GCC Tax & Other Regulatory Communique

November 2023

VAT UPDATES

VAT IN UAE

UAE CT, VAT AND OTHER REGULATORY UPDATES

VAT UPDATES

Criteria for Determining Parts and Pieces of Electronic Devices

The FTA has issued a **Public Clarification ('PC') on Criteria to be Followed in the Determination of Parts and Pieces of Electronic Devices"**. Said Public Clarification intends to clarify the new Legislation and the goods meeting the criteria and should be read with Public Clarification issued earlier on the Application of the RCM on Electronic Devices among Registrants in the State for VAT.

Please note that it is the responsibility of the Registrants in the transaction to determine if goods supplied meet the criteria stated in Ministerial Decision No. 262 and, hence, whether the supply of these goods falls within the scope of the tax treatment defined in Cabinet Decision No. 91.

OTHER REGULATORY UPDATES

UAE OTHER REGULATORY UPDATES

OTHER REGULATORY UPDATES

Fees for the Services Provided by the Federal Tax Authority

The FTA has issued **Cabinet Decision No. 111 of 2023 on 'Fees for the Services Provided by the Federal Tax Authority'**. Said Cabinet Decision has made certain amendments that pertain to the 'Registration and renewal of a juridical person as a tax agent in the register of tax agents' fees as AED 10,000 for each year.

It is pertinent to note that said Cabinet Decision comes into effect after 30 days from the date of its publication in the Official Gazette.

UAE OTHER REGULATORY UPDATES

OTHER REGULATORY UPDATES

Conditions to be Eligible for Registration as a Tax Agent

The FTA has issued a Decision on **"Additional Conditions for a Juridical Person to be Eligible for Registration as a Tax Agent"**. Said Decision is effective from 01 December 2023.

In the said Decision, the juridical person willing to be registered as a Tax Agent must have one of the partners or directors listed in the Tax Agent register and have at least one natural person registered as a Tax Agent for every ten employees working in the tax field.

UAE OTHER REGULATORY UPDATES

OTHER REGULATORY UPDATES

Amendment to the Executive Regulation of Excise Tax

The FTA has issued **Cabinet Decision No. 108 of 2023 to amend "The Executive Regulation of the Federal Decree-Law No. 7 of 2017 on Excise Tax**." It has come into effect from 01 December 2023.

It is to be noted that certain key amendments/additions have been made under "Tax deregistration", "Stockpiling", "Deductible tax" "Tax Refunds in Special Cases" etc. It is pertinent to note that a few notable amendments/additions were made such as, a non-taxable person while conducting business and directly/indirectly exporting excise goods for which Tax was previously paid by a Taxable Person, may submit a refund application subject to certain conditions. Please note that said amendment will be effective from 01 June 2024.

CORPORATE TAX UPDATES

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Accounting Standards and Interaction with Corporate Tax

The Corporate Tax Guide was issued by the Federal Tax Authority to provide general guidance on the interaction of Accounting Standards with Corporate Tax.

1. Taxable Persons shall use IFRS as the Accounting Standards accepted in the UAE for Corporate Tax Purposes. Taxable Persons may use IFRS for SMEs if they derive Revenue not exceeding AED 50 Million in a Tax Period for Corporate Tax purposes.

2. Based on the general principles of the Accounting Standards:
   - Realised gains are gains that have been converted into consideration received (for example, cash) by the completion of a transaction. The same is equally applicable for losses.
   - Unrealised gains are gains that have not been converted into consideration and can arise in respect of, for example, items subject to fair value accounting, such as financial instruments which are liquid and short-term. The same is equally applicable for losses.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Accounting Standards and Interaction with Corporate Tax

3. The realisation of an asset or a liability includes, but is not limited to, the following:
   - The sale, disposal, transfer, settlement and complete worthlessness of an asset as per the Accounting Standards used by the Taxable Person.
   - The settlement, assignment, transfer, and forgiveness of a liability as per the Accounting Standards used by the Taxable Person.

