Tax Newsletter

May 2024

Landscape

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

Contents

Indirect Tax Update

Value Added Tax in UAE

The Federal Tax Authority ('FTA') publishes 'VATP037' on performing the function of the Board of Directors by a Natural Person, replacing Public Clarification 'VATP031'

The Federal Tax Authority ('FTA') has revoked and replaced Public Clarification VATP031 with Public Clarification VATP037 on 13 May 2024. The purpose of VATP037 is to clarify the VAT obligations for the Board of Directors in different scenarios and to reinforce what would fall within the scope of UAE VAT in the case of director services.

The key point clarified by the FTA through VATP037 is that if a Director, who is part of the Board of Directors, happens to serve as a member of a committee which was formed from the same Board of Directors then the services provided by such Directors as a member of the committee will also be considered as outside the scope of UAE VAT. All the examples in the Public Clarification VATP037 have been updated to demonstrate the changes to the VAT obligation.

Accordingly, we recommend Board Directors to re-evaluate their VAT obligations in light of this Public Clarification, especially if their respective VAT registration obligations is only triggered from their board or committee income and deregister for VAT where they are no longer satisfy the conditions to remain registered.

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

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

Value Added Tax in Middle East Countries

Kingdom of Saudi Arabia ('KSA') – The Zakat, Tax and Customs Authority ('ZATCA') sets guidelines for selecting Taxpayers in Wave 11 for implementing the Integration Phase of E-invoicing

On 29 March 2024, the ZATCA announced its 11th wave of taxpayers for implementing Integration Phase (Phase 2) of E-invoicing, which now includes taxpayers whose taxable revenue exceeds 15 million Saudi Riyals ('SAR') during the tax years 2022 or 2023. The taxpayers who meet the criteria should integrate their E-invoicing solutions with the FATOORA platform with effect from 1 November 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 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
9th Wave	Exceeds SAR 30 Million	1 June 2024	30 September 2024	Post 1 October 2024
10th Wave	Exceeds SAR 25 Million	1 October 2024	31 December 2024	Post 1 January 2025
11th Wave	Exceeds SAR 15 Million	1 November 2024	31 January 2025	

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

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax Team – Head of Tax **Adel Douglas**, Tax Partner **Imad Adileh** or Tax Director **Mohammad Huwitat**.

Bahrain –The National Bureau of Revenue ('NBR') organises VAT workshops focusing on introducing VAT concepts

The National Bureau for Revenue ('NBR') recently organised a comprehensive workshop focused on enhancing VAT invoice compliance among businesses. The primary objective of this workshop was to impart thorough knowledge about various aspects of VAT and provide detailed guidance on the correct procedures for issuing VAT invoices.

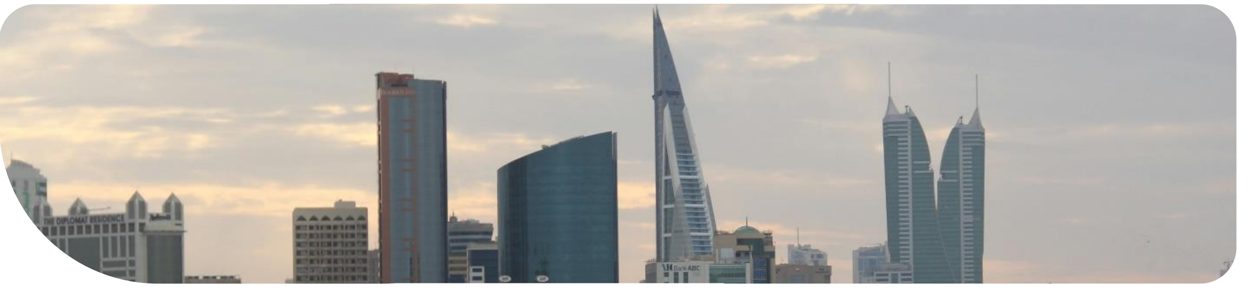
Attended by 159 VAT payers, the workshop served as a valuable platform for businesses to gain insights into achieving optimal effectiveness in all VAT-related areas, with a particular emphasis on invoice compliance. Participants were guided through the essential information required for both simplified and detailed VAT invoices, ensuring clarity and accuracy in documentation.

Moreover, the workshop delved into best practices for maintaining records, emphasising the importance of proper documentation for the VAT compliance purposes. By equipping attendees with the necessary tools and knowledge, the workshop aimed to empower businesses to navigate VAT regulations effectively and minimise the risk of non-compliance.

A highlight of the workshop was the interactive question-and-answer session, where participants had the opportunity to engage directly with NBR representatives. This session provided a valuable platform for clarifying doubts, addressing queries and seeking expert guidance on various VAT-related matters, thereby fostering a deeper understanding and ensuring compliance with regulatory requirements.

Additionally, on 23 April 2024, the NBR organised a workshop introducing VAT concepts. Conducted via Microsoft Teams, this session aimed to familiarise the participants with the fundamentals of Value Added Tax (VAT) regulations and their implications for businesses. The workshop provided a foundational understanding of VAT principles, including its applicability, calculation methods and reporting requirements.

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



Corporate Tax Update

Corporate Tax in UAE

UAE Federal Tax Authority Provides Corporate Tax Guide on Investment Funds and Investment Managers

On May 6, 2024, the UAE Federal Tax Authority (FTA) published a Corporate Tax Guide on Investment Funds and Investment Managers - CTGIFM1. This guide focuses on the tax treatment of investment funds, particularly Qualifying Investment Funds ('QIFs') and Real Estate Investment Trusts ('REITs'), which may be eligible for CIT exemptions under UAE law.

The Corporate Tax exemption for QIFs and REITs are designed to ensure that investors receive the same tax treatment as if they had directly invested in the underlying assets of the funds. To qualify for these exemptions, investment funds must meet stringent regulatory and asset management criteria.

According to Article 10(1) of the CIT Law and **Cabinet Decision No. 81 of 2023**, investment funds must meet several specific conditions to qualify for Corporate Tax exemption:

- Regulatory Oversight - Funds must be regulated either within the UAE or by a recognized foreign authority.
- Marketed Interests - Interests in the fund must be traded or marketed and made available sufficiently widely to investors..
- Non-Tax Avoidance - The primary aim of the fund should not be tax avoidance.

