- Late payment fines
- Late filing of returns
- Fines for correcting VAT returns
- Fines for violations of VAT field control related to applying the e-invoicing regulations
- Fines for violations of other general regulations.

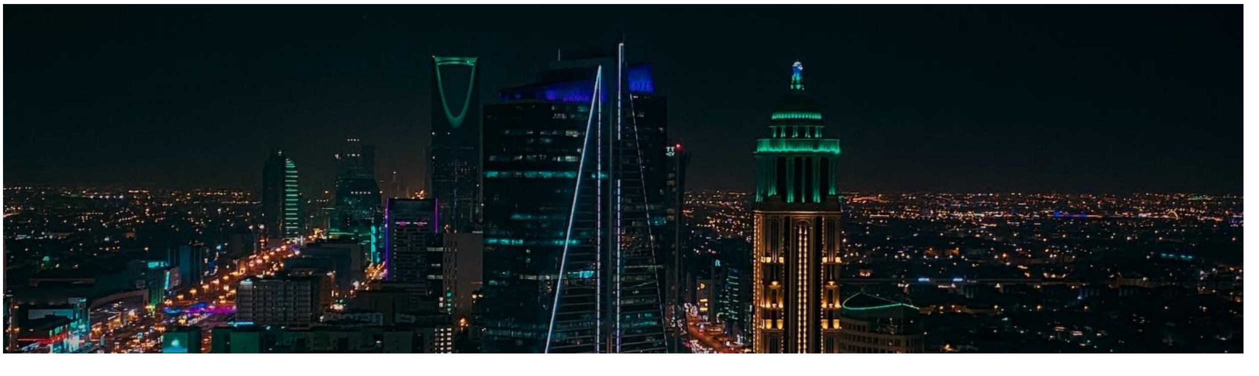
Businesses must do the following to qualify under the below initiative:

- The taxpayer must be registered with the tax system
- Submit any previously unsubmitted returns to the Authority.

Taxpayers have the option of obtaining an installment payment plan from the Authority in addition to paying all of the principal tax debt linked with the returns that will be submitted or changed to appropriately represent the outstanding tax liabilities. It is important to note that the initiative excludes penalties related to tax evasion violations, fines paid prior to the initiative's effective date, as long as the application is submitted while the initiative is still in effect and all due instalments are paid by the due dates specified in the Authority approved instalment plan.

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

Should you need any further clarification and details regarding this update, please contact our **tax experts**.



The GCC Update

Value Added Tax

Saudi Arabia (KSA) – The Zakat, Tax and Customs Authority (ZATCA) sets guidelines for selecting VAT payers in Wave 3 for Implementing (Integration Phase) of E-Invoicing

On 28th April 2023, the ZATCA announced its 4th wave of VAT payers for implementing Integration Phase (Phase 2) of E-invoicing, which now includes VAT payers whose revenue that is subject to VAT exceeds (150 million Saudi Riyals) during 2021 or 2022. The VAT payers who meet the criteria should integrate their E-invoicing solutions with (FATOORA) Platform with effect from 1st November, 2023.

As previously communicated, ZATCA has outlined the below additional requirements for Phase 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	01 January 2023	30 June 2023	01 July 2023
2nd wave	Exceeds SAR 500 Million	01 July 2023	31 December 2023	01 January 2024
3rd wave	Exceeds SAR 250 Million	01 October 2023	Date awaited	Date awaited
4th wave	Exceeds SAR 150 Million	01 November 2023	Date awaited	Date awaited

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

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

Saudi Arabia (KSA) – The Zakat, Tax and Customs Authority (ZATCA) sets guidelines for selecting VAT payers in Wave 3 for Implementing (Integration Phase) of E-Invoicing

A proposed revision has been made to Article 75(5) of the KSA VAT Implementing Regulation that would abolish the provisions which stated that ZATCA is not bound by those judgments and informative decisions.