4. Taking into account gains and losses on a realisation basis means that unrealised gains and losses recorded in the Taxable Person's Financial Statements would be disregarded for Corporate Tax purposes. This means:
   - For assets and liabilities subject to fair value or impairment accounting, all unrealised gains would not be taxable, and all unrealised losses would not be deductible, until both (gains and losses) are realised.
   - For assets and liabilities held on capital account, unrealised gains and losses, including unrealised foreign exchange gains and losses, would not be taxable or deductible, respectively, until they are realised.
   - For assets and liabilities held on revenue account, unrealised gains and losses arising would continue to be taken into account in determining Taxable Income.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Accounting Standards and Interaction with Corporate Tax

5. A Taxable Person that has elected to use the realisation basis must make certain additional adjustments in respect of the relevant assets and liabilities when calculating the Taxable Income. These adjustments include:
   - In cases other than upon realisation, any depreciation, amortisation or other change in the value of an asset (other than a Financial Asset) should be excluded from the Accounting Income when calculating the Taxable Income to the extent that the adjustment amount relates to a change in net book value exceeding the original cost of that asset.
   - In cases other than upon realisation, any change in the value of a liability or a Financial Asset, including amortisation, should be excluded from the Accounting Income when calculating the Taxable Income.
   - Upon the realisation of an asset or a liability, any amounts that had not been previously recognised for Corporate Tax purposes (for example, unrealised gains or losses) must be included in the Taxable Income. However, any such amount that arose prior to the most recent acquisition where Business Restructuring Relief or the relief for transfers within a Qualifying Group did not apply should not be included in the Taxable Income.

6. Under the transitional rules, Taxable Persons with Financial Assets or Financial Liabilities, Immovable Property and Intangible Assets owned before the first Tax Period and recorded on historical cost basis may elect to adjust their Taxable Income to exclude gains or losses related to the period(s) preceding the first Tax Period as follows:
   - Exclude gains and losses when disposing of Financial Assets and Financial Liabilities.
   - Exclude just gains when disposing of Immovable Property and Intangible Assets.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Accounting Standards and Interaction with Corporate Tax

7. A Taxable Person can adjust the gain on the qualifying immovable property at the date of disposal using one of the following methods*:
   - Valuation Method
   - Time Apportionment Method

8. **Market Value for Immovable Property:** The Market Value at the start of the first Tax Period shall be determined by the relevant government competent authority in the UAE such as the Department of Municipalities and Transport (DMA) in Abu Dhabi, the Dubai Land Department (DLD) in Dubai, or similar authorities for each Emirate. It may also be determined by outsourced third parties authorised by the government competent authority.

9. A Taxable Person can adjust the gain on the qualifying intangible assets at the date of disposal using **Time Apportionment Method*.**

10. A Taxable Person can adjust the gain and loss on the qualifying financial asset / financial liability at the date of disposal using **Valuation Method*.**

**Detailed calculation of gains for above method is mentioned in Accounting Standard Guide released by FTA*

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Accounting Standards and Interaction with Corporate Tax

11. Items in the opening balance sheet relating to transactions with Related Parties, such as other group companies, should reflect arm's length market pricing, consistent with the arm's length principle. Where this is not the case, any deductible or taxable amounts in the first and subsequent Tax Periods (where relevant) should be adjusted to reflect the arm's length basis.

12. A provision in respect of inventory recorded before a company was subject to Corporate Tax and then reversed after it was subject to Corporate Tax would normally be taxable at the time the credit was recorded in the accounts. This is because inventory is not an Immovable Property, an Intangible Asset or a Financial Asset eligible for the transitional relief.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Natural Persons under the Corporate Tax Law

The Corporate Tax General Guide was issued by the Federal Tax Authority to provide general guidance on Taxation of Natural Persons under the Corporate Tax Law:

1. The term natural person takes its ordinary meaning, and refers to a living human person of any age, whether resident in the UAE or elsewhere. For minors or incapacitated individuals, the Corporate Tax obligations shall be fulfilled by their Legal Representative.

