



**Premier
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TAX NEWS LETTER

+971 4354 2959

info@premier-brains.com

www.premier-brains.com

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United Arab Emirates (UAE)

CORPORATE TAX

FTA URGES NATURAL PERSONS TO REGISTER FOR CORPORATE TAX BEFORE END OF MARCH 2025 TO AVOID ADMINISTRATIVE PENALTIES-

The UAE Federal Tax Authority (FTA) has announced that natural persons conducting business activities with a turnover exceeding AED 1 million in 2024 must register for Corporate Tax by 31 March 2025 to avoid a penalty of AED 10,000. Registration can be completed through the EmaraTax platform or government service centers. The FTA has provided guides and user manuals for easy registration, and businesses can access the platform at any time for assistance. Corporate Tax returns must be submitted by 30 September 2025-[Link](#)



VALUE ADDED TAX (VAT)

UAE E-INVOICING CONSULTATION: SHAPING THE FUTURE OF DIGITAL TAX COMPLIANCE

On February 6, 2025, the UAE Ministry of Finance (MoF) released a public consultation document on the upcoming E-Invoicing framework, signaling a significant move towards digitalizing invoicing processes in the UAE. The proposed system is set to introduce new formats, validation processes, and compliance requirements for businesses in the region.

The consultation document, available until February 27, 2025, invites feedback from businesses, service providers, and other stakeholders. This input will help refine the proposed framework, which includes an E-Invoicing Data Dictionary (PINT AE) covering key elements for 16 common use cases such as tax invoices, credit notes, and commercial invoices. The goal is to standardize processes and enable seamless integration into a digital network.

KEY ASPECTS OF THE NEW SYSTEM INCLUDE:

- Mandatory E-Invoicing for all businesses, regardless of VAT registration status, with a focus on B2B and B2G transactions initially.
- Real-time data validation through a Peppol-based system, ensuring compliance and reducing errors.
- Standardized formats for invoices, including machine-readable encrypted XML documents.
- Phased implementation, starting in Q2 2026, to allow businesses time to adapt to the new requirements.

For businesses, the shift to E-Invoicing will involve aligning invoicing processes with new data fields, upgrading systems, and ensuring accurate data to meet validation requirements. Cross-border businesses will also need to align the UAE framework with regional standards.

Business leaders are advised to prioritize this transition by forming internal teams, assessing system readiness, and preparing for the phased rollout. PwC offers expert guidance to help companies navigate the E-Invoicing process, from gap analysis and vendor selection to system implementation and training.

This consultation represents an opportunity for businesses to actively influence the final framework, ensuring it meets the needs of UAE businesses and contributes to enhanced VAT compliance and economic growth –[Link](#)



UAE VAT CLARIFICATION: KEY INSIGHTS ON CRYPTOCURRENCY MINING FOR BUSINESSES

On January 14, 2025, the UAE Federal Tax Authority (FTA) issued an important public clarification regarding the VAT treatment of cryptocurrency mining. The clarification differentiates between two types of cryptocurrency mining activities—mining for personal use and mining on behalf of another person—and outlines their respective VAT implications.

CRYPTOCURRENCY MINING FOR OWN ACCOUNT



If a person is mining cryptocurrency for their own use, they contribute computational power to the network without any identifiable recipient of the output. As such, this activity is not regarded as a taxable supply under UAE VAT law. The rewards received in this case are not considered consideration and fall outside the scope of VAT.

CONCLUSION

The FTA's clarification offers much-needed guidance on the VAT treatment of cryptocurrency mining, particularly in distinguishing between personal mining activities and those conducted for a fee on behalf of others. Businesses engaged in the latter will need to ensure compliance with VAT requirements, including the potential for input VAT recovery- [Link](#)

CRYPTOCURRENCY MINING ON BEHALF OF ANOTHER

- When a person mines cryptocurrency on behalf of another individual or entity, for a fee, this constitutes a taxable supply of services. The supply is subject to VAT at the standard rate of 5% if provided to a UAE-based customer. However, if the service is provided to a non-resident, it may be eligible for zero-rating under specific conditions outlined in the UAE VAT regulations.