Non-REIT investment funds must also:

- Conduct legitimate investment business activities.
- Maintaining minimum required number of investors.
- Be managed by a qualified investment manager who oversees operations without direct investor control.

For REITs, there are additional criteria concerning asset values, share capital distribution, and the percentage of real estate assets held.

While the funds themselves can be exempt from Corporate Tax, investors must report their share of the fund's net profits in their tax filings. This requirement varies based on the investor's residency status (UAE or non-UAE residents) and the nature of their investment returns (business income or personal investment income).

Article 15 of the UAE Corporate Tax Law introduces an "Investment Manager Exemption." This provision allows foreign-resident investment funds operating in the UAE to avoid creating a permanent establishment (PE) through their investment managers, as these managers are considered independent agents for tax purposes.

To benefit from the tax exemptions, both investment funds and managers must navigate a complex landscape of tax compliance, including meticulous record-keeping and adherence to reporting requirements. They must also ensure they consistently meet the conditions necessary to maintain their tax-exempt status.

The Investment Manager Exemption applies if the investment management or brokerage transactions and arrangements with the Non-Resident Person are conducted on an arm's length basis, ensuring that the Investment Manager receives appropriate compensation for its services.

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

Should you need any further clarifications and details regarding this information, please contact our Corporate Tax Team Leadership – Tax Partner **Anuj R. Kapoor** or Tax Director **Isabel Strassburger** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**; and our Transfer Pricing team – Tax Director **Anna Nikolayko**.

UAE Federal Tax Authority Provides Guidance on Registration of Natural Persons for Corporate Tax

On May 6, 2024, the UAE Federal Tax Authority (FTA) released the Corporate Tax Guide on Registration of Natural Persons - CTGRNP1.

The guide is aimed at any individual involved in business or business activities within the UAE. It should be used in conjunction with the Corporate Tax Law (Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses) and other relevant FTA publications. By referencing specific sections of the CIT Law and Implementing Decisions, the guide ensures users have a thorough understanding of the regulations when read in full.

- The guide outlines the requirements and steps for individuals to register for corporate tax, ensuring compliance with UAE tax laws.
- It helps individuals determine whether they need to register for corporate tax based on their involvement in business activities.
- Clear instructions are provided for individuals on how to deregister from corporate tax when necessary.

This guide is an essential resource for individuals engaged in business activities in the UAE, offering clear instructions and detailed explanations to facilitate the Corporate Tax registration process. By following this guide, individuals can ensure they meet all necessary tax requirements and avoid potential compliance issues.

Any natural person conducting business or business activities in the UAE should refer to this guide to determine whether they need to register for Corporate Tax. It is meant to be used alongside the Corporate Tax Law, implementing decisions, and other relevant guidance published by the FTA.

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

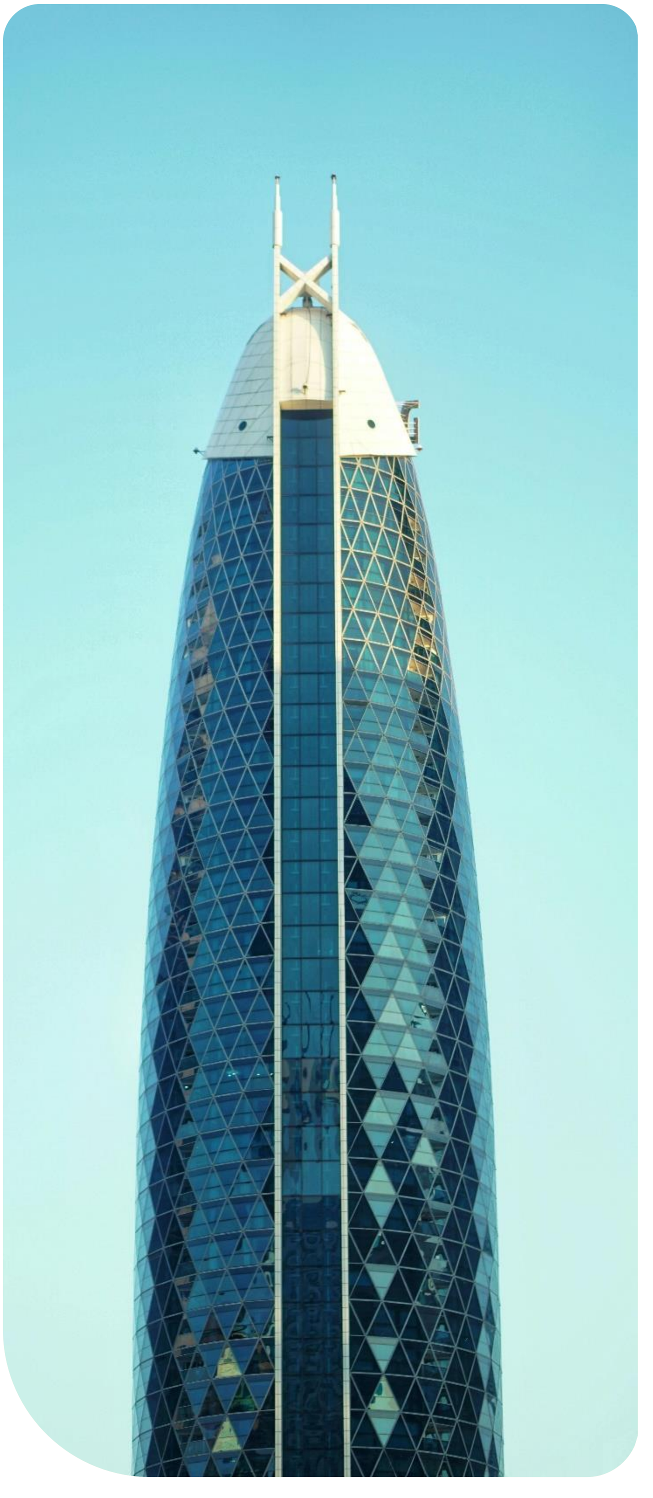
Should you need any further clarifications and details regarding this information, please contact our Corporate Tax Team – Tax Partner **Anuj R. Kapoor** or Tax Director **Isabel Strassburger** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**; and our Transfer Pricing team – Tax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

UAE Federal Tax Authority Provides Guidance on Free Zone Persons Corporate Tax Guide

On 20th May 2024, the UAE Federal Tax Authority ('**FTA**') released a new Corporate Tax Guide for Free Zone Persons - CTGFZP1 (the "**Free Zone Guide**"). This guide aims to assist businesses in understanding and navigating the advantages of the tax regime available to Free Zone Persons ('**FZP**') under the UAE Corporate Tax Law.