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

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

Saudi Arabia (KSA) – The Zakat, Tax and Customs Authority (ZATCA) forms an Advisory Committee to make suggestions and recommendations

The ZATCA opted to establish an advisory group comprised of experienced and developing professionals to offer advice on Zakat issues, tax issues, customs work and logistical services. The committee will also be in charge of debating, reviewing suggestions and making proposals. The committee mainly focuses on better communication with its taxpayers and customers by identifying opportunities for growth and improvement through the formation of the Advisory Committee.

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

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

Excise Tax

Bahrain – The National Bureau of Revenue (NBR) has expanded the list of goods on which Digital Stamps are applicable

The implementation of Digital Stamps Scheme in the current phase has been expanded to include the following excise goods of tobacco products:

- Electronically heated tobacco products (EHTP);
- Jirak;
- Chopped or pressed tobacco for pipes;
- Chopped or pressed tobacco for dokha; and
- Chopped or pressed tobacco for cigarettes.

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** or GT Oman Tax Director, **Deepika Rajan**.

GCC Tax Developments

Ministry of Finance, UAE releases explanatory guide on Corporate Tax Law

The UAE Ministry of Finance has released an Explanatory Guide providing additional clarity on the recently enacted Corporate Tax Law regarding taxation of Corporations and Businesses. The guide aims to help businesses understand the practical application of key articles of the Corporate Tax Law and prepare for upcoming compliance obligations. This resource will be valuable for companies seeking insights into how the law will directly impact their operations.

The Explanatory Guide on the Corporate Tax Law has been made available to the public on the UAE Ministry of Finance **website**.

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**.

UAE Federal Tax Authority decision on tax period changes for Corporate Tax purposes

The Federal Tax Authority (FTA) of the United Arab Emirates (UAE) has published a Cabinet Decision outlining the conditions for modifying tax periods under the Corporate Tax Law for corporations and businesses. According to the Article, a taxable entity can submit a request to the FTA to change the start and end dates of its tax period or adopt a different tax period, provided the following conditions are met:

- The change is for one of the following reasons
  - The taxable entity's pending liquidation.
  - Aligning the financial year of a resident taxable entity with another resident entity for the purpose of either:
    - forming or joining a tax group;
    - aligning it with the financial year of its domestic or foreign head office, subsidiary, parent, or ultimate parent for financial reporting purposes; or
    - to take advantage of tax relief offered under the Corporate Tax law or the laws of a foreign jurisdiction.
  - The FTA agrees there is a valid commercial, economic, or legal reason to change the tax period.
- The taxable entity has not yet filed the tax return for the tax period for which the change is requested.
- The application to change the tax period is in relation to either:
  - Extending the current tax period, with a maximum duration of 18 months.
  - Shortening the tax period to a duration between 6 and 12 months.
- The application is submitted before the expiration of 6 months from the end of the original tax period.
- In the case of a shortened tax period, it does not pertain to a current or previous tax period.

The Decision is effective from June 1, 2023, coinciding with the enforcement of the Corporate Tax 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**.

UAE Ministry of Finance issues decisions on audited financial statements, permanent establishment, and exempt persons for Corporate Tax purposes

The UAE Ministry of Finance has recently issued a series of Ministerial Decisions addressing various aspects of corporate taxation. These decisions cover the details on the requirements for audited financial statements, the establishment of permanent presence for non-resident persons, and the conditions to qualify as an exempt person under the Corporate Tax Law.

Ministerial Decision on Maintaining Audited Financial Statements

Ministerial Decision No. 82 of 2023 specifies the requirements for taxable persons who must prepare and maintain audited financial statements for the purposes of UAE Corporate Tax. The obligation to maintain audited financial statements applies to entities generating revenues exceeding AED 50 million and to qualifying free zone persons (irrespective of total revenue).

