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TAX NEWSLETTER

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United Arab Emirates (UAE)

VALUE ADDED TAX "VAT"

MECHANISM FOR CORRECTION OF ERROR OR OMISSION IN THE TAX RETURN

On November 1st, 2024, the Federal Tax Authority (FTA) issued Federal Tax Authority Decision No. 8 of 2024, which sets out the process for correcting errors or omissions in VAT returns. This decision will take effect on January 1st, 2025.

If a taxpayer identifies an error in their VAT return that does not affect the amount of tax due, they must correct the mistake by submitting a Voluntary Disclosure. The types of errors that can be corrected without changing the tax liability include:

- Incorrect reporting of standard-rated taxable supplies in the wrong Emirate.
- Errors in reporting zero-rated taxable supplies (taxed at 0%).
- Mistakes in reporting exempt supplies.

Taxpayers are required to correct errors for the specific period in which they occurred, rather than including them in future VAT returns. This ensures that each VAT return accurately reflects the correct tax position for that period.

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GENERAL NEWS

RAQEEB: WHISTLE BLOWER PROGRAM FOR TAX VIOLATIONS AND EVASION

In December 2024, The Federal Tax Authority ("FTA") published User Guide USEGWB1 on Raqeeb Whistle Blower Program for Tax Violations and Evasion. The guide is issued help informants in successfully submitting information
and leads relating to natural or juridical persons who do not comply with the tax legislation in a secure and confidential manner to inform the FTA of any natural or juridical person evading tax, or committing other tax offences.

This guide is designed to help you to:

•Understand Raqeeb.
•Report business practices that violate the applicable tax legislations.
•Understand the process and eligibility to receive a monetary reward where tax is successfully collected from tax offenders.
•Provide accurate answers to the questions on the whistleblowing form by explaining what information you are required to provide.
•Understand the requirements to successfully complete and submit the whistleblowing form.

Click here to read the official guide

PRIVATE CLARIFICATIONS GUIDE

In December 2024, The Federal Tax Authority ("FTA") published CT guide TPGPC1 on Private Clarifications. The guide is issued with the purpose of providing guidance on the nature of private clarifications ("Clarification") and the process to apply for a Clarification. It provides readers with an overview of:

·the nature of a Clarification,
·who is eligible to apply for a Clarification,
·the instances where a Clarification will not be provided or rejected,
·the Clarification process, including required documents, applicable fees and the instances in which the fees may be refunded.

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TAX ASSESSMENT REVIEWS PUBLIC CLARIFICATION

On December 16, 2024, the UAE's Federal Tax Authority (FTA) unveiled the world's first VAT refund system for e-commerce retail purchases made by tourists during their stay in the country. This innovative system, developed in partnership with Planet, aims to enhance the UAE's digital competitiveness and its leadership in tourism and e-commerce.

The new system allows tourists to recover VAT on purchases made through e-commerce platforms registered with the FTA, in addition to traditional retail purchases. It is fully digital and seamless, building on the previous paperless VAT refund system launched for tourists over two years ago. Tourists can easily scan their passports, complete transactions, and receive digital invoices for eligible purchases, which can be verified through a dedicated shopper's portal.

Khalid Ali Al Bustani, Director General of the FTA, expressed pride in the achievement, emphasizing its role in improving the UAE's reputation as a top international tourism destination. Eyad Alkourdi, General Manager of Planet, also praised the initiative for creating a smooth and enjoyable shopping experience for visitors.

The system is designed for simplicity, allowing tourists to apply for VAT refunds directly through e-commerce platforms before their purchases are shipped. Once their identity is verified, the refund process is completed swiftly when they leave the country. This development is expected to boost both the tourism and e-commerce sectors in the UAE.

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TAX REFUND SYSTEM FOR E-COMMERCE RETAIL PURCHASES FOR TOURISTS

The Federal Tax Authority (FTA) issued Tax Procedures Public Clarification TAXP008, which outlines the mechanism and procedures for Tax Assessment Reviews.

In the UAE, if a taxpayer believes that the Federal Tax Authority (FTA) made an error in issuing a tax assessment or related penalties, they can request a review of the assessment. This must be done within 40 business days of being notified. The review request can be based on various reasons, such as errors in tax calculations, procedural issues, or failure to consider certain documents during the tax audit.

If the request is submitted on time, the FTA will review the case and make a decision within 40 business days, either adjusting, rejecting, or upholding the original assessment. If the person disagrees with the decision or no decision is made within the given time, they can submit a reconsideration request, along with any new evidence or information that wasn't available during the audit.

For those unable to meet the 40-day deadline, an extension can be requested if valid reasons are provided. The tax review and reconsideration processes ensure taxpayers have an opportunity to resolve disputes over their assessments efficiently.

For more details, requests can be submitted to the FTA via email: AssessmentReview@tax.gov.ae.

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Kingdom of Saudi Arabi(KSA)

E-INVOICING UPDATES – WAVE 19 OF THE "INTEGRATION PHASE"

The Zakat, Tax, and Customs Authority (ZATCA) have announced the criteria for selecting Taxpayers in Wave 19 for Implementing (Integration Phase) of E-invoicing.