The UAE Corporate Tax Law offers a favorable tax regime for FZPs, allowing businesses to benefit from 0% Corporate Tax rate under specific conditions. The newly issued guide details the criteria required for businesses to qualify as a Free Zone Person ('QFZP') and identifies activities eligible for tax exemptions.

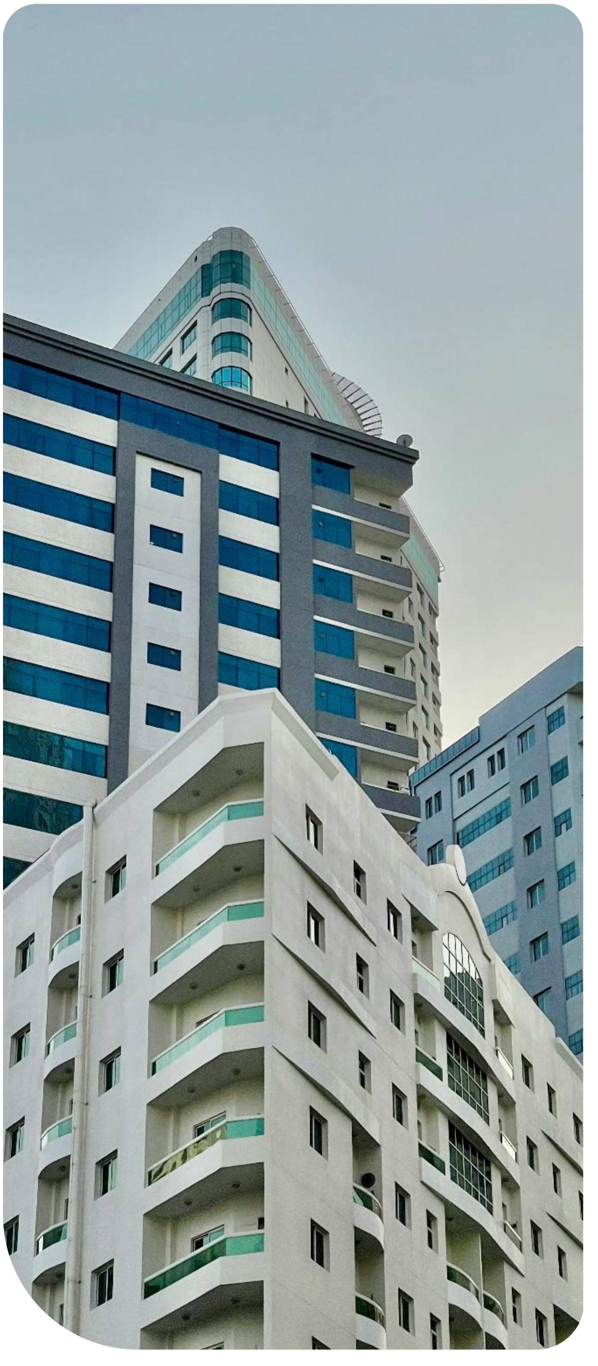
The Free Zone Guide provides important practical example related to the 'beneficial recipient' concept. As stated in the Law, the 0% tax rate applies to qualifying income from transactions between QFZPs and FZPs, provided the FZP is the beneficial recipient. In this regard, the Free Zone Guide highlights that the beneficial recipient is the person who does not have contractual or legal obligations to supply **specific goods or services** that were purchased previously from another Free Zone person (e.g., if a Free Zone Company A purchased translation services from Free Zone Company B and then sells legal service to a Mainland company using the input from the translation services received from the Free Zone Company A then the **Free Zone Company B should be considered the beneficial recipient** for the Free Zone Company A and the income received by the Free Zone Company A for the translation services should be considered Qualifying Income).



Certain Qualifying activities conducted within Free Zones (‘**FZ**’) or Designated Zones (‘**DZ**’) are further clarified in the Free Zone Guide. In particular, the guide highlights that the **goods should enter the Designated Zone only if there is distribution of foreign goods to customers in the UAE** (outside of a Designated Zone).

The guide also elaborates on the “drop shipment” distribution model (i.e., when the distributor is located in a Designated Zone, however, the goods are shipped directly from a foreign supplier to a foreign customer (without entering the UAE)) and confirms that this model should be considered a Qualifying Activity (subject to meeting all other conditions).

The Free Zone guide also emphasizes that the requirement for adequate substance is based on the nature and size of the business. It clarifies that a Free Zone person should ensure that it has adequate employees to perform the core income-generating activities. In particular, **if a Free Zone company has several Qualifying Activities employees engaged in one Qualifying Activity should not be double counted for the other Qualifying Activity**. For example, “if a Free Zone Person performs manufacturing and treasury activities, the employee that oversees the treasury activity cannot be also counted for substance purposes for the manufacturing activity”.



