

Dear Valued Readers,

As we enter the blessed month of Ramadan, I wanted to extend my warmest wishes to each and every one of you. Ramadan Kareem!

We are pleased to bring you the latest tax updates for February 2024, offering insights into significant developments across various jurisdictions, with a particular focus on the United Arab Emirates (UAE) and other relevant regions.

This month's tax updates bring significant developments in the United Arab Emirates, setting deadlines for Corporate Tax registration effective March 1st. This underscores the importance of compliance, with penalties outlined for non-compliance. Furthermore, the UAE's removal from the FATF Anti-Money Laundering grey list reflects our nation's commitment to enhancing its AML/CFT framework.

These updates highlight the dynamic nature of global tax landscapes and the importance of staying informed about regulatory changes. As you navigate these developments, we are committed to supporting you and ensuring compliance with evolving tax regimes.

Thank you for your continued diligence and dedication to our shared goals. By staying informed and united, we will overcome any challenges and seize opportunities for growth and success in the dynamic business landscape.

I want to take a moment to express my gratitude to the team for your efforts in providing updates on the latest developments in taxation for the relevant regions. Your dedication to staying informed and proactive in managing our tax obligations is truly commendable.

Thank you, readers, for your continued trust and partnership. Should you have any questions or require further clarification on these updates, please do not hesitate to reach out to us.

Once again, Ramadan Kareem to you and your families. May this month be filled with joy, harmony, and success!

CA Manu Palerichal
Partner & CEO



Our Team

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United Arab Emirates

UAE Corporate Tax registration deadline released

The Federal Tax Authority has released Decision No. 3 of 2024 on 27th February 2024, outlining key deadlines for UAE Corporate Tax registration, effective from March 1st, 2024.

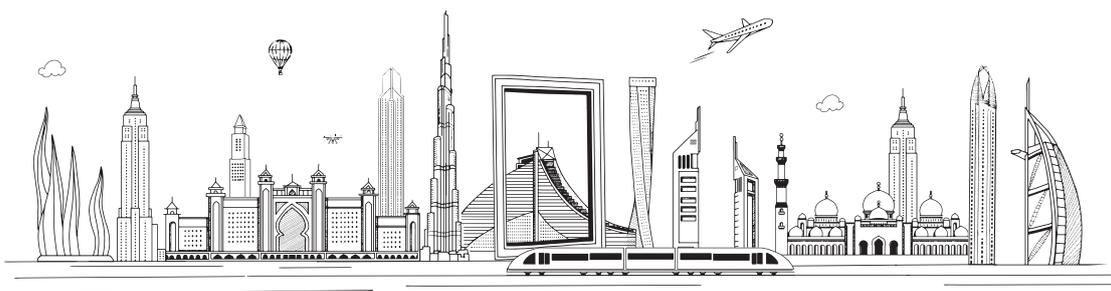
The deadlines for corporate tax registration depend on the residence, category of persons and license issue date, date of incorporation or commencement of business of the person. A juridical resident person with licenses issue month as January and February, must submit their Corporate Tax registration applications by May 31, 2024. The Decision provides different timelines for Resident persons, Non-resident persons and Natural persons.

The Decision stipulates that penalty of AED 10,000/- will be imposed on Taxable Persons who do not submit their registration applications for Corporate Tax within the timeframes specified.

UAE removed from FATF Anti-Money laundering grey list

The Financial Action Task Force (FATF) removed United Arab Emirates from its anti-money laundering grey list for increased monitoring during the FATF plenary concluded on 23 February 2024.

The FATF's Decision is a welcome recognition of the UAE's concerted effort to enhance its AML/CFT framework. The UAE strengthened the effectiveness of its AML/CFT regime to meet the commitments in its action plan regarding the strategic deficiencies that the FATF identified in February 2022.



Amendments to tax refunds for tourist scheme

The Federal Tax Authority issued Decision No. 2 of 2024 Amendments to Tax Refunds for Tourist Scheme on 19 February 2024. The Decision provides purchase procedures for the Tax Refunds for Tourists Scheme. When a customer requests a purchase under this scheme, the Retailer must conduct checks to verify if the customer qualifies as an Overseas Tourist and is present in the State during the purchase. This can occur either in-store or through an electronic platform, with specific conditions for both scenarios.

The Retailer is required to record customer information, issue necessary documents for VAT refund, and adhere to Authority-determined procedures for handling, packaging, and delivery of Goods. Additionally, the Retailer must comply with any conditions specified in an approved agreement to provide Tax-Free Purchase service. A notable change is the prohibition of issuing VAT refund forms to customers under 18 years old.