Ministerial Decision on Permanent Establishment for the Non-Resident Person

Ministerial Decision No. 83 of 2023 focuses on defining the circumstances in which the presence of natural persons in the UAE may or may not create a permanent establishment for non-resident individuals. It offers clarity on temporary exceptional situations, aiming to prevent tax avoidance and double non-taxation in alignment with international best practices.

Ministry of Finance Issues Ministerial Decision on Exempt Persons for Corporate Tax Purposes

Ministerial Decision No. 105 of 2023 clarifies the conditions under which a person may continue or cease to be deemed an exempt person for corporate tax purposes in the UAE. It aims to ensure transparency and efficiency in the tax system and promote business growth.

Under this decision, businesses can maintain their corporate tax exemption even if they fail to meet the relevant conditions, such as in cases of liquidation or termination. They must submit a notification to the Federal Tax Authority within 20 business days from the start of the liquidation or termination process to preserve their exempt status.

The decision allows for situations beyond a person's control, where an application can be made to the FTA within 20 business days of non-compliance. The person must rectify the failure within the same timeframe, with a possible extension of 20 additional business days if circumstances prevent timely resolution. In cases where a business deliberately no longer meets exemption conditions for a tax advantage, it will cease to be considered exempt from the date of non-compliance.

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**.

UAE Ministry of Finance issued an Explanatory Guide for Corporate Tax purposes

The Ministry of Finance has also issued an Explanatory Guide relating to the Corporate Tax Law. The Guide provides additional clarity around key articles of the Law and the intended practical application of these. This will undoubtedly be welcomed by businesses throughout the UAE, many of whom are keen to understand how the Corporate Tax Law will directly impact them and how they can prepare for the upcoming compliance obligations they will be subject to.

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**.

Bahrain evaluates implementation of Corporate Income Tax for MNE groups in response to Pillar 2 Global Minimum Tax

Recent reports indicate that the Bahrain government is contemplating the adoption of a corporate income tax system to address the requirements of the Pillar 2 global minimum tax. As Bahrain currently does not levy income tax, multinational enterprise (MNE) groups operating in the country may face taxation in jurisdictions that have implemented Pillar 2 regulations. To mitigate this impact, a corporate income tax regime is being considered, set to come into effect on January 1, 2024, specifically targeting MNE groups meeting certain criteria. Typically, these criteria include annual consolidated revenues surpassing BHD 342 million.

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 Crown Prince launches four new Special Economic Zones to attract foreign investors

In a significant move aimed at bolstering Saudi Arabia's position as a global investment destination, Crown Prince Mohammad bin Salman bin Abdulaziz has **unveiled** four new Special Economic Zones (SEZs) across the kingdom. The SEZs, strategically located in Riyadh, Jazan, Ras al-Khair, and King Abdullah Economic City, are set to support key sectors such as logistics, advanced manufacturing, technology, and other priority areas.

The launch of these SEZs marks a pivotal moment in Saudi Arabia's economic development strategy, aligning with the objectives outlined in Crown Prince Mohammad bin Salman bin Abdulaziz's Vision 2030. By leveraging the unique advantages of each region, the kingdom aims to attract both local and international investors, fostering economic growth and strengthening its global business hub status.

Companies operating within these newly established SEZs will benefit from a range of incentives designed to enhance their competitiveness. These include competitive corporate tax rates, exemption from customs duties on imports, production inputs, machinery, and raw materials, as well as 100% foreign ownership and flexibility in talent acquisition from around the world.

Among the newly announced SEZs is King Abdullah Economic City (KAEC) SEZ, strategically positioned on the Red Sea. With its proximity to Jeddah Airport and exceptional access to global trade routes through King Abdullah Port, KAEC SEZ is poised to become a premier destination for advanced manufacturing and logistics. Anchor investor Lucid, a prominent player in the global electric vehicle industry, has already committed to producing 150,000 electric vehicles annually from its base within the KAEC SEZ.