2. A natural person who conducts a Business or Business Activity in the UAE is considered to be a Taxable Person. A natural person is subject to Corporate Tax on their **Business or Business Activity** only where the total Turnover derived from Business or Business Activities conducted in the UAE **exceeds AED 1 million** within a Gregorian calendar year. For a natural person, income from the following is not considered as arising from a Business or Business Activity, and is disregarded when determining Turnover and **not subject to Corporate Tax**:
   - Wage
   - Personal Investment Income
   - Real Estate Investment Income

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Natural Persons under the Corporate Tax Law

3. The Guide clarifies that "turnover" in case of natural persons may include **"in-kind" payments** valued at Market Value. There is a specific example issued in the case of influencers earning income through social media platforms who would be liable to Corporate Tax if their turnover (incl. in-kind payments) exceeds AED 1 Million.

4. Per the UAE CT Law, **the tax residency of a natural person has to be determined qua their business activities as against** physical residence or citizenship.
   - If a person resides in the UAE and conducts business, they are considered a Resident Persons subject to Corporate Tax.
   - If a person resides outside the UAE but engages in business activities in UAE, they become a Resident Person for tax purposes.
   - A natural person residing outside the UAE may also become a Non-Resident Taxable Person if they derive State Sourced Income, which is income that accrues in, or is derived from, the UAE, but is not derived through a Business or Business Activity conducted by the natural person in the UAE.

5. Where a natural person is considered a **Resident Person** and the turnover derived from Business or Business Activities conducted in the UAE exceeds AED 1 Mn, their Taxable Income will include income derived from the UAE and from outside the UAE but only insofar as it relates to the Business or Business Activities conducted by the natural person in the UAE.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Natural Persons under the Corporate Tax Law

6. Where a natural person is considered **a Non-Resident Person** and the total Turnover derived from Business or Business Activities conducted in the UAE exceeds AED 1 Mn, such natural person's Taxable Income would be limited to income derived from the UAE.
7. The Guide clarifies that where a natural person appointed as a director receives fees and other similar payments for carrying out this role, either in the course of their employment or as an independent party appointed to a board of directors, **will not be considered as a Business or Business Activity, and therefore would not be subject to Corporate Tax.**
8. It may also be pertinent to note that the Guide clarifies that whether a natural person is an employee and earns a salary / wage or other form of remuneration as such, **is a question of fact to be determined on a case-by-case basis.**
9. The Guide clarifies that **Personal Investment** is an investment activity that a natural person conducts for their personal account and **should not be an activity that is "considered as a commercial business"** in accordance with the Commercial Transactions Law. Where this condition is satisfied, income arising therefrom would not be subject to tax. Also, where an **activity is not considered a commercial business** as per the Commercial Transactions Law, it will **not automatically be considered a Personal Investment activity**, unless it is conducted on the person's personal account and is neither conducted through a Licence or required to be conducted through a Licence.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Natural Persons under the Corporate Tax Law

10. For a natural person, a deduction of the entire interest expenditure is allowed if it is incurred wholly and exclusively for the purposes of the natural person's Business and meets the arm's length principle. The **General Interest Deduction Limitation Rule does not apply** i.e. cap on interest deductions to the extent of AED 12,000,000 or 30% EBITDA, whichever is higher.

11. Expenditure incurred by a natural person wholly and exclusively for the purposes of his or her Business that is not capital in nature shall be deductible in the Tax Period in which it is incurred. No deduction is allowed in relation to the following:
    - Expenditure not incurred for the purposes of the natural person's Business.
    - Expenditure incurred in deriving Exempt Income (other than Interest Expenditure).
    - Losses not connected with or arising out of the natural person's Business.

