Monthly Updates on Tax

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Premier Brains Global

AUDIT | TAX | ADVISORY

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TAX NEWSLETTER

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IN THIS EDITION

United Arab Emirates (UAE)

- **Corporate tax ("CT")**
  - Real Estate Investment for Natural Persons
  - Tax Resident and Tax Residency Certificate
- **General News**
  - Grace period to update information in tax records
  - Tax Assessment review

Kingdom of Saudi Arabia (KSA)

- E-invoicing Updates – Wave 17 of the "Integration Phase"
- ZATCA Opens Registration for Zakat, Tax and Customs Conference on December 2024

OMAN

- Signing of the Agreement to Avoid Double Taxation for Republic of Estonia & Grand Duchy of Luxembourg)

BAHRAIN

- The National Bureau for Revenue obtains ISO 27001:2022 certification

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United Arab Emirates (UAE)

CORPORATE TAX ("CT")

REAL ESTATE INVESTMENT FOR NATURAL PERSONS

In October 2024, The Federal Tax Authority ("FTA") published CT guide CTGREI1 on Real Estate Investment for Natural Persons. If you're an individual earning income from real estate investments, there's important tax news you should know. Cabinet Decision No. 49 of 2023 offers a significant benefit for natural persons, excluding their real estate investment income from Corporate Tax, provided certain conditions are met.

This decision is designed to ease the tax burden on individuals by exempting their rental or property sale income from being taxed at the corporate rate. However, not all real estate income will qualify — there are specific requirements to ensure eligibility for this exemption.

For individuals in the real estate market, it's essential to understand whether you meet these conditions to take full advantage of this opportunity.

Click here to read the official guide

Tax Resident and Tax Residency Certificate

In October 2024, The Federal Tax Authority ("FTA") published Tax Procedures guide on Real Estate Investment for Tax Resident and Tax Residency Certificate.

This guide provides essential information on Corporate Tax and tax residency rules in the UAE. It covers the following key areas:

Determining Corporate Tax Residency: Learn how to assess if you qualify as a "Resident Person" for Corporate Tax purposes in the UAE.

UAE Tax Residency Under Domestic Law: Understand how to determine whether you are considered a UAE Tax Resident based on local regulations.

UAE Tax Residency Under a Double Taxation Agreement (DTA): Find out how tax residency is determined under the terms of Double Taxation Agreements between the UAE and other countries.

Obtaining a Tax Residency Certificate: Get information on the process for acquiring a Tax Residency Certificate in the UAE, which is required for various tax-related matters.

This guide is a helpful resource for individuals and businesses looking to navigate the UAE's tax residency rules and ensure compliance with local tax laws.

Click here to read the official guide

GENERAL NEWS

GRACE PERIOD TO UPDATE INFORMATION IN TAX RECORDS

If you're registered with the Federal Tax Authority (FTA) in the UAE, it's important to stay on top of updating your tax records. The Federal Tax Authority ('FTA') has published Tax Procedures public clarification TAXP007 which states that starting from January 1, 2024, and ending on March 31, 2025, the UAE is offering a grace period during which administrative penalties will not be imposed for failing to update your tax records.

This grace period allows registrants to correct their tax information without the risk of penalties. If any penalties were imposed earlier for failing to update information within the legally prescribed timeframe, those penalties will be automatically reversed during this period.

What Information Must Be Updated?

Registrants must inform the FTA of any changes to their tax records, such as:

- Changes in name, address, or email address
- Updates to trade license activities
- Changes in legal entity type or partnership agreements
- Modifications to the nature of the business
- Changes in the address from which business is conducted

Consequences of Not Updating

Failure to update the FTA on these changes within 20 business days is considered a tax violation and could result in administrative penalties. However, with the new grace period in place, no penalties will be charged for updates made between January 1, 2024, and March 31, 2025.

Automatic Reversal of Penalties

If penalties were imposed between January 1, 2024, and the implementation of the grace period, those penalties will be reversed automatically—no action is required on your part. If you've already paid a penalty, the amount will be added back to your tax account.

Take advantage of this grace period to ensure your tax records are up-to-date and avoid unnecessary penalties!