The Federal Tax Authority issued Decision No. 2 of 2024 Amendments to Tax Refunds for Tourist Scheme on 19 February 2024. The Decision provides purchase procedures for the Tax Refunds for Tourists Scheme.



FTA released guidance on VAT compliance regarding SWIFT transactions

The FTA on 5 February 2024 has released Public Clarification VATP036, providing guidance on VAT compliance regarding SWIFT transactions. Financial institutions can recover input tax on expenses related to taxable supplies, including those incurred through SWIFT communication with non-resident banks. The right to use SWIFT is considered a taxable service, and if received by a UAE-resident institution, the place of supply is within the UAE. VAT obligations must be fulfilled when importing such services, and tax invoices are required for taxable services. In the case of SWIFT transactions incurring charges, financial institutions may issue a tax invoice to themselves. Given the challenge of issuing invoices for numerous SWIFT-related services, the FTA may accept SWIFT messages as evidence, provided essential information is included.



Tax Treaties signed by United Arab Emirates at the World Governments Summit (WGS) 2024 in Dubai

- **UAE announces signing of tax treaty with Bahrain**

In a significant move aimed at enhancing economic ties and fostering investment opportunities, the Bahraini Cabinet has approved the signing of an income tax treaty with the UAE. This landmark Decision was made official on 5th February 2024, following the approval of a memorandum submitted by the Ministerial Committee for Legal and Legislative Affairs.

On 11 February 2024, the UAE Ministry of Finance announced the signing of an income tax treaty with Bahrain. The treaty is the first of its kind between the two countries and will enter into force after the ratification instruments are exchanged. Details of the treaty will be published once available.

- **UAE announces signing of tax treaty with Kuwait**

On 11 February 2024, the United Arab Emirates Ministry of Finance announced the signing of an income and capital tax treaty with Kuwait.

- **UAE announces signing of amending protocol to tax treaty with Egypt**

On 12 February 2024, the United Arab Emirates Ministry of Finance announced the signing of an amending protocol to the 2019 income tax treaty with Egypt. The protocol is the first to amend the treaty and will enter into force after the ratification instruments are exchanged.

Dubai Customs issues Notice No. (03/2024) enforcing industrial waste management policy

Effective from 29th January 2024, all entities exporting industrial waste, even if located and licensed in free zones, must pay export fees. The exporting entity is required to log into the Ministry of Economy's online portal and enter the product data and then entity can pay the applicable fee.

The customs clearance guidelines states:

- Validated the precision of industrial waste export fees in proportion to the exported quantity.
- Refrain from combining different types of waste in a single cargo or container.
- Ensure that the appropriate H.S. code and description of the product is provided in the declaration.
- Proof of payment for export fees is required throughout the customs declaration process.



Sultanate of Oman

Tax Treaty between Cyprus and Oman Under Negotiation

According to a release from the Foreign Ministry of Oman, officials from Cyprus and Oman met on 28 January 2024 to review relations and agreed to finalize several agreements, including an income tax treaty. Any resulting treaty would be the first of its kind between the two countries and must be finalized, signed, and ratified before entering into force.

Tax Treaty between Azerbaijan and Oman Under Negotiation

On 16 February 2024, the Azerbaijan State Tax Service issued a release announcing that the first round of negotiations has been held with Oman for an income tax treaty. Any resulting treaty would be the first of its kind between the two countries and must be finalized, signed, and ratified before entering into force.



Kuwait

Protocol to Tax Treaty between Hungary and Kuwait to be Negotiated

Hungary published a presidential decree in the Official Gazette on 8 February 2024 that authorizes the Ministry of Finance to negotiate an amending protocol to the 1995 income and capital tax treaty with Kuwait. Any resulting protocol will be the second to amend the treaty and must be finalized, signed, and ratified before entering into force.

Hungary published a presidential decree that authorizes the Ministry of Finance to negotiate an amending protocol to the 1995 income and capital tax treaty with Kuwait.





Tax Rules for Regional Headquarters

In a significant stride towards aligning tax practices with Saudi Arabia's 2030 Vision of becoming a premier investment destination, ZATCA has released the eagerly awaited Tax Rules for Regional Headquarters (RHQs), effective immediately from February 16, 2024.