12. Per one of the examples cited in the Guide, no deduction would be allowed in respect of salary withdrawn from business by a sole proprietor, even if the said salary / remuneration is at arm's length, as the sole proprietor and the business are one and the same taxable person.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Natural Persons under the Corporate Tax Law

13. The Guide clarifies a relative of one of the spouses is considered of the same degree of kinship in relation to the other spouse.
14. A sole proprietorship is a type of Businesses owned and conducted by a natural person on his/her own account and in their own name. For the purpose of Corporate Tax, the sole proprietorship and the natural person are one and the same because of their direct relationship and control over the Business. The natural person conducting the Business will be the Taxable Person and `not the sole proprietorship itself.
15. Each partner in an Unincorporated Partnership is treated as an individual Taxable Person for the purposes of the Corporate Tax Law. Subject to the Turnover threshold conditions (i.e. AED 1 Mn), a natural person partner is subject to Corporate Tax directly on their distributive share and their Taxable Income is determined according to the standard rules.
16. The partners in the Unincorporated Partnership have the option of applying to the FTA for the Unincorporated Partnership to be treated as a Taxable Person. In such a scenario and subject to FTAs approval, the income of the Unincorporated Partnership will be taxed at the level of the Unincorporated Partnership, instead of at the level of the partners.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Natural Persons under the Corporate Tax Law

17. Some of the Family Foundation, especially those set-up as a Trust or a foundation, may have a separate legal status, as per the legislation under which they are set-up. Consequently, they become juridical persons under the UAE Corporate Tax Law and may be subject to tax in respect of investment income, which otherwise is not taxable in the hands of natural persons.

18. Subject to compliance with certain conditions, Family Foundations have the option of applying to the FTA to be **treated as an Unincorporated Partnership.** Where such application is approved by the FTA, Family Foundation effectively are treated as pass through and taxability has to be determined in the hands of beneficiaries. Where natural persons are the beneficiaries, the share of income of the natural persons as beneficiaries would not constitute Taxable Income for the natural persons.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Foreign Source Income

The Corporate Tax General Guide was issued by the Federal Tax Authority to provide general guidance to taxpayers on the taxation of foreign source income under the Corporate Tax Law:

1. Foreign source income is any income which has originated in a foreign jurisdiction and is earned or received by a Person in the UAE. A non-exhaustive list of income coming from a foreign source which may be considered for the purposes of the Corporate Tax Law includes:
   - Dividends and other profit distributions from juridical Non-Resident Persons,
   - Income from the disposal of shares or capital of a juridical Non-Resident Persons,
   - Interest Income from a loan or deposit outside the UAE,
   - Income from the sale of goods or provision of services outside the UAE,
   - Income from movable or immovable property located outside the UAE,
   - Royalties for use of intellectual or intangible property outside the UAE, and
   - Profits, or losses, of a Foreign Permanent Establishment of a Resident Person.

2. Income or profits derived by a Qualifying Free Zone Person from its Foreign Permanent Establishment, which is a Permanent Establishment located outside the UAE, is foreign source income.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Foreign Source Income

3. The income subject to Corporate Tax in the hands of a Taxable Person depends on that Person's legal status (i.e. juridical person or natural person), and their residence status (i.e. Resident Person or Non-Resident Person). The residence status together with the legal status determine (a) whether foreign source income is subject to Corporate Tax in the hands of a Taxable Person, and (b) the extent to which such income is subject to Corporate Tax.

4. A Free Zone is an area within the UAE territory, income derived from a Free Zone Person will either be income derived from a Resident Person or income derived from a Non-Resident Person that is attributable to a Permanent Establishment of that Non-Resident Person in the UAE. Hence, income derived from a Free Zone Person does not qualify as foreign source income.

5. A Double Taxation Agreement takes precedence over the provisions of the Corporate Tax Law to the extent there is any inconsistency between the agreement and the provisions of the Corporate Tax Law.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Foreign Source Income

6. Taxable Income and deductible expenditure from all sources, whether domestic or foreign, are aggregated for the purposes of calculating Taxable Income. Thus, Tax Losses from a foreign source can be offset against income from UAE sources when determining Taxable Income. This excludes expenses relating to Exempt Income and losses or expenses relating to a Foreign Permanent Establishment where an election has been made under Article 24 of the Corporate Tax Law.

