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**Monthly Updates on Tax**

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# TAX NEWSLETTER





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## United Arab Emirates (UAE)

### CORPORATE TAX (“CT”)

#### FREE ZONE PERSONS CORPORATE TAX GUIDE

In May 2024, The Federal Tax Authority (“FTA”) published CT guide CTGFZPI on Free Zone Persons. The guide is issued with the purpose of providing guidance on the application of the Corporate Tax Law to Free Zones and Free Zone Persons. It provides readers with an overview of:

- The conditions required to be met for a Free Zone Person to be a Qualifying Free Zone Person (“QZFP”) and benefit from the 0% Corporate Tax rate, and
- The activities that are considered Qualifying Activities and Excluded Activities for a QZFP.

[Click here to read the official guide](#)

#### REGISTRATION TIMELINE FOR TAXABLE PERSON FOR CORPORATE TAX

The Federal Tax Authority (“FTA”) published CT public clarification CTP001 on Qualifying Group Relief. The guide is issued with the purpose of providing guidance on Qualifying Group Relief under Article 26 of the UAE CT Law in UAE.

The Public Clarification is issued with relation to the FTA Decision No. 3 of 2024 which is elaborated in detail in our previous Blog ([PB Blog Link](#)).

Apart from the concepts already discussed in our previous Blog, the following Key takeaways are mentioned in the new Public Clarification as mentioned below:



- The timelines specified in FTA Decision No. 3 of 2024 apply equally to juridical persons whose first Tax Period has already begun, irrespective of the person intending to or having ceased Business or Business Activities, or liquidating after the start of their first Tax Period.
- A juridical person that is a Resident Person shall submit a Tax Registration application for Corporate Tax This equally applies to “Offshore Companies” that are incorporated, or otherwise established or recognized under the applicable legislation in the UAE.
- If the juridical person has a nexus in the UAE before 1 March 2024, it shall submit a Tax Registration application within three months from the effective date of FTA Decision No. 3 of 2024, i.e. by 31 May 2024.
- If the juridical person has a Permanent Establishment in the UAE, it shall submit a Tax Registration application within nine months from the date of existence of the Permanent Establishment. The date of existence of the Permanent Establishment is when the Permanent Establishment is recognized for UAE Corporate Tax purposes
- If a Non-Resident Person has both a Permanent Establishment and a nexus in the UAE, the deadline for submitting a Tax Registration application for Corporate Tax to the FTA shall be the earlier of the two deadlines.
- Where a natural person that is a Resident Person exceeds the AED 1 million Turnover threshold in a Gregorian calendar year, starting from 1 January 2024, they shall submit a Tax Registration application for Corporate Tax to the FTA by 31 March of the subsequent Gregorian calendar year.

[Click here to read the official guide](#)

## VALUE ADDED TAX ('VAT')

### MANPOWER VS VISA FACILITATION SERVICES

On 31st May 2024, The Federal Tax Authority published VAT Public clarification VATP038 – Manpower vs Visa Facilitation services which provides guidelines on the taxability of Manpower supply services and Visa Facilitation services.

A supply of Manpower services refers to identifying/recruiting/hiring candidates and making such employees available to work for another entity provided certain conditions are satisfied to be considered as a Taxable supply.





A supply of manpower services would indicate that the supplier:

- Shall be held responsible for performance of his/ her role at the customers premises.
- Would be responsible for all the employment obligations – payment of salaries and other benefits.
- Has complete control is designating the workings hours of the employees as well as directing and guiding them

The total consideration for the supply of Manpower services include:

- Employees' salaries
- Employee Benefits
- Additional charges relating to the employment, and
- Other recharges, that relate to the provision of the manpower services

A supply of manpower services shall be considered visa facilitation services if all the following conditions are satisfied:

- The employment visa holder (“Facilitator”) and Customer are part of the same corporate group, but part of the same tax group.
- The Facilitator’s business activities do not include the supply of manpower.
- The Facilitator is not responsible for any of the obligations related to the employee.
- The Facilitator sponsors these employees to exclusively work for, and under the supervision and control, of the Customer.

The total consideration for the supply of visa facilitation services would include recharge of expenses such as typing fees, medical tests and issuance of employee Emirates ID’s. Exclusions from the value of supply would include employee’s salary, annual flight allowance and any other monetary benefits.

[Click here to read the official announcement](#)







## Kingdom of Saudi Arabi(KSA)



### E-INVOICING UPDATES – WAVE 12 OF THE “INTEGRATION PHASE”

The Zakat, Tax, and Customs Authority (ZATCA) have announced the criteria for selecting Taxpayers in Wave 12 for Implementing (Integration Phase) of E-invoicing.

The 12th wave shall include all taxpayers whose taxable revenues exceeded 10 million Saudi Riyals during 2022 or 2023 and should integrate their e-invoicing solutions with (FATOORA) Platform starting from 1st December 2024.