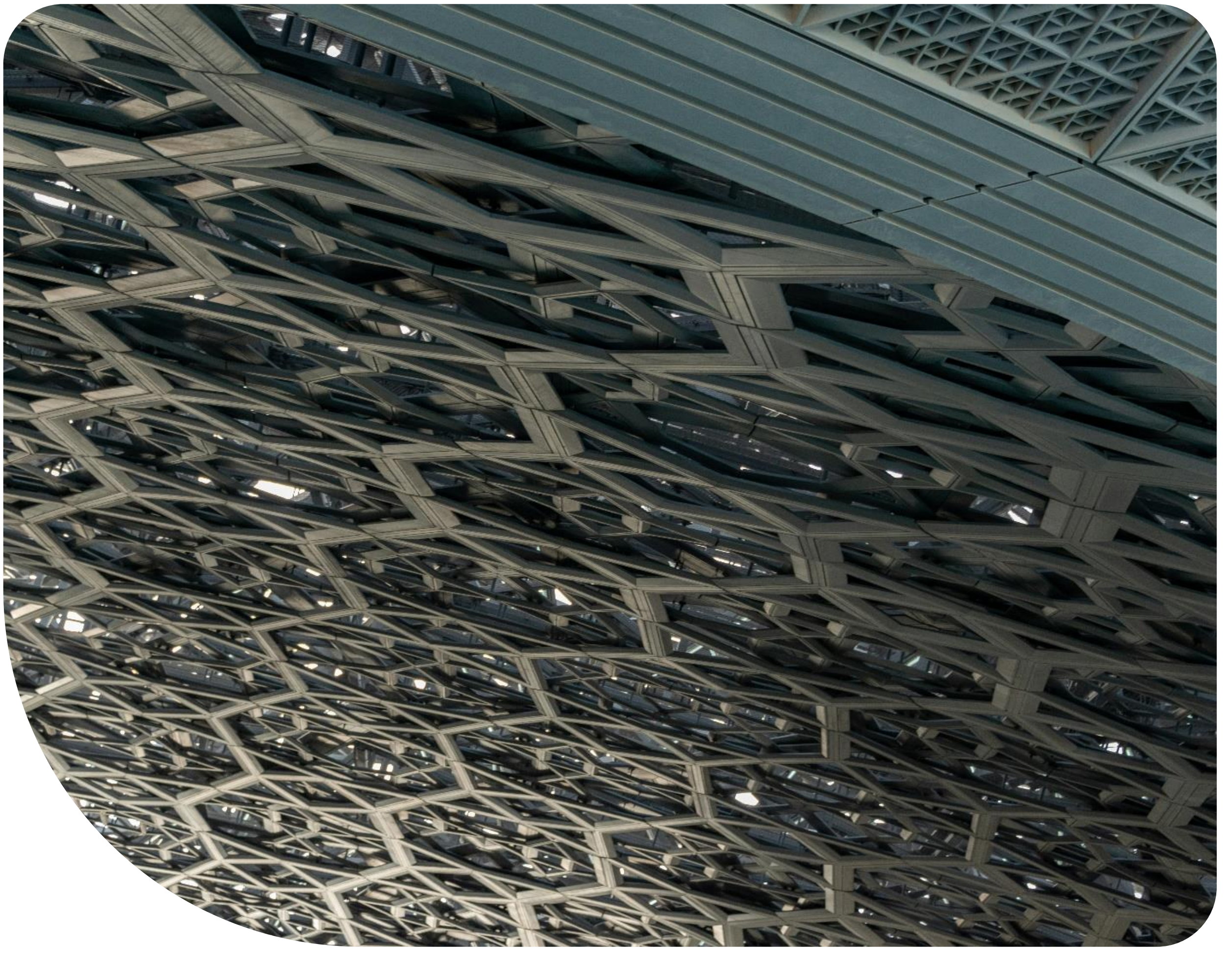
The guide includes other examples and clarifications, often adopting a taxpayer-friendly approach. It provides broad interpretations of qualifying activities and the application of the 0% Corporate Tax for FZ entities within the legal framework.

It also explains that a FZP should comply with the arm's length principle for transactions with Related Parties, maintaining appropriate Transfer Pricing documentation, including a master file, local file, and disclosure form, if compliance thresholds are met.

Additionally, for income subject to the 9% Corporate Tax rate (for example, income attributable to its Foreign Permanent Establishment or Domestic Permanent Establishment), the Free Zone Person should be able to demonstrate how the profits attributed to its Free Zone parent are commensurate with the functions performed, assets used, and risks assumed by the Free Zone parent and reflects an arm's length share of its overall operating profits. The release of this guide is a significant development for Free Zone businesses, providing them with the necessary information to navigate the corporate tax landscape effectively.

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

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



UAE Launches Public Consultation on R&D Tax Incentive

UAE Ministry of Finance launched a Public Consultation on the Potential Introduction of Research and Development ("R&D") Tax Incentives in the UAE. Businesses usually conduct Research and Development (R&D) to foster innovation, gain a competitive edge, and enhance profitability in dynamic markets. While the advantages of R&D are significant, they often extend beyond the business conducting the research to benefit society as a whole.

However, despite these benefits, various factors such as the high costs associated with R&D, uncertainty regarding outcomes, and the time required to realize returns on investment can lead to insufficient investment in R&D by the private sector.

Hence, to ensure that businesses benefit from their R&D efforts and to encourage investment in R&D, governments often intervene to address the underinvestment by providing support. This support can be in the form of direct instruments such as grants or indirect instruments such as tax incentives. Tax incentives are usually effective as they offer businesses greater predictability and consistency while lowering their tax expenses.

The UAE Government acknowledges the broader advantages generated by businesses involved in Research and Development (R&D), as they contribute to innovation and the expansion of the country's knowledge base, fostering a dynamic and diverse economy.

To maximize these benefits, the UAE Government is exploring the possibility of introducing an R&D tax incentive within the Corporate Tax Law. The objective of this potential incentive is to assist the private sector by lowering the effective cost of conducting R&D, making it accessible to a wide range of businesses across the UAE.

The consultation is divided into questions addressing different aspects of the design features of a potential R&D tax incentive. Additionally, a Guidance Paper on R&D principles has been provided, outlining the definition, characteristics, and typical activities of R&D functions. Please click **here** to access the public consultation.

The deadline for comments and feedback was open up until 14 May 2024.

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

GCC Update

Bahrain CbC Filing Requirement for 2023 Reporting Fiscal Year

According to reports, Bahrain's Ministry of Industry and Commerce (MoIC) has issued a letter to all MoIC-registered entities outlining the Country-by-Country (CbC) filing requirements for the reporting fiscal year ending on December 31, 2023.

Under Bahrain's CbC reporting regulations, MNE (Multinational Enterprise) groups with a consolidated group revenue exceeding BHD 342 million in the previous year are subject to these requirements.

Regarding CbC notification filing, the letter specifies that non-parent constituent entities of MNE groups meeting the revenue threshold must submit the CbC notification, including information about the identity and tax residence of their ultimate parent entity, via email **es@moic.gov.bh**.

Regarding CbC report filing, the letter stipulates that ultimate parent entities (reporting entities) of MNE groups meeting the revenue threshold must register and file their report using the CbC report form on the international tax information exchange system (ITIES).

The deadline for filing for the fiscal year ending on December 31, 2023, is December 31, 2024.