7. A Resident Person can elect to disregard the income and associated expenditure of its Foreign Permanent Establishments while determining its Taxable Income if those Permanent Establishments are subject to Corporate Tax, or a tax of a similar character, at a rate not less than 9% under the applicable tax legislation of the foreign jurisdiction in which it is located. If this condition is not satisfied, the net income derived from the Foreign Permanent Establishment would not be eligible for the Foreign Permanent Establishment exemption.

8. Where a Resident Person makes an election for the Foreign Permanent Establishment exemption, it applies to all Foreign Permanent Establishments. Thus, it is not possible to choose, to include some, but not all, Foreign Permanent Establishments. An exception would be any Permanent Establishments which do not qualify for the exemption due to failing the requirement to be subject to a sufficient level of tax.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Foreign Source Income

9. A Foreign Tax Credit allows a Taxable Person to deduct taxes paid under the tax laws of a foreign jurisdiction from the UAE Corporate Tax due on the same income.

10. A Foreign Tax Credit is available for any foreign tax that is of a similar character to Corporate Tax. The following conditions should be all satisfied for a foreign tax to be considered of similar character to Corporate Tax:
    - The foreign tax is imposed by and payable to the government (federal or state government) of a foreign jurisdiction.
    - Payment of the foreign tax is compulsory and enforceable by tax laws in that foreign jurisdiction.
    - The foreign tax is imposed on profit or net income (i.e. income less deductions). Foreign withholding tax is deemed to meet this requirement.

11. The amount would not be considered as "paid" to the foreign tax authority under the following scenarios:
    - Where the tax liability in the foreign jurisdiction is contingent or not yet formally accrued (for example a foreign tax authority has assessed higher taxable income but the Person has challenged the assessment before court or judicial authorities and a final decision has not been issued yet); or
    - Where the amount of tax paid in a foreign jurisdiction has been refunded or has been confirmed as being refundable.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Foreign Source Income

12. Where the Taxable Person has claimed a Foreign Tax Credit with respect to tax paid in a foreign jurisdiction but that tax is subsequently refunded in the foreign jurisdiction. This will result in a reduction of the Foreign Tax Credit available to the Taxable Person under the Corporate Tax Law. Where this results in an increase in Corporate Tax Payable in excess of AED 10,000, the Taxable Person must submit a Voluntary Disclosure to the FTA within 20 Business Days from the date when the Taxable Person became aware of the repayment of foreign tax in the foreign jurisdiction.

13. Foreign Tax Credit can be claimed by:
    - Resident juridical person;
    - Resident natural person to the extent such foreign source income relates to a Business or Business Activities conducted by the natural person in the UAE if the total Turnover exceeds AED 1 million in the Gregorian calendar year; and
    - Non-Resident Person having a Permanent Establishment in the UAE and the foreign source income is attributable to the Permanent Establishment.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Foreign Source Income

14. The following conditions should be all satisfied for a foreign tax to be considered of similar character to Corporate Tax:
    - The foreign tax is imposed by and payable to the government (federal or state government) of a foreign jurisdiction.
    - Payment of the foreign tax is compulsory and enforceable by tax laws in that foreign jurisdiction.
    - The foreign tax is imposed on profit or net income (i.e. income less deductions). Foreign withholding tax is deemed to meet this requirement.

15. A Foreign Tax Credit is potentially available with respect to tax "paid" under the tax law of a foreign jurisdiction. In this regard, "paid" means the following:
    - The amount that has been remitted to the tax authorities in the foreign jurisdiction; or
    - The amount that has accrued to the tax authorities in the foreign jurisdiction and as such represents a committed amount to the foreign tax authority but it is not yet paid.

16. The Foreign Tax Credit cannot exceed the amount of UAE Corporate Tax due on the relevant foreign income. Thus, the amount of Foreign Tax Credit is the **lower** of the following:
    - The actual amount of tax paid on foreign source income in the foreign jurisdiction
    - The amount of the Corporate Tax due on the foreign source income.

