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C O N T E N T S

Excise Tax Administrative Exception Guide released by FTA

The Federal Tax Authority has issued an Excise Tax Administrative Exception Guide which provides registrants with concessions/ exceptions if difficult circumstances prevent them from following certain procedural aspects of the Law or Regulation.

The Exception can be made only in relation to alternative supporting evidence to confirm the export of goods from the UAE. The request can be made by the Authorized Signatory, appointed Tax Agent or Legal Representative by submitting the filled in Excise Tax Administrative Exception Form to specialexceptions@tax.gov.ae.

UAE announces citizenship for Expats

After the announcement of 10-year golden visa to certain categories of Individuals, the United Arab Emirates approved amendments to its laws on 30 January 2021 to allow investors, professionals, special talents and their families to acquire the Emirati nationality and passport under certain conditions.

In a statement concerning the changes to the citizenship law, authorities said the job categories that can qualify to acquire the Emirati nationality include: investors, doctors, specialists, inventors, scientists, talents, intellectuals, artists and their families (spouse and children).



Joint stock companies in Dubai required to list in local exchanges

In his capacity as Ruler of Dubai, Vice President and Prime Minister of the UAE HH Sheikh Mohamed bin Rashid Al Maktoum has issued a new decree on the listing of joint stock companies in securities exchanges in Dubai.

Under this, all local public joint stock companies established in the emirate, including those set up in special economic zones or free zones including the Dubai International Financial Centre (DIFC), should list their stocks in local securities exchanges including Dubai Financial Market (DFM) and Nasdaq Dubai.

According to the decree, foreign companies should list their stocks in local markets when their annual profit or revenue generated from activities in Dubai make up at least 50% of the total, or when their total assets owned in Dubai amount to 50% or more of their entire assets. The listing should be completed within one year of the date of reaching this percentage.

All companies that are subject to this decree, should change their status within a year of the issuance of the Decree. Licencing authorities can extend the deadline by same period as required.



Kingdom of Bahrain



Kingdom of Bahrain publishes VAT Guidance on Changes in the Place of Supply of Telecommunication Services

Kingdom of Bahrain's National Bureau for Revenue (NBR) has on 31 December 2020, published VAT Public Clarification VAT/PC/20/3 on the place of supply of telecommunication services that will be effective from 1 February 2021.

This clarification sets out the intention of the National Bureau for Revenue (NBR) to amend the "use and enjoyment" rules under which the place of supply for certain telecommunications services is determined for VAT purposes.

The purpose of the amendment is to align the place of supply rules for these services with the International Telecommunications Regulations (Melbourne 1988), also known as the Melbourne Agreement, to which Bahrain is a party.



Kingdom of Bahrain updates VAT Guide

The National Bureau for Revenue (NBR) in Kingdom of Bahrain has published an updated VAT General Guide, setting out:-

- guidance on how to determine the place most closely connected with a supply,
- fees payable for certain NBR services,
- issue of VAT Registration Certificate on request, and
- the procedures for requesting a review of an assessment (pre-appeal).

Kingdom of Saudi Arabia

New exceptions from the Real Estate Transaction Tax ('RETT') in the Kingdom of Saudi Arabia

Pursuant to the Royal Order A/84 exempting the supply of real estate properties in KSA from VAT and reference to what is stated in paragraph "d" of Article 4 and paragraph "a/13" of Article 3 of RETT Implementing Regulations, the Board of Directors of GAZT has approved amendment/additions to Article 3a of the RETT Implementing Regulations.

The amendments aim to extend the scope of application of the RETT exemption to certain transactions. The amendment enters into force from 22 January 2021.

Saudi Arabia Extends COVID-19 Penalty Relief Initiative by 6 Months

On 21 January 2021, the General Authority of Zakat and Tax (GAZT) has announced the extension of its penalty relief initiative in response to the COVID-19 pandemic by an additional six months to 30 June 2021.

Penalty relief was previously provided up to 31 December 2020. As extended,

- 100% penalty relief is provided where the principal amount of outstanding tax due is paid from January to March 2021,
- 75% penalty relief is provided if paid from April to May 2021, and
- 50% penalty relief is provided if paid in June 2021.