RECOVERY OF INPUT VAT

- Mining for Own Account: Input tax incurred on mining-related expenses (e.g., hardware, utilities) cannot be recovered since this activity does not constitute a taxable supply.
- Mining on Behalf of Another: Input tax on expenses incurred in mining for another person may be recoverable, provided the expenses are directly linked to the taxable supply and proper documentation is maintained.

IMPLICATIONS FOR MINING SERVICES FROM NON-RESIDENTS

For UAE businesses receiving cryptocurrency mining services from non-resident parties, VAT obligations vary depending on their VAT registration status. If the recipient is VAT-registered in the UAE, the reverse charge mechanism applies. If not, the non-resident service provider must register for VAT in the UAE and charge VAT on the service.

UAE INTRODUCES NEW FRAMEWORK FOR GOVERNMENT ENTITIES IN TAX DISPUTES: DECISION NO. 12 OF 2025

The UAE Cabinet has issued Decision No. 12 of 2025, which will come into effect on 14 April 2025. This decision regulates how government entities can raise objections and file appeals in tax disputes, specifically in relation to Value Added Tax (VAT) on transactions conducted in their sovereign capacity.

Key Aspects of the Decision:

- **Objection Process:** Government entities must submit objections to the Tax Disputes Resolution Committee (TDRC) within 40 working days of receiving a decision. The TDRC has 20 working days to decide, and the objection is final if the tax and fines involved do not exceed AED 100,000.
- **Appeal Process:** If dissatisfied with the TDRC decision, government entities can appeal to federal courts, but must settle VAT dues before submitting the appeal. Administrative penalties are due only after a final court decision.
- **Notification Requirements:** Federal entities must inform the Ministry of Finance, and local government entities must notify their Emirate's finance department within one week of submitting an objection.

Key Differences:

- **Objections:** Government entities do not need to pay VAT or penalties before filing an objection, unlike private entities.
- **Appeals:** Government entities must settle only the VAT before appealing to federal courts, while private entities are required to settle part of the penalties or provide a guarantee.

This decision brings transparency and efficiency to the tax dispute process for government entities, ensuring a clear procedure for resolving VAT-related disputes.

UAE CABINET DECISION NO. 127 OF 2024: EXPANSION OF REVERSE CHARGE MECHANISM

The UAE Ministry of Finance has issued Cabinet Decision No. 127 of 2024, which expands the reverse charge mechanism to include additional precious metals and stones. This decision will take effect on 25th February 2025 and repeals the previous Cabinet Decision No. 25 of 2018 regarding VAT on gold and diamonds traded between VAT-registered dealers in the UAE.



Key Changes:

- **Expanded Scope:** The reverse charge mechanism now applies to gold, silver, palladium, platinum, natural and synthetic diamonds, pearls, rubies, sapphires, emeralds, and jewelry made from these materials (if the precious component exceeds other materials' value).
- **Mechanism:** VAT-registered suppliers will not charge VAT on supplies of these goods to VAT-registered customers. Instead, the customers must declare VAT in their returns.
- **Compliance:** Businesses dealing in these precious metals and stones need to adapt their accounting practices to comply with the new rules, including submitting the required written declarations confirming resale or manufacturing intentions and VAT registration.

Differences from the Previous Decision (No. 25 of 2018):

- The new decision expands the range of materials covered and requires two written declarations from recipients.
- The supplier's role in verifying VAT registration is clarified, and the responsibility for non-compliance now lies with the supplier if the declarations are not submitted.

Key Takeaways: VAT-registered businesses involved with precious metals and stones must review their VAT treatment for supplies involving these goods and ensure compliance with the new reverse charge mechanism before the effective date of 25th February 2025.