Should you need any further clarifications and details regarding this information, please contact our GT Bahrain Tax Team – Senior Partner **Jatin Karia** and Director **Shashank Arya**.

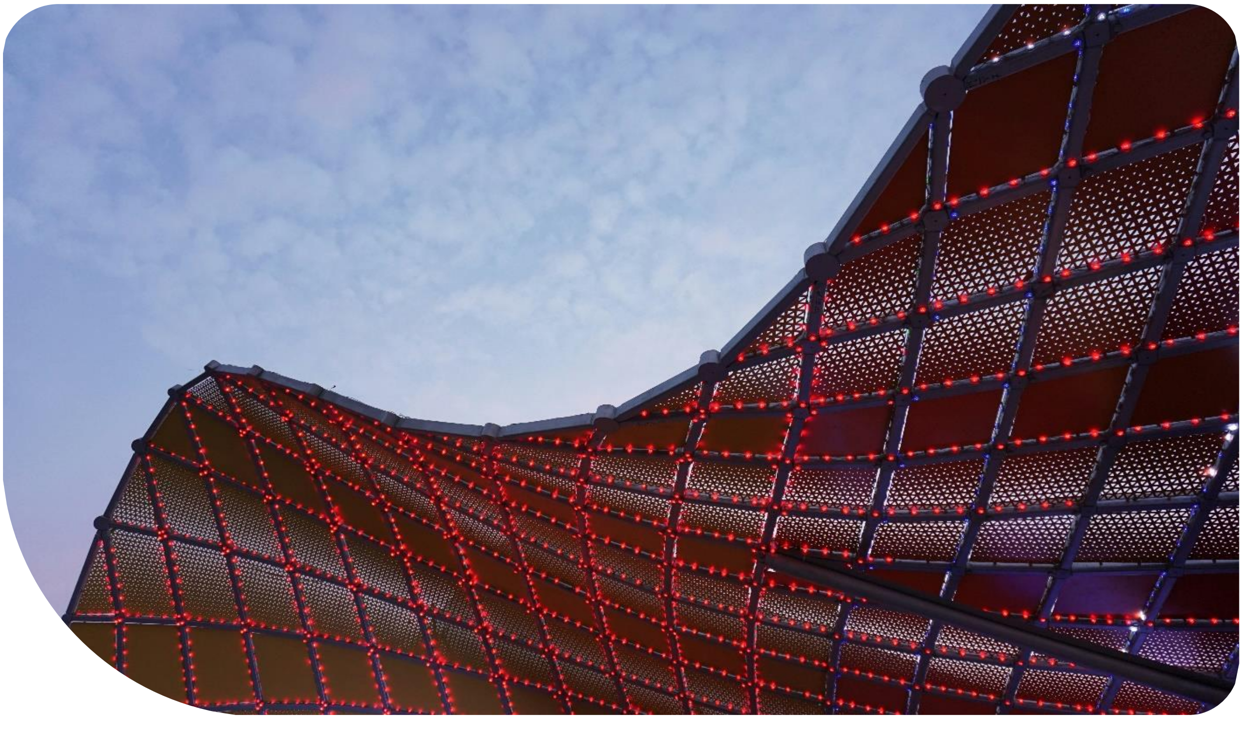
European Parliament Rejects Proposed Regulation Removing the UAE from Anti-Money Laundering List of High-Risk Third Countries

In a plenary vote on April 23, 2024, the European Parliament approved a motion for a **resolution** opposing the European Commission's proposal to remove the United Arab Emirates (UAE) from the list of high-risk third countries with strategic deficiencies in their Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regimes.

As previously reported, in March 2024, the European Commission published a proposed regulation aiming to remove the UAE, along with Barbados, Gibraltar, Panama, and Uganda from the list, while adding Kenya and Namibia to it.

The primary reason for rejecting the removal of the UAE from the list is its involvement in facilitating the circumvention of sanctions by Russia. Although the main concerns are related to the UAE, the process requires rejecting the proposed regulation in its entirety. Consequently, the Commission will now need to present a new proposed regulation.

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



Saudi Tax Authority Issues Guidelines on New Regional Headquarters Program

The Saudi Zakat, Tax, and Customs Authority (ZATCA) has released guidelines regarding the new Regional Headquarters (RHQ) Program in the country.

As previously mentioned, the RHQ program offers a 0% corporate income tax rate and a 0% withholding tax rate for approved RHQ activities. These tax incentives are valid for a 30-year period, with the possibility of renewal, starting from the date the RHQ license is obtained.

The guidelines outline the following:

- An overview of the RHQ program, including the qualifying criteria, the available incentives, and registration requirements;
- Details on the economic substance requirements for the RHQ program;
- Explanations of how the income tax incentives apply, and when they do not apply, with examples;
- The rules regarding tax residency and permanent establishment in relation to the RHQ program;
- The requirements for withholding tax, VAT, Zakat, transfer pricing, and real estate transaction tax, which all generally apply for RHQs;
- Information on the application of tax treaties to the cross-border transactions of RHQs; and
- The tax procedures applicable to RHQs, including tax registration, return filing and tax payment, record keeping requirements, tax examinations and assessments, penalties for non-compliance, etc.

Currently, the guideline is only accessible in Arabic, but an English version is anticipated to be released soon.

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

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax Team – Head of Tax **Adel Douglas**, Tax Partner **Imad Adileh** or Tax Director **Mohammad Huwitat**.

Tax Treaty Developments

GCC Tax Treaty News

Iraq and Qatar Conclude Tax Treaty Negotiations

Officials from Iraq and Qatar reportedly finalized negotiations by initialing an income tax treaty on April 25, 2024. This treaty, the first of its kind between the two countries, must be signed and ratified before it can come into effect.

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

Update on Tax Treaty between Saudi Arabia and the Slovak Republic

The income tax treaty between Saudi Arabia and the Slovak Republic was signed on 13 November 2023. The treaty is the first of its kind between the two countries.

Taxes Covered

The treaty includes provisions for Saudi Zakat, income tax, and the natural gas investment tax. It also addresses Slovak taxes on individual and corporate income.