Jazan SEZ, situated in the kingdom's southwestern region, holds tremendous potential as an industrial center and trading platform with rapidly growing markets in Africa and Asia. Investors in Jazan SEZ will benefit from proximity to the largest port in the region, facilitating the export of goods and import of materials. The region's fertile environment further presents opportunities for the manufacturing, processing, and distribution of food products to meet the rising regional demand and address food security challenges.

Ras al-Khair SEZ, located on the Arabian Gulf, emerges as a launchpad for the maritime industry. Boasting a fully integrated marine ecosystem, Ras al-Khair SEZ offers lucrative prospects in shipbuilding, repair, offshore drilling, and maritime value chains. With 40% of the zone already occupied by investors, the region demonstrates considerable interest and potential for further growth.

In line with the kingdom's commitment to digital innovation and emerging technologies, the Cloud Computing SEZ in King Abdulaziz City for Science and Technology (KACST) will serve as a hub for cloud computing infrastructure. This cutting-edge zone aligns with the Saudi government's "Cloud First" policy and opens new avenues for investors to capitalize on the rapidly expanding global cloud market.

Saudi Arabia's strategic geographic location, situated at the crossroads of major trade routes, and its access to over 70% of the world's population within an 8-hour radius, further accentuate the appeal of these SEZs. Coupled with a young, highly educated population, abundant natural resources, and a rapidly growing capital market, the kingdom presents a compelling proposition for investors seeking growth and expansion opportunities.

Additional information in regard to the SEZ can be found within the separate **press release** from the Saudi Press Agency

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**.

Kuwait introduces new procedure allowing foreign entities to release tax retentions

Kuwait has introduced a streamlined tax procedure, as outlined in Circular No. 8 of 2023, to enable foreign entities operating in the country to release their tax retentions more efficiently.

In accordance with Kuwait's Tax Law and Regulations, all parties involved in contracts, agreements, or transactions must withhold 5% of the total value until they obtain a Retention Release Letter (RRL) from the Department of Income Tax (DIT). Initially, foreign entities can receive 95% of their contract or invoice value, while the remaining 5% is retained until the tax compliance process is completed. This involves obtaining an assessment letter and settling any outstanding tax dues.

Circular No. 8 of 2023 specifically benefits foreign entities that hold licenses from the Kuwait Direct Investment Promotion Authority (KDIPA). It introduces a new procedure that allows these entities to release 80% of the 5% tax retentions held by their customers. As such, upon submission of the tax declarations, the DIT will issue an 80% RRL addressed to the respective customers. However, the pending percentage of the retentions shall be retained until the foreign entity completes its normal compliance process in Kuwait.

To claim the 80% retention, KDIPA entities must comply with Kuwait's Tax Law and submit all necessary documents to the DIT. Following a thorough review of the application, the DIT will issue the 80% RRL. This procedure applies to the current year and any previous years in which the KDIPA entity has not yet received their retentions.

The remaining 20% of the tax retentions can be released once the tax inspections for the relevant years are concluded, assessments from the DIT are received, any applicable tax dues are paid, and the entity submits the RRL to the DIT to obtain the remaining amount.

Should you need further clarification and details regarding this update, please contact GT Kuwait Tax Partner **Hazem Al-Agez**, or Tax Manager, **Karim Ezz El-Din**.

GCC Tax Treaty Developments

Egypt's Cabinet greenlights pending tax treaty with Qatar

Egypt's Cabinet has granted approval for the ratification of the pending income tax treaty with Qatar. The agreement, which was signed on February 27, 2023, marks a significant milestone as it is the first of its kind between the two nations. Once the necessary ratification documents are exchanged, the agreement will come into force, fostering enhanced cooperation and economic relations between the two countries.

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

Qatar and Uzbekistan set to sign landmark tax treaty

Officials from Qatar and Uzbekistan met on May 8-9, 2023, to engage in discussions concerning the imminent signing of an income tax treaty. This treaty holds great significance as it will be the first of its kind between the two countries. Prior to its implementation, the treaty must undergo the necessary steps of signing and ratification.