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Foreign Source Income

17. Any unutilised Foreign Tax Credit cannot be carried forward to future Tax Periods or carried back to earlier Tax Periods.

18. Where a Taxable Person has multiple sources of foreign income, the excess Foreign Tax Credit of one foreign source income cannot be set off against the Corporate Tax due on another foreign source income.

19. Where there is no Corporate Tax Payable on foreign source income, no Foreign Tax Credit is allowed against such income. Therefore, a Foreign Tax Credit is not available in respect of Exempt Income. Likewise, a Foreign Tax Credit is not available where no Corporate Tax is payable due to an election for Small Business Relief or a natural person's Turnover being below AED 1 million. This is also the case where foreign source income is Qualifying Income of a Qualifying Free Zone Person, i.e. subject to 0% Corporate Tax.

20. Where a Double Taxation Agreement provides for the source country to tax the foreign source income at a specified rate, for instance to tax Dividends at the rate of 5%, the UAE Foreign Tax Credit would be limited to 5% (assuming that the foreign Dividend is not exempt under the Participation Exemption).

UAE CT, VAT AND OTHER REGULATORY UPDATES

CORPORATE TAX UPDATES

Corporate Tax Guides – Taxation of Foreign Source Income

21. A Taxable Person is required to maintain all necessary records for the purposes of claiming a Foreign Tax Credit. The records maintained by the Taxable Person should include all of the following details:
    - The amount of foreign source income subject to tax in the foreign jurisdiction in the currency adopted in the foreign jurisdiction
    - the exchange rate used to convert the foreign income to AED
    - the financial year in which the foreign source income was derived
    - the nature and amount of foreign tax levied on the foreign source income
    - the date on which the foreign tax was paid
    - whether the tax paid in the foreign jurisdiction represents an advance instalment of tax or withholding tax or final tax payment.

22. The following documents are acceptable evidence of the payment of tax in a foreign jurisdiction:
    - Official receipt issued by the relevant foreign tax authority evidencing payment of tax
    - In case of withholding tax, a certificate of deduction of withholding tax issued by the relevant foreign tax authority
    - A copy of a tax return filed in the foreign jurisdiction, accompanied by calculations of taxable income and corporate tax on such income when relevant
    - A letter from the relevant foreign tax authority stating all taxes for that income year have been paid

    If the above documents are not available in Arabic or English, a certified translation must be provided.

VAT
IN
KSA

KSA VAT UPDATES

VAT UPDATES

VAT Processing for Loyalty Program

The ZATCA of KSA has issued a Tax Bulletin on the **“VAT Processing for Loyalty Program”** in Arabic. Said bulletin provides information and guidance on the tax treatment of loyalty programs managed by financial institutions in the KSA.

It is pertinent to note that the tax rules apply to the handling of taxes in loyalty programs across diverse businesses when they provide goods or services to their customers. This includes all types of loyalty programs in various business models.

OTHER REGULATORY UPDATES IN "KSA"

KSA OTHER REGULATORY UPDATES

OTHER REGULATORY UPDATES

Simplified Guide on the Real Estate Transaction Tax

The ZATCA of KSA has issued the fifth version of a **simplified guide on the 'Real Estate Transaction Tax (RETT)'.** Said guide provides clarification on certain aspects related to the implementation of regulatory provisions that are effective on the day of its issuance.

Said guide broadly provides an insight into its nature, and distinguishes it from the Value Added Tax. It precisely outlines the changes, specifies taxable transactions, exceptions, violations, fines, and the objection mechanism.

Detailed Guid on the Real Estate Transaction Tax

The ZATCA of KSA has issued a fourth version of a **detailed guide on the 'Real Estate Transaction Tax (RETT)'.** Said guide applies to all natural and legal persons who carry out real estate transactions.

Said guide aims to provide information to clarify the tax treatment of real estate transactions.