[Click here to read the official announcement](#)

## EXEMPTION FROM DUTIES, CUSTOMS AND TAXES FOR DUTY-FREE MARKETS

On 14th May 2024, Zakat, Tax and Customs Authority (ZATCA) has approved the requirements for exemption from customs duties and taxes for duty-free markets in the arrival lounges at all land, sea, and air customs ports. The requirements stated by ZATCA set the maximum purchase limit and quantities allowed for passengers arriving to Saudi Arabia.

The exception requirement specifies that the maximum purchase limit from duty-free markets in arrival lounges is SAR 3,000 per passenger, while maximum quantity allowed for cigarette purchases at 200 per passenger provided that the purchase is for personal use.

ZATCA added that adopting the form of exemption from customs duties and taxes for duty-free markets and the acceptance of license applications for their operation in arrival lounges at all customs ports is part of ZATCA's efforts to improve the logistical services provided to duty-free market operators at customs ports in both arrival and departure lounges.

[Click here to read the official announcement](#)



### OMAN

## DEADLINE FOR CRS REPORTS SUBMISSION

The Official Oman Tax Authority Bahrain has announced the extension of the deadline for CRS reports submission for the fiscal year 2023 from 31st May 2024 to 30th June 2024.

[Click here to read the official announcement](#)



## QATAR

### ISSUANCE OF PRESUMPTIVE TAX ASSESSMENTS BY THE GENERAL TAX AUTHORITY (GTA)

Under the Income Tax Law No. 24 of 2018 and its Executive Regulations (“Income Tax Law”), the GTA has the right to conduct tax audits and field inspections at taxpayers’ places of business and review their tax returns, activities, information systems and databases, accounting records, and financial information.

This also provides them the right to issue tax assessments on a presumptive basis in cases where taxpayers fail to file tax returns or submit supporting documents within the time limits prescribed under the Income Tax Law.

The tax assessments have been issued by the GTA as a result of the following:

- Failure to submit a response to the GTA’s inquiries
- Failure to submit the tax return within the stipulated deadline
- The auditor’s opinion in the financial statements submitted along with the tax return is other than an unqualified opinion
- Applying a specific deemed profit rate on the total revenue reported in the tax return for a taxable year
- Disallowing all the expenses that were the subject of the GTA’s inquiry where the taxpayer did not provide a response within the deadline

#### GTA’s Tax Audit Process

The taxpayers may be exposed to presumptive tax assessments in case information is not readily available when requested by the GTA during the audit process which may lead to potential additional taxes and late payment penalties.

All taxpayers should start preparing for tax audits well in advance, considering the detailed nature and the timeline as provided by the GTA.

The Income tax law states that taxpayers would be required to do the following during the audit process by the GTA:

- Provide all relevant records and clarifications to the GTA for the tax period under audit.
- Grant access and provide support to the GTA in examining the software, systems, and information applications that are used to record financial information and to prepare the tax returns.
- Allow access and support the GTA in examining the data necessary for the exploitation of these software, systems, information applications, processes, as well as databases used to process transactions, billing, revenues, receipts, assets, and inventory.





## **THE GENERAL TAX AUTHORITY (GTA) COMBATS STORE VIOLATING TOBACCO AND DERIVATIVE SALES REGULATIONS**

The General Tax Authority (GTA) has declared enforcement actions against stores found in violation of Excise Tax laws, following rigorous inspection campaigns conducted jointly with the Ministry of Commerce and Industry and the General Authority of Customs.

The GTA has taken actions against stores selling tobacco products and derivatives lacking the mandatory Tax Stamps (Tax Seals) as stipulated by the Excise Tax Law, which prohibits trading such products without Tax Stamps. The GTA has issued notices to the violating stores and confiscated non-compliant products of the offenders.

This crucial effort is conducted in close collaboration with all state agencies to ensure the effective enforcement of laws aimed at combatting tobacco and its derivatives. The GTA urges all taxpayers to strictly comply with the provisions and procedures outlined in the tax laws to avoid any potential legal consequences.

The Tax Stamp is a unique and easily recognizable identifier, available in the format of either a physical sticker or a digital code containing encrypted data and is affixed to Excisable Goods. The General Tax Authority initiated the first and second phases of this system in 2022, followed by the third phase at the onset of 2023 within local markets. This phase mandated that all tobacco products and derivatives in local markets must bear Tax Stamps.

The GTA's endeavors to combat tobacco align with Qatar's Third National Development Strategy 2024-2030, which prioritizes enhancing quality of life by reducing smoking prevalence. These efforts are also in harmony with the National Health Strategy, aimed at safeguarding individuals from the hazards of tobacco and its derivatives.

[Click here to read the official announcement](#)



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# "Reach out and let's connect!"

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