Service PE

The treaty stipulates that a permanent establishment will be considered to exist if an enterprise pro-vides services in a Contracting State through employees or other personnel for a period or periods to-taling more than 183 days within any 12-month period:

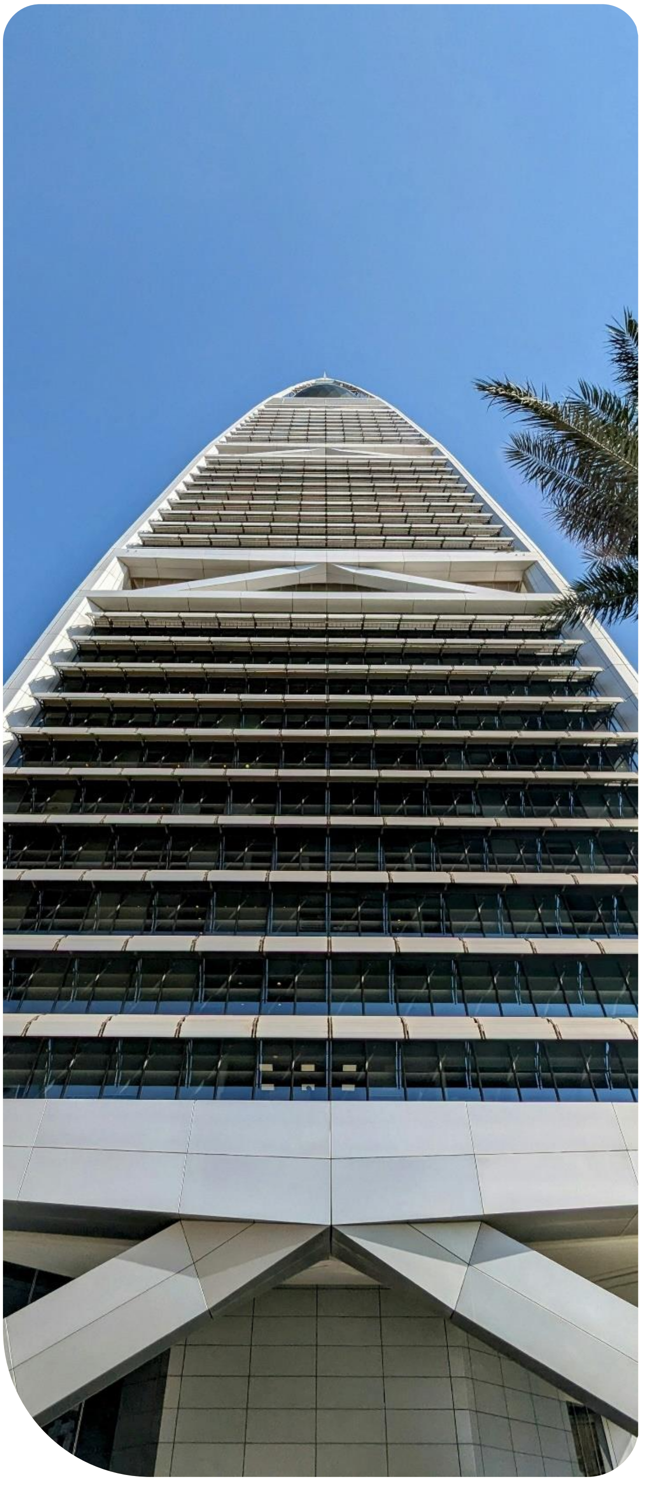
The treaty stipulates that a permanent establishment will be considered to exist if an enterprise provides services in a Contracting State through employees or other personnel for a period or periods totaling more than 183 days within any 12-month period:

- Withholding Taxes
- Dividends - 5% Interest - 10%, with an exemption for interest derived and beneficially owned by:
    - in the case of the Slovak Republic:
        - the Government of the Slovak Republic;
        - the local authorities;
        - The National Bank of Slovakia;
        - Export-Import Bank of the Slovak Republic;
        - Slovak Guarantee and Development Bank;
        - Debt and Liquidity Management Agency; and
        - any other comparable institution wholly owned by the Government of the Slovak Republic or local authorities, as mutually agreed upon by the Contracting States through the exchange of diplomatic notes from time to time
    - in the case of the Kingdom of Saudi Arabia:
        - the Government of the Kingdom of Saudi Arabia;
        - the Saudi Arabia Monetary Agency (SAMA);
        - the Saudi Fund for Development;
        - the Public Investment Fund;
        - the Public Pension Agency;
        - the General Organization for Social Insurance; and
        - such other similar institution the capital of which is wholly owned by the Government of the Kingdom of Saudi Arabia as may be agreed upon from time to time between the Contracting States through an exchange of diplomatic notes.
- Royalties - 10%

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 other than shares listed in a stock market, or of an interest in a partnership that are resident of the other State.
- Gains from the alienation of other property by a resident of a Contracting State may only be taxed by that State.



Double Taxation Relief

Both countries generally apply the credit method for the elimination of double taxation.

Limitation of Benefits

Article 27 (Miscellaneous Provisions) states that the treaty will not interfere with the application of domestic regulations aimed at preventing tax evasion and avoidance. Furthermore, Article 27 specifies that the treaty's benefits will not be applicable if income is paid or obtained through an artificial arrangement.

Entry into Force and Effect

The treaty will come into effect on the first day of the third month after the exchange of ratification instruments and will be applicable from January 1 of the year following its entry into force.

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax Team – Head of Tax **Adel Douglas**, Tax Partner **Imad Adileh** or Tax Director **Mohammad Huwitat**.

Benin National Assembly Approves Pending Tax Treaty with the UAE

On April 30, 2024, the Benin National Assembly ratified the pending income tax treaty with the United Arab Emirates. Signed on March 4, 2013, this treaty marks the first of its kind between the two countries.

Taxes Covered

The treaty includes provisions for Benin's personal income tax, corporate income tax, and single trade tax. It also addresses UAE income tax and corporate tax.

Income From Hydrocarbons

Article 3 (Income from Hydrocarbons) states that, regardless of any other provision in the treaty, both Contracting States, as well as their local governments or authorities, reserve the right to apply their domestic laws and regulations concerning the taxation of income and profits generated from hydrocarbons and related activities within their respective territories.