These rules address critical aspects such as RHQs definition, tax incentives, exemption criteria and durations, establishing economic substance rules, specifying tax compliance requirements, delineating fines and penalties for rule breaches, and delineating the rights of both ZATCA and RHQs in tax audits and dispute resolutions.

ZATCA issues guidance on taxation of software payments

On 4th February 2024, ZATCA issued guidelines on the tax treatment of software payments, clarifying that payments for software usage or distribution rights without modification or reproduction capabilities are considered commercial profits, not royalties. However, caution is advised for purchases facilitating software reproduction or installation, as these are categorized as royalties and subject to withholding tax (WHT).

Tax Treaties entered by Saudi Arabia

- **Kuwait and Saudi Arabia looking to sign tax treaty**

According to a release from the Kingdom of Saudi Press Agency, officials from Kuwait and Saudi Arabia met on 31 January 2024 to discuss bilateral relations and cooperation, including the interest of both countries in signing an income tax treaty. The treaty would be the first of its kind between the two countries and must be finalized, signed, and ratified before entering into force.

- **Saudi Arabia and Serbia conclude tax treaty negotiations**

On 8 February 2024, officials from Saudi Arabia and Serbia concluded negotiations with the initialing of an income tax treaty.

- **Tax treaty between Iceland and Saudi Arabia to be signed**

On 20 February 2024, the Saudi Cabinet authorized the Ministry of Finance to sign an income tax treaty with Iceland. The treaty will be the first of its kind between the two countries and must be signed and ratified before entering into force.



Others

OECD

Advancements in combating detrimental tax practices

On 6th February 2024, the OECD announced progress in countering harmful tax practices in relation to BEPS action 5, with evaluations revealing improvements and areas for focus among jurisdictions, while the United Arab Emirates will no longer be categorized as a no or only nominal tax jurisdiction due to implementing a 9% corporate income tax rate.

Update to the Commentary on Article 26 of the OECD Model Tax Convention Concerning Exchange of Information

On 19th February 2024 the OECD's update on Article 26 of the Model Tax Convention emphasizes strict confidentiality in exchanging tax information and limits disclosure to authorized parties, with penalties for breaches, ensuring effective cooperation between tax administrations.

Global forum on transparency publishes 2024 report on capacity-building activities

On 22 February 2024, the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes issued an announcement on the publication of a report on capacity-building and outreach activities carried out during 2023 to support the global implementation of the tax transparency standards (including the exchange of information on request and automatic exchange of financial account information).

OECD Pillar One: Report issued on Amount B, simplification of transfer pricing rules

On 19 February 2024, the OECD/G20 Inclusive Framework on BEPS ("OECD inclusive framework") published a report on Amount B of Pillar One, outlining a new process for pricing baseline marketing and distribution activities which will be treated as providing outcomes consistent with the arm's length principle in countries that opt to apply Amount B and is to apply from 1 January 2025. All businesses, regardless of size, are potentially in the scope of Amount B if they carry out suitable distribution activities.

India

India Interim Union Budget for 2024-2025 Delivered with Limited Tax Measures

On 1 February 2024, India's Minister of Finance Nirmala Sitharaman delivered the Interim Union Budget for 2024-2025. The tax measures of the budget are quite limited and include the extension of certain tax benefits for start-ups and investments made by sovereign wealth or pension funds, as well as the tax exemption on certain income of some IFSC units from 31 March 2024 to 31 March 2025. Otherwise, no changes relating to taxation are proposed and current direct and indirect tax rates will be retained.

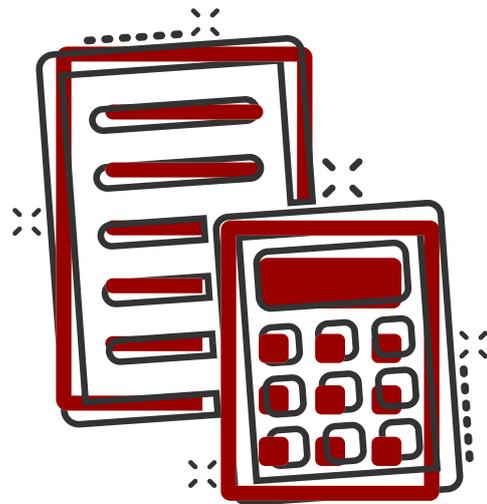
Following the national election in 2024, the newly formed Central Government will reveal the final budget for the entire fiscal year.

