FAME ADVISORY

GCC Tax & Regulatory Communique June 2024

UAE Tax and Regulatory updates

Corporate Tax Public Clarification (CTP001)

Federal Tax Authority(FTA) has issued a detailed 'Public Clarification' wherein the applicability of timelines for corporate tax registration for different types of taxable persons, has been explained in detail through different examples. The key highlights are outlined below:-

- CT registration timelines shall **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.**

- Where a juridical person **does not hold a license as at 1st March 2024, the Tax Registration application deadline is 31st May 2024. i.e. three months from the effective date of FTA Decision No. 3 of 2024.**

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- This Public Clarification also expressly covers that these **timelines are also applicable to the 'offshore companies' that are incorporated in the UAE.**

- 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 earliest deadline.**

KSA Tax and Regulatory updates

KSA announced 13th wave for e-invoicing

The Zakat, Tax and Customs Authority (ZATCA) determined the criteria for selecting the targeted taxpayers in the thirteenth wave for implementing the integration phase of e-invoicing, as it clarified that the thirteenth wave included all taxpayers **whose revenues subject to VAT exceeded SAR 7 million during 2022 or 2023.** VAT registered taxpayers meeting the criteria should integrate their e-invoicing solutions with the Fatoora platform starting from 1 January 2025.

Extension of the tax amnesty scheme until 31 December 2024

On June 30, the ZATCA announced the **extension of the “Cancellation of Fines and Exemption of Financial Penalties” initiative, until 31 December 2024.**The initiative had previously been extended until 30 June 2024 and has been further extended for another 6 months, providing relief to taxpayers who meet the qualifying requirements. The tax amnesty extension is applicable to penalties relating to corporate income tax (CIT), withholding tax (WHT), value-added tax (VAT), excise tax, and real estate transaction tax (RETT).

Oman Tax and Regulatory updates

Majlis A' Shura approved the draft law on Personal Income Tax and forwarded it to the State Council on Thursday completing the legislative cycle of the bill. This was unveiled at the 12th regular session of the shura's first annual convening of 2023-2024.The introduction of personal income tax follows the implementation of Value Added Tax(VAT) in April 2021.These measures are the part of Oman's efforts to generate government revenue.

International Tax updates

Further guidance published on OECD Pillar Two

On 17 June 2024, the OECD/G20 Inclusive Framework on BEPS ("OECD inclusive framework") published further administrative guidance on the implementation of the Pillar Two global minimum tax rules ("Pillar Two"), together with details of the processes for determining that jurisdictions' local implementations of the Pillar Two rules are "qualified ". The guidance will be incorporated into the OECD's commentary to the model rules at a future date. The key highlights are outlined below:-

- There are also a number of additional examples that will be included in the OECD's published examples illustrating the application of the model rules.

- The new guidance covers six distinct areas:-
  - Recapture of deferred tax liabilities
  - Divergences between Pillar Two basis and accounting carrying values
  - Allocation of cross-border current taxes
  - Allocation of cross-border deferred taxes
  - Allocation of profits and taxes in groups including flow-through entities ,and The treatment of securitization vehicles

Luxembourg proposes changes to Pillar Two Law

On 12 June 2024, the Luxembourg government transmitted to Parliament a Draft Law that amends the Pillar Two Law. The Draft Law aims to incorporate the clarifications and additional provisions of the OECD Guidance without going beyond the guidance. Among other things, the Draft Law, in line with the OECD Guidance, extends the scope of Excluded Entities, adapts certain provisions relating to the Qualified Domestic Top-up Tax (QDMTT) and clarifies the application of the Transitional Country-by-Country Reporting (CbCR) safe harbor.

Germany publishes e-invoicing draft administrative guideline

The German Federal Ministry of Finance (BMF) has issued a draft administrative guideline that marks a significant move toward mandatory electronic invoicing (e-invoicing) for business-to-business (B2B) transactions, effective from 1 January 2025. This initiative is part of Germany's transformation to B2B e-invoicing aiming to enhance tax compliance, reduce fraud and streamline financial operations. The draft, which is open for feedback until 11 July 2024, outlines the framework and requirements for the adoption of e-invoicing, including the acceptance of hybrid formats and adherence to international standards.

Denmark introduces new reporting obligation on royalty payments

From 1 July 2024 all payments of royalties to non-residents must be reported to the Danish tax authorities irrespective of whether the recipient is exempt from Danish taxation on the royalty. Resident individuals and companies making royalty payments to non-resident individuals and companies have thus far only been required to report royalty payments if the non-resident recipient was liable for Danish tax on the royalty. Non-residents are not subject to Danish taxation on royalties if the royalty is exempt from Danish taxation under:

- The European Union (EU) Interest and Royalty Directive.
- A tax treaty, if the Danish entity has obtained a preapproval from the Danish tax authorities not to apply withholding tax to the royalty payments.

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Disclaimer:-

Please note that our views mentioned above are based on current prevailing regulatory regime in UAE and refers specifically to Federal Decree Law No. 47 of 2022. Our views or advise does not cover implications under any other laws or regulations that may govern the situation and are limited to the taxability consequences in UAE alone. For any other implications, we would recommend to obtain specific advice in that connection.

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