Click here to read the official announcement

TAX ASSESSMENT REVIEW

The Federal Tax Authority ('FTA') has published Tax Procedures public clarification **TAXP008 for Tax Assessment Reviews.**

In the UAE, businesses and individuals may sometimes find discrepancies in their tax assessments. If you believe there has been an error in your tax assessment or related administrative penalties, you have the right to request a review. This process allows you to challenge the assessment based on technical errors, calculation mistakes, or audit procedure issues. However, there are certain rules and timelines to follow.

When Can You Request a Tax Assessment Review?

You can request a review if you believe that there were errors in how your tax assessment was calculated, including:

- Technical or legal errors: Incorrect application of tax laws or treaties.
- Calculation errors: Mistakes in how the tax due was determined.
- Audit procedure issues: Errors made during the audit process that led to an incorrect tax determination.

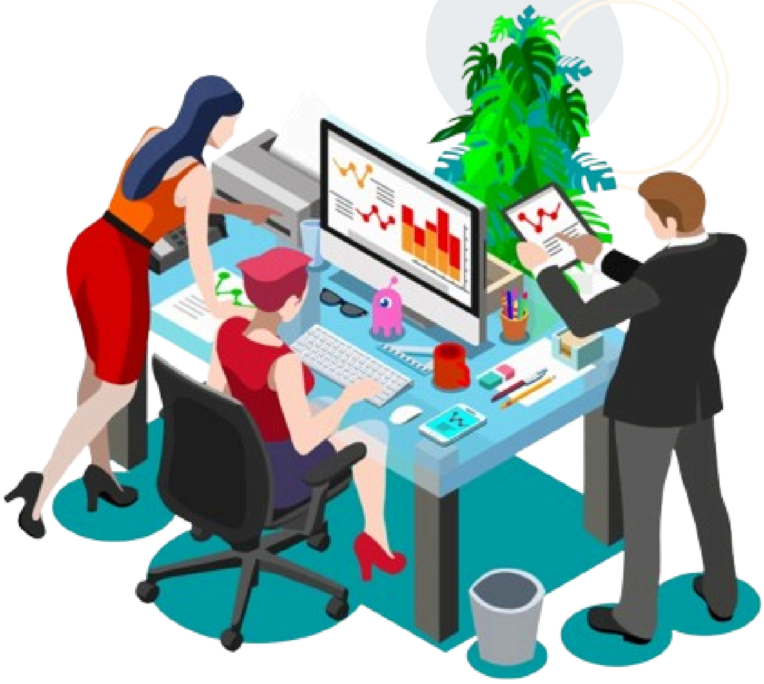
However, the review process is not the appropriate channel if you want to introduce new evidence that wasn't available during the original audit. In that case, you would need to apply for reconsideration instead.

What Information is Needed for a Tax Assessment Review?

To request a review, you must show that the FTA (Federal Tax Authority) made a mistake based on the documents and information you provided during the audit. This includes:

- Audit Notification Period: Your request should be based on the information you provided during the tax audit, from the date you received the tax audit notification to the date the tax assessment and penalty were issued.

- Examples of Reasons for Review: Some common reasons to request a review include:
  - Errors in tax audit notifications, such as audits being conducted for periods beyond the statute of limitations (usually five years).
  - Failure to notify you of the audit before conducting it.
  - Undocumented or uncertified information used by the FTA to determine taxable supplies.
  - Mistakes in the valuation of supplies, tax calculation, or the application of Excise Tax rules.



Timeframe for Submitting a Review Request

You must submit your review request within 40 business days from when you were notified of the tax assessment and any related penalties. If you miss this deadline, you may request an extension, provided you have valid reasons for the delay.

Submit Your Request: You can send your review request to the FTA via email at AssessmentReview@tax.gov.ae.

What Happens After You Submit a Review Request?

Once the FTA receives your request, they will review the reasons provided and issue a decision within 40 business days. If the FTA needs more time, they will notify you.

Possible outcomes include:

- Rejection: If the request doesn't meet the procedural requirements.
- Adjustment: If the FTA determines there was an error in your tax assessment or penalties.
- Upholding: If the FTA finds that the original tax assessment and penalties were correct.

You will be informed of the decision within five business days.

Disagreeing with the Review Outcome

If you disagree with the outcome of the review, or if the FTA doesn't issue a decision within the required timeframe, you can submit a reconsideration request. This allows you to challenge the FTA's decision further, and you may introduce new information that wasn't available during the original audit process.