CBDT publishes income tax return forms for assessment year 2024-25

India's Central Board of Direct Taxes (CBDT) has published new income tax return (ITR) forms ITR-1 to ITR-6 for individual, corporate, and other taxpayers for the financial year (FY) 2023-24 (1 April 2023 through 31 March 2024), corresponding to assessment year (AY) 2024-25.

Key amendments introduced in the Finance Act, 2024 with regard to GST

Prominent changes in the Finance Act, 2024, which came into effect February 15, include updates to the Central Goods and Services Tax Act, 2017 (CGST Act) regarding input service distributors (ISD), and penalties for failing to register specific machinery used in manufacturing under special procedures. The Finance Act 2024 emphasizes compliance, clarifies tax rates, and enforces laws to streamline tax administration and better facilitate corporate transactions.



Singapore

Introduction of refundable investment credit and additional concessional tax rate tier on various incentives

The Singapore Budget 2024 introduces a Refundable Investment Credit (RIC), a Global Anti-Base Erosion (GloBE) rules-compliant qualified refundable tax credit with the aim to encourage sizeable investments in Singapore.

Overview of Tax Changes in Singapore Budget 2024 Including Pillar 2 Global Minimum Tax Rules

The Inland Revenue Authority of Singapore (IRAS) outlined tax changes from the 2024 Budget, includes proposals implementing the Pillar Two global minimum tax rules for financial years starting 1 January 2025.

The 2024 budget also includes the following proposed tax measures:

- 50% Corporate Income Tax (CIT) Rebate for YA 2024 with a minimum cash grant of SGD 2,000 for eligible companies.
- Additionally, enhancements for Renovation or Refurbishment (R&R) expenditure deductions, introduction of the Refundable Investment Credit (RIC), and implementation of the Income Inclusion Rule (IIR) and Domestic Top-up Tax (DTT) under BEPS 2.0 were announced.
- Other measures include extensions and revisions to tax incentive schemes, introduction of alternative tax bases for shipping entities, and additional concessionary tax rates for various incentive programs.
- Finally, revisions to Additional Buyer's Stamp Duty (ABSD) remission clawback rates for housing developers aim to balance housing supply and sales timelines.

Hong Kong

Hong Kong SAR removed from EU “state-of-play” list following changes to FSIE (Foreign Sourced Income Exemption) regime

On 20 February 2024, the EU Council announced updates to the EU list of noncooperative jurisdictions for tax purposes and removed Hong Kong SAR from annex II, which is the “state-of-play” list containing jurisdictions that do not fully comply with the agreed tax good governance standards but have committed to reform their legislation on tax cooperation.

Legislation introducing stamp duty adjustments for residential properties enacted

On 31 January 2024, Hong Kong SAR's Legislative Council passed the Stamp Duty (Amendment) (Residential Properties) Bill 2023 which implements the adjustments to the demand-side management measures for residential properties announced in the 2023 Policy Address. The adjustments below are applicable to instruments or agreements executed or made on or after 25 October 2023.

- Special stamp duty: The resale period for the application of SSD is reduced from three years to two years; i.e., if a property owner disposes of their residential property two or more years after acquisition, they are no longer subject to SSD.
- Buyer's stamp duty and new residential stamp duty (NRSD): The rate of BSD (applicable to non-Hong Kong SAR permanent resident buyers) and NRSD is reduced from 15% to 7.5%.

Hong Kong updates lists of debt instruments eligible for profits tax concessions or exemption

On 6th February 2024 the Hong Kong Inland Revenue Department (IRD) has published updated lists of Qualifying Debt Instruments (QDIs) as at the end of 31 December 2023.

Hong Kong proposed enhancements to aircraft leasing tax regime

On 20th February 2024 the Hong Kong Inland Revenue Department has updated its general information on the Aircraft Leasing Tax Regime to include proposed enhancements to the regime in light of market changes and the BEPS 2.0 international tax reform.

United States

U.S. House of representatives approves tax relief for American Families and Workers Act of 2024

The U.S. House of Representatives approved the Tax Relief for American Families and Workers Act of 2024 (Bill H.R. 7024) on 31 January 2024 in a vote of 357 to 70, which now goes to the Senate. This comprehensive legislation includes various provisions that address key areas such as the Child Tax Credit, business breaks, disaster tax relief,

U.S. IRS begins audits of corporate jet usage

On 21 February 2024, the U.S. IRS announced plans to begin audits focused on aircraft usage by large corporations, large partnerships, and high-income taxpayers and whether the usage is being properly allocated between business and personal reasons for tax purposes

U.S. interest rates on overpaid and underpaid tax unchanged for Q2 2024

The U.S. IRS has announced the interest rates for overpaid and underpaid tax for the calendar quarter beginning 1 April 2024, which are unchanged from the previous quarter. The rates are 8% for both overpayments and underpayments by individuals, and 7% and 8% for corporate overpayments and underpayments, respectively.