KSA OTHER REGULATORY UPDATES

OTHER REGULATORY UPDATES

Application of the Real Estate Transaction Tax

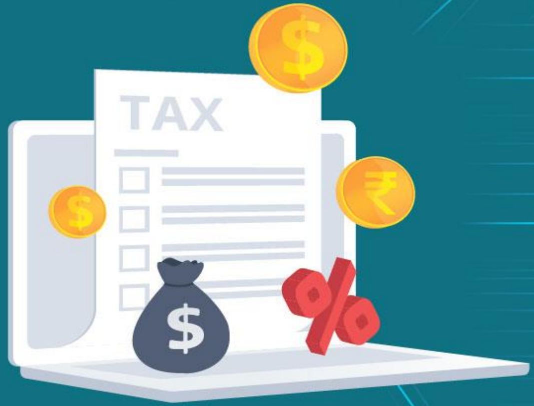
The ZATCA of KSA has issued Tax Bulletin on **"The application of the Real Estate Transaction Tax (RETT)"** in Arabic. Said bulletin provides information and guidance on the tax treatment of division, sorting, or emptying procedures between joint property owners.

Further, said bulletin also provides guidance to the extent to which a real estate transaction is subject to the RETT and requires registration with the Authority.

Guide on Zakat Documents

The ZATCA of KSA has issued first edition of **guide on 'Zakat Documents'**. Said guide provides guidance and basic information regarding the documents supporting the Zakat payer's declaration which are required to be kept and submitted to the ZATCA upon request for Zakat purposes.

Said guide also provide guidance regarding practical applications on keeping the necessary documents to verify the correct treatment of the base items for Zakat purposes.



VAT IN OMAN

OMAN VAT UPDATES

VAT UPDATES

Guide on Electronic Commerce

The Oman Tax Authority ('OTA') has issued a guide on **'Electronic Commerce (E-commerce)'**. Said guide provides guidance and clarification regarding the VAT treatment related to supplies of Goods and Services in the course of E-commerce activities in Oman.

Said guide is intended for the taxpayers which are involved in the E-commerce sector, i.e. making supplies of goods and services via electronic means such as a website, electronic platform, social media store or an application.

OMAN VAT UPDATES

VAT UPDATES

Guides on Capital Assets

The Oman Tax Authority ('OTA') has issued a guide on '**Capital Assets**'. Said guide provides additional interpretation and guidance for the application of the VAT Law and its corresponding Executive Regulations regarding the acquisition and utilization of capital assets.

Said guide addresses special rules for monitoring and adjusting input tax deductions on capital assets throughout their useful life, considering potential changes in usage. It also covers other relevant considerations related to capital assets. Said guide is intended for taxpayers who purchase or use capital assets in their business activities.

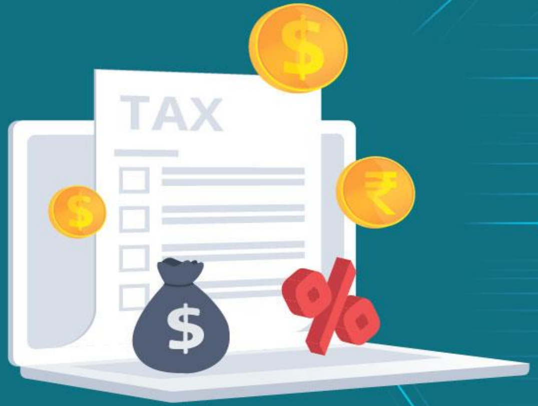
OMAN VAT UPDATES

VAT UPDATES

Guides on Commercial Agencies

The Oman Tax Authority ('OTA') has a guide on '**Commercial Agencies**'. Said guide provide additional interpretation and guidance for the application of the VAT Law and its corresponding Executive Regulations to supplies related to agents.

Said guide explains the the Oman Tax Authority's interpretation of essential Law provisions concerning agents and outlines on how administrative policies apply to transactions involving or facilitated by agents. Said guide is intended to taxpayer who carry out any activity on behalf of a principal in Oman or make supplies as an agent to customers in and outside Oman.