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Kingdom of Saudi Arabi(KSA)

E-INVOICING UPDATES – WAVE 17 OF THE "INTEGRATION PHASE"

The Zakat, Tax, and Customs Authority (ZATCA) have announced the criteria for selecting Taxpayers in Wave 17 for Implementing (Integration Phase) of E-invoicing.

The 17th wave shall include all taxpayers whose taxable revenues exceeded 2.5 million Saudi Riyals during 2022 or 2023 and should integrate their e-invoicing solutions with (FATOORA) Platform starting from 31st July 2025.

Click here to read the official announcement

ZATCA OPENS REGISTRATION FOR ZAKAT, TAX AND CUSTOMS CONFERENCE ON DECEMBER 2024

The Zakat, Tax and Customs Authority (ZATCA) will be hosting a major conference in Riyadh on December 4-5, 2024, under the theme "Shaping Tomorrow for a Sustainable Ecosystem." This high-profile event, taking place under the patronage of Saudi Arabia's Minister of Finance, H.E. Mr. Mohammed bin Abdullah Al-Jadaan, aims to address global economic challenges in the areas of Zakat, tax, and customs, while fostering international cooperation.

The conference will provide a platform for over 500 participants, including government leaders, financial experts, and heads of international organizations, to engage in discussions, exchange experiences, and explore innovative solutions.

The conference will feature sessions, workshops, and an exhibition with around 90 booths, showcasing local and international organizations. Topics will focus on the latest trends, challenges, and best practices in Zakat, tax, and customs, particularly in the context of rapid digital transformation. It will also serve as an opportunity to promote awareness and strengthen the Kingdom's position in global dialogues on these sectors.

Interested professionals and organizations can register through the conference website or the ZATCA mobile app. This conference promises to be an important event for anyone involved in these sectors, from financial professionals to entrepreneurs, offering valuable insights into shaping future policies and enhancing cooperation on an international scale.

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OMAN

SIGNING OF THE AGREEMENT TO AVOID DOUBLE TAXATION FOR REPUBLIC OF ESTONIA & GRAND DUCHY OF LUXEMBOURG)

The governments of Oman and Estonia have signed an agreement in Muscat to avoid double taxation and prevent fiscal evasion concerning income taxes. The agreement was signed by His Excellency Nasser bin Khamis Al Jashmi, Chairman of Oman's Tax Authority, and Her Excellency Ingrid Amer, Ambassador of Estonia to Oman. This agreement seeks to regulate tax imposition and provide legal protection for investors, thereby encouraging greater trade and investment between the two nations.

Similarly, Oman and Luxembourg signed a double taxation agreement in Luxembourg City. His Excellency Sheikh Dr. Abdullah bin Salem Al Harthy, Oman's Ambassador to Luxembourg, and His Excellency Pierre Gramegna, Luxembourg's Minister of Finance, represented their respective countries. This agreement, like the one with Estonia, aims to eliminate double taxation on income and capital taxes, prevent tax evasion, and promote stronger investment and trade ties between Oman and Luxembourg.

Click here to read the official announcement – Republic of Estonia & Grand Duchy of Luxembourg

BAHRAIN

THE NATIONAL BUREAU FOR REVENUE OBTAINS ISO 27001:2022 CERTIFICATION

The National Bureau for Revenue (NBR) has proudly achieved the ISO 27001:2022 certification for Information Security Management, after successfully completing all internal and external audit stages. The official accreditation was granted by RoyalCert, a certified registrar specializing in ISO standards. This certification applies to all NBR departments, operations, and electronic systems, including those hosted in both on-premises and cloud data centers.

Mrs. Rana Ebrahim Faqihi, Chief Executive of the NBR, highlighted that this global recognition underscores the organization's commitment to maintaining robust information security across all its functions. She emphasized the NBR's continuous efforts to adopt international best practices in safeguarding information privacy and managing security risks.

Mrs. Faqihi also extended her gratitude to the teams at the NBR who played a key role in achieving this milestone. She commended their ongoing efforts to strengthen information security controls and educate staff on the importance of adhering to information protection policies and practices.

ISO 27001:2022 is an internationally recognized standard issued by the International Organization for Standardization (ISO) and is a mark of excellence in information security management.

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"Reach out and let's connect!"

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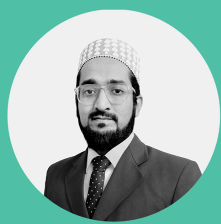

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