It is also clarified that 100% penalty relief is provided where outstanding tax debts have been paid in full before the effective date of the latest initiative (21 January 2021). No penalty relief is provided, however, in relation to penalties for tax evasion.



Discoveries of manipulation on financial reporting by the GAZT

The General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia, has recently discovered Financial Reporting manipulations of a few enterprises as reported by Al Watan newspaper.

The Saudi Organisation for Certified Public Accountants (SOCPA) will punish the manipulators of Company financial statements while the General Authority of Zakat and tax are set to impose penalties.

The recent discoveries have pushed the GAZT to incorporate further electronic linkages within the financial reporting framework. It aims to achieve this goal by teaming with the Ministry of Commerce to open the "Qawaem" portal to submit Financial Statements by all enterprises and companies.

Sultanate of Oman



Budget 2021 of Sultanate of Oman released

His Majesty Sultan Haitham bin Tarik issued two Royal Decrees ("RD") on 1 January 2021, published in the Official Gazette on 3 January 2021,

- RD 1/2021 - Promulgating the Tenth Five-year Development Plan ("10th FDP")
- RD 2/2021 - The 2021 State Budget

Value Added Tax ('VAT') Guide released by tax Authorities

With few months remaining before VAT is formally implemented in Sultanate of Oman, the Oman Tax Authority (OTA) has released a guide on VAT explaining the registration requirements for business and individuals.

The guide confirms that the go live date for VAT in Sultanate of Oman is 16 April 2021 and the VAT registration will take effect in a phased manner i.e. based on the revenue of the taxable person.

Sultanate of Oman issues list of food products that are subject to Value Added Tax at Zero percent

Ministerial Decree 2/2021, dated 4 January 2021, detailed the list of food products that will be subject to VAT at the zero rate in Oman. The list consists of 93 food products with their HS codes.

Sultanate of Oman Extends Deadline for First CbC Report Notifications

The Sultanate of Oman Tax Authority has announced an extension in relation to the deadline for filing the notification under Article (5) of the Decision No. 79/2020 on Rules for Country-By-Country Reporting for entities whose reporting fiscal year ends December 31, 2020. The deadline has been extended from 31 December 2020 to April 30, 2021. This decision aims at assisting the addressees by the decision and take into consideration the exceptional circumstances this year. However, the deadline for filing the report stipulated in Article (7) of the same decision remains unchanged.

Qatar



Outstanding liabilities to be updated in Dhareeba Portal

The General Tax Authority ("GTA") has formally closed the previous Tax Administration System ("previous TAS) and effective from 1st November 2020 the GTA requires all tax services and obligations to be dealt through "Dhareeba".

The GTA has also migrated data from the previous TAS to Dhareeba, including the balances of tax liabilities (related to both income tax and WHT) and penalties.

Recently the GTA have requested (via emails) the taxpayers to review and update their account statements in the Dhareeba portal within the stipulated deadline.

Certain Other Jurisdictions

India

India Introduces Faceless Penalty Scheme

India's Central Board of Direct Taxes has introduced a Faceless Penalty Scheme, 2021 through Notification No. 2/2021.

The scheme has been introduced in relation to the faceless assessment and faceless appeal schemes introduced in 2020, which essentially allow for income tax matters to be handled entirely online without taxpayers and the tax authority needing to meet in person.

Similar to the other faceless schemes, the Faceless Penalty Scheme includes the establishment of a national center, the National Faceless Appeal Centre, as well as regional centers and, local penalty and penalty review units to handle the penalty process.

CBDT extends due date for filing declaration under Vivad Se Vishwas scheme

The Central Board of Direct Taxes (CBDT) on Monday further extended the due date for filing declaration under the 'Vivad Se Vishwas' (VSV) scheme till February 28, 2021.

As per a CBDT's notification, the date for payment of tax without additional interest under VSV remains unchanged at March 31, 2021.

UNION BUDGET 2021-22

India releases its Annual Budget for the financial year 2021-22:

India's Finance minister Ms. Nirmala Sitharaman unveiled the Union Budget 2021 in the Parliament on February 1, 2021. It is the first digital budget in the history of India.