The U.S. House of Representatives approved the Tax Relief for American Families and Workers Act of 2024 (Bill H.R. 7024)





United Kingdom

Finance Act 2024 receives royal assent

The UK Finance Bill received royal assent on 22 February 2024 after completing its remaining House of Lords stages and has become Finance Act 2024.

As the House of Lords does not amend finance bills, the contents of the act are unchanged from the reprinted version of the bill that was passed by the House of Commons on 5 February 2024.

Five European nations, US update agreement on approach to DSTs as regards Pillar One

On 15 February 2024, the governments of Austria, France, Italy, Spain, the United Kingdom, and the United States published a joint statement announcing an update to their October 2021 compromise agreement on a transitional approach to phasing out existing digital services tax (DST) regimes. This is ahead of the proposed introduction of Pillar One "Amount A" rules on reallocating taxing rights in favor of market countries, which includes a commitment to the withdrawal of DST regimes once Amount A commences.

UK HMRC consulting on draft guidance for new contracting out rules and overseas restrictions for R&D tax reliefs

UK HMRC has launched a public consultation on draft guidance covering changes to the Research and Development (R&D) tax reliefs due to be implemented on 1 April 2024. The deadline for comments is 1 March 2024.

UK HMRC Transfer Pricing guidance on accurate delineation of actual transactions and analysis of risk

HMRC has updated transfer pricing guidance to clarify the interpretation of the OECD's 6-step risk analysis framework, emphasizing its role in delineating controlled transactions rather than pricing. The guidance encourages case teams to consult with HMRC's Transfer Pricing Team for dispute resolution.

Egypt

Egypt and Hong Kong planning to sign tax treaty in 2024

According to a release from Egypt's Ministry of Finance, officials from Egypt and Hong Kong have agreed to the signing of an income tax treaty in 2024. The treaty will be the first of its kind between the two jurisdictions and must be finalized, signed, and ratified before entering into force.

Egypt planning to issue new Income Tax Law

The Egyptian Assistant Minister of Finance for Tax Policy and Reforms, Ramy Youssef, has reportedly announced that the government is planning to issue a new revised version of the Income Tax Law.

Cyprus

Thresholds for local file requirements increased

On 1 February 2024, Cyprus' Commissioner of Taxation announced that the thresholds for local file requirements has increased the threshold to EUR 5 million for the category of financing transactions and to EUR 1 million for all other categories of transactions for the 2022 tax year, in a letter to the Institute of Certified Public Accountants of Cyprus, the Cyprus Chamber of Commerce and Industry, and the Cyprus Employers and Industrialists Federation.

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TAX

Direct Tax

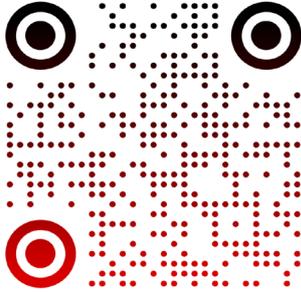
- UAE Corporate Tax
 - » First Time Adoption
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 - » Country by Country Reporting [CbCR]
 - » TP Local File and Master File
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 - » Representation to FTA
- Excise Tax
- Customs Tax

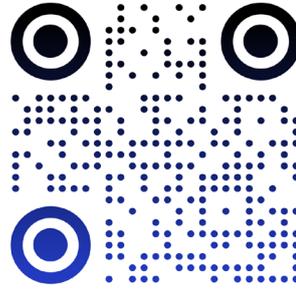
Company Incorporation

- Company Formation
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 - » Offshore
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- Company Liquidation
- Offshore Registered Agent –JAFZA
- PRO Service



united auditing
Audit

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Company Setup

INCORP is our newly rebranded version of the Company Incorporation Department under the Emirates Chartered Accountants Group (ECAG) trademark. Since 2005, we have been delivering premium and pragmatic business setup consultations in the UAE, Bahrain, India, and the UK. As a leading professional company incorporation consultant, we offer tailored services with seamless solutions, practical guidance, and proactive insights to local and expatriate business investors from all over the world. We are highly committed to consistently delivering high-quality services to all your business needs

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