VAT IN BAHRAIN

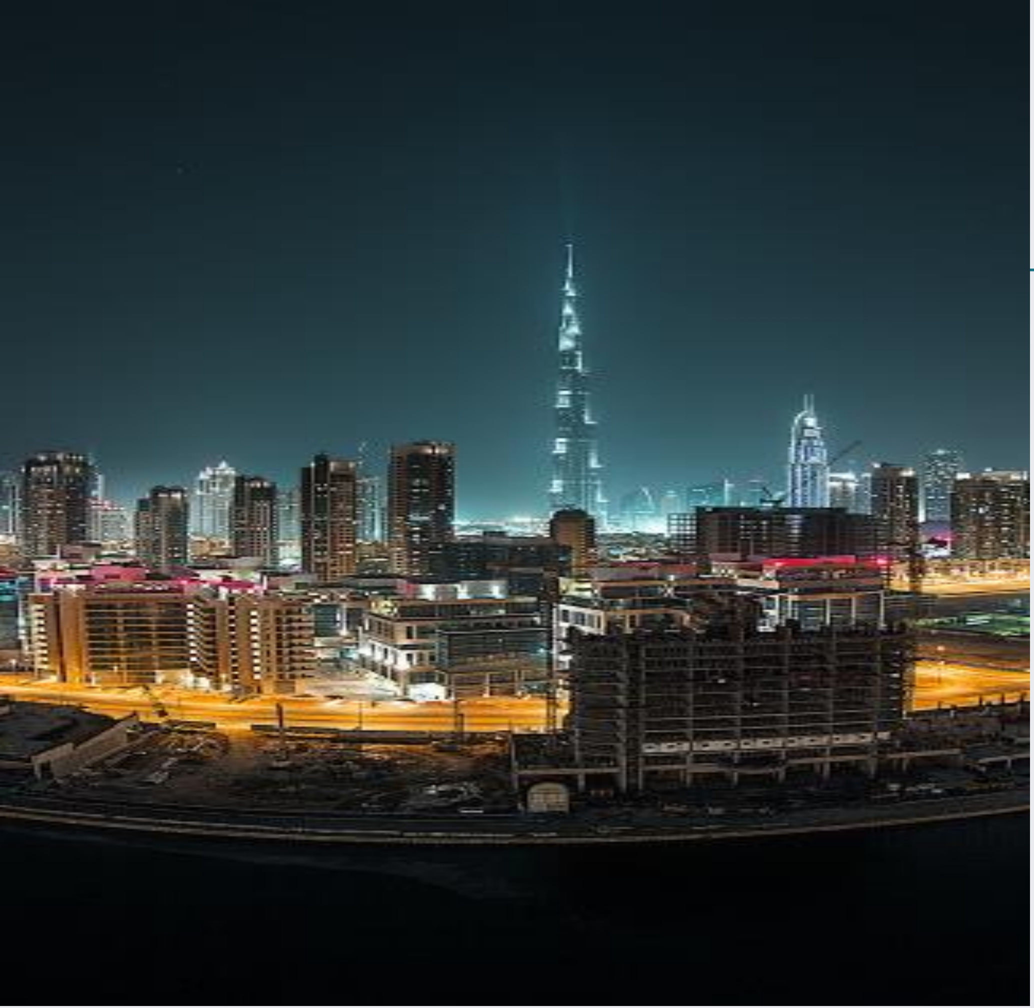
BAHRAIN VAT UPDATES

VAT UPDATES

Guide on General VAT

The National Bureau for Revenue ('NBR') in Bahrain has updated 'VAT General Guide'. It is to be noted that the amendment is made under 'The person required to issue a VAT invoice'.

Said guide provides clarification that any person registered for VAT in the Kingdom, who is eligible to issue VAT invoices, credit and debit notes, and whose computer system is capable of accounting for VAT on their supplies will be eligible to issue electronic documents without obtaining prior approval from the NBR.



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