Service PE

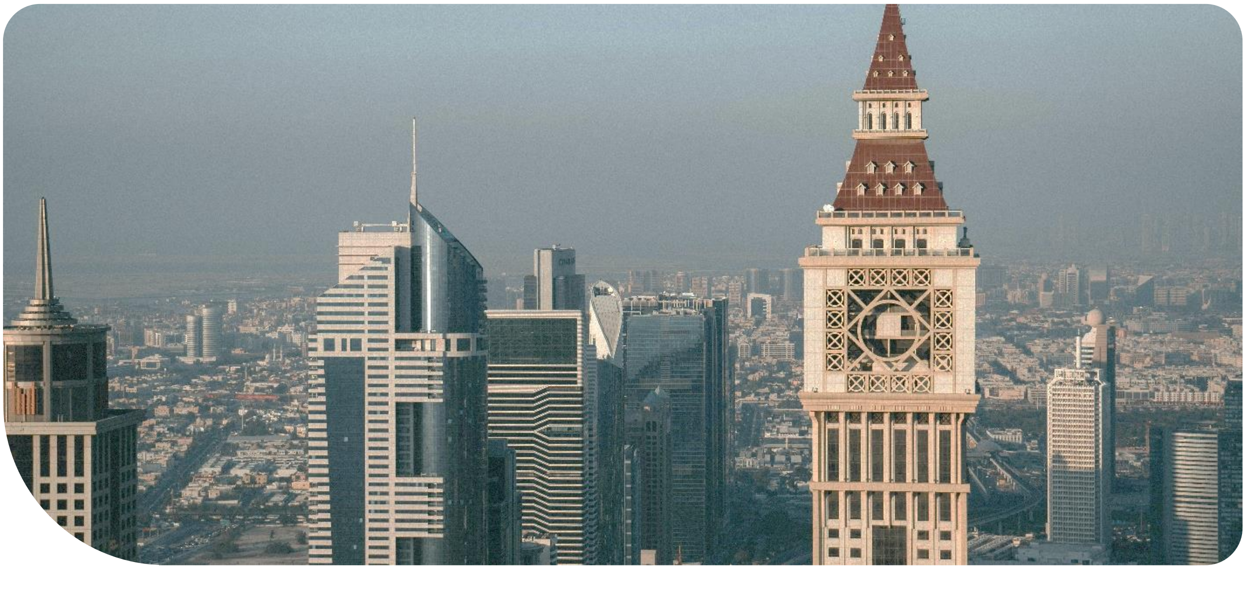
The treaty stipulates that a permanent establishment will be considered to exist if an enterprise provides services in a Contracting Party through employees or other engaged personnel for a period or periods totaling more than 6 months within any 12-month period.

Withholding Tax Rates

Dividends - 0%

Interest - 0%

Royalties - 0%



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 deriving more than 50% of their value directly or indirectly from immovable property situated in the other State.

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

Double Taxation Relief

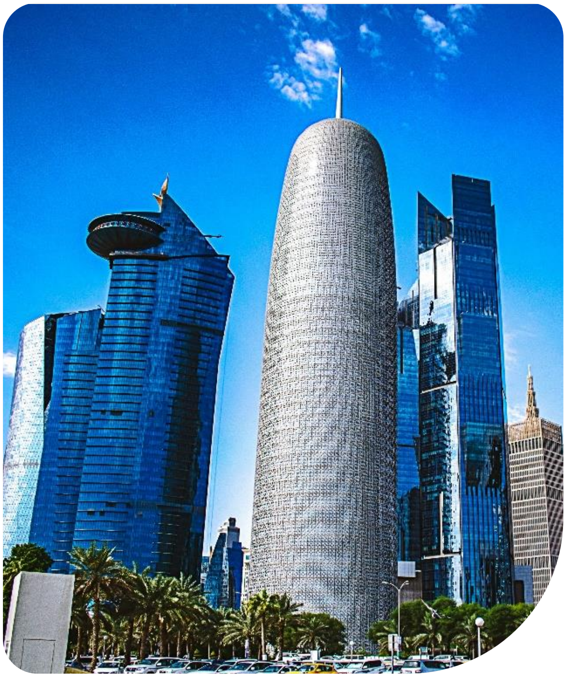
Both countries employ the credit method to avoid double taxation. The treaty also includes provisions for a tax sparing credit. This credit applies to taxes that would otherwise be due in one of the Contracting States but have been waived or reduced in accordance with special investment incentive laws or measures aimed at promoting economic development in that State.

Entry into Force and Effect

The treaty will come into effect upon the exchange of ratification instruments. It will apply immediately for withholding tax purposes and for other taxes, it will apply to taxable periods beginning immediately after the exchange of ratification instruments.

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

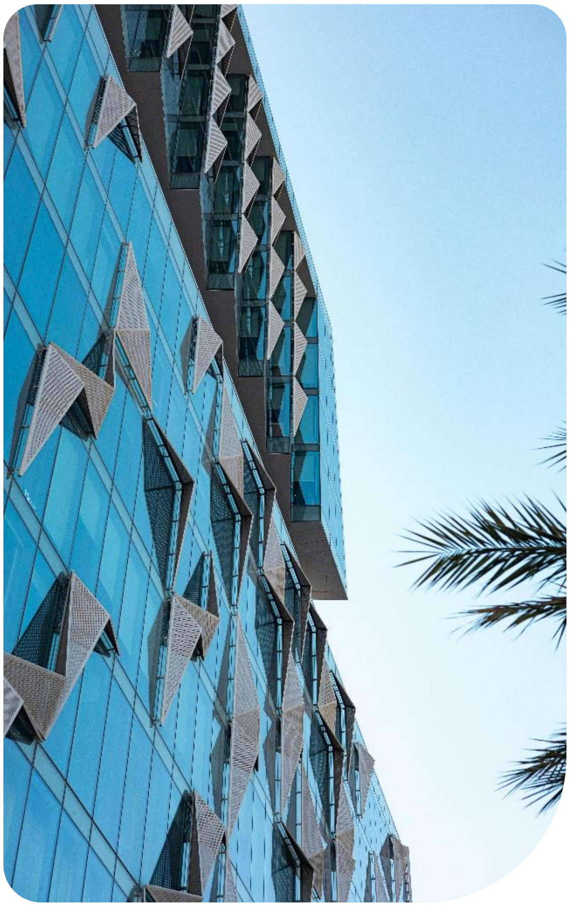
Tax Treaty between Bangladesh and Qatar Signed



On April 23, 2024, officials from Bangladesh and Qatar signed an income tax treaty, marking the first of its kind between the two countries. The treaty will become effective after the exchange of ratification instruments. Further details of the treaty will be published once they are available.