The 19th wave shall include all taxpayers whose taxable revenues exceeded 1.75 million Saudi Riyals during 2022 or 2023 and should integrate their e-invoicing solutions with (FATOORA) Platform by no later than 30th September 2025.

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EXTENSION OF THE CANCELLATION OF FINES AND EXEMPTION

The Zakat, Tax, and Customs Authority (ZATCA) has announced the extension of the Minister of Finance's initiative to waive financial penalties for taxpayers, which will now run until June 30, 2025. This initiative applies to all tax laws and offers relief from penalties for late registration, late payments, and late submission of returns. It also includes waivers for VAT return correction fines and penalties related to field violations of e-invoicing regulations.

To benefit from this initiative, taxpayers must be registered with ZATCA, submit any previously unfiled returns, and pay any outstanding tax dues associated with those returns. Taxpayers can also apply for an instalment plan to pay their tax liabilities, as long as they adhere to the payment deadlines specified in the approved plan. However, penalties related to tax evasion, fines paid before the initiative's start, or returns due after December 31, 2024, are excluded from the waiver.

ZATCA has published a simplified guideline on its website that explains the details of the initiative, including the types of penalties covered and the steps to apply for the relief. Taxpayers are encouraged to take advantage of this opportunity before the deadline. For further inquiries, ZATCA's 24/7 support channels are available, including a call centre, email, and online messaging services.

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BAHRAIN

BAHRAIN INTRODUCES DOMESTIC MINIMUM TOP-UP TAX FOR MULTINATIONAL ENTERPRISES

In 2018, Bahrain joined the OECD's Inclusive Framework and supported the two-pillar international tax reform, which has now been adopted by over 140 jurisdictions worldwide. As part of this reform, Bahrain is introducing a Domestic Minimum Top-up Tax (DMTT) for Large Multinational Enterprises (MNEs) to ensure they pay a minimum 15% tax on profits generated in each country where they operate.
Effective from January 1, 2025, the DMTT will apply to MNEs with global revenues of EUR 750 million or more. This tax is designed to align with the OECD's Pillar Two requirements, promoting fair international taxation and ensuring that MNEs pay their fair share in Bahrain. By implementing the DMTT, Bahrain reaffirms its commitment to global tax cooperation and a level playing field in international taxation.

In this regard, the Kingdom of Bahrain has released two guides to provide comprehensive guidance on the relevant aspects of the Domestic Minimum Top-up Tax (DMTT).

Guide to the scope of the DMTT law and registration requirements - Link
DMTT Registration Manual - Link

Click here to read the official announcement

QATAR

TAX RETURN FILING DEADLINE FOR YEAR ENDING DECEMBER 31, 2024

The General Tax Authority (GTA) has announced that the tax filing period for the fiscal year ending December 31, 2024, will begin on January 1, 2025, and end on April 30, 2025.

This requirement is in accordance with the Income Tax Law (Law No. 24 of 2018), its Executive Regulations, and subsequent amendments. All entities subject to the Law, including tax-exempt companies, those fully owned by Qatari or other GCC nationals, and those with non-Qatari partners, are required to file their tax returns within this timeframe.

The GTA has urged all companies and enterprises with a commercial registration or license to submit their returns via the Dhareeba tax portal.

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THE SHURA COUNCIL APPROVED AMENDMENTS TO SELECT PROVISIONS OF THE INCOME TAX LAW

On December 23, 2024, the Shura Council of Qatar approved amendments to the Income Tax Law to introduce a 15% global minimum corporate tax rate for multinational companies. This applies to companies and foreign branches with annual revenues exceeding QAR 3 billion, including both Qatari companies with branches abroad and international companies operating in Qatar. However, local Qatari companies and individual taxpayers remain subject to the existing 10% corporate income tax.

The new law aims to ensure tax fairness, protect Qatari multinational companies from foreign tax rates, and keep tax revenues within Qatar. The move aligns with global efforts to combat tax base erosion and profit shifting, supporting the objectives of Qatar National Vision 2030. This amendment also ensures compliance with the OECD and G20 standards on the Domestic Minimum Top-up Tax (QDMTT).

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OMAN

THE SULTANATE OF OMAN AND THE UNITED REPUBLIC OF TANZANIA HAVE SIGNED AN AGREEMENT ON THE AVOIDANCE OF DOUBLE TAXATION

The Sultanate of Oman and the United Republic of Tanzania have signed an agreement aimed at avoiding double taxation and preventing fiscal evasion regarding income taxes. The agreement was signed in Muscat by H.E. Nasser bin Khamis Al Jashmi, Chairman of the Tax Authority for Oman, and H.E. Dr. Mwigolo Lamek Nchemba, Minister of Finance and Planning for Tanzania.

This agreement is designed to create a more attractive investment environment, protect investors from double taxation, and improve transparency in financial transactions between the two nations. It is expected to strengthen economic and trade ties, while also opening new opportunities for joint investment between Oman and Tanzania.

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"Reach out and let's connect!"

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