Should you need further clarification and details regarding this update, please contact our International Tax team – Partner **Anuj Kapoor**, and Director **Emma Bird**.

Qatar – Guernsey – tax treaty amended by protocol

A protocol amending the 2013 income tax treaty between Guernsey and Qatar came into force on March 8, 2023. The protocol, signed on June 21, 2022, marks the first amendment to the treaty and introduces various changes aimed at enhancing its effectiveness. Key modifications include:

- Alignment of the preamble with OECD BEPS standards.
- Updates to Article 3 (Definitions) to clarify the meaning of "Guernsey" and the "competent authority" of Guernsey.
- Amendments to Article 25 (Mutual Agreement Procedure), expanding the options for individuals to present their cases to the competent authority of either Contracting State, along with other updates.
- Introduction of Article 27 (Entitlement to Benefits), which sets criteria for granting benefits under the treaty, ensuring that benefits are not obtained through arrangements or transactions solely aimed at achieving favorable tax treatment, unless it aligns with the intended purpose of the relevant treaty provisions.

The protocol's provisions took effect from March 8, 2023.

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

Norwegian Government updates tax treaty negotiation status with a focus on GCC countries and beyond

The Norwegian government has recently provided an update on the progress of its tax treaties with various countries, shedding light on the current status of tax treaty negotiations. The updates include ongoing discussions and negotiations for both new tax treaties and amendments to existing ones. Here are the key points:

- Negotiations for New Tax Treaties:
  - Norway is actively engaged in negotiations for a tax treaty with Hong Kong, which would be the first-ever agreement between the two countries.
  - Ongoing discussions are taking place to establish new tax treaties with France, China, Malaysia, Pakistan, Singapore, Spain, South Korea, Thailand, and the United States.
- Negotiations for Amending Protocols:
  - In addition to new tax treaties, Norway is also focused on negotiating amending protocols for its current tax treaties.
  - The countries with which Norway is in discussions for amending protocols include Albania, Austria, Canada, Germany, Greenland, Kazakhstan, North Macedonia, Qatar, Vietnam, and Zambia.

Should you need further clarification and details regarding this update, please contact our International Tax team – Partner **Anuj Kapoor**, and Director **Emma Bird**.

Hong Kong publishes synthesised texts of tax treaties affected by BEPS MLI with GCC countries

In a significant move towards tax transparency and to address base erosion and profit shifting (BEPS), the Hong Kong Inland Revenue Department (IRD) has released synthesized texts of tax treaties with several Gulf Cooperation Council (GCC) countries. These publications provide comprehensive information on how the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) impacts the respective tax treaties.

The synthesized texts incorporate reservations and notifications submitted by GCC countries, ensuring a clear understanding of the implications on tax treaty provisions. Hong Kong's agreements with GCC countries, including the United Arab Emirates (UAE), Saudi Arabia, Qatar, and others, have been included among the tax treaties affected. Each treaty has specific provisions and effective dates determined by the application of the MLI.

For instance, in the case of the Hong Kong-UAE tax treaty, the MLI applies in Hong Kong for taxes withheld at source on non-resident payments from April 1, 2023, and for all other taxes levied from April 1, 2024. In the UAE, the MLI applies to taxes withheld at source from January 1, 2024, and for all other taxes levied from September 23, 2023.

Similar provisions and timelines apply to tax treaties between Hong Kong and other GCC countries, such as Saudi Arabia, Qatar, and others.

These synthesized texts serve as valuable resources for taxpayers, professionals, and businesses operating in Hong Kong and GCC countries. They provide transparent information on how the MLI impacts tax treaties, helping navigate the evolving landscape of international tax arrangements. Hong Kong's release of these synthesized texts demonstrates its commitment to international tax cooperation and aligning with BEPS objectives.

The synthesized texts and specific details of each tax treaty impacted by the MLI can be found on the Hong Kong IRD's **Comprehensive Double Taxation Agreements webpage**.

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

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