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

Cambodia Looking to Conclude Tax Treaty Negotiations with France, Japan, Laos, Morocco, Myanmar, and the United Arab Emirates



The General Department of Taxation in Cambodia has announced its intention to finalize tax treaty negotiations with France, Japan, Laos, Morocco, Myanmar, and the United Arab Emirates. If successful, these treaties would mark the first of their kind between Cambodia and the respective countries. Finalization, signing, and ratification are necessary steps before the treaties can come into effect.

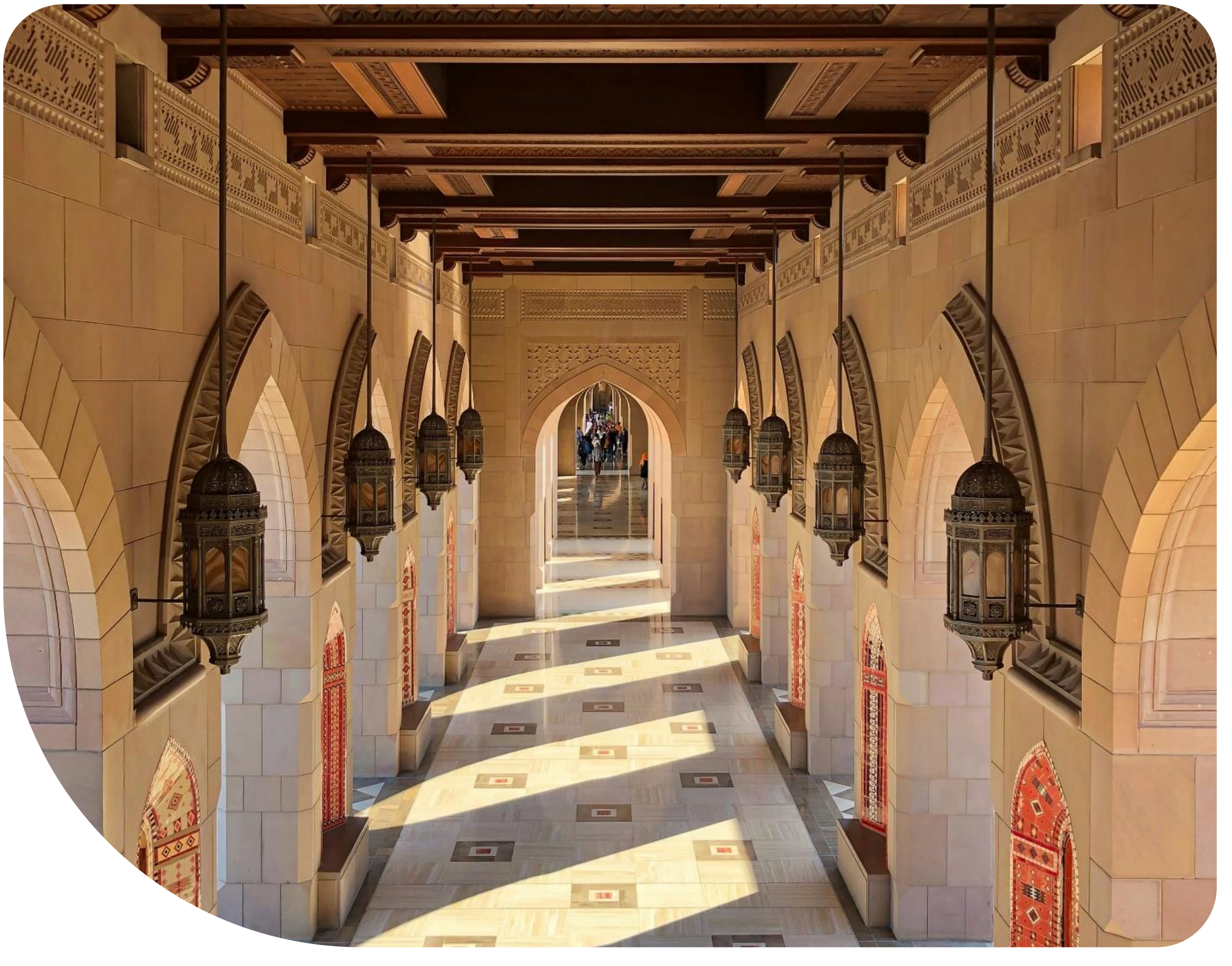
Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor** or Associate Tax Directors **Tatiana Stupenkova** and **Amisha Anil**.

Kazakhstan Consults on Signing Tax Treaty with Oman

The Kazakhstan government has published an updated draft resolution for consultation on the signing of an income tax treaty with Oman. The treaty will be the first of its kind between the two countries and must be signed and ratified before entering into force. Details of the treaty will be published once available.

Please click **here** to access the draft resolution.

Should you need any further clarification and details regarding this update, please contact our GT Oman Tax Team – Head of Advisory **Badar Al Hashmi**.



General Tax Update in Middle East Countries

Bahrain – The Ministry of Tourism introduces tourist tax across the kingdom

The Ministry of Tourism in Bahrain has recently introduced a new tax policy concerning hotel accommodations across the kingdom. As of May 1, 2024, guests staying in hotels will be subject to a tourist tax of three Bahraini dinars per room per day. This initiative was communicated to tourist travel agencies and airlines operating both domestically and internationally, with clear instructions to include the tax in the room rates quoted to tourists visiting Bahrain.

The primary objective behind this measure is to standardize and streamline the additional costs associated with hotel stays, thereby enhancing transparency for individuals planning their trips to Bahrain. By incorporating the tourist tax directly into the room rates, visitors will have a clearer understanding of the total expenses involved in their stay, facilitating better financial planning and decision-making.

The Ministry of Tourism foresees this new tax policy as a means to generate a significant and sustainable revenue stream for the country. With projected annual revenues estimated to potentially increase the state budget by up to three million dinars, contingent upon achieving a hotel room occupancy rate of 40 percent per year, the government aims to bolster its financial resources to support various tourism-related initiatives and infrastructure developments.

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

Our Experts

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