GENERAL NEWS

FEDERAL TAX AUTHORITY CALLS ON REGISTRANTS TO BENEFIT FROM THE GRACE PERIOD TO UPDATE THEIR TAX RECORDS BEFORE END OF MARCH 2025 WITHOUT INCURRING ADMINISTRATIVE PENALTIES

The UAE Federal Tax Authority (FTA) has announced a grace period for registrants to update their tax records without incurring administrative penalties. This initiative, following a Cabinet decision, aims to ease the tax burden on businesses and encourage compliance. The grace period, running from January 1, 2024, to March 31, 2025, allows businesses to update their details, such as trade activities, business address, and legal structure, without penalty. Any penalties imposed during this period will be automatically reversed. -[Link](#)

KINGDOM OF SAUDI ARABIA



ZATCA has announced the criteria for the Twentieth Wave of the E-invoicing "Integration Phase," targeting taxpayers with VAT-relevant revenues exceeding SAR 1.5 million in 2022 or 2023. These taxpayers must integrate their E-invoicing systems with the Fatoora platform by 31st October 2025. Phase Two requires taxpayers to issue E-invoices in a specific format with additional fields and integrate with ZATCA's platform. The phase will be rolled out gradually in waves, with taxpayers notified at least six months in advance. This move continues the success of Phase One, which was launched in December 2021 to replace manual invoicing with digital solutions.

[Link](#)

ZATCA URGES ESTABLISHMENTS SUBJECT TO WITHHOLDING TAX TO SUBMIT WITHHOLDING TAX FORMS FOR LAST DECEMBER 2024

ZATCA has urged establishments subject to withholding tax in Saudi Arabia to submit their withholding tax forms for December 2024 by 10 January 2025. Late submissions will incur a penalty of 1% of the unpaid tax for every 30 days of delay. To avoid penalties, businesses should submit their forms through ZATCA's website. For further information, establishments can contact ZATCA via their 24/7 call center, social media, email, or website chat. Withholding tax applies to payments made to non-resident entities without a permanent establishment in Saudi Arabia, based on the rates outlined in the Income Tax Law.

[Link](#)

ZATCA DETERMINES THE CRITERIA FOR SELECTING THE TARGETED TAXPAYERS IN WAVE 20 FOR “INTEGRATION PHASE” OF E-INVOICING

The Zakat, Tax, and Customs Authority (ZATCA) has outlined the criteria for selecting taxpayers in the Twentieth Wave for the “Integration Phase” of E-invoicing. This wave targets taxpayers whose VAT-revenue exceeded SAR 1.5 million in 2022 or 2023. ZATCA will notify these taxpayers to integrate their E-invoicing solutions with the Fatoora platform by 31 October 2025.

The Integration Phase (Phase Two) requires taxpayers to issue E-invoices in a specific format and include additional fields. Unlike Phase One (Generation Phase), which started on 4 December 2021, Phase Two will be implemented gradually, and ZATCA will notify each wave six months before their integration date. The move is part of Saudi Arabia's broader digital transformation to enhance consumer protection and ensure efficient tax operations

[Link](#)



ZATCA URGES TAXPAYERS TO BENEFIT FROM THE CANCELLATION OF FINES AND EXEMPTION OF PENALTIES INITIATIVE

ZATCA has introduced the “Cancellation of Fines and Exemption of Penalties Initiative,” which will end on 30 June 2025. This initiative offers taxpayers the opportunity to waive fines for late registration, late payment, late filing of returns, and fines for VAT violations, including e-invoicing-related offenses. To benefit, taxpayers must be registered, submit all outstanding returns, and settle the principal tax debt. Installment plans can be requested, provided all installments are paid on time. However, penalties related to tax evasion and fines paid before the initiative’s effective date are excluded. Detailed guidelines are available on ZATCA’s website.

[Link](#)



ZAKAT, TAX, AND CUSTOMS ALLOWS REFUND OF VAT FOR PUBLIC BENEFIT CONTRIBUTORS

ZATCA is offering VAT refunds for individuals and establishments involved in public benefit projects (e.g., mosques, healthcare centers, educational facilities). To qualify, contributors must meet specific eligibility criteria, including submitting project approvals and contracts. Legal persons implementing the project themselves may also be eligible. The refund applies to contributors unable to recover VAT as input tax, such as real estate developers. Detailed guidelines and instructions are available on ZATCA's website.

[Link](#)

QATAR



THE GENERAL TAX AUTHORITY LAUNCHES THE 100% FINANCIAL PENALTY EXEMPTION INITIATIVE

The General Tax Authority has launched a 100% financial penalty exemption initiative, effective from March 1, 2025, for six months. Businesses can qualify by registering on the Dhareeba Tax Portal, updating their data, submitting tax returns, and committing to timely compliance for the next three years. The initiative aims to reduce financial burdens, enhance transparency, and support business growth. The General Tax Authority will review applications on a case-by-case basis. This initiative is part of Qatar's efforts to strengthen its economy and attract investment by improving tax compliance efficiency and transparency

[Link](#)

THE STATE OF QATAR AND THE REPUBLIC OF INDIA SIGN AN AGREEMENT AIMED AT AVOIDING DOUBLE TAXATION AND PREVENTING TAX EVASION CONCERNING INCOME TAXES

Qatar's Emir, Sheikh Tamim bin Hamad Al Thani, visited India to strengthen bilateral relations and boost trade, investment, and energy cooperation. A key outcome was the signing of an agreement to avoid double taxation and prevent tax evasion, which will promote trade and investment between the two countries. The agreement includes provisions on taxes related to transport, joint ventures, dividends, and royalties, and aims to enhance tax transparency through information exchange

[Link](#)

OMAN IMPLEMENTS PILLAR TWO RULES WITH ROYAL DECREE NO. 70/2024: INTRODUCING A 15% GLOBAL MINIMUM TAX

On 31 December 2024, Oman issued Royal Decree No. 70/2024, aligning with the OECD's GloBE rules under Pillar Two, introducing a minimum global tax of 15% for multinational enterprises (MNEs). This legislation aims to ensure that MNEs with subsidiaries or permanent establishments (PEs) in Oman, as well as Oman-based MNEs operating outside of Oman, pay at least a 15% tax rate on their profits.



Key Aspects of the Decree:

- **Applicability:** The law applies to MNEs with consolidated revenues of EUR 750 million (OMR equivalent) for at least two of the last four fiscal years. Certain entities, such as government units and nonprofits, are excluded.
- **Supplemental Tax:** Aimed at ensuring that foreign MNE entities in Oman and Oman-based MNE entities outside Oman are taxed at the 15% global minimum rate, through the Income Inclusion Rule (IIR).
- **Exemptions:** Entities such as government bodies, international organizations, and pension funds are excluded from this tax.
- **Tax Calculation:** The detailed computation mechanism will be outlined in the upcoming Executive Regulations, which will also cover safe harbours, permanent establishment treatment, and other procedural aspects.

Oman's new tax rules ensure compliance with global tax standards and could impact both inbound and outbound MNE investments. Businesses should await further guidance from the Executive Regulations to fully understand their compliance obligations.



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"Reach out and let's connect!"

Prepared by: Brijesh Mandaliya – Senior Tax Executive



Rishi Chawla FCA, MBA
Managing Partner
M: +971 50 394 6911
E : rishi@premier-brains.com



Bhawna Chopra CA, MBA
Tax Partner
M: +971 50 2134525
E: bhawna@premier-brains.com



Mohammed Al Khateeri CPA
Partner, FTA Tax agent
M: +971 50 335 7176
E: m.alkatheeri@premier-brains.com



Vinit Gala - ACA, DIIT, B.Com
Director - Tax
M: +971 50 9232194
E : vinit@premier-brains.com



Darshani Gohil - CA
Tax Manager
M: +971 58 580 2852
E : darshani@premier-brains.com



Husain Bhanpurawala - CA
Tax Manager
M: +971 52 611 9652
E: husain@premier-brains.com



Address

Office 805, 8th Floor,
Exchange Tower,
Business Bay, Dubai, UAE

**Abu Dhabi-Dubai-Sharjah
Kuwait-Oman-KSA**

Contact Info

+971 4 354 2959
info@premier-brains.com
www.premier-brains.com

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