

Tax Newsletter

August 2022 Edition



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Landscape

In our August 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 GCC Region.



The UAE Update



INDIRECT TAX

1. VAT in the UAE

The Federal Tax Authority (FTA) Has Updated the List of Charities That May Recover Input VAT in the UAE

The FTA has updated the list of charities that may recover Input VAT in accordance with Cabinet Decision No. 49 of 2022 on Amending the List of Charities Annexed to the Cabinet Decision No 55 of 2017 on Charities That May Recover Input Tax and Cabinet Decision No. 50 of 2022. The Input VAT recoverability to the amended list of charities is effective from 11 May 2022.

The following charities have been added to the amended list of charities:

No.	Charities Federal Entities	Effective from
1.	Abdul Jalil Al Fahim and Family Foundation	14/02/2019
2.	UAE Falcons Federation	02/06/2021

No.	Charities Federal Entities	Effective from
1.	Family Care Authority	01/01/2022

For further information on the above-mentioned list, please click [here](#).

Should you need further clarification and details regarding this update, please contact our VAT Director [Harsh Bhatia](#) or our VAT Associate Director [Charlotte Stanley](#).

2. UAE Customs and Excise

The Dubai Customs Authority Temporarily Suspends the Export of Iron Scrap and Wastepaper

Dubai Customs has published Custom Notice No. (7/2022) on 18 July 2022 in which it has prohibited the export of iron scrap and paper waste on items falling under the below HS codes until 30 September 2022.

Heading no.	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 (ingots) from re-melting iron or steel scrap.
	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, filings, trimmings and stampings, whether or not in bundles
	72 04 49 00	--other
	72 04 50 00	Ingots from re-melting scrap

For further information on the above-mentioned decision, please click [here](#).

Should you need further clarification and details regarding this update, please contact our VAT Associate Director [Sunny Kachalia](#).

The Dubai Customs Authority Temporarily Suspends the Export and Re-Export of Indian Wheat

Dubai Customs published [Customs Notice No. \(06/2022\)](#) on 5 July 2022, temporarily banning the export and re-export of wheat and wheat flour of Indian origin post May 13, 2022. The below HS codes will be affected under this custom notice:

Heading no.	HS Code	Description
1001	Wheat	10011900: Durum Wheat 10019910: Normal Wheat 10019920: Thin Wheat
1101	Wheat Flour	Unbleached "kraft" paper or paperboard or corrugated paper or paperboard

Further, UAE companies are required to obtain special permission from the Ministry of Economy to export or re-export wheat and wheat flour products mentioned above in the table which were imported from India before May 13, 2022 with sufficient supporting documents to substantiate the details related to the export or re-export. Where companies wish to export/re-export Non-Indian wheat and wheat flour products which are mentioned in the above table, companies are required to submit a request to the Ministry of Economy to obtain permission with sufficient supporting documents to substantiate the details related to the export or re-export.

The request needs to be submitted to the Ministry of Economy's Anti-Injurious Practices department through email at antidumping@economy.ae or directly by visiting the Ministry headquarters. The permit will be valid for 30 days from the date of issuance.

The ban will be applicable for a period of four months effective from 6th June 2022.

For further information on the above-mentioned decision, please click [here](#).

Should you need further clarification and details regarding this update, please contact our VAT Associate Director [Sunny Kachalia](#).



The GCC Update



INDIRECT TAX

1. VAT

Bahrain – The National Bureau of Revenue (NBR) Updates the List of Excise Goods

The NBR has updated the ‘selective list of goods’ subject to excise tax as a continuation to the recent excise developments.

For further information on the above-mentioned decision, please click [here](#).

Should you need further clarification and details regarding this update, please contact our VAT Associate Director [Sunny Kachalia](#).



International Tax & Tax Treaty

G20 Finance Ministers and Central Bank Governors Reaffirm Commitment to Two-Pillar international Tax Package

The [G20 Chair's Summary](#) has been published pursuant to the third G20 Finance Ministers and Central Bank Governors meeting under the Indonesian G20 Presidency, which was held on 15th to 16th July 2022. In the summary, the Finance Ministers and Central Bank Governors reaffirm their commitment to the two-pillar international tax package as follows:

“We reaffirm our commitment to the swift implementation of the OECD/G20 two-pillar international tax package. We support the ongoing work on Pillar One and welcome the completion of Pillar Two Global Anti-Base Erosion (GloBE) Model Rules, which pave the way for consistent implementation at a global level as a common approach, and we look forward to the completion of the GloBE Implementation Framework. We call on the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) to finalize Pillar One, including by signing the Multilateral Convention in the first half of 2023, and call on the Inclusive Framework to complete the negotiations that would allow the development of the Multilateral Instrument for implementation of the Subject to Tax Rules (STTR) under Pillar Two. We reaffirm our objective to strengthen the tax and development agenda in light of the G20 Ministerial Symposium on Tax and Development, and we note the forthcoming new G20/OECD Roadmap for Developing Countries and International Tax. We support the progress made on implementing internationally agreed tax transparency standards, including regional efforts and welcome the signing of the Asia Initiative Bali Declaration.

We also welcome the progress at the OECD on the Reporting Framework for Crypto-Assets as well as the amendments to the Common Reporting Standard and call for their swift completion.”

Click the following link for the [OECD Secretary-General Tax Report](#) that was presented to the G20 Finance Ministers and Central Bank Governors during the meeting.

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

Saudi Arabia to Extend Transfer Pricing Requirements to Zakat Payers

The Saudi Zakat, Tax, and Customs Authority (ZATCA) has concluded a [consultation](#) on extending all requirements of the transfer pricing bylaws to Zakat payers, unifying the transfer pricing requirements for income tax payers as well as Zakat payers.

Currently, Zakat payers are not explicitly subject to the full package of transfer pricing regulations, except if required to comply with CbC reporting obligations. Otherwise, the transfer pricing rules only apply for Zakat payers that are shareholders in "mixed companies" to the extent the company is subject to corporate income tax. Mixed companies are generally defined as companies with a shareholder(s) subject to income tax and a shareholder(s) subject to Zakat. As proposed, the transfer pricing bylaws would be amended to essentially provide that all transfer pricing requirements that apply to income tax payers will also apply to Zakat payers, including documentation requirements.

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

Tax Treaty Between Oman and Russia to Be Signed

Russia has published [Decree No. 2073-r of 28 July 2022](#) in the Official Gazette, which approves and authorizes the signing of a new draft income tax treaty with Oman. A treaty was signed in 2001 but never ratified. The new treaty must be signed and ratified before entering into force.

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

Czech Senate Approves Pending Tax Treaty with Qatar

On 10 August 2022, the Czech Senate approved the bill for the ratification of the pending income tax treaty with Qatar. The treaty, signed 21 June 2022, is the first of its kind between the two countries. It will enter into force once the ratification instruments are exchanged and will apply from 1 January of the year following its entry into force.

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

Want to know more? The Tax Team at Grant Thornton UAE aims to provide you with updates regarding the latest developments in Tax within the Middle East region.

For more details with respect to this alert or queries on other Tax issues, please contact the following in-country GT Tax leaders, whose details are given below.

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