Being the first budget of a new decade and also the one during the pandemic, the budget was focused on boosting, encouraging India towards being Aatmanirbhar (Self-Reliant). The two main key segments where the government focused its spending were - infrastructure and health. There was no change in Income Tax slabs this year.

In her speech, the finance minister mentioned that this year budget proposals rest on six pillars including — health & well-being, physical & financial capital & infrastructure, inclusive development for aspirational India, reinvigorating human capital, innovation & R&D, Minimum Govt & Maximum Governance.

Finance minister also launched the "Union Budget Mobile App" for hassle-free access of Budget documents by Members of Parliament and the general public using the simplest form of digital convenience.



United Kingdom

HMRC announces EU's Mandatory Disclosure Regime ("DAC 6") ceases to apply in its entirety in the UK

Following the conclusion of the UK's Free Trade Agreement ("FTA") with the EU, the UK's tax authority, Her Majesty's Revenue and Customs ("HMRC") has confirmed on December 31, 2020 that the UK will no longer be applying DAC 6 in its entirety.

DAC 6 imposed mandatory reporting of potentially aggressive tax planning arrangements which meet one or more specified characteristics (hallmarks) by EU based intermediaries or taxpayers to the tax authorities and required the automatic exchange of this information among the EU Member States. Reporting will still be required for a limited time, but only for arrangements which meet hallmarks under Category D of the DAC 6 legislation.

HMRC has also confirmed that the change applies retrospectively and will thus apply to both historic (25 June 2018 - 30 June 2020) and future (1 July 2020 onwards) cross-border arrangements.

In the coming year, the UK intends to implement the OECD's Mandatory Disclosure Rules (the "MDR") to replace DAC 6 and transition from EU to international rules.

Egypt

Egypt Publishes Guidelines on the Tax Treatment of Capital Gains Realized by Non-Residents on Unlisted Shares

Egypt's Ministry of Finance has published English-language guidelines on the tax treatment of capital gains realized from the sale or disposal of shares not listed on the Egyptian Stock Exchange by non-residents as per Ministerial Decree No. 610 of 2020.

The guidelines cover sales or disposals of unlisted shares by both natural and legal (judicial) persons. Some of the key points include the following:

The applicable tax rates on net taxable capital gains from the sale or disposal of unlisted shares are as follows:

- Legal persons - 22.5%
- Natural persons - individual income tax from 0% to 25% as per standard tax brackets
- Net Taxable Capital Gains = Sale or Disposal Price - Acquisition Cost - Brokerage Commission.

The guide also includes that the late payment of capital gains tax due will be subject to a delay fine (interest) equal to the credit and discount rate announced by the Central Bank plus 2%.

In cases of evasion, a fine equivalent to the unpaid tax may be imposed, as well as possible imprisonment of between 6 months and 5 years.

Singapore

Singapore Publishes Updated GST Guide for property owners and holding companies:

On 8 January 2021, the Inland Revenue Authority of Singapore (IRAS) published an updated e-Tax Guide for property owners and property holding companies.

The purpose of the guide is to explain how GST affects property owners and property holding companies. It includes guidance on the application of GST for property transactions and whether persons involved in property transactions need to register for GST. The guide also clarifies the type of property that qualifies for GST exemption.

Singapore Publishes Updated GST Guide on Imports

On 20 January 2021, the Inland Revenue Authority of Singapore (IRAS) published an updated e-Tax Guide concerning GST on imports.

The purpose of the guide is to provide details on GST matters relating to the importation of goods, including GST reporting requirements and various import related schemes.

This includes guidance on:

- Supply of imported goods to local customers;
- Claiming import GST;
- Correcting errors made on importation of goods;
- Importing goods on behalf of an overseas person;
- Re-importing goods belonging to local persons or GST-registered overseas persons; and
- GST suspended at the point of importation.

Switzerland

E-Filing of VAT Returns Mandatory in Switzerland from January 2021

Switzerland has made electronic filing of VAT returns mandatory for all taxpayers.

The e-filing requirement applies from 1 January 2021 including in respect of Q4 2020 reporting and the Q3 2020 reporting, although paper filing for Q3 2020 may still be accepted upon request.

VAT can be settled online by registered taxpayers or their representative through a new Easy VAT Statement option available from January 2021, which